

CMP: Rs2,380

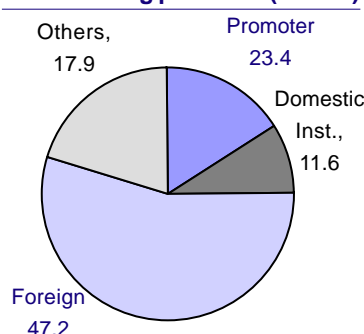
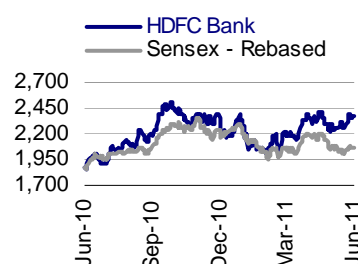
TP: Rs2,580

Neutral



Bloomberg	HDFCBIN
Equity Shares (m)	465.2
52-Week Range (Rs)	2,518/1,825
1,6,12 Rel.Perf.(%)	4/7/16
M.Cap. (Rs b)	1,107.2
M.Cap. (US\$ b)	24.8

Y/E	March	2011	2012E	2013E
NII (Rs b)		105.4	123.4	150.8
OP (Rs b)		77.3	95.6	121.8
NP (Rs b)		39.3	51.6	64.9
EPS (Rs)		84.4	110.9	139.5
EPS Gr. (%)		31.0	31.4	25.8
P/E (x)		28.2	21.5	17.1
BV (Rs)		545.6	630.5	737.4
P/BV (x)		4.4	3.8	3.2
ABV (Rs)		541.4	626.7	732.8
P/ABV (x)		4.4	3.8	3.2
RoE (%)		16.7	18.9	20.4
RoA (%)		1.6	1.7	1.7

**Shareholding pattern % (Mar-11)****Stock performance (1 year)****Focused retail strategy - a hallmark****Slippage ratio at historical low; impeccable asset quality performance**

- The bank reported slippage ratio of 1.1% for FY11, its lowest level since FY05. Including general and floating provisions, its coverage ratio is above 100%.
- Retail loans grew 26.8% and retail deposits grew 23.3%. More importantly, average retail savings deposits grew 28%.
- During the year, the number of branches increased by ~15% to 1,986 and 70% of its branches are outside the top nine cities of India.

**Slippage ratio at historical low; impeccable asset quality performance:**

Strong improvement in economic growth, further improvement in risk management and focused retail strategy drove down HDFC Bank's slippage ratio to its lowest level since FY05. The bank reported slippage ratio of 1.1% for FY11 v/s 2.6% for FY10. Write-offs halved to Rs11.7b from Rs22.5b a year ago. With slippages declining sharply, credit cost also declined from 175bp in FY10 to ~55bp in FY11. To smoothen earnings, the bank made a floating provision of Rs6.7b. It has also provided Rs4.75b for contingencies. The bank mentioned that contingency provisions are on account of loans extended to MFIs. While reported coverage ratio stands at 82.5%, including general and floating provisions, the coverage ratio is above 100%.

**Focused retail strategy - a hallmark:**

During the year, retail loans grew 26.8% and retail deposits grew 23.3%. More importantly, average retail savings deposits grew 28%. The number of savings accounts/debit cards increased ~18% to 11.6m and HDFC Bank's total customer base increased from ~19m in FY10 to ~21m in FY11. Liability customer acquisition followed by exploitation of cross-selling opportunities (loans and fees) remains HDFC Bank's key business strength. Despite regulatory pressure on fees, income from third-party products grew 28% and accounted for 1/4th of fees. Its conscious strategy of 'quality over growth' is visible in just 12% growth in outstanding credit cards to 5m.

**Penetrating fast into rural and semi urban areas:**

The annual report also focuses on the bank's strategy of expanding into India's hinterland. During the year, the number of branches increased by ~15% to 1,986 and ATMs increased by ~30% to 5,471. The bank mentioned that 70% of its branches are outside the top nine cities of India. The success of its multi-channel banking is highlighted by 80% of the transactions happening through non-bank channels.

**Adjusted core pre-tax profit up 70%:**

During the year, HDFC Bank booked a loss of Rs1.35b on derivatives transactions and trading loss of Rs525m. Adjusting for floating/contingency provisions and non-core income/expenditure, pre-tax profit grew 70%. Core operating profit grew 30% in FY11 v/s 23% in FY10 and 20% growth in reported profit for the year. However, core NIM declined 20bp to 4.2%.

**Valuation and view:**

We expect EPS to grow at a CAGR of ~28% over FY11-13 against 25% over FY05-10. While we remain positive on the bank's business, we believe valuations are rich. The stock trades at 3.2x FY13E BV and 17.1x FY13E EPS. We maintain our **Neutral** rating.

