



IDFC

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## Investor Presentation (H1 FY 2009)

October 22 2008



Strictly Confidential and Confidential



Snapshot

Balance Sheet & Financials

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# Consolidated highlights (H1 2009 vs H1 2008)

## Consolidated balance sheet

- ◆ Consolidated balance sheet increased by 28% from Rs. 22,578 crore to Rs. 28,970 crore
- ◆ Outstanding Borrowings increased by 34% from Rs. 17,144 crore to Rs. 22,891 crore
- ◆ Net NPAs 0%
- ◆ Networth : Rs. 6,052 crore
- ◆ Capital Adequacy Ratio : 22.2% (Tier I : 18.9%)

## Consolidated income statement

- ◆ Operating income increased by 29% from Rs. 624 crore to Rs. 807 crore
- ◆ NII increased by 25% from Rs. 329 crore to Rs. 412 crore
- ◆ Non-interest income increased by 30% from Rs. 293 crore to Rs. 382 crore
- ◆ Operating expenses increased 69% from Rs. 100 crore to Rs. 168 crore
- ◆ PBT increased by 20% from Rs. 502 crore to Rs. 604 crore
- ◆ PAT increased by 20% from Rs. 375 crore to Rs. 449 crore
- ◆ EPS (diluted) increased by 11% from Rs. 3.11 to Rs. 3.46

## Shareholding

- ◆ IDFC stock price moved from 151 on March 31, 2008 to Rs. 71.85 on September 30, 2008.
- ◆ Foreign holding (FII + FDI) as on June 30, 2008 : 39.9% (March 31, 2008 : 46.6%)

# Consolidated highlights (H1 2009 vs H1 2008)

## Project finance

- ◆ Loan book increased by 24% from Rs. 17,411 crore to Rs. 21,671 crore
- ◆ NII infrastructure increased by 43% from Rs. 250 crore to Rs. 356 crore
- ◆ Exposure increased by 26% from Rs. 27,737 crore to Rs. 35,030 crore
- ◆ Gross Approvals decreased by 12% from Rs. 8,455 crore to Rs. 7,420 crore
- ◆ Gross Disbursements decreased by 7% from Rs. 5,034 crore to Rs. 4,663 crore

## Treasury

- ◆ NII treasury decreased by 30% from Rs. 80 crore to Rs. 56 crore

## Principal investments

- ◆ Equity book increased 1.60 times from Rs. 808 crore to Rs. 1,295 crore (excluding strategic investments)
- ◆ Principal Investments Income increased by 20% from Rs. 127 crore to Rs. 153 crore

## Asset management

- ◆ Management fees increased 2.9 times from Rs. 26 crore to Rs. 77 crore
- ◆ AUM : USD 4.45 billion

## Investment banking & broking

- ◆ Investment Banking & Broking Income decreased by 20% from Rs. 91 crore to Rs. 73 crore

## Loan related & other fees

- ◆ Loan related & other fees increased by 61% from Rs. 49 crore to Rs. 79 crore



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# Balance Sheet

(Rs. crore)

Particulars	H1 FY 08	H1 FY 09	Growth (H-O-H)	FY 2008
<b><u>Sources of Funds</u></b>				
<b>Shareholders' Funds</b>	<b>5,406</b>	<b>6,052</b>	<b>12%</b>	<b>5,593</b>
Capital	1,294	1,295	0%	1,294
Reserves & Surplus	4,112	4,756	16%	4,299
<b>Subordinated Debt</b>	<b>650</b>	<b>650</b>	<b>0%</b>	<b>650</b>
<b>Loan Funds</b>	<b>16,494</b>	<b>22,241</b>	<b>35%</b>	<b>21,654</b>
<b>Minority Interest</b>	<b>28</b>	<b>28</b>	<b>-2%</b>	<b>24</b>
<b>Total Sources of Funds</b>	<b>22,578</b>	<b>28,970</b>	<b>28%</b>	<b>27,921</b>
<b><u>Application of Funds</u></b>				
<b>Goodwill</b>	<b>226</b>	<b>1,077</b>	<b>376%</b>	<b>294</b>
<b>Fixed Assets</b>	<b>312</b>	<b>405</b>	<b>30%</b>	<b>385</b>
<b>Infrastructure Loans</b>	<b>17,160</b>	<b>21,393</b>	<b>25%</b>	<b>19,905</b>
Gross Loans	17,411	21,671	24%	20,153
Less provisions	251	277	10%	248
<b>Investments</b>	<b>4,541</b>	<b>5,697</b>	<b>25%</b>	<b>6,636</b>
Treasury	3,733	4,402	18%	5,260
Equity	808	1,295	60%	1,376
<b>Deferred Tax Asset</b>	<b>85</b>	<b>113</b>	<b>32%</b>	<b>97</b>
<b>Net Current Assets</b>	<b>254</b>	<b>285</b>	<b>12%</b>	<b>603</b>
<b>Total Applications of Funds</b>	<b>22,578</b>	<b>28,970</b>	<b>28%</b>	<b>27,921</b>

