



IDFC

IDFC – Investor Presentation (H1FY2012)

Nov 08, 2011



-
1. Snapshot
 2. Balance Sheet & Financials
 3. Concentration and product analysis
 4. Borrowings
 5. Shareholding
 6. Highlights

Summary Highlights

- Balance Sheet as on Sept 30, 2011 at ~ ₹ 52k crore – a 9% YTD increase with infrastructure loan growth ~5% and treasury growth ~10%
- In H1 FY12 Net Infrastructure Loans increased ~ 5%, Y-o-Y net infrastructure loans increased by 14%
 - ❑ Gross Approvals decreased by 58% from ₹ 32,969 crore in H1FY11 to ₹ 13,901 crore in H1FY12.
 - ❑ Gross Disbursements decreased by 62% from ₹ 17,374 crore in H1FY11 to ₹ 6,598 crore in H1FY12, reflective of challenges surrounding infrastructure and the macro context
- Capital Adequacy robust at 22.9% as on Sep 30, 2011 (of which Tier I was 20.5%)
- PAT increased by 24% from ₹ 674 crore in H1FY11 to ₹ 838 crore in H1FY12
- Operating Income increased by 19% from ₹ 1,259 crore in H1FY11 to ₹ 1,495 crore in H1FY12 on account of NII and Principal Gains & Carry, notwithstanding significant decline in Investment Banking & Broking income and Loan Related & Other Fees
 - ❑ NII increased by 38% from ₹ 711 crore in H1FY11 to ₹ 981 crore in H1FY12.
 - ✓ On a rolling 12 month basis overall spreads increased from 2.21% to 2.30%
 - ❑ Principal gains and carry increased by 70% and asset management increased by 5%
 - ❑ IB & broking declined by 67% and loan related & other fees declined by 48%

Summary Highlights

- Operating Expenses were flat at ₹ 245 crore
 - ❑ Adjusted for foundation effect for H1FY11, operating expenses increased by 7%
 - ❑ Cost to Income declined from 20.6% for rolling 12 months period ending June' 11 to 19.2% for rolling 12 months period ending Sep' 11
 - ❑ HR expenses increased by 15% from Rs. 124 crore to Rs. 142 crore
 - ✓ Adjusted for foundation effect for H1FY11, HR expenses increased by 22%
 - ❑ Non-HR expenses decreased by 15% from Rs. 122 crore to Rs. 103 crore
 - ✓ Adjusted for foundation effect for H1FY11, Non HR expenses declined by 8%
- Provisions increased by 10% from ₹ 94 crore in H1FY11 to ₹ 103 crore in H1FY12

Business Highlights

➤ CORPORATE AND INVESTMENT BANK

❑ PROJECT FINANCE

- ✓ NII Infrastructure increased by 31% from ₹ 663 crore in H1FY11 to ₹ 867 crore in H1FY12. Sequentially the NII Infrastructure increased by 2% from ₹ 428 crore in Q1FY12 to ₹ 438 crore in Q2FY12.
- ✓ Energy and Transportation constitute 67% of total exposure and outstanding disbursements as on Sep 30, 2011
- ✓ Loan Related Fees decreased by 48% from ₹ 151 crore in H1FY11 to ₹ 79 crore in H1FY12.

❑ INVESTMENT BANKING AND INSTITUTIONAL BROKING

- ✓ Investment Banking and Institutional Broking income at ₹ 37 crore in H1FY12
 - Institutional broking was stable sequentially at ~ ₹ 11.5 crore
 - Investment banking revenues at ₹ 14 crore in H1FY12 on account of weak/ range bound public markets and bearish sentiment surrounding infrastructure.

❑ FIXED INCOME AND TREASURY

- ✓ NII Treasury increased by 136% from ₹ 48 crore in H1FY11 to ₹ 114 crore in H1FY12. Sequentially the NII Treasury increased by 9% from ₹ 55 crore in Q1FY12 to ₹ 59 crore in Q2FY12.

❑ PRINCIPAL INVESTMENTS & CARRY

- ✓ Income from principal investments & Carry increased by 70% from ₹ 151 crore H1FY11 to ₹ 257 crore in H1FY12

❑ ASSET QUALITY

- ✓ Gross NPAs – 0.2%, Net NPAs – 0.1%
- ✓ Loan Loss Reserve Ratio as on Sept 30, 2011 – 1.7%

Business Highlights

➤ ASSET MANAGEMENT

❑ OVERALL

- ✓ Asset Management Revenues increased by 5% from ₹ 121 crore in H1FY11 to ₹ 127 crore in H1FY12
 - Average AUM as on Sep 30, 2011 at ₹ 38,013 crore

❑ PUBLIC MARKETS

- ✓ Y-o-Y, Average AUM increased by 31% to ₹ 29,731 crore for H1FY12, on account of focused sales and marketing initiatives and favorable interest rate environment
- ✓ Asset Management Fees increased by 44% from ₹ 46 crore in H1FY11 to ₹ 66 crore in H1FY12
- ✓ Market share increased to 4.06% as on Sep 30, 2011 from 3.75% as on Jun 30, 2011
- ✓ All approvals for 25% IDFC stake sale in AMC received.

