

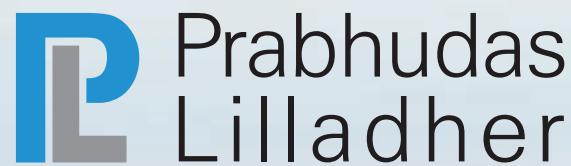
Regular features:

Growth monitor;

RBI balancesheet and PL liquidity monitor;

Rates monitor;

Relative trade monitor.



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May 2012

Bank Ahead

India Financials - Monthly



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June 04, 2012

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Growth Monitor
[Monetary aggregates and Multipliers](#)
Liquidity Monitor
[RBI B/S – Base money supply growth](#)
[PL Liquidity Monitor](#)
Rates Monitor
Performance/Valuation monitor
Relative trade monitor
Sector Loan growth
Current data and 1M change

	Current	1M chng.
Net LAF borrowing	(615)	517
Call Rates	8.02	(0.88)
USD / INR	55.59	2.85
Commercial Paper (%)		
1month	9.49	(0.01)
3month	9.98	(0.03)
12month	10.43	0.04
Cert. of Deposits (%)		
1month	9.00	(0.18)
3month	9.55	0.12
12month	9.88	0.10
Corporate Bond (%)		
1Year	9.74	0.05
3Year	9.56	0.05
5Year	9.40	(0.02)
Govt. Securities		
Treasury Bill 3 month	8.24	(0.13)
1Year	8.08	0.02
5Year	8.28	(0.21)
10Year	8.38	(0.30)

Source: Bloomberg, PL Research

■ **Growth monitor (April 2012 sectoral trends):** Overall loan growth continues to moderate, with 16.5% YoY growth in non-food credit. Infra credit moderated significantly with growth in power+roads portfolio down to ~18% (first <20% y/y growth in the last five years). Ex-Infra Industrial credit surprised with 22% growth largely driven by undefined other industries growing by ~47% YoY. Services growth remained stable with wholesale trade/NBFCs aiding growth. However, the biggest drag on services growth was fleet operator portfolio growth moderating to 11% YoY growth. Retail credit continues to remain sluggish with mortgages growth moderating to ~11%.

■ **Liquidity monitor:** Liquidity largely remained in the narrow band of Rs700-1000bn deficit in May 2012. With weak credit growth and weaker GDP growth prints, G-Secs came off by ~20bps with some expectations being built of a rate cut in May end. ~Rs330bn of OMOs conducted has largely aided to counter large dollar intervention in May-12.

■ **Rates monitor:** Deposit/lending rates have stayed constant after ~25bps cut in base /deposit rates in April 12 after RBI's surprise 50bps cut. Though 5.3% GDP imprint will force RBI to consider rate cuts sooner than market expectations, rise in inflation again is a concern. However, some more weakness in crude prices will give the central bank a leeway to move on rates. G-Secs have corrected in May end as credit demand has remained weak. But overall tightness in rupee liquidity has led to 10-20bps in-ch-up in ST wholesale rates.

■ **Outperformance/Underperformance monitor:** May 2012 was a month of negative returns, with even the defensive names correcting. SBI outperformed large PSU peers, given strong asset quality trend. *With the correction in MAY, BOB now is lower than December 2011 lows and with relatively smaller ticket Infra book, we see limited risk of lumpy asset quality issues, going forward.*

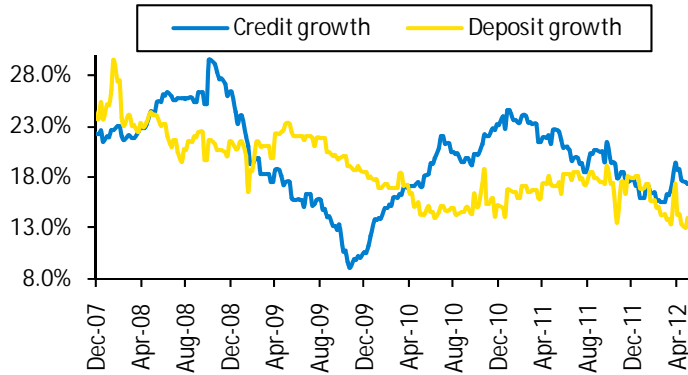
■ **Relative trade monitor: ICICI v/s HDFCB:** Our relative trade monitor shows the divergence sustaining, with HDFCB trading at ~75% premium to ICICI and with strong asset quality reported in Q4FY12, we prefer **ICICI/Axis** over HDFCB in the medium term. **SBI** delivered very strong Q4FY12 results. However, some positives seem to be priced in with valuations at **~25% premium valuations to BOB/PNB. LICHF** has remained a preferred pick among NBFCs and at the current valuations, we also like **HDFC**, given reasonable valuations (11x FY14 EPS) + defensive nature of the business.

Exhibit 1: Banking Aggregates- Summary view (Rs bn)

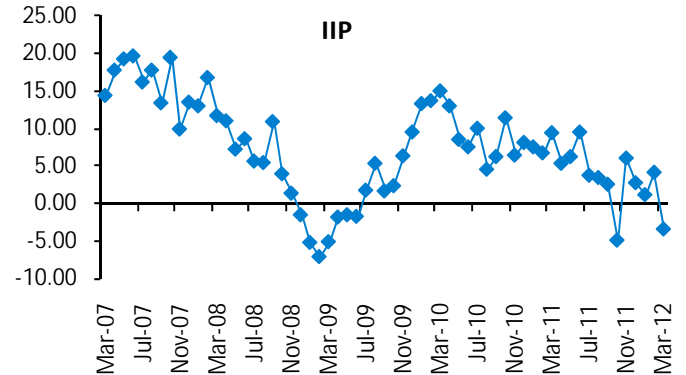
	Mar-11	Mar-12	Current	Y/Y change	QTD change
Loan	39,421	46,116	46,481	17.4%	0.8%
Deposit	52,080	59,037	60,583	13.8%	2.6%
<i>MO (Base money supply)</i>	<i>9,192</i>	<i>10,313</i>	<i>10,834</i>	<i>12.7%</i>	<i>5.1%</i>
LDR	76%	77%	77%	2.4%	-0.2%
6mnts incremental LDR	104%	120%	112%	27.0%	-8.8%

