HDFC Securities Ltd

Financial Services - Stock Broking, Margin Funding & Distribution - Unlisted - ISIN INE700G01014

HDFC Bank's 94%-owned broker: FY26 consolidated PAT Rs 927 Cr (-18%), Rs 415/share dividend, 14.5x earnings at Rs 7,535 - but brokerage fell 20% and the balance sheet now carries Rs 15,100 Cr of commercial paper and overdrafts.

INDICATIVE PRICE	MARKET CAP	P/E	P/B
Rs 8,242.50 (+0.96% today)	Rs 14,733 Cr	15.90	4.10

BOOK VALUE / SHARE	EPS	52-WEEK RANGE	LOT / SETTLEMENT
Rs 2,009.94	Rs 518.40	Rs 6,392 - Rs 9,988	5 shares - T+1 working day

About the company

HDFC Securities Limited (CIN U67120MH2000PLC152193, incorporated 17 April 2000) is HDFC Bank's broking, margin-funding and distribution subsidiary. HDFC Bank held 1,68,03,220 of 1,78,74,109 shares (94.01%) at 31 March 2026, with its investment carried at Rs 1,299 Cr; the remaining 5.99% (10.7 lakh shares) sits with employees who exercised ESOPs and legacy holders, and that is the stock that trades in the unlisted market. The company is a SEBI Qualified Stock Broker, a member of NSE, BSE, MSEI and MCX, a depository participant with NSDL and CDSL, the number-one non-bank point of presence for NPS, and runs the InvestRight full-service platform, the HDFC SKY discount app and the HDFC TRU wealth desk. A wholly owned GIFT City arm, HDFC Securities IFSC Ltd, received its IFSCA and exchange approvals in FY26 but has not started business.

The FY26 annual report (consolidated, audited by S.R. Batliboi & Co. LLP, unmodified opinion) shows total income of Rs 3,110 Cr against Rs 3,265 Cr, profit before tax of Rs 1,234 Cr against Rs 1,496 Cr and profit after tax of Rs 927 Cr against Rs 1,124 Cr (standalone Rs 930 Cr; the IFSC subsidiary lost Rs 3 Cr). Basic EPS fell to Rs 519.75 from Rs 637.51. The swing came from brokerage: Rs 1,012 Cr versus Rs 1,260 Cr (-20%) as cash-market activity and derivatives yields normalised after SEBI's F&O curbs, even though the company says its derivatives volumes grew 83% and its market share 1.7x. Margin-funding interest slipped to Rs 913 Cr from Rs 976 Cr on lower rates, while fee and distribution income rose to Rs 487 Cr (+5%) and treasury interest on exchange-margin deposits and G-secs climbed to Rs 585 Cr (+37%). Net revenue after finance costs was Rs 2,293 Cr and the cost-to-net-revenue ratio 46%.

The balance sheet nearly doubled: total assets Rs 21,784 Cr versus Rs 14,031 Cr. Commercial paper outstanding rose to Rs 12,827 Cr (face value, 7-180 day tenors at 6.15-8.05%) from Rs 7,678 Cr and bank overdrafts to Rs 2,183 Cr from Rs 202 Cr, taking borrowings to Rs 15,114 Cr and debt-to-equity to 4.2x from 2.4x. The money sits in a Rs 7,137 Cr margin-trading book (+29%), Rs 7,642 Cr of fixed deposits (Rs 4,984 Cr of them pledged with exchanges and clearing corporations, Rs 2,080 Cr for credit lines, Rs 578 Cr for bank guarantees) and Rs 2,747 Cr of government securities and gilt funds. Operating cash flow was a Rs 3,041 Cr outflow for the same reason, funded by Rs 5,679 Cr of net financing. Net worth was Rs 3,593 Cr (book value Rs 2,010 per share) after paying Rs 740 Cr of dividends.

Financials (Rs Cr)

	FY25	FY26
Revenue	3,263.80	3,107.49
EBITDA	2,350.66	2,134.04
Profit after tax	1,124.46	926.58
EPS (Rs)	632.71	518.40
Net worth	3,348.02	3,592.56
Debt / equity	2.37	4.21
OPM %	72.0%	68.7%
ROE %	33.6%	25.8%

Revenue CAGR -4.8% - Profit CAGR -17.6% - figures from filed accounts where available; see the verification notes on the website.

Shareholding

Holder	Category	Shares (Cr)	%
HDFC Bank Ltd	Promoter	1.68	94.0%
Employees (ESOP allottees) and other individual holders	Public	0.11	6.0%

Board and management

Name	Designation	Since
Neeraj Swaroop	Chairman, Independent Director	-
Dhiraj Relli	Managing Director & CEO	01 Aug 2015

Ashish Rathi	Whole Time Director & COO	18 Mar 2025
Bhavesh Zaveri	Nominee Director (HDFC Bank)	28 May 2024
Samir Bhatia	Independent Director	-
Tarun Balram	Independent Director	-
Vijay Laxmi Joshi	Independent Director	07 Oct 2024
Arvind Vohra	Nominee Director (HDFC Bank)	22 Apr 2026
Anand Mathur	Chief Financial Officer	01 Mar 2025
Mitul Palankar	Company Secretary & Head - Legal	-

MCA registry snapshot

CIN
U67120MH2000PLC152193

STATUS
Active

AUTHORISED CAPITAL
Rs 20 Cr

PAID-UP CAPITAL
Rs 17.87 Cr

LAST AGM
04 Aug 2025

LAST BALANCE SHEET
31 Mar 2026

Date	Form	Description	Status
11 May 2026	AOC-4 XBRL	FY 2025-26 audited standalone and consolidated financial statements ad	Pending
11 May 2026	MGT-7	Annual return for FY 2025-26; HDFC Bank 94.01%, 1,78,74,109 shares	Pending
22 Apr 2026	DIR-12	Re-appointment of Arvind Vohra as HDFC Bank nominee director	Approved
31 Mar 2026	PAS-3	Allotment of 1,02,140 equity shares to employees under ESOP schemes du	Approved
04 Aug 2025	AOC-4 XBRL / MGT-7	FY 2024-25 financial statements and annual return (25th AGM held 4 Aug	Approved
18 Mar 2025	MR-1 / DIR-12	Appointment of Ashish Rathi as Whole Time Director for three years	Approved

Original filings (AOC-4 accounts, MGT-7 returns, charges) can be downloaded from the MCA21 portal under this CIN for a nominal fee; offer documents are on SEBI's site.

