

BSE Sensex 19,990	S&P CNX 6,069
Bloomberg	HDFC IN
Equity Shares (m)	1,477.0
M.Cap. (INR b)/(USD b)	1,309/24.2
52-Week Range	900/611
1,6,12 Rel.Perf.(%)	8/6/14

CMP: INR886
TP: INR970
Buy
Financials & Valuation (INR b)

Y/E March	2013	2014E	2015E
NII	61.8	73.7	88.6
PPP	67.2	79.5	95.1
PAT	48.5	55.7	66.7
Adj. EPS (INR)	29.0	33.0	39.4
EPS Gr. (%)	11.6	13.7	19.6
BV/Sh. (INR)	161.7	181.0	201.9
ABV/Sh. (INR)	108.5	127.9	148.7
RoAA (%)	2.8	2.8	2.8
Core RoE (%)	28.4	27.9	28.5
Payout (%)	46.6	46.4	46.4

Valuation

AP/E (x)	23.1	19.2	14.9
P/BV (x)	5.5	4.9	4.4
AP/ABV (x)	6.2	4.9	3.9
Div. Yield (%)	1.4	1.6	1.9

* Price adj. for value of key ventures. BV is adj. by deducting invt in key ventures from NW; # Price adj. for value of key ventures. EPS is adj. for dividend from key ventures

HDFC reported 4QFY13 PAT at INR15.5b (estimate of INR15.3b). AUMs grew 20% YoY and 5.7% QoQ to INR1.87t. AUM mix was largely stable during the quarter (retail/corporate mix at 68.6/31.4%, same as last quarter). Of the overall AUMs, corporate loans grew 5.6% QoQ and 13.5% YoY, while individual loans grew 24% YoY and 5.8% QoQ. **Key highlights:**

- For 4QFY13/FY13, disbursements grew 29%/16% YoY and sanctions grew 8%/15% YoY. For FY13, growth in individual sanctions and disbursements stood at 29% and 33% YoY. Reported overall spread is largely stable at 2.3%, with individual spreads at 1.96% (1.95% in 9M) and corporate spreads at 2.94% (2.79% in 9M).
- GNPA's percentage on 90-day overdue basis declined to 70bp from 75bp QoQ. Within segments, GNPA's percentage in individual segment was 58bp (62bp QoQ) and in corporate segment was unchanged at 91bp.
- **Other highlights:** (1) Outstanding ZCB on the balance sheet stood at INR50.4b, (2) during the quarter, it sold INR0.5b of corporate loans and off balance sheet corporate loans stood at INR2.5b, (3) in FY13, infused INR220m in general insurance, INR100m in HT Parekh Foundation and issued INR200m convertible preference shares to the education venture.
- **Valuation and view:** Business growth will be driven by continued momentum in individual home loan segment and traction in housing demand in Tier II/ Tier III cities. We model a loan CAGR of ~20% during FY14E/15E. Despite steep increase in rates, HDFC maintained spreads through its active asset-liability management. We believe these valuations are reasonable, considering company's growth potential, sound business fundamentals and substantially improved subsidiaries' performance (life insurance business has turned profitable). We maintain **Buy** with a SOTP-based target price of INR970.

HDFC: Quarterly Performance

Y/E March	FY12				FY13				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY12	FY13
Net Interest Income	10,948	12,435	12,364	17,434	13,042	13,859	15,389	19,808	52,121	61,798
YoY Change (%)	17.1	14.7	15.1	27.2	19.1	11.5	24.5	13.6	16.3	18.6
Profit on Sale of Inv.	163	869	880	791	202	941	963	1,049	2,702	3,156
Other operating income	1,909	1,430	1,306	1,233	2,223	2,480	853	1,405	6,939	7,263
Net Operating Income	13,020	14,734	14,549	19,458	15,467	17,281	17,206	22,263	61,762	72,216
YoY Change (%)	20.8	18.1	9.9	18.3	18.8	17.3	18.3	14.4	16.7	16.9
Other Income	47	52	52	63	74	78	84	116	213	351
Total Income	13,067	14,786	14,601	19,520	15,541	17,358	17,290	22,379	61,975	72,567
Operating Expenses	1,132	1,239	1,119	1,030	1,342	1,477	1,439	1,132	4,519	5,389
Pre Provisioning Profit	11,935	13,547	13,483	18,491	14,199	15,881	15,851	21,247	57,456	67,178
YoY Change (%)	21.6	17.9	9.8	17.1	19.0	17.2	17.6	14.9	16.4	16.9
Provisions	180	170	200	250	400	400	400	250	800	1,450
PBT	11,755	13,377	13,283	18,241	13,799	15,481	15,451	20,997	56,656	65,728
YoY Change (%)	21.6	18.0	9.5	17.4	17.4	15.7	16.3	15.1	16.4	16.0
Provision for Tax	3,310	3,670	3,470	4,980	3,780	3,970	4,050	5,445	15,430	17,245
PAT	8,445	9,707	9,813	13,261	10,019	11,511	11,401	15,552	41,226	48,483
YoY Change (%)	21.6	20.2	10.1	16.1	18.6	18.6	16.2	17.3	16.6	17.6

E: MOSL Estimates

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Quarterly performance v/s our estimates and reasons for deviation (INR m)

