

BSE SENSEX
18,654

S&P CNX
5,614

CMP: INR511

TP: INR515

Neutral

Bloomberg
Equity Shares (m)
52-Week Range (INR)
1,6,12 Rel.Perf.(%)
M.Cap. (INR b)
M.Cap. (USD b)

HDFCBIN
2326.1
520/396
4/24/21
1,188.2
26.7

YEAR	NET INCOME	PAT	EPS	EPS	P/E	BY	P/BV	P/ABV	ROAA	ROAE
END	(INR M)	(INR M)	(INR)	GR. (₹)	(X)	(INR)	(X)	(X)	(%)	(%)
3/10A	123,695	29,487	12.9	22.1	-	94.1	-	-	1.5	16.1
3/11A	148,783	39,264	16.9	31.0	30.3	109.1	4.7	4.9	1.6	16.7
3/12E	176,646	51,618	22.2	31.5	23.0	126.1	4.1	4.2	1.7	18.9
3/13E	216,497	64,256	27.6	24.5	18.5	147.3	3.5	3.6	1.7	20.2

* Includes pro forma merged figures for HDFC Bank and CBoP

HDFC Bank's PAT grew ~34% YoY in 1QFY12 to INR10.8b (in line with our estimate). While reported NIM (on total assets) was largely stable QoQ at 4.2%, our calculated NIM declined ~25bp QoQ. Performance on asset quality was commendable, though GNPA increased 8% QoQ, partially driven by slippages in the MFI segment.

- **Adjusted loan growth at 29% YoY:** Reported loans grew 20% YoY and ~10% QoQ to INR1.76t. However, adjusted for one-off short-term wholesale loans given in 1QFY11, loan growth was strong at 29%. Retail loans grew 5% QoQ and 29% YoY to INR839b. Wholesale loan book grew 15% QoQ. CD ratio improved ~650bp QoQ to 83%.
- **Sharp increase in borrowings:** Deposits grew ~15% YoY (largely flat QoQ) to INR2.1t. Borrowings increased sharply to INR220b (up 53% QoQ). During the quarter, the bank raised INR36.5b by issuing upper tier-II bonds.
- **CASA growth moderates, led by decline in CA deposits:** CASA deposit growth moderated to 15% YoY (declined 6% QoQ) as against 26% YoY in 4QFY11. Core CASA ratio stood at 49% as against 51% a quarter ago.
- **Core credit cost at a low of ~40bp:** Annualized slippage ratio for the quarter remained at historical lows at 80-90bp. Core credit cost stood at 40bp v/s 80bp a quarter ago. Of the total provision of INR4.4b during the quarter, INR2.5b is floating provision.

Valuation and view: Over FY06-11, the peak one-year forward P/BV was 5x and average one-year forward P/BV was 3.4x. The stock currently trades at 3.5x FY13E BV and 18.5x FY13E EPS. We maintain our **Neutral** rating, with a target price of INR515 (3.5x FY13E BV).

HDFC Bank: Quarterly Performance

(INR Million)

	FY11				FY12				FY11	FY12E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Interest Income	44,202	48,100	52,300	54,686	59,780	63,783	67,926	70,266	199,282	261,755
Interest Expense	20,190	22,837	24,533	26,291	31,300	34,195	36,675	37,169	93,851	139,339
Net Interest Income	24,011	25,263	27,767	28,395	28,480	29,588	31,251	33,098	105,431	122,417
% Change (Y-o-Y)	29.4	29.2	24.9	20.8	18.6	17.1	12.5	16.6	25.7	16.1
Other Income	9,904	9,607	11,278	12,558	11,200	12,921	14,382	15,727	43,352	54,230
Net Income	33,916	34,870	39,045	40,952	39,680	42,509	45,633	48,824	148,783	176,646
Operating Expenses	16,429	16,799	18,318	19,984	19,346	20,174	20,919	23,237	71,529	83,677
Operating Profit	17,487	18,071	20,727	20,969	20,334	22,335	24,714	25,588	77,254	92,970
% Change (Y-o-Y)	15.1	13.4	27.7	23.8	16.3	23.6	19.2	22.0	20.2	20.3
Other Provisions	5,550	4,545	4,659	4,313	4,437	4,500	3,800	3,762	19,067	16,498
Profit before Tax	11,937	13,526	16,068	16,655	15,897	17,835	20,914	21,826	58,187	76,471
Tax Provisions	3,820	4,405	5,190	5,508	5,047	5,885	6,692	7,228	18,923	24,853
Net Profit	8,117	9,121	10,878	11,147	10,850	11,949	14,221	14,598	39,264	51,618
% Change (Y-o-Y)	33.9	32.7	32.9	33.2	33.7	31.0	30.7	31.0	33.2	31.5
Deposit Growth (%)	25.6	30.4	24.2	24.6	15.4	16.8	28.1	26.0	24.6	26.0
Loan Growth (%)	40.9	38.2	33.1	27.1	20.0	17.3	21.6	25.0	27.1	25.0
CD Ratio (%)	79.9	80.4	82.8	76.7	83.1	80.8	78.6	76.1	76.7	76.1
Net Interest Margin (Reported, %)*	4.3	4.2	4.2	4.2	4.2				4.2	
Net Interest Margin (Cal, %)#	4.7	4.6	4.9	4.9	4.7	4.6	4.6	4.6	4.9	4.6
Tax Rate (%)	32.0	32.6	32.3	33.1	31.7	33.0	32.0	33.1	32.5	32.5
Gross NPA	1.2	1.2	1.1	1.1	1.0	1.0	1.0	0.9	1.1	0.9

