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HDB FINANCIAL SERVICES

A Comprehensive OVERVIEW

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A leading **NBFC** established in 2007, catering to individual and business clients with end to end financial solutions. HDBFS is one the **15 NBFCs** falling in Upper Layer under Scale Based Regulation for NBFCs for the year **2023-24.**

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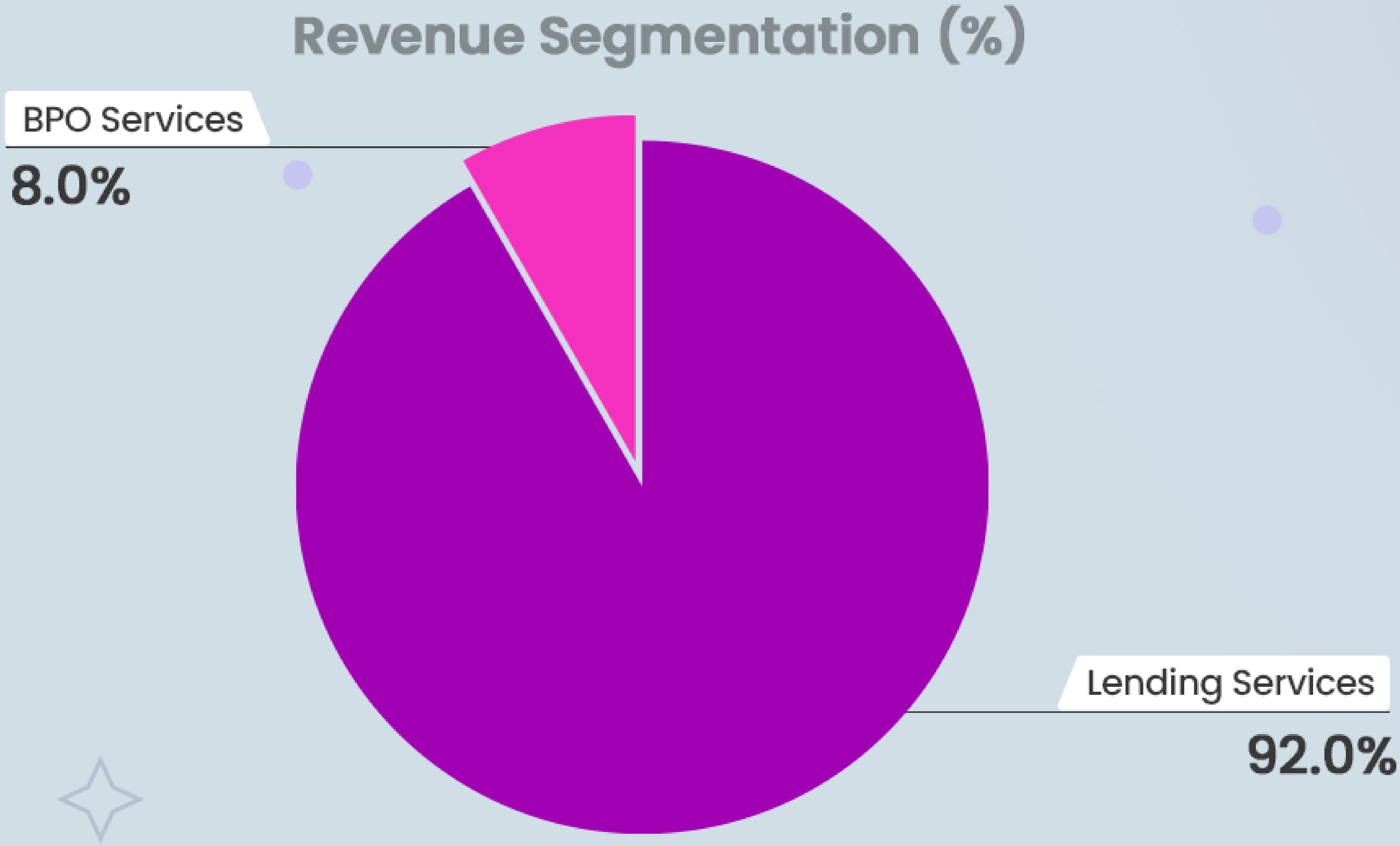
- HDB Financial Services accredited with **CARE AAA & CRISIL AAA** ratings for long-term debt and bank facilities.