Source: RBI, Bloomberg, PL Research

Growth Monitor

Exhibit 2: Loan and deposit growth moderating


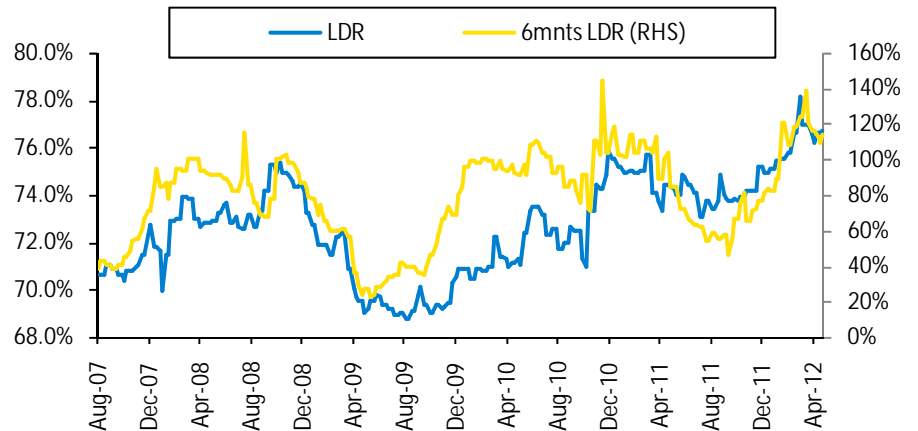
Source: RBI, Bloomberg, PL Research

Exhibit 3: IIP for March shows negative reading


Source: RBI, Bloomberg, PL Research

Exhibit 4: Higher growth in deposit than in credit sees incremental LDR's come off

LDRs come off marginally largely due to seasonal factors – Deposit growth continues to remain muted



Source: RBI, Bloomberg, PL Research

Low money supply growth impacted liquidity in FY12

M3/M1 inches up in May as the demand deposit deviates towards fixed high rate TDs

OMOs largely still used to net off impact of RBI's dollar intervention

Exhibit 5: Money supply and monetary aggregates

	M0 Growth (%)	M3 Growth (%)	Multiplier (M3/M1)	Credit growth (Y/Y)	Deposit growth (Y/Y)
2007	17.1%	21.3%	3.43	28.1%	23.8%
2008	17.7%	21.1%	3.48	22.3%	22.4%
2009	17.0%	19.3%	3.82	17.5%	19.9%
2010	15.6%	17.1%	3.76	16.9%	17.2%
2011	19.2%	16.1%	3.96	21.5%	15.9%
2012	12.2%	13.0%	4.24	17.0%	13.4%
May-12	12.7%	13.3%	4.34	17.4%	13.8%

Source: RBI, Bloomberg, PL Research

Exhibit 6: High inflationary environment should weigh on GDP multipliers in FY13

Credit growth in FY12 has been moderating; however favorable base impact for H1FY12 aided average loan growth. We expect a nominal GDP credit multiplier of ~1x in FY13

	Real GDP	Inflation	Nominal GDP	Avg. Loan Growth	Credit growth to Nominal GDP (x)	Credit growth to Real GDP (x)
FY06	9.5%	5.1%	14.6%	34.4%	2.4	3.6
FY07	9.7%	6.1%	15.8%	30.2%	1.9	3.1
FY08	9.2%	6.0%	15.2%	23.7%	1.6	2.6
FY09	6.9%	8.5%	15.4%	24.3%	1.6	3.5
FY10	8.0%	7.9%	15.9%	14.3%	0.9	1.8
FY11	8.3%	9.1%	17.4%	21.1%	1.2	2.5
FY12	6.5%	8.7%	15.2%	19.0%	1.3	2.9
FY13E	6.5%	6.5%	13.0%	15.0%	1.2	2.3

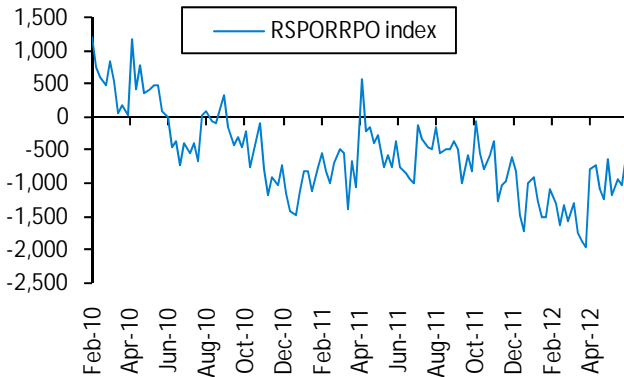
Source: RBI, Bloomberg, PL Research

Exhibit 7: Credit and deposit growth/seasonality: higher YTD growth in deposit in FY13, than in credit, underscores the slowdown in economy

