HDFC Bank (HDFCB IN)

Rating: BUY | CMP: Rs1,968 | TP: Rs2,310

October 21, 2018

Q2FY19 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY20E	FY21E	FY19E	FY20E
Rating	BUY		BUY	
Target Price	2,310		2,492	
NII (Rs. m)	4,78,881	5,72,664	4,78,417	5,66,633
% Chng.			*0.1*	*1.1*
Op. Profit (Rs. m)	3,90,301	4,66,266	3,90,481	4,58,654
% Chng.			*0.0*	*1.7*
EPS (Rs.)	78.7	94.0	80.1	94.3
% Chng.			*(1.7)*	*(0.3)*

Key Financials

	FY18	FY19E	FY20E	FY21E
NII (Rs bn)	401	479	573	686
Op. Profit (Rs bn)	326	390	466	563
PAT (Rs bn)	175	209	254	311
EPS (Rs.)	67.8	78.7	94.0	114.9
Gr. (%)	*18.6*	*16.0*	*19.5*	*22.2*
DPS (Rs.)	10.9	12.7	16.0	20.0
Yield (%)	*0.6*	*0.6*	*0.8*	*1.0*
NIM (%)	*4.4*	*4.2*	*4.3*	*4.3*
RoAE (%)	*17.9*	*16.5*	*16.2*	*17.3*
RoAA (%)	*1.8*	*1.8*	*1.8*	*1.9*
P/BV (x)	4.8	3.6	3.2	2.8
P/ABV (x)	5.1	3.8	3.3	2.9
PE (x)	29.0	25.0	20.9	17.1
CAR (%)	14.8	16.9	15.4	14.1

Key Data

Key Data	HDBK.BO | HDFCB IN
52-W High / Low	Rs.2,220 / Rs.1,685
Sensex / Nifty	34,316 / 10,304
Market Cap	Rs.5,347bn/ $ 72,780m
Shares Outstanding	2,717m
3M Avg. Daily Value	Rs.11923.44m

Shareholding Pattern (%)

Promoter's	26.57
Foreign	39.18
Domestic Institution	16.55
Public & Others	17.70
Promoter Pledge (Rs bn)	

Stock Performance (%)

	1M	6M	12M
Absolute	0.3	1.5	6.5
Relative	9.0	1.5	1.1

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Better quarter with good business momentum

Quick Pointers

- Strong opex control and delivery from technology led efficiency, Cost-income was at historic low of 39.9%
- Strong liquidity management with LCR at 118%

HDFCB earnings of Rs50.05bn (PLe: Rs49.99bn) were in-line with estimates with slightly higher provisions which offset the beat in top line and continued cost control. Loan growth was strong 24% YoY with this quarter being led by wholesale, while margins saw uptick of 10bps to 4.3% on benefit from capital raise. Bank has continued to gain market share in key businesses led by digital sourcing and deeper penetration improving product delivery and cost control which has led the bank to reach historic low C/I of 39.9% in Q2FY19. Asset quality was steady, while the bank did not clarify on whether it has exposure to IL&FS but we do not expect large risk. We continue to remain positive on back on its consistent delivery of 20% CAGR earnings, strong loan growth, steady liability franchise and strong capital position. Retain BUY with revised TP of Rs2,310 (from Rs2,492) based on 3.6x (from 4.2x) Sep-20 ABV as we raise CoE assumptions and also roll over from Mar-20 ABV.

- **PPOP performance helped by NII & lower opex:** NII grew by strong 21% YoY on strong loan growth and better margins. Margins improved by 10bps QoQ to 4.3% partly on capital raise benefit and improved yields in-line with cost of funds despite industry facing pressure. Good opex control of 14% YoY led to better PPOP growth of 21% YoY. Over the years the bank has invested in technology and digital sourcing helping product delivery and efficiencies which has flown back to C/I income being lowest at 40% with employee productivity and increased market share which will continue benefit ahead.

- **Ex-capital raise margins flattish; maintains high LCR:** Ex-capital indicated by bank has been flattish sequentially at 4.2% as also evident from increased yields in-line with funding cost. With re-pricing setting in with flexibility on products in both wholesale & retail (unsecured/home loans/LAP/LAS), margins will remain steady at 4.1-4.3% going ahead. Bank has consciously maintained high LCR of 118% to remains liquid even at cost of slightly losing margins/spreads in near term which will remain phenomena in near term.

