

HDB FINANCIAL SERVICES LIMITED

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About the Company

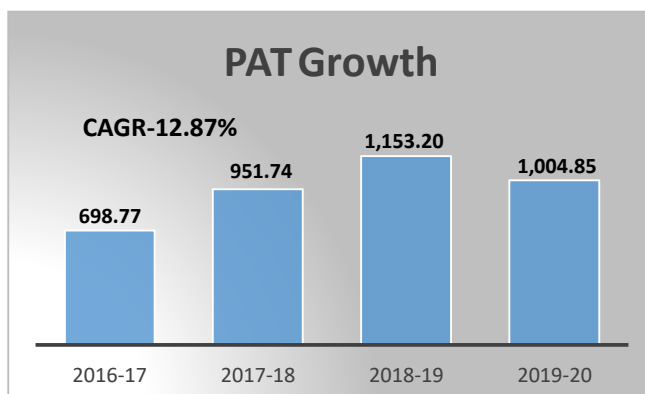
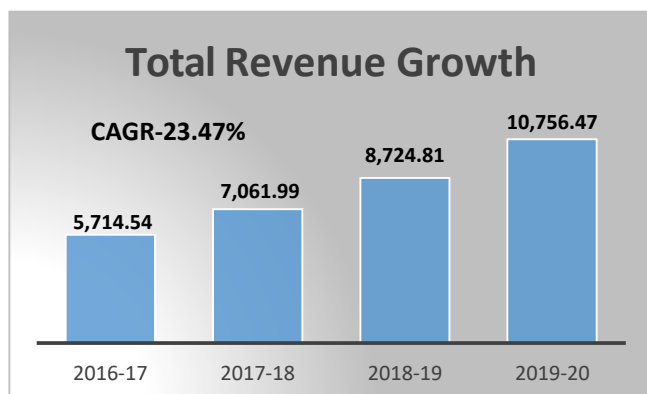
HDB Financial Services limited, incorporated in 2007, has become one of the largest NBFC's in India within a span of 12 years. It is a **wholly owned subsidiary of HDFC bank**, which is the largest private sector bank in India and hence, enjoys strong promoter shareholding of more than 95%. The vision and strong values of the management team are reflected in the operations of HDB Financial services limited in a way that it has become the **7th largest NBFC in India** within a short vintage.

The company operates through Lending Business and BPO Services segments. It provides financing, collection, and insurance services in India. It has a strong product line which includes secured and unsecured loans, personal and business, doctor's, auto, gold, new to credit, enterprise business, consumer durables, construction equipment, commercial vehicle, and tractor loans. The company also provides loans against property, life insurance policies, KVP/NSC, mutual funds, bonds, and lease rentals, as well as credit card balance payment loans. The NBFC is likely to go **for an Initial Public Offering (IPO)** during the current financial year, as its promoter HDFC Bank is expected to sell part of its stake and **raise approximately ₹10,000 crore**.

Currently, the global economy is facing the impact of **Covid-19 pandemic**, which is an **unprecedented** and **once in a century event**. Most of the **businesses** are **closed due to** lockdowns and movement **restrictions**. The **Company holds provisions** as at 31 March 2020 **against the potential impact of COVID-19** based on the information available at this point in time. **In accordance with the RBI guidelines** relating to COVID-19 Regulatory Package dated 27 March 2020 and 17 April 2020, the **lending institutions** have **been permitted to grant a moratorium of three months** on payment of **all instalments and/or interest**, as applicable, falling due **between 1 March 2020 and 31 August 2020** ('moratorium period') to eligible borrowers in accordance with the Board approved policy.