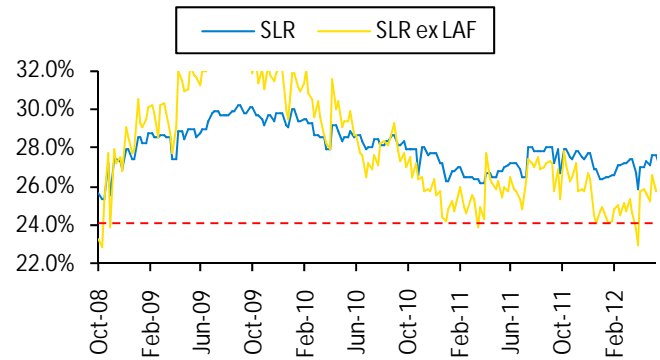
	Credit growth (QoQ)					Deposit growth (QoQ)			
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q
2007	2.2%	7.4%	7.0%	9.1%	2007	3.5%	5.9%	3.3%	9.4%
2008	-0.7%	6.3%	5.5%	9.9%	2008	3.7%	6.1%	2.8%	8.2%
2009	2.2%	5.7%	3.8%	4.8%	2009	2.5%	5.0%	3.8%	7.4%
2010	0.1%	3.5%	3.3%	9.3%	2010	3.9%	3.4%	2.2%	6.7%
2011	3.4%	2.1%	9.9%	4.7%	2011	1.5%	3.3%	5.8%	4.5%
2012	1.8%	5.1%	3.5%	5.6%	2012	3.0%	6.4%	2.1%	1.3%
YTD2013	0.8%				YTD2013	2.6%			
	Credit growth (YoY)					Deposit growth (YoY)			
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q
2007	32.7%	29.7%	30.3%	28.1%	2007	21.7%	20.2%	23.0%	23.8%
2008	24.4%	23.1%	21.4%	22.3%	2008	24.1%	24.3%	23.7%	22.4%
2009	25.9%	25.2%	23.2%	17.5%	2009	21.0%	19.7%	20.9%	19.9%
2010	15.1%	12.7%	12.2%	16.9%	2010	21.6%	19.8%	18.0%	17.2%
2011	20.8%	19.2%	26.8%	21.5%	2011	14.5%	14.4%	18.4%	15.9%
2012	19.6%	23.1%	15.9%	17.0%	2012	17.7%	21.1%	16.9%	13.4%
YTD2013	17.4%				YTD2013	13.8%			
	Credit Seasonality %					Deposit Seasonality %			
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q
2007	8.0%	26.8%	27.2%	38.0%	2007	14.5%	25.8%	15.2%	44.5%
2008	-3.2%	27.9%	26.0%	49.4%	2008	16.5%	28.3%	13.7%	41.6%
2009	12.6%	33.1%	23.3%	31.0%	2009	12.4%	25.7%	20.5%	41.5%
2010	0.4%	20.7%	20.1%	58.7%	2010	22.9%	20.3%	14.0%	42.8%
2011	15.7%	10.2%	48.8%	25.3%	2011	9.6%	21.0%	38.4%	31.1%
2012	10.5%	30.6%	22.2%	36.7%	2012	22.8%	49.0%	17.3%	10.9%

Source: RBI, Bloomberg, PL Research

Liquidity Monitor

Exhibit 8: Liquidity tightness improves from March lows but still tight


Source: Bloomberg, PL Research

Exhibit 9: LAF adjusted excess SLR holding at ~1.8%


Source: RBI, Bloomberg, PL Research

Exhibit 10: OMO operations takes a pause after RBI does Rs1.3trn of OMO in FY12

	Rs bn
FY11	670
FY12	1300
FY13E	1600 (-) CRR cuts
Actual (FY13YTD)	328.3

Source: RBI, PL Research

Exhibit 11: Government borrowing program elevated in H1FY13 by ~50%

FY13	1H	2H	% of borrowing in H1	Weekly borrowings
				in H1 (Rs bn)
Announced	3,700	2,000	65%	142
FY12	1H	2H		
Announced	2,500	1,670	60%	96
Revised -1		2,200		
Revised-2		2,490		
FY11	1H	2H		
Announced	2,870	163	95%	110
FY10	1H	2H		
Announced	2,410	1,230	66%	93
Revised -1	2,470			
Revised-2	2,780			
FY09	1H	2H		
Announced	960	390	71%	37
Revised -1		810		
Revised -2		960		
Revised -3		1,420		

Source: Company Data, PL Research

Exhibit 12: RBI's Balance sheet (Rs bn) – RBI's G-Sec investments increasing – Base money supply increase largely through debt monetisation

	2007	2008	2009	2010	2011	2012	YTD2013	5 yr growth	YTD growth
Currency issued	4,968	5,821	6,811	7,902	9,421	10,558	11,133	21%	5%
Deposits by banks	1,802	2,571	2,382	2,814	3,192	3,465	3,068	18%	-11%
Other Liabilities	1,798	1,765	5,104	3,542	3,987	6,780	6,750	39%	0%
TOTAL Liabilities/Assets	9,793	13,331	14,296	14,258	16,600	20,804	21,239	21%	2%
FX assets	8,366	11,996	12,223	11,471	12,269	13,340	14,093	12%	6%
% of Total Assets	85.4%	90.0%	85.5%	80.5%	73.9%	64.1%	66.4%	-7%	3%
Gold Coin and Bullion(2)	296	382	494	828	1,000	1,383	1,398	47%	1%
G-Sec Investments	969	837	1,220	1,768	3,218	5,900	5,541	57%	-6%
% of Total Assets	9.9%	6.3%	8.5%	12.4%	19.4%	28.4%	26.1%		

Source: Company Data, PL Research

Exhibit 13: Liquidity Monitor FY13

Particulars	(Rs bn)
Targeted fiscal deficit	5.1%
Total borrowing budgeted FY13 (5.1% deficit)	5,187
Slippages over the budgeted	380
Total Central borrowing (expected)	5,567
Implied central government deficit	5.5%
Total central and state government deficit	7,567
% of GDP	7.4%
Divestment proceeds budgeted	300
G-sec investments excl. banks - Largely insurance companies	2,446
Non G-sec market borrowing by RBI	910
Borrowing needed to be funded by Banks and other sources	3,911
G-Sec investments possible by Banks	2,043
Gap to be filled by other sources and RBI action	1,868
RBI dollar intervention	(250)
Total RBI action required	1,618
OMOs - Monetisation of debt	927
CRR cut of 100bps	691
Extra Repo borrowing by banks in FY13	-

Source: GOI, Company Data, PL Research

Factoring in higher oil and fertilizer subsidies, we expect central fiscal deficit at 5.5% of GDP