E: MOSL Estimates; * Reported on total assets; # Cal. on interest earning assets

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Quarterly performance vs estimates and deviation for the same (INR m)

Y/E March	1QFY12A	1QFY12E	V/S our Est	Comments
Net Interest Income	28,480	29,175	-2	Reported Margins stable QoQ; however cal declined ~25bp QoQ
% Change (Y-o-Y)	19	22		
Other Income	11,200	11,693	-4	Fee income gr. moderates; MTM loss of ~INR400m
Net Income	39,680	40,868	-3	
Operating Expenses	19,346	19,586	-1	Strong control over opex
Operating Profit	20,334	21,282	-4	
% Change (Y-o-Y)	16	22		
Other Provisions	4,437	5,500	-19	Created INR2.5b of contingent provision
Profit before Tax	15,897	15,782	1	
Tax Provisions	5,047	5,050	0	
Net Profit	10,850	10,731	1	Lower NII and fee income compensated by lower provisions
% Change (Y-o-Y)	34	32		

Source: Company/MOSL

Adjusted loan growth at 29% YoY

Reported loans grew 20% YoY and ~10% QoQ to INR1.76t. However, adjusted for one-off short-term wholesale loans given in 1QFY11, loan growth was strong at 29%. Retail loans grew 5% QoQ and 29% YoY to INR839b. During the quarter, the bank reported strong growth in auto loans (up 5% QoQ and 19% YoY), CV and CE loans (up ~11% QoQ and 43% YoY), and credit card business (up ~11% QoQ and 37% YoY). Its outstanding home loan portfolio declined to INR110b (v/s INR115b in 4QFY11) and now constitutes ~6.3% of the loan book. Wholesale loan book grew 15% QoQ, partially driven by short-term loans to oil marketing companies and a loan to Food Corporation of India.

Sharp increase in borrowings

Deposits grew ~15% YoY (largely flat QoQ) to INR2.1t. Borrowings increased sharply to INR220b (up 53% QoQ). During the quarter, the bank raised INR36.5b by issuing upper tier-II bonds. CD ratio improved ~650bp QoQ to 83%.

CASA growth moderates, led by decline in CA deposits

CASA deposit growth moderated to 15% YoY (declined 6% QoQ) as against 26% YoY in 4QFY11. Some CA deposits ran-off (which were one-off) during the quarter, resulting in ~15% QoQ decline CA deposits. SA deposit growth was healthy at 20% YoY (up 2% QoQ). Core CASA ratio stood at 49% as against 51% a quarter ago.

Reported NIM stable QoQ; calculated NIM down 20bp

Reported NIM was stable at 4.2% (on total assets) largely led by strong pricing power in wholesale business and growth in high yielding loans. While cost of funds increased ~30bp QoQ, this was offset by similar increase in yield on funds. Though cost of funds is likely to increase further, the bank expects higher yield on loans to cushion margins. The management expects to maintain NIM at 3.9-4.3% for FY12.

Performance on asset quality remains strong

Performance on asset quality was commendable, though GNPA increased 8% QoQ. In percentage terms, GNPA was stable QoQ. Slippages during the quarter were partially driven by MFI loans and classification of cumulative preference shares for which dividend has not been received into NPA (in line with RBI guidelines). Annualized slippage ratio was at historical lows at 80-90bp. HDFC Bank's outstanding MFI exposure is 30-40bp (INR6b). NNPA ratio and PCR was stable at 0.2% and 83%, respectively. Restructured loans were 40bp, with standard restructured loans at 20bp - one of the best in the industry.

Core credit cost at a low of ~40bp

Core credit cost stood at 40bp v/s 80bp a quarter ago. Of the total provision of INR4.4b during the quarter, INR2.5b is floating provision. With excess standard assets provisions being utilized, the bank would need to provide for standard assets, going forward.

Fee income growth moderates

Overall non-interest income grew 13% YoY to INR11.2b, led by growth in fee income and forex income. Fee income grew 17% YoY (declined 7% QoQ) to INR9.3b. Forex income grew 34% YoY to INR2.3b (as against INR1.7b in 1QFY11 and INR2.4b in 4QFY11). The bank booked MTM loss of ~INR413m during the quarter as against a gain of INR86m in 4QFY11 and INR215m in 1QFY11.

Opex in line with estimate

Opex grew 18% YoY to INR19.34b v/s our estimate of INR19.6b. The number of branches and ATMs increased to 2,111 and 5,998, respectively. In the last one year, the bank has added 386 branches and 1,605 ATMs. Despite sharp increase in its branch network, HDFC Bank has been able to maintain its core cost to income (C/I) ratio at ~51% (stable YoY; 52% a quarter ago).

Valuation and view

HDFC Bank is best placed in the current environment, with (1) CASA ratio of ~49% (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 cost of funds.

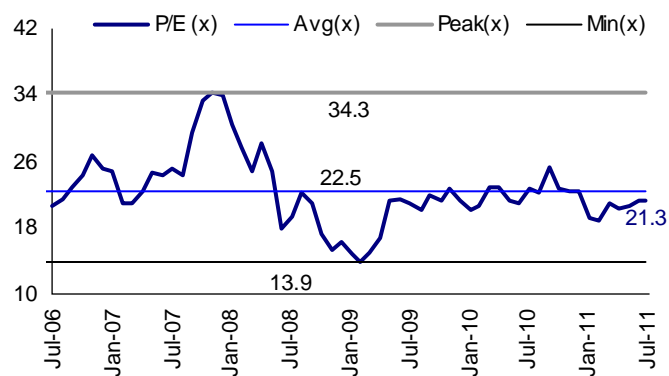
We expect EPS to grow at a CAGR of ~28% over FY11-13 against 25% over FY05-10. While we remain positive on the bank's business, we believe valuations are rich. Over FY06-11, the peak one-year forward P/BV was 5x and average one-year forward P/BV was 3.4x. The stock currently trades at 3.5x FY13E BV and 18.5x FY13E EPS. We maintain our **Neutral** rating, with a target price of INR515 (3.5x FY13E BV).