❑ ALTERNATIVES

- ✓ AUM ₹ 8,282 crore
- ✓ Asset Management Fees decreased by 19% from ₹ 75 crore in H1FY11 to ₹ 61 crore in H1FY12

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Balance Sheet

(Amounts in ₹ crore)

Particulars	As on				% Growth	
	30-Sep-10	31-Mar-11	30-Jun-11	30-Sep-11	Y-o-Y	Y-T-D
Shareholders' Funds	11,117	11,248	11,551	12,073	8.6%	7.3%
Borrowings	35,300	36,304	38,669	39,576	12.1%	9.0%
TOTAL LIABILITIES	46,423	47,554	50,220	51,650	11.3%	8.6%
Net Infra Loans	34,397	37,652	37,527	39,313	14.3%	4.4%
Treasury	8,123	6,446	8,665	7,111	-12.5%	10.3%
Consol Equity	3,252	3,082	3,107	3,090	-5.0%	0.3%
Others	651	374	920	2,136	na	na
TOTAL ASSETS	46,423	47,554	50,220	51,650	11.3%	8.6%

Consol Financials (P&L)

(Amounts in ₹ crore)

Particulars	H1FY11	H1FY12	% Growth	Q1FY12	Q2FY12	% Growth
Net Interest Income	711	981	38%	483	498	3%
Infrastructure	663	867	31%	428	438	2%
Treasury	48	114	136%	55	59	9%
Non-Interest Income	533	499	-6%	110	389	254%
Principal Investment & Carry	151	257	70%	-2	259	na
<i>Principal Investment</i>	140	241	72%	-2	243	na
<i>Capital Gains & Carry from Alternatives</i>	11	16	41%	0	16	na
Asset management Fees	121	127	5%	62	65	4%
<i>Mutual Fund</i>	46	66	44%	32	34	5%
<i>Alternatives</i>	75	61	-19%	30	31	3%
Investment Banking & Broking	110	37	-67%	19	17	-9%
<i>Investment Banking</i>	82	14	-83%	8	6	-23%
<i>Institutional Broking</i>	28	23	-18%	11	12	1%
Loan related & other fees	151	79	-48%	31	48	54%
Other Income	15	15	4%	12	4	-69%
OPERATING INCOME	1,259	1,495	19%	604	890	47%
OPERATING EXPENSES	245	245	0%	114	132	16%
HR	124	142	15%	65	77	19%
Other than HR	122	103	-15%	49	55	12%
Provisions	94	103	10%	40	63	58%
PBT	919	1,147	25%	451	696	54%
Less : Provision for Tax, Profit in associate	246	309	26%	137	171	25%
PAT	674	838	24%	314	524	67%

RoA Tree (rolling 12 months)

(% of avg total assets)

Particulars	FY2010	Oct 09 - Sep 10	Jan 10 - Dec 10	FY2011	Jul 10 - Jun 11	Oct 10 - Sep 11
Operating Income	7.0%	6.9%	6.7%	6.0%	5.5%	5.8%
Net Interest Income	3.6%	3.6%	3.8%	3.8%	3.9%	4.0%
<i>Infrastructure</i>	3.3%	3.4%	3.5%	3.5%	3.5%	3.5%
<i>Treasury</i>	0.3%	0.3%	0.3%	0.3%	0.4%	0.4%
Non-Interest Income	3.3%	3.1%	2.8%	2.1%	1.6%	1.8%
<i>Principal Income & Carry</i>	1.3%	1.2%	0.9%	0.6%	0.2%	0.7%
<i>Asset Management</i>	0.9%	0.8%	0.7%	0.6%	0.5%	0.5%
<i>Inv Banking & Broking</i>	0.6%	0.5%	0.5%	0.5%	0.4%	0.3%
<i>Loan Related & Other fees</i>	0.5%	0.6%	0.6%	0.5%	0.4%	0.3%
Other Income	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Operating Expenses	1.8%	1.6%	1.6%	1.2%	1.1%	1.1%
HR	1.0%	0.9%	0.9%	0.7%	0.7%	0.7%
Non-HR	0.8%	0.7%	0.7%	0.6%	0.5%	0.5%
Provisions	0.4%	0.6%	0.5%	0.5%	0.5%	0.5%
PBT	4.8%	4.7%	4.5%	4.2%	3.9%	4.2%
Tax	1.2%	1.2%	1.1%	1.2%	1.1%	1.2%
PAT	3.6%	3.5%	3.4%	3.1%	2.8%	3.0%

