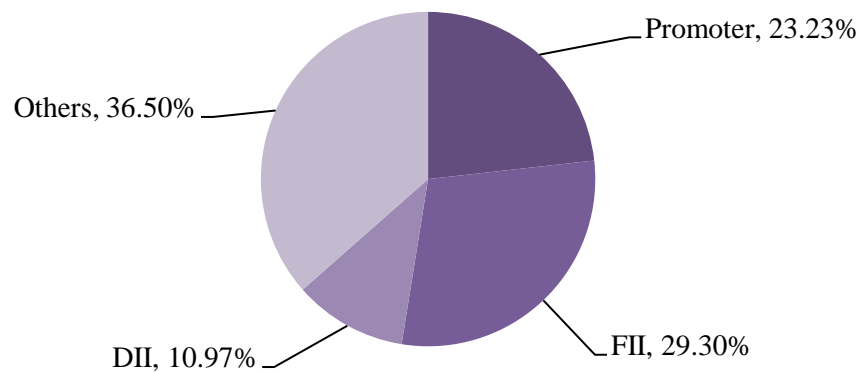




BSE Code	500180
BSE Group / Index	A / SENSEX
CMP	Rs. 489.50
Market Capitalization	Rs. 114,310 Cr
Face Value	Rs.2
EPS (TTM)	Rs.19.25
Book Value per Share	Rs.110
52 Wk High (BSE)	Rs.519.50 (19 July,2011)
52 Wk Low (BSE)	Rs.396.00 (9 Feb,2011)

Shareholding Pattern % as of Sep,2011



Public holding more than 1% of the Total No. of Shares (as of Sep, 2011)

Sl. No.	Name of the Shareholder	No. of Shares	Shares as % of Total No. of Shares
1	Life Insurance Corporation of India	76,919,988	3.29
2	ICICI Prudential Life Insurance Company Ltd	59,083,310	2.53
3	Europacific Growth Fund	54,845,000	2.35
	Total	190,848,298	8.16



Q2 FY12 – Result Highlights

Particulars (Rs.Cr)	Q2 FY12	Q1 FY12	QoQ (%)	Q2 FY11	YoY (%)	H1 FY12	H1 FY11	YoY (%)
Interest Earned	6717.70	5977.97	12.37%	4809.99	39.66%	12695.67	9229.70	37.55%
Interest Expended	3773.19	3130.01	20.55%	2283.72	65.22%	6903.20	4302.73	60.44%
Net Interest Income	2944.51	2847.96	3.39%	2526.27	16.56%	5792.47	4926.97	17.57%
Non-Interest Income	1211.68	1120.03	8.18%	960.71	26.12%	2332.71	1951.57	19.53%
Total Income	4156.19	3967.99	4.74%	3486.98	19.19%	8125.18	6878.54	18.12%
Operating Expenses	2030.39	1934.63	4.95%	1679.88	20.87%	3966.02	3322.73	19.36%
Operating Profit	2125.80	2033.36	4.55%	1807.10	17.64%	4159.16	3555.81	16.97%
Provisions & Contingencies	366.05	443.66	-17.49%	454.48	-19.46%	809.71	1009.50	-19.79%
Profit before Tax	1759.75	1589.70	10.70%	1352.62	30.10%	3349.45	2546.31	31.54%
Tax	560.40	504.72	11.03%	440.48	27.22%	1065.12	822.46	29.50%
Profit after Tax	1199.35	1084.98	10.54%	912.14	31.49%	2284.33	1723.85	32.51%
Equity share capital (FV-Rs.2)	467.66	466.77		462.60		467.66	462.60	
EPS (Rs.)	5.13	4.65		3.94		9.77	7.45	



Robust growth in advances fuels NII growth

The NII of the bank grew by 16.6% YoY and 3.4% QoQ to Rs2, 944 crore. This was majorly led by a strong growth in advances which grew by 20% YoY on a reported basis; however adjusted for the short-term one-off loans of last year, loan growth was healthy at 25%. The growth in advances was driven by the retail segment which grew 34% YoY and constituted approximately 50% of the advances. The deposits of the bank grew by 18.1% YoY and 9.2% QoQ.

Decline in CASA impacts margins

HDFC Bank saw a sharp 170 bps QoQ decline in CASA to 47.3%. Management attributed this to higher traction in term deposits relative to savings deposits due to elevated interest rate levels and migration from savings to term deposits & admitted that CASA migration would continue in the near term which will restrict any material improvement in the ratio. Consequently margins also declined by 10bps QoQ to 4.1%. **In the medium term, management expects NIM to move in the band of 3.9-4.3%.**

Non-interest income rises 26% YoY

The non-interest income of the bank grew by 26.1% YoY and 8.2% QoQ to Rs1,212 crore. The foreign exchange (forex) and trading income grew by a robust 43.1% YoY while fee income registered a moderate growth of 15.2% YoY due to sluggishness in distribution income. **The loss on sale of investments was also lower at Rs.1.3Cr in Q2 FY12 as compared to a loss of Rs.52Cr in Q1 FY12.**