Revised Estimates (INR b)

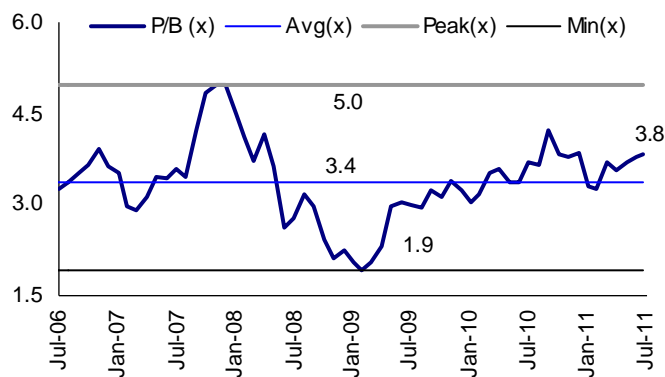
	Old Estimates		Rev. Estimates		Change (%)	
	FY12	FY13	FY12	FY13	FY12	FY13
Net Interest Income	123.4	150.8	122.4	149.5	-0.8	-0.9
Other Income	55.9	68.9	54.2	67.0	-3.1	-2.7
Total Income	179.3	219.7	176.6	216.5	-1.5	-1.5
Operating Expenses	83.7	97.9	83.7	97.9	0.0	0.0
Operating Profits	95.6	121.8	93.0	118.6	-2.8	-2.6
Provisions	19.2	25.6	16.5	23.4	-14.1	-8.8
PBT	76.4	96.2	76.5	95.2	0.0	-1.0
Tax	24.8	31.3	24.9	30.9	0.0	-1.0
PAT	51.6	64.9	51.6	64.3	0.0	-1.0
Margins	4.7	4.6	4.6	4.6		
Credit Cost	1.0	1.1	0.9	1.0		
RoA	1.7	1.7	1.7	1.7		
RoE	18.9	20.4	18.9	20.2		

Source: MOSL

HDFC Bank one year forward P/E

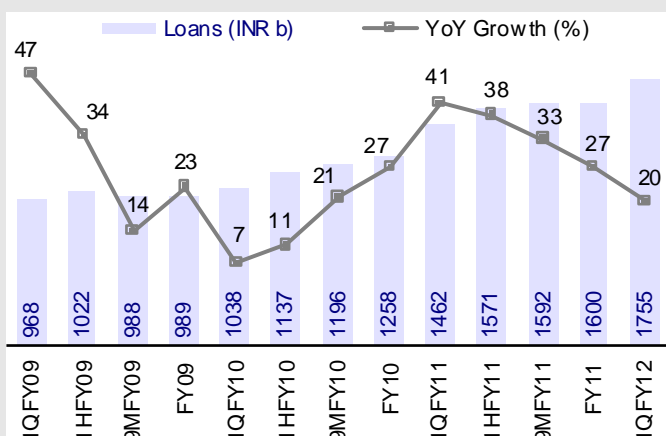


HDFC Bank one year forward P/BV



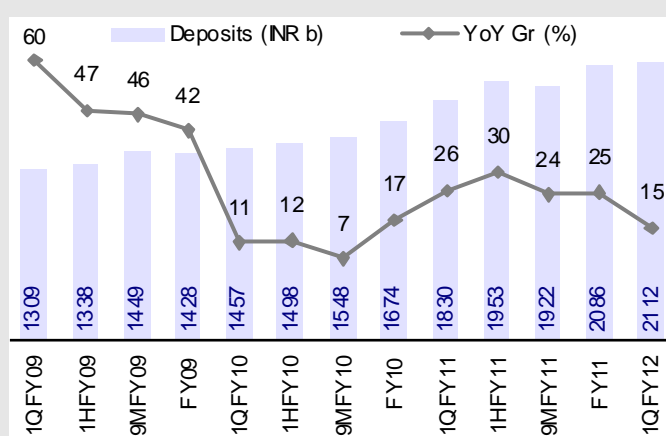
Quarterly trends

Reported loan growth at 20% YoY



■ Adjusted for one-off short-term wholesale loans given in 1QFY11, loan growth was strong at 29%.

