



BSE Sensex 19,179	S&P CNX 5,837
Bloomberg	HDFCB IN
Equity Shares (m)	2,346.7
M.Cap. (INR b)/(USD b)	1,618/29.8
52-Week Range (INR)	705/482
1,6,12 Rel.Perf.(%)	12/6/14

Financials & Valuation (INR b)

Y/E March	2013	2014E	2015E
NII	158.1	193.3	237.0
OP	114.3	147.3	186.2
NP	67.3	87.8	109.7
NIM (%)	4.8	4.8	4.9
EPS (INR)	28.3	36.9	46.1
EPS Gr. (%)	28.4	30.5	25.0
BV/Sh. (INR)	152.1	180.4	215.8
ABV/Sh. (INR)	150.7	177.3	210.4
RoE (%)	20.3	22.2	23.3
RoA (%)	1.8	2.0	2.0
Payout (%)	22.8	23.4	23.4
Valuations			
P/E(X)	24.4	18.7	14.9
P/BV (X)	4.5	3.8	3.2
P/ABV (X)	4.6	3.9	3.3
Div. Yield (%)	0.8	1.1	1.3

CMP: INR689
TP: INR755
Neutral

HDFC Bank (HDFCB) posted 30% YoY growth in 4QFY13 PAT to INR18.9b, in line with our estimate. While NII grew 21% YoY (8% QoQ) to ~INR43b, moderate fee growth of 11% YoY (flat QoQ) led to PPP growth of 17% YoY (decline of 5% QoQ) to INR29.6b. Due to reclassification of sub-segments, P&L prior to PBT is not comparable with estimates. However, our back-of-the-envelope workings suggest that NII was 6% above our estimate (led by margin expansion of 20bp QoQ) and net income was in line with our estimate.

- **Key positives:** (1) NIM improvement of 10bp YoY (20bp QoQ) to 4.5%, (2) strong traction in SA deposits (18% YoY; 8% QoQ), and (3) stable asset quality (flat QoQ; GNPA at 1%).
- Fee income (up 11% YoY; flat QoQ) moderation was the key disappointment.
- In absolute terms, SA deposit accretion during the quarter was INR62.7b v/s an average of INR24.9b in the preceding nine quarters. CASA ratio improved 200bp QoQ to 47.4%, with incremental CASA ratio for the quarter at 95%.
- Loan portfolio increased 23% YoY (flat QoQ), led by strong growth in the retail segment (27% YoY; 5% QoQ). The corporate loan portfolio grew 17% YoY but declined ~7% QoQ.

Valuation and view: HDFCB is best placed in the current environment, with (1) CASA ratio of 47%+, (2) growth outlook of at least 1.3x the industry growth, (3) improving operating efficiency, (4) expected traction in income due to strong expansion in branch network, and (5) best-in-class asset quality. While we remain positive on the bank's business, we believe valuations are rich. **Neutral.**

HDFC Bank: Quarterly Performance

	FY12				FY13				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY12	FY13
Interest Income	59,780	67,177	72,026	75,611	80,074	85,247	88,904	93,239	278,742	350,649
Interest Expense	31,300	37,732	40,867	39,997	45,234	47,930	49,088	50,287	149,896	192,538
Net Interest Income	28,480	29,445	31,160	35,613	34,841	37,317	39,816	42,953	128,846	158,111
% Change (Y-o-Y)	18.6	16.6	12.2	25.4	22.3	26.7	27.8	20.6	22.2	22.7
Other Income	11,200	12,117	14,200	16,289	15,295	13,451	19,277	18,036	57,836	68,526
Net Income	39,680	41,562	45,360	51,902	50,135	50,768	59,094	60,989	186,682	226,637
Operating Expenses	19,346	20,304	21,580	26,637	24,326	25,055	27,880	31,362	92,776	112,361
Operating Profit	20,334	21,258	23,780	25,265	25,809	25,713	31,214	29,627	93,906	114,276
% Change (Y-o-Y)	16.3	17.6	14.7	20.5	26.9	21.0	31.3	17.3	21.6	21.7
Other Provisions	4,437	3,661	3,292	4,116	4,873	2,929	4,050	3,005	18,774	16,770
Profit before Tax	15,897	17,598	20,488	21,149	20,936	22,784	27,164	26,622	75,132	97,506
Tax Provisions	5,047	5,604	6,191	6,618	6,762	7,184	8,573	7,723	23,461	30,243
Net Profit	10,850	11,994	14,297	14,531	14,174	15,600	18,591	18,898	51,671	67,263
% Change (Y-o-Y)	33.7	31.5	31.4	30.4	30.6	30.1	30.0	30.1	31.6	30.2
Operating Parameters										
NIM (Reported, %)*	4.2	4.1	4.1	4.4	4.3	4.2	4.1	4.3	4.2	4.2
NIM (Cal, %)#	4.7	4.5	4.6	4.9	4.6	4.7	4.7	4.9	4.8	4.8
Deposit Growth (%)	15.4	18.1	21.0	18.3	22.0	18.8	22.2	20.1	18.3	20.1
Loan Growth (%)	20.0	20.0	22.1	22.2	21.5	22.9	24.3	22.7	22.2	22.7
CASA Ratio (%)	49.1	47.3	48.6	48.4	46.0	46.4	45.4	47.4	48.4	47.4
Tax Rate (%)	31.7	31.8	30.2	31.3	32.3	31.5	31.6	29.0	31.2	31.0
Asset Quality										
Gross NPA (INR B)	18.3	18.9	20.2	20.0	20.9	21.3	24.3	23.3	20.0	23.3
Gross NPA (%)	1.0	1.0	1.0	1.0	1.0	0.9	1.0	1.0	1.0	1.0

E: MOSL Estimates; * Reported on total assets; # Cal. on interest earning assets; Note: 1Q,2Q,3Q FY12 and 1Q,2Q FY13 numbers are not adjusted in accordance with new reporting; thus, they are not strictly comparable.

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What has been reclassified?

- Commissions paid to sales agents and commissions/fees received from dealers and manufacturers for originating retail asset products were earlier part of Interest Income. Post the RBI circular on the subject, HDFCB re-classified the commissions paid to sales agents for originating fixed tenor retail loans under Operating Expenses and subventions received from dealers and manufacturers under Other Income. Large part of the reclassification was on account of commissions paid to sales agents. Our back-of-the-envelope calculations suggest that sales commissions were INR1.8b per quarter and subventions were INR250m per quarter.
- Provisions for NPAs, direct charge-offs, write-back of provisions for NPAs, and recoveries from written-off accounts were earlier part of Provisions. Based on RBI's instructions, HDFCB re-classified the recoveries from written-off accounts under Other Income and the direct charge-offs under Operating Expenses.