Key Highlights

- **HDFC**, the largest Private sector bank in India is the **parent company** and **holds 95.86%** of HDB Financial Services limited.
- The Company has an **improved Debt to Equity** ratio of **6.55** as on 31st March, 2020 as against 6.64 as on 31st March, 2019.
- Currently, the **Asset under Management (AUM)** is **more than ₹ 60,000 Crores in FY2020** which has **grown by approximately 9%** over the year ending **March 31, 2019**.
- **CRISIL** has assigned **AAA/Stable ratings to its Perpetual Bond issue** and also has kept its ratings unchanged on the debt instruments and bank facilities from the previous years.
- Its **Standalone Revenue** and **Net profit (PAT)** have grown at a **CAGR** of around **23.47%** and **12.87%** over the past 3 years.
- The **Standalone Revenue** has **increased by 23.29%** to **₹ 10,756.47 crore in FY2020** from ₹ 8,724.81 crore in FY2019.
- Its **Standalone Profit after Tax (PAT)** **decreased by 12.87%** to **₹ 1,004.85 Crores in FY2020** from **₹ 1,153.20 Crores** in FY2019.
- The company also has a healthy **Capital Adequacy ratio of 17.94%** against the **RBI norm of 15%** which it has been able to maintain over the years.



Financial Highlights:

(in ₹ Crores)

Metrics	2016-17	2017-18	2018-19	2019-20	Y-O-Y Change	3 Year CAGR
Total Assets	33,456.09	44,753.92	55,707.00	60,714.46	8.99%	21.98%
Total Revenue	5,714.54	7,061.99	8,724.81	10,756.47	23.29%	23.47%
PBT	1,058.59	1,464.52	1,724.06	1,464.48	-15.06%	11.43%
PAT	698.77	951.74	1,153.20	1,004.85	-12.87%	12.87%
Basic EPS (in ₹ per share)	9.64	12.18	14.71	12.78	-13.12%	9.85%
Diluted EPS (in ₹ per share)	9.64	12.16	14.69	12.77	-13.07%	9.83%

Metrics	HY1 2019-20	HY2 2019-20	HY-o-HY Change (in %)	HY2 2018-19	Y-o-Y Change (in %)
Total Revenue	5,205.10	5,551.40	6.65%	4,646.60	19.47%
NII	1,708.20	2,167.70	26.90%	1,708.20	26.90%
PAT	709.50	577.30	-18.63%	627.60	-8.01%
Basic EPS (in ₹ per share)	5.44	7.34	34.93%	8.00	-8.25%
Diluted EPS (in ₹ per share)	5.43	7.33	34.99%	7.99	-8.26%

Metrics	Q4 FY 2019-20	Q1 FY 2020-21	Q-o-Q Change (in %)	Q1 FY 2019-20	Q1 FY 2020-21	Y-o-Y Change (in %)
Total Revenue	2,798.60	2,679.70	-9.60%	2,529.80	2,679.70	5.93%
NII	1,117.90	1,123.30	0.48%	962.70	1,123.30	16.68%
PAT	234.20	111.00	-52.60%	221.80	111.00	-49.95%
Basic EPS (in ₹ per share)	2.98	1.41	-52.68%	2.82	1.41	-50.00%
Diluted EPS (in ₹ per share)	2.97	1.41	-52.53%	2.82	1.41	-50.00%

SEGMENT REVENUE

METRICS	Q4 FY 2020	Q1 FY 2021	Q-o-Q Change (in %)
Lending business	2,234.10	2,210.20	-1.07%
BPO Services	564.40	469.50	-16.81%
Unallocated	-	-	-
TOTAL	2,798.50	2,679.70	-4.25%

SEGMENT RESULTS

METRICS	Q4 FY 2020	Q1 FY 2021	Q-o-Q Change (in %)
Lending business	283.10	131.80	-53.44%
BPO Services	24.60	22.30	-9.35%
Unallocated	-3.00	-5.60	86.67%
PBT	304.70	148.50	-51.26%

Valuation Highlights:

(in ₹ Crores)

Equity Schedule	2018-19	2019-20
Market Capitalization	-	63,006.37
Net worth	7,178.48	8,017.80
Promoter Shareholding (%)	95.53%	95.29%
Book Value Per Share (in ₹ per share)	91.36	101.81
P/B Ratio	-	7.86
ROE	13.18%	13.22%
Cost of Capital (Weighted Average)	7.93%	8.08%
Face Value Per Share (in ₹ per share)	10/-	10/-

*All figures are as per Audited Financial Results for the year ended 31st March, 2020.

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