

Tue, 12th Oct '21

OVERVIEW

- HDFC Bank Ltd (HDFC) offers personal and corporate banking, private and investment banking, and other related financial solutions.
- It offers a variety of deposit and card products, as well as house, auto, and commercial vehicle loans, life and health insurance, and investment options.
- Cash management, corporate finance consulting, customised banking solutions, project and structured finance, online banking, and payment and settlement services are just a few of the services offered by HDFC.

STRENGTHS

- HDFC Bank has a strong financial position, with five years of continuous earnings and built revenue reserves that may be utilised to support future capital expenditures.
- HDFC employs 104154 full-time employees on a permanent basis. HDFC Bank has made substantial investments in its workforce training, resulting in the hiring of a large number of skilled and motivated employees.
- HDFC Bank is India's second biggest private bank, with 5326 branches and 14996 ATMs.

BUSINESS STRATEGY

- HDFC Bank's deposit and loan disbursement conditions have been innovative, keeping it at the top of the finance industry market.
- Without explicitly integrating any commodities, HDFC Bank will operate on a very subtle business model plan that creates universal banking-based synergies through cross-selling the bank's goods to its subsidiaries across India.
- The bank's provision protection for its loans has been increased. HDFC Bank maintains its 30% profit growth rate in both good and bad times.

VALUE PROPOSITION

- Growing economy / banking industry, Gaining market share
- Nationwide urban & rural branch network and multiple channels
- One stop shop for financial and payment needs Leading player across multiple products / customer segments
- Healthy balance sheet and revenue growth
- Leading player across multiple products / customer segments
- Leveraging analytics, AI/ML digital platforms
- Leveraging organic and inorganic growth opportunities
- Disciplined margin and capital management with a focus on RoA/RoE

FUTURE PROSPECTS

- Corporate banking, loans to micro, small and medium businesses (MSME), government banking, retail assets, and payments were highlighted as major emphasis areas for the bank moving forward, with digital channels assisting the development plan.
- The bank is waiting for the regulator's instructions on the interim freeze on acquiring new credit card clients and digital launches.

SUMMARY OF FINANCIALS

- Revenue / turnover of HDFC BANK LIMITED is Over INR 1000 crs
- Net Profit of the company has increased by 20.5%
- PBT of the company has increased by 20.61 %
- Total deposits of the company has increased by 17.01 %
- Total advances of the company has increased by 24.5 %
- Total assets have increased by 5.88%
- Deposits up by 25.2% to 10bn
- Net Profit up by 32.8% to 74.16bn

Disclaimer: The analysis is only for information purposes only. Please consult your financial advisor, agent, broker before acting on any information. We may or may not have positions in the stock. We would not be responsible for the profit/loss resulting from this analysis.

Growth Rates (Compound Annual)

	1 Yr	3 Yr	5 Yr	10yr
Revenue %	22.1	19.4	20.0	20.1
Operating Income %	-	-	-	-
Earnings/Share %	21.9	19.0	20.0	20.7
Dividends %	-	-	-	-
Book Value/Share %	13.5	20.1	17.9	18.1
Stock Total Return	34.9	18.5	20.5	22.0
Market +/-	8.0	6.5	10.3	13.0

Valuation Analysis

	Current	5Yr Avg	Ind	Mkt.
Price/Earning	26.4	27.2	24.8	15.2
Forward P/E	24.2	-	-	-
Price/Cash Flow	9.6	28.9	-	9.9
Price/Free Cash Flow	9.8	31.4	-	-
Dividend Yield %	0.4	-	0.3	2.8
Price/Book	4.1	4.3	2.0	2.1
Price/Sales	-	-	-	-

Profitability Analysis

	Current	5Yr Avg	Ind.	Mkt.
Return on Equity %	16.7	15.4	8.2	15.4
Return on Asset %	2.0	1.8	0.7	5.6
Gross Margin %	-	-	-	-
Operating Margin %	-	-	-	-
Net Margin %	34.5	32.1	13.5	21.4
Inventory Turns	-	-	-	-
Fixed Asset Turns	19.8	12.4	6.2	-

Financial Position (INR)

	03-21 (Mil.)	03-21 (Mil.)
Cash	1,041,283	1,223,042
Inventories	-	-
Receivables	204,362	92,667
Current Assets	-	-
Fixed Assets	117,643	51,866
Intangibles	74,938	74,938
Total Assets	17,979,782	18,053,099
Payables	346,038	78,669
Short-Term Debt	239,264	601,798
Current Liabilities	-	-
Long-Term Debt	1,174,758	1,725,908
Total Liabilities	15,816,377	15,858,956
Total Equity	2,159,628	2,187,698

Source: Company filings & Analyst research