NIM improves 20bp QoQ – a positive surprise

NII (reclassified) grew 8% QoQ (21% YoY) to ~INR43b, led by strong NIM improvement of 20bp QoQ to 4.5% (under earlier classification, NIM for the quarter was 4.3% v/s 4.1% reported a quarter ago). Improvement in NIM was led by (a) higher proportion of high yielding retail loans, (b) significantly higher proportion of CASA during the quarter. The management expects margins to be in the range of 4.1-4.5% (3.9-4.3% under earlier classification).

SA accretion highest in several quarters; CASA ratio improves QoQ

SA deposits grew 8% QoQ (19% YoY), despite increasing competitive intensity post deregulation of savings deposit rates. In absolute terms, SA accretion during the quarter was INR62.7b as compared to a quarterly average of INR26.5b in 9MFY13 and INR36.7b in 4QFY12. Further, CA deposits improved 11% QoQ (15% YoY), translating into overall CASA growth of 9% QoQ (18% YoY). CASA ratio at the end of FY13 stood at 47.4% as compared to 45.4% a quarter ago and 48.4% a year ago.

Above industry loan growth; corporate and CV portfolio declines QoQ

Reported loans grew 23% YoY (flat QoQ) to INR2.4t. Growth was healthy in the retail segment (5% QoQ; 27% YoY), whereas the non-retail portfolio declined 6.5% QoQ (grew 17% YoY). As a result, the share of retail loans in overall loans increased further to 56.9% v/s 53.8% a quarter ago (54.8% a year ago). Except CV loans, growth was healthy across the retail segment. Growth remained strong in Business Banking (6% QoQ; 31% YoY), Home Loans (6% QoQ; 18% YoY) and Gold Loans (6% QoQ; 65% YoY). The share of Gold Loans in the overall portfolio increased to 2.1% v/s 1.9% in 3QFY13 and 0.8% in FY12. Led by stress in the CV/CE segment, HDFCB has moderated its growth in this segment. CV/CE loans were down ~2% QoQ (though up 23% YoY).

Other highlights

- In percentage terms, GNPA and NNPA remained largely stable at 1% and 0.2%, respectively, with PCR stable QoQ at 80%. Gross restructured loan portfolio declined to 20bp from 30bp a quarter ago.

- During the quarter, HDFCB made provisions of INR3b, of which ~INR500m was on account of floating provisions. Outstanding pool of floating provisions stood at ~INR18.4b (~INR7.8/share).
- The bank remains adequately capitalized, with tier-I ratio at 11.1%.
- HDFCB opened 286 branches and 253 ATMs in 4QFY13. Cumulatively, it has added 518 branches and 1,830 ATMs in FY13.
- The bank declared dividend income of INR5.5/share.

Full-year results highlights

- NII (reclassified) was up 23% (INR158.1b) and NIM was at 4.5% v/s 4.4% in FY12 (new classification).
- Non-interest income grew 19% and was aided by higher profit on sale of INR1.6b v/s loss of INR2b in FY12.
- Slippage ratio remained at sub-1% levels for two consecutive years.
- PAT grew 30% (INR51.7b) and RoA was at a decadal high of 1.8%.

Conference call highlights

- The management expects economic growth to be higher in FY14 and estimates industry loan growth at 17-18%. HDFCB is well placed, with diverse offerings and targets to grow at 3-6% higher than industry growth.
- The bank expects growth in the corporate loan portfolio to be higher in FY14, led by higher capex-related disbursement (if GDP improves), refinancing and working capital loan-related demand. During the quarter, the bank sold down loans of INR20b.
- HDFCB adds 0.6-0.7m savings accounts per month. While growth in the number of accounts has not been very significant, deepening of existing relationships has led to higher share of SA balances.
- Stress in the CV/CE segment remains; however, asset quality saw some stabilization in 4QFY13. Of the overall portfolio of INR161b, the CV segment accounts for 70% whereas the CE segment constitutes the rest. The management mentioned that the proportion of used CV loans in the overall portfolio remains low.
- Fee income growth has moderated in the last few quarters, led by change in regulatory conditions, with lower ATM and debit card charges, drop in commission rates in the insurance business and general pricing pressure due to competition intensifying. Further, there was a sequential decline in fee income due to absence of one-offs that the bank booked in 3QFY13.
- For FY13, recoveries from written-off accounts were INR5.1b as compared to INR5.3b in FY12.
- During the year, the bank added 518 branches, of which 193 were micro-mini branches, wherein employee strength would be 3-4. As a result, overall cities covered have increased to 1,845 as compared to 1,400 in FY12. Currently, 53% of HDFCB's branches are in semi-urban and rural areas.
- During the quarter, borrowings increased by INR14.2b, as the bank tapped funds through MTN program (where cost of funds is cheaper) for the first time.

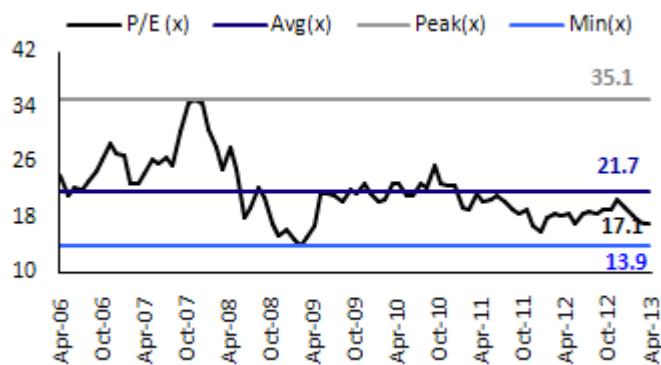
Valuation and view

HDFCB is best placed in the current environment, with (1) CASA ratio of 47%+, (2) growth outlook of at least 1.3x the industry growth, (3) improving operating efficiency, (4) expected traction in income due to strong expansion in branch network, and (5) best-in-class asset quality. The bank has effectively utilized excess profits in earlier quarters to create buffer. It has been able to consistently deliver margins of 4-4.2% under old classification (and 4.1-4.5% under new classification), despite increase in cost of funds. Strong pricing power in the retail segment has helped HDFCB to maintain margins. In a falling interest rate scenario, higher proportion of fixed rate loans and CASA deposits will provide cushion to margins.