Deposit growth moderates to ~15% YoY



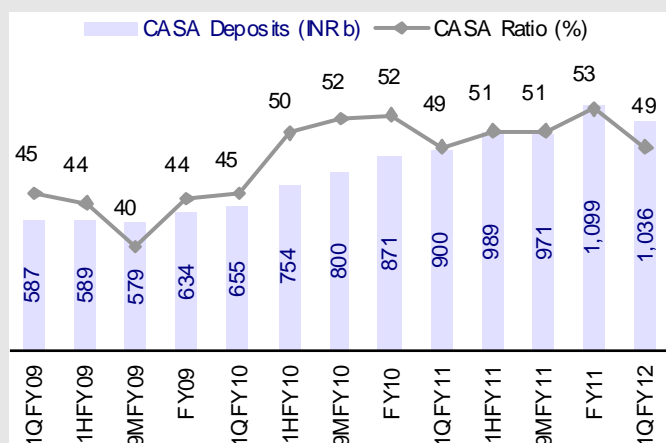
■ Large part of funding during the quarter came through borrowings

Retail loans grew 5% QoQ; wholesale banking up 15% QoQ

	1Q FY12	1Q FY11	YoY Gr (%)	4Q FY11	QoQ Gr (%)
Auto Loans	232	195	19.0	221	4.9
Personal Loans	110	89	23.6	103	6.9
Loan against securities	11	10	9.0	12	-7.3
Two wheeler	21	17	22.4	20	3.8
CV & Const Equipment	91	63	42.9	82	10.7
Credit Cards	54	40	36.8	49	10.9
Business Banking	154	106	45.4	150	2.6
Home Loans	110	96	15.4	115	-3.9
Others	56	37	52.2	50	12.3
Retail Loans	839	652	28.6	801	4.7
Corporate Loans	917	811	13.1	799	14.8
Total Loans	1,755	1,462	20.0	1,600	9.7

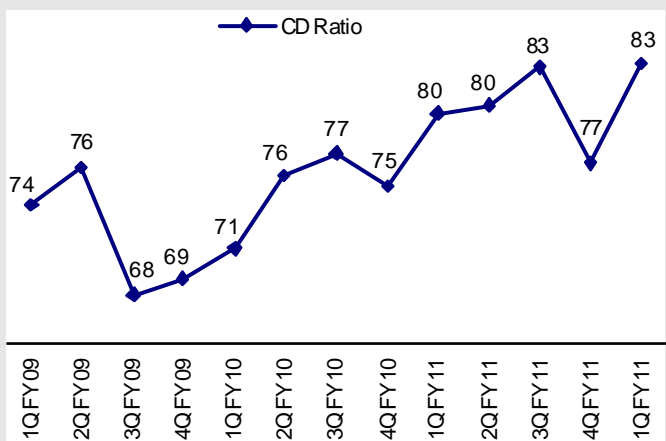
■ Auto, CV, credit card and wholesale loans drove sequential loan growth

CASA growth moderates



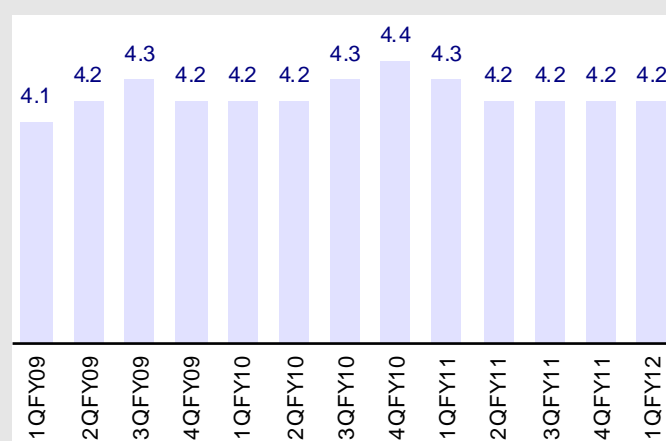
■ CA deposits declined ~15% QoQ, leading to 6% decline in CASA deposits; SA deposits grew 20% YoY and 2% QoQ

CD ratio improves to 83%



■ Higher dependence on borrowings led to sharp increase in CD ratio during the quarter

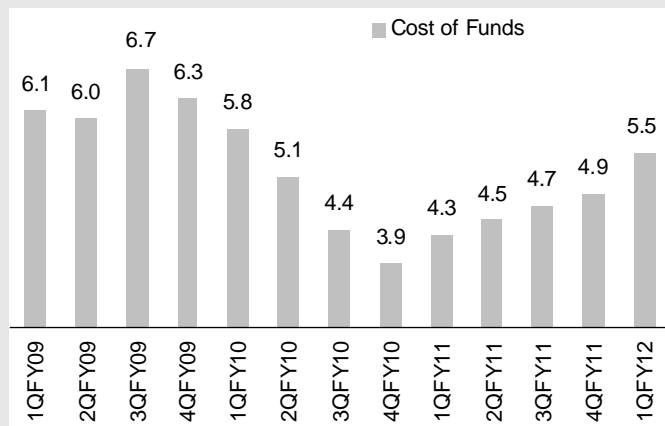
Reported margin stable at 4.2% (on total assets)



■ Strong pricing power in wholesale business and growth in high yielding loans leading to stable NIM

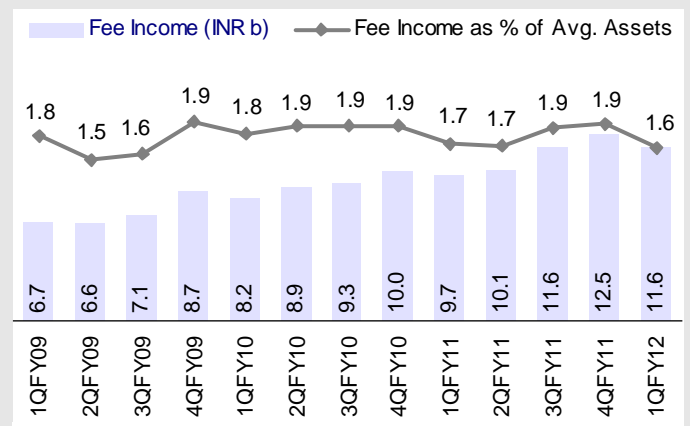
Quarterly trends (continued)