# Financials

(Rs. crore)

Particulars	H1 FY 08	H1 FY 09	Growth (H-O-H)	FY 2008
<b>NII</b>	<b>329</b>	<b>412</b>	<b>25%</b>	<b>694</b>
Infrastructure	250	356	43%	565
Treasury	80	56	-30%	129
<b>Non-Interest Income</b>	<b>293</b>	<b>382</b>	<b>30%</b>	<b>618</b>
Principal Investment	127	153	20%	216
Asset management	26	77	194%	56
Investment Banking & Broking	91	73	-20%	219
Loan related & other fees	49	79	61%	127
<b>Other Income</b>	<b>2</b>	<b>13</b>	<b>682%</b>	<b>12</b>
<b>OPERATING INCOME</b>	<b>624</b>	<b>807</b>	<b>29%</b>	<b>1,324</b>
<b>OPERATING EXPENSES</b>	<b>100</b>	<b>168</b>	<b>69%</b>	<b>254</b>
<b>PRE-PROVISIONING PROFITS</b>	<b>525</b>	<b>639</b>	<b>22%</b>	<b>1,071</b>
Provisions	23	35	52%	70
<b>PBT</b>	<b>502</b>	<b>604</b>	<b>20%</b>	<b>1,001</b>
Less : Provision for Tax, Profit on associate co, Minority interest	127	155	22%	258
<b>PAT</b>	<b>375</b>	<b>449</b>	<b>20%</b>	<b>742</b>

# RoA Tree (rolling 12 months)

(% of avg total assets)

Particular	FY 2007	Oct 06 - Sep 07	Jan 07 - Dec 07	FY 2008	July 07 - June 08	Oct 07 - Sep 08
<b>Net Interest Income *</b>	<b>2.8%</b>	<b>2.9%</b>	<b>2.9%</b>	<b>2.9%</b>	<b>2.9%</b>	<b>2.7%</b>
Infrastructure*	2.6%	2.4%	2.3%	2.4%	2.4%	2.3%
Treasury	0.2%	0.5%	0.5%	0.5%	0.5%	0.4%
<b>Non Interest Income</b>	<b>1.7%</b>	<b>2.2%</b>	<b>2.6%</b>	<b>2.6%</b>	<b>2.3%</b>	<b>2.5%</b>
Principal Investment	0.9%	0.9%	1.0%	0.9%	0.8%	0.8%
Asset Management	0.3%	0.3%	0.2%	0.2%	0.2%	0.4%
Investment Banking & Broking	0.0%	0.4%	0.6%	0.8%	0.7%	0.7%
Loan related & other fees	0.5%	0.7%	0.8%	0.7%	0.6%	0.6%
Miscellaneous income	0.1%	0.0%	0.0%	0.1%	0.1%	0.1%
<b>OPERATING INCOME</b>	<b>4.7%</b>	<b>5.1%</b>	<b>5.5%</b>	<b>5.6%</b>	<b>5.3%</b>	<b>5.3%</b>
<b>OPERATING EXPENSE</b>	<b>0.5%</b>	<b>0.8%</b>	<b>0.9%</b>	<b>1.1%</b>	<b>1.1%</b>	<b>1.1%</b>
Pre-Provisioning Profits	4.1%	4.3%	4.6%	4.5%	4.3%	4.1%
Provisions & Losses	0.1%	0.2%	0.2%	0.3%	0.3%	0.3%
<b>PBT</b>	<b>4.0%</b>	<b>4.1%</b>	<b>4.3%</b>	<b>4.2%</b>	<b>4.0%</b>	<b>3.8%</b>
Tax, Minority interest	0.8%	1.0%	1.1%	1.1%	1.0%	1.0%
Share of Associate Company	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>PAT</b>	<b>3.3%</b>	<b>3.1%</b>	<b>3.2%</b>	<b>3.1%</b>	<b>2.9%</b>	<b>2.8%</b>