Ratios (rolling 12 months)

Particulars	FY2010	Oct 09 - Sep 10	Jan 10 - Dec 10	FY2011	Jul 10 - Jun 11	Oct 10 - Sep 11
NII / Operating Income	53.0%	55.0%	59.1%	64.6%	70.6%	68.8%
Non-Interest Income / Operating Income	47.0%	45.0%	40.9%	35.4%	29.4%	31.2%
HR / Operating Income	14.6%	13.7%	13.9%	11.6%	11.9%	11.3%
Cost / Income*	26.0%	24.5%	25.4%	20.9%	20.6%	19.2%
Effective Tax Rate	25.6%	26.2%	26.7%	28.0%	29.4%	27.9%
RoE	15.8%	14.9%	13.7%	12.9%	11.5%	12.7%
Leverage (Closing)	4.8 x	4.2 x	4.2 x	4.2 x	4.3 x	4.3 x
Loan Loss Reserve (Closing)#	1.8%	1.6%	1.7%	1.6%	1.7%	1.7%
Gross NPA (Closing)	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%
Net NPA (Closing)	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%
Average Spreads	2.66%	2.45%	2.39%	2.24%	2.21%	2.30%

* Cost / Income : Operating Cost / Operating Income

Loan Loss Reserve : Standard Assets Provision / Standard Assets

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Concentration Analysis (Sep '11 vis-à-vis Sep '10)

Exposure

Sector	Amounts in ₹ crore			% of Total		
	30-Sep-10	31-Mar-11	30-Sep-11	30-Sep-10	31-Mar-11	30-Sep-11
Exposure	62,165	58,273	62,752	100.0%	100.0%	100.0%
Energy	26,381	26,707	26,973	42.4%	45.8%	43.0%
Transportation	17,365	16,717	15,129	27.9%	28.7%	24.1%
Telecom	12,062	9,222	13,497	19.4%	15.8%	21.5%
Others	6,356	5,626	7,153	10.2%	9.7%	11.4%

Y-o-Y Growth	0.9%
Q-o-Q Growth	1.8%

Outstanding Disbursements

Sector	Amounts in ₹ crore			% of Total		
	30-Sep-10	31-Mar-11	30-Sep-11	30-Sep-10	31-Mar-11	30-Sep-11
OS Disb	38,515	41,823	44,357	100.0%	100.0%	100.0%
Energy	15,270	17,401	19,522	39.6%	41.6%	44.0%
Transportation	8,400	10,537	10,281	21.8%	25.2%	23.2%
Telecom	9,783	9,097	9,150	25.4%	21.8%	20.6%
Others	5,062	4,788	5,403	13.1%	11.4%	12.2%

Y-o-Y Growth	15.2%
Q-o-Q Growth	4.2%

➤ Top Exposures

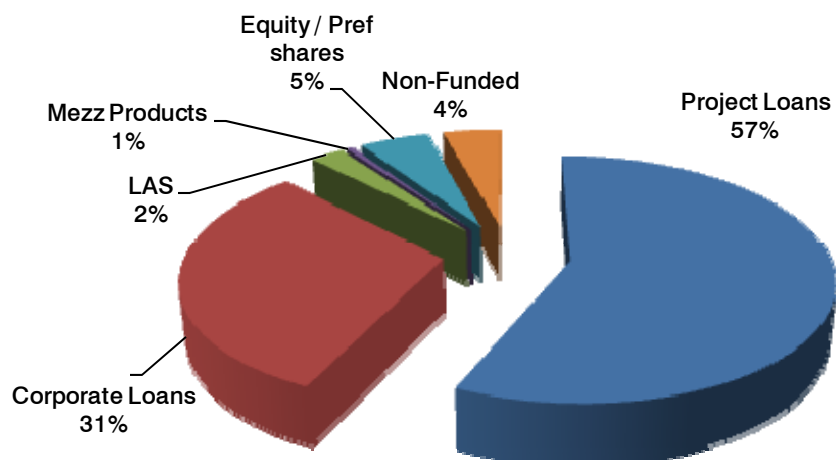
- ❑ Top 20 Company : 38% of total
✓(Sep 30, 2010 : 39%)
- ❑ Top 20 Industrial Group : 62% of total
✓(Sep 30, 2010 : 68%)

