



ANNUAL REPORT 2011 - 2012

Empowering lives.



HDFC BANK

We understand your world

The Asian Banker International Excellence in Retail Financial Services Awards

- [Best Retail Bank in India](#)
- [Best Bancassurance business in India](#)
- [Best Risk Management in India](#)

Businessworld Best Bank Awards

- [Best Bank](#)

CNBC TV18 Best Bank and Financial Institution Awards

- [Best Bank](#)
- [Aditya Puri - Outstanding Finance Professional](#)

CNBC TV18 Financial Advisor Awards

- [Best Performing Bank \(Private\)](#)

DSCI (Data Security Council of India) Excellence Awards

- [Security in Bank](#)

Dun & Bradstreet Banking Awards

- [Best Private Sector Bank - SME Financing](#)

Euromoney Awards for Excellence

- [Best Bank in India](#)

Finance Asia Country Awards

- [Best Bank in India](#)
- [Best Cash Management Bank in India](#)
- [Best Trade Finance Bank in India](#)

Financial Express Best Bank Survey

- [Best in Strength and Soundness](#)

Institute of Chartered Accountants of India Awards

- [Excellence in Financial Reporting](#)

International Data Corporation Financial Insights Innovation Awards

- [Excellence in Customer Experience](#)

Skoch Foundation Financial Inclusion Awards

- [SHG/JLG linkage programme](#)
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- Net profit: ₹ 5,167 crore. An increase of 31.6% compared to the previous year
- Balance sheet size: ₹ 337,909 crore as at 31st March 2012
- Total deposits: ₹ 246,706 crore. An increase of 18.3% compared to the previous year
- Total advances: ₹ 195,420 crore. An increase of 22.2% compared to the previous year
- Capital Adequacy Ratio: 16.5%. Regulatory minimum requirement is 9%
- Tier I capital ratio: 11.6%
- Non Performing Assets: ₹ 1,999 crore (gross); 1.0% of Gross Advances
- Network:
 - Branches: 2544 • ATMs: 8913 • Cities: 1399



“Give a man a fish and you feed him for a day. Teach him how to fish and you feed him for a lifetime”. The wisdom of this timeless adage defines HDFC Bank’s approach to Financial Inclusion. We call it Sustainable Livelihood Banking.

Take for instance, Alpana Dalui from Howrah district, West Bengal, who no longer relies on middlemen to distribute her embroidery, thanks to financial assistance from HDFC Bank. Or Raghavendra Navodhya Sangha, a Self Help Group in Hubli, Karnataka, for whom we facilitated investment in machinery for packaging and processing pickles.

The widespread use of mobile phones in rural markets encouraged us to launch a bank account which can be operated with a basic cell phone. The migrant worker in Jaipur now sends money to his mother in nearby Sikar using his HDFC Bank Mobile Account. Our Kisan Gold Card has helped farmers alleviate their cash flow problems and also provides insurance cover. An array of products including Tractor Loans, Two Wheeler Loans, Auto Loans as well as Savings Accounts were taken to the doorstep of the rural customer by the Bank’s unique Grameen Loan Mahotsavas.

A new milestone was achieved when we emerged as the largest issuer of Credit Cards in India. This financial year saw the launch of Infinia, the first Credit Card in India with no pre-set spend limit, a range of Credit Cards to support the burgeoning travel segment and a premium Credit Card especially created for women.

As always, well diversified businesses and balanced growth remained our focus. Leadership positions were maintained in the wholesale banking segment in products such as Cash Management, Transactional Banking and Payment Services. The Bank continued to retain its leadership position in the Auto Loan sector. Our subsidiaries, HDFC securities and HDB Financial Services, grew at a healthy pace.

Our network of over 2,500 branches and more than 8,900 ATMs has spread across the length and breadth of the country - from Leh in the north to Port Blair in the south and Tawang in the east. Over 70% of HDFC Bank branches are now outside metro areas.

Customer empowerment remained at the core of our endeavours. Banking services through mobile phones was delivered to both smartphone as well as basic handset users. The Bank launched MobileBanking, enabling customers to use their internet banking facility on their handset without compromising security.

Understanding our customers across multiple segments and meeting their varied financial needs efficiently is at the heart of what we do. The focus, however, will always be on helping them meet their goals and realise their aspirations. Because, we believe that success in banking is not just about providing great financial products and services; it’s about making a difference ... and empowering lives.