\* Ratios for FY 2007 after adjusting for one time income of Rs. 150mn in Q1 FY 2007



# Key Indicators

Ratios	FY 2007	Oct 06 - Sep 07	Jan 07 - Dec 07	FY 2008	July 07 - June 08	Oct 07 - Sep 08
Overall Spread	1.9%	2.0%	2.0%	2.1%	2.2%	2.1%
Cost to Income#	11.5%	15.5%	17.0%	19.2%	20.0%	21.5%
Effective tax Rate	20.1%	23.6%	25.7%	26.3%	26.0%	26.4%
Loan Loss Reserve Ratio	1.6%	1.5%	1.4%	1.1%	1.1%	1.2%
Leverage (Closing)	6.2x	4.2x	4.7x	5.0x	5.2x	4.9x
RoE	17.7%	16.8%	16.6%	15.6%	14.3%	14.4%

\* Ratios for FY 2007 after adjusting for one time income of Rs. 150mn in Q1 FY 2007

#Cost to income : Operating cost / Operating income



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# Concentration analysis (September 08 vis-à-vis September 07)

## Exposure

Sector	September 30 2007		September 30 2008	
	Rs. Crore	%	Rs. Crore	%
Energy	9,961	35.9%	13,098	37.4%
Transportation	7,687	27.7%	8,183	23.4%
Telecom	3,490	12.6%	4,401	12.6%
Industrial & Commercial	3,156	11.4%	4,038	11.5%
Tourism	1,733	6.2%	2,174	6.2%
Cement & Steel	443	1.6%	859	2.5%
Other Misc	1,267	4.6%	2,276	6.5%
<b>Total</b>	<b>27,737</b>		<b>35,030</b>	

**Growth (Q-o-Q)**

**26%**

## Outstanding Disbursements

Sector	September 30 2007		September 30 2008	
	Rs. Crore	%	Rs. Crore	%
Energy	7,292	38.0%	8,623	36.8%
Transportation	5,602	29.2%	5,853	25.0%
Telecom	2,281	11.9%	3,008	12.8%
Industrial & Commercial	2,309	12.0%	3,325	14.2%
Tourism	877	4.6%	1,118	4.8%
Cement & Steel	75	0.4%	416	1.8%
Others	730	3.8%	1,091	4.7%
<b>Total</b>	<b>19,166</b>		<b>23,434</b>	

**Growth (YoY)**

**22%**

*Excludes investments in subsidiaries, JVs, Associates and Treasury assets*

# Product analysis (September 08 vis-à-vis September 07)

## Exposure

Product	September 30 2007		September 30 2008	
	Rs. Crore	%	Rs. Crore	%
Loans / Debentures	24,247	87.4%	31,075	88.7%
Project Loans	13,021	46.9%	17,826	50.9%
Corporate Loans	8,767	31.6%	9,514	27.2%
Loan Against Shares	2,459	8.9%	3,734	10.7%
Mezzanine Products	863	3.1%	633	1.8%
Sub-debt	273	1.0%	265	0.8%
Preference Shares	590	2.1%	368	1.0%
Equity / Pref Shares	1,890	6.8%	2,708	7.7%
Non-Funded	737	2.7%	614	1.8%
<b>Total</b>	<b>27,737</b>		<b>35,030</b>	