- **Good traction on both assets & liabilities**: **Loans** grew by 24% YoY led by 24.5% growth in wholesale loans and retail loans growing by 23.8% YoY. Under retail, Cars have been slightly slow, CV growth has been decent but aggressive market pricing disbursement was slower, unsecured momentum was also slightly slower but mix continues to inch-up, while biz banking saw decent growth. **On liabilities,** focus on deposit continues with steady CASA mix at 42% and steady growth in term deposits.

- **Lower issues from Agri & SME this quarter:** Seasonally agri remains steady while bank is seeing intensity of NPA in SME/biz banking coming off on improvement in business environment keeping overall asset quality at steady levels. We have limited clarity on exposure to IL&FS of bank, but we believe risks to asset quality limited.

NII growth was better on positive effect from capital raise and loan growth

Treasury continued to be in losses, but fee income has been doing well

Opex control has been quite good leading to much better C/I

Credit cost was slightly higher

Margins saw uptick on capital raise benefit, while core NIMs were flattish as yields also picked up with cost of funds

Overall asset quality was stable with lower pain from Agri/SME. PCR improved to 70%.

CASA mix remained steady at 42% with decent SA growth in the quarter, while better CA on seasonal basis

CD ratio has been higher as bank relied on slightly non deposit long term funding

Exhibit 1: Good top line and cost control helps deliver steady earnings

(Rs m)	Q2FY19	Q2FY18	YoY gr. (%)	Q1FY19	QoQ gr. (%)
Interest income	241,995	196,703	*23.0*	225,490	*7.3*
Interest Expended	124,362	99,182	*25.4*	117,354	*6.0*
Net interest income (NII)	**117,634**	**97,521**	***20.6***	**108,136**	***8.8***
- Treasury income	(328)	3,559	*(109.2)*	(2,832)	*(88.4)*
Other income	40,156	36,059	*11.4*	38,181	*5.2*
Total income	**157,789**	**133,580**	***18.1***	**146,316**	***7.8***
Operating expenses	62,991	55,401	*13.7*	59,839	*5.3*
-Staff expenses	19,092	17,158	*11.3*	18,105	*5.5*
-Other expenses	43,898	38,243	*14.8*	41,734	*5.2*
Operating profit	**94,799**	**78,179**	***21.3***	**86,478**	***9.6***
Core operating profit	**95,127**	**74,620**	***27.5***	**89,310**	***6.5***
Total provisions	18,200	14,762	*23.3*	16,294	*11.7*
Profit before tax	**76,599**	**63,417**	***20.8***	**70,184**	***9.1***
Tax	26,543	21,907	*21.2*	24,169	*9.8*
Profit after tax	**50,057**	**41,510**	***20.6***	**46,014**	***8.8***
Balance sheet (Rs m)					
Deposits	8,333,641	6,893,459	*20.9*	8,057,853	*3.4*
Advances	7,508,381	6,048,669	*24.1*	7,086,487	*6.0*
Profitability ratios					
YoA – Calc	10.3	10.4	*(4)*	10.2	*14*
CoF - Calc	5.2	5.1	*10*	5.1	*12*
NIM - Rep	**4.3**	**4.3**	***-***	**4.2**	***10***
RoaA	1.8	1.8	*(4)*	1.7	*6*
RoaE	16.4	17.5	*(111)*	17.2	*(85)*
Asset Quality					
Gross NPL (Rs mn)	100,977	77,028	*31.1*	95,386	*5.9*
Net NPL (Rs mn)	30,282	25,968	*16.6*	29,071	*4.2*
Gross NPL ratio	1.3	1.3	*7*	1.3	*-*
Net NPL ratio	0.4	0.4	*(3)*	0.4	*(1)*
Coverage ratio - Calc	70.0	66.3	*372*	69.5	*49*
Business & Other Ratios					
Low-cost deposit mix	42.0	42.9	*(90)*	41.7	*30*
Cost-income ratio	39.9	41.5	*(155)*	40.9	*(98)*
Non int. inc / total income	25.4	27.0	*(155)*	26.1	*(65)*
Credit deposit ratio	90.1	87.7	*235*	87.9	*215*
CAR	17.1	15.1	*200*	14.6	*250*
Tier-I	15.6	13.3	*230*	13.1	*250*

Source: Company, PL

Key Q2FY19 Concall Highlights

Balance sheet & Outlook

- **Loan book –** Loans grew strong 23% YoY on good growth from wholesale book. In retail, unsecured credit has been growing much faster on penetration in semi-urban/Rural and improved technology delivery has helped over asset based financing. LAS/LAP/CV segments still seeing risk & competition and hence has seen lower disbursements sequentially. Overseas loans 3% of loan book which is backed by overseas borrowing, while domestic book on fixed basis remains in band of 65-70%.

