

April 21, 2019

## Q4FY19 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

	Current		Previous	
	FY20E	FY21E	FY20E	FY21E
Rating	BUY		BUY	
Target Price	2,700		2,371	
NII (Rs. m)	583,088	704,987	577,539	696,407
% Chng.	1.0	1.2		
Op. Profit (Rs. m)	484,452	588,726	477,253	577,992
% Chng.	1.5	1.9		
EPS (Rs.)	94.1	114.3	93.5	113.2
% Chng.	0.7	1.0		

### Key Financials

	FY18	FY19	FY20E	FY21E
NII (Rs bn)	401	482	583	705
Op. Profit (Rs bn)	326	398	484	589
PAT (Rs bn)	175	211	256	311
EPS (Rs.)	67.8	79.3	94.1	114.3
Gr. (%)	18.6	16.9	18.7	21.5
DPS (Rs.)	10.9	12.7	15.0	18.0
Yield (%)	0.5	0.6	0.7	0.8
NIM (%)	4.4	4.4	4.5	4.6
RoAE (%)	17.9	16.5	16.1	17.0
RoAA (%)	1.8	1.8	1.9	2.0
P/BV (x)	5.6	4.2	3.7	3.2
P/ABV (x)	5.9	4.4	3.8	3.3
PE (x)	33.8	28.9	24.4	20.1
CAR (%)	14.8	17.1	16.9	16.2

### Key Data

HDBK.BO | HDFCB IN

52-W High / Low	Rs.2,332 / Rs.1,860
Sensex / Nifty	39,140 / 11,753
Market Cap	Rs.6,245bn / \$ 89,780m
Shares Outstanding	2,723m
3M Avg. Daily Value	Rs.14543.82m

### Shareholding Pattern (%)

Promoter's	26.54
Foreign	38.71
Domestic Institution	17.80
Public & Others	16.95
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	1.4	16.1	18.6
Relative	(1.5)	3.2	4.3

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## Strong earnings despite challenges

### Quick Pointers

- Better NII growth & NIMs lead to beat in earnings
- Retail growth of 19.5% YoY has been slowest in many quarters on back of cautious growth strategy

**HDFCB earnings were better with growth of ~23% YoY at Rs58.8bn (PLe: Rs57.7bn) on back of strong NII growth of ~23% and lower provisioning as asset quality was largely steady. Bank consciously has slowed retail growth in certain segments which grew at 19% YoY, while overall loan growth was supported by non-retail which were largely short term in nature (some NCLT backing). Tone on Agri continues to remain cautious and hence continues to add to contingent provisions. Bank has been able to retain superior NIMs on well managed portfolio mix but liabilities seem to be a challenge in near term and hence we keep an eye on cost of funds. Structurally bank continues to deliver 20% CAGR earnings with better margin profile and strong asset quality, leading us to retain BUY rating with revised TP of Rs2,700 (from Rs2,371) as we roll forward to Mar-21 ABV based on 3.9x multiple.**

- **PPOP growth held up from strong NII:** Overall core PPOP growth of 20% YoY was slightly slower on back of sluggish core fee income (11% YoY) and higher opex, although strong NII growth of 23% YoY helped PPOP. NIMs improved by ~10bps QoQ to 4.4% with as yields held up while cost of funds saw improvement on better liability mix management. Earnings saw beat on back of lower provisions as asset quality held up steady.
- **Business growth has remained robust:** Overall loans grew by 24.5% YoY but was led by much stronger growth in non-retail loans of 31% YoY as corporates saw better utilization of working capital limits, loans backing NCLT assets and AA rated corporates which are short term in nature which should run off in next 30-60 days. Retail growth of 19% YoY was slower in many quarters as bank seems to be consciously pausing in certain segments to assess risk. Unsecured growth continued to be strong at 29% YoY, home loan growth has been catching up, while vehicle loans were slower.
- **Deposit mobilization has been a challenge:** Overall deposits grew by 17% YoY while CASA was slower at 14% YoY mainly backed by strong CA growth which being largely seasonal. SA growth in particular has been slower at 11% YoY (though better QoQ) as customer SA balances have been moving to TDs which also has been the focus of the bank helping granularize deposits.
- **Steady asset quality:** GNPA/NNPAs of 136/39bps of loans has been steady with strong PCR of 71%. Although, bank remains cautious on Agri portfolio with concern likely to remain for another quarter.
- **Subs performance:** HDB's continued to see robust loan growth of 24% YoY to Rs56.5bn with NII growing by 17% YoY and PAT by 24% YoY. HDB's Tier-I was at 12.8% and hence may require of capital in next 12 months.