- **A1+ rating** for short term debt & commercial Papers.

HDBFS provides, collection, and insurance services in India. The company operates in two segments, Lending Business and BPO Services.

- **Lending as % of Total Revenue (%) 92%**
- **BPO Services as a % of Total Service (%) 8%**



Over **1,680** branches spread across 27 states & **4 union territories.**

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HDB FINANCIAL SERVICES

Key HIGHLIGHTS

- **Healthy Net Interest Income:** HDB Financial Services has experienced a 7.5% year-on-year growth in net interest income. Over the past five years, the compound annual growth rate (CAGR) for net interest income is 11.6%.

- **Improvement in Net Non-Performing Assets (NNPA):** The company's NNPA has significantly decreased from 2.29% in FY22 to 0.95% in FY23. This improvement is attributed to the company's focus on higher asset quality and diversifying its borrowing mix to mitigate default risks amid rising interest rates.

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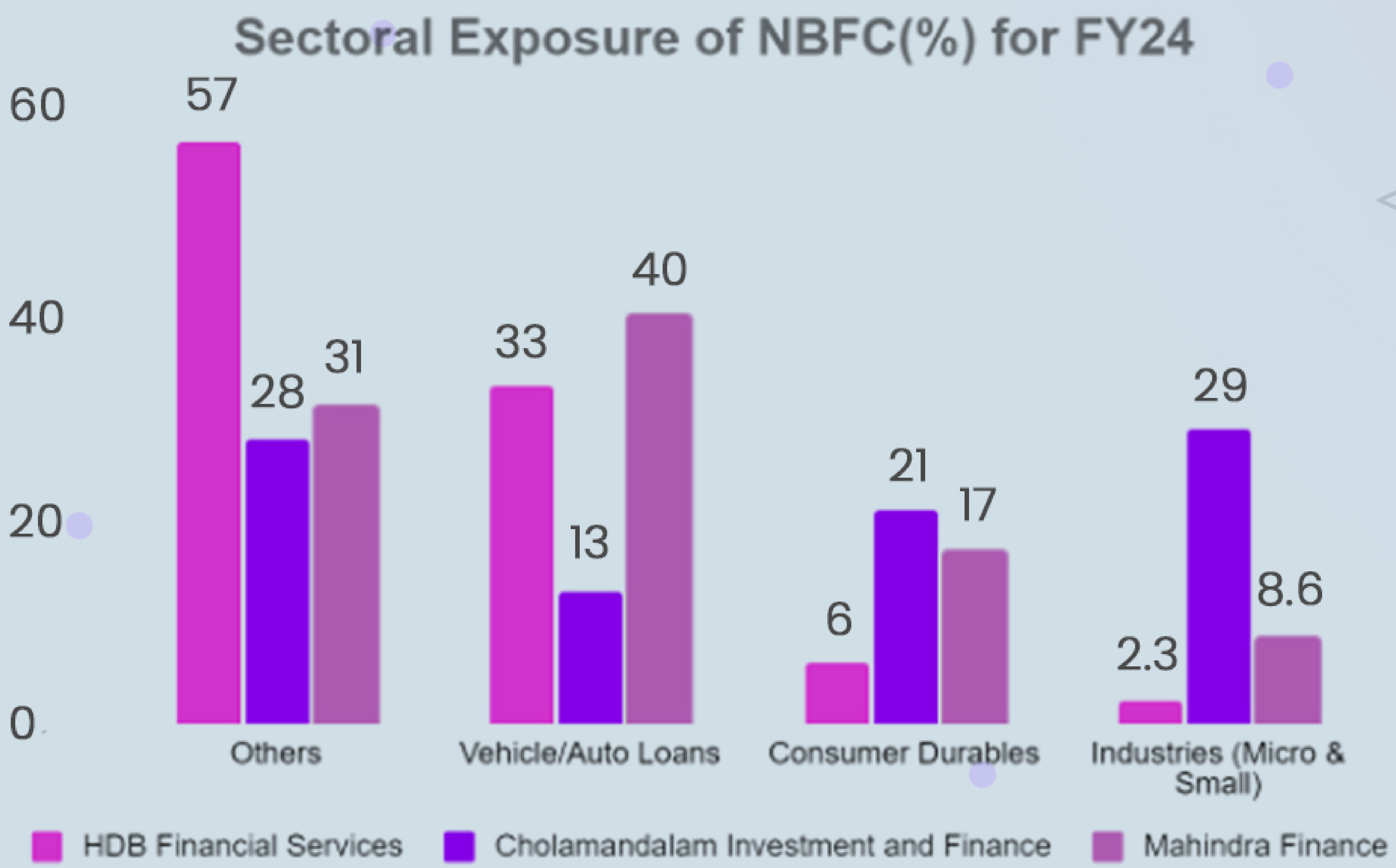
Significant Increase in Net Profit: HDBFS net profit has surged by 93.7%, from Rs 1,011 Cr. in FY22 to Rs 1,960 Cr. in FY23. This growth is largely due to improved asset quality and a substantial reduction in loan loss provisions. However, excluding the impact of reduced provisions, the net profit actually saw a decline of 5.5%