**Other findings from annual report**

- Domestic CD ratio at 74.5% v/s reported CD ratio of 76.7%
- International loans increased to US\$1b (2.9% of loans v/s 1.6% a year ago)
- Savings deposits cost increased 70-80bp due to interest payment on an average daily basis
- Adjusting for one-off floats at the end of FY11, CASA ratio stood at 51% v/s reported CASA ratio of 52.5%
- Wholesale loans grew 26.7% and deposits grew 27.4%
- Average monthly sourcing of home loans at Rs7b; bought-back portfolio from HDFC at Rs43b (most of which qualified as priority-sector lending)
- Negligible standard asset restructuring of Rs2.4b v/s Rs2.2b a year ago; overall restructuring of Rs3.7b v/s Rs3.2b a year ago
- Proportion of loans maturing in one year at 44%; deposits maturing in one year at 29.3% (status quo v/s FY10)
- ~40% of overall investment and 23% of SLR investment in AFS category.

**Valuation and view**

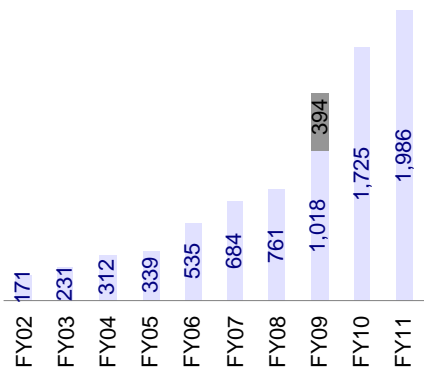
HDFC Bank is best placed in the current environment, with (1) CASA ratio of ~50% (a boon in a rising interest rate scenario), (2) strong growth outlook of 25-30%, (3) improving operating efficiency, and (4) lower credit costs, led by best-in-class asset quality. The bank has effectively utilized excess profits (on the back of a benign retail credit cycle) for creating future buffer. Pricing power in retail loans remains strong, which will help the bank to maintain margins despite increase in savings deposit rate. We expect EPS to grow at a CAGR of ~28% over FY11-13 against 25% over FY05-10. While we remain positive on the bank's business, we believe valuations are rich. Over FY05-10, peak one-year forward P/BV was 5x and average one-year forward P/BV was 3.4x. The stock trades at 3.2x FY13E BV and 17.1x FY13E EPS. We maintain our **Neutral** rating, with a target price of Rs2,580 (3.5x FY13E BV).

**Dupont analysis (%)**

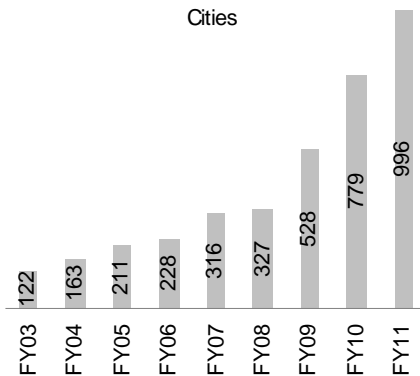
Y/E March	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12E	FY13E
Interest Income	7.27	6.75	6.20	6.77	8.07	9.01	10.32	7.97	7.97	8.45	8.71
Interest Expended	4.40	3.33	2.81	3.09	3.86	4.36	5.63	3.84	3.76	4.47	4.76
<b>Net Interest Income</b>	<b>2.87</b>	<b>3.42</b>	<b>3.39</b>	<b>3.68</b>	<b>4.21</b>	<b>4.66</b>	<b>4.69</b>	<b>4.13</b>	<b>4.22</b>	<b>3.99</b>	<b>3.95</b>
<b>Non Interest income</b>	<b>1.75</b>	<b>1.35</b>	<b>1.36</b>	<b>1.94</b>	<b>1.84</b>	<b>2.03</b>	<b>2.08</b>	<b>1.96</b>	<b>1.73</b>	<b>1.81</b>	<b>1.80</b>
Core Fee Income	1.06	1.08	1.49	1.83	1.80	1.78	1.93	1.78	1.81	1.75	1.73
<b>Core Operating Income</b>	<b>3.93</b>	<b>4.51</b>	<b>4.88</b>	<b>5.52</b>	<b>6.01</b>	<b>6.44</b>	<b>6.62</b>	<b>5.92</b>	<b>6.03</b>	<b>5.74</b>	<b>5.68</b>
Employee cost	0.56	0.56	0.59	0.78	0.94	1.16	1.41	1.13	1.13	1.10	1.07
Other operating expenses	1.62	1.67	1.73	1.93	2.00	2.18	2.08	1.80	1.73	1.60	1.49
<b>Operating Expenses</b>	<b>2.18</b>	<b>2.23</b>	<b>2.32</b>	<b>2.71</b>	<b>2.94</b>	<b>3.34</b>	<b>3.50</b>	<b>2.93</b>	<b>2.86</b>	<b>2.70</b>	<b>2.56</b>
<b>Core operating Profits</b>	<b>1.75</b>	<b>2.28</b>	<b>2.56</b>	<b>2.81</b>	<b>3.07</b>	<b>3.10</b>	<b>3.13</b>	<b>2.99</b>	<b>3.16</b>	<b>3.03</b>	<b>3.11</b>
Non Core Income	0.69	0.27	-0.13	0.11	0.04	0.25	0.15	0.18	-0.07	0.06	0.07
<b>Operating Profits</b>	<b>2.43</b>	<b>2.54</b>	<b>2.44</b>	<b>2.92</b>	<b>3.11</b>	<b>3.36</b>	<b>3.27</b>	<b>3.17</b>	<b>3.09</b>	<b>3.09</b>	<b>3.19</b>
NPA provisions	0.33	0.49	0.38	0.62	0.84	0.91	1.01	0.96	0.31	0.58	0.62
Other Provisions	0.00	0.08	-0.03	0.30	0.28	0.41	0.17	0.10	0.46	0.04	0.05
<b>Provisions</b>	<b>0.33</b>	<b>0.57</b>	<b>0.35</b>	<b>0.91</b>	<b>1.12</b>	<b>1.32</b>	<b>1.19</b>	<b>1.05</b>	<b>0.76</b>	<b>0.62</b>	<b>0.67</b>
<b>PBT</b>	<b>2.11</b>	<b>1.98</b>	<b>2.09</b>	<b>2.01</b>	<b>1.99</b>	<b>2.03</b>	<b>2.09</b>	<b>2.11</b>	<b>2.33</b>	<b>2.47</b>	<b>2.52</b>
Tax	0.68	0.58	0.67	0.61	0.60	0.62	0.67	0.66	0.76	0.80	0.82
<b>RoA</b>	<b>1.43</b>	<b>1.40</b>	<b>1.42</b>	<b>1.39</b>	<b>1.39</b>	<b>1.42</b>	<b>1.42</b>	<b>1.45</b>	<b>1.57</b>	<b>1.67</b>	<b>1.70</b>
Leverage	12.85	14.68	12.99	12.72	14.04	12.52	11.92	11.09	10.66	11.31	12.01
<b>RoE</b>	<b>18.37</b>	<b>20.54</b>	<b>18.45</b>	<b>17.73</b>	<b>19.46</b>	<b>17.74</b>	<b>16.91</b>	<b>16.12</b>	<b>16.74</b>	<b>18.86</b>	<b>20.40</b>