Reports and documents

Document	Type	Period	Where
HDFC Securities Annual Report FY2025-26 (standalone and cons	Annual Report	FY26	Download on the website

Strengths

- Parent lock-in and distribution: HDFC Bank owns 94.01% and the broker serves 78 lakh customers, 1.52 million active clients (6th on NSE in March 2026) and 128 branches in 100+ towns; 98% of customers transact digitally and 85% of brokerage comes from digital channels.
- Earnings scale and diversification: even in a down year FY26 total income was Rs 3,110 Cr and PAT Rs 927 Cr, with brokerage (Rs 1,012 Cr), MTF interest (Rs 913 Cr), treasury interest (Rs 585 Cr) and fees/distribution (Rs 487 Cr) each a distinct leg; PAT was Rs 777 Cr in FY23, Rs 950 Cr in FY24 and Rs 1,125 Cr in FY25.
- Cash returned to shareholders: Rs 415 per share paid in FY26 (Rs 740 Cr, 80% of profit), Rs 507 in FY25, Rs 510 in FY24, Rs 440 in FY23 and Rs 547 in FY22 - a 5.5% yield at Rs 7,535, all as tax-deducted interim dividends paid within the year.
- Annuity-style distribution book: about Rs 30,000 Cr of mutual fund AUM with nearly 1 million MF customers, about Rs 30,000 Cr of NPS AUM as India's No. 1 non-bank POP for five years, insurance commissions of Rs 133 Cr (life Rs 127 Cr), HDFC TRU wealth assets under advisory of about Rs 15,000 Cr within two years of launch, and US$200 million+ of global-investing AUM via Vested.
- Clean audit and controls: S.R. Batliboi gave unmodified opinions on both standalone and consolidated statements, found no fraud, no overdue statutory dues, no default on borrowings, and the directors report no qualification, reservation or adverse remark; four independent directors chair every key committee.
- Secured, short-dated credit book: the Rs 7,137 Cr MTF book is fully collateralised by cash, securities and FDRs with an impairment allowance of just Rs 4.8 Cr (released Rs 3 Cr in FY26); trade receivables of Rs 1,426 Cr are 99% secured and the Rs 46 Cr impaired slice is fully provided.
- Treasury cushion: Rs 1,794 Cr of free cash, Rs 7,642 Cr of bank deposits and Rs 2,747 Cr of G-secs/gilt funds against Rs 15,114 Cr of borrowings that are themselves matched to margin loans and exchange deposits; the company reports no long-term debt and has an active CP programme refinanced through the year.

Risks

- Earnings are market-cyclical and just fell: consolidated PAT dropped 17.6% to Rs 927 Cr, EPS 18% to Rs 519.75, brokerage

19.6% to Rs 1,012 Cr and active clients 8% to 1.52 million; the operating-profit ratio slipped to 40% from 46% and the directors' outlook hinges on an earnings recovery in H2 FY27.

- Leverage has jumped: borrowings rose 90% to Rs 15,114 Cr (CP Rs 12,827 Cr + overdraft Rs 2,183 Cr), debt-to-equity went from 2.4x to 4.2x, total debt is 69% of assets and debt-service coverage fell to 0.13x; the CP book of 7-180 day paper must be rolled continuously, so a money-market freeze or rating action would bite fast.
- Finance cost is the largest expense (Rs 817 Cr, 26% of income) and interest spread drives earnings: MTF interest fell 6.5% while funding cost rose 4%; a further squeeze on MTF rates or a rise in CP yields compresses the Rs 913 Cr interest line directly.
- Regulatory actions on record: the secretarial auditor states SEBI and the stock exchanges issued warning/action letters, imposed penalties and issued show-cause notices after inspections during FY26; amounts and subjects are not disclosed. SEBI's F&O curbs, true-to-label charges and client-asset rules continue to reshape broking economics.
- Minority holders have no influence and no exit path: HDFC Bank holds 94.01%, the free float is 10.7 lakh shares, no listing is discussed in the report, and the bank can set dividends, capital raises (the FY25 rights issue added 16.85 lakh shares) and related-party terms unilaterally.
- Dilution from ESOPs is steady: 6,02,704 options were outstanding at 31 March 2026 (3.4% of shares, weighted exercise price Rs 6,668, 2,77,268 already vested); 1,02,140 shares were issued in FY26 at an average Rs 6,271 and 1,18,768 in FY25 at Rs 6,029, all below the current quote.
- Treasury mark-to-market and contingent exposures: Rs 50 Cr of pre-tax fair-value losses on FVOCI government securities hit other comprehensive income in FY26; bank guarantees of Rs 1,100 Cr are lodged with exchanges and Rs 61 Cr of tax demands plus Rs 6 Cr of client claims are disputed and unprovided.
- Cost base is rising faster than revenue: employee cost grew 20% to Rs 577 Cr (including a Rs 10 Cr labour-code gratuity charge and Rs 33 Cr of ESOP cost), depreciation 19% to Rs 83 Cr, and the subsidiary in GIFT City is burning Rs 3 Cr a year before earning anything.

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