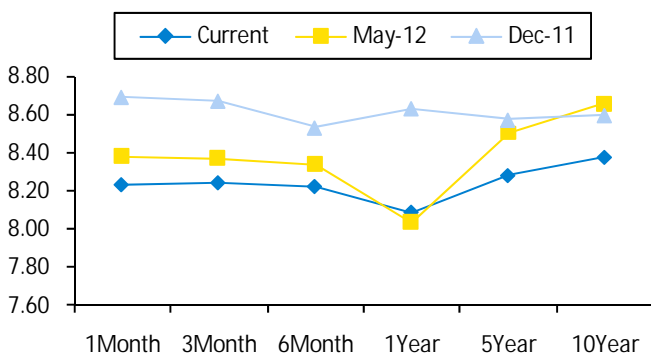
Assuming 15% loan and deposit growth, we factor in Rs1.6trn of RBI support required in the form of OMOs and CRRs in FY13

Rates Monitor

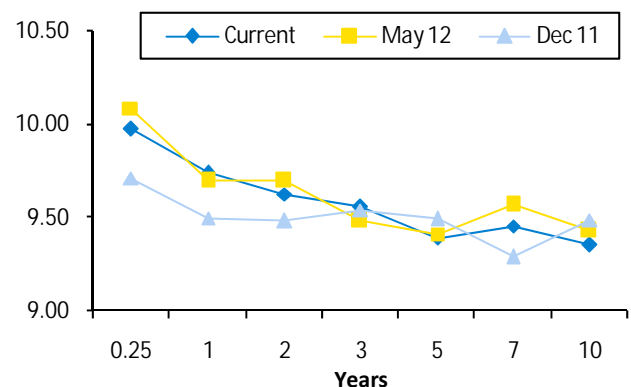
Exhibit 14: Some ease on liquidity but Fiscal worries keeps G-Secs elevated

		Variation			
		Current	1month	3month	6month
<i>Low credit off take leads to temporary relief in liquidity</i>	Net LAF borrowing	-614.5	517.1	1302.25	213.9
	Call Rates	8.0	-0.9	-1.0	-0.4
	USD / INR	55.59	2.85	6.37	4.12
<i>CD/CPs rate inch up despite lower LAF borrowing largely due to systemic liquidity issues</i>	Commercial Paper (%)				
	1month	9.49	-0.01	-1.70	0.09
	3month	9.98	-0.03	-1.53	0.13
	12month	10.43	0.04	-0.68	0.19
<i>Corporate bond yields remain sticky</i>	Certificate of Deposits (%)				
	1month	9.00	-0.18	-0.63	0.07
	3month	9.55	0.12	-1.50	0.14
	12month	9.88	0.10	-0.67	0.10
<i>Long-term yield on G sec. coming off on slower economic growth falling commodity prices and expectations of a rate cut – OMOs largely to support dollar intervention</i>	Corporate Bond (%)				
	1Year	9.74	0.05	0.08	0.14
	3Year	9.56	0.05	0.03	-0.03
	5Year	9.40	-0.02	0.07	-0.22
	10Year	9.36	-0.06	0.07	-0.31
Govt. Securities					
Treasury Bill 3 month	8.24	-0.13	-0.76	-0.50	
1Year	8.08	0.02	-0.09	-0.63	
5Year	8.28	-0.21	-0.06	-0.40	
10Year	8.38	-0.30	0.15	-0.33	

Source: Bloomberg, PL Research

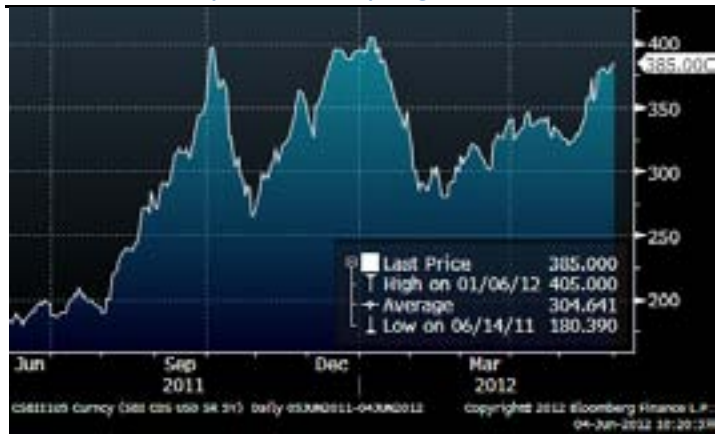
Exhibit 15: Long term yield come-off from may high


Source: Bloomberg, PL Research

Exhibit 16: Inverted yield curve persist on liquidity tightness


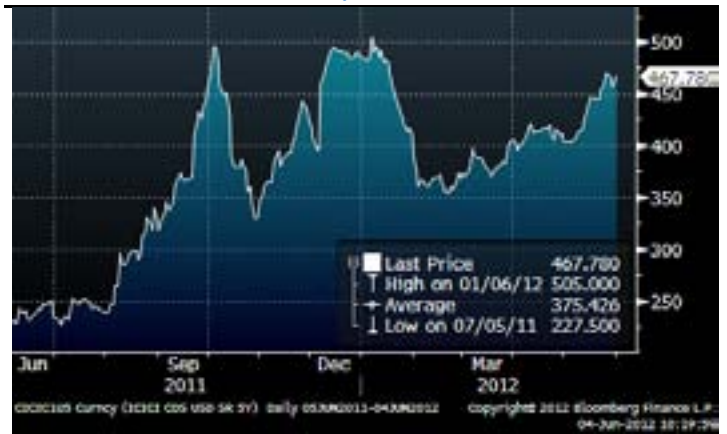
Source: Bloomberg, PL Research

Exhibit 17: SBI CDS spreads moves up on global risk aversion..