## Outstanding Disbursements

Product	September 30 2007		September 30 2008	
	Rs. Crore	%	Rs. Crore	%
Loans Products	16,760	87.4%	21,193	90.4%
Project Loans	8,200	42.8%	9,920	42.3%
Corporate Loans	6,560	34.2%	8,510	36.3%
Loan Against Shares	2,000	10.4%	2,763	11.8%
Mezzanine Products	648	3.4%	474	2.0%
Sub-debt	58	0.3%	107	0.5%
Preference Shares	590	3.1%	368	1.6%
Equity / Pref Shares	1,112	5.8%	1,295	5.5%
Non-Funded	646	3.4%	471	2.0%
<b>Total</b>	<b>19,166</b>		<b>23,434</b>	

# Concentration analysis

## ❑ Top Exposures

- Top 20 company exposures constitute 33% of total exposure
  - March 31, 2008 : 33%
- Top 20 industrial group exposures constitute 56% of total exposure
  - March 31, 2008 : 56%

## ❑ Top Outstanding Disbursements

- Top 20 company outstanding disbursements constitute 36% of total exposure
  - March 31, 2008 : 37%
- Top 20 industrial group outstanding disbursements constitute 58% of total exposure
  - March 31, 2008 : 58%



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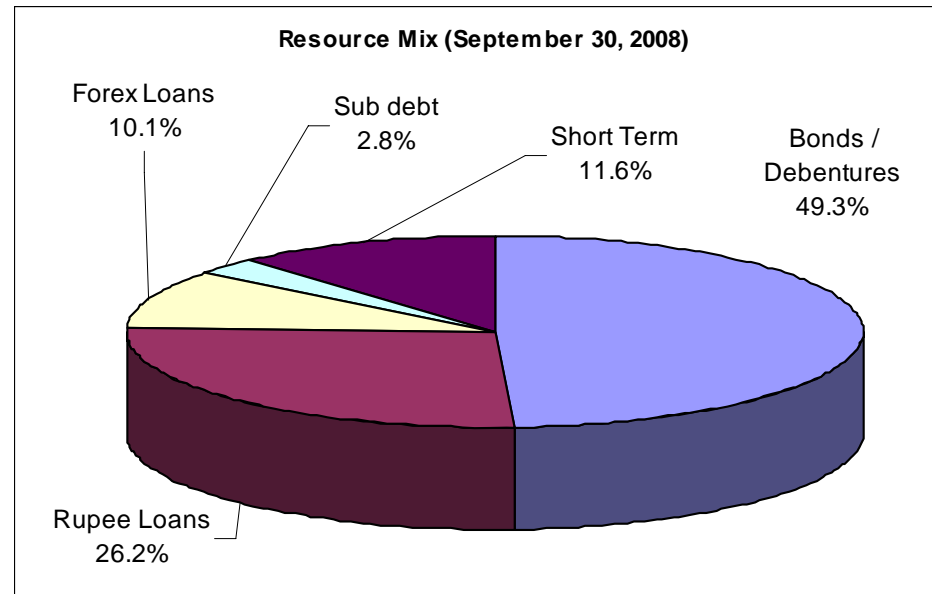
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# Borrowing Analysis (September 30, 2008)



Product	September 30 2007		September 30 2008	
	Amount (Rs. Cr)	% of Total	Amount (Rs. Cr)	% of Total
Long Term	14,244	83.1%	20,236	88.4%
Bonds / Debentures	7,563	44.1%	11,284	49.3%
Rupee Loans	4,837	28.2%	5,988	26.2%
Forex Loans	1,194	7.0%	2,314	10.1%
Sub debt	650	3.8%	650	2.8%
Short Term	2,900	16.9%	2,654	11.6%
<b>Total</b>	<b>17,144</b>		<b>22,891</b>	

