

IPO Coverage

HDB Financial Services Limited

20 June 2025

Price Band
₹ 700 - ₹ 740

Issue Size
₹ 12,500 Cr

Issue Open Date
25 June 25

Issue Close Date
27 June 25

Promoters (Pre IPO)
94.32 %

Promoters (Post IPO)
74.19 %

Min Bid Lot Size
20 Shares

Sector
Financial

Other Issue Details

Offer For Sale:
(Amount)

₹ 10,000 Cr

Fresh Issue:
(Amount)

₹ 2,500 Cr

Face Value

₹ 10.00

Listing At:

NSE BSE

Retail
Reservations

31.44 %

Objective of the Issue

- Enhancing Tier-I capital to facilitate lending and future expansion in the sectors of consumer, asset, and Corporate finance.

Tentative Schedule

Stages	As on or Around date
Finalization of Basis of Allotment	30 June 2025
Refunds/Unblocking ASBA Fund	01 July 2025
Credit of equity shares to DP A/c	01 July 2025
Listing Date	02 July 2025

Company Profile:

- Business:** HDB Financial Services Limited, The company was Incorporated in 2007, Company is a non-banking financial company with a focus on retail. Additionally, the company provides fee-based products including insurance product distribution, mostly to lending consumers, and BPO Services like back-office support, collection, and sales support to our promoter.
- Touch points :** As of March 31, 2025, more than 80% of the branches are situated outside of India's top 20 cities. The company operated 1,771 branches in 1,170 towns and cities throughout 31 States and Union Territories as of March 31, 2025. More than 80% of the branches were situated outside of the top 20 most populous Indian cities. HDB's omni-channel physical model incorporates smart external collaborations, internal telecalling, and a strong branch network.

Management - Experienced Promoters | Board & Senior Team | Marquee Investors

Arijit Basu
Chairman

Ramesh Ganesan
MD & CEO

Jay kumar Shah
CFO

Dipti Khandelwal
Company Secretary

Financial Snapshot

Financials (INR cr)	FY25	FY24	FY23
Equity Share Capital	795.78	793.08	791.40
Net worth	14936.50	12802.76	10436.09
Revenue	16,300.28	14,171.12	12,402.88
NII	7445.64	6292.40	5415.86
Net Interest Margin (%)	7.56	7.85	8.25
Net Profit	2175.92	2460.84	1959.35
EPS (Rs.)	27.40	31.08	24.78
Net Asset Value (Rs.)	198.80	173.30	144.50
ROE (%)	14.72	19.55	18.68

Growth

The company's revenues in upward and stood at Rs 16,300.28 crore versus Rs. 14,171.12 crore YoY and reported CAGR of 9.54 percent from FY23 to FY25.

Margins

In FY25, Company's Net interest income moved upward, however Net interest margins decreased by 29 basis points and stood at 7.56 percent versus 7.85 percent YoY.

Multiple

During FY25, Net Asset Value of the company reported 198.80 versus 173.30 in FY24. ROE of the company is decreasing and recorded as 14.72 % vs 19.55 % YOY.

Business Verticals:

- **Enterprise Lending** : Enterprise Lending offers SMEs and independent contractors tailored financial solutions, accounting for about **38.7% of HDB's gross loans**. With an average ticket size of Rs 5.75 lakh, options include Business Loans, LAP, SPL, and Gold Loans, which are intended to facilitate asset purchase, expansion, and working cash.
- **Asset Finance** : Asset finance, which accounts for about **38.4% of HDB's gross loans**, is primarily concerned with financing assets that generate revenue in the transportation and agricultural industries. It provides loans for commercial vehicles, construction equipment, and tractors, with an average ticket size of Rs 8.6 lakh. It serves contractors, fleet operators, and independent contractors looking to acquire company assets.
- **Consumer Finance** Consumer Finance, which accounts for **about 23% of HDB's total loans**, provides personal and lifestyle finance to individual borrowers. Microloans, auto loans, personal loans, two-wheeler loans, and consumer durable loans are important items. Targeting self-employed and salaried persons, this vertical offers tickets with an average size of Rs 42,000 for emergencies, lifestyle enhancements, and consumption.

SWOT Analysis

STRENGTH

- Leading NBFC with growing client base and strong parentage support of HDFC Bank.
- 1,772 branches and 1.4 lakh+ dealer touch points drive strong market reach.
- Experienced promoters with qualified management team.

WEAKNESS

- Due to its 6.54x debt-to-equity ratio, it is vulnerable to changes in interest rates.
- Credit risk rises when one is exposed to high-risk and unsecured parts.
- Despite Scaling, operating costs are still high (Opex/ATA ~5.96%).

HDB Financial

OPPORTUNITIES

- Explore acquisition opportunity in related business.
- Well-positioned to serve India's growing underbanked and credit-new population.
- India's young population and rising credit demand offer strong long-term growth.

THREATS

- intense competition between NBFCs and fintechs in the consumer loan market.
- The interest rate fluctuations, Pressure on net interest margins could result from rising borrowing costs.

Concluding Remarks

- During the last three fiscals, the company reported Weighted average EPS of Rs 28.2 and Weighted average, ROE of 17.0 percent. Based on the annualized earnings of FY25 the issue is priced at a, P/E of 27.00 with consideration of its upper price band.
- **We recommend to subscribe this IPO with long term view, as With its robust brand, varied loan portfolio, and wide distribution network, the company which is supported by HDFC Bank offers a great chance. With a focus on digital infrastructure and underbanked segments, it is well-positioned for long-term growth. Considering the company's constant growth in its headline numbers and the recent rate cut by the RBI will improve liquidity and reduces borrowing costs, which will benefits the company.**



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