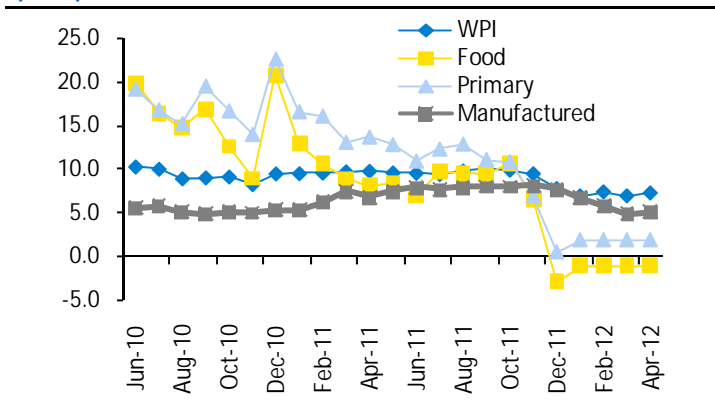
Source: Bloomberg, PL Research

Exhibit 18: ...so have ICICI's CDS spreads



Source: Bloomberg, PL Research

Exhibit 19: Manufacturing inflation underscores stickiness and inches up in April



Source: GOI, Bloomberg, PL Research

Exhibit 20: Manufacturing Inflation: Food products, metals adds to the higher-than-expected reading for April

YoY %	Feb 12	Mar 12	Apr 12
Manufactured products inflation	5.75%	4.87%	5.12%
Food products	5.7%	5.9%	6.5%
Beverages Tobacco & tobacco products	-0.7%	-3.3%	-4.2%
Paper & paper products	10.1%	8.2%	9.5%
Rubber & plastic products	3.2%	2.9%	1.4%
Chemicals & chemical products	2.1%	1.1%	1.3%
Non Metallic minerals	8.0%	7.4%	6.6%
Basic metal Alloy & metal product	6.7%	5.7%	7.7%
Machinery & machine tools	10.4%	9.5%	10.7%
Other	2.8%	2.2%	2.0%

Source: GOI, PL Research

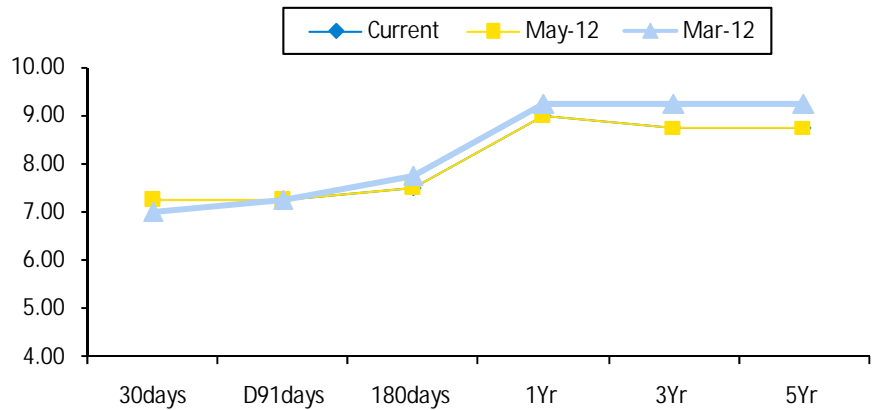
Exhibit 21: Base rates cuts starts with bigger names - ICICI, BOB, BOI

	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12
ICICI	10.0%	10.0%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	9.75%	9.75%
HDFCB	10.0%	10.0%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Axis	10.0%	10.0%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
PNB	10.8%	10.8%	10.75%	10.75%	10.75%	10.75%	10.75%	10.75%	10.50%	10.50%
BOB	10.8%	10.8%	10.75%	10.75%	10.75%	10.75%	10.75%	10.75%	10.50%	10.50%
BOI	10.8%	10.8%	10.75%	10.75%	10.75%	10.75%	10.75%	10.75%	10.50%	10.50%
SBI	10.0%	10.0%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
IndusInd	10.5%	10.5%	10.75%	10.75%	10.75%	10.75%	10.75%	10.75%	10.75%	10.75%
Yes	10.3%	10.3%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%

Source: Company Data, PL Research

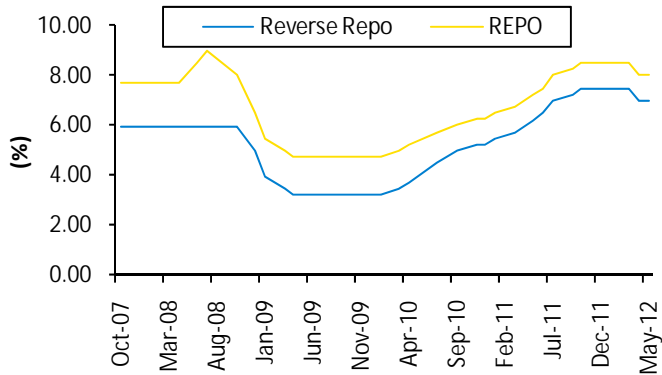
Higher deposits restricting downward revision in base rates, although slowdown in credit growth is visible

Exhibit 22: SBI deposit rates: Banks cut 1-yr deposit rates by ~25bps post monetary policy