The under-banked and un-banked segments of the population have been the focus of HDFC Bank's Financial Inclusion initiatives. The formal banking system is either unavailable or offers limited access to such consumers, consequently depriving them of basic banking and credit requirements. The Bank's objective is to provide viable and timely credit to this segment, thereby substituting borrowing at usurious rates and ultimately resulting in their economic upliftment.

By integrating Financial Inclusion across its various businesses, the Bank has brought over five million households into the banking system as on March 31, 2012. The Bank's branch footprint, forty six percent of which is located in semi urban and rural areas, has been key to these endeavours.

Many products consumed in urban markets are viewed as income generating assets by rural consumers. HDFC Bank offers a number of such retail products like Two-Wheeler Loans, Car Loans, Light Commercial Vehicle Loans, etc., that help improve productivity and reduce expenses.

Over the last year, the Bank has accelerated its direct linkage program to Self-Help Groups. The Bank works directly at the grass roots level, conducts financial literacy camps to inculcate savings and banking habits, forms groups and funds them for income generation activities and also facilitates capacity expansion and helps market products.

A large portion of India's un-banked population relies on agriculture as its main source of livelihood. Providing credit to marginal farmers has helped them generate income while reducing their dependency on traditional money-lending channels. Products such as Kisan Gold Card, Tractor and Cattle Loans have been specifically created to meet this need. In addition, facilities such as Post-Harvest Cash Credit, Warehouse Receipt Financing and Bill Discounting are offered to Mandis to ensure farmers are paid in time by wholesalers. By capturing the supply chain of certain crops from production stage to the sales stage, the Bank is able to finance specific needs of farmers.

Distribution plays a key role in Financial Inclusion initiatives. Over four hundred HDFC Bank branches are now located in close proximity to Mandis. This is further supplemented by Business Correspondent arrangements. Today, Dairy Societies and Sugarcane Co-operatives acting as the Bank's Business Correspondents transfer funds directly to the account of the individual farmer.

HDFC Bank Gold Loans provide a means of monetising household gold and at the same time provide an alternate source of funds. It provides financial independence to small traders, entrepreneurs and housewives. It also removes exploitation, particularly of small borrowers.

One of the means to Financial Inclusion is through supporting small and micro enterprises which in turn provide employment opportunities to the financially weaker sections. Though indirect, this model may prove more effective than providing subsidies that may never reach the intended beneficiary or are often unsustainable.





Sustainable Livelihood Banking



Bebi's Jari making enterprise grows

Hailing from a small place in Varanasi called Macharahahaan, Bebi is known for her Jari work on sarees. She has been relying on her talent to make sarees and sell them for a profit. A fourteen thousand rupee loan from HDFC Bank has helped her eliminate her dependency on middlemen for raw materials. Bebi now buys her sequins and gold and silver thread directly from wholesalers, improving her product as well as her quality of life.

Plantain farming thrives in Kerala

Chaitanya Kudumbasree is a Self Help Group in Pandalam, Kerala. Comprising only of women, this group has improved the local agriculture industry in Kerala by investing in organised plantain farming. Taking a loan of one and a half lac rupees from the Bank, they have used the money to first lease appropriate farm land and then buy and plant plantain trees. Today, this group benefits from their farming venture since plantains are in high demand in the region. They now look forward to the additional income of thirty five thousand rupees that will be generated every year which they plan to re-invest in the plantain farm.

A flower seller expands her business

Sunita has been making and selling garlands outside the Shirdi Sai Ram temple in Wardha, Maharashtra. Using her HDFC Bank loan, she now makes floral arrangements as well, which has helped attract a new customer segment and increase profits. Her daily income has increased by thirty percent as a result.