Source: Company/MOSL

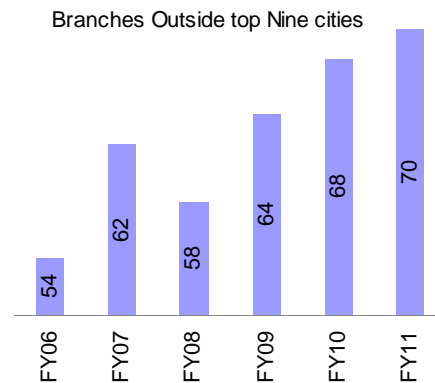
**Branch network expanded 4x in past 5 years \***



**Increasing presence across India**



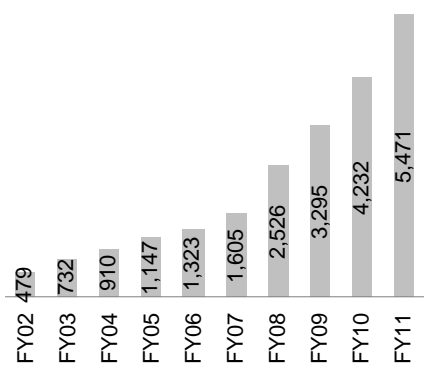
**Increasing concentration in rural and semi-urban areas (%)**



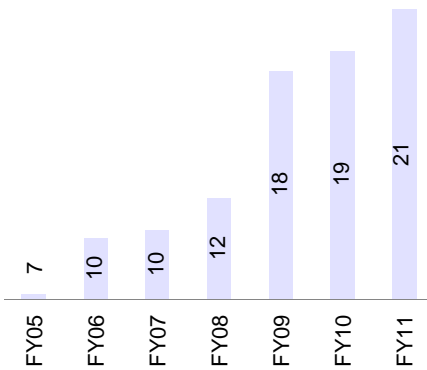
\* Addition of 394 branches on account of CBoP merger

Source: Company/MOSL

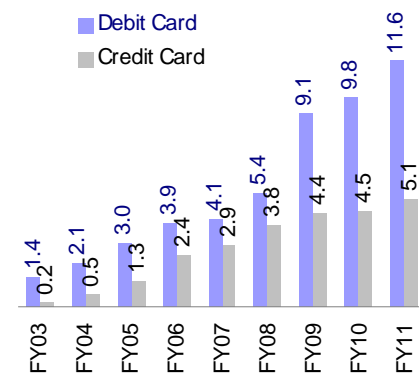
**ATM network up 5x in past five years**