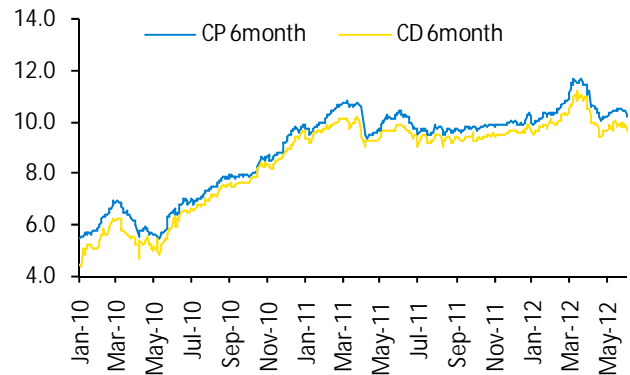
Source: Bloomberg, PL Research

Exhibit 23: RBI delivered a surprise 50bps cut in April 2012



Source: RBI, Bloomberg, PL Research

Exhibit 24: CP/CD rates : Seasonality has played out in April 2012



Source: Bloomberg, PL Research, CD/CP rates

Performance / Valuation Monitor

Exhibit 25: Defensives have outperformed in May2012

	CMP (Rs)	Absolute				Relative to Nifty			
		1M	3M	6M	1Yr	1M	3M	6M	1Yr
Axis Bank	988	-2.2%	-15.7%	-1.8%	-20.5%	2.5%	-6.2%	2.2%	-8.4%
IDFC	121	5.7%	-13.7%	4.5%	-10.8%	10.4%	-4.1%	8.5%	1.3%
ICICI Bank	789	-5.3%	-12.8%	0.1%	-24.7%	-0.6%	-3.3%	4.1%	-12.6%
HDFC Bank	496	-7.8%	-4.6%	6.4%	5.2%	-3.1%	5.0%	10.4%	17.3%
HDFC	640	-3.1%	-4.3%	-4.2%	-3.1%	1.6%	5.2%	-0.2%	9.0%
SBI	2,046	2.5%	-9.1%	8.4%	-11.5%	7.2%	0.4%	12.4%	0.6%
Kotak Bank	547	-3.0%	-3.4%	10.3%	25.6%	1.7%	6.1%	14.3%	37.7%
IndusInd	296	-8.4%	-6.0%	7.6%	10.7%	-3.7%	3.6%	11.6%	22.8%
Yes	321	-3.8%	-8.0%	10.6%	10.3%	0.9%	1.5%	14.6%	22.4%
PNB	740	-8.0%	-22.7%	-19.3%	-31.5%	-3.3%	-13.2%	-15.3%	-19.4%
BOB	679	-1.1%	-17.2%	-7.1%	-20.3%	3.5%	-7.7%	-3.1%	-8.2%
BOI	333	1.2%	-9.6%	-2.2%	-21.6%	5.9%	0.0%	1.8%	-9.4%
LIC HF	234	-8.2%	-7.4%	-0.1%	2.6%	-3.5%	2.2%	3.9%	14.7%
Shriram Transport	510	-7.4%	-6.2%	-5.9%	-27.3%	-2.7%	3.3%	-1.9%	-15.2%
Mahindra Finance	630	-5.6%	-10.9%	-5.7%	-4.5%	-0.9%	-1.3%	-1.7%	7.6%

Source: Bloomberg, Company Data, PL Research

Exhibit 26: Sector Valuation summary

	Price (Rs)	Mcap (\$ m)	Rating	PT	Upside	P/B (x)		P/E (x)		ROE		EPS Growth	
						FY13	FY14	FY13	FY14	FY13	FY14	FY13	FY14
Axis	988	8,177	BUY	1,400	42%	1.54	1.27	7.9	6.3	21.1%	21.9%	21.1%	25.1%
HDFCB	496	23,302	Accumulate	575	16%	3.36	2.85	17.9	14.6	20.1%	20.9%	26.0%	22.4%
ICICI	789	18,134	BUY	1,050	33%	1.39	1.26	9.4	8.0	12.1%	13.3%	18.0%	18.2%
HDFC	640	18,904	Accumulate	750	17%	3.15	2.71	13.0	11.1	22.3%	21.5%	15.6%	17.2%
IDFC	121	3,650	BUY	145	20%	1.33	1.19	9.7	8.2	14.4%	15.2%	20.8%	18.1%
Kotak	547	8,112	Reduce	530	-3%	2.59	2.28	19.2	15.3	14.5%	15.8%	19.9%	25.0%
IndusInd	296	2,770	BUY	400	35%	2.47	2.08	13.5	10.8	19.9%	20.9%	28.1%	24.3%
Yes	321	2,272	BUY	450	40%	1.98	1.61	9.3	7.3	23.4%	24.3%	22.1%	27.1%
PNB	740	5,018	Accumulate	900	22%	0.87	0.74	4.7	4.0	18.8%	18.7%	9.8%	16.2%
BOI	333	3,821	Accumulate	380	14%	0.90	0.77	5.3	4.5	17.1%	17.6%	34.8%	18.6%
BOB	679	5,318	BUY	900	33%	0.93	0.80	5.2	4.4	19.1%	19.1%	6.4%	17.3%
SBI	2,046	27,457	BUY	2,350	15%	1.12	0.97	6.5	5.8	17.6%	16.9%	30.6%	10.9%
LIC housing	234	2,360	BUY	340	45%	1.66	1.42	9.5	7.5	19.8%	20.0%	35.4%	26.7%
Shriram	510	2,307	Accumulate	575	13%	1.61	1.37	8.4	7.6	20.8%	19.6%	8.8%	11.5%
MMFS	630	1,310	BUY	860	36%	1.84	1.53	8.5	6.8	23.6%	24.6%	22.9%	24.9%

Source: Bloomberg, Company Data, PL Research

Exhibit 27: Current valuations v/s Average: Axis/ICICI bank better placed than peers

	PE (x)			P/B (x)		
	Average	Current	Premium/Discount	Average	Current	Premium/Discount
Axis	13.5	9.2	-32.2%	2.26	1.70	-25.0%
BOB	5.7	5.3	-6.9%	1.12	1.06	-5.3%
BOI	7.2	6.7	-7.9%	1.25	1.00	-19.5%
HDFCB	22.1	21.2	-4.1%	3.41	3.76	10.3%
ICICI	20.6	13.5	-34.5%	1.83	1.47	-19.9%
Kotak	22.2	22.7	2.2%	2.91	3.06	5.3%
PNB	6.3	4.8	-23.6%	1.35	0.97	-28.6%
SBI	10.0	8.8	-12.2%	1.51	1.38	-8.5%
IDFC	17.0	11.1	-34.7%	2.20	1.43	-35.4%
IIB	14.8	16.1	9.1%	1.96	2.78	41.6%
Yes	13.3	10.8	-18.8%	2.45	2.30	-6.1%
HDFC	23.5	21.9	-6.9%	4.57	4.47	-2.2%
Shriram Transport	9.5	8.6	-9.0%	2.20	1.84	-16.4%
LIC Housing	7.6	12.2	59.1%	1.50	2.01	34.1%
M&M Finance	10.0	10.0	0.1%	1.80	2.12	17.7%

