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HDB Financial Services Limited

<u>Stock Data</u>	
Market Cap (in Cr.)	782.93
Outstanding shares	78,29,36,256
Face Value	Rs.10

<u>Share Holding</u>	<u>%</u>
HDFC Bank Ltd	95.87
others	4.13

<u>Board Of Directors</u>	
<u>NAME</u>	<u>DESIGNATION</u>
Mr. Aditya Puri	Chairman & Non Executive Director
Mr. Ramesh G	MD & CEO
Mr. Bhavesh Zaveri	Non Executive Director
Mr. Jimmy Tata	Non Executive Director
Ms. Smita Affinwala	Independent Director
Mr. Venkatraman Srinivasan	Independent Director

HDB Financial Services (HDBFS), incorporated in 2008 is a leading Non-Banking Financial Company (NBFC) that caters to the growing needs of an Aspirational India, serving both Retail & Commercial Clients.

HDB Financial Services Limited is a subsidiary company of HDFC Bank, with a well-established business and strong capitalization.

Their current product portfolio consists of three main categories i.e. Loans, Fee based products and BPO services.

The company had 1165 branches across 831 cities in India as on March 31, 2018. Apart from the lending business, HDBFS is also engaged in distribution of general and life insurance products for HDFC Ergo General Insurance Company and HDFC Standard Life Insurance Company, respectively.

HDBFS is accredited with CARE AAA & CRISIL AAA ratings for its long-term debt & Bank facilities and an A1+ rating for its short-term debt & commercial papers, making it a strong and reliable financial institution.



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Products

 Enterprise Business Loan	 Loan Against Shares	 Loan Against Mutual Funds	 Loan Against Securities
 New to Credit Loan	 Credit Card Balance Transfer	 Doctor's Loan	 Tractor Loan

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Financial Highlights

<u>PARTICULARS (in Rs.cr)</u>	<u>2018</u>	<u>2017</u>
Revenue	7062	5714
(Y-O-Y growth)	24%	73%
Profit before tax	1465	1059
Profit/ Loss for the year	952	699
(Y-O-Y growth)	36%	31%
Shareholder's Funds	6202	5362
AUM	44469	34277
Loans & Advances	43653	32356
Borrowings	34981	25287
Book Value per share	79	69
Earnings per share	12.2	9.6



Financial Ratios

<u>PARTICULARS</u>	<u>2018</u>	<u>2017</u>
D/E	5.6	4.7
Cost of Borrowings (%)	7.8	9.1
PAT Margin (%)	13.5	12.2
ROE (%)	16.5	15.7
ROAA (%)	2.4	2.3
Capital Adequacy Ratio (%)	17.94	20.79

- The **Debt to Equity ratio** is a leverage ratio that calculates the weight of total debt and financial liabilities against the total shareholder's equity.
- **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 net income 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.
- **Return on average assets (ROAA)** is an indicator used to assess the profitability of a firm's assets, and it is most often used by banks and other financial institutions as a means to gauge financial performance. ROAA is calculated by taking net income and dividing it by average total assets.



Growth Drivers /Top Reasons to invest

- Strong operational and financial support from parent, HDFC Bank (majority ownership of 95.87%)
- The company's board of directors comprise of the top management from HDFC Bank.
- Strong earnings profile, their profit has grown by 36% y-o-y to Rs.952 crores in 2017-18 as against their revenue growth of 24% y-o-y in 2017-18.
- Healthy capitalization, Capital adequacy as on March 31,2018 stood at healthy 17.94% which is well above the minimum regulatory norms for NBFCs
- The company paid dividend closer to 9% on each equity share in 2018
- They have a strong retail presence and are expanding their branches, total 1165 branches as on March 31, 2018.
- HDBFS is accredited with CARE AAA & CRISIL AAA ratings for its long-term debt & bank facilities and an A1+ rating for its short-term debt.



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Peer Comparison

<u>PEER COMPARISON</u>		
<u>(Rs.cr)</u>	<u>Bajaj Finserv</u>	<u>IIFL Holdings</u>
Total Revenue	34962	5983
Profit after tax	4836	1256
PAT Margin (%)	13.8	18.1
ROE (%)	23.3	24.6
ROA(%)	3.0	2.9



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Conclusion

HDBFS has a strong financial, 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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Plan your money, Plan your life



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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