



HDFC Securities Limited

| <u>Stock Data</u> | |
|----------------------|------------|
| Paid up Cap (in Cr.) | 15.55 |
| Outstanding shares | 15,552,675 |
| Face Value | Rs.10 |

| <u>Share Holding</u> | |
|----------------------|----------|
| | <u>%</u> |
| HDFC Bank Ltd | 97.67 |
| others | 2.33 |

| <u>KEY PERSONNEL</u> | |
|----------------------|-------------------------|
| <u>NAME</u> | <u>DESIGNATION</u> |
| Mr.Dhiraj Relli | Managing Director |
| Mr.Bharat Shah | Chairman |
| Mr.C.V. Ganesh | Chief Financial Officer |

HDFC Securities, a subsidiary of HDFC Bank, was incorporated in fiscal 2001 as a joint venture between HDFC Ltd and HDFC Bank.

HDFC Securities offers broking services both in the cash equity and derivative market segments including the currency derivative segment. It also distributes third-party products, such as mutual funds, insurance, bonds, fixed deposits, initial public offerings, and non-convertible debentures. The company is one of the largest non-bank distributor for HDFC Life. It caters mainly to customers of HDFC Bank and is among the equity brokerage firms with the largest retail client base. HDFC Securities remains a strong player in the cash segment, however its presence in the F&O market segment remains small. The company has a network of 259 own branches as on March 31, 2018.

HDFC Securities is accredited with CRISIL AAA ratings for its long-term debt & bank facilities and an A1+ rating for its short-term debt.



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Products

- Equity
- Mutual Funds
- Insurance
- Fixed Income
- Loans
- Derivatives
- Trading Platform
- NPS
- NRI services



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Financial Highlights

| <u>PARTICULARS (in Rs.cr)</u> | 2018 | 2017 |
|--------------------------------------|-------------|-------------|
| Revenue | 788 | 553 |
| Y-O-Y growth | 42% | 38% |
| Profit before tax | 524 | 329 |
| Profit/ Loss for the year | 344 | 216 |
| Y-O-Y growth | 60% | 62% |
| Share capital | 16 | 15 |
| Shareholder's Funds | 1000 | 807 |
| Total Assets | 1638 | 1380 |
| Loans & Advances | 34 | 20 |
| Book Value per share (in Rs.) | 645 | 521 |
| Earnings per share (in Rs.) | 222 | 139 |



Financial Ratios

| <u>PARTICULARS</u> | <u>2018</u> | <u>2017</u> |
|--------------------|-------------|-------------|
| PAT Margin (%) | 43.7 | 39.0 |
| ROE (%) | 38.1 | 29.3 |

- **After-tax profit margin (PAT Margin)** is a financial performance ratio calculated by dividing net income by net sales. A company's after-tax profit margin is significant because it shows how well a company controls its costs. A high after-tax profit margin generally indicates that a company runs efficiently, providing more value, in the form of profits, to shareholders.
- **Return on equity (ROE)** is a measure of financial performance calculated by dividing profit after tax by shareholders' equity. Because shareholders' equity is equal to a company's assets minus its debt, ROE could be thought of as the return on net assets.



Growth Drivers /Top Reasons to invest

- There exists strong operational and managerial link between HDFC Bank and HDFC Securities. The latter benefits significantly from the strong retail franchise and nationwide branch infrastructure of HDFC bank.
- HDFC Bank is expected to provide financial support to HDFC Securities as when needed.
- Also, HDFC Securities have a strong board representation from HDFC Bank.
- Strong earnings profile, their profit has grown by 60% y-o-y to Rs.344 crores in 2017-18 as against their revenue growth of 42% y-o-y in 2017-18.
- Their borrowings are negligible and their gearing ratio is closer to nil and is expected to remain the same over the medium term.
- Healthy capitalization, Networth of Rs.1000 crores
- The company declared an interim dividend of Rs. 65/- per equity share (i.e. @ 650 %) and a final dividend of Rs.45/- (i.e. @ 450 %) , total Rs.110/- per share for the year ended March 31,2018.
- HDFC Securities is accredited with CRISIL AAA ratings for its long-term debt & bank facilities and an A1+ rating for its short-term debt.



Peer Comparison

| <u>Particulars</u> | ICICI Securities | Motilal Oswal | Edelweiss Financial Services |
|-----------------------------|------------------|---------------|------------------------------|
| Total Revenue (in Rs.cr) | 1856 | 1307 | 440 |
| Profit after tax (in Rs.cr) | 553 | 323 | 143 |
| ROE (%) | 84.5 | 26.5 | 5.6 |
| BV per share (In Rs.) | 26 | 122 | 37 |
| EPS (In Rs.) | 17 | 22 | 2 |

peers on standalone basis

Book value (BV) per common share is a formula used to calculate the per share value of a company based on common shareholders' equity in the company. Should the company dissolve, the book value per common share indicates the dollar value remaining for common shareholders after all assets are liquidated and all debtors are paid.

Earnings per share (EPS) is the portion of a company's profit allocated to each share of common stock. Earnings per share serves as an indicator of a company's profitability. It is calculated as profit after tax adjusted for preferred dividends, divided by no. of shares outstanding.



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Awards & Recognition

2017



Best Broker award - ASSOCHAM Capital Market Intermediaries Excellence Awards



Outlook Money 2017 Best Retail Broker



'Best Performing Retail Member - Pan India' by NSE Market Achievers Award

2017



First Rank in NPS Best POP Corporate Subscriber Registration & Second Rank in NPS Best POP All Citizen Subscriber Registration (Non-Banks) by PFRDA



BSE Outstanding Volume Contributor - National Member Category



Express Computers BFSI-Digital Innovation Awards for Enterprise Mobility



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Conclusion

HDFC Securities has a strong operational and managerial support from its parent, HDFC Bank and is consistently doing well over the last few years.

For More Details:

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Disclaimer_ Investment in unlisted/PRE IPO shares have the potential of giving high returns, they are also accompanied but higher risk due to a variety of reasons. Investors need to exercise caution while investing in Unlisted/PRE IPO companies. Generally, they should have a minimum time horizon of 3 years and should not allocate more than 50% of their equity in Unlisted/PRE IPO Shares. All facts and figures taken from the shareholders report available in public domain.