HDFC Securities Report

Industry overview:

The Financial Services industry encompasses many types of businesses involved in managing money and plays a vital role in the world's economy. The Financial services industry comprises of commercial banks, insurance companies, non-banking financial companies, asset management companies, broking firms and many other small financial entities. It is known to be the oldest industry in the world.

Reforms to put the financial services industry and the economy on the fast track include measures to make finance available to medium, small, and micro industries. The asset management industry in India is among the fastest growing in the world. In March 2019, corporate investors Assets Under Management (AUM) stood at Rs. 9.55 lakh crore (US$ 136.59 billion), while HNWIs and retail investors reached Rs. 7.52 lakh crore (US$ 107.55 billion) and Rs. 6.30 lakh crore (US$ 90.12 billion), respectively. Mutual Fund (MF) industry's Assets Under Management (AUM) grew from Rs. 10.96 lakh crore (US$ 156.82 billion) in October 2014 to Rs. 28.22 lakh crore (US$ 361.59 billion) in October 2020. Along with the secondary market, the market for Initial Public Offers (IPOs) has also witnessed rapid expansion. In 2019, US$ 2.5 billion was raised across 17 IPOs.

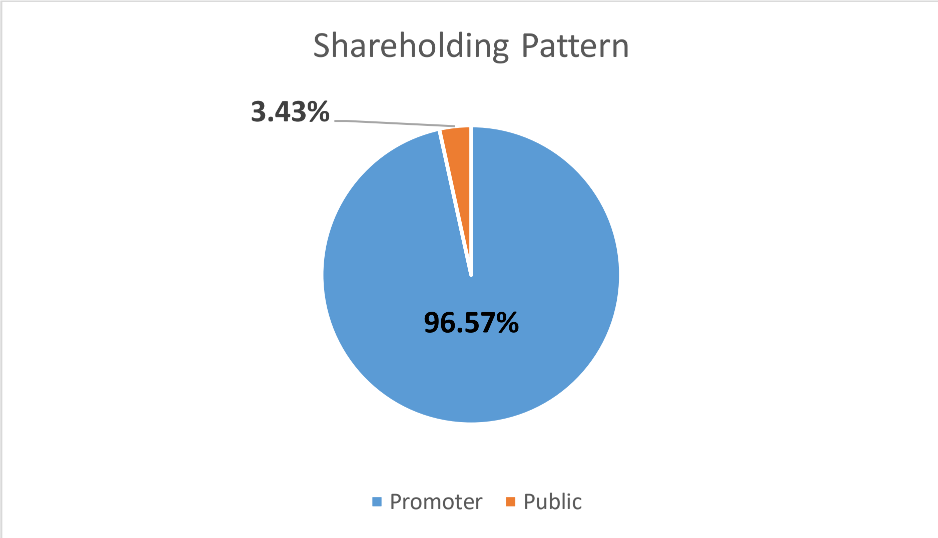
Company Overview:

As a stock broking company, HDFC securities have been serving a diverse customer base of retail and institutional investors, since 2000. In the beginning it was a joint venture between HDFC Bank Limited, HDFC Limited and Indocean eSecurities Holdings Limited. Its operations include stock broking and distribution of various financial products. It is a corporate member of both the Bombay Stock Exchange (BSE) and the National Stock exchange (NSE). HDFC securities is well known with professional traders for its comprehensive online trading portal offerings. It provides services like Equities, Mutual Funds, SIPs, IPOs, Derivatives, Bonds, NCDs & Corporate FDs, ETFs, MCX, small cases.

Management of the Company:

1. Mr. Abhay Aima
2. Dr. (Mrs.) Amla Samanta, Independent Director
3. Mr. Ashish Rathi, Wholetime Director
4. Mr. Bharat Shah, Chairman
5. Mr. Dhiraj Relli, Managing Director
6. Mr. Jagdish Capoor, Non-Independent Director
7. Mr. Malay Patel
8. Mr. Samir Bhatia

Shareholding Pattern:



The majority of the shares are held by the promoter. The promoter holding 96.57% in the company is HDFC Bank Limited. The name of the parent company is enough to gain the trust of the investors. The remaining 3.43% of share includes Indian Bodies Corp with 0.05% holding, Individual shareholders holding nominal share capital up to and excess of 1 lakh with 3.03% combined and others with 0.35% holding.