**Exhibit 1: Strong NII growth & lower provision from steady asset quality**

*NII growth was better on positive effect from loan growth and uptick in NIM from mix*

*Other Income growth was moderate on slower core fees/Fx*

*Opex remained under control with steady C/I at ~40%*

*Provisions came off on back of lower slippages and relatively lower contingent provisions*

*Business growth continued to remain robust*

*NIM improved on back of better mix management on loans and slower deposit growth*

*Asset quality improves but Agri still remains a concern area. Lower slippages and better provisioning improves coverage ratio*

*CASA mix remained under pressure especially SA as more shift towards Retail TDs remains a core strategy*

(Rs m)	Q4FY19	Q4FY18	YoY gr. (%)	Q3FY19	QoQ gr. (%)
Interest income	263,333	213,211	23.5	258,903	1.7
Interest Expended	132,438	106,634	24.2	133,135	(0.5)
<b>Net interest income (NII)</b>	<b>130,895</b>	<b>106,577</b>	<b>22.8</b>	<b>125,768</b>	<b>4.1</b>
- Treasury income	2,289	220	940.5	4,740	(51.7)
Other income	48,712	42,286	15.2	49,210	(1.0)
<b>Total income</b>	<b>179,607</b>	<b>148,863</b>	<b>20.7</b>	<b>174,978</b>	<b>2.6</b>
Operating expenses	71,171	60,506	17.6	67,193	5.9
-Staff expenses	20,744	17,412	19.1	19,676	5.4
-Other expenses	50,427	43,094	17.0	47,517	6.1
<b>Operating profit</b>	<b>108,436</b>	<b>88,357</b>	<b>22.7</b>	<b>107,784</b>	<b>0.6</b>
<b>Core operating profit</b>	<b>106,147</b>	<b>88,137</b>	<b>20.4</b>	<b>103,044</b>	<b>3.0</b>
Total provisions	18,892	15,411	22.6	22,115	(14.6)
<b>Profit before tax</b>	<b>89,544</b>	<b>72,946</b>	<b>22.8</b>	<b>85,669</b>	<b>4.5</b>
Tax	30,693	24,953	23.0	29,810	3.0
<b>Profit after tax</b>	<b>58,851</b>	<b>47,993</b>	<b>22.6</b>	<b>55,859</b>	<b>5.4</b>
<b>Balance sheet (Rs m)</b>					
Deposits	9,231,409	7,887,706	17.0	8,525,019	8.3
Advances	8,194,012	6,583,331	24.5	7,809,512	4.9
<b>Profitability ratios</b>					
YoA – Calc	10.5	10.3	17	10.6	(10)
CoF - Calc	5.3	5.0	28	5.5	(20)
<b>NIM - Rep</b>	<b>4.4</b>	<b>4.3</b>	<b>10</b>	<b>4.3</b>	<b>10</b>
RoaA	2.0	1.9	4	1.9	4
RoaE	16.1	18.5	(240)	15.9	17
<b>Asset Quality</b>					
Gross NPL (Rs mn)	112,242	86,070	30.4	109,029	2.9
Net NPL (Rs mn)	32,145	26,010	23.6	33,015	(2.6)
Gross NPL ratio	1.4	1.3	6	1.4	(2)
Net NPL ratio	0.4	0.4	(1)	0.4	(3)
Coverage ratio - Calc	71.4	69.8	158	69.7	164
<b>Business &amp; Other Ratios</b>					
Low-cost deposit mix	42.4	43.5	(110)	40.7	170
Cost-income ratio	39.6	40.6	(102)	38.4	122
Non int. inc / total income	27.1	28.4	(128)	28.1	(100)
Credit deposit ratio	88.8	83.5	530	91.6	(284)
CAR	17.1	14.8	230	17.3	(20)
Tier-I	15.8	13.2	260	15.8	-

Source: Company, PL

## Key Q4FY19 Concall Highlights

### Business growth and outlook

- Non-retail book grew 31% YoY which have been largely short term in nature. Also certain corporates saw better utilization of working capital limits and also funded certain NCLT backed assets which should run off in next 30-60days.
- Also, industry has witnessed growth in number of AA rated corporate. Consequently, bank has also increased exposure to these corporate. 5-6% of corporate loans are externally linked loans, while Overseas book constitutes ~3% of total advances
- Retail grew slow as bank has been growing strong in last two years and hence consciously pause in certain segments especially where cost of funds have jumped and not push products with lower yields. Auto & 2W loans were impacted because of rise in vehicle prices which led to structural shift in demand (due to insurance). Housing book declined sequentially but has been catching up on buyouts from HDFC.
- Consumer durable loans are still in nascent stage.
- Exposure to NBFCs: no significant change in exposure, continues to maintain cautious stance on NBFCs.

### Liabilities

- Current account deposits grew strong at 27% QoQ & 20% YoY with participation from both retail which were granular and also wholesale which were lumpy. Bank also had capital market related flow balances as well.
- Bank is not participating aggressively on wholesale deposits front.
- Growth in savings deposits (at 11% YoY) was modest as people are shifting to retail deposits given low interest rates on savings deposits.

