



Research Report on HDB Financial Services

Overview of the company:



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

Incorporated in 2007, it is a well-established business with strong capitalization. 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.

Line of business includes:

Lending

It offers a wide range of secured and unsecured loans to the customers. They provide a one-stop-shop for all requirements, be it loans, investments or protection. It has quickly grown to have more than 1400 Branches spread across 24 States & 3 Union Territories.

BPO Services

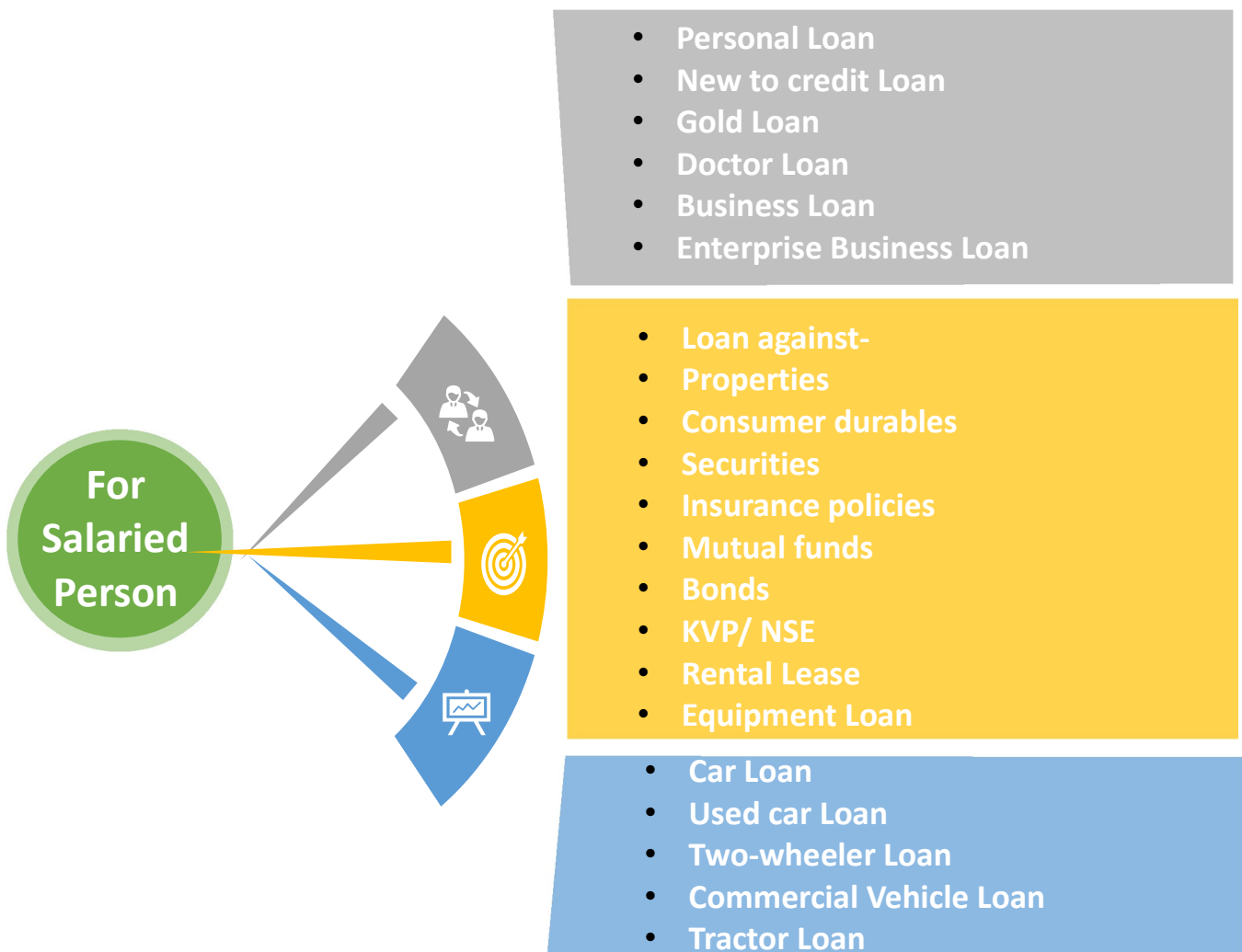
BPO services division delivers back office services such as forms processing, documents verification, finance and accounting services and correspondence management. It also delivers front office services such as contact centre management, outbound marketing and collection services.

Parent company:

HDB Financial Services Limited is a subsidiary company of HDFC Bank.

The Housing Development Finance Corporation Limited (HDFC) was amongst the first to receive an 'in principle' approval from the Reserve Bank of India (RBI) to set up a bank in the private sector, as part of the RBI's liberalisation of the Indian Banking Industry in 1994. The bank was incorporated in August 1994 in the name of 'HDFC Bank Limited', with its registered office in Mumbai, India. HDFC Bank commenced operations as a Scheduled Commercial Bank in January 1995.