- **Deposits –** Bank has continued to see good flow in deposits from Mar'18 onwards and mainly retail which is moving at steady pace and not seeing any extraordinary trends currently. CASA has been coming off from benefit from demonetization which is now tapering off and that also see steady trends.

- **Sensitive sector exposure – (i)** Real estate exposure is much higher to LAP and LRD receivables and not to developers/builder. **(ii)** NBFCs – Bank has fair appetite on NBFCs with exposure at 5.1% currently with 85% portfolio is top rated on internal basis and underlying NBFCs financing housing/retail. RBI liquidity's availability for NBFCs lending may not influence and continue to have cautious stance as earlier.

Margins

- Margins saw uptick of 10bps QoQ on positive effect from raised equity capital. Ex-capital raise, NIMs have been stable with both cost of funds and yields moving up.

Fee income/Opex

- **Fees –** Core fees continue to be good on transaction flow on various products lines, while insurance fees/commissions helping with open distribution architecture but was partly offset by lower MF distribution fees. Fees growth expectation should be 13-15% YoY going ahead.

- **Opex –** Opex has been under control on digitalization benefits but should see inch up as adding capacity in areas of sales, virtual RMs, managed assets program, retail assets in front end and back end for credit process/operations.

Asset quality

- Bank saw slippages of Rs32.85bn and Upgrades of Rs6.6bn, recovery of Rs8.85bn and W.off of Rs11.79bn. As indicated earlier, Agri NPAs are seasonally lower in Q2, while Biz banking NPAs now getting under control which were spiking from Dec'18.

- **Credit cost/Provisions –**Credit cost remained at the 70bps annualized of loans but retained its PCR of 70%. Bank continues to maintain Rs14.5bn of floating provisions

Capital/Liquidity

- Bank maintains high liquidity with LCR at 118% HQLA and has been possible due to deposit focus. Will continue with high LCR despite on cost of losing margins for next few quarters.

Subsidiary performance & Others

- HDB's AUMs grew by 27% YoY with high share of LAP but incremental share contribution is much lower and now have been pushing asset based products. Asset quality has seen slight deterioration on seasoning with GNPAs at 1.98% in Q2FY19 v/s 1.9% in Q1FY19. On borrowings, much less dependence on short term borrowings with CP borrowing at 3% and higher share in term loans (qtrly reset), sub debt.
- Have initiated tier-up with platform players with bank's API to increase distribution reach.

Loan growth was driven from wholesale book

Car loans have been slower, while CV & TW continue their momentum

Unsecured loans share continues to inch up on strong growth but momentum was slight slower

Biz banking growth was decent as on ground things seem to be getting better according to bank's assessment

Exhibit 2: Better non-retail growth drives growth; retail also doing well

Loan Composition (Rs m)	Q2FY19	Q2FY18	YoY gr. (%)	Q1FY19	QoQ gr. (%)
Car Loans	803,360	690,530	16.3	775,690	3.6
CV loans	255,080	202,520	26.0	248,520	2.6
2 wheeler loans	96,890	68,830	40.8	92,270	5.0
Sub-total - Auto Loans	**1,155,330**	**961,880**	**20.1**	**1,116,480**	**3.5**
Personal loans	834,260	606,920	37.5	778,680	7.1
Business banking	541,800	455,280	19.0	520,500	4.1
Loan against shares	18,240	16,040	13.7	17,480	4.3
Credit Cards	405,350	308,310	31.5	384,580	5.4
Home loans	478,610	400,150	19.6	440,210	8.7
Gold Loans	51,930	50,680	2.5	51,160	1.5
Other Retail	529,470	444,220	19.2	494,730	7.0
Retail Loans	**4,014,990**	**3,243,480**	**23.8**	**3,803,820**	**5.6**
Non Retail Loans	**3,493,391**	**2,805,189**	**24.5**	**3,282,667**	**6.4**
Total Advances	**7,508,381**	**6,048,669**	**24.1**	**7,086,487**	**6.0**
Loan Mix					
Vehicle Loans	15.4%	15.9%	(0.5)	15.8%	(0.4)
Unsecured Loans	16.5%	15.1%	1.4	16.4%	0.1
Retail Loans	53.5%	53.6%	(0.1)	53.7%	(0.2)
Non Retail Loans	46.5%	46.4%	0.1	46.3%	0.2