Source: Company Data, PL Research

Relative valuation monitor

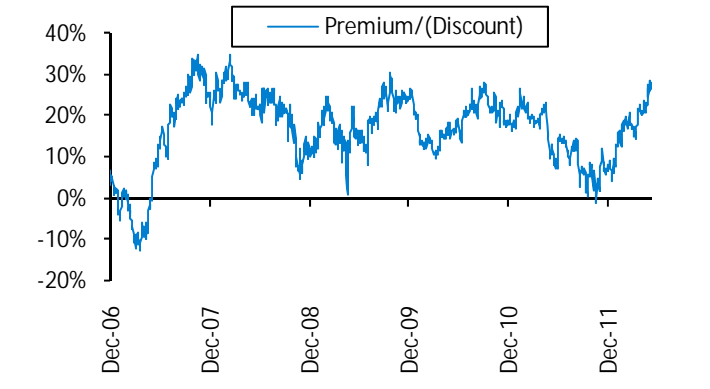
Exhibit 28: ICICI/HDFCB relative valuation monitor (Rs bn)

	Current	At our PT	In Dec-11	In Oct-10
ICICI Bank Market Cap	899	1210	806	1382
Valuation of subs (15% holding Dis.)	183	183	183	183
Valuation of international book	70	70	70	70
Value of domestic lending business	647	957	554	1130
HDFC Bank's market Cap	1,148	1348	1076	1173
Discount to HDFCB's valuation	77.4%	40.9%	94.2%	3.8%

	ICICI	HDFCB
FY13 Domestic Assets	4,145	4,085
FY13 Domestic PAT	61.8	62.1
FY13 Domestic ROA	1.59%	1.66%
FY13-14 Domestic ROE	16.3%	20.0%

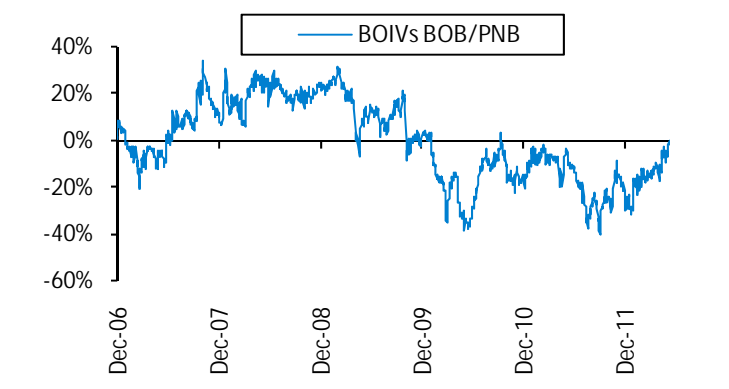
Source: Bloomberg, Company Data, PL Research

Exhibit 29: SBI at ~30% premium to BOB/BOI



Source: Bloomberg, Company Data, PL Research

Exhibit 30: BOI v/s PNB/BOB: almost at par



Source: Bloomberg, Company Data, PL Research

Appendix

Exhibit 31: Segmental credit growth: Agri and SME continue to lag, Infra (Power/Roads) also moderating, mortgages shows strength (Rs bn)

	April-12	Share of credit (%)	Share of incremental credit- m/m	Credit growth (%)		
				YoY	MoM	From Mar-11
Non-food Credit	42,831			16.5%	-0.2%	-0.2%
Agriculture	5,186	12.1%	-60.5%	14.6%	-0.8%	-0.8%
Industry	19,561	45.7%	-148.1%	19.5%	-0.5%	-0.5%
Services	10,381	24.2%	76.8%	15.8%	0.5%	0.5%
Retail credit	7,704	18.0%	31.8%	11.5%	0.3%	0.3%
Industry	19,561	45.7%	-148.1%	19.5%	-0.5%	-0.5%
Infrastructure	6,166	14.4%	-38.1%	14.1%	-0.4%	-0.4%
Power	3,264	7.6%	-37.0%	16.8%	-0.7%	-0.7%
Telecom	949	2.2%	19.2%	-5.2%	1.4%	1.4%
Roads	1,144	2.7%	0.2%	19.7%	0.0%	0.0%
Ex-Infra Industrial credit	13,395	31.3%	-110.0%	22.2%	-0.5%	-0.5%
Basic Metal	2,567	6.0%	15.9%	21.5%	0.4%	0.4%
Textiles	1,600	3.7%	1.7%	9.5%	0.1%	0.1%
Chemicals	1,099	2.6%	-39.4%	19.2%	-2.3%	-2.3%
Engineering	1,143	2.7%	11.0%	22.5%	0.6%	0.6%
Food Processing	1,010	2.4%	-20.9%	18.1%	-1.4%	-1.4%
Petroleum	654	1.5%	-71.1%	12.6%	-6.7%	-6.7%
Industry by Size	19,561	45.7%	-148.1%	19.5%	-0.5%	-0.5%
Micro & Small	2,619	6.1%	40.8%	12.1%	1.0%	1.0%
Medium	2,050	4.8%	-10.4%	9.6%	-0.3%	-0.3%
Large	14,892	34.8%	-178.4%	22.4%	-0.8%	-0.8%
Services	10,381	24.2%	76.8%	15.8%	0.5%	0.5%
Trade	2,208	5.2%	-1.6%	19.1%	0.0%	0.0%
NBFCs	2,369	5.5%	227.5%	36.2%	6.8%	6.8%
Commercial Real Estate	1,211	2.8%	9.5%	5.8%	0.5%	0.5%
Transport Operators	725	1.7%	-5.9%	11.1%	-0.5%	-0.5%
Retail credit	7,704	18.0%	31.8%	11.5%	0.3%	0.3%
Mortgages	3,922	9.2%	63.1%	11.0%	1.1%	1.1%
Vehicle Loans	957	2.2%	12.6%	19.4%	0.9%	0.9%