➤ Top Outstanding Disbursements

- ❑ Top 20 Company : 40% of total
✓(Sep 30, 2010 : 45%)
- ❑ Top 20 Industrial Group : 64% of total
✓(Sep 30, 2010 : 68%)

Product wise concentration analysis

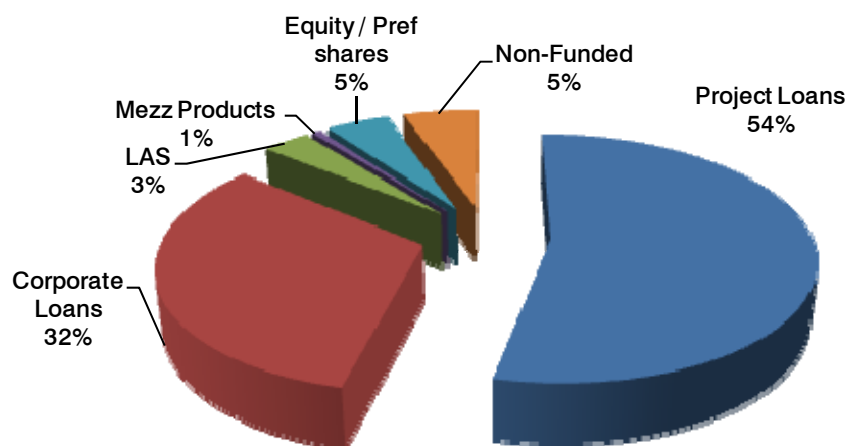
Product wise Exposure



Product wise Exposure

Sector	Amounts in ₹ crore			% of Total		
	30/09/10	31/03/11	30/09/11	30/09/10	31/03/11	30/09/11
Loans / Debentures	57,109	53,428	56,548	91.9%	91.7%	90.1%
<i>Project Loans</i>	40,736	36,007	35,662	65.5%	61.8%	56.8%
<i>Corporate Loans</i>	15,618	16,753	19,326	25.1%	28.7%	30.8%
LAS	755	667	1,560	1.2%	1.1%	2.5%
Mezz Products	368	330	326	0.6%	0.6%	0.5%
Equity / Pref shares	3,169	2,720	3,215	5.1%	4.7%	5.1%
Non-Funded	1,519	1,796	2,662	2.4%	3.1%	4.2%
TOTAL	62,165	58,273	62,752	100.0%	100.0%	100.0%

Product wise Os Disbursements (Sep 30, 2011)



Product wise Outstanding Disbursements

Sector	Amounts in ₹ crore			% of Total		
	30/09/10	31/03/11	30/09/11	30/09/10	31/03/11	30/09/11
Loans / Debentures	34,641	37,888	39,637	89.9%	90.6%	89.4%
<i>Project Loans</i>	19,067	22,313	23,790	49.5%	53.4%	53.6%
<i>Corporate Loans</i>	14,819	14,907	14,307	38.5%	35.6%	32.3%
LAS	755	667	1,540	2.0%	1.6%	3.5%
Mezz Products	350	327	290	0.9%	0.8%	0.7%
Equity / Pref shares	2,160	2,042	2,037	5.6%	4.9%	4.6%
Non-Funded	1,364	1,566	2,392	3.5%	3.7%	5.4%
TOTAL	38,515	41,823	44,357	100.0%	100.0%	100.0%

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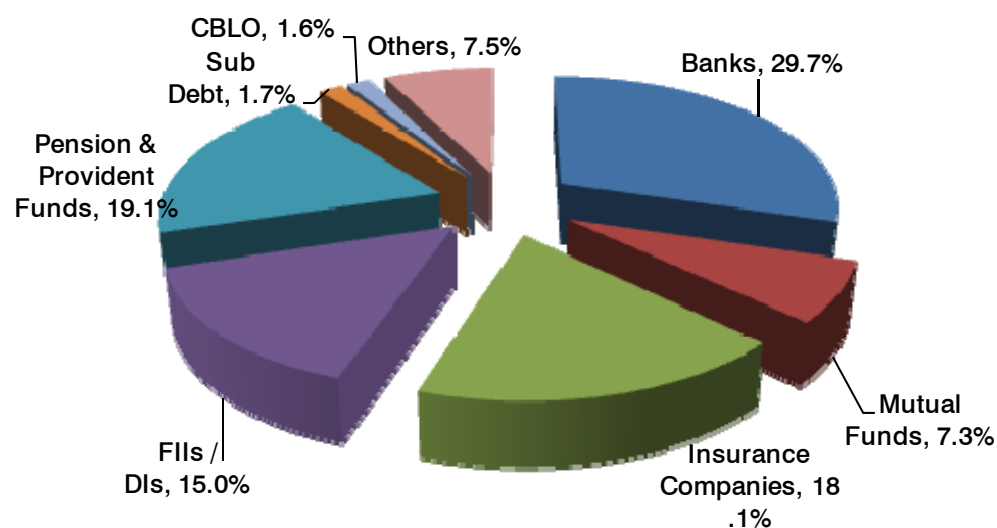
Borrowing Analysis