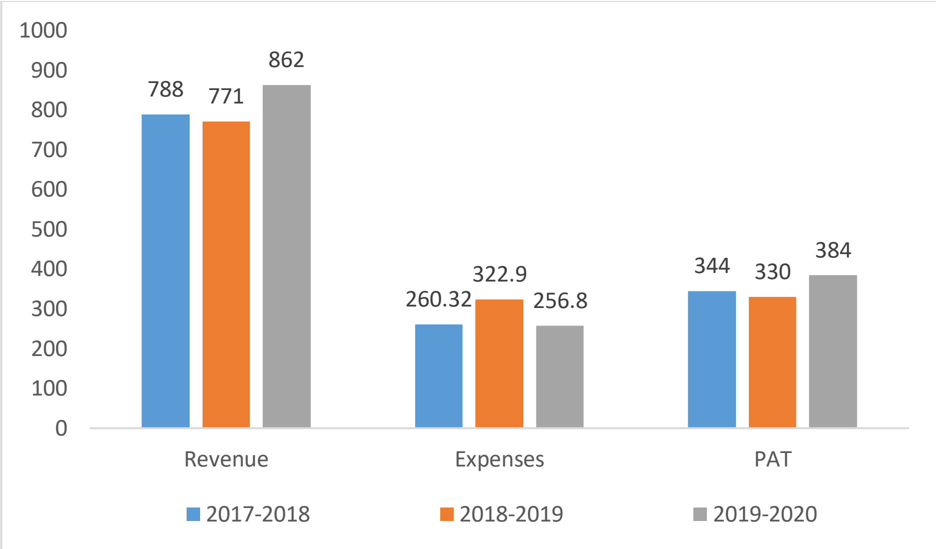
Financial Analysis:

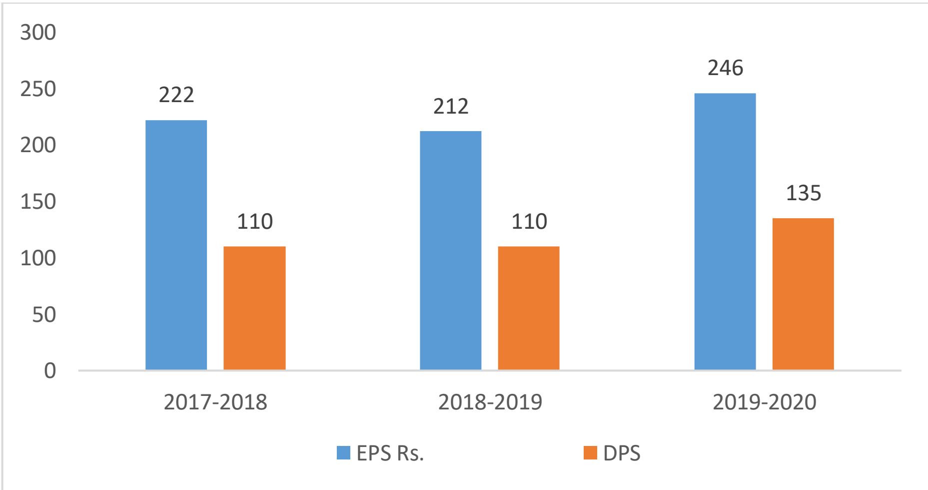
(in cr)

Particulars	**2017-2018**	**2018-2019**	**2019-2020**	**CAGR**	**Y-O-Y**
Revenue	788	771	862	5%	12%
Expenses	260.3	322.9	256.8	-1%	-20%
PAT	344	330	384	6%	16%
EPS Rs.	222	212	246	5%	16%
DPS	110	110	135	11%	23%

- The revenue of the company has shown a marginal growth over the period, it grew at a CAGR of 5% and year on year it has shown a good increase of 12%.
- The positive point is that the expenses of the company has fallen drastically as compared to last year and marginal fall over the period. This positively affects the bottom line of the company.
- The increasing revenue and falling expenses has shown its impact on the profits of the company, the profits have grown at a CAGR of 6% and massive Y-O-Y growth rate of 16%.
- The company has an impressive EPS which will attract many investors and over the period the EPS has shown uptrend.
- Even the DPS of the company is impressive and is growing at a good pace, which will attract all investors who wants to earn passive income in the form of dividend.

(Figures in cr.)

