

April 22, 2024



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Current Price: ₹ 1531.30

STOCK DATA

BSE Code	500180
NSE Symbol	HDFCBANK
Reuters	HDBK.BO
Bloomberg	HDFCB IN

VALUE PARAMETERS

52 W H/L(Rs)	1757.80/1363.45
Mkt. Cap.(Rs Cr)	1163314.88
Latest Equity(Subscribed)	759.69
Latest Reserve (cons.)	421540.56
Latest EPS (cons.) -Unit Curr.	74.17
Latest P/E Ratio -cons	20.65
Latest Bookvalue (cons.) -Unit Curr.	555.88
Latest P/BV - cons	2.75
Dividend Yield -%	0.91
Face Value	1.00

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 31/03/2024
Foreign	55.54
Institutions	29.05
Non Promoter Corp. Hold.	1.79
Public & Others	13.62

Financial Results

Particulars	In Cr.		
	Qtr Ended Mar. 2024	Qtr Ended Mar. 2023	Var %
Interest Earned	71472.75	45119.36	58
Interest Expended	42395.93	21767.53	95
Net Interest Income	29076.82	23351.83	25
Other Income	18166.25	8731.18	108
Net Total Income	47243.07	32083.01	47
Operating Expenses	17968.83	13462.11	33
Operating Profits	29274.24	18620.90	57
Provisions & Contingencies	13511.64	2685.37	403
Profit Before Tax	15762.60	15935.53	-1
Provision for tax	-749.25	3888.08	-
PAT	16511.85	12047.45	37
EPS*(Rs)	21.73	21.59	

HDFC Bank Q4 Results: Stable margins, asset quality improves, in line with the estimate

HDFC Bank has reported net profit at Rs 16511.85 crore for the quarter ended March 2024 (Q4FY2024) up from Rs 16372.54 crore in the previous quarter Q3FY2024. The bank has posted 2% qoq growth in net interest income (NII), while the core fee income of the bank also improved 21% in Q4FY2024. The Net Interest Margin (NIM) of the bank improved to 3.44% in Q4FY2024 compared to 3.40% in the previous quarter.

The Bank's revenues were boosted by transaction gains of Rs 7340 crore from stake sale in subsidiary HDFC Credila Financial Services for Q4FY2024. The bank has also written back tax provisions of Rs 3817.39 crore in Q4FY2024 and Rs 6325.04 crore in FY2024. However, the bank has utilized these gains to create floating provisions of Rs 10900 crore, while also made provisions of Rs 1500 crore for staff ex-gratia payment.

On business front, the bank has posted 4% qoq growth in business with strong 7% qoq surge in deposits and the loan book also rose 2% on qoq basis. The asset quality of the bank was stable in Q4FY2024. Bank has substantially reduced the credit to deposit ratio to 105.4% at end March 2024 from 111.5% at end December 2023. The CASA ratio of the bank has also moved up for second straight quarter to 38.2% at end March 2024 from 37.7% at end December 2023.

Asset quality stable: The bank has maintained stable asset quality in Q4FY2024.

- The fresh slippages of loans stood at Rs 7300 crore in Q4FY2024 compared with 7000 crore in previous quarter and Rs 4900 crore in the corresponding quarter last year.
- The recoveries and upgradations of NPAs stood at Rs 4500 crore, while the write-off of loans was at Rs 2600 crore in Q4FY2024.
- Provision coverage ratio stood at 74.00% at end March 2024 compared to 75.00% a quarter ago and 76.00% a year ago.
- The capital adequacy ratio of the bank stood at 18.8% with Tier I ratio at 16.8% at end

Asset Quality Indicators: HDFC Bank

Particulars	Qtr Ended	Qtr Ended	Qtr Ended	Qtr Ended	Qtr Ended	Variation	
	Mar 24	Dec 23	Sept 23	Jun 23	Mar 23	QoQ	YoY
Gross NPA (Rs Crore)	31173.32	31011.67	31577.89	19064.12	18019.03	1	73
Net NPA (Rs Crore)	8091.74	7664.10	8072.79	4776.87	4368.43	6	85
% Gross NPA	1.24	1.26	1.34	1.17	1.12	-2	12
% Net NPA	0.33	0.31	0.35	0.30	0.27	-2	6
% PCR	74.00	75.00	74.00	75.00	76.00	-1	-2
% CRAR - Basel III	18.80	18.39	19.54	18.93	19.26	41	-46
% CRAR - Tier I - Basel III	16.80	16.80	17.80	16.90	17.10	0	-30

Variation in basis points for figures given in percentages and in % for figures in Rs crore
Figures for March 2024 related to merged entity and are not comparable with earlier period

March 2024.