Y/E March	4QFY13E	4QFY13A	v/s Exp	Comments
Net Interest Income	20,253	19,808	-2	Strong volume growth
YoY Change (%)	16.2	13.6		
Profit on Sale of Investments	893	1,049	17	Fees surprise positively
Other operating income	1,232	1,405	14	
Net Operating Income	22,378	22,263	-1	
YoY Change (%)	15.0	14.4		
Other Income	90	116	29	
Total Income	22,468	22,379	0	
Operating Expenses	1,249	1,132	-9	Tight control on opex
Pre Provisioning Profit	21,219	21,247	0	
YoY Change (%)	14.8	14.9		
Provisions	399	250	-37	Asset quality remains impeccable
PBT	20,820	20,997	1	
YoY Change (%)	14.1	15.1		
Provision for Tax	5,506	5,445	-1	
PAT	15,315	15,552	2	Largely inline with estimates
YoY Change (%)	15.5	17.3		

E: MOSL Estimates

Other highlights

- Reported spreads improve 2bps QoQ; calculated retail spreads stable, corporate spreads improve 15bps sequentially
- Net interest income growth of 14% YoY to INR19.8b was 2% lower than expectation of INR20.2, led by slightly higher interest expenses. Reported overall spread improved 2bps sequentially at 2.3% with individual spreads at 1.96% (1.95% in 9M) and corporate spread at 2.94% (2.79% in 9M).
- Derived quarterly spread (quarterly derivation based on reported numbers) is up 6bp to 2.36%. While calculated retail spreads have improved 6bp QoQ to 1.99%, corporate spreads improved 46bps QoQ to 3.39% Vs 2.93% in 3QFY13.
- HDFC continues to replace high cost bank term loans with borrowings through relatively low cost bonds and debentures, the benefit of which should accrue in the coming quarters.

Business growth remains healthy; loans and AUMs grew 20%

- HDFC's net loans grew 21.7% YoY and 3.7% QoQ to INR1.7t. AUMs too grew 20.3% YoY and 5.7% QoQ to INR1.87t. Individual loans (including sell-downs) grew 24% YoY and 5.8% QoQ to INR1.28t.
- On the other hand, corporate loans grew at 13.5% YoY and 5.6% QoQ to INR570b.
- AUM mix was largely stable during the quarter (retail/corporate mix at 68.6/31.4%; same as last quarter).
- Of the overall AUM. In 4QFY13, sanctions and disbursements grew by 8.2% and 29% YoY. Higher disbursement growth is on account of pickup in corporate disbursements coupled with continued buoyancy in retail segment. Sell down during last one year stood at INR52b

Asset quality remains impeccable

- %GNPAs on 90-day overdue basis declined to 70bp from 75bp QoQ. Within segments, %GNPAs in individual segment stood at 58bp (62bp a quarter ago) and in the corporate segment stable at 91bps.
- Provisioning expenses for the quarter stood at INR 250m v/s QoQ INR400m during last quarter. Outstanding provisions at the end of 4QFY13 including standard asset provisions on the balance sheet stood at INR17.9b (105bp of outstanding loans).

Performance of Subsidiaries

- **HDFC Life:** New business premium income for Mar-13 stood at INR31.1bas v/s INR26.9b in FY12, implying a growth of 16%. Reported PAT for FY13 was at INR4.5b up 67% YoY. The Market Consistent Embedded Value as reported by the management was INR58.7b.
- **HDFC AMC:** Reported PAT of INR3.2b up 18% YoY, and asset under management grew 4% YoY.
- **HDFC Ergo:** The gross direct premium increased by 33% to INR24.9b as compared to INR18.7 b in FY12. And PAT for the year stood at INR1.5b as against a loss of INR397m in the previous year.

Other details

- Fee income increased to INR879m v/s INR391m in 3QFY12 and INR525m in 2QFY13. This growth is led by increased corporate business. Dividend income stood INR814m v/s INR 452m in 3QFY13.
- Profit on sale of investments and dividend income stood at INR1049m v/s est. of INR893m. Higher investments gains and lower operating income led to marginally higher than estimated PAT
- In 4QFY13, HDFC routed interest on zero coupon NCDs through reserves to the tune of INR825m v/s INR869m in 3QFY13.
- CAR stood at 16.2% with tier I ratio of 13.8%.

HDFC: Trend in earnings (INR M)

	4QFY13	3QFY13	QoQ Gr.	3QFY12	YoY Gr.
Income from Operations	55,612	51,457	8	48,057	16
Interest Expenses	34,398	35,215	-2	29,389	17
Net Income	21,214	16,243	31	18,668	14
YoY Change (%)	13.6	18.8		23.6	
Profit on sale of Invt	1,049	963	9	791	33
Other Income	116	84	39	63	85
Total Income	22,379	17,290	29	19,521	15
YoY Change (%)	14.6	18.4		18.0	
Operating expenses	1,382	1,839	-25	1,280	8
YoY Change (%)	8.0	39.4		26.8	
PBT	20,997	15,451	36	18,242	15
YoY Change (%)	15.1	16.3		17.4	
Tax	5,445	4,050	34	4,980	9
PAT	15,552	11,401	36	13,262	17
YoY Change (%)	17.3	16.2		16.1	
Profit on sale of Invt/Net Inc	4.7	5.6		4.1	
C/I Ratio	6.2	10.6		6.6	
Tax Rate	25.9	26.2		27.3	

Source: Company/MOSL

Valuation and view

- Business growth will be driven by continued momentum in individual home loan segment and traction in housing demand in tier II / tier III cities. We model in loan CAGR of ~20% during FY14/15E. Despite steep increase in rates, HDFC has maintained spreads through its active asset-liability management. Strong flexibility in borrowing profile helps HDFC to maintain cost of funds and spreads.
- We expect HDFC to report an EPS of INR36 in FY14 and INR43 in FY15. Core return ratios are likely to remain strong. Adjusted book value (ABV, adjusted for investments in subsidiaries) would be INR128 in FY14 and INR149 in FY15. Key investments, viz., HDFC Bank, HDFC Life, HDFC AMC, General Insurance, etc are valued at INR300/share (post hold co. discount of 20%) on FY15 basis. The stock trades at Adj. P/BV of 4.9x/3.9x FY14/15E (price adjusted for value of key ventures and book value adjusted for investment in those ventures) and Adj. P/E of 19.2x/14.9x FY14/15E. We believe these valuations are reasonable, considering HDFC's growth potential, sound business fundamentals, and substantially improved subsidiaries' performance (life insurance business has turned profitable). We maintain **Buy** with an SOTP target price of INR970.