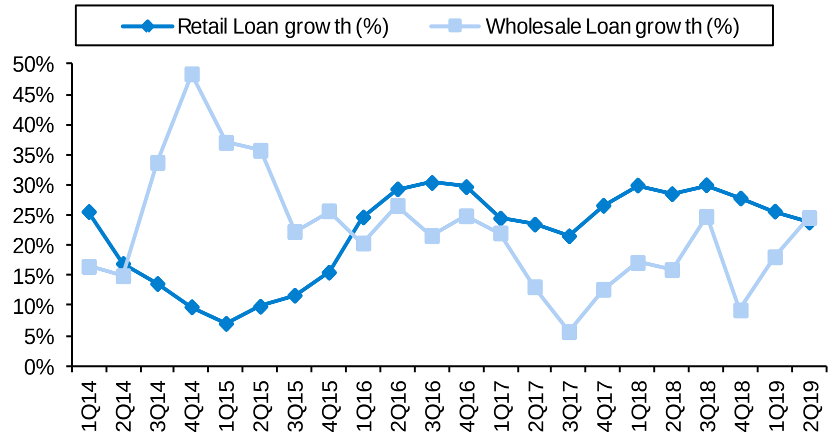
Source: Company, PL

Exhibit 3: Loan book composition as per internal classification

Loan Composition (Rs m)	Q2FY19	Q2FY18	YoY gr. (%)	Q1FY19	QoQ gr. (%)
Car Loans	919,200	789,990	16.4	883,200	4.1
CV loans	495,480	403,610	22.8	471,670	5.0
2 wheeler loans	112,900	85,350	32.3	103,240	9.4
Sub-total - Auto Loans	**1,527,580**	**1,278,950**	**19.4**	**1,458,110**	**4.8**
Personal loans	841,450	613,130	37.2	785,420	7.1
Business banking	1,170,390	964,850	21.3	1,095,510	6.8
Loan against shares	35,800	32,190	11.2	35,520	0.8
Credit Cards	405,350	308,310	31.5	387,920	4.5
Home loans	478,750	400,290	19.6	440,360	8.7
Gold loans	57,010	52,510	8.6	55,290	3.1
Other Retail	580,910	482,220	20.5	541,450	7.3
Retail Total	**5,097,240**	**4,132,450**	**23.3**	**4,799,580**	**6.2**

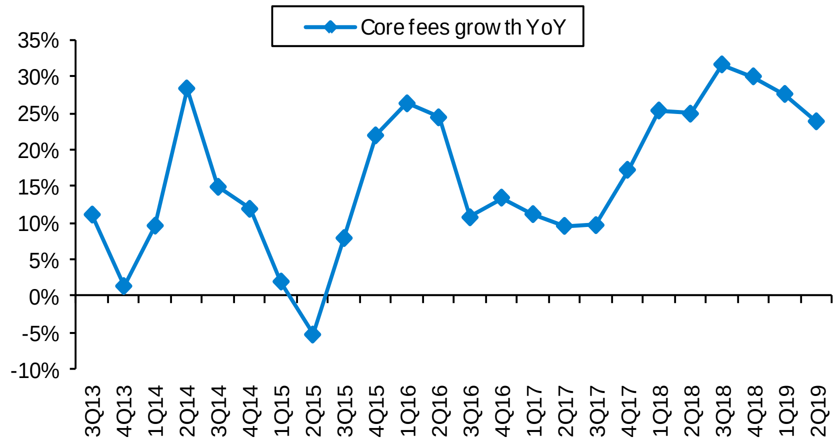
Source: Company, PL

Exhibit 4: Wholesale growth has been strong, retail has been tad slower



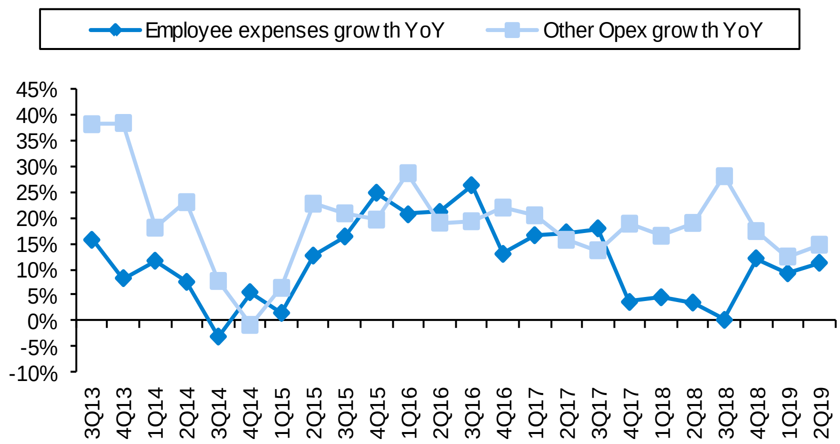
Source: Company, PL

Exhibit 5: Core fees growth continued to be good from transaction fees, insurance commissions