**Strong customer acquisition led by expanding network (m)**

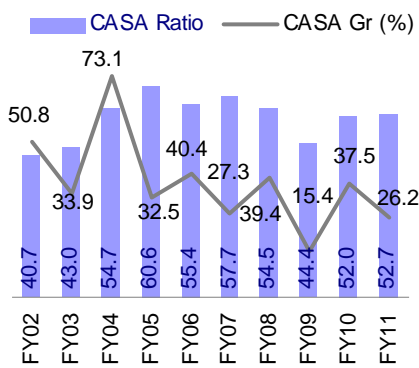


**Increasing customer base leading to higher card base (m)**

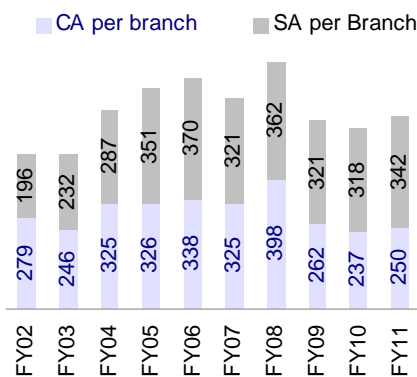


Source: Company/MOSL

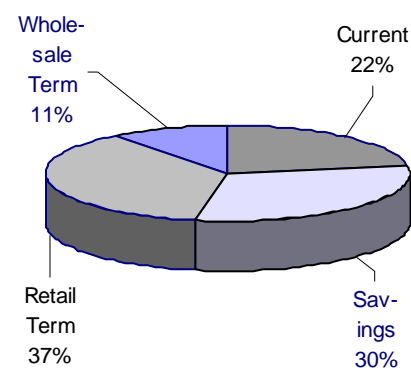
**Traction in CASA remains strong**



**Post integration of CBoP, CASA per branch started improving (Rs m)**



**Wholesale deposits at merely 10%**

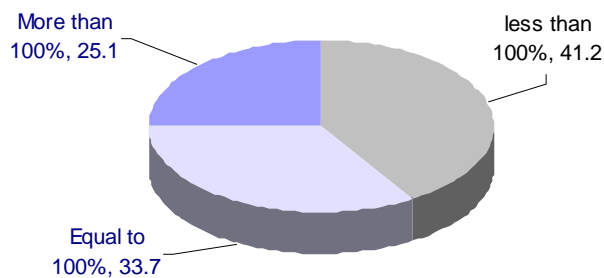


Source: Company/MOSL

**Low concentration risk (FY11)**

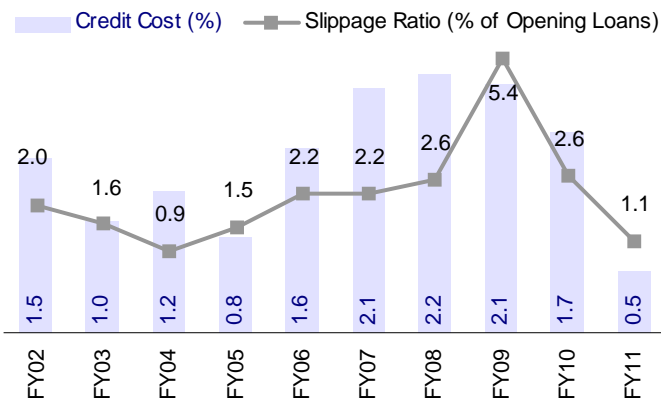
(Rs m)	FY10	FY11
<b>Concentration in Top 20 accounts</b>		
Deposits	140,863	182,995
% of total deposits	8.4	8.8
Loans	292,490	436,876
% of total loans	14.4	16.1
Exposure	329,645	494,491
% of total exposure	15.7	17.1