We largely maintain our estimates for FY13/15E (INR b)

	Old Estimates			Revised Estimates			Change (%)		
	FY13	FY14	FY15	FY13	FY14	FY15	FY13	FY14	FY15
NII	62.5	73.7	88.2	61.8	73.7	88.6	-1.2	0.0	0.4
Other Income	10.1	11.7	13.8	10.8	12.0	13.9	6.5	2.6	0.9
Total Income	72.7	85.4	102.0	72.6	85.8	102.5	-0.1	0.4	0.5
Operating Expenses	5.5	6.4	7.6	5.4	6.3	7.4	-2.1	-2.1	-2.7
Operating Profits	67.2	79.0	94.4	67.2	79.5	95.1	0.0	0.6	0.7
Provisions	1.6	2.1	2.4	1.5	2.2	2.5	-9.3	3.1	2.3
PBT	65.6	76.9	92.0	65.7	77.3	92.6	0.3	0.5	0.7
Tax	17.3	21.5	25.8	17.2	21.6	25.9	-0.4	0.5	0.7
PAT	48.2	55.4	66.3	48.5	55.7	66.7	0.5	0.5	0.7
Spreads	2.3	2.4	2.4	2.5	2.4	2.5			
NIMs	3.6	3.6	3.6	3.6	3.6	3.6			
RoA (%)	2.8	2.8	2.8	2.8	2.8	2.8			
Core RoE (%)	28.7	28.6	29.1	28.4	27.9	28.5			

Source: MOSL

SOTP FY15E Based (INR)

	Value (INR b)	Value (USD b)	Value/ Sh. (INR)	% of total	Rationale
Core business	1,035	19.1	669	69.1	4.5x FY15 Adjusted BV (for investments in subs and HDFC Bank, Implied P/E of 17x Core EPS)
Key Ventures					
HDFC Bank	410	7.6	265	27.4	Valued at INR755/share 3.5x FY15E BV
HDFC Standard Life (72.5% stake)	113	2.1	73	7.5	Appraisal Value; Economic Stake - 72.5%
HDFC AMC (60% stake)	30	0.5	19	2.0	4% FY15E AUM, 15x FY15E PAT
Property Funds	7	0.1	4	0.4	13.3% of total AUM USD1.1b
HDFC General Insurance (74% stake)	7	0.1	4	0.5	Last stake sale value + 20%
Gruh Finance	13	0.2	8	0.9	Valued at 3x FY15E BV
Total Value of Ventures	579	10.7	375	38.7	
Less: 20% holding discount	116	2.1	75	7.7	
Value of Key Ventures	463	8.6	300	30.9	
Target Value Post 20% Holding Company Discount	1,498	27.7	969	100.0	
CMP	1,370	25.3	886		
Upside - %	9.4	9.4	9.4		
Target Price w/o 20% Holding Company Discount	1,614	29.8	1,044		
CMP	1,309	24.2	886		
Upside - %	23	23	18		

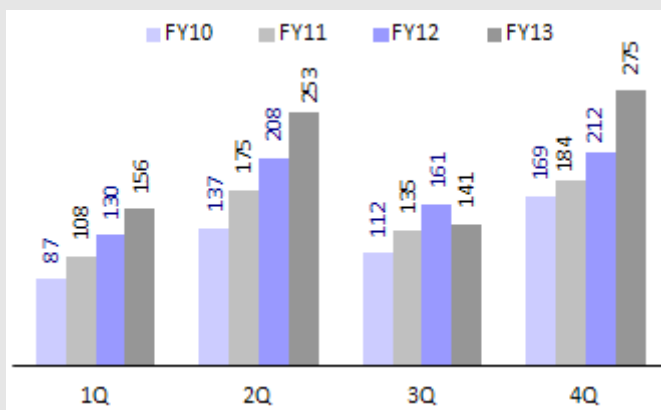
DuPont analysis

Y/E March	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014E	2015E
Net Interest Income	2.68	2.82	2.96	3.83	3.61	3.43	3.67	3.59	3.61	3.65	3.67
Non Interest Income	1.32	1.07	0.90	0.42	0.42	0.69	0.68	0.68	0.63	0.60	0.58
Fees and Other Charges	0.28	0.15	0.12	0.09	0.13	0.22	0.18	0.18	0.14	0.12	0.12
Treasury and Dividend Income	1.01	0.90	0.74	0.30	0.26	0.45	0.48	0.48	0.47	0.46	0.44
Other Income	0.03	0.03	0.04	0.03	0.03	0.02	0.02	0.01	0.02	0.02	0.02
Net Income	4.00	3.90	3.86	4.25	4.03	4.12	4.36	4.27	4.24	4.24	4.25
Operating Expenses	0.50	0.47	0.42	0.39	0.36	0.31	0.31	0.31	0.32	0.31	0.31
Cost to Income Ratio (%)	12.42	12.03	10.77	9.30	8.82	7.53	7.17	7.29	7.43	7.34	7.18
Employee Expenses	0.18	0.18	0.16	0.16	0.16	0.14	0.14	0.14	0.14	0.15	0.15
Other Expenses	0.32	0.29	0.26	0.23	0.20	0.17	0.17	0.17	0.17	0.17	0.16
Operating Profit	3.50	3.43	3.44	3.85	3.67	3.81	4.04	3.95	3.93	3.93	3.94
Provisions/write offs	0.04	0.03	0.04	0.04	0.06	0.06	0.06	0.06	0.08	0.11	0.10
Extra ordinary Income	0.00	0.00	0.06	0.88	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PBT	3.46	3.40	3.45	4.69	3.62	3.75	3.99	3.90	3.84	3.82	3.84
Tax	0.61	0.65	0.70	1.30	1.05	1.04	1.09	1.06	1.01	1.07	1.08
Tax Rate (%)	17.52	19.26	20.20	27.78	29.09	27.82	27.37	27.23	26.24	28.00	28.00
Reported PAT	2.86	2.74	2.76	3.39	2.56	2.71	2.90	2.84	2.84	2.75	2.76
Adjusted PAT	2.86	2.74	2.71	2.70	2.56	2.71	2.90	2.84	2.84	2.75	2.76
Leverage	9.98	10.98	11.37	8.22	7.10	7.37	7.51	8.00	7.77	7.63	8.15
RoE	28.49	30.11	30.83	22.17	18.20	19.95	21.74	22.69	22.03	21.01	22.53
Core RoE		0.00	38.12	27.77	23.01	24.97	26.58	27.20	28.37	27.91	28.51