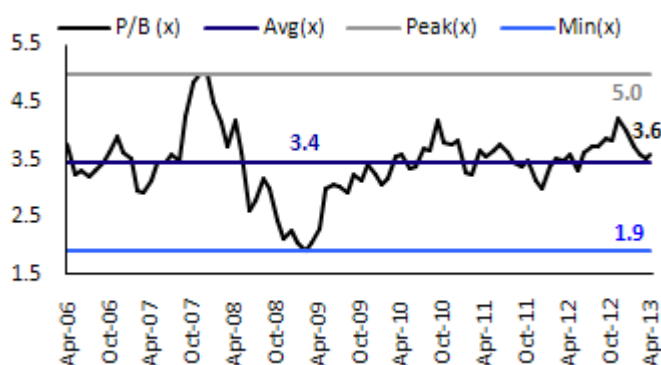
Asset quality remained strong in FY13, with slippage ratio being lower than 1% for two consecutive years. In FY14, though slippages are likely to normalize to average levels in the retail segment and credit cost would increase, buffers created on account of higher base due to floating provisions would provide cushion to earnings. We expect earnings CAGR of 28%+ over FY13-15. Over the past few quarters, fee income growth has also been impressive and continued traction in fees will aid profitability. We factor in fee income CAGR of ~20% over FY13-15. A third of HDFCB’s branches are less than 24 months old; further, a large part of the branch expansion happened outside top-9 cities, where breakeven period is 24-30 months. Going forward, this strong expansion in the hinterland will not only help customer acquisition and product penetration but also help achieve priority sector targets.

We expect EPS CAGR of ~28% over FY13-15 against 25% over FY07-12. HDFCB also carries floating provisions of ~INR18.5b (INR7.8/share) created in the last two years to smooth out the strong earnings growth led by lower than factored credit cost on retail loans. While we remain positive on the bank’s business, we believe valuations are rich. Over FY07-12, peak one-year forward P/BV was 5x and average one-year forward P/BV was 3.4x. The stock trades at 3.8x/3.2x FY14E/FY15E BV and at 18.7x/14.9x FY14E/FY15E EPS. Maintain **Neutral**, with a target price of INR755 (3.5x FY15E BV).

HDFC Bank: One year forward P/E



HDFC Bank: One year forward P/BV

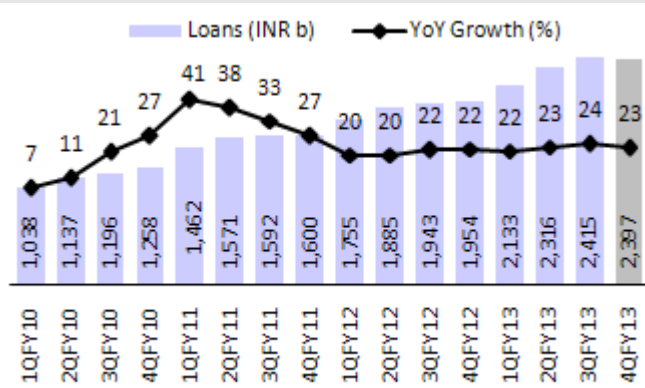


DU Pont Analysis: RoA's at decadal high (%)

Y/E March	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13E	FY14E	FY15E
Net Interest Income	3.4	3.7	4.2	4.7	4.7	4.1	4.2	4.2	4.3	4.4	4.4
Core Fee Income	1.6	1.7	1.9	1.8	1.8	1.8	1.8	1.9	1.8	1.8	1.7
Fee to core Income	31.5	32.1	31.4	28.1	28.2	30.3	29.4	31.7	29.7	28.9	28.2
Core Income	5.0	5.4	6.1	6.5	6.5	5.9	6.0	6.1	6.1	6.2	6.1
Operating Expenses	2.3	2.7	2.9	3.3	3.5	2.9	2.9	3.0	3.0	2.9	2.7
Cost to Core Income	46.8	49.9	47.9	51.5	53.6	49.4	47.9	49.2	49.9	47.0	44.8
Employee cost	0.6	0.8	0.9	1.2	1.4	1.1	1.1	1.1	1.1	1.0	1.0
Other operating expenses	1.7	1.9	2.0	2.2	2.1	1.8	1.7	1.9	2.0	1.9	1.7
Core operating Profits	2.6	2.7	3.2	3.1	3.0	3.0	3.1	3.1	3.1	3.3	3.4
Trading and others	-0.2	0.1	-0.1	0.2	0.2	0.2	0.0	-0.1	0.0	0.1	0.1
Operating Profits	2.5	2.8	3.1	3.4	3.3	3.2	3.1	3.1	3.1	3.3	3.4
Provisions	0.4	0.8	1.1	1.3	1.2	1.1	0.8	0.6	0.5	0.4	0.4
NPA provisions	0.4	0.6	0.8	0.9	1.0	1.0	0.3	0.2	0.3	0.3	0.4
Other Provisions	0.0	0.2	0.3	0.4	0.2	0.1	0.5	0.4	0.2	0.1	0.1
PBT	2.1	2.0	2.0	2.0	2.1	2.1	2.3	2.4	2.6	2.9	3.0
Tax	0.7	0.6	0.6	0.6	0.7	0.7	0.8	0.8	0.8	1.0	1.0
Tax Rate	32.0	30.5	30.3	30.3	32.0	31.3	32.5	31.2	31.0	32.5	32.5
RoA	1.4	1.4	1.4	1.4	1.4	1.5	1.6	1.7	1.8	2.0	2.0
Leverage (x)	13.0	12.7	14.0	12.5	11.9	11.1	10.7	11.1	11.2	11.2	11.5
RoE	18.5	17.7	19.5	17.7	16.9	16.1	16.7	18.7	20.3	22.2	23.3

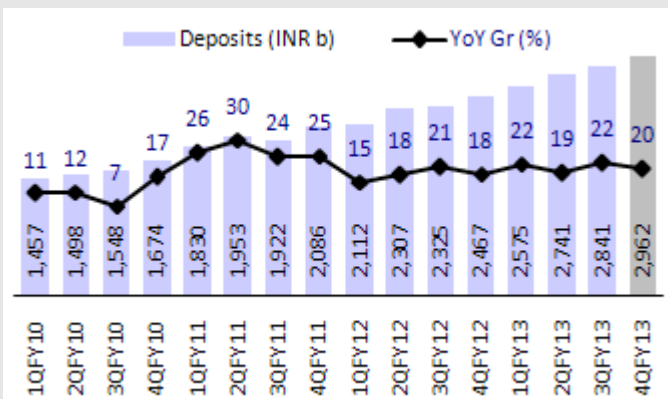
Quarterly trends

Above industry average loan growth continues



- Retail loan growth continues to outpace corporate loan growth. As a result, retail loans now constitute 56.9% of overall loans v/s 53.8% a quarter ago and 54.8% a year ago.