Cost of funds (calculated) up ~60bp (%)



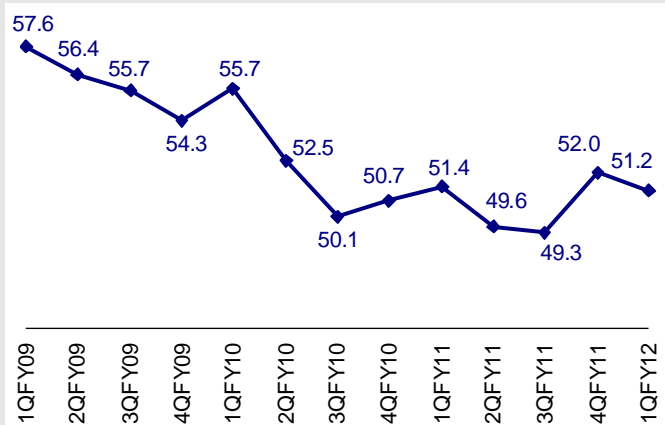
■ In line with industry trend, costs have started increasing

Fee income growth moderated during the quarter



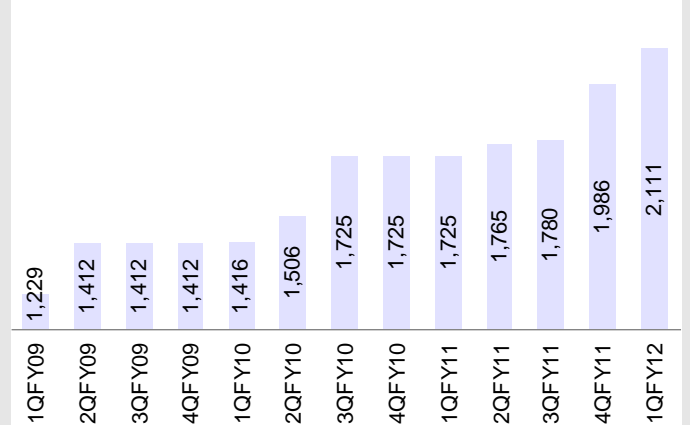
■ Lower commission rates on retail products led to moderation in fee income growth

Core cost to income ratio (%)



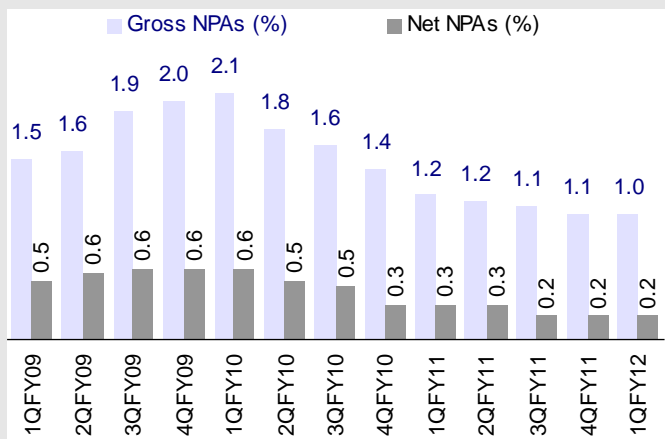
■ Despite sharp increase in branch network, the bank has been able to maintain its core C/I ratio ~at 51%

Branch expansion continues (nos.)



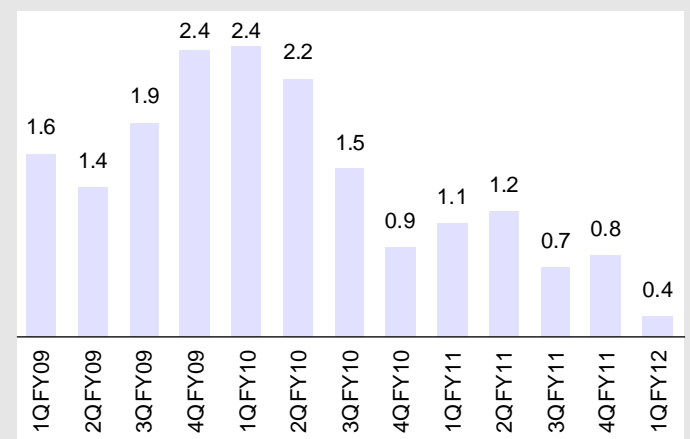
■ In the last one year, the bank has added 386 branches and 1,605 ATMs

Asset quality remains best amongst peers



■ Annualized slippage ratio for the quarter was 0.8-0.9%, a historical low; PCR was stable at 83%

Credit cost (%)



■ Of the total provision, INR2.5b is floating provisions; the bank has effectively utilized excess profits for creating future buffer

