

# HDFC BANK LIMITED + \$

Regd off: HDFC Bank House, Senapati Bapat Marg, Lower Parel, Mumbai - 13  
 E-Mail: investors.helpdesk@hdfcbank.com  
 Web site: www.hdfcbank.com  
 Telephone: (022) 2498 8484 Fax: (022) 2496 0739  
 Tr agent: MCS, Venkatesh Bhawan, Plot No. 27, Road 11, MIDC, Mumbai - 93

## BANKING

## MISCELLANEOUS

Chairman: Jagdish Capoor

SEC: Sanjay B. Dongre (Asst. V.P.- Legal)

AUD: P. C. Hansotia & Co.

Yr of Inc	B. Code	BL. Code	F.V.	Price	% ch 1-m	% ch 12-m	P/E	P/CF	Yield	Mkt cap	Vol.	ISIN
1994	500180	HDFCB.IN	10	1,078.2	11.1	59.1	26.6	na	0.5	337,611.9	139.1	INE040A01018

### SHAREHOLDING

		FX Transaction (FY06)			
Indian Promoters	: 22.0%	Exports (fob)	Rs m	0	
Foreign collaborators	: 0.0%	Imports (cif)	Rs m	0	
Indian inst/Mut Fund	: 5.2%	Fx inflow	Rs m	0	
FII's/GDR	: 51.8%	Fx outflow	Rs m	0	
Free float	: 21.0%	Net fx	Rs m	0	
Shareholders	: 184,168				

	No. of months	12	12	12
	Year ending	31/03/04	31/03/05	31/03/06

### EQUITY SHARE DATA

High	Rs	404	630	812
Low	Rs	230	262	448
Income per share	Rs	89.5	99.8	142.9
Earnings per share	Rs	17.9	21.5	28.2
Cash flow per share	Rs	36.2	44.7	72.1
Dividends per share	Rs	3.50	4.50	5.50
Avg Dividend yield	%	1.1	1.0	0.9
Book value per share	Rs	94.5	145.9	170.1
Shares outstanding (eoy)	m	284.79	309.88	313.14
Bonus/Rights/Conversions		ESOS	ADS, ESOS	ESOS
Avg Price / Income ratio	x	3.5	4.5	4.4
Avg P/E ratio	x	17.7	20.8	22.4
Avg P/CF ratio	x	na	na	na
Avg Price/Bookvalue ratio	x	3.4	3.1	3.7
Dividend payout	%	19.6	21.0	19.5
Avg Mkt Cap	Rs m	90,278	138,206	197,278
No. of employees	'000	6	9	15
Total wages & salary	Rs m	2,041	2,767	4,941
Avg. income/employee	Rs Th	4,493.0	3,425.8	3,008.0
Avg. wages/employee	Rs Th	359.8	306.4	332.1
Avg. net profit/employee	Rs Th	898.1	737.1	592.6

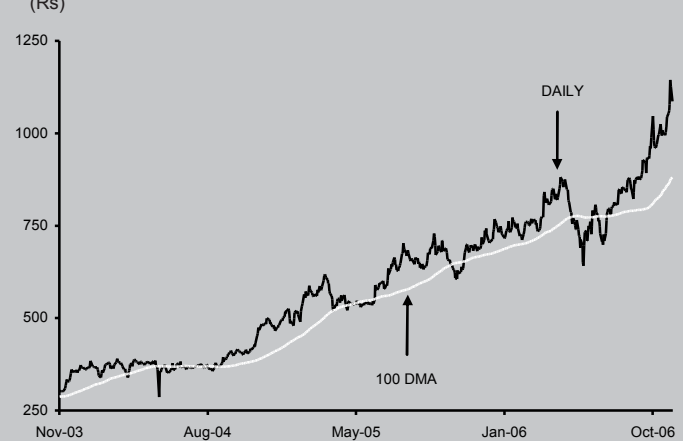
### INCOME DATA

Interest income	Rs m	25,489	30,935	44,753
Other income	Rs m	4,800	6,513	11,556
Interest expense	Rs m	12,111	13,156	19,292
Net interest income	Rs m	13,378	17,779	25,461
Operating expense	Rs m	8,100	10,854	17,148
Provisions/contingencies	Rs m	4,984	6,783	7,251
Profit before tax	Rs m	7,197	9,790	12,701
Extraordinary Inc (Exp)	Rs m	0	0	0
Minority Interest	Rs m	0	0	-25
Prior Period Items	Rs m	0	0	0
Tax	Rs m	2,102	3,134	3,860
Profit after tax	Rs m	5,095	6,656	8,816
Net profit margin	%	20.0	21.5	19.7