Deposit growth largely in line with loan growth



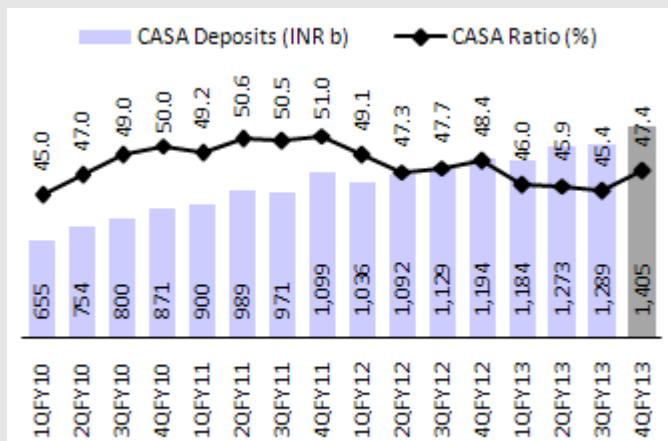
- Deposit growth for the quarter was driven by strong accretion of CASA deposits; incremental CASA ratio for the quarter was 95%.

Strong growth across retail segments, ex CV/CE (INR b)

	4Q FY13	4Q FY12	YoY Gr (%)	3Q FY13	QoQ Gr (%)
Auto Loans	309	264	17.2	300	3.0
Personal Loans	175	139	26.0	168	4.1
Loan against secur.	12	10	15.7	11	13.8
Two wheeler	30	25	18.6	29	2.2
CV & Const Equip.	161	131	23.4	164	-1.6
Credit Cards	101	70	45.3	100	1.0
Business Banking	245	186	31.5	231	6.2
Home Loans	168	143	17.7	159	5.6
Gold Loan	50	30	64.5	47	5.6
Others	112	73	53.4	90	24.4
Retail Loans	1,364	1,071	27.3	1,300	4.9
Corporate Loans	1,033	883	17.0	1,115	-7.4
Total Loans	2,397	1,954	22.7	2,415	-0.7

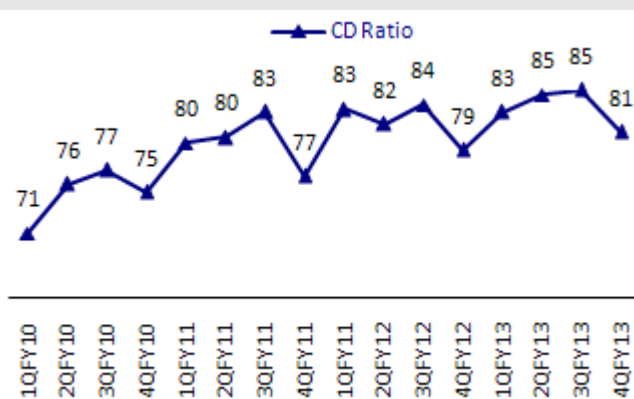
- Growth remained strong in most sub-segments of retail loans. However, led by stress in the CV/CE segment, HDFCB has moderated its growth in this segment..

CASA ratio improves QoQ; strong SA deposits



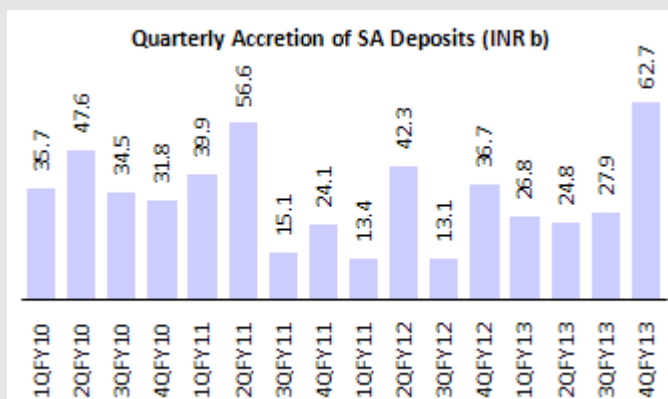
- SA deposit growth during the quarter was 8% QoQ and 19% YoY, despite increasing competitive intensity post deregulation of savings deposit rate.

CD ratio declined QoQ (%)



- Led by moderation in loan growth, CD ratio declined QoQ. However, it remains elevated due to higher proportion of borrowings (led by tier-II capital) in the balance sheet.

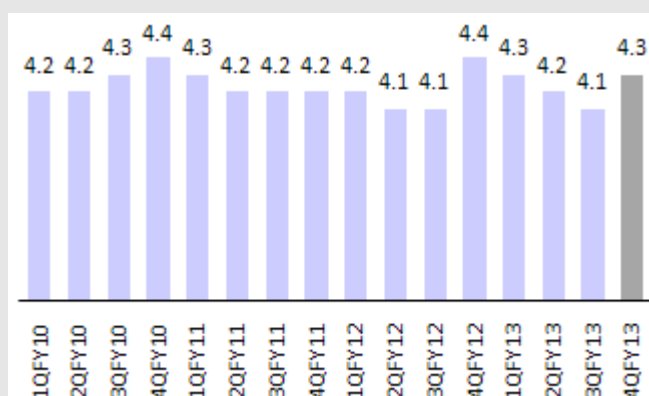
Strong SA mobilization (%)



- The bank adds 0.6-0.7m savings account per month. While growth in the number of accounts has not been significant, deepening of existing relationships has led to higher share of SA balances.