Quarterly Snapshot

	FY10				1Q	FY11			FY12	Variation (%)	
	1Q	2Q	3Q	4Q		2Q	3Q	4Q		1Q	QoQ
Profit and Loss (INR m)											
Net Interest Income	18,556	19,558	22,239	23,514	24,011	25,263	27,767	28,395	28,480	0	19
Other Income	10,796	10,535	8,991	9,508	9,904	9,607	11,278	12,558	11,200	-11	13
Trading profits	2,560	1,629	-265	-473	215	-521	-307	86	-413	N.A.	N.A.
Exchange Profits	1,378	1,510	1,543	1,801	1,718	1,523	2,168	2,454	2,301	-6	34
Others (Ex non core)	6,858	7,396	7,713	8,180	7,971	8,605	9,417	10,018	9,312	-7	17
Total Income	29,351	30,093	31,230	33,021	33,916	34,870	39,045	40,952	39,680	-3	17
Operating Expenses	14,165	14,163	14,993	16,078	16,429	16,799	18,318	19,984	19,346	-3	18
Employee	5,593	5,541	5,786	5,972	6,671	7,106	7,251	7,334	7,810	6	17
Others	8,571	8,622	9,207	10,106	9,758	9,693	11,068	12,650	11,536	-9	18
Operating Profits	15,187	15,930	16,237	16,944	17,487	18,071	20,727	20,969	20,334	-3	16
Provisions	6,588	5,941	4,477	4,399	5,550	4,545	4,659	4,313	4,437	3	-20
PBT	8,598	9,989	11,760	12,545	11,937	13,526	16,068	16,655	15,897	-5	33
Taxes	2,537	3,114	3,575	4,178	3,820	4,405	5,190	5,508	5,047	-8	32
PAT	6,061	6,875	8,185	8,366	8,117	9,121	10,878	11,147	10,850	-3	34
Asset Quality											
GNPA	21,635	20,269	19,741	18,168	17,912	18,412	17,818	16,943	18,331	8	2
NNPA	6,585	6,024	5,440	3,921	4,125	4,085	3,307	2,964	3,185	7	-23
GNPA (%)	2.05	1.76	1.63	1.43	1.21	1.16	1.11	1.05	1.04	-1	-17
NNPA (%)	0.60	0.50	0.45	0.30	0.30	0.30	0.20	0.20	0.20	0	-10
PCR (Calculated, %)	70	70	72	78	77	78	81	83	83		
Ratios (%)											
Fees to Total Income	23.4	24.6	24.7	24.8	23.5	24.7	24.1	24.5	23.5		
Cost to Core Income	55.7	52.5	50.1	50.7	51.4	49.6	49.3	52.0	51.2		
Tax Rate	29.5	31.2	30.4	33.3	32.0	32.6	32.3	33.1	31.7		
CASA (Reported)	45.0	47.0	49.0	50.0	49.2	50.6	50.5	51.0	49.1		
Loan/Deposit	71.2	75.9	77.3	75.2	79.9	80.4	82.8	76.7	83.1		
CAR	15.4	15.7	18.3	17.4	16.3	17.0	16.3	16.2	16.9		
Tier I	10.6	10.9	13.8	13.3	12.4	12.7	12.1	12.2	11.4		
RoA	1.31	1.45	1.64	1.57	1.42	1.51	1.74	1.69	1.54	-15	12
RoE	15.8	17.1	17.4	15.7	14.7	15.8	17.8	17.7	16.7	-100	194
Margins (%) - Calculated											
Yield on loans	11.91	11.07	10.42	9.88	9.73	9.69	9.99	10.40	10.76	36	103
Yield On Investments	6.94	6.53	6.47	6.57	7.06	7.07	7.74	7.74	7.84	10	79
Yield on funds	9.99	9.44	9.03	8.44	8.64	8.84	9.30	9.51	9.81	31	117
Cost of funds	5.83	5.15	4.39	3.90	4.31	4.53	4.74	4.91	5.49	58	118
Spreads	4.17	4.30	4.64	4.54	4.33	4.31	4.56	4.60	4.32	-28	-1
Margins	4.53	4.63	4.97	4.89	4.69	4.64	4.94	4.94	4.67	-26	-2
Margins (%) - Reported	4.20	4.20	4.30	4.40	4.30	4.20	4.20	4.20	4.20	0	-10
Balance Sheet (INR b)											
Loans	1,038	1,137	1,196	1,258	1,462	1,571	1,592	1,600	1,755	10	20
Investments	603	572	641	586	608	637	630	709	729	3	20
Deposits	1,457	1,498	1,548	1,674	1,830	1,953	1,922	2,086	2,112	1	15
CASA Deposits	655	754	800	871	900	989	971	1,099	1,036	-6	15
of which Savings	385	432	467	499	539	595	610	634	648	2	20
Current	270	322	333	372	362	394	360	465	388	-16	7
Borrowings	94	115	140	129	115	133	134	144	220	53	91
Total Assets	1,861	1,939	2,046	2,225	2,333	2,500	2,498	2,774	2,859	3	23
Franchise											
Branches	1,416	1,506	1,725	1,725	1,725	1,765	1,780	1,986	2,111	125	386
ATM	3,382	3,573	3,898	4,232	4,393	4,721	5,121	5,471	5,998	527	1,605

Source: Company/MOSL

Stock Info

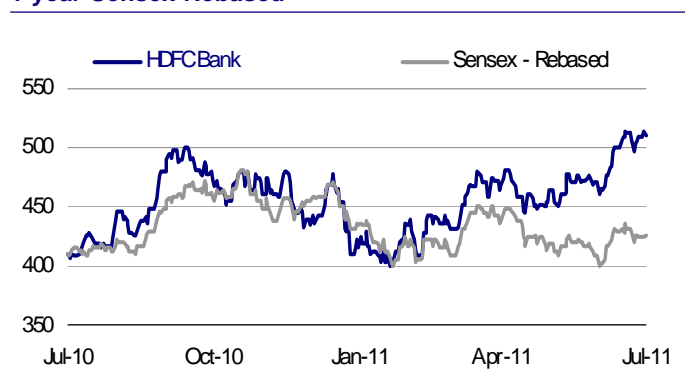
EPS: MOSL forecast v/s Consensus (INR)