Stable asset quality

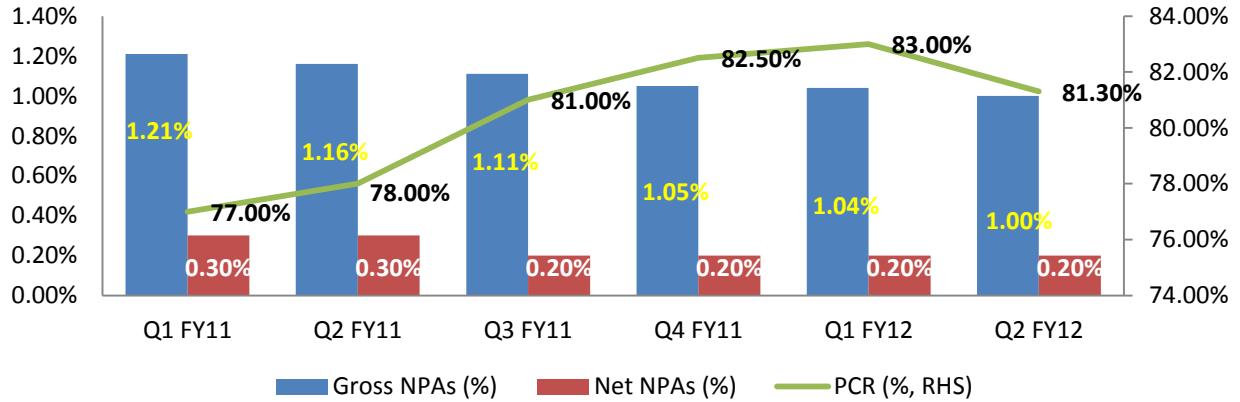
The asset quality of the bank remained stable with gross and net NPAs at 1% and 0.2% respectively. The proportion of restructured advances stood at 0.4% of the total advances of which the standard restructured advances stood at 0.1%. Management expects gross NPAs ratio to revert to normalized levels of 1.3-1.5% from current 1% in the longer term. The provision coverage ratio declined to 81.3% in Q2 FY12 as compared to 83% in Q1 FY12.

“HDFC Bank seems to be a safe bet in the current challenging macro environment....”

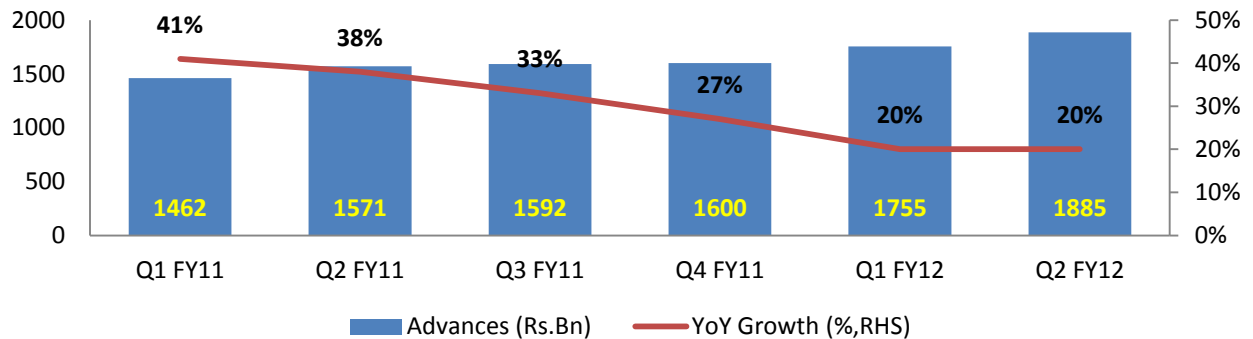


Quarterly Trends

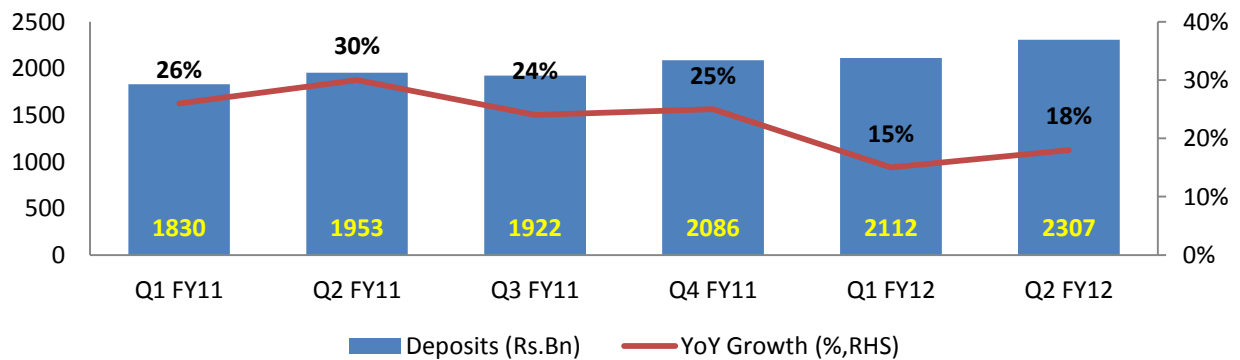
Asset quality remains best amongst peers