- The risk weighted assets of the bank has increased 3% qoq to Rs 2468000 crore end March 2024.

Business Highlights:

Healthy business growth: The business of the bank has increased 4% qoq to Rs 4887586 crore end March 2024, driven by 2% rise in advances to Rs 2507800 crore. Deposits surged 7% to Rs 2379786 crore at end March 2024. Total balance sheet size end March 2024 was Rs 3617600 crore as against Rs 2466100 crore end March 2023.

CASA deposits ratio improving: The CASA deposits of the bank increased 9% YoY to Rs 908700 crore at end March 2024. The current account deposits increased 13% to Rs 310000 crore, while saving account deposits increased 6% to Rs 598700 crore end March 2024. The CASA ratio rose on sequential basis to 38.2% at end March 2024 compared to 37.7% a quarter ago. The term deposits have increased 40% to Rs 1471086 crore end March 2024.

Healthy loan growth: Advances growth was driven by retail loans rising 3% qoq to Rs 1261100 crore at end March 2024, while credit to agriculture increased 13% to Rs 105300 crore and MSME 3% to Rs 700300 crore at end March 2024. The corporate credit has declined 5% qoq to Rs 507500 crore end March 2024. The overseas credit has dipped -10% qoq to Rs 37617 crore end March 2024.

Investment book of the bank rose 4% qoq to Rs 702415 crore at end March 2024.

Margins improve: The bank has showed 120 bps YoY jump in cost of funds to 4.9%, while yield on funds rose 50 bps YoY to 8.40% in Q4FY2024. On sequential basis, the cost of funds was steady, while the yield on funds improved 10 bps leading to 4 bps qoq rise in NIMs to 3.44% in Q4FY2024.

Branch expansion: The bank has added 647 branches and 250 ATMs in Q4FY2024, taking overall tally to 8738 branches and 20938 ATM`s end March 2024. The Bank`s distribution network was at 8,738 branches and 20,938 ATMs across 4,065 cities / towns end March 2024 as against 7,821 branches and 19,727 ATMs across 3,811 cities / towns end March 2023. About 52% of branches are in semi-urban and rural areas. In addition, the bank has 15,182 business correspondents, which are primarily manned by Common Service Centres (CSC). The number of employees were at 2,13,527 end March 2024 as against 1,73,222 end March 2023.

Book value of the bank stood at Rs 579.5 per share at end March 2024, while the adjusted book value (net of NNPA and 10% of restructured advances) was Rs 568.3 per share at end March 2024.

Quarterly Performance

NII rises as NIM improves: Bank has recorded 1.3% qoq increase in the interest earned at Rs 71472.75 crore, while interest expenses rose at moderate pace of 0.7% qoq to Rs 42395.93 crore in Q4FY2024. NII improved 2.1% to Rs 29076.82 crore in the quarter ended March 2024.

Healthy growth in the core fee income: Bank has posted strong 21% growth in core fee income to Rs 7990 crore, while the recoveries and other income jumped 27% to Rs 1440 crore and forex income 13% to Rs 1140 crore. Further, the treasury income rebounded to Rs 248 crore. the overall non-interest income including transaction gains of Rs 7340 crore surged 63% qoq to Rs 18166.25 crore in the quarter ended March 2024.

Expenses ratio rise: The operating expenses of the bank increased 13% qoq to Rs 17968.83 crore, as other expenses moved up 4% qoq to Rs 11032.64 crore, while employee expenses increased 30% qoq to Rs 6936.19 crore in Q4FY2024. Cost to income ratio declined to 38.0% in Q4FY2024 compared with 42.0% in Q4FY2023, helping the Operating Profit to increase 24% qoq to Rs 29274.24 crore. Excluding certain transaction gains and the ex-gratia provision, cost to income ratio for the quarter was at 41.3%.