	MOSL Forecast	Consensus Forecast	Variation (%)
FY12	22.2	22.1	0.5
FY13	27.6	27.7	-0.1

Shareholding Pattern (%)

	Jun-11	Mar-11	Jun-10
Promoter	23.3	23.4	23.6
Domestic Inst	11.1	11.6	11.3
Foreign	47.7	47.2	46.5
Others	17.9	17.9	18.7

1-year Sensex Rebased



Banking: Valuation Matrix

	Rating	CMP (INR)	Mkt. Cap (USDb)	TP (INR)	Upside (%)	EPS (INR)		P/E (x)		P/BV (x)		RoA (%)		RoE (%)	
						FY12	FY13	FY12	FY13	FY12	FY13	FY12	FY13	FY12	FY13
ICICI*	Buy	1,061	26.8	1,360	28.2	56	67	15.2	12.3	2.1	1.9	1.5	1.5	14.0	15.2
HDFCB	Neutral	511	5.2	515	0.9	22	28	23.0	18.5	4.1	3.5	1.7	1.7	18.9	20.2
Axis	Buy	1,273	11.4	1,597	25.4	99	115	12.8	11.0	2.3	2.0	1.5	1.4	19.7	19.5
Kotak	Neutral	501	4.0	469	-6.4	24	29	19.9	16.7	2.8	2.5	2.2	2.0	15.9	16.5
Yes	Buy	324	2.5	405	25.2	27	34	11.9	9.5	2.4	2.0	1.4	1.3	22.5	23.1
Indusind	Buy	279	2.8	333	19.3	16	20	17.3	13.8	2.9	2.5	1.5	1.5	18.2	19.6
ING Vysya	Buy	364	1.0	487	33.9	28	34	12.9	10.6	1.4	1.3	1.0	1.0	13.3	12.6
Federal	Buy	461	1.7	537	16.6	40	46	11.4	9.9	1.4	1.3	1.2	1.2	12.9	13.5
J&K Bk	Buy	857	0.9	977	13.9	160	175	5.3	4.9	1.0	0.9	1.4	1.3	20.5	19.2
SIB	Buy	24	0.6	28	17.7	3	4	7.9	6.5	1.4	1.2	0.9	0.9	18.7	19.8
Private Aggregate		57						12.5	10.4	1.8	1.6				
SBI (cons)*	Buy	2,512	34.9	3,000	19.4	242	302	10.0	8.0	1.6	1.4	0.9	1.0	16.9	19.5
PNB	Buy	1,160	8.1	1,400	20.7	169	213	6.9	5.5	1.5	1.2	1.3	1.3	24.0	24.8
BOI	Neutral	411	4.9	515	25.4	63	79	6.5	5.2	1.2	1.0	0.9	0.9	19.9	21.2
BoB	Neutral	890	7.7	1,069	20.1	117	138	7.6	6.5	1.5	1.2	1.2	1.1	21.0	21.0
Canara	Buy	532	5.2	710	33.6	99	118	5.4	4.5	1.1	0.9	1.2	1.2	22.1	21.9
Union	Buy	300	3.5	425	41.5	53	64	5.7	4.7	1.2	1.0	1.1	1.1	22.8	23.1
OBC	Buy	347	2.2	485	39.7	55	68	6.3	5.1	0.9	0.8	0.9	0.9	14.9	16.4
Indian Bk Corporation	Neutral	523	1.7	647	23.7	103	116	5.1	4.5	0.9	0.8	0.9	0.9	19.7	19.3
Andhra Bk	Buy	137	1.7	188	37.4	26	31	5.3	4.4	1.0	0.9	1.2	1.2	20.8	21.1
IDBI *	Neutral	137	3.0	172	25.5	20	22	5.7	5.2	0.8	0.7	0.7	0.7	14.5	14.3
Dena Bank	Buy	91	0.7	141	55.9	20	24	4.4	3.9	0.7	0.6	0.9	0.8	18.1	17.9
Public Aggregate		78						8.3	6.7	1.4	1.2				
HDFC*	Neutral	703	22.6	700	-0.4	28	33	18.2	15.1	4.8	4.2	2.8	2.8	26.2	27.4
LICHF	Buy	224	2.3	301	34.3	25	30	9.0	7.5	2.1	1.7	2.1	1.9	25.6	25.0
DHFL	Buy	238	0.5	322	35.3	27	34	6.5	5.1	1.7	1.3	1.5	1.5	16.7	18.2
IDFC	Neutral	143	4.6	173	21.3	10	12	12.1	9.9	1.6	1.4	2.8	2.8	12.9	13.5
REC	Buy	225	4.9	310	37.8	30	35	7.6	6.4	1.5	1.3	3.2	3.1	21.3	21.7
PFC	Buy	214	5.4	291	36.2	24	28	9.0	7.5	1.3	1.2	2.8	2.7	17.1	16.6
STF	Buy	682	3.4	938	37.6	65	73	10.5	9.3	2.5	2.0	3.2	3.1	26.5	24.1
MMFSL	Neutral	696	1.6	845	21.4	57	68	12.2	10.2	2.4	2.1	4.3	4.2	21.5	22.0
IBFC Aggregate		45						13.6	11.4	3.3	2.7				

* Multiples adjusted for value of key ventures/investments; For ICICI Bank, HDFC Ltd BV is adjusted for investments in subsidiaries