Source: Company/MOSL

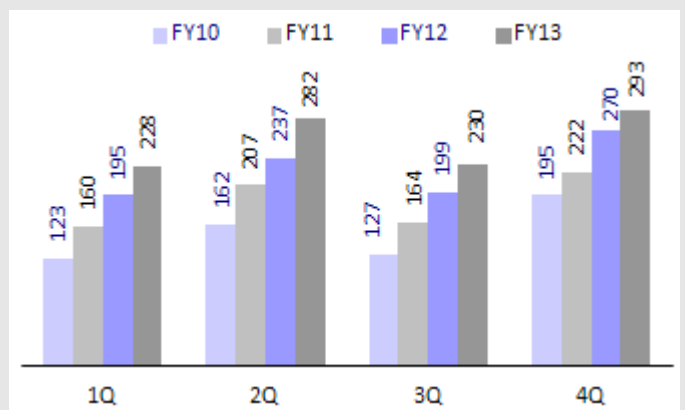
Quarterly trends

Disbursements up 29% (INR b)



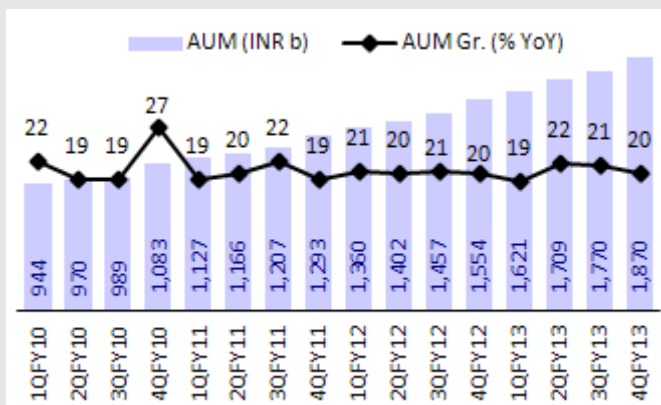
■ Buoyancy in retail segment coupled with pick-up in corporate segment has led to strong disbursement growth

Approvals up 8.2% YoY (INR b)



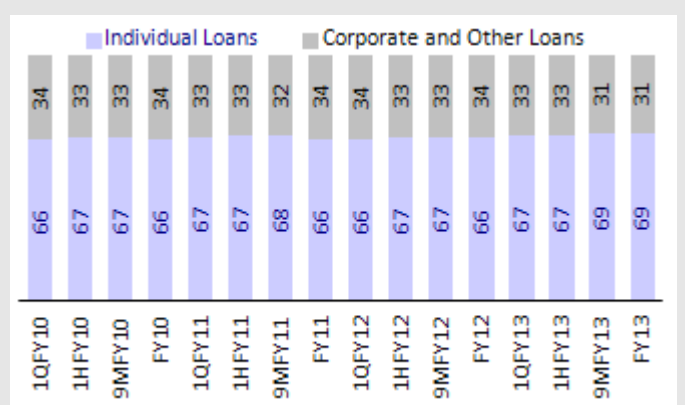
■ Strong sanctions pipeline to ensure healthy growth in ensuring quarters

Loans (net of sell down) grew by 21% YoY



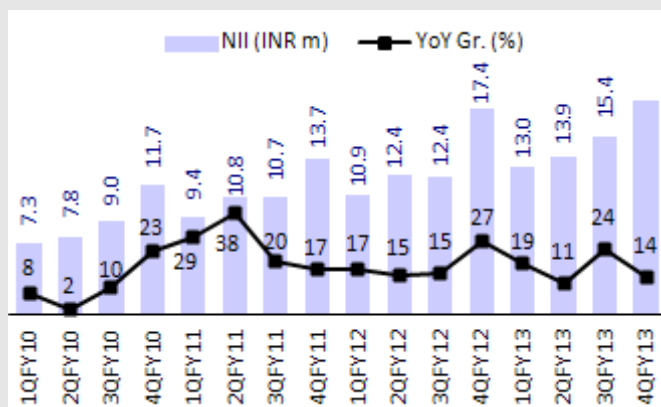
■ Loan growth continues to remain healthy lead by buoyancy in retail segment

AUM mix (%)