**More than 70% of assets are low risk weight (FY11)**

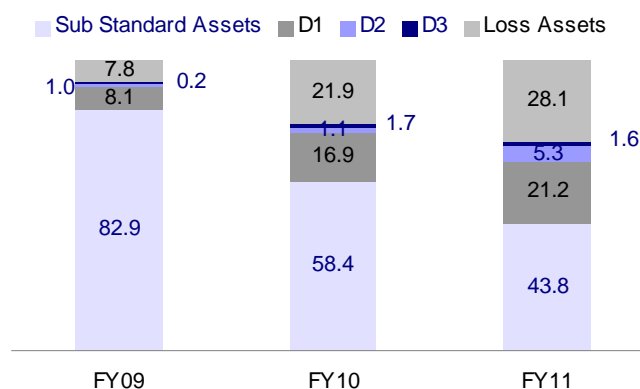


Source: Company/MOSL

**Slippages at historical low \***



**Proportion of substandard loans came down sharply (%)**



\* Adjusted for CBoP merger SR for FY09 at 2.9x

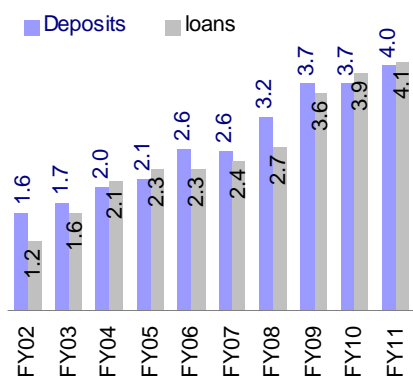
Source: Company/MOSL

**Performance on asset quality front is commendable; GNPA and NNPA lowest since FY02**

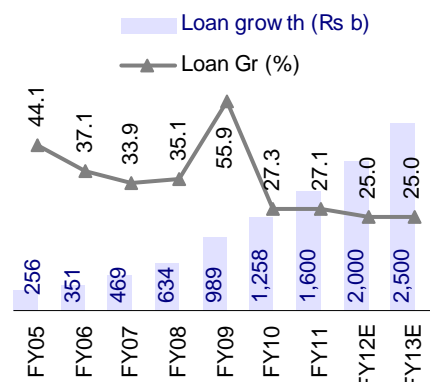
	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Opening Balance	1,468	2,229	2,655	3,356	4,392	5,089	6,578	9,070	19,515	18,168
Additions during the year	912	1,064	1,073	2,583	5,690	7,786	12,028	34,133	26,109	14,231
Reductions during the year	151	638	371	1,548	4,993	6,297	9,536	23,322	27,456	15,456
<b>Closing Balance</b>	<b>2,229</b>	<b>2,655</b>	<b>3,356</b>	<b>4,392</b>	<b>5,089</b>	<b>6,578</b>	<b>9,070</b>	<b>19,881</b>	<b>18,168</b>	<b>16,943</b>
GNPA (%)	3.2	2.2	1.9	1.7	1.4	1.4	1.4	2.0	1.4	1.0
NNPA (%)	0.5	0.4	0.2	0.2	0.4	0.4	0.5	0.6	0.3	0.2
PCR	84.6	83.8	91.7	86.2	69.5	69.2	67.1	68.4	78.4	82.5
Credit Cost	1.5	1.0	1.2	0.8	1.6	2.1	2.2	2.1	1.7	0.5

Source: Company/MOSL

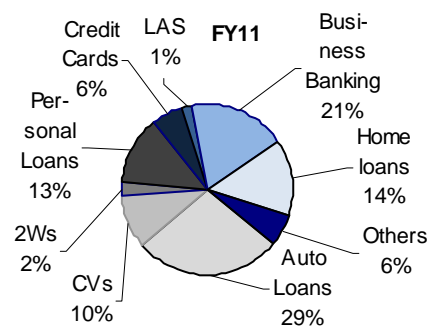
**Market share still at 4%; leaving scope for improvement (%)**



**Above industry loan growth to continue (%)**



**Diversified retail loan book**



Source: Company/MOSL

**Exposure to sensitive sector low (FY11)**

	Rs m	YoY Growth	% of Loan Book
<b>Retail assets</b>	<b>739,145</b>	<b>32.2</b>	<b>42.3</b>
Banks and financials	131,564	39.8	7.5
Wholesale trade	107,152	50.8	6.1
Road transport (including retail CV financing)	91,113	54.4	5.2
Auto and Auto ancillary	79,213	7.3	4.5
NBFC and Financial Intermediaries	59,469	8.6	3.4
Agriculture and allied activities	49,024	55.7	2.8
<b>Iron and Steel</b>	<b>39,203</b>	<b>92.8</b>	<b>2.2</b>
<b>Power</b>	<b>36,647</b>	<b>97.1</b>	<b>2.1</b>
<b>Real estate and property services</b>	<b>35,851</b>	<b>32.5</b>	<b>2.1</b>
Food and beverage	34,458	46.2	2.0
Fertilisers and pesticides	34,158	-37.7	2.0
Other industries	33,894	28.6	1.9
Services	32,409	32.3	1.9
Housing Finance Company	31,219	-13.3	1.8
Chemical and Chemical products	26,771	156.1	1.5
Engineering	23,846	13.0	1.4
<b>Capital market intermediaries</b>	<b>21,614</b>	<b>99.7</b>	<b>1.2</b>
<b>Telecom</b>	<b>21,360</b>	<b>178.0</b>	<b>1.2</b>
<b>Textiles and Garments</b>	<b>17,430</b>	<b>26.0</b>	<b>1.0</b>
Infrastructure (construction and development)	14,955	66.5	0.9
<b>Gems and jewellery</b>	<b>14,715</b>	<b>29.4</b>	<b>0.8</b>
Drugs and pharma	11,880	-25.0	0.7
Non Ferrous metal and products	10,122	-24.0	0.6
Coal and Petromelum products	8,836	-58.2	0.5
Information Technology	8,810	-9.9	0.5
Mining and minerals	7,963	87.2	0.5
Cement and Cement products	7,859	-6.5	0.4
FMCG and Personal Care	6,277	31.8	0.4
Paper, printing and stationary	6,086	-15.6	0.3
Consumer durable	4,529	N.A.	0.3
<b>Total</b>	<b>1,747,571</b>	<b>30.1</b>	<b>100.0</b>