### Fees/Branches/Margins

- Fee from cards spend seems moderating due to base effect. Distribution fees from MF (due to change in norm) has been putting additional pressure and trend is expected to continue for next two quarters. Also, in Q4FY19 trade fees saw decline by 15bps.
- Margins were up by 10bps as yields largely held up on better mix and loan growth, while cost of funds saw improvement as bank has been not participating in higher wholesale rates.

### Asset Quality

- Total slippages for the quarter were at Rs35.8bn. Bank continues to have cautious stance on Agri for at least next quarter and hence have been adding to contingent provisions on Agri book.
- Unsecured and cards businesses are doing fine especially cards business where credit cost has been coming off.

## Others

- **HDB Financial:** NIM have moved up in 4Q19, however for FY19 NIMs are marginally lower. Company is comfortable on capital front (CRAR-17.8%, Tier I-12.8%). Also, company can opt for asset sale to raise capital; Company eyes raising equity in 12-18months. Gross loan book/PAT grew 24% YoY to Rs54.7bn/Rs11.5bn.

### Exhibit 2: Retail loans growth slowed

Loan Composition (Rs mn)	Q4FY19	Q4FY18	YoY gr. (%)	Q3FY19	QoQ gr. (%)
Car Loans	806,750	764,270	5.6	830,120	(2.8)
CV loans	287,300	233,910	22.8	271,660	5.8
2 wheeler loans	100,470	86,720	15.9	100,950	(0.5)
<b>Sub-total - Auto Loans</b>	<b>1,194,520</b>	<b>1,084,900</b>	<b>10.1</b>	<b>1,202,730</b>	<b>(0.7)</b>
Personal loans	929,780	718,760	29.4	888,030	4.7
Business banking	570,350	541,260	5.4	557,060	2.4
Loan against shares	18,810	18,160	3.6	17,880	5.2
Credit Cards	466,300	361,150	29.1	448,390	4.0
Home loans	513,590	362,570	41.7	517,860	(0.8)
Gold Loans	51,870	50,650	2.4	51,610	0.5
Other Retail	568,360	487,440	16.6	525,440	8.2
<b>Retail Loans</b>	<b>4,313,580</b>	<b>3,624,890</b>	<b>19.0</b>	<b>4,209,000</b>	<b>2.5</b>
<b>Non Retail Loans</b>	<b>3,880,432</b>	<b>2,958,441</b>	<b>31.2</b>	<b>3,600,512</b>	<b>7.8</b>
<b>Total Advances</b>	<b>8,194,012</b>	<b>6,583,331</b>	<b>24.5</b>	<b>7,809,512</b>	<b>4.9</b>
<b>Loan Mix</b>					
Vehicle Loans	14.6%	16.5%	(1.9)	15.4%	(0.8)
Unsecured Loans	17.0%	16.4%	0.6	17.1%	(0.1)
Retail Loans	52.6%	55.1%	(2.4)	53.9%	(1.3)
Non Retail Loans	47.4%	44.9%	2.4	46.1%	1.3

Source: Company, PL

### Exhibit 3: Loan book composition as per internal classification

Loan Composition (Rs m)	Q4FY19	Q4FY18	YoY gr. (%)	Q3FY19	QoQ gr. (%)
Car Loans	913,830	859,740	6.3	930,230	(1.8)
CV loans	554,290	459,390	20.7	528,800	4.8
2 wheeler loans	112,710	96,480	16.8	113,690	(0.9)
<b>Sub-total - Auto Loans</b>	<b>1,580,830</b>	<b>1,415,610</b>	<b>11.7</b>	<b>1,572,720</b>	<b>0.5</b>
Personal loans	938,060	724,420	29.5	895,500	4.8
Business banking	1,250,140	1,095,070	14.2	1,204,290	3.8
Loan against shares	35,980	38,660	(6.9)	34,550	4.1
Credit Cards	466,300	361,150	29.1	448,390	4.0
Home loans	513,720	362,650	41.7	517,990	(0.8)
Gold loans	58,380	53,990	8.1	57,600	1.4
Other Retail	631,330	532,880	18.5	587,520	7.5
<b>Retail Total</b>	<b>5,474,740</b>	<b>4,584,430</b>	<b>19.4</b>	<b>5,318,560</b>	<b>2.9</b>