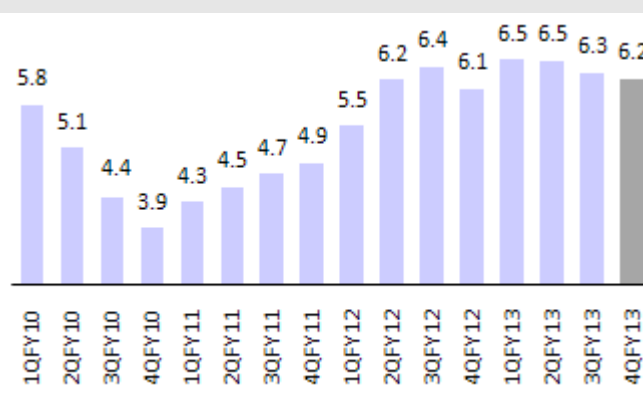
Quarterly trends (continued)

NIM improved 20bbp QoQ, a positive surprise (%)



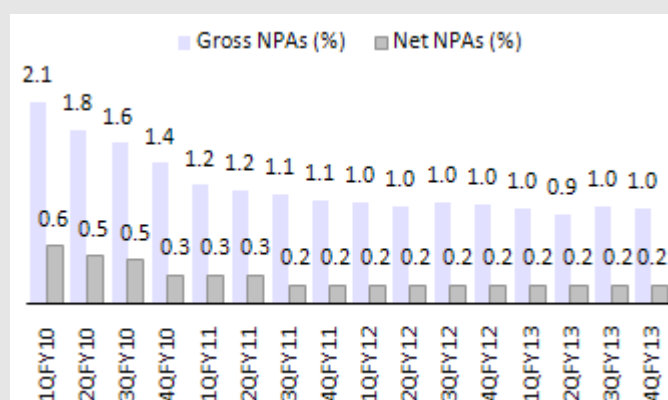
- Improvement in NIM was led by (a) higher proportion of high yielding retail loans, and (b) significantly higher proportion of CASA during the quarter.

Cost of funds declined QoQ (%)



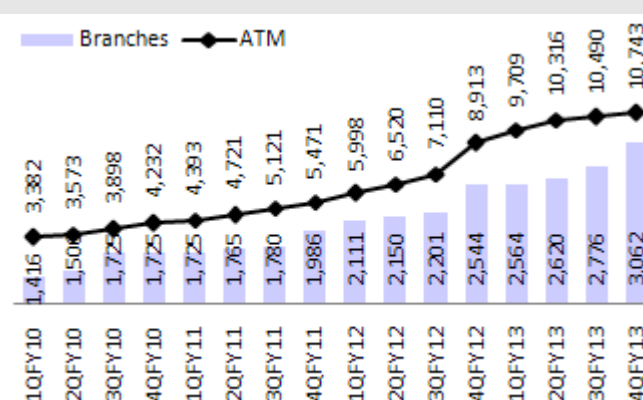
- Incremental CASA ratio of 95% coupled with overseas low cost borrowings would have helped to bring down cost of funds.

Stable asset quality QoQ



- Slippage ratio remained at sub-1% levels for two consecutive years.

Expansion spree continues



- During the year, the bank added 518 branches, of which 193 were micro-mini branches. Overall cities covered have increased to 1,845 as compared to 1,400 in FY12.

DuPont Analysis (%): RoA has improved significantly, led by better risk-adjusted margins

	1QFY11	2QFY11	3QFY11	4QFY11	1QFY12	2QFY12	3QFY12	4QFY12	1QFY13	2QFY13	3QFY13	4QFY13
NII	4.2	4.2	4.4	4.3	4.0	3.9	3.8	4.2	4.0	4.0	4.2	4.4
Non-Interest Income	1.7	1.6	1.8	1.9	1.6	1.6	1.7	1.9	1.8	1.5	2.0	1.8
Operating Income	6.0	5.8	6.2	6.2	5.6	5.5	5.6	6.2	5.7	5.5	6.2	6.2
Operating Expenses	2.9	2.8	2.9	3.0	2.7	2.7	2.7	3.2	2.8	2.7	2.9	3.2
Employee cost	1.2	1.2	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.0	1.1	1.0
Other operating expenses	1.7	1.6	1.8	1.9	1.6	1.6	1.6	2.1	1.6	1.7	1.9	2.2
Operating Profits	3.1	3.0	3.3	3.2	2.9	2.8	2.9	3.0	3.0	2.8	3.3	3.0
Provisions	1.0	0.8	0.7	0.7	0.6	0.5	0.4	0.5	0.6	0.3	0.4	0.3
PBT	2.1	2.2	2.6	2.5	2.3	2.3	2.5	2.5	2.4	2.5	2.9	2.7
Tax	0.7	0.7	0.8	0.8	0.7	0.7	0.8	0.8	0.8	0.8	0.9	0.8
Tax Rate	32.0	32.6	32.3	33.1	31.7	31.8	30.2	31.3	32.3	31.5	31.6	29.0
RoA	1.4	1.5	1.7	1.7	1.5	1.6	1.8	1.7	1.6	1.7	2.0	1.9
Leverage (x)	10.3	10.4	10.2	10.5	10.8	11.0	11.3	11.3	11.3	11.4	11.1	10.9
RoE	14.7	15.8	17.8	17.7	16.7	17.6	19.9	19.6	18.4	19.2	21.6	21.1

Note: 1Q,2Q,3Q FY12 and 1Q,2Q FY13 numbers are not adjusted in accordance with new reporting; thus, they are not strictly comparable.