Strong Liquidity Position: The company's Capital Adequacy Ratio (CAR) is 20.0% for FY23, well above the regulatory requirement of 15%. HDBFS has consistently maintained a CAR above the regulatory minimum for over a decade.

HDB Financial Services performs well in its segment and is supported by HDFC Bank, it trades at a price-to-book (P/B) multiple of 4.9, higher than the industry average of 3.0. Current investors may hold their positions, but new investments are not recommended at these levels due to its relatively high valuation compared to peers like Cholamandalam Investment & Finance, L&T Finance Holdings, and Mahindra Finance.



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The company has shown a consistent track record of growth. Its loan book has shown substantial expansion, and its net interest income has seen a steady increase over the years. For instance, the loan book grew by approximately 30.62% from FY23 to FY24.

HDB FINANCIAL SERVICES
REIMAGINING OPPORTUNITIES

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Buy Unlisted Shares of HDB Financials

HDB Financial Services (HDBFS), a non-banking financial company, provides, collection, and insurance services in India. The company operates in two segments, Lending Business and BPO Services. It offers consumer loans, such as consumer durable, digital products, lifestyle products, auto, two-wheeler, gold, and personal loans to individuals; enterprise loans, including unsecured business, enterprise business, property, lease rental, and securities loans, as well as auto refinance services.

FINANCIAL INFORMATION FOR LAST 3 YEARS

Particulars	2022	2023	2024
Total Revenue	10,944	12,402	14,171
PAT	391	1,959	2,460
EPS	4	24	31
Total Equity	8,446	11,437	13,742
Total Assets	62,641	70,050	92,556