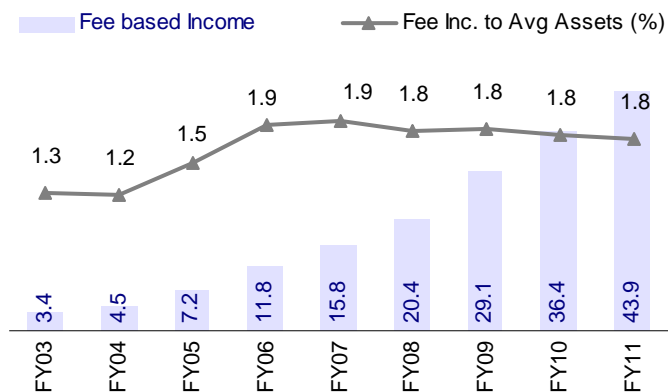
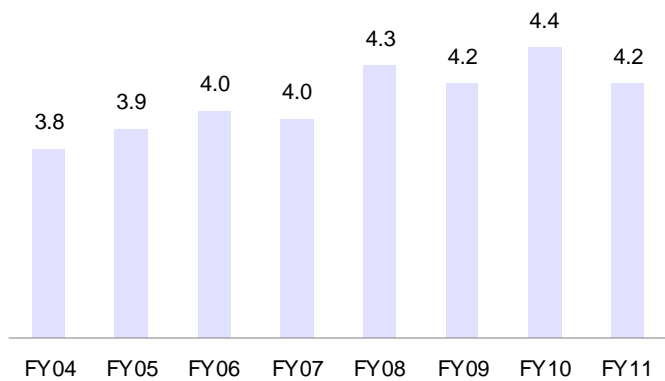
Source: Company/MOSL

**Proportion of assets and liabilities maturing in each bucket**

Particulars	1-14	15-28	29days	Over 3 months	Over	Over 1 year	Over 3 years	Over	
	Days	days	upto	& upto	6 months &	& upto 3	& upto	5 years	
			3 months	6 months	upto 1 Year	years	5 years		
Deposits	9.0	2.3	9.4	5.0	3.6	50.7	10.3	9.7	
Borrowings	9.6	8.8	11.8	15.8	2.1	0.6	11.2	40.1	
Advances	5.1	3.4	13.6	9.5	12.2	40.3	7.5	8.6	
Investments	11.0	3.1	7.3	5.8	6.0	39.9	10.4	16.4	
Foreign Liabilities	12.2	5.7	20.2	26.4	11.7	17.8	1.2	4.8	
Foreign Assets	20.6	8.8	21.6	16.2	11.8	14.7	5.4	1.0	
Total Liabilities	9.1	2.8	10.0	6.5	3.9	46.3	10.0	11.4	
Total Assets	7.6	3.6	12.2	8.8	10.4	38.7	8.2	10.4	
	<b>Mar-11</b>			<b>Mar-10</b>					
	<1 Yr	1 to 3 yrs	> 3 yrs	<1 Yr	1 to 3 yrs	> 3 yrs			
Deposits	29.3	50.7	20.0	29.2	49.6	21.2			
Borrowings	48.0	0.6	51.4	47.8	3.5	48.7			
Advances	43.7	40.3	16.1	39.9	43.9	16.2			
Investments	33.3	39.9	26.8	32.7	40.2	27.2			
Foreign Liabilities	76.2	17.8	6.0	57.3	31.7	10.9			
Foreign Assets	79.0	14.7	6.3	85.6	11.6	2.8			
Total Liabilities	32.4	46.3	21.4	31.5	45.8	22.7			
Total Assets	42.6	38.7	18.6	40.1	41.1	18.8			

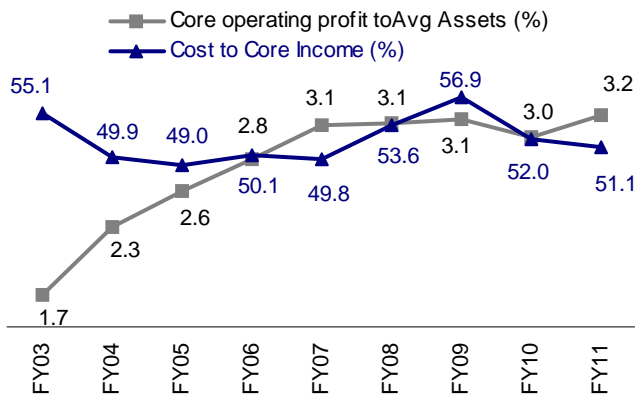
Source: Company/MOSL

**Core NIM declines 20bp; but remains best amongst peers (%) Fee income dominated by retail fees**



Source: Company/MOSL

**Improving cost to core income**



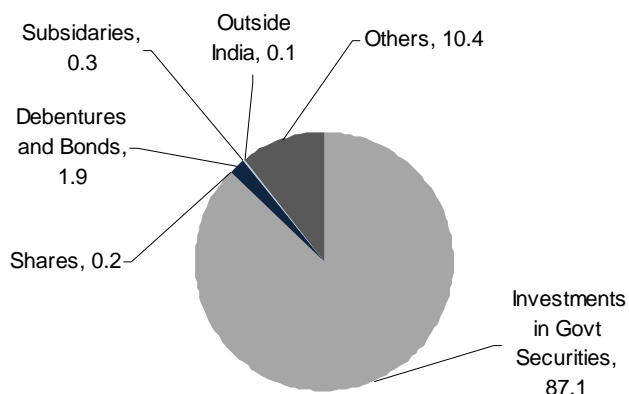
**AFS proportion at ~40%**

	(Rs m)	% of book
<b>Investment Book (Break-up)</b>		
SLR	536,518	75.6
HTM	411,380	58.0
AFS	125,138	17.6
<b>Non SLR</b>		
HTM	7,985	1.1
<b>AFS</b>	<b>164,791</b>	<b>23.2</b>