Bag makers achieve success

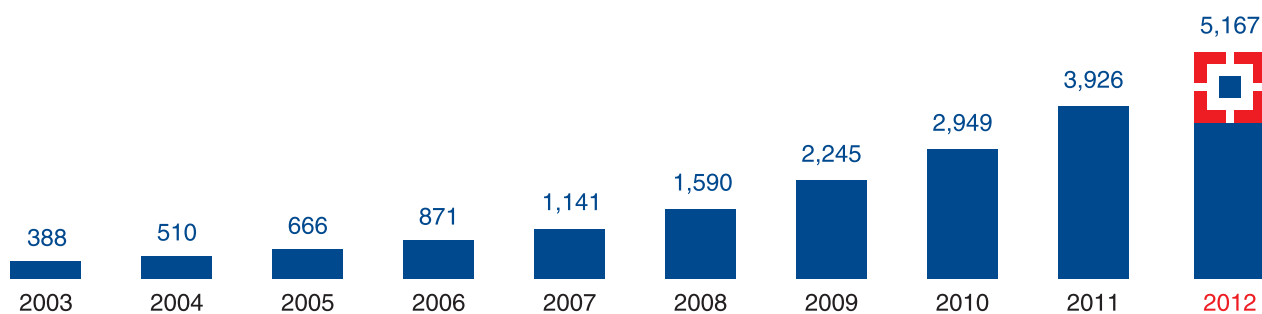
Members of Self Help Group, Chand Jan Sambal, make a living from manufacturing bags made of fiber in Alwar, Rajasthan. A two lac rupee loan from HDFC Bank enabled them to sell their bags in bulk at the local market at Alwar. Proceeds from the sale are distributed to all members. Each of the ten members now earns almost three thousand rupees as pure profit every month.

Flora's business prospers

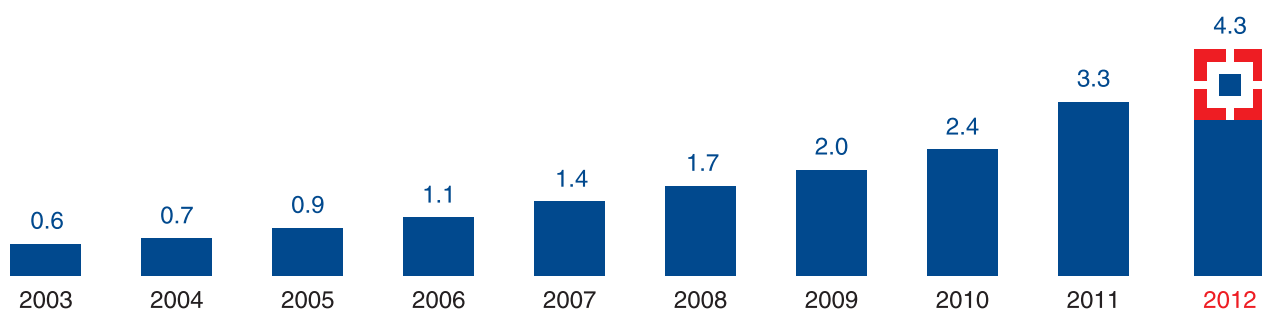
Flora, a resident of Margao, runs a fruit and vegetable stall promoted by the Goa State Horticulture Corporation. A loan of ten thousand rupees from HDFC Bank has helped her hold more stock at her stall. Flora's daily income has increased by ten percent as a result.

Through such initiatives we have reached out to 1.2 million households from the bottom of the pyramid and provide banking services on a sustainable basis. We have a board approved program to financially include 10 million households at the bottom of the pyramid in the next 5 years.

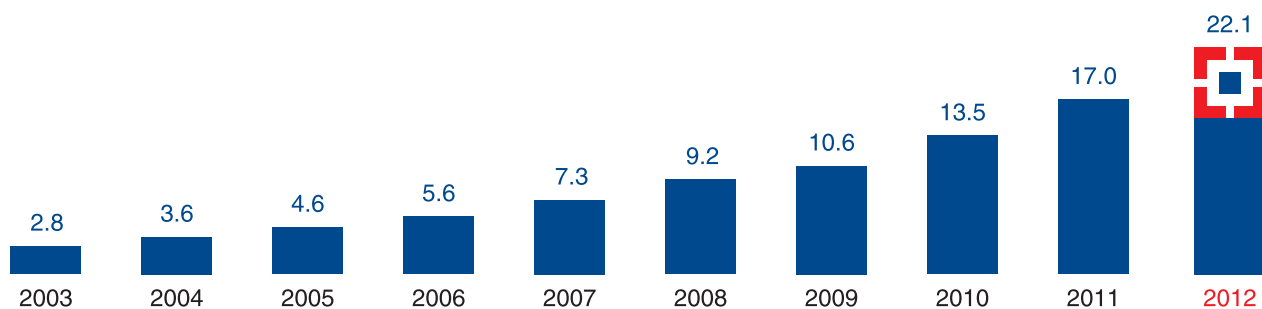
PROFIT AFTER TAX (₹ Crore)



DIVIDEND PER SHARE * (₹)

