# Twitter Thread by Jeswin

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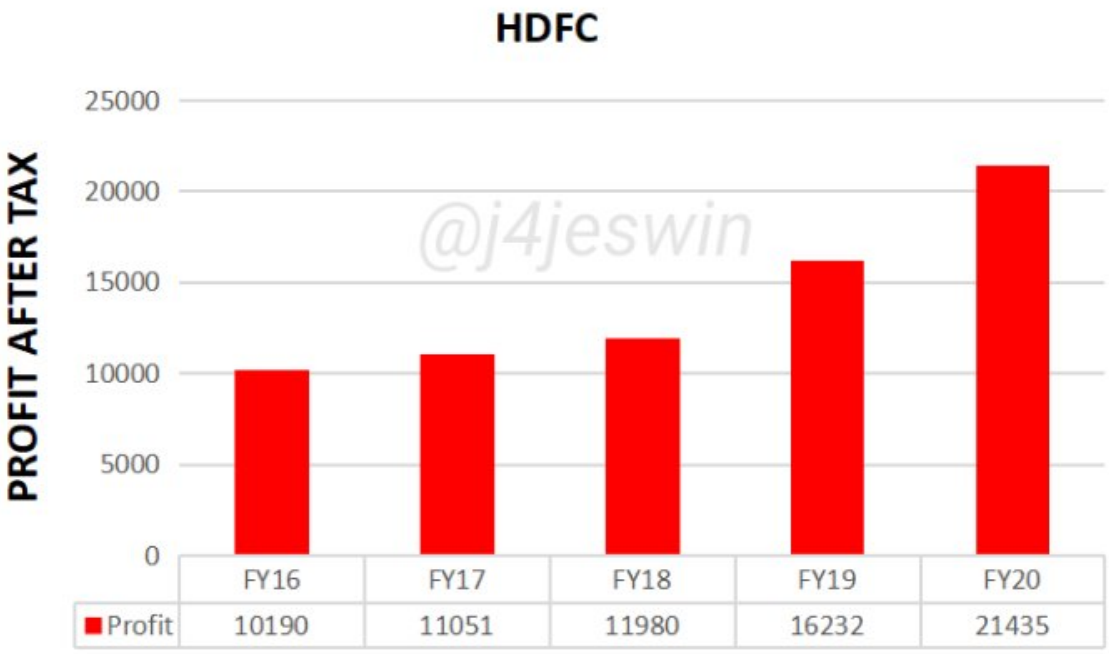
**Is HDFC undervalued ?**

**Market capitalisation of HDFC is 3,10,478 Crores. But HDFC houses listed holdings worth 2,19,437 Crores and several unlisted businesses.**

**FY20 profit was 21,435 Crores. Setting aside the holdings, HDFC is trading at a PE of 3-4.**

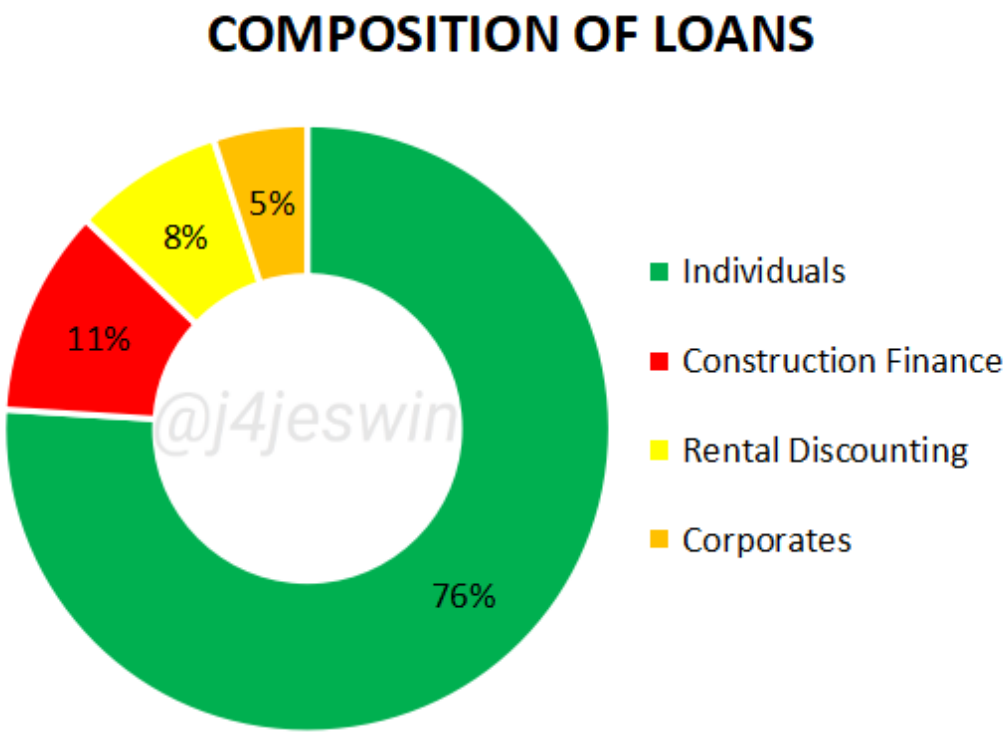
**Let's dig deeper. A thread.**




About HDFC

They are the leaders in housing finance.