Source: RBI, PL Research

Exhibit 32: Liquidity Monitor FY13

Particulars			(Rs bn)
FY13 GDP, Budgeted			101,700
Targeted fiscal deficit			5.1%
Total borrowing budgeted FY13 (5.1% deficit)			5,187
Slippages over the budgeted	Budgeted	Assumption	380
Central Fiscal deficit	5.10%	5.10%	-
Fertiliser subsidy	610	670	60
Oil subsidy	430	750	320
Divestments	300	300	-
2G Auctions	400	400	-
Total Central borrowing (expected)			5,567
Implied Central government deficit			5.5%
Total State government deficit			2,000
Implied State government deficit			2.0%
Total Central and State government deficit			7,567
% of GDP			7.4%
Loan Book (FY12)			45,295
Deposit book (FY12)			59,854
Deposit growth (%)			15.5%
Loan growth (%)			15.0%
Total deposit mobilisation			9,277
Incremental loans			6,794
CRR requirement on incremental deposits at 6%			441
G-Sec investments possible by Banks			2,043
Gap to be filled by other sources and RBI action			1,868
RBI dollar intervention			(250)
Total RBI action required			1,618
Funding sources available			1,618
OMOs - Monetisation of debt			927
CRR cut of 100bps			691
Extra Repo borrowing by banks			-

Source: GOI, PL Research

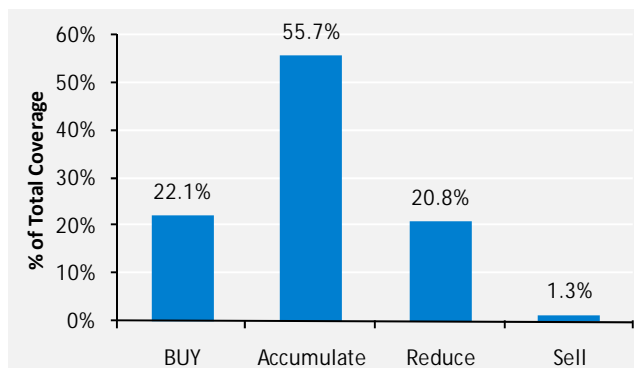
Exhibit 33: Banks Fundamentals

	NIM			Fees/total income			LLP			ROA			ROE		
	FY12E*	FY13E	FY14E	FY12E	FY13E	FY14E	FY12E	FY13E	FY14E	FY12E	FY13E	FY14E	FY12E	FY13E	FY14E
Axis	3.29%	3.40%	3.51%	39.9%	38.7%	38.1%	0.70%	0.95%	0.95%	1.74%	1.78%	1.84%	20.3%	21.1%	21.9%
HDFCB	4.28%	4.45%	4.42%	30.7%	29.8%	29.6%	0.35%	0.93%	0.93%	1.80%	1.89%	1.90%	18.7%	20.1%	20.9%
ICICI	2.57%	2.71%	2.75%	41.1%	39.5%	39.6%	0.67%	0.86%	0.90%	1.55%	1.59%	1.63%	11.2%	12.1%	13.3%
Kotak	4.87%	4.81%	4.74%	32.5%	31.2%	30.8%	0.24%	0.51%	0.63%	2.31%	2.18%	2.18%	13.9%	14.5%	15.8%
IndusInd	3.45%	3.59%	3.62%	36.1%	35.8%	36.4%	0.46%	0.79%	0.83%	1.62%	1.65%	1.63%	18.7%	19.9%	20.9%
Yes	2.67%	2.80%	2.87%	34.7%	34.4%	35.0%	0.25%	0.74%	0.80%	1.65%	1.59%	1.61%	23.5%	23.4%	24.3%
PNB	3.30%	3.21%	3.11%	22.3%	22.1%	22.7%	1.21%	1.18%	1.02%	1.20%	1.12%	1.13%	21.1%	18.8%	18.7%
SBI	3.47%	3.37%	3.29%	25.0%	24.9%	25.0%	1.43%	1.02%	0.99%	0.93%	1.06%	1.02%	16.3%	17.6%	16.9%
BOI	2.42%	2.60%	2.60%	25.9%	22.7%	22.7%	1.12%	1.04%	0.97%	0.78%	0.91%	0.93%	15.0%	17.1%	17.6%
Union	2.77%	2.70%	2.73%	19.5%	20.2%	20.2%	1.06%	1.05%	1.04%	0.80%	0.86%	0.87%	16.8%	18.2%	18.7%
BOB	2.63%	2.59%	2.59%	21.4%	20.9%	20.7%	0.90%	0.87%	0.84%	1.29%	1.14%	1.14%	22.1%	19.1%	19.1%
	Net NPL			Coverage			Tier 1 CAR			Loan growth			LDR		
Axis	0.3%	0.3%	0.3%	74%	74%	74%	9.5%	9.5%	9.4%	20%	20%	23%	88%	91%	91%
HDFC Bank	0.2%	0.2%	0.2%	82%	82%	82%	11.6%	11.1%	10.6%	22%	22%	25%	80%	80%	80%
ICICI Bank	0.7%	0.7%	0.7%	80%	80%	80%	12.7%	12.0%	11.2%	16%	15%	18%	110%	108%	104%
Kotak Bank	0.5%	0.3%	0.4%	62%	70%	70%	15.7%	15.5%	14.3%	30%	25%	25%	142%	142%	139%
IndusInd	0.3%	0.3%	0.3%	73%	72%	72%	11.3%	10.7%	10.1%	34%	26%	27%	83%	81%	81%
Yes Bank	0.0%	0.0%	0.1%	79%	89%	89%	9.9%	9.7%	8.9%	21%	25%	31%	95%	95%	94%
PNB	1.5%	1.7%	1.9%	49%	55%	57%	9.3%	9.5%	9.5%	22%	14%	16%	79%	79%	79%
SBI	1.8%	2.0%	2.1%	59%	60%	61%	9.8%	10.0%	9.7%	17%	15%	17%	85%	84%	85%
BOI	1.5%	1.5%	1.5%	38%	43%	45%	8.6%	8.5%	8.4%	16%	16%	17%	79%	80%	80%
Union	1.9%	2.2%	2.4%	44%	44%	44%	8.1%	7.9%	7.8%	15%	16%	18%	77%	78%	79%
BOB	0.5%	0.7%	0.8%	65%	65%	65%	10.8%	10.8%	10.7%	26%	17%	17%	76%	76%	76%

Source: Company Data, PL Research, FY12* actual for Axis, HDFCB, Yes, BOI, ICICI

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