Quarterly Snapshot

	FY12				FY13				Variation (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	QoQ	YoY
Profit and Loss (INR m)										
Net Interest Income	28,480	29,445	31,160	35,613	34,841	37,317	39,816	42,953	7	28
Other Income	11,200	12,117	14,200	16,289	15,295	13,451	19,277	18,036	43	36
Trading profits	-413	-13	-818	-715	665	-1,059	1,358	649	N.A.	N.A.
Exchange Profits	2,301	2,180	3,656	3,252	3,148	2,359	2,580	2,014	9	-29
Others (Ex non core)	9,312	9,950	11,362	13,752	11,482	12,151	15,339	15,373	26	35
Total Income	39,680	41,562	45,360	51,902	50,135	50,768	59,094	60,989	16	30
Operating Expenses	19,346	20,304	21,580	26,637	24,326	25,055	27,880	31,362	11	29
Employee	7,810	8,231	8,674	9,284	9,932	9,629	10,039	10,053	4	16
Others	11,536	12,073	12,905	17,353	14,394	15,426	17,841	21,308	16	38
Operating Profits	20,334	21,258	23,780	25,265	25,809	25,713	31,214	29,627	21	31
Provisions	4,437	3,661	3,292	4,116	4,873	2,929	4,050	3,005	38	23
PBT	15,897	17,598	20,488	21,149	20,936	22,784	27,164	26,622	19	33
Taxes	5,047	5,604	6,191	6,618	6,762	7,184	8,573	7,723	19	38
PAT	10,850	11,994	14,297	14,531	14,174	15,600	18,591	18,898	19	30
Asset Quality										
GNPA	18,331	18,949	20,206	19,994	20,863	21,334	24,322	23,346	-4	17
NNPA	3,185	3,553	3,980	3,523	3,960	3,869	4,958	4,690	-5	33
GNPA (%)	1.0	1.0	1.0	1.0	1.0	0.9	1.0	1.0	-3	-5
NNPA (%)	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0	0
PCR (Calculated, %)	82.6	81.3	80.3	82.4	81.0	81.9	79.6	79.9	30	N.A.
Ratios (%)										
Fees to Total Income	23.5	23.9	25.0	26.5	22.9	23.9	26.0	25.2		
Cost to Core Income	48.3	48.8	46.7	50.6	49.2	48.3	48.3	52.0		
Tax Rate	31.7	31.8	30.2	31.3	32.3	31.5	31.6	29.0		
CASA (Reported)	49.1	47.3	47.7	48.4	46.0	45.9	45.4	47.4	200	-100
Loan/Deposit	83.1	81.7	83.6	79.2	82.8	84.5	85.0	80.9	-408	171
CAR	16.9	16.5	16.3	16.5	15.5	17.0	17.0	16.8		
Tier I	11.4	11.4	11.2	11.6	10.9	11.4	10.9	11.1		
RoA	1.5	1.6	1.8	1.7	1.6	1.7	2.0	1.9		
RoE	16.7	17.6	19.9	19.6	18.4	19.2	21.6	21.1		
Margins (%) - Calculated										
Yield on loans	10.8	11.0	11.3	11.9	11.9	11.6	11.7	11.8	11	-9
Yield On Investments	7.8	8.5	8.8	7.8	8.0	8.6	8.1	8.1	1	30
Yield on funds	9.8	10.3	10.5	10.5	10.5	10.7	10.6	10.6	-4	8
Cost of funds	5.5	6.2	6.4	6.1	6.5	6.5	6.3	6.2	-9	17
Spreads	4.3	4.1	4.1	4.4	4.0	4.2	4.3	4.3	4	-10
Margins	4.7	4.5	4.6	4.9	4.6	4.7	4.7	4.9	12	-7
Margins (%) - Reported	4.2	4.1	4.1	4.4	4.3	4.2	4.3	4.5	20	10

Source: Company, MOSL, For %age change QoQ and YoY is bp

Note: 1Q,2Q,3Q FY12 and 1Q,2Q FY13 numbers are not adjusted in accordance with new reporting; thus, they are not strictly comparable.

Quarterly Snapshot

	FY11				FY12				FY13				Variation (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	QoQ	YoY
Balance Sheet (INR b)														
ESC	5	5	5	5	5	5	5	5	5	5	5	5	0	1
Reserves and Surplus	221	233	246	249	262	275	290	295	311	329	350	357	2	21
Net Worth	225	238	251	254	267	280	295	299	316	333	354	362	2	21
Deposits	1,830	1,953	1,922	2,086	2,112	2,307	2,325	2,467	2,575	2,741	2,841	2,962	4	20
Borrowings+Sub Debt	115	133	134	144	220	223	244	238	261	310	316	330	5	38
Other Liabilities	162	175	191	290	262	348	491	374	448	389	326	349	7	-7
Total Liabilities	2,333	2,500	2,498	2,774	2,859	3,157	3,355	3,379	3,600	3,774	3,837	4,003	4	18
Cash	149	166	160	251	177	216	190	150	183	217	200	146	-27	-2
Money at call	33	43	25	46	35	20	35	59	57	50	47	127	167	113
Investments	608	637	630	709	729	788	802	975	902	917	960	1,116	16	14
Advances	1,462	1,571	1,592	1,600	1,755	1,885	1,943	1,954	2,133	2,316	2,415	2,397	-1	23
Fixed Assets	22	21	21	22	22	22	22	23	24	25	26	27	5	15
Other Assets	58	62	70	146	141	227	363	217	301	248	190	190	0	-12
Total Assets	2,333	2,500	2,498	2,774	2,859	3,157	3,355	3,379	3,600	3,774	3,837	4,003	4	18
Loan Break Up (%)														
Retail	44.6	44.1	48.7	50.1	47.8	49.3	51.6	54.8	52.4	53.2	53.8	56.9	308	208
Auto Loans	13.3	13.2	13.9	13.8	13.2	13.1	13.3	13.5	12.9	12.5	12.4	12.9	47	-60
Personal Loans	6.1	5.9	6.2	6.4	6.3	6.4	6.7	7.1	6.9	6.8	7.0	7.3	34	19
Loan against securities	0.7	0.7	0.7	0.7	0.6	0.5	0.5	0.5	0.5	0.4	0.4	0.5	6	-3
Two wheeler	1.2	1.1	1.2	1.2	1.2	1.2	1.2	1.3	1.2	1.2	1.2	1.3	4	-4
CV & CE	4.3	4.4	5.5	5.1	5.2	6.0	6.5	6.7	6.8	7.1	6.8	6.7	-6	4
Credit Cards	2.7	2.6	2.9	3.0	3.1	3.1	3.3	3.6	3.6	3.7	4.1	4.2	7	66
Business Banking	7.2	7.3	8.4	9.4	8.8	8.9	8.9	9.5	9.2	9.3	9.6	10.2	67	69
Home loans	6.5	5.8	6.9	7.2	6.3	6.5	6.8	7.3	6.4	6.7	6.6	7.0	42	-30
Other Retail loans	2.5	2.9	3.0	2.3	2.2	2.4	3.0	3.7	3.4	3.7	3.7	4.7	95	94
Corporate loans	55.4	55.9	51.3	49.9	52.2	50.7	48.4	45.2	47.6	46.8	46.2	43.1	-308	-208
Franchise														
Branches	1,725	1,765	1,780	1,986	2,111	2,150	2,201	2,544	2,564	2,620	2,776	3,062	10	20
ATM	4,393	4,721	5,121	5,471	5,998	6,520	7,110	8,913	9,709	10,316	10,490	10,743	2	21