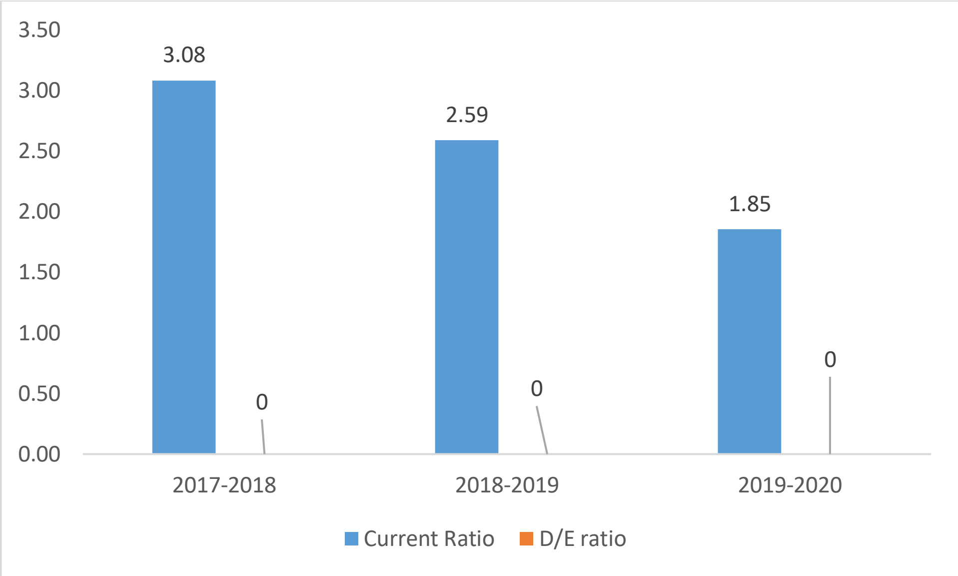


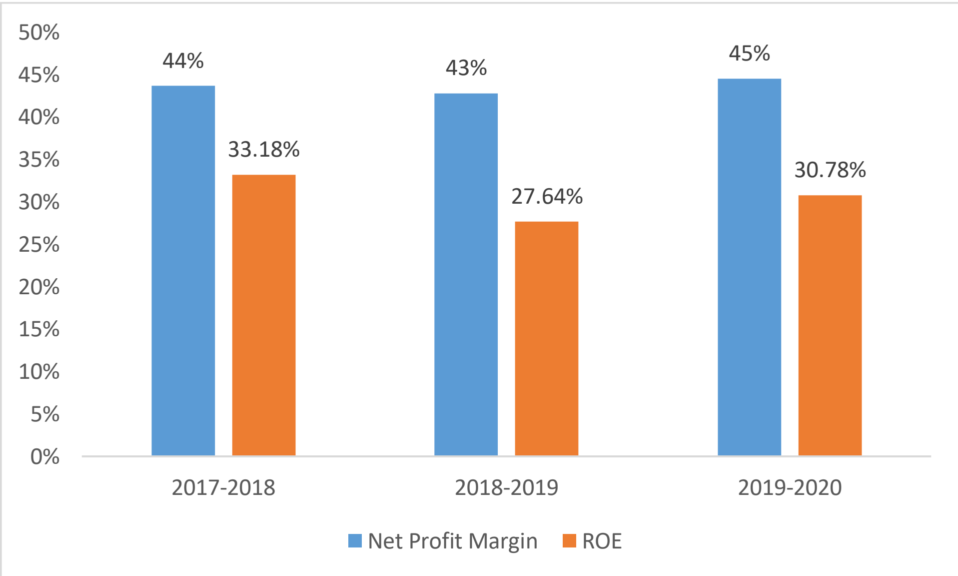


Ratio Analysis:

Particulars	**2017-2018**	**2018-2019**	**2019-2020**
Current Ratio	3.08	2.59	1.85
Net Profit Margin	44%	43%	45%
ROE	33.18%	27.64%	30.78%
D/E ratio	0	0	0

- The current ratio of the company is showing a down trend, but the current level is good enough as it indicated that the company still has enough current assets to meet its short term obligations.
- The Net Profit Margin of the company has also shown a marginal jump, indicating better conversion of revenues into profits.
- The company is a debt free company, which is a positive thing and will generate confidence in the investors toward the company.





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