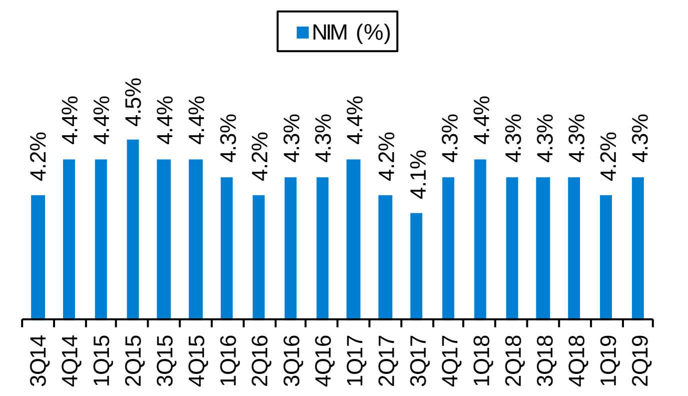
Source: Company, PL

Exhibit 6: Bank has been showcasing good control on opex



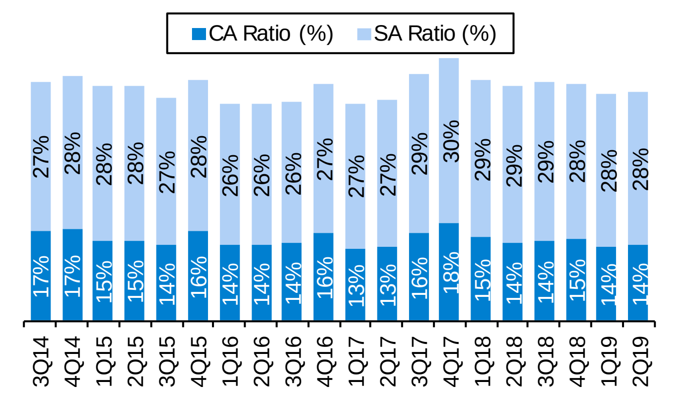
Source: Company, PL

Exhibit 7: Margins improved on back of capital raising otherwise has been stable



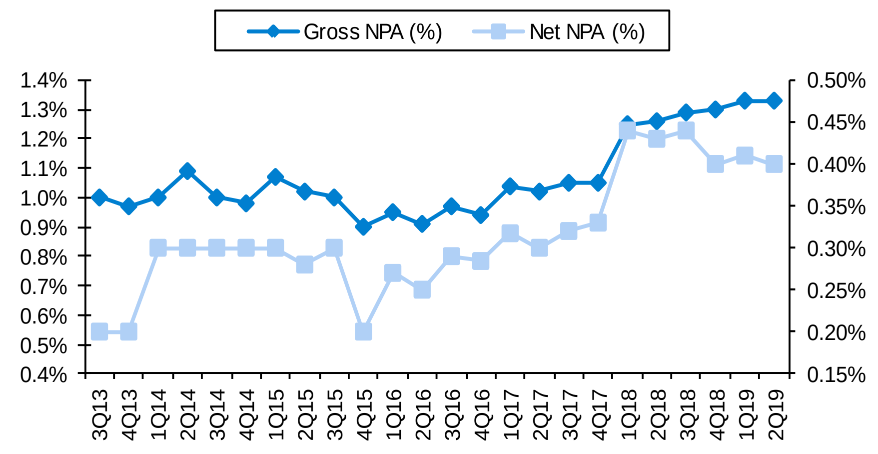
Source: Company, PL

Exhibit 8: CASA mix was steady with some improvement from good SA growth



Source: Company, PL

Exhibit 9: Asset quality was steady with provision cover now 70%



Source: Company Data, PL Research

Exhibit 10: ROEs to come off post capital raise but ROAs to climb back to 1.9% by FY20