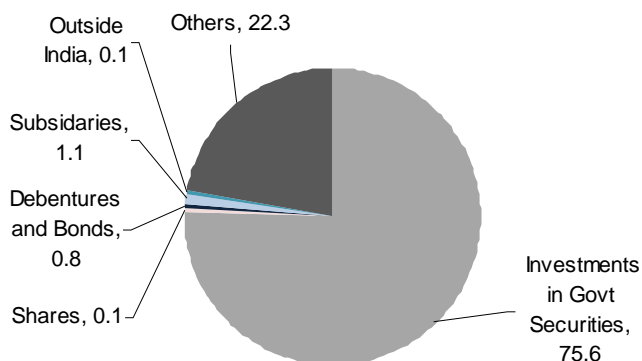
Source: Company/MOSL

**Investment book largely dominated by G-sec; exposure to debentures and shares remains low (%)**

FY10



FY11



Source: Company/MOSL

## Financials and Valuation

## Income Statement

(Rs Million)

Y/E March	2008	2009	2010	2011	2012E	2013E
Interest Income	101,150	163,323	161,727	199,282	261,555	332,846
Interest Expense	48,871	89,111	77,863	93,851	138,182	182,006
<b>Net Interest Income</b>	<b>52,279</b>	<b>74,212</b>	<b>83,864</b>	<b>105,431</b>	<b>123,373</b>	<b>150,840</b>
Change (%)	50.7	42.0	13.0	25.7	17.0	22.3
Non Interest Income	22,832	32,906	39,831	43,352	55,949	68,867
<b>Net Income</b>	<b>75,110</b>	<b>107,118</b>	<b>123,695</b>	<b>148,783</b>	<b>179,321</b>	<b>219,707</b>
Change (%)	50.7	42.6	15.5	20.3	20.5	22.5
Operating Expenses	37,456	55,328	59,398	71,529	83,677	97,930
<b>Pre Provision Profits</b>	<b>37,654</b>	<b>51,790</b>	<b>64,297</b>	<b>77,254</b>	<b>95,645</b>	<b>121,778</b>
Change (%)	46.9	37.5	24.2	20.2	23.8	27.3
Provisions (excl tax)	14,843	18,791	21,400	19,067	19,198	25,622
<b>PBT</b>	<b>22,811</b>	<b>32,999</b>	<b>42,897</b>	<b>58,187</b>	<b>76,447</b>	<b>96,155</b>
Tax	6,909	10,549	13,410	18,923	24,845	31,251
Tax Rate (%)	30.3	32.0	31.3	32.5	32.5	32.5
<b>PAT</b>	<b>15,902</b>	<b>22,449</b>	<b>29,487</b>	<b>39,264</b>	<b>51,602</b>	<b>64,905</b>
Change (%)	39.3	41.2	31.3	33.2	31.4	25.8
<b>Equity Dividend (Incl tax)</b>	<b>3,525</b>	<b>4,254</b>	<b>6,414</b>	<b>8,948</b>	<b>12,074</b>	<b>15,187</b>
<b>Core PPP*</b>	<b>35,236</b>	<b>47,964</b>	<b>60,847</b>	<b>77,780</b>	<b>93,145</b>	<b>119,028</b>
Change (%)	33.9	36.1	26.9	27.8	19.8	27.8

\*Core PPP is (NII+Fee income-Opex)

## Balance Sheet

(Rs Million)

Y/E March	2008	2009	2010	2011	2012E	2013E
Equity Share Capital	3,544	4,254	4,577	4,652	4,652	4,652
Reserves & Surplus	111,428	146,328	210,677	249,170	288,668	338,386
<b>Net Worth</b>	<b>114,972</b>	<b>150,582</b>	<b>215,254</b>	<b>253,822</b>	<b>293,320</b>	<b>343,038</b>
<b>Deposits</b>	<b>1,007,686</b>	<b>1,428,116</b>	<b>1,674,044</b>	<b>2,085,864</b>	<b>2,628,189</b>	<b>3,311,518</b>
Change (%)		41.7	17.2	24.6	26.0	26.0
<b>of which CASA Dep</b>	<b>549,136</b>	<b>633,597</b>	<b>871,039</b>	<b>1,099,083</b>	<b>1,295,669</b>	<b>1,554,803</b>
Change (%)	39.4	15.4	37.5	26.2	17.9	20.0
Borrowings	107,771	154,414	190,688	215,871	220,864	232,864
Other Liabilities & Prov.	131,828	162,428	206,159	289,929	347,594	417,352
<b>Total Liabilities</b>	<b>1,331,766</b>	<b>1,832,708</b>	<b>2,224,586</b>	<b>2,773,526</b>	<b>3,415,536</b>	<b>4,227,841</b>
Current Assets	147,783	175,066	299,424	296,688	367,901	454,786
<b>Investments</b>	<b>493,935</b>	<b>588,175</b>	<b>586,076</b>	<b>709,294</b>	<b>851,152</b>	<b>1,042,662</b>
Change (%)	61.6	19.1	-0.4	21.0	20.0	22.5
<b>Loans</b>	<b>634,269</b>	<b>988,830</b>	<b>1,258,306</b>	<b>1,599,827</b>	<b>1,999,783</b>	<b>2,499,729</b>
Change (%)	35.1	55.9	27.3	27.1	25.0	25.0
Fixed Assets	11,751	17,067	21,228	21,706	21,486	20,408
Other Assets	44,027	63,568	59,551	146,011	175,213	210,256
<b>Total Assets</b>	<b>1,331,766</b>	<b>1,832,708</b>	<b>2,224,586</b>	<b>2,773,526</b>	<b>3,415,536</b>	<b>4,227,841</b>