*All Figures in Crores except EPS

Incorporation year: 2007

Website: https: www.hdbfs.com

Email: compliance@hdbfs.com

ISIN No: INE756I01012

CIN No: U65993GJ2007PLC051028

Sector: Financials

Face value: ₹ 10

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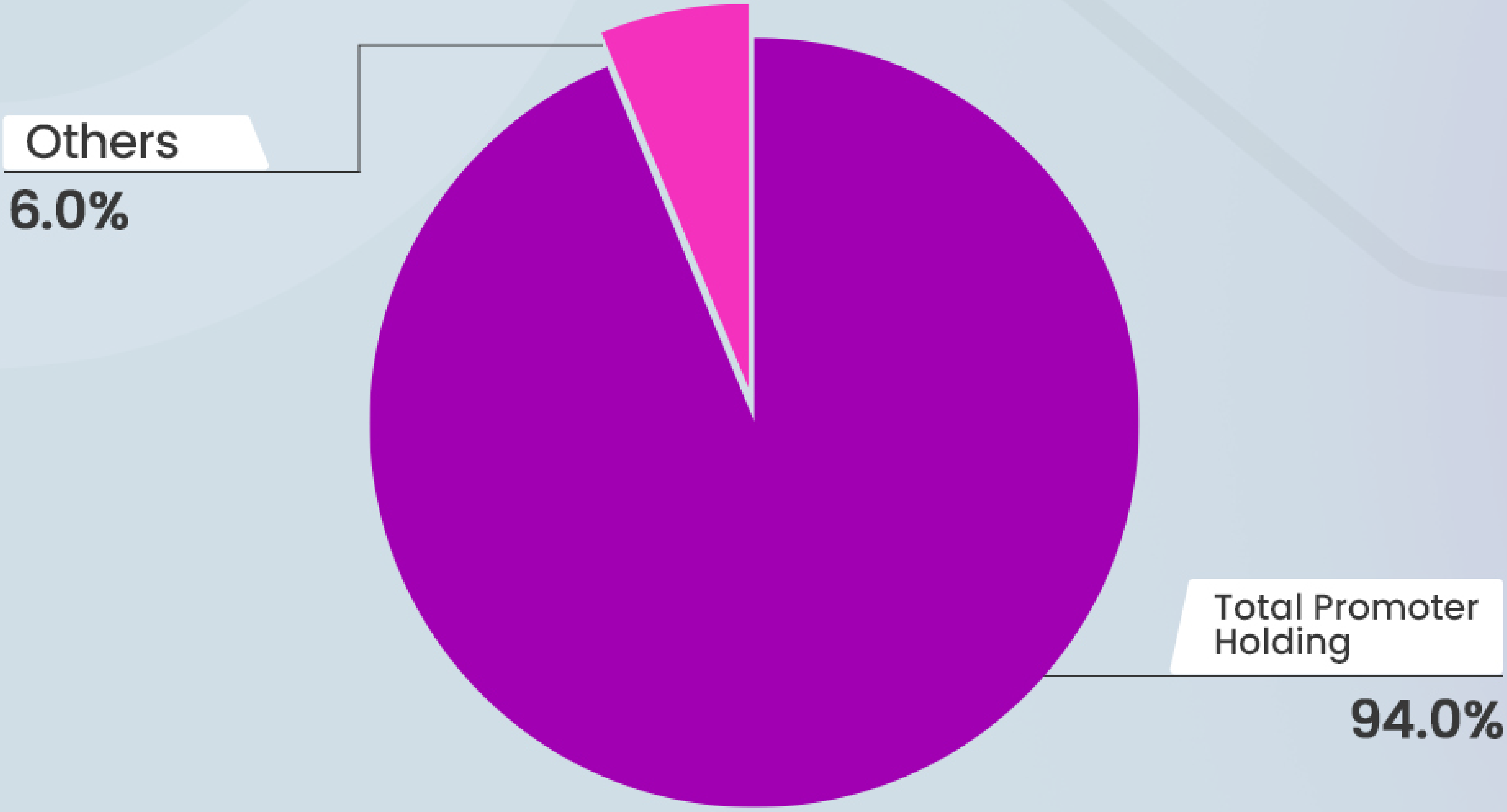
Shareholding Pattern



KEY DRIVERS OF GROWTH

- **Expansion in Tier 2 and Tier 3 Cities:** HDBFS is leveraging its extensive network to tap into the growing demand for financial services in smaller cities and rural areas.
- **Technological Advancements:** The company's investment in technology enhances operational efficiency and customer experience, providing a competitive edge.
- **Diversified Product Portfolio:** By offering a wide range of financial products, HDBFS caters to various customer needs, ensuring steady revenue streams.

