

PRE-IPO NOTE

Basic Parameters

M Cap.	87230 Cr.
CMP	₹1100
52 W H/L	1200 / 650
Face Value	₹10
No. of Shares	79.3 Cr.

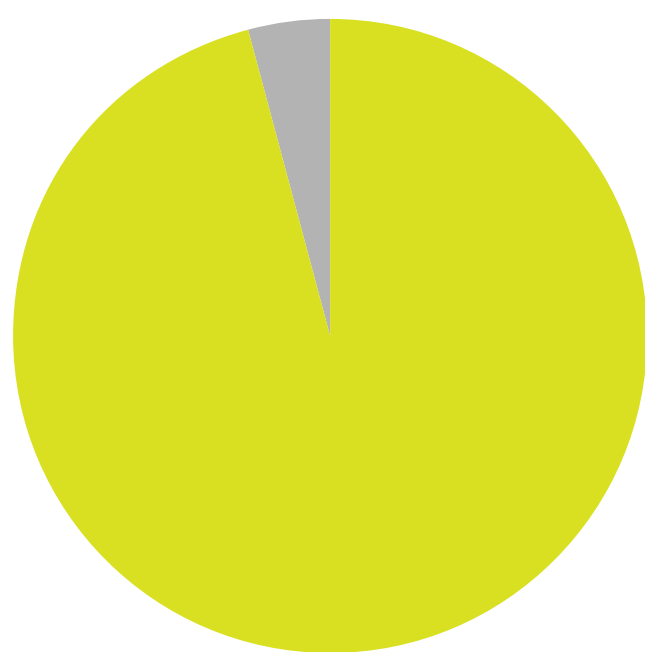
Financials

Particulars	2021	2022	2023	2024
NII	4605	5037	5415	6293
Other Income	2465	2948	3475	3014
Total Income	7070	7985	8889	14171
Provisioning	3068	2400	1330	1067
PAT	391	1000	1959	2461
GNPA	4.71%	5.24%	2.73%	1.90%

(Fig. Cr)

Top Shareholders

Others
(4.04%)



HDFC Bank
(95.96%)

Experience Management

G Ramesh (MD and CEO) oversees the company's operations. He has around 30 years of experience in business development, banking, consumer finance, and operations.

About HDB Financials

- HDB Financials Limited is a subsidiary of HDFC Bank with a shareholding of approximately 94.84% as of March 31, 2023.
- It is a lender that provides a variety of retail loans, including loan against property (LAP), commercial vehicle (CV) and construction equipment (CE) financing, gold loan, consumption loans, personal loans, etc.
- With a presence in 1,054 cities throughout India, the Company operates a total of 1,492 branches as of March 31, 2023.
- As of March 31, 2024, Advances surged by 30.64% to ₹86,721 crores

Effect of Corona

Loan disbursements were slow over the past three years due to COVID-19. In FY22, HDB Financials disbursed around 29,000 Crores, and in Q1FY23, approximately 9,000 Crores. After a loss in FY21 and poor performance in FY22, the company improved in FY23 and FY24, recording profits of about 1,959 Crores and 2,461 Crores, respectively.

NPAs of HDB Financials are improving

The COVID-19 pandemic significantly impacted FY20-21 and FY21-22, causing NPAs to rise from 4.50% in FY21 to 7.75% in Q1FY21 during the second wave. However, with improved collection efficiency and economic recovery in FY22-23, GNPA's decreased to 2.73%, and further improved to 1.90% in FY23-24.

Strategic Investment by MUFG

Japan's Mitsubishi UFJ Financial Group Inc (MUFG) will acquire a 20% stake in HDB Financial Services, valuing the company at \$9-10 billion before its IPO. This significant investment underscores MUFG's strategy to expand in India's financial sector. HDB Financial Services is expected to be valued between \$9 billion and \$12 billion during its IPO, showing strong investor confidence.

Valuation of HDB Financials

As of May 21, 2024, HDB Financial Services has a book value of Rs. 173 per share, with its current market price (CMP) in the unlisted market being Rs. 1100 per share. This results in a price-to-book (P/B) ratio of 6.3x. In comparison, Bajaj Finance is trading at a price-to-earnings (P/E) ratio of 5.4x as of the same date.



+91 8010009625



www.unlistedzone.com



sales@unlistedzone.com



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