Source: Company, PL

Bank has cautiously slowed down retail loan growth post two years of push

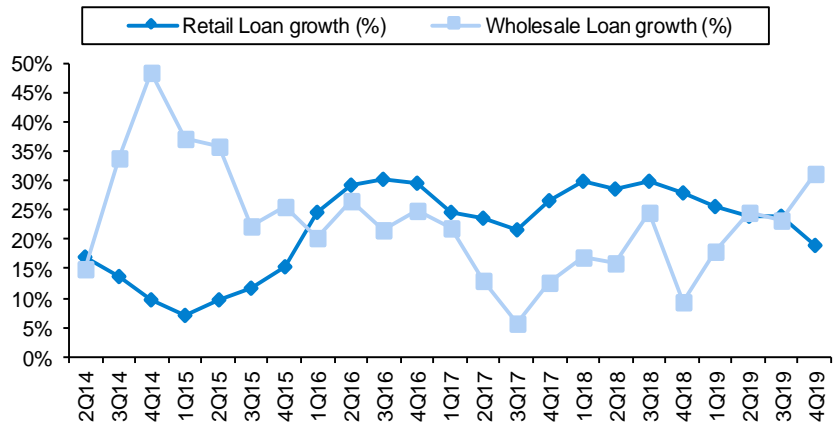
Growth in retail loans was impacted by moderation in auto loans but supported by growth in unsecured segment

CV loans continues to growth strong

Unsecured loans share continues to inch up on strong growth in credit cards, personal loans.

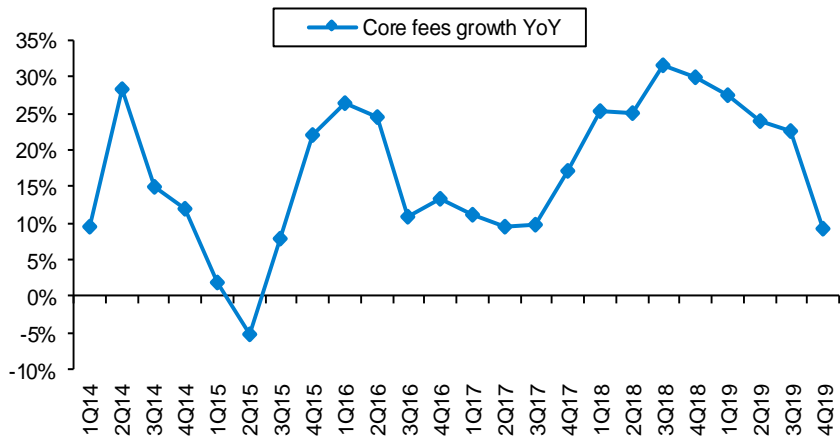
Non-Retail loans growth has been from short term opportunistic financing which should roll off in next 30-60 days

**Exhibit 4: Wholesale loans grew at a strong pace relatively**



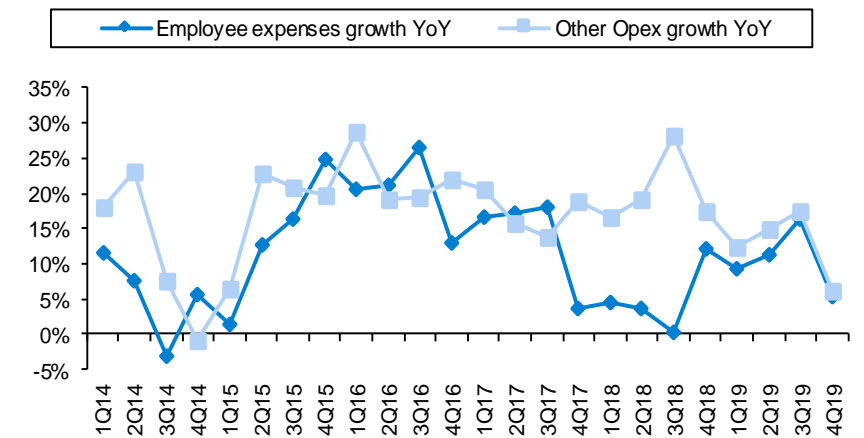
Source: Company, PL

**Exhibit 5: Core fees slowed on base effect in card spends; lower trade fees**

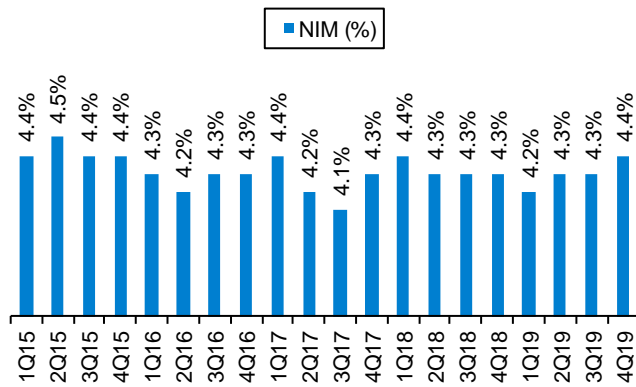


Source: Company, PL

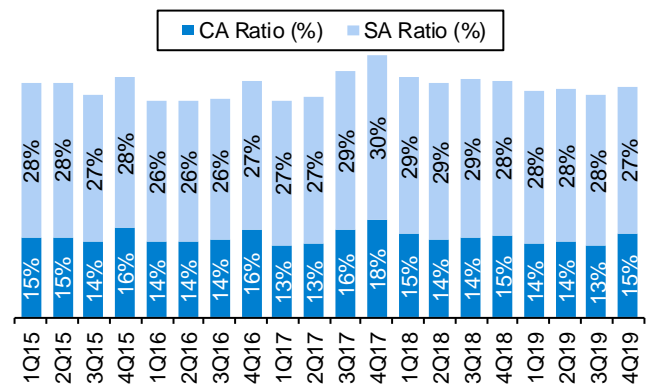
**Exhibit 6: Opex control keeps cost to income at around 40%**