**Growth H-o-H**

**34%**



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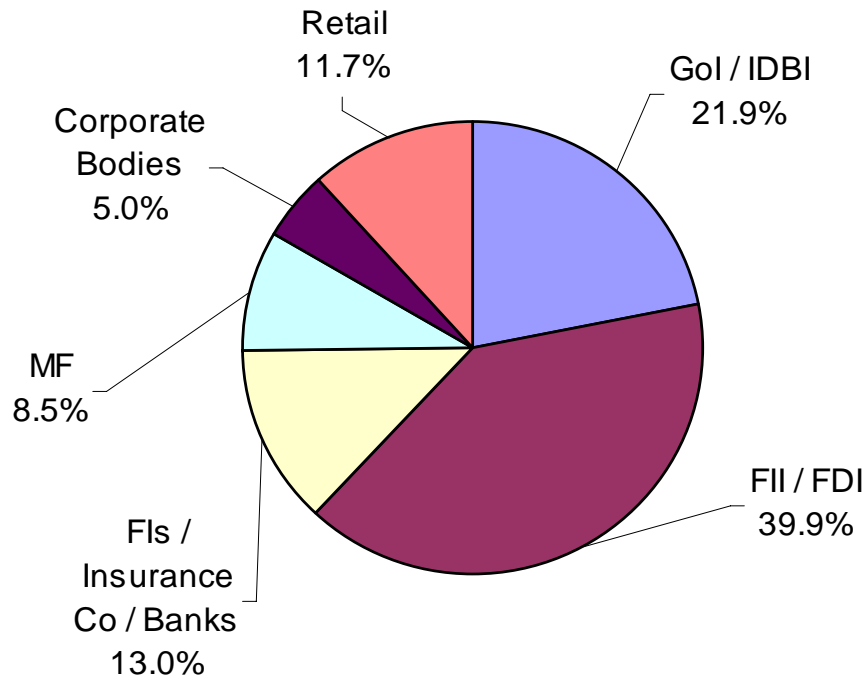
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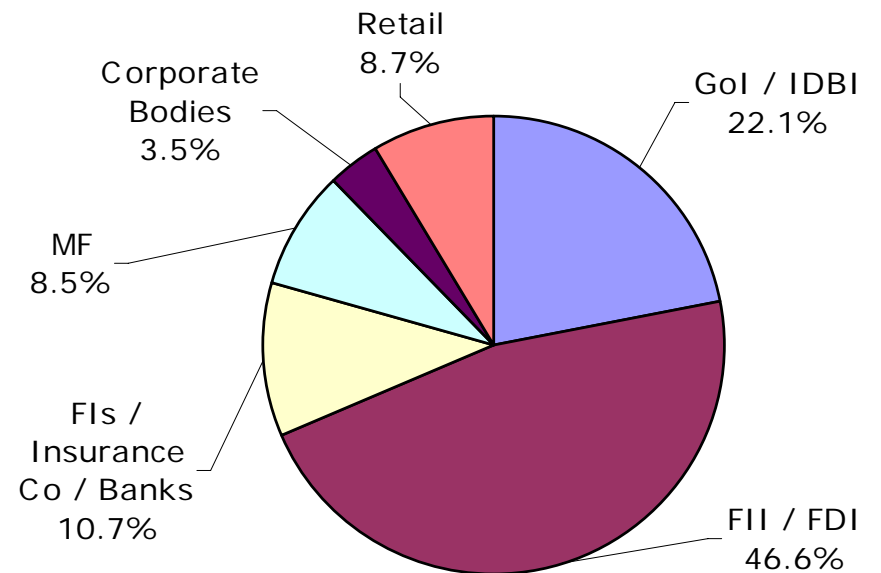


# Shareholding Pattern (September 30 2008 vis-à-vis March 31 2008)

Shareholding Pattern (Sep 30, 2008)



Shareholding Pattern (March 31, 2008)





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# Other Highlights

## ❑ Duration

- Assets – 1.79 years (March 31, 2008 – 1.76 years)
- Liabilities – 1.65 years (March 31, 2008 – 1.73 years)

## ❑ Assets under management :

Fund Name	AUM	
	INR (Rs in cr)	USD* (bn)
<b>IDFC Private Equity</b>	<b>6118</b>	<b>1.30</b>
Fund I	844	0.18
Fund II	1988	0.42
Fund III	3286	0.70
<b>IDFC Project Equity</b>	<b>3589</b>	<b>0.87</b>
<b>IDFC Investment Advisors</b>	<b>106</b>	<b>0.02</b>
<b>IDFC Mutual Fund</b>	<b>10646</b>	<b>2.26</b>
<b>Total</b>	<b>20459</b>	<b>4.45</b>