Provisions rises on floating provisions:

- Provisions and contingencies for Q4FY2024 were Rs 13510 crore (including the floating provisions of Rs 10900 crore mentioned above). Provisions and contingencies, excluding the floating provisions, for Q4FY2024 were Rs 2610 crore as against Rs 2690 crore for Q4FY2023. The total credit cost ratio (excluding the floating provisions mentioned above) was at 0.42%, as compared to 0.67% for the quarter ending March 31, 2023.
- The Bank has considered this as an opportune stage to enhance its floating provisions, which are not specific to any portfolio, but act as a countercyclical buffer for making the balance sheet more resilient, and these also qualify as Tier 2 Capital within the regulatory limits. Therefore, the Bank has made floating provisions of Rs 10900 crore during the quarter.
- The provisions for tax were negative at Rs 749.25 crore in Q4FY2024. Net Profit rose by 1% qoq to Rs 16511.85 crore during quarter ended March 2024.

Subsidiary performance

- HDB Financial Services (HDBFSL), in which the Bank holds an 94.6% stake, is a non-deposit taking NBFC offering wide a range of loans and asset finance products. For Q4FY2024, HDBFSL's net revenue was at Rs 2290 crore as against Rs 2260 crore for Q4FY2023, a growth of 1.2%. Profit after tax for Q4FY2024 was Rs 660 crore compared to Rs 550 crore for Q4FY2023, a growth of 20.3%. Profit after tax for FY2024 was Rs 2460 crore compared to Rs 1960 crore for FY2023. The total loan book was Rs 90200 crore end March 2024 compared to Rs 70000 crore end March 2023, a growth of 28.8%. Stage 3 loans were at 1.90% of gross loans. End March 2024, total CAR was at 19.2% with Tier-I CAR at 14.1%.
- HDFC Life Insurance Company (HDFC Life), in which the Bank holds a 50.4% stake, is a leading, long-term life insurance solutions provider in India. For Q4FY2024, HDFC Life's total premium income was at Rs 20940 crore as against Rs 19630 crore for Q4FY2023, a growth of 6.7%. Profit after tax for Q4FY2024 was Rs 410 crore compared to Rs 360 crore for Q4FY2023, a growth of 14.8%. Profit after tax for FY2024 was Rs 1570 crore compared to Rs 1360 crore for FY2023.

- HDFC ERGO General Insurance Company (HDFC ERGO), in which the Bank holds a 50.5% stake, offers a complete range of general insurance products. For Q4FY2024, premium earned (net) by HDFC ERGO was at Rs 2420 crore as against Rs 2130 crore for Q4FY2023, a growth of 13.7%. Loss after tax for Q4FY2024 was Rs 130 crore, as against profit after tax of Rs 210 crore for Q4FY2023. Profit after tax for FY2024 was Rs 440 crore compared to Rs 650 crore for FY2023.
- HDFC Asset Management Company (HDFC AMC), in which the Bank holds a 52.6% stake, is the Investment Manager to HDFC Mutual Fund, one of the largest mutual funds in India and offers a comprehensive suite of savings and investment products. For Q4FY2024, HDFC AMC's Quarterly Average Assets Under Management were approximately Rs 612900 crore, a growth of 36.3% over Q4FY2023. Profit after tax for Q4FY2024 was Rs 540 crore compared to Rs 380 crore for Q4FY2023, a growth of 43.8%. Profit after tax for FY2024 was Rs 1950 crore compared to Rs 1420 crore for FY2023.
- HDFC Securities (HSL), in which the Bank holds a 95.1% stake, is amongst the leading broking firms in India. For Q4FY2024, HSL's total revenue was Rs 860 crore, as against Rs 490 crore for Q4FY2023. Profit after tax for the quarter was at Rs 320 crore, as against Rs 190 crore for Q4FY2023, a growth of 64.2%. Profit after tax for FY2024 was Rs 950 crore compared to Rs 780 crore for FY2023.

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