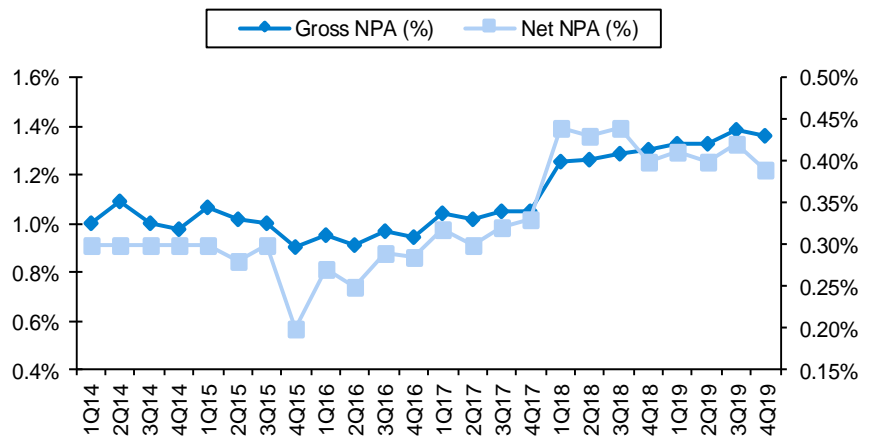
Source: Company, PL

**Exhibit 7: Margins improve to 4.40% as yields catch up**


Source: Company, PL

**Exhibit 8: Slower CASA growth as SA struggles**


Source: Company, PL

**Exhibit 9: Asset quality steady with PCR at strong 71%**


Source: Company Data, PL Research

**Exhibit 10: Robust growth and Margins to help improve return ratios**

RoA decomposition	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Interest income	9.22	8.96	9.27	8.64	8.32	8.57	8.90	9.11
Interest expenses	5.08	4.82	5.02	4.51	4.17	4.40	4.58	4.65
<b>Net interest income</b>	<b>4.14</b>	<b>4.14</b>	<b>4.25</b>	<b>4.13</b>	<b>4.16</b>	<b>4.18</b>	<b>4.32</b>	<b>4.46</b>
Treasury income	0.32	0.29	0.30	0.30	0.25	0.18	0.15	0.14
Other Inc. from operations	1.46	1.38	1.35	1.23	1.33	1.34	1.36	1.34
<b>Total income</b>	<b>5.92</b>	<b>5.80</b>	<b>5.90</b>	<b>5.66</b>	<b>5.74</b>	<b>5.71</b>	<b>5.84</b>	<b>5.95</b>
Employee expenses	0.94	0.88	0.88	0.81	0.71	0.67	0.65	0.64
Other operating expenses	1.76	1.71	1.74	1.65	1.65	1.59	1.59	1.59
<b>Operating profit</b>	<b>3.22</b>	<b>3.22</b>	<b>3.29</b>	<b>3.21</b>	<b>3.38</b>	<b>3.44</b>	<b>3.59</b>	<b>3.72</b>
Tax	0.96	0.94	0.98	0.95	0.96	0.96	1.00	1.04
Loan loss provisions	0.36	0.38	0.42	0.45	0.61	0.65	0.69	0.72
<b>RoAA</b>	<b>1.90</b>	<b>1.89</b>	<b>1.89</b>	<b>1.81</b>	<b>1.81</b>	<b>1.83</b>	<b>1.90</b>	<b>1.97</b>
<b>RoAE</b>	<b>21.28</b>	<b>19.37</b>	<b>18.26</b>	<b>17.95</b>	<b>17.87</b>	<b>16.50</b>	<b>16.06</b>	<b>17.04</b>