### BALANCE SHEET DATA

Advances	Rs m	177,445	255,663	350,623
Deposits	Rs m	304,089	363,543	557,471
Credit/Deposit ratio	x	58.4	70.3	62.9
Yield on advances	%	6.2	6.5	7.7
Cost of deposits	%	3.4	3.0	2.8
Net Interest Margin	%	3.9	3.9	4.3
Net fixed assets	Rs m	6,169	7,083	8,715
Share capital	Rs m	2,848	3,099	3,131
Free reserves	Rs m	15,310	30,919	41,535
Net worth	Rs m	26,919	45,199	53,272
Borrowings	Rs m	29,078	47,900	28,585
Investments	Rs m	192,568	193,498	283,907
Total assets	Rs m	423,070	514,290	736,013
Debt/equity ratio	x	14.7	9.1	11.0
Return on assets	%	1.2	1.3	1.2
Return on equity	%	18.9	14.7	16.5
Capital adequacy ratio	%	11.7	12.2	11.4
Net NPAs	%	0.2	0.2	0.4

### ADJUSTED DAILY SHARE PRICE DATA



	No. of months	12	12	12
	Year ending	31/03/04	31/03/05	31/03/06

### CASH FLOW

From Operations	Rs m	7,473	-3,481	16,955
From Investments	Rs m	-2,119	-2,433	-3,701
From Financial Activity	Rs m	3,471	11,380	11,457
Net Cashflow	Rs m	8,825	5,466	24,711

### INTERIM RESULTS #

		3QFY06	4QFY06	1QFY07	2QFY07
Operating income	Rs m	11,798	13,785	15,043	16,375
Gross Profit	Rs m	6,706	7,394	8,176	8,474
Gross profit margin	%	56.8	53.6	54.4	51.7
Net profit	Rs m	2,244	2,632	2,393	2,630
Net profit margin	%	19.0	19.1	15.9	16.1

### KEY DATA

Parameters	Unit	FY04	FY05	FY06
Branches	NOS	312	467	535
Business / branch	Rs m	1,543	1,325	1,698
Profit / employee	Rs m	0.9	0.7	0.6
Employee cost/operating exp.	%	25.2	25.5	28.8

### NOTES

HDFC Bank, the pioneer of the retail-banking movement in India, is one of the fastest growing and most profitable banks in India with a strong urban presence. Strong understanding of the retail sphere (46% of total advances) and inorganic growth initiatives has made the bank the second largest private sector bank in the country. At the end of FY06, the bank had a franchise of 535 branches and 1,323 ATMs.

Against the general belief that the frequent rises in interest rates would paralyse the incremental offtakes in mortgage loans, which comprise nearly 50% of HDFC Bank's advances, the bank witnessed a robust 48% YoY growth in advances in FY06. In absolute terms the growth in retail credit was also impressive, bringing the proportion of retail credit to total credit to 55%. Also, the high proportion of low cost deposits (55% in FY06) enabled the bank sustain its net interest margins (NIM of 4.2% in FY06). With 85% of its investments in the HTM basket and AFS duration of less than 2 years, the bank was reasonably well hedged in terms of treasury risk. Fee income growth (73% YoY) enabled the bank to bring the fee to total income ratio to 29%. Nevertheless, it has sustained its asset quality with net NPA to advance ratio of 0.2% until 1HFY07.

Despite increasing competition in the retail space, HDFC Bank managed to rake in strong growth in FY06. The acceleration in fee-based income and reduced dependence on treasury investments, as source of other income, are key positives. However, the recent volatility in the bank's net interest margins is a concern. The IPO scam early this year proved to be very detrimental to the bank's expansion plans, with the RBI placing an embargo on the additional branch licences to be issued to it for a year. The same will be relieved once the ban is lifted.