Financials and Valuation

Income Statement				(INR Million)	
Y/E March	2009	2010	2011	2012E	2013E
Interest Income	163,323	161,727	199,282	261,755	333,046
Interest Expense	89,111	77,863	93,851	139,339	183,535
Net Interest Income	74,212	83,864	105,431	122,417	149,511
Change (%)	42.0	13.0	25.7	16.1	22.1
Non Interest Income	32,906	39,831	43,352	54,230	66,986
Net Income	107,118	123,695	148,783	176,646	216,497
Change (%)	42.6	15.5	20.3	18.7	22.6
Operating Expenses	55,328	59,398	71,529	83,677	97,930
Pre Provision Profits	51,790	64,297	77,254	92,970	118,567
Change (%)	37.5	24.2	20.2	20.3	27.5
Provisions (excl tax)	18,791	21,400	19,067	16,498	23,372
PBT	32,999	42,897	58,187	76,471	95,195
Tax	10,549	13,410	18,923	24,853	30,938
Tax Rate (%)	32.0	31.3	32.5	32.5	32.5
PAT	22,449	29,487	39,264	51,618	64,256
Change (%)	41.2	31.3	33.2	31.5	24.5
Equity Dividend (Incl tax)	851	2,020	2,807	12,078	15,035
Core PPP¹	47,964	60,847	77,780	91,470	116,817
Change (%)	36.1	26.9	27.8	17.6	27.7

¹Core PPP is (NII+Fee income-Opex)

Balance Sheet				(INR Million)	
Y/E March	2009	2010	2011	2012E	2013E
Equity Share Capital	4,254	4,577	4,652	4,652	4,652
Reserves & Surplus	146,326	210,677	249,170	288,680	337,902
Net Worth	150,582	215,254	253,822	293,333	342,554
Deposits	1,428,116	1,674,044	2,085,864	2,628,189	3,311,518
Change (%)	41.7	17.2	24.6	26.0	26.0
of which CASA Dep	633,597	871,039	1,099,083	1,295,669	1,554,803
Change (%)	15.4	37.5	26.2	17.9	20.0
Borrowings	154,414	190,688	215,871	220,864	232,864
Other Liabilities & Prov.	162,428	206,159	289,929	347,594	417,352
Total Liabilities	1,832,708	2,224,586	2,773,526	3,415,548	4,227,357
Current Assets	175,066	299,424	296,688	367,913	454,302
Investments	588,175	586,076	709,294	851,152	1,042,662
Change (%)	19.1	-0.4	21.0	20.0	22.5
Loans	988,830	1,258,306	1,599,827	1,999,783	2,499,729
Change (%)	55.9	27.3	27.1	25.0	25.0
Fixed Assets	17,067	21,228	21,706	21,486	20,408
Other Assets	63,568	59,551	146,011	175,213	210,256
Total Assets	1,832,708	2,224,586	2,773,526	3,415,548	4,227,357

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

E: MOSL Estimates

Financials and Valuation

Ratios

Y/E March	2009	2010	2011	2012E	2013E
Spreads Analysis (%)					
Avg. Yield-Earning Assets	11.8	9.0	9.2	9.9	10.2
Avg. Yield on loans	15.0	10.8	10.6	11.1	11.5
Avg. Yield on Investments	7.4	6.8	7.2	7.6	7.6
Avg. Cost-Int. Bear. Liab.	6.8	4.7	4.7	5.6	5.9
Avg. Cost of Deposits	6.6	4.5	4.3	5.2	5.5
Interest Spread	5.0	4.3	4.5	4.4	4.3
Net Interest Margin	5.4	4.7	4.9	4.6	4.6
Profitability Ratios (%)					
RoE	16.9	16.1	16.7	18.9	20.2
RoA	1.4	1.5	1.6	1.7	1.7
Int. Expense/Int. Income	54.6	48.1	47.1	53.2	55.1
Fee Income/Net Income	27.1	29.4	29.5	29.9	30.1
Non Int. Inc./Net Income	30.7	32.2	29.1	30.7	30.9
Efficiency Ratios (%)					
Cost/Income*	56.9	52.0	51.1	51.0	48.6
Empl. Cost/Op. Exps.	40.5	38.5	39.6	40.7	41.7
Busi. per Empl. (INR m)	41.1	51.2	61.5	70.3	78.9
NP per Empl. (INR lac)	0.5	0.6	0.7	0.9	1.0
* ex treasury					
Asset-Liability Profile (%)					
Loans/Deposit Ratio	69.2	75.2	76.7	76.1	75.5
CASA Ratio	44.4	52.0	52.7	49.3	47.0
Investment/Deposit Ratio	41.2	35.0	34.0	32.4	31.5
G-Sec/Investment Ratio	88.7	87.1	75.6	80.3	79.4
CAR	15.8	17.4	16.2	14.5	13.1
Tier 1	10.6	13.3	12.2	11.3	10.4
Valuation					
Book Value (INR)	70.8	94.1	109.1	126.1	147.3
Change (%)	9.1	32.8	16.0	15.6	16.8
Price-BV (x)	7.2	5.4	4.7	4.1	3.5
Adjusted BV (INR)	61.2	88.5	105.0	122.3	142.7
Price-ABV (x)	8.3	5.8	4.9	4.2	3.6
EPS (INR)	10.6	12.9	16.9	22.2	27.6
Change (%)	17.6	22.1	31.0	31.5	24.5
Price-Earnings (x)	48.4	39.6	30.3	23.0	18.5
Dividend Per Share (INR)	2.0	2.4	3.3	4.4	5.5
Dividend Yield (%)	0.4	0.5	0.6	0.9	1.1

E: MOSL Estimates

N O T E S

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