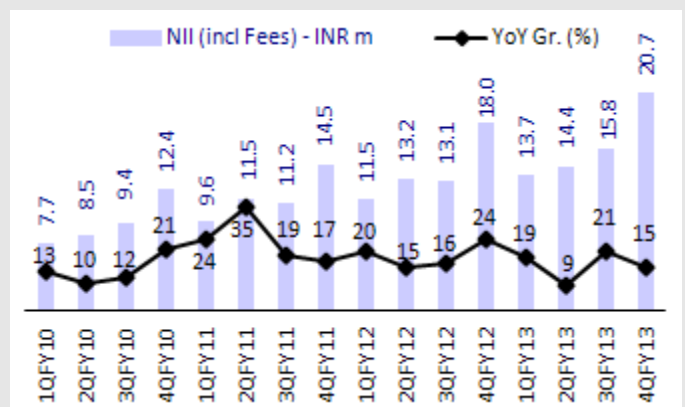
■ Overall AUM mix remained stable during the quarter

FY13, NII grew 17% YoY vs AUM growth of 20% YoY (%)



■ (NII) growth was 17% YoY, led by stable spreads performance and healthy AUM growth.

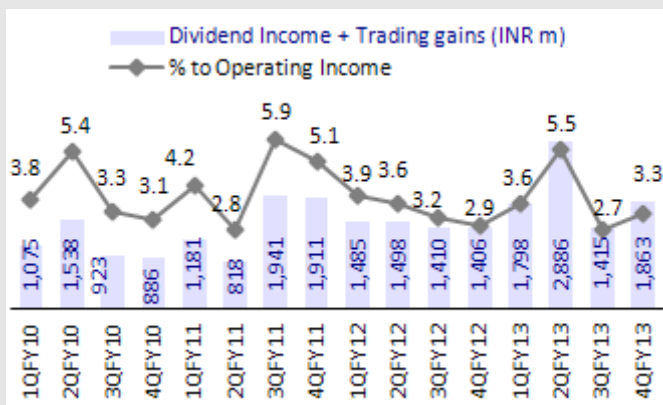
NII including fees grew 15% YoY (%)



■ NII including fee income grew at healthy pace led by stable spreads coupled with increased fee income due to increase in corporate business.

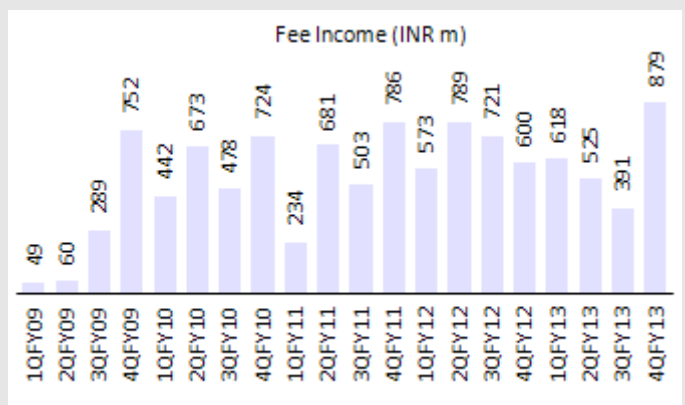
Quarterly trends

Higher share of div and trading income



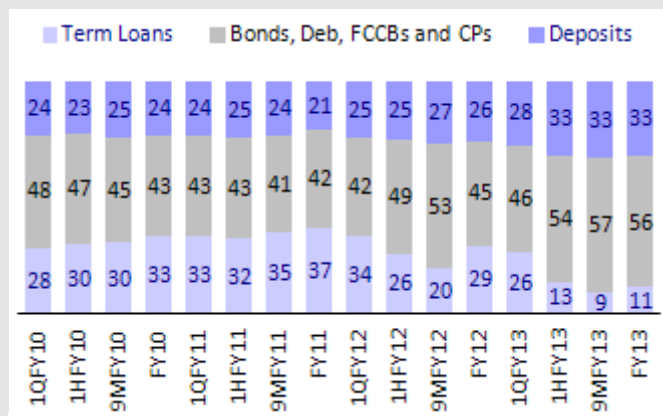
■ Dividend and trading income continues to be healthy

Strong fee income growth



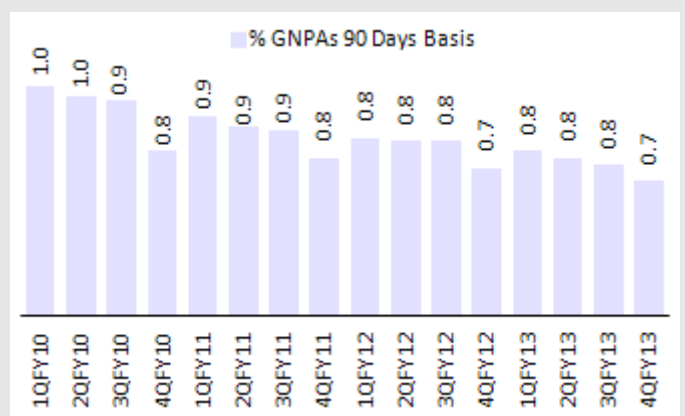
■ Fee income grew at a robust pace due to increased proportion of corporate business during the quarter

Share of bank term loans increased QoQ (%)



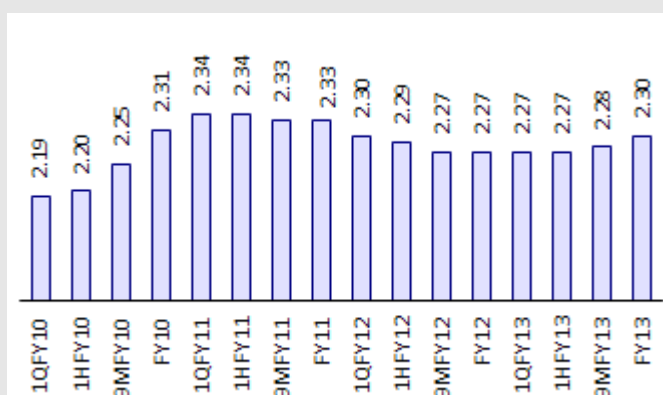
■ Share of bank loans increased 200bps during the quarter