Source: Company Data, PL Research

**Exhibit 11: We revise our TP to Rs2,700 (from Rs2,371) based on 3.9x Mar FY21 ABV (rolled from 3.7x Sep FY21)**

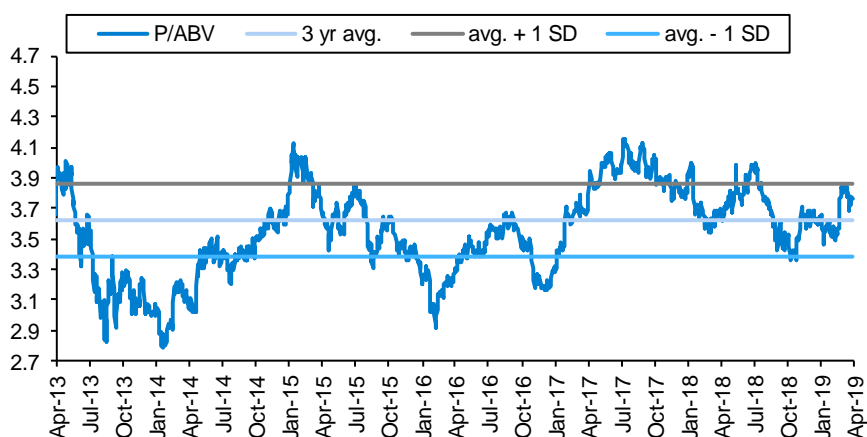
<b>PT calculation and upside</b>	
Market risk premium	6.0%
Risk-free rate	7.5%
Adjusted beta	1.06
Terminal Growth	5.0%
Cost of equity	13.8%
<b>Fair price - P/ABV</b>	<b>2,700</b>
<b>Target P/ABV</b>	<b>3.9</b>
<b>Target P/E</b>	<b>23.6</b>
Current price, Rs	2,293
<b>Upside (%)</b>	<b>17.8%</b>
Dividend yield (%)	0.7%
<b>Total return (%)</b>	<b>18.5%</b>

Source: Company Data, PL Research

**Exhibit 12: Change in earnings estimates – We increase our margins & loan growth assumptions and slightly tweak opex towards lower side**

(Rs mn)	Old		Revised		%Change	
	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E
Net interest income	577,539	696,407	583,088	704,987	1.0	1.2
Operating profit	477,253	577,992	484,452	588,726	1.5	1.9
Net profit	254,213	307,808	256,303	311,299	0.8	1.1
EPS (Rs)	93.5	113.2	94.1	114.3	0.7	1.0
ABVPS (Rs)	592.4	686.1	601.3	694.9	1.5	1.3
<b>Price target (Rs)</b>	<b>2,371</b>		<b>2,700</b>		<b>13.0</b>	
<b>Recommendation</b>	<b>BUY</b>		<b>BUY</b>			

Source: Company Data, PL Research

**Exhibit 13: HDFCB one year forward P/ABV trend**


Source: Company Data, PL Research

**Income Statement (Rs. m)**

Y/e Mar	FY18	FY19	FY20E	FY21E
Int. Earned from Adv.	626,618	775,441	966,959	1,196,036
Int. Earned from invt.	162,224	199,975	222,396	232,325
Others	13,572	14,304	11,860	12,302
<b>Total Interest Income</b>	<b>802,414</b>	<b>989,720</b>	<b>1,201,215</b>	<b>1,440,663</b>
Interest Expenses	401,465	507,288	618,128	735,676
<b>Net Interest Income</b>	<b>400,949</b>	<b>482,432</b>	<b>583,088</b>	<b>704,987</b>
<i>Growth(%)</i>	<i>21.7</i>	<i>19.1</i>	<i>19.6</i>	<i>19.4</i>
Non Interest Income	152,203	176,263	204,465	235,135
<b>Net Total Income</b>	<b>553,152</b>	<b>658,695</b>	<b>787,553</b>	<b>940,122</b>
<i>Growth(%)</i>	<i>17.0</i>	<i>22.1</i>	<i>20.6</i>	<i>19.2</i>
Employee Expenses	68,057	77,618	88,096	100,429
Other Expenses	149,783	173,273	202,729	237,193
Operating Expenses	226,904	261,194	303,101	351,396
<b>Operating Profit</b>	<b>326,248</b>	<b>397,501</b>	<b>484,452</b>	<b>588,726</b>
<i>Growth(%)</i>	<i>26.8</i>	<i>21.8</i>	<i>21.9</i>	<i>21.5</i>
NPA Provision	49,104	61,604	77,833	95,909
Total Provisions	59,275	75,501	93,150	113,461
<b>PBT</b>	<b>266,973</b>	<b>322,000</b>	<b>391,302</b>	<b>475,265</b>
Tax Provision	92,106	111,215	134,999	163,966
<i>Effective tax rate (%)</i>	<i>34.5</i>	<i>34.5</i>	<i>34.5</i>	<i>34.5</i>
<b>PAT</b>	<b>174,867</b>	<b>210,785</b>	<b>256,303</b>	<b>311,299</b>
<i>Growth(%)</i>	<i>20.2</i>	<i>20.5</i>	<i>21.6</i>	<i>21.5</i>