Source: Company, MOSL, For %age change QoQ and YoY is bp

Stock Info

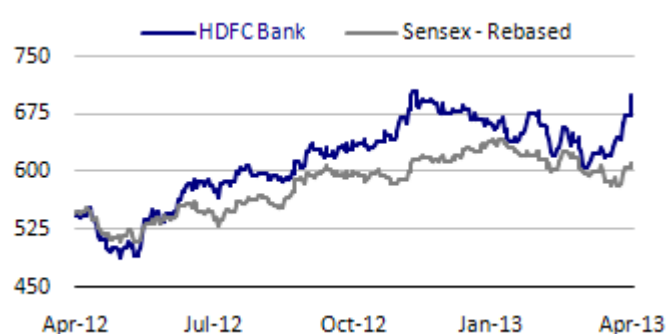
EPS: MOSL forecast v/s consensus (INR)

	MOSL Forecast	Consensus Forecast	Variation (%)
FY14	36.9	35.5	3.9
FY15	46.1	44.8	2.9

Shareholding pattern (%)

	Mar-13	Dec-12	Mar-12
Promoter	22.9	23.0	23.2
Domestic Inst	8.6	8.9	10.5
Foreign	51.7	51.4	48.8
Others	16.9	16.8	17.5

1-year Sensex Rebased



Financials: Valuation Matrix

	Rating	CMP (INR)	Mcap (USD b)	EPS (INR)		P/E (x)		BV (INR)		P/BV (x)		RoA (%)		RoE (%)		Dividend Yield (%) #
				FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15	
ICICIBCB*	Buy	1,162	24.6	85	102	11.1	9.0	511	577	1.85	1.60	1.69	1.70	15.9	17.0	1.4
HDFCB	Neutral	689	30.1	37	46	18.7	14.9	180	216	3.82	3.19	1.99	2.03	22.2	23.3	0.6
AXSB	Buy	1,444	12.3	136	161	10.6	9.0	815	951	1.77	1.52	1.73	1.73	17.9	18.1	1.1
KMB*	Neutral	691	9.4	34	41	14.9	11.9	143	167	3.57	2.90	1.65	1.65	15.8	16.5	0.1
YES	Buy	495	3.3	46	56	10.8	8.8	199	244	2.49	2.02	1.52	1.60	25.3	25.4	0.8
IIB	Buy	461	4.4	26	33	17.4	14.1	164	191	2.81	2.42	1.70	1.73	17.3	18.5	0.5
VYSB	Buy	577	1.6	45	52	12.9	11.2	330	374	1.75	1.54	1.09	1.06	14.3	14.7	0.7
FB	Buy	451	1.4	55	61	8.2	7.3	412	459	1.09	0.98	1.25	1.19	14.0	14.1	2.0
J&KBK	Buy	1,279	1.1	236	264	5.4	4.8	1,196	1,399	1.07	0.91	1.51	1.44	21.3	20.4	2.6
SIB	Buy	24	0.6	4.0	4.6	5.9	5.1	25	28	0.96	0.84	1.05	1.03	17.6	17.5	2.5
Private Aggregate			88.8			14.3	11.9			2.41	2.09					
SBIN (cons)*	Buy	2,287	28.7	319	367	6.8	5.9	2,048	2,349	1.07	0.92	1.00	0.99	16.3	16.5	1.5
PNB	Buy	778	5.1	170	208	4.6	3.7	1,039	1,210	0.75	0.64	1.11	1.18	17.6	18.5	2.8
BOI	Neutral	335	3.7	53	58	6.3	5.7	409	458	0.82	0.73	0.68	0.65	13.6	13.4	2.1
BOB	Neutral	692	5.4	116	139	6.0	5.0	815	933	0.85	0.74	0.89	0.91	15.2	15.9	2.5
CBK	Buy	437	3.6	76	91	5.8	4.8	580	656	0.75	0.67	0.77	0.80	13.8	14.7	2.5
UNBK	Buy	237	2.6	43	52	5.5	4.6	289	327	0.82	0.73	0.79	0.83	15.8	16.9	3.4
IOB	Neutral	67	1.0	14	16	5.0	4.3	152	163	0.44	0.41	0.40	0.40	9.2	9.8	6.7
OBC	Buy	280	1.5	56	69	5.0	4.0	458	511	0.61	0.55	0.76	0.82	12.8	14.3	2.8
INBK	Buy	166	1.3	41	47	4.1	3.5	274	310	0.60	0.53	0.99	0.99	15.3	15.7	4.5
CRPBK	Neutral	378	1.0	95	111	4.0	3.4	704	789	0.54	0.48	0.73	0.74	14.2	14.8	5.4
ANDB	Buy	93	1.0	26	30	3.6	3.1	170	193	0.55	0.48	0.93	0.95	16.0	16.7	5.9
IDBI	Neutral	87	2.0	17	21	5.1	4.2	162	178	0.54	0.49	0.70	0.73	11.1	12.1	4.0
DBNK	Neutral	95	0.6	26	30	3.6	3.1	168	195	0.57	0.49	0.82	0.81	16.9	16.7	3.2
Public Aggregate			57.4			6.7	5.7			0.90	0.80					
HDFC*	Buy	839	23.6	36	43	16.3	12.6	126	146	4.70	3.72	2.77	2.80	28.6	29.1	1.3
LICHF	Buy	233	2.2	25	31	9.4	7.5	148	172	1.57	1.35	1.43	1.43	18.0	19.4	1.5
DEWH	Buy	180	0.4	44	55	4.1	3.3	217	268	0.83	0.67	1.37	1.38	21.4	22.4	1.9
IDFC	Buy	157	4.3	14	16	11.3	9.5	92	104	1.56	1.39	2.78	2.77	16.5	17.2	1.5
RECL	Buy	220	4.0	44	52	5.0	4.2	208	244	1.06	0.90	3.22	3.23	23.0	23.0	3.4
POWF	Buy	199	4.8	38	46	5.2	4.4	207	239	0.96	0.83	3.00	3.02	19.8	20.4	3.0
SHTF	Buy	681	2.8	80	93	8.5	7.4	393	474	1.73	1.44	2.79	2.74	21.1	20.2	1.0
MMFS	Buy	206	2.1	18	23	11.3	9.0	93	110	2.22	1.88	3.55	3.55	21.1	22.6	1.4
NBFC Aggregate			44.2			11.1	9.4			2.10	1.83					