Impeccable asset quality



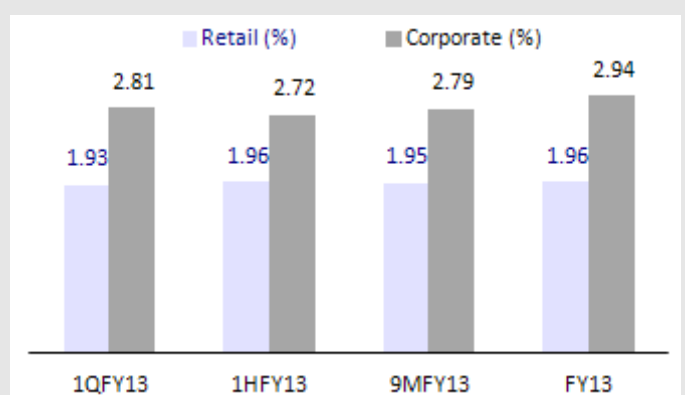
■ Asset quality continues to remain healthy and GNPA's reduced 5bps sequentially to 70bps

Spread movement (%)



■ Spreads improved 2bps sequentially, led by improvement in corporate spreads whereas retail spreads remain healthy

Movement in individual and corporate spreads



■ Retail spreads remain stable whereas sharp improvement in corporate spreads

Quarterly Snapshot (INR m)

	FY12				FY13				Var. (%)		Cumulative Numbers		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	QoQ	YoY	FY12	FY13	YoY Gr (%)
Profit and Loss													
Net Interest Income	10,948	12,435	12,364	17,434	13,042	13,859	15,389	19,808	29	14	53,181	62,099	17
Other Operating Income	2,072	2,299	2,186	2,024	2,426	3,421	1,817	2,454	35	21	8,580	10,117	18
Miscellaneous Income	47	52	52	63	74	78	84	116	39	85	213	351	65
Net Income	13,067	14,786	14,601	19,520	15,541	17,358	17,290	22,379	29	15	61,974	72,567	17
Operating Expenses	1,132	1,239	1,119	1,030	1,342	1,477	1,439	1,132	-21	10	4,519	5,389	19
Employee	528	526	508	497	609	621	642	590	-8	19	2,058	2,462	20
Others	604	713	611	533	733	856	797	541	-32	2	2,461	2,927	19
Operating Profits	11,935	13,547	13,483	18,491	14,199	15,881	15,851	21,247	34	15	57,456	67,178	17
Provisions	180	170	200	250	400	400	400	250	-38	0	800	1,450	81
PBT	11,755	13,377	13,283	18,241	13,799	15,481	15,451	20,997	36	15	56,656	65,728	16
Taxes	3,310	3,670	3,470	4,980	3,780	3,970	4,050	5,445	34	9	15,430	17,245	12
PAT	8,445	9,707	9,813	13,261	10,019	11,511	11,401	15,552	36	17	41,226	48,483	18
Asset Quality (%)													
GNPA (90dpd)	0.8	0.8	0.8	0.7	0.8	0.8	0.8	0.7					
GNPA (180dpd)	0.6	0.5	0.5	0.4	0.5	0.0	0.0	0.4					
Ratios (%)													
Cost to Income	8.7	8.4	7.7	5.3	8.6	8.5	8.3	5.1					
Provision to operating profit	1.5	1.3	1.5	1.4	2.8	2.5	2.5	1.2					
Tax Rate	28.2	27.4	26.1	27.3	27.4	25.6	26.2	25.9					
CAR	13.8	13.8	13.9	14.6	14.6	16.7	17.5	16.2	-7	11			
Tier I	12.2	11.7	11.9	11.7	11.8	14.1	14.9	13.8	-7	18			
Spreads (Cum.)	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	1	1			
Other Operating Inc.	2,072	2,299	2,186	2,024	2,426	3,421	1,817	2,454	35	21	8,580	10,117	18
Profit on sale of Invest	163	869	880	791	202	941	963	1,049	9	33	2,702	3,156	17
Fees and other charges	573	789	721	600	618	525	391	879	125	47	2,684	2,413	-10
Dividend Income	1,322	629	530	615	1,596	1,945	452	814	80	32	3,097	4,807	55
Balance Sheet (INR b)													
Networth	181	187	195	190	205	244	255	250	-2	31			
Borrowings	1,235	1,251	1,271	1,391	1,438	1,478	1,489	1,588	7	14			
Total liabilities	1,416	1,438	1,466	1,581	1,643	1,722	1,744	1,838	5	16			
Net Loans	1,242	1,270	1,322	1,409	1,483	1,551	1,609	1,700	6	21			
Investments	173	150	134	122	152	150	146	136	-7	12			
Total Assets	1,416	1,438	1,466	1,581	1,643	1,722	1,744	1,838	5	16			
AUM	1,360	1,402	1,457	1,554	1,621	1,709	1,770	1,870	6	20			
AUM Mix (%)													
Individual Home loans	66	67	67	66	67	67	69	69					
Corporate Bodies loans	34	33	33	34	33	33	31	31					
AUM Mix (%)													
On books	91	91	91	91	91	91	91	91					
Off books	9	9	9	9	9	9	9	9					
Borrowing Mix (%)													
Term Loans	34	26	20	29	26	13	9	11					
Bonds, Deb, etc	42	49	53	45	46	54	57	56					
Deposits	25	25	27	26	28	33	33	33					