RoA decomposition	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E	FY21E
Interest income	9.22	8.96	9.27	8.64	8.32	8.44	8.71	8.89
Interest expenses	5.08	4.82	5.02	4.51	4.17	4.36	4.60	4.68
Net interest income	**4.14**	**4.14**	**4.25**	**4.13**	**4.16**	**4.09**	**4.11**	**4.21**
Treasury income	0.32	0.29	0.30	0.30	0.25	0.15	0.14	0.14
Other Inc. from operations	1.46	1.38	1.35	1.23	1.33	1.29	1.23	1.19
Total income	**5.92**	**5.80**	**5.90**	**5.66**	**5.74**	**5.53**	**5.48**	**5.54**
Employee expenses	0.94	0.88	0.88	0.81	0.71	0.65	0.62	0.59
Other operating expenses	1.76	1.71	1.74	1.65	1.65	1.55	1.52	1.49
Operating profit	**3.22**	**3.22**	**3.29**	**3.21**	**3.38**	**3.33**	**3.35**	**3.46**
Tax	0.96	0.94	0.98	0.95	0.96	0.94	0.96	1.01
Loan loss provisions	0.36	0.38	0.42	0.45	0.61	0.61	0.55	0.53
RoAA	**1.90**	**1.89**	**1.89**	**1.81**	**1.81**	**1.79**	**1.84**	**1.92**
RoAE	**21.28**	**19.37**	**18.26**	**17.95**	**17.87**	**16.53**	**16.24**	**17.44**

Source: Company Data, PL Research

Exhibit 11: We revise our TP lower to Rs2,310 (from Rs2,492) based on Sep-20 ABV (rolled over from Mar-20) as we increase CoE assumptions

PT calculation and upside	
Market risk premium	6.0%
Risk-free rate	8.0%
Adjusted beta	1.03
Terminal Growth	5.0%
Cost of equity	14.2%
Fair price - P/ABV	**2,310**
Target P/ABV	**3.6**
Target P/E	**21.9**
Current price, Rs	1965
Upside (%)	**17.5%**
Dividend yield (%)	0.9%
Total return (%)	**18.4%**

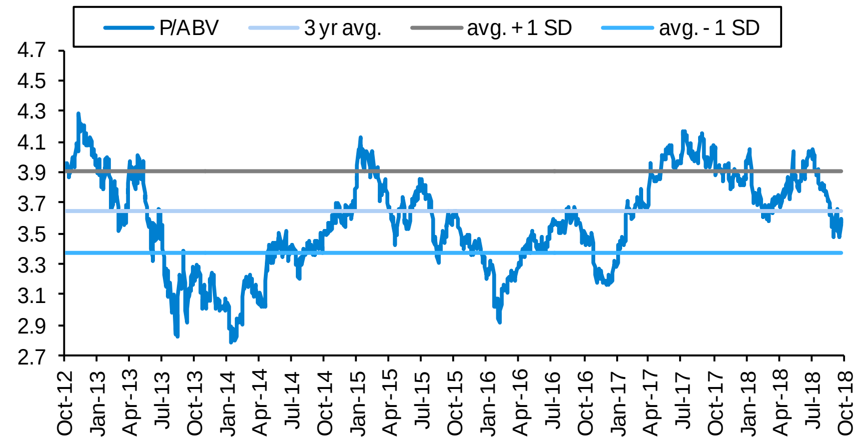
Source: Company Data, PL Research

Exhibit 12: Change in earnings estimates – We tweak opex and credit cost

(Rs mn)	Old		Revised		*% Change*	
	FY19E	FY20E	FY19E	FY20E	*FY19E*	*FY20E*
Net interest income	478,417	566,633	478,916	572,779	*0.1*	*1.1*
Operating profit	390,481	458,654	390,336	466,381	*(0.0)*	*1.7*
Net profit	212,240	255,146	209,512	255,687	*(1.3)*	*0.2*
EPS (Rs)	80.1	94.3	79.1	94.5	*(1.3)*	*0.2*
ABVPS (Rs)	519.2	594.1	517.8	593.1	*(0.3)*	*(0.2)*
Price target (Rs)	**2,492**		**2,309**		*(7.3)*	
Recommendation	**BUY**		**BUY**			

Source: Company Data, PL Research

Exhibit 13: HDFCB 1 year forward P/ABV trend



Source: Company Data, PL Research

Income Statement (Rs. m)