**Balance Sheet (Rs. m)**

Y/e Mar	FY18	FY19	FY20E	FY21E
Face value	2	2	2	2
No. of equity shares	2,595	2,723	2,723	2,723
Equity	5,190	5,447	5,447	5,447
Networth	1,062,950	1,492,063	1,700,307	1,953,935
<i>Growth(%)</i>	<i>18.8</i>	<i>40.4</i>	<i>14.0</i>	<i>14.9</i>
Adj. Networth to NNPA's	26,010	32,145	33,174	35,919
Deposits	7,887,706	9,231,409	10,893,063	12,962,745
<i>Growth(%)</i>	<i>22.5</i>	<i>17.0</i>	<i>18.0</i>	<i>19.0</i>
CASA Deposits	3,430,928	3,911,980	4,585,980	5,483,241
<i>% of total deposits</i>	<i>43.5</i>	<i>42.4</i>	<i>42.1</i>	<i>42.3</i>
<b>Total Liabilities</b>	<b>10,639,343</b>	<b>12,445,407</b>	<b>14,536,089</b>	<b>17,084,922</b>
Net Advances	6,583,331	8,194,012	10,119,605	12,447,114
<i>Growth(%)</i>	<i>18.7</i>	<i>24.5</i>	<i>23.5</i>	<i>23.0</i>
Investments	2,422,002	2,905,879	3,084,890	3,156,512
<b>Total Assets</b>	<b>10,639,343</b>	<b>12,445,407</b>	<b>14,531,696</b>	<b>17,076,372</b>
<i>Growth (%)</i>	<i>23.2</i>	<i>17.0</i>	<i>16.8</i>	<i>17.5</i>

**Asset Quality**

Y/e Mar	FY18	FY19	FY20E	FY21E
Gross NPAs (Rs m)	86,070	112,242	117,415	129,301
Net NPAs (Rs m)	26,010	32,145	33,174	35,919
<i>Gr. NPAs to Gross Adv.(%)</i>	<i>1.3</i>	<i>1.4</i>	<i>1.2</i>	<i>1.0</i>
<i>Net NPAs to Net Adv. (%)</i>	<i>0.4</i>	<i>0.4</i>	<i>0.3</i>	<i>0.3</i>
<i>NPA Coverage %</i>	<i>69.8</i>	<i>71.4</i>	<i>71.7</i>	<i>72.2</i>

**Profitability (%)**

Y/e Mar	FY18	FY19	FY20E	FY21E
NIM	4.4	4.4	4.5	4.6
RoAA	1.8	1.8	1.9	2.0
RoAE	17.9	16.5	16.1	17.0
Tier I	13.3	15.8	15.2	14.7
CRAR	14.8	17.1	16.9	16.2

*Source: Company Data, PL Research*
**Quarterly Financials (Rs. m)**

Y/e Mar	Q1FY19	Q2FY19	Q3FY19	Q4FY19
Interest Income	225,490	241,995	258,903	263,333
Interest Expenses	117,354	124,362	133,135	132,438
<b>Net Interest Income</b>	<b>108,136</b>	<b>117,634</b>	<b>125,768</b>	<b>130,895</b>
<i>YoY growth (%)</i>	<i>26.2</i>	<i>25.4</i>	<i>29.7</i>	<i>24.2</i>
CEB	31,710	32,956	36,468	36,921
Treasury	-	-	-	-
Non Interest Income	38,181	40,156	49,210	48,712
<b>Total Income</b>	<b>263,670</b>	<b>282,151</b>	<b>308,113</b>	<b>312,045</b>
Employee Expenses	18,105	19,092	19,676	20,744
Other expenses	41,734	43,898	47,517	50,427
Operating Expenses	59,839	62,991	67,193	71,171
<b>Operating Profit</b>	<b>86,478</b>	<b>94,799</b>	<b>107,784</b>	<b>108,436</b>
<i>YoY growth (%)</i>	<i>15.0</i>	<i>21.3</i>	<i>27.5</i>	<i>22.1</i>
Core Operating Profits	89,310	95,127	103,044	106,147
NPA Provision	14,322	15,725	17,346	14,312
Others Provisions	16,294	18,200	22,115	18,892
Total Provisions	16,294	18,200	22,115	18,892
<b>Profit Before Tax</b>	<b>70,184</b>	<b>76,599</b>	<b>85,669</b>	<b>89,544</b>
Tax	24,169	26,543	29,810	30,693
<b>PAT</b>	<b>46,014</b>	<b>50,057</b>	<b>55,859</b>	<b>58,851</b>
<i>YoY growth (%)</i>	<i>18.2</i>	<i>20.6</i>	<i>20.3</i>	<i>21.5</i>
<b>Deposits</b>	<b>8,057,853</b>	<b>8,333,641</b>	<b>8,525,019</b>	<b>9,231,409</b>
<i>YoY growth (%)</i>	<i>20.0</i>	<i>20.9</i>	<i>22.0</i>	<i>17.0</i>
<b>Advances</b>	<b>7,086,487</b>	<b>7,508,381</b>	<b>7,809,512</b>	<b>8,194,012</b>
<i>YoY growth (%)</i>	<i>22.0</i>	<i>24.1</i>	<i>23.7</i>	<i>24.5</i>