Product wise Outstanding Borrowing

(Amounts in ₹ crore)

Product	Amounts in ₹ crore			% of total			% growth	
	30/9/10	31/3/11	30/9/11	30/9/10	31/3/11	30/9/11	Y-o-Y	YTD
LT Rupee Loans	5,202	6,669	5,727	15%	18%	14%	10%	-14%
LT Bonds / Debentures	21,968	24,508	25,042	62%	68%	63%	14%	2%
Sub Debt	650	650	650	2%	2%	2%	0%	0%
Foreign Currency Loans	2,045	2,790	4,131	6%	8%	10%	102%	48%
Short Term	5,434	1,687	4,025	15%	5%	10%	-26%	139%
TOTAL	35,300	36,304	39,575	100%	100%	100%	12%	9%

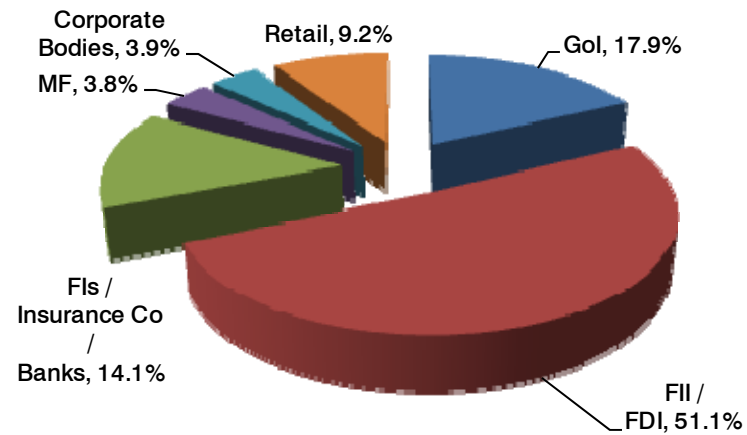
Borrowings - Lender wise (Sep 30, 2011)



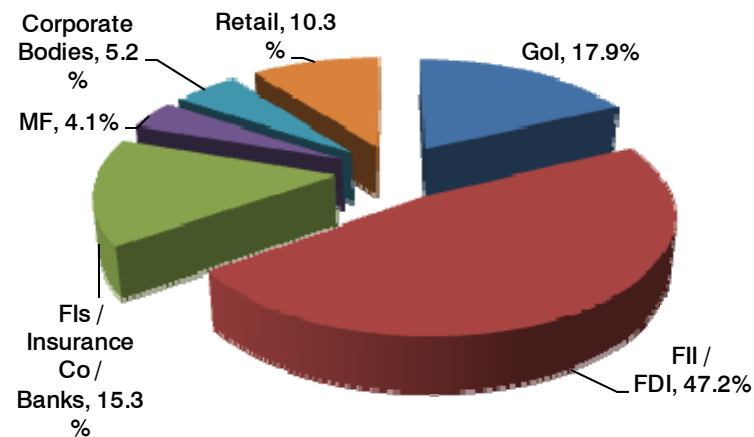
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Shareholding

Shareholding (March 31, 2011)



Shareholding (September 30, 2011)



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Other Highlights

- Duration
 - Assets – 1.99 years (June 30, 2011 – 2.00 years)
 - Liabilities – 2.46 years (June 30, 2011 – 2.55 years)

•Assets Under Management

<i>Fund Name</i>	<i>AUM</i>	
	<i>₹ Crore</i>	<i>USD* (bn)</i>
IDFC Private Equity**	4,445	1.0
Fund I	273	0.1
Fund II	1,269	0.3
Fund III	2,903	0.6
IDFC Project Equity Fund**	3,837	0.9
IDFC Mutual Fund	29,731	6.1
Investment Advisor	758	0.2
Equity	5,473	1.1
Debt	23,500	4.8
Total	38,013	8.0

**Exchange rate: Pvt & Proj Eq - rate prevailing at the time of Fund Close; Others 1 USD = ₹ 48.93 as on Sep 30, 2011.

Thank You !!!!