For %age change QoQ and YoY is bp

Source: Company, MOSL

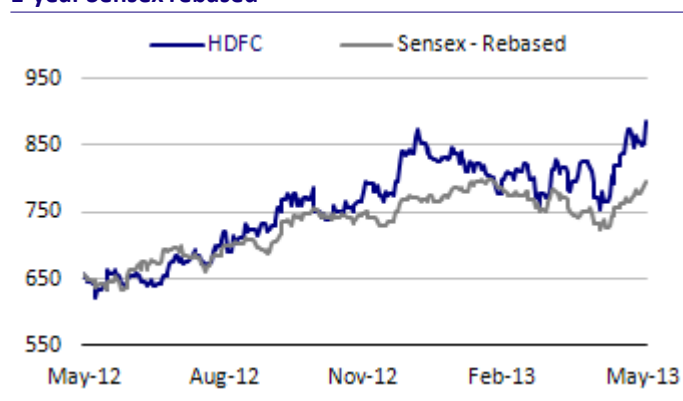
EPS: MOSL forecast v/s consensus (INR)

	MOSL Forecast	Consensus Forecast	Variation (%)
FY14	36.0	36.5	-1.5
FY15	43.1	42.8	0.7

Shareholding pattern (%)

	Mar-13	Dec-12	Mar-12
Promoter	0.0	0.0	0.0
Domestic Inst	12.9	13.4	15.4
Foreign	74.2	73.7	70.8
Others	12.9	12.9	13.9

1-year Sensex rebased



Financials: Valuation Matrix

	Rating	CMP (INR)	Mcap (USDb)	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	1,153	24.6	83	97	11.4	9.5	520	584	1.82	1.58	1.66	1.68	15.0	15.7	1.4
HDFCB	Neutral	690	30.4	37	46	18.7	15.0	180	216	3.82	3.20	1.99	2.03	22.2	23.3	0.6
AXSB	Buy	1,453	12.6	134	160	10.8	9.1	816	949	1.78	1.53	1.71	1.74	17.6	18.0	1.1
KMB*	Neutral	723	10.3	35	42	20.5	17.3	237	278	3.05	2.60	1.76	1.74	15.6	15.5	0.1
YES	Buy	502	3.3	46	56	11.0	8.9	199	244	2.53	2.06	1.52	1.60	25.3	25.4	0.8
IIB	Buy	488	4.7	26	33	18.5	14.9	164	191	2.98	2.56	1.70	1.73	17.3	18.5	0.5
VYSB	Buy	598	1.7	43	50	13.9	12.0	328	370	1.82	1.62	1.13	1.11	13.9	14.2	0.7
FB	Buy	448	1.4	54	60	8.3	7.5	414	462	1.08	0.97	1.21	1.15	13.7	13.7	2.0
J&KKB	Buy	1,344	1.2	236	264	5.7	5.1	1,196	1,399	1.12	0.96	1.51	1.44	21.3	20.4	2.5
SIB	Buy	24	0.6	4.0	4.6	6.0	5.3	25	28	0.99	0.86	1.05	1.03	17.6	17.5	2.5
Private Aggregate			90.9			14.6	12.2			2.40	2.10					
SBIN (cons)*	Buy	2,294	29.1	319	367	6.9	5.9	2,048	2,349	1.07	0.93	1.00	0.99	16.3	16.5	1.5
PNB	Buy	783	5.1	170	208	4.6	3.8	1,039	1,210	0.75	0.65	1.11	1.18	17.6	18.5	2.8
BOI	Neutral	333	3.7	53	58	6.3	5.7	409	458	0.81	0.73	0.68	0.65	13.6	13.4	2.1
BOB	Neutral	699	5.5	116	139	6.0	5.0	815	933	0.86	0.75	0.89	0.91	15.2	15.9	2.4
CBK	Buy	405	3.3	73	87	5.6	4.7	570	638	0.71	0.64	0.73	0.77	13.4	14.4	2.7
UNBK	Buy	243	2.7	43	52	5.6	4.7	289	327	0.84	0.74	0.79	0.83	15.8	16.9	3.3
IOB	Neutral	63	1.1	10	12	6.1	5.3	135	144	0.47	0.44	0.37	0.36	7.9	8.5	7.1
OBC	Buy	257	1.4	55	66	4.7	3.9	456	507	0.56	0.51	0.74	0.78	12.6	13.7	3.1
INBK	Buy	160	1.3	41	47	3.9	3.4	274	310	0.58	0.52	0.99	0.99	15.3	15.7	4.7
CRPBB	Neutral	401	1.1	99	116	4.1	3.5	701	790	0.57	0.51	0.72	0.72	14.9	15.6	5.1
ANDB	Buy	92	1.0	25	30	3.7	3.1	169	191	0.54	0.48	0.87	0.89	15.4	16.4	6.0
IDBI	Neutral	88	2.2	16	19	5.6	4.7	155	169	0.57	0.52	0.62	0.65	10.5	11.6	4.0
DBNK	Neutral	92	0.6	26	30	3.5	3.0	168	195	0.55	0.47	0.82	0.81	16.9	16.7	3.3
Public Aggregate			58.0			6.7	5.7			0.90	0.80					
HDFC*	Buy	886	25.4	36	43	17.7	13.7	128	149	4.98	3.98	2.75	2.76	27.9	28.5	1.3
LICHB	Buy	248	2.3	24	30	10.2	8.4	149	173	1.66	1.43	1.46	1.43	17.5	18.4	1.4
DEWH	Buy	178	0.4	44	55	4.1	3.3	217	268	0.82	0.66	1.37	1.38	21.4	22.4	2.0
IDFC	Buy	154	4.3	14	16	11.1	9.4	92	104	1.54	1.37	2.78	2.77	16.5	17.2	1.5
RECL	Buy	233	4.3	44	52	5.2	4.5	208	244	1.12	0.95	3.22	3.23	23.0	23.0	3.2
POWF	Buy	198	4.8	38	46	5.1	4.3	207	239	0.95	0.83	3.00	3.02	19.8	20.4	3.0
SHTF	Buy	734	3.1	72	82	10.2	8.9	386	458	1.90	1.60	2.49	2.46	19.1	18.3	0.9
MMFS	Buy	264	2.8	19	22	14.2	11.9	93	109	2.85	2.42	3.62	3.51	21.6	21.9	1.1
NBFC Aggregate			47.4			11.9	10.1			2.22	1.94					