**Key Ratios**

Y/e Mar	FY18	FY19	FY20E	FY21E
CMP (Rs)	2,293	2,293	2,293	2,293
EPS (Rs)	67.8	79.3	94.1	114.3
Book Value (Rs)	410	548	624	717
Adj. BV (70%)(Rs)	388	524	601	695
P/E (x)	33.8	28.9	24.4	20.1
P/BV (x)	5.6	4.2	3.7	3.2
P/ABV (x)	5.9	4.4	3.8	3.3
DPS (Rs)	10.9	12.7	15.0	18.0
<i>Dividend Payout Ratio (%)</i>	<i>19.4</i>	<i>19.3</i>	<i>18.8</i>	<i>18.5</i>
<i>Dividend Yield (%)</i>	<i>0.5</i>	<i>0.6</i>	<i>0.7</i>	<i>0.8</i>

**Efficiency**

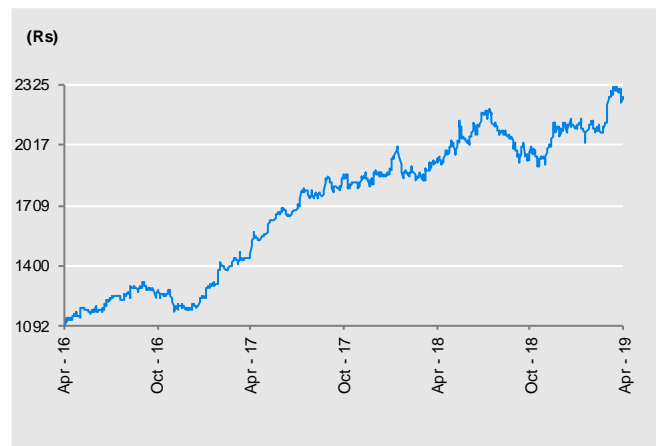
Y/e Mar	FY18	FY19	FY20E	FY21E
<i>Cost-Income Ratio (%)</i>	<i>41.0</i>	<i>39.7</i>	<i>38.5</i>	<i>37.4</i>
<i>C-D Ratio (%)</i>	<i>83.5</i>	<i>88.8</i>	<i>92.9</i>	<i>96.0</i>
Business per Emp. (Rs m)	164	178	210	249
Profit per Emp. (Rs lacs)	20	21	26	31
Business per Branch (Rs m)	3,023	3,415	3,848	4,349
Profit per Branch (Rs m)	37	41	47	53

**Du-Pont**

Y/e Mar	FY18	FY19	FY20E	FY21E
NII	4.16	4.18	4.32	4.46
Total Income	5.74	5.71	5.84	5.95
Operating Expenses	2.35	2.26	2.25	2.22
PPoP	3.38	3.44	3.59	3.72
Total provisions	0.61	0.65	0.69	0.72
RoAA	1.81	1.83	1.90	1.97
RoAE	17.87	16.50	16.06	17.04

*Source: Company Data, PL Research*



**Price Chart**

**Recommendation History**

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	15-May-18	BUY	2,251	2,022
2	23-May-18	BUY	2,251	1,991
3	21-Jun-18	BUY	2,251	2,057
4	10-Jul-18	BUY	2,251	2,118
5	22-Jul-18	BUY	2,492	2,189
6	5-Oct-18	BUY	2,492	1,958
7	21-Oct-18	BUY	2,310	1,968
8	7-Jan-19	BUY	2,310	2,121
9	19-Jan-19	BUY	2,371	2,130
10	5-Apr-19	BUY	2,371	2,306

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Axis Bank	Accumulate	845	762
2	Bank of Baroda	BUY	161	114
3	Bank of India	Reduce	89	106
4	Federal Bank	BUY	102	99
5	HDFC Bank	BUY	2,371	2,306
6	HDFC Standard Life Insurance Company	BUY	438	386
7	ICICI Bank	BUY	427	391
8	ICICI Prudential Life Insurance Company	BUY	471	364
9	IDFC First Bank	BUY	57	43
10	IndusInd Bank	BUY	1,791	1,768
11	Jammu & Kashmir Bank	BUY	76	59
12	Kotak Mahindra Bank	Hold	1,291	1,336
13	Max Financial Services	BUY	629	439
14	Punjab National Bank	Hold	83	73
15	SBI Life Insurance Company	BUY	779	612
16	South Indian Bank	BUY	361	317
17	State Bank of India	BUY	361	284
18	Union Bank of India	Reduce	79	93
19	YES Bank	Accumulate	245	267

**PL's Recommendation Nomenclature (Absolute Performance)**

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

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