Y/e Mar	FY18	FY19E	FY20E	FY21E
Int. Earned from Adv.	6,26,618	7,64,379	9,40,380	11,56,072
Int. Earned from invt.	1,62,224	2,07,684	2,56,007	2,82,546
Others	13,572	17,705	16,777	16,708
Total Interest Income	8,02,414	9,89,768	12,13,164	14,55,326
Interest Expenses	4,01,465	5,10,887	6,40,500	7,68,911
Net Interest Income	**4,00,949**	**4,78,881**	**5,72,664**	**6,86,415**
Growth(%)	*21.7*	*17.1*	*17.9*	*18.4*
Non Interest Income	1,52,203	1,68,945	1,90,908	2,17,635
Net Total Income	5,53,152	6,47,826	7,63,572	9,04,050
Growth(%)	*17.0*	*21.4*	*21.2*	*19.2*
Employee Expenses	68,057	76,224	86,133	96,470
Other Expenses	1,49,783	1,70,753	1,99,781	2,32,744
Operating Expenses	2,26,904	2,57,525	2,97,306	3,40,954
Operating Profit	**3,26,248**	**3,90,301**	**4,66,266**	**5,63,096**
Growth(%)	*26.8*	*19.6*	*19.5*	*20.8*
NPA Provision	49,104	58,855	63,173	71,566
Total Provisions	59,275	70,958	76,614	87,114
PBT	**2,66,973**	**3,19,343**	**3,89,652**	**4,75,982**
Tax Provision	92,106	1,10,812	1,35,209	1,65,166
Effective tax rate (%)	*34.5*	*34.7*	*34.7*	*34.7*
PAT	**1,74,867**	**2,08,531**	**2,54,443**	**3,10,816**
Growth(%)	*20.2*	*19.3*	*22.0*	*22.2*

Balance Sheet (Rs. m)

Y/e Mar	FY18	FY19E	FY20E	FY21E
Face value	2	2	2	2
No. of equity shares	2,595	2,705	2,705	2,705
Equity	5,190	5,411	5,411	5,411
Networth	10,62,950	14,70,810	16,74,155	-
Growth(%)	*18.8*	*38.4*	*13.8*	*14.8*
Adj. Networth to NNPAs	26,010	32,733	33,887	37,859
Deposits	78,87,706	93,07,494	1,10,29,380	1,30,69,815
Growth(%)	*22.5*	*18.0*	*18.5*	*18.5*
CASA Deposits	34,30,928	39,27,762	46,76,457	55,80,811
% of total deposits	*43.5*	*42.2*	*42.4*	*42.7*
Total Liabilities	**1,06,39,343**	**1,28,06,229**	**1,50,56,780**	**1,76,73,091**
Net Advances	65,83,331	81,30,414	99,19,105	1,21,01,308
Growth(%)	*18.7*	*23.5*	*22.0*	*22.0*
Investments	24,22,002	33,67,490	37,48,824	40,84,010
Total Assets	**1,06,39,343**	**1,28,00,901**	**1,50,45,493**	**1,76,55,530**
Growth (%)	*23.2*	*20.3*	*17.5*	*17.3*

Asset Quality

Y/e Mar	FY18	FY19E	FY20E	FY21E
Gross NPAs (Rs m)	86,070	1,06,603	1,14,051	1,26,420
Net NPAs (Rs m)	26,010	32,733	33,887	37,859
Gr. NPAs to Gross Adv.(%)	*1.3*	*1.3*	*1.1*	*1.0*
Net NPAs to Net Adv. (%)	*0.4*	*0.4*	*0.3*	*0.3*
NPA Coverage %	*69.8*	*69.3*	*70.3*	*70.1*

Profitability (%)

Y/e Mar	FY18	FY19E	FY20E	FY21E
NIM	4.4	4.2	4.3	4.3
RoAA	1.8	1.8	1.8	1.9
RoAE	17.9	16.5	16.2	17.3
Tier I	13.3	14.7	13.5	12.5
CRAR	14.8	16.9	15.4	14.1

Source: Company Data, PL Research

Quarterly Financials (Rs. m)

Y/e Mar	Q3FY18	Q4FY18	Q1FY19	Q2FY19
Interest Income	2,05,813	2,13,211	2,25,490	2,41,995
Interest Expenses	1,02,669	1,06,634	1,17,354	1,24,362
Net Interest Income	**1,03,143**	**1,06,577**	**1,08,136**	**1,17,634**
YoY growth (%)	*10.4*	*17.7*	*26.2*	*25.4*
CEB	28,721	33,297	31,710	32,956
Treasury	-	-	-	-
Non Interest Income	38,691	42,726	38,181	40,156
Total Income	**2,44,504**	**2,55,937**	**2,63,670**	**2,82,151**
Employee Expenses	16,913	17,412	18,105	19,092
Other expenses	40,410	43,094	41,734	43,898
Operating Expenses	57,322	60,506	59,839	62,991
Operating Profit	**84,512**	**88,797**	**86,478**	**94,799**
YoY growth (%)	*27.9*	*22.0*	*15.0*	*21.3*
Core Operating Profits	81,918	88,577	89,310	95,127
NPA Provision	11,487	11,325	14,322	15,725
Others Provisions	13,514	15,411	16,294	18,200
Total Provisions	13,514	15,411	16,294	18,200
Profit Before Tax	**70,998**	**73,386**	**70,184**	**76,599**
Tax	24,573	24,953	24,169	26,543
PAT	**46,425**	**48,433**	**46,014**	**50,057**
YoY growth (%)	*20.1*	*21.4*	*18.2*	*20.6*
Deposits	**69,90,264**	**78,87,706**	**80,57,853**	**83,33,641**
YoY growth (%)	*10.1*	*22.5*	*20.0*	*20.9*
Advances	**63,12,147**	**65,83,331**	**70,86,487**	**75,08,381**
YoY growth (%)	*27.5*	*18.7*	*22.0*	*24.1*