## Asset Quality

(%)

GNPA (Rs m)	9,070	19,881	18,168	16,943	17,976	21,739
NNPA (Rs m)	2,985	6,276	3,921	2,964	2,696	3,261
GNPA Ratio	1.42	1.98	1.43	1.05	0.89	0.86
NNPA Ratio	0.47	0.63	0.31	0.19	0.13	0.13
PCR (Excl Tech. write off)	67.1	68.4	78.4	82.5	85.0	85.0

E: MOSL Estimates

## Financials and Valuation

### Ratios

Y/E March	2008	2009	2010	2011	2012E	2013E
<b>Spreads Analysis (%)</b>						
<b>Avg. Yield-Earning Assets</b>	<b>10.3</b>	<b>11.8</b>	<b>9.0</b>	<b>9.2</b>	<b>9.9</b>	<b>10.2</b>
Avg. Yield on loans	12.6	15.0	10.8	10.6	11.1	11.5
Avg. Yield on Investments	7.2	7.4	6.8	7.2	7.6	7.6
<b>Avg. Cost-Int. Bear. Liab.</b>	<b>5.3</b>	<b>6.8</b>	<b>4.7</b>	<b>4.7</b>	<b>5.5</b>	<b>5.8</b>
Avg. Cost of Deposits	5.2	6.6	4.5	4.3	5.2	5.5
<b>Interest Spread</b>	<b>4.9</b>	<b>5.0</b>	<b>4.3</b>	<b>4.5</b>	<b>4.4</b>	<b>4.3</b>
<b>Net Interest Margin</b>	<b>5.3</b>	<b>5.4</b>	<b>4.7</b>	<b>4.9</b>	<b>4.7</b>	<b>4.6</b>

### Profitability Ratios (%)

RoE	17.7	16.9	16.1	16.7	18.9	20.4
RoA	1.4	1.4	1.5	1.6	1.7	1.7
Int. Expense/Int. Income	48.3	54.6	48.1	47.1	52.8	54.7
Fee Income/Net Income	27.2	27.1	29.4	29.5	29.8	30.1
Non Int. Inc./Net Income	30.4	30.7	32.2	29.1	31.2	31.3

### Efficiency Ratios (%)

Cost/Income*	53.6	56.9	52.0	51.1	50.5	48.1
Empl. Cost/Op. Exps.	34.7	40.5	38.5	39.6	40.7	41.7
Busi. per Empl. (Rs m)	38.4	41.1	51.2	61.5	70.3	78.9
NP per Empl. (Rs lac)	0.4	0.5	0.6	0.7	0.9	1.0

\* ex treasury

### Asset-Liability Profile (%)

Loans/Deposit Ratio	62.9	69.2	75.2	76.7	76.1	75.5
CASA Ratio	54.5	44.4	52.0	52.7	49.3	47.0
Investment/Deposit Ratio	49.0	41.2	35.0	34.0	32.4	31.5
G-Sec/Investment Ratio	64.1	88.7	87.1	75.6	80.3	79.4
CAR	13.6	15.8	17.4	16.2	14.5	13.1
Tier 1	10.3	10.6	13.3	12.2	11.3	10.4

### Valuation

Book Value (Rs)	324.4	354.0	470.3	545.6	630.5	737.4
Change (%)	61.0	9.1	32.8	16.0	15.6	17.0
Price-BV (x)	-	-	-	4.4	3.8	3.2
Adjusted BV (Rs)	318.9	344.3	464.6	541.4	626.7	732.8
Price-ABV (x)	-	-	-	4.4	3.8	3.2
EPS (Rs)	44.9	52.8	64.4	84.4	110.9	139.5
Change (%)	25.5	17.6	22.1	31.0	31.4	25.8
Price-Earnings (x)	-	-	-	28.2	21.5	17.1
Dividend Per Share (Rs)	8.5	10.0	12.0	16.5	22.2	27.9
Dividend Yield (%)	-	-	-	0.7	0.9	1.2

E: MOSL Estimates





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**HDFC Bank**

1. Analyst ownership of the stock	No
2. Group/Directors ownership of the stock	No
3. Broking relationship with company covered	No
4. Investment Banking relationship with company covered	No

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