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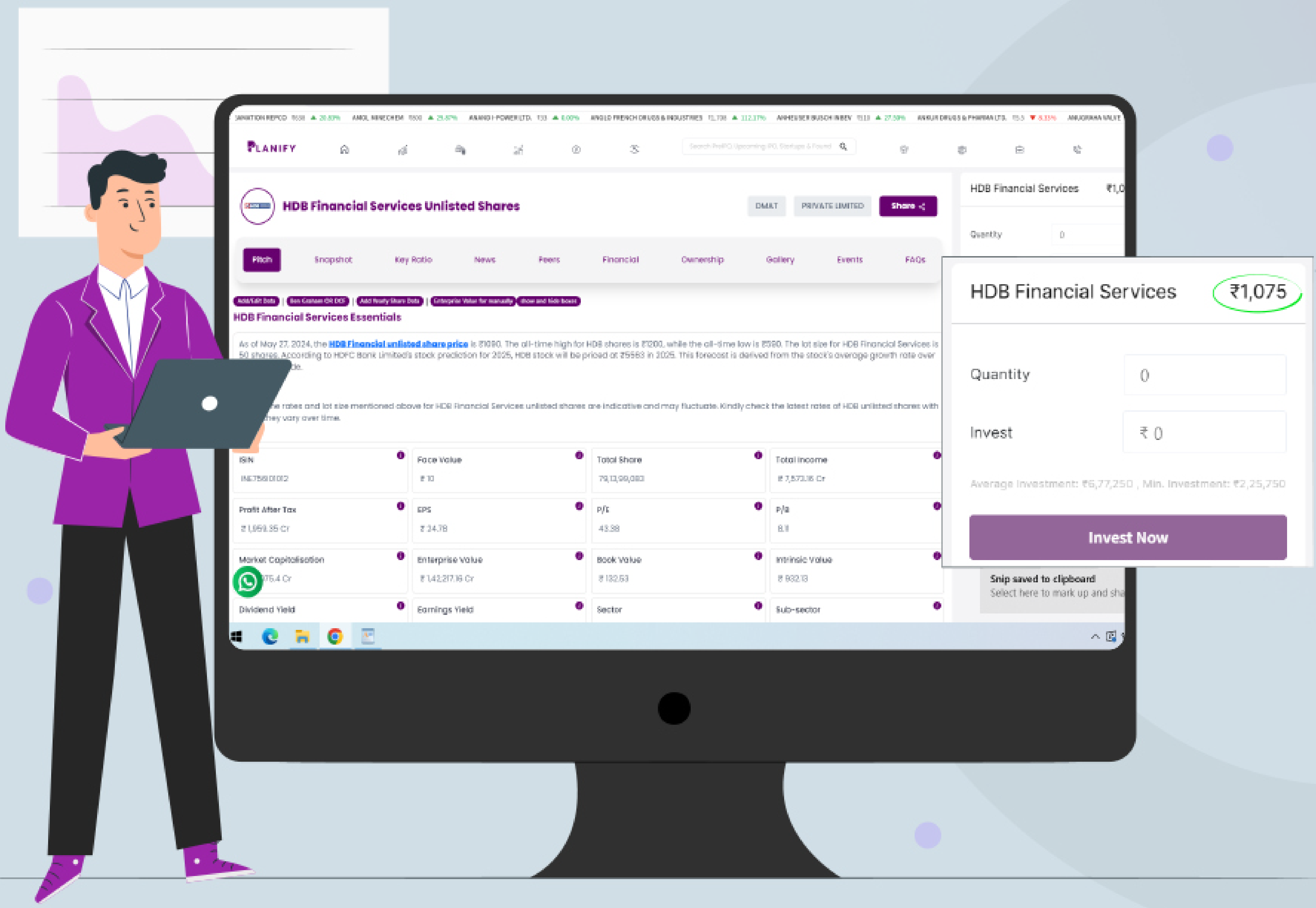
HDBFS's share price has been on an upward trend, reflecting investor confidence in its robust business model and growth prospects. Currently trading at around **₹1,075 per share,** the stock has attracted significant interest from both retail and institutional investors. The anticipated IPO of HDBFS is expected to further bolster its market valuation and provide liquidity to existing shareholders.



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