Key Ratios

Y/e Mar	FY18	FY19E	FY20E	FY21E
CMP (Rs)	1,968	1,968	1,968	1,968
EPS (Rs)	67.8	78.7	94.0	114.9
Book Value (Rs)	410	544	619	710
Adj. BV (70%)(Rs)	388	517	592	683
P/E (x)	29.0	25.0	20.9	17.1
P/BV (x)	4.8	3.6	3.2	2.8
P/ABV (x)	5.1	3.8	3.3	2.9
DPS (Rs)	10.9	12.7	16.0	20.0
Dividend Payout Ratio (%)	*19.4*	*19.5*	*20.1*	*20.6*
Dividend Yield (%)	*0.6*	*0.6*	*0.8*	*1.0*

Efficiency

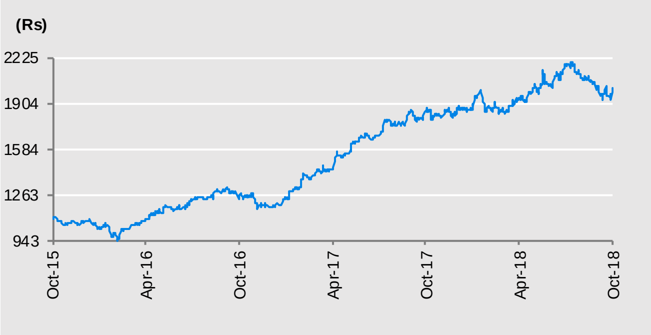
Y/e Mar	FY18	FY19E	FY20E	FY21E
Cost-Income Ratio (%)	*41.0*	*39.8*	*38.9*	*37.7*
C-D Ratio (%)	*83.5*	*87.4*	*89.9*	*92.6*
Business per Emp. (Rs m)	164	194	229	270
Profit per Emp. (Rs lacs)	20	23	28	33
Business per Branch (Rs m)	3,023	3,404	3,822	4,292
Profit per Branch (Rs m)	37	41	46	53

Du-Pont

Y/e Mar	FY18	FY19E	FY20E	FY21E
NII	4.16	4.09	4.11	4.19
Total Income	5.74	5.53	5.48	5.52
Operating Expenses	2.35	2.20	2.13	2.08
PPoP	3.38	3.33	3.35	3.44
Total provisions	0.61	0.61	0.55	0.53
RoAA	1.81	1.78	1.83	1.90
RoAE	17.87	16.46	16.18	17.29

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	24-Oct-17	BUY	2,136	1,865
2	17-Nov-17	BUY	2,136	1,806
3	13-Dec-17	BUY	2,136	1,822
4	10-Jan-18	BUY	2,136	1,864
5	20-Jan-18	BUY	2,136	1,951
6	12-Feb-18	BUY	2,136	1,853
7	15-Mar-18	BUY	2,136	1,880
8	13-Apr-18	BUY	2,136	1,939
9	21-Apr-18	BUY	2,251	1,966
10	15-May-18	BUY	2,251	2,022

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	Axis Bank	Accumulate	624	586
2	Bank of Baroda	Accumulate	165	103
3	Bank of India	Reduce	89	79
4	Federal Bank	BUY	102	82
5	HDFC Bank	BUY	2,492	1,958
6	ICICI Bank	Accumulate	329	317
7	IDFC Bank	Accumulate	55	37
8	IndusInd Bank	BUY	2,000	1,627
9	Jammu & Kashmir Bank	BUY	94	40
10	Kotak Mahindra Bank	Hold	1,398	1,075
11	Punjab National Bank	Hold	79	65
12	South Indian Bank	BUY	22	15
13	State Bank of India	BUY	349	271
14	Union Bank of India	Reduce	79	68
15	YES Bank	BUY	250	215

PL's Recommendation Nomenclature (Absolute Performance)

Buy : > 15%
Accumulate : 5% to 15%
Hold : +5% to -5%
Reduce : -5% to -15%
Sell : < -15%
Not Rated (NR) : No specific call on the stock
Under Review (UR) : Rating likely to change shortly

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