AUM: 5,16,773 Crores
Secured Lending: 97%
CAR: 17.6%
NIM: 3.4%
Average Individual Loan: 27 Lakhs
Deposit Agents: 24000
Employees: 3095
Assets Per Employee: 163 Crores
Profit Per Employee: 3 Crores
Auditor Fees: 5.28 Crores

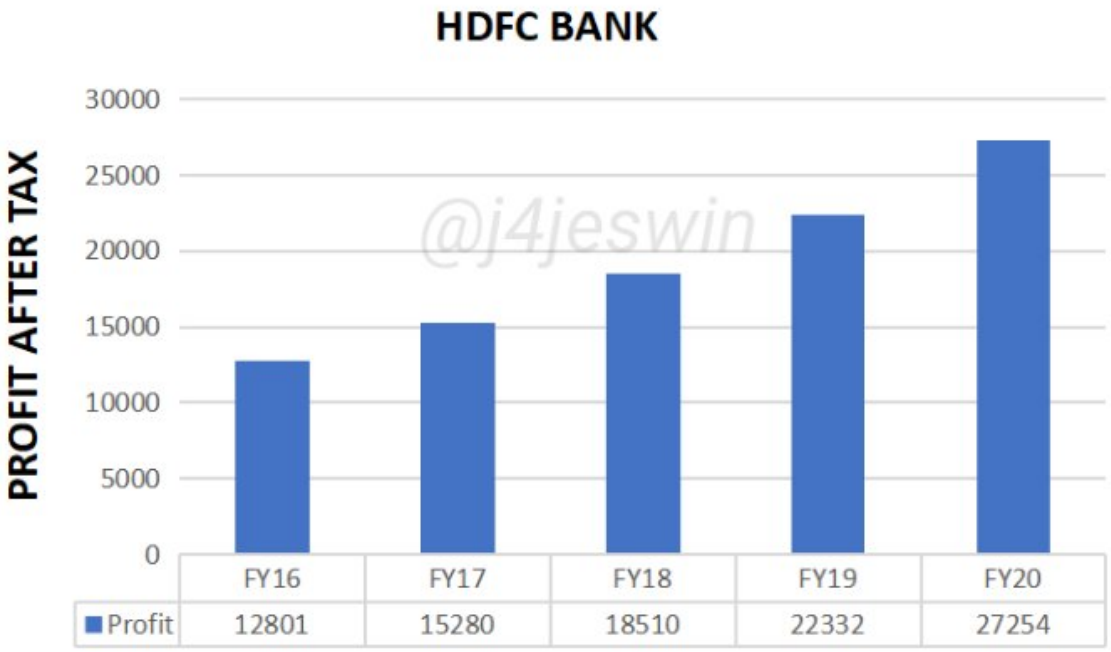



HDFC Bank

HDFC owns 21.24% of HDFC Bank. The stake is worth 1,22,812 Crores. In FY20 HDFC Bank paid a dividend of 864 Crores to HDFC.

HDFC sources 26% of the loans through HDFC Bank. HDFC Bank has the right to buy 70% of the loans sourced.

Performance of HDFC Bank:

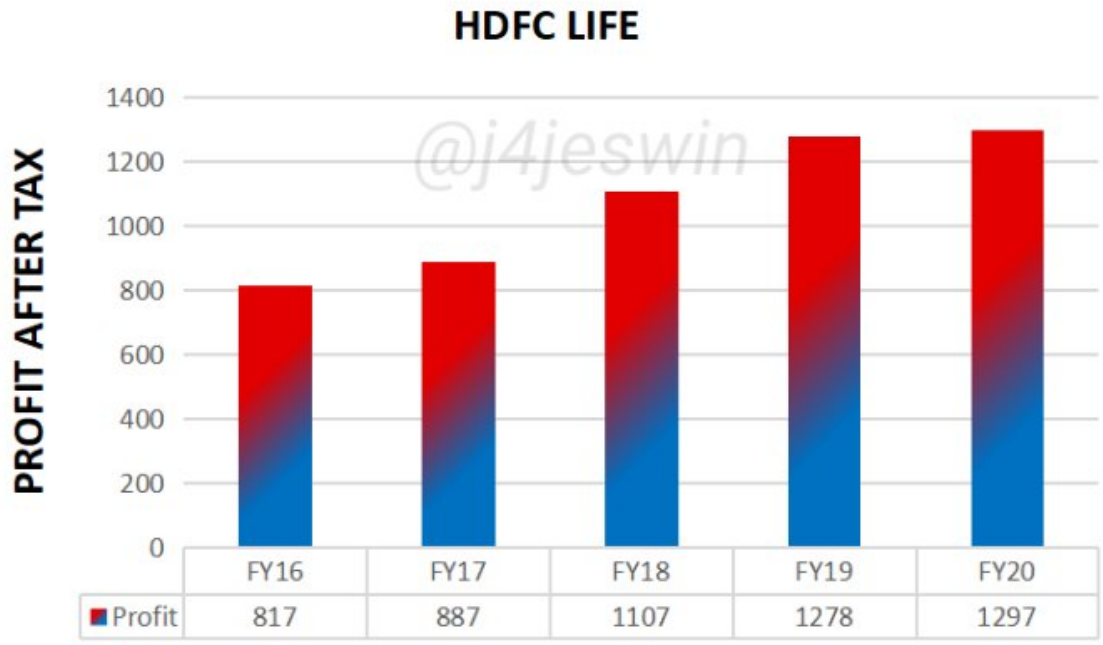



HDFC Life

HDFC owns 51.44 of HDFC Life. The stake is worth 61,779 Crores. HDFC Life didn't pay a dividend last year adhering to the suggestions from IRDAI.

RBI has directed HDFC to bring its shareholding in HDFC Life to 50% by 16th December 2020.

Performance of HDFC Life:

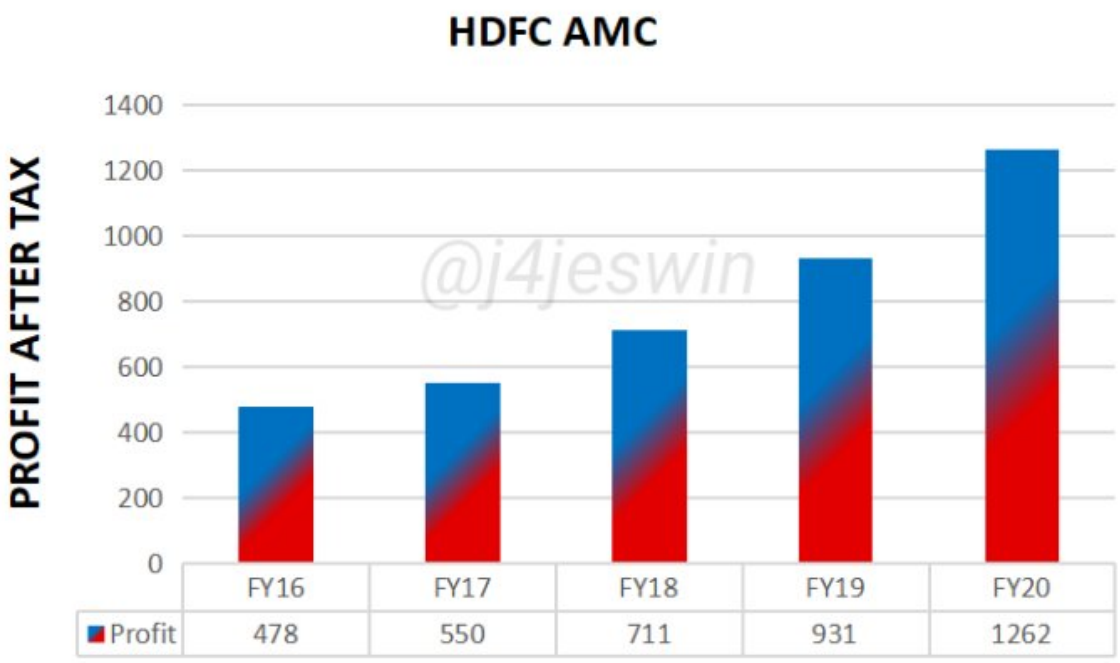


HDFC AMC

HDFC owns 52.7% of HDFC AMC. The stake is worth 27,230 Crores. Last year HDFC AMC paid a dividend of 135 Crores to HDFC.

AUM: 3.7 Lakh Crores

Performance of HDFC AMC:




Key unlisted subsidiaries:

HDFC owns 50.5% of HDFC Ergo General Insurance and 51.2% of HDFC Ergo Health Insurance. HDFC plans to merge the two. RBI has directed HDFC to bring down the ownership to 50% in both entities.

HDFC owns 100% of HDFC Credila an education loan company.

Other investments:

HDFC owns 9.90% of Bandhan Bank. The stake is worth 5,570 Crores.

HDFC also owns 7.97% of Yes Bank. The stake is worth 2,046 Crores.

Outlook

HDFC group companies are leaders. But they command premium valuations.

HDFC is the best housing finance business. And it offers diversified exposure to HDFC group companies at much lower

valuations.

That is buying HDFC puts more assets to work for the money you invest.

While writing about this anomaly market capitalisation of HDFC was 3,10,478 Crores.

Now it is 4,78,402 Crores.

Still quite attractive but with a lower margin of safety.