Advances grow at 20% YoY

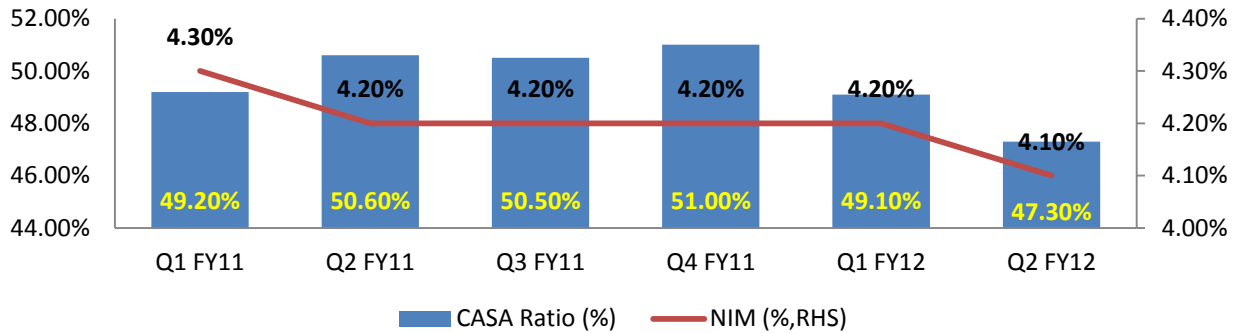


Deposit grow at 18% YoY

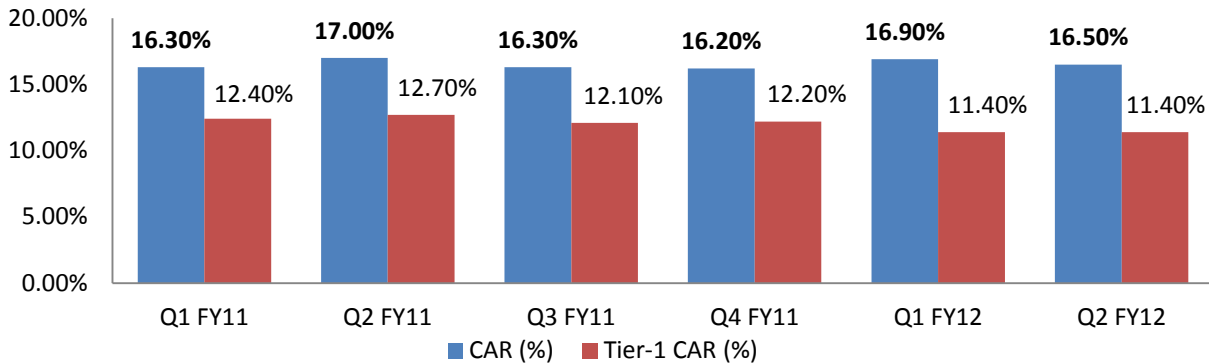




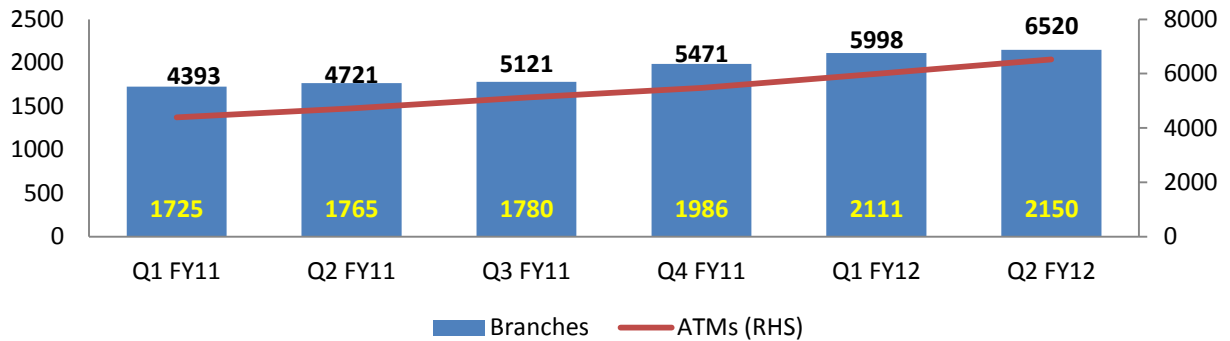
Stable NIMs, Declining CASA



Healthy capital adequacy



Branch & ATMs expansion gaining traction



**Disclaimer:****Analyst Holding: Yes****Recommended to Clients: Yes****Relationship with Management: No**

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