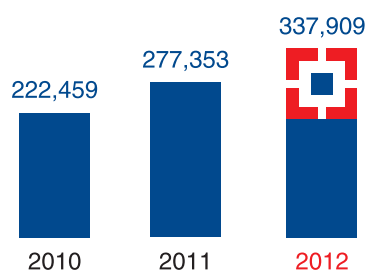


EARNINGS PER SHARE * (₹)

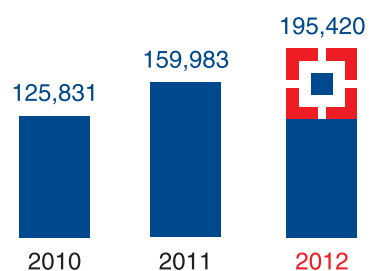


* Previous year figures have been changed to reflect split of shares of face value ₹ 10 per share into face value of ₹ 2 per share

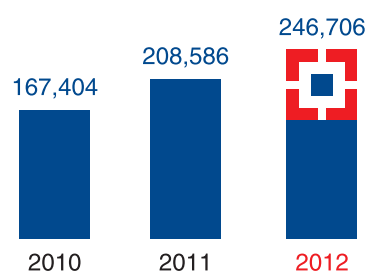
BALANCE SHEET SIZE (₹ Crore)



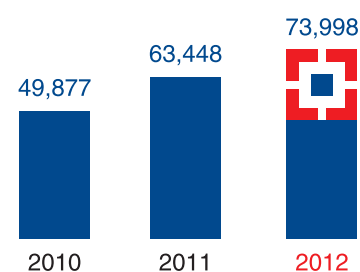
ADVANCES (₹ Crore)



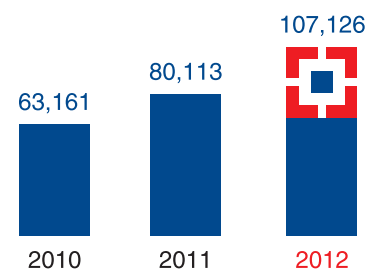
DEPOSITS (₹ Crore)



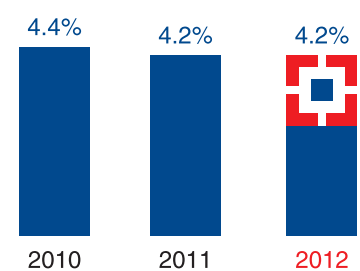
SAVINGS DEPOSITS (₹ Crore)



RETAILS ASSETS (₹ Crore)

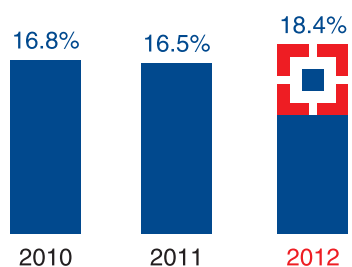


NET INTEREST MARGIN** (%)

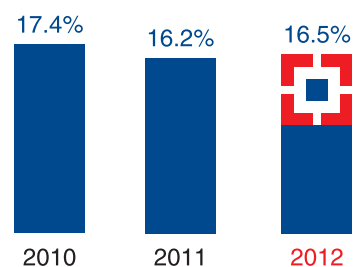


** Denotes the core Net Interest Margin

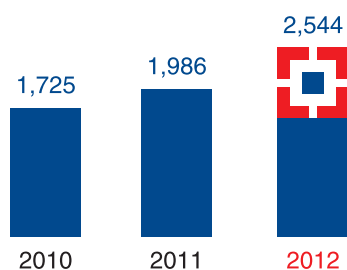
RETURN ON CAPITAL (%)



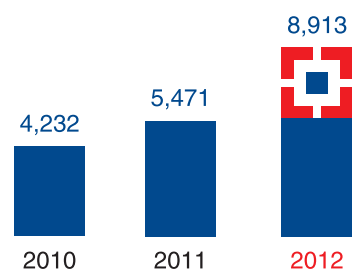
CAPITAL ADEQUACY (%)



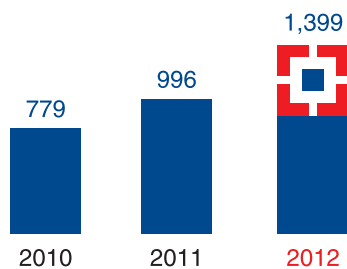
BRANCHES (Nos.)



ATMs (Nos.)



CITIES (Nos.)



POS TERMINALS (Nos. in Lac)