*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	2011	2012	2013	2014E	2015E
Interest Income	120,431	163,689	200,707	229,231	265,269
Interest Expended	75,599	111,568	138,909	155,490	176,716
Net Interest Income	44,832	52,121	61,798	73,741	88,554
Change (%)	25.3	16.3	18.6	19.3	20.1
Fees and Other Charges	2,204	2,684	2,413	2,406	2,840
Net Int. Income (incl fees)	47,035	54,805	64,211	76,147	91,393
Change (%)	23.5	16.5	17.2	18.6	20.0
Other Operating Income	5,894	6,957	8,005	9,232	10,569
Miscellaneous Income	251	213	351	400	500
Net Income	53,181	61,975	72,567	85,779	102,462
Change (%)	23.7	16.5	17.1	18.2	19.4
Operating Expenses	3,812	4,519	5,389	6,295	7,360
Operating Income	49,370	57,456	67,178	79,484	95,102
Change (%)	24.2	16.4	16.9	18.3	19.6
Provisions/write offs	700	800	1,450	2,171	2,459
Reported PBT	48,670	56,656	65,728	77,313	92,643
Tax	13,320	15,430	17,245	21,648	25,940
Tax Rate (%)	27.4	27.2	26.2	28.0	28.0
Reported PAT	35,350	41,226	48,483	55,666	66,703
Change (%)	25.1	16.6	17.6	14.8	19.8
PAT adjusted for EO	35,350	41,226	48,483	55,666	66,703
Change (%)	25.1	16.6	17.6	14.8	19.8
Proposed Dividend	15,516	18,868	22,517	25,829	30,950

Balance sheet				(INR Million)	
Y/E March	2011	2012	2013	2014E	2015E
Capital	2,934	2,954	3,093	3,093	3,093
Reserves & Surplus	170,231	187,222	246,907	276,844	309,097
Net Worth	173,165	190,176	250,000	279,937	312,190
Loans from Banks	424,898	406,966	178,240	259,543	337,650
Bonds/Debentures	482,956	621,381	890,710	1,068,852	1,282,622
Deposits	243,269	362,928	519,330	597,230	686,814
Borrowings	1,151,123	1,391,275	1,588,280	1,925,624	2,307,086
Change (%)	19.2	20.9	14.2	21.2	19.8
Total Liabilities	1,324,288	1,581,451	1,838,280	2,205,561	2,619,276
Housing Loans	1,171,266	1,408,746	1,700,460	2,059,491	2,467,472
Change (%)	19.6	20.3	20.7	21.1	19.8
Investments	118,324	122,070	136,135	149,748	164,723
Change (%)	10.3	3.2	11.5	10.0	10.0
Total Assets	1,324,288	1,581,451	1,838,280	2,205,561	2,619,276

Financials and Valuation

Ratios

Y/E March	2011	2012	2013	2014E	2015E
Spreads Analysis (%)					
Avg Yield on Housing Loans	10.5	11.8	12.2	11.5	11.1
Avg. Yield on Earning Assets	9.8	11.3	11.8	11.3	10.9
Avg. Cost-Int. Bear. Liab.	7.1	8.8	9.3	8.9	8.4
Interest Spread	2.6	2.5	2.5	2.4	2.5
Net Interest Margin	3.6	3.6	3.6	3.6	3.6
Profitability Ratios (%)					
RoE	21.7	22.7	22.0	21.0	22.5
Adjusted RoE	26.6	27.2	28.4	27.9	28.5
RoA	2.9	2.8	2.8	2.8	2.8
Adjusted RoA	2.8	2.7	2.7	2.6	2.6
Efficiency Ratios (%)					
Int. Expended/Int.Earned	62.8	68.2	69.2	67.8	66.6
Other Inc./Net Income	15.7	15.9	14.8	14.0	13.6
Op. Exps./Net Income	7.2	7.3	7.4	7.3	7.2
Empl. Cost/Op. Exps.	46.1	45.5	45.7	46.9	48.2

VALUATION

Book Value (INR)	118.1	128.8	161.7	181.0	201.9
Price-BV (x)		6.9	5.5	4.9	4.4
Adjusted BV* (INR)	91.2	100.5	108.5	127.9	148.7
Adj Price-ABV (x)		6.9	6.2	4.9	3.9
EPS (INR)	24.1	27.9	31.4	36.0	43.1
EPS Growth (%)	22.4	15.8	12.3	14.8	19.8
Adj Price-Earnings (x)		24.8	21.3	17.6	13.6
Adjusted EPS (INR)#	22.6	26.0	29.0	33.0	39.4
Adjusted EPS Growth (%)	21.9	15.1	11.6	13.7	19.6
Adj Price-Adj EPS (x)		26.7	23.1	19.2	14.9
Dividend per share (INR)	9.0	11.0	12.5	14.4	17.3
Dividend yield (%)		1.2	1.4	1.6	1.9

E: MOSL Estimates; * BV is adj. by deducting investments in key ventures from NW

Adjusted EPS is adjusting for dividend from key ventures

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