

INVEST SMART WITH OUR RECOMMENDATIONS

**India Blue-chips:
At lucrative price**



Geojit Research Team
Date : 8th June 2020

Housing Development Finance Corporation (HDFC) Ltd

CMP:Rs 1,766

TARGET (12month) :Rs 2,166

RETURN:23%

RATING: BUY

Housing Development Finance Corporation Limited provides housing finance to individuals and corporates in India. HDFC also provides construction finance to real estate developers and provides lease financing.

- HDFC's AUM grew by 2.3% QoQ and by 12% YoY in Q4 FY20. Individual loans, grew at 18% CAGR and consolidated PAT at 21% CAGR over the last 5 years.
- Net Interest Margin improved from 3.3% to 3.4% over last quarter and PAT grew by 3.5% in Q4 FY20 from Q3 FY20.
- Capital adequacy ratio has declined from 19.2% to 17.7% due to higher risk perceived in assets amidst the pandemic, but still remains above the regulatory level of 15%.
- Government support towards housing has tremendously helped in improving the affordability to the best levels due to rising annual income and relatively stable housing prices.
- Mortgage market in India is still at its infant stage with penetration of 10% in nominal GDP, implying huge growth potential over long term aided by fiscal incentives & Interest subvention scheme.
- We have a BUY rating on the stock with a target price of Rs2,166 based on SOTP which on a consolidated basis is 3.8x BVPS on FY22E.

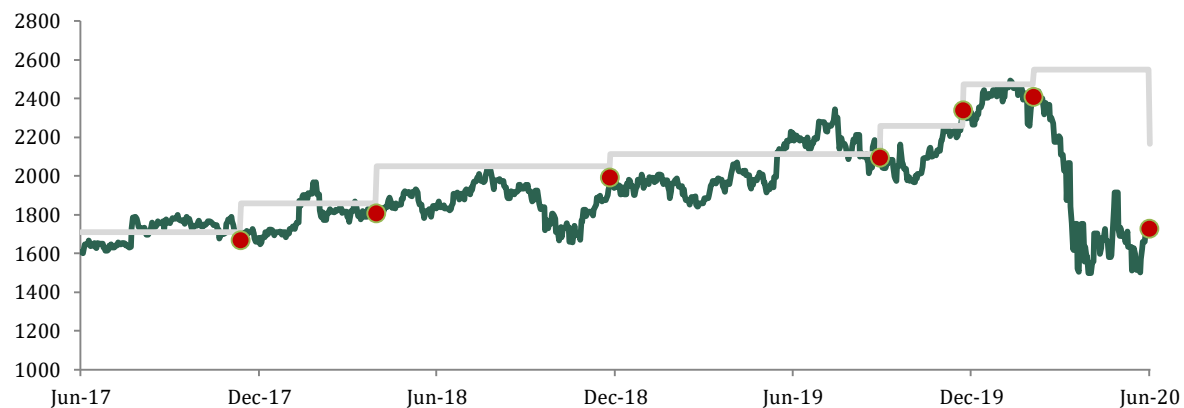
Company Data	
Market Cap (cr)	Rs. 3,05,931
Enterprise Value (Rs Cr)	Rs. 5,87,239
Outstanding Shares (cr)	173.2
Free Float (%)	100%
Dividend Yield (%)	1.0%
52 week high	Rs. 2,500
52 week low	Rs. 1,473
6m average volume	0.57
Beta	1.2
Face value	Rs. 2

Shareholding %	Q2FY20	Q3FY20	Q4FY20
Promoters	0	0	0
FII's	72.5	72.8	70.9
MFs/Insti	16.6	16.7	17.6
Public	8.1	8.0	8.6
Others	2.5	2.7	2.9
Total	100.0	100.0	100.0
Promoters Pledge	Nil	Nil	Nil



General Disclosure and Disclaimer

Recommendation Summary



Source: Bloomberg, Geojit Research.

Dates	Rating	Target
30-Jan-15	BUY	1455.0
5-Jan-17	BUY	1400.0
3-Feb-17	HOLD	1510.0
25-May-17	BUY	1,710
16-Nov-17	BUY	1,859
4-Apr-18	BUY	2,051
30-Nov-18	HOLD	2112
3-Sep-19	HOLD	2,260
27-Nov-19	HOLD	2,474
7-Feb-20	HOLD	2,550
5-Jun-20	BUY	2166

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%
Not rated			

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note.

Accumulate: Partial buying or to accumulate as CMP dips in the future.

Hold: Hold the stock with the expected target mentioned in the note.

Reduce: Reduce your exposure to the stock due to limited upside.

Sell: Exit from the stock.

Not rated: The analyst has no investment opinion on the stock.

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.



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