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

Div Yield based on FY12 declared dividend

Financials and Valuation

Income Statement					(INR Million)	
Y/E March	2010	2011	2012	2013	2014E	2015E
Interest Income	161,727	199,282	278,742	350,649	409,082	496,051
Interest Expense	77,863	93,851	149,896	192,538	215,807	259,077
Net Interest Income	83,864	105,431	128,846	158,111	193,275	236,974
Change (%)	13.0	25.7	22.2	22.7	22.2	22.6
Non Interest Income	39,831	43,352	57,836	68,526	81,819	97,160
Net Income	123,695	148,783	186,682	226,637	275,093	334,133
Change (%)	15.5	20.3	25.5	21.4	21.4	21.5
Operating Expenses	59,398	71,529	92,776	112,361	127,794	147,936
Pre Provision Profits	64,297	77,254	93,906	114,276	147,299	186,197
Change (%)	24.2	20.2	21.6	21.7	28.9	26.4
Provisions (excl tax)	21,406	19,067	18,774	16,770	17,230	23,642
PBT	42,891	58,187	75,132	97,506	130,069	162,555
Tax	13,404	18,923	23,461	30,243	42,272	52,830
Tax Rate (%)	31.3	32.5	31.2	31.0	32.5	32.5
PAT	29,487	39,264	51,671	67,263	87,797	109,724
Change (%)	31.3	33.2	31.6	30.2	30.5	25.0
Equity Dividend (Incl tax)	6,414	8,948	11,806	15,241	20,457	25,566
Core PPP*	60,847	77,780	95,865	112,663	144,186	182,334
Change (%)	26.9	27.8	23.3	17.5	28.0	26.5

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

Balance Sheet					(INR Million)	
Y/E March	2010	2011	2012	2013	2014E	2015E
Equity Share Capital	4,577	4,652	4,693	4,759	4,759	4,759
Reserves & Surplus	210,648	249,140	294,553	357,383	424,723	508,881
Net Worth	215,225	253,793	299,247	362,141	429,481	513,640
Deposits	1,674,044	2,085,864	2,467,064	2,962,470	3,614,213	4,517,766
Change (%)	17.2	24.6	18.3	20.1	22.0	25.0
of which CASA Dep	871,039	1,099,083	1,194,059	1,405,210	1,660,097	2,013,287
Change (%)	37.5	26.2	8.6	17.7	18.1	21.3
Borrowings	129,157	143,941	238,465	330,066	360,208	510,740
Other Liabilities & Prov.	206,159	289,929	374,319	348,642	435,479	544,266
Total Liabilities	2,224,586	2,773,526	3,379,095	4,003,319	4,839,382	5,968,856
Current Assets	299,424	296,688	209,377	272,802	318,231	385,978
Investments	586,076	709,294	974,829	1,116,136	1,255,653	1,444,001
Change (%)	-0.4	21.0	37.4	14.5	12.5	15.0
Loans	1,258,306	1,599,827	1,954,200	2,397,206	2,996,508	3,805,565
Change (%)	27.3	27.1	22.2	22.7	25.0	27.0
Fixed Assets	21,228	21,706	23,472	27,031	31,310	36,211
Other Assets	59,551	146,011	217,216	190,144	237,680	297,100
Total Assets	2,224,586	2,773,526	3,379,095	4,003,319	4,839,382	5,968,856

Asset Quality					(%)	
Y/E March	2010	2011	2012	2013E	2014E	2015E
GNPA (INR m)	18,168	16,943	19,994	23,344	38,940	59,762
NNPA (INR m)	3,921	2,964	3,523	4,690	10,453	18,369
GNPA Ratio	1.4	1.0	1.0	1.0	1.3	1.6
NNPA Ratio	0.3	0.2	0.2	0.2	0.3	0.5
PCR (Excl Tech. write off)	78.4	82.5	82.4	79.9	73.2	69.3

E: MOSL Estimates

Financials and Valuation

Ratios						
Y/E March	2010	2011	2012	2013	2014E	2015E
Spreads Analysis (%)						
Avg. Yield-Earning Assets	9.0	9.2	10.4	10.6	10.2	10.2
Avg. Yield on loans	10.8	10.6	11.9	12.3	11.7	11.5
Avg. Yield on Invt	6.8	7.2	7.7	7.5	7.3	7.3
Avg. Cost-Int. Bear. Liab.	4.7	4.7	6.1	6.4	5.9	5.8
Avg. Cost of Deposits	4.5	4.3	5.6	5.9	5.3	5.2
Interest Spread	4.3	4.5	4.4	4.2	4.3	4.3
Net Interest Margin	4.7	4.9	4.8	4.8	4.8	4.9
Profitability Ratios (%)						
RoE	16.1	16.7	18.7	20.3	22.2	23.3
RoA	1.5	1.6	1.7	1.8	2.0	2.0
Int. Expense/Int.Income	48.1	47.1	53.8	54.9	52.8	52.2
Fee Income/Net Income	29.4	29.5	29.2	27.3	26.8	26.4
Non Int. Inc./Net Income	32.2	29.1	31.0	30.2	29.7	29.1
Efficiency Ratios (%)						
Cost/Income*	49.4	47.9	49.2	49.9	47.0	46.7
Empl. Cost/Op. Exps.	38.5	39.6	36.6	35.3	36.0	36.7
Busi. per Empl. (INR m)	51.2	61.5	66.5	72.1	84.2	100.8
NP per Empl. (INR lac)	0.6	0.7	0.8	1.0	1.2	1.5
* ex treasury						
Asset-Liability Profile (%)						
Loans/Deposit	75.2	76.7	79.2	80.9	82.9	84.2
CASA Ratio	52.0	52.7	48.4	47.4	45.9	44.6
Investment/Deposit	35.0	34.0	39.5	37.7	34.7	32.0
G-Sec/Investment	87.1	75.6	78.2	74.3	74.8	81.3
CAR	17.4	16.2	16.5	16.8	15.5	14.1
Tier 1	13.3	12.2	11.6	11.1	10.7	10.2
Valuation						
Book Value (INR)	94.0	109.1	127.4	152.1	180.4	215.8
Change (%)	32.9	16.0	16.8	19.4	18.6	19.6
Price-BV (x)				4.5	3.8	3.2
Adjusted BV (INR)	92.8	108.2	126.4	150.7	177.3	210.4
Price-ABV (x)				4.6	3.9	3.3
EPS (INR)	12.9	16.9	22.0	28.3	36.9	46.1
Change (%)	22.1	31.0	30.4	28.4	30.5	25.0
Price-Earnings (x)				24.4	18.7	14.9
Dividend Per Sh (INR)	2.4	3.3	4.3	5.5	7.4	9.2
Dividend Yield (%)				0.8	1.1	1.3
E: MOSL Estimates						

N O T E S

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