Products:



HDB On The Go:

HDB On The Go is a one-stop Android application to view and manage your loan account. It also allows you to apply for a new loan with just a few clicks anytime, anywhere.

Benefits of HDB On The Go App



- Apply for various products & services
- View & manage your loan accounts and transaction details
- EMI Calculator to calculate your EMI for the given interest rate and loan amount
- Track real-time status of your loan application applied through any channel
- Avail pre-approved loans and other exciting offers
- Visit the FAQs and get answers to queries related to processing and servicing
- Get Customer Support instantly
- Send e-mail statements to registered as well as alternate e-mail ID
- Locate nearest HDB branches
- Refer your friends to access products & services offered by HDB

Ratings as on March 2020:

The CARE Ratings Limited (CARE) and CRISIL Limited (CRISIL) have reaffirmed highest ratings for the various facilities availed by the Company. All the ratings indicate a high degree of safety with regard to timely payment of interest and principal. Details of which are given below:

Facility	CARE	CRISIL	Amount ₹ in crore
Bank Facilities	CARE AAA;Stable	CRISIL AAA/Stable	25,000.00
Short Term Debt Program	CARE A1+	CRISIL A1+	12,500.00
Non-Convertible Debentures	CARE AAA;Stable	CRISIL AAA/Stable	34,479.92
Market Linked Debentures	CARE PP-MLD AAA;Stable	CRISIL PP-MLD AAAR/Stable	3,000.00
Subordinated Bonds	CARE AAA;Stable	CRISIL AAA/Stable	3,500.00
Perpetual Bonds	CARE AAA;Stable	CRISIL AAA/Stable	1,000.00

Borrowings as on March 2020:

Company has diversified funding sources from Public Sector Banks, Private Sector Banks, Mutual Funds, Insurance Companies, Financial Institutions etc. Funds were raised in line with Company's Resource Planning Policy through Term Loans, Non-Convertible Debentures (NCDs), Market Linked Debentures (MLDs), Subordinated Bonds, Perpetual Debt Instruments and Commercial Paper.

No interest payment or principal repayment of the Term Loans was due and unpaid as on March 31, 2020. The assets of the Company which are available by way of security are sufficient to discharge the claims of the banks as and when they become due. The details of funds raised during the year are as below:

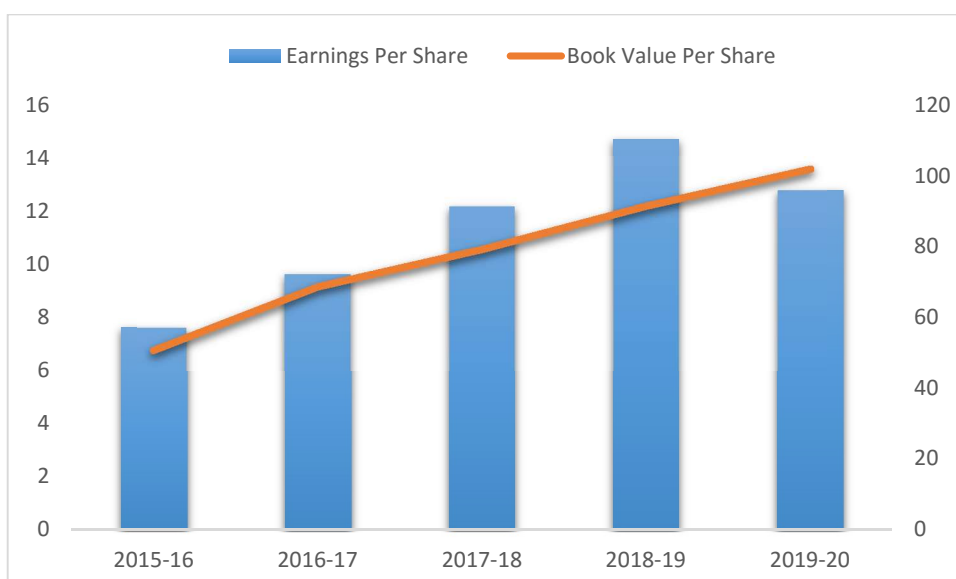
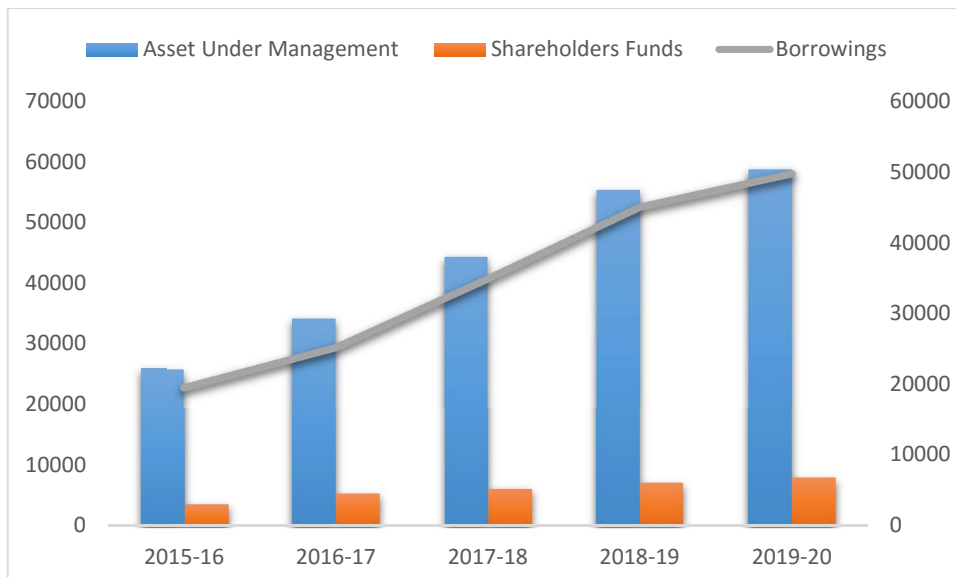
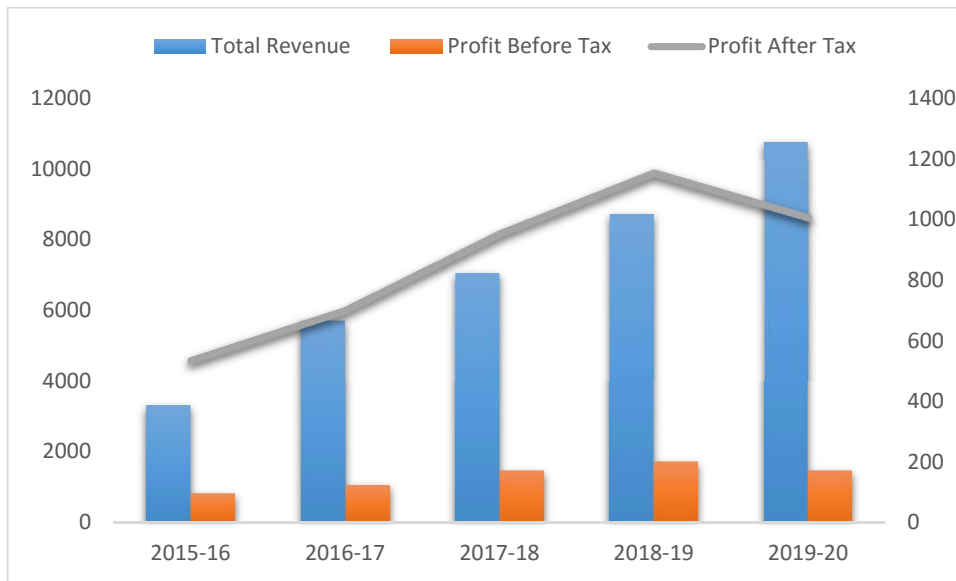
#	Borrowings/ Security type	Credit rating		Amount raised ₹ in crore
		CARE	CRISIL	
1	Term Loans from Banks and Financial Institutions	CARE AAA;Stable	CRISIL AAA/Stable	9,325.00
2	Secured Redeemable Non-Convertible Debentures	CARE AAA;Stable	CRISIL AAA/Stable	7,271.00
3	Secured Redeemable Market Linked Debentures	CARE PP-MLD AAA;Stable	CRISIL PP-MLD AAAR/ Stable	125.00
4	Unsecured Redeemable Subordinated Bonds	CARE AAA;Stable	CRISIL AAA/Stable	543.50
5	Unsecured Redeemable Perpetual Debt Instruments	CARE AAA;Stable	CRISIL AAA/Stable	200.00
6	Commercial Paper	CARE A1+	CRISIL A1+	2,030.00

Shareholding Pattern as on March 2020

#	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the year		% Change during the year
		Demat	% of Total Shares	Demat	% of Total Shares	
1.	HDFC Bank Limited	75,05,96,670	95.53	75,05,96,670	95.30	(0.23)
	TOTAL	75,05,96,670	95.53	75,05,96,670	95.30	(0.23)

HDFC Bank held a 95.53 percent stake in HDB Financial Services as of March 31. The rest is held by individual shareholders and employee trusts.

Financials:



Latest Updates:

India's largest private sector lender, HDFC Bank, is eyeing an initial public offering (IPO) of its non-bank lending unit, HDB Financial Services, that could see the company raise more than \$1 billion, said two people aware of the development.

HDFC Bank owns 95.9 percent in HDB. Hence, value unlocking in HDB will be particularly important to shareholders of HDFC Bank.

Brokers doing deals in the unlisted space said affluent investors are buying HDB shares at Rs 800 a share. At Rs 800 per piece, the stock is trading at a price to book value of 7.85 times. Most of its listed NBFC peers are trading at 5-10 times their price to book value.

Investors have made money in both the IPOs of HDFC Standard Life Insurance and HDFC Asset Management. HDFC is a brand that they trust and they strongly believe this will be the next company from the group to come up with an IPO.

