



**IDFC**

## **IDFC – Investor Presentation (9MFY2012)**

Feb 10, 2012



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

## Summary Highlights

- Balance Sheet as on Dec 31, 2011 at ~ ₹ 56k crore – a 17% YoY growth (YTD ~ 18%)
- In 9MFY12 Net Loans increased ~ 17%, Y-o-Y net loans increased by 25% (YTD ~ 17%)
  - ❑ Gross Approvals decreased by 41% from ₹ 36,503 crore in 9MFY11 to ₹ 21,666 crore in 9MFY12.
  - ❑ Gross Disbursements decreased by 45% from ₹ 22,495 crore in 9MFY11 to ₹ 12,429 crore in 9MFY12, reflective of continued challenges surrounding infrastructure and the macro context
- Capital Adequacy robust at 21.9% as on Dec 31, 2011 (of which Tier I was 19.6%)
- PAT increased by 23% from ₹ 995 crore in 9MFY11 to ₹ 1,219 crore in 9MFY12
- Operating Income increased by 17% from ₹ 1,919 crore in 9MFY11 to ₹ 2,255 crore in 9MFY12 on account of NII and Principal Gains & Carry, notwithstanding significant decline in Investment Banking & Broking income and Loan Related & Other Fees
  - ❑ NII increased by 30% from ₹ 1,171 crore in 9MFY11 to ₹ 1,527 crore in 9MFY12.
    - ✓ On a rolling 12 month basis overall spreads increased from 2.30% in Sept 11 to 2.37% in Dec 11.
  - ❑ Principal gains increased by 90% and asset management including carry & gain increased by 13%
  - ❑ IB & broking declined by 63% and loan related & other fees declined by 47%

## Summary Highlights

- Operating Expenses declined by 9% from ₹ 407 crore in 9MFY11 to ₹ 372 crore in 9MFY12
  - ❑ Adjusted for foundation effect for 9MFY11, operating expenses were flat
  - ❑ Cost to Income declined from 19.2% for rolling 12 months period ending Sept' 11 to 17.2% for rolling 12 months period ending Dec' 11
  - ❑ HR expenses increased by 2% from ₹ 211 crore to ₹ 215 crore
    - ✓ Adjusted for foundation effect for 9MFY11, HR expenses increased by 7%
  - ❑ Non-HR expenses decreased by 20% from ₹ 407 crore to ₹ 327 crore
    - ✓ Adjusted for foundation effect for 9MFY11, Non HR expenses declined by 7%
- Provisions increased by 39% from ₹ 145 crore in 9MFY11 to ₹ 201 crore in 9MFY12 due to higher provisions on the equity portfolio

## Business Highlights

### ➤ CORPORATE AND INVESTMENT BANK

#### ❑ PROJECT FINANCE

- ✓ NII Infrastructure increased by 25% from ₹ 1,076 crore in 9MFY11 to ₹ 1,340 crore in 9MFY12. Sequentially the NII Infrastructure increased by 8% from ₹ 438 crore in Q2FY12 to ₹ 473 crore in Q3FY12.
- ✓ Energy and Transportation constitute 67% of total exposure and outstanding disbursements as on Dec 31, 2011
- ✓ Loan Related Fees decreased by 47% from ₹ 203 crore in 9MFY11 to ₹ 108 crore in 9MFY12.

#### ❑ INVESTMENT BANKING AND INSTITUTIONAL BROKING

- ✓ Investment Banking and Institutional Broking income at ₹ 60 crore in 9MFY12
  - Institutional broking reduced from ₹43 crore in 9MFY11 to ₹ 30 crore in 9MFY12
  - Investment banking revenues at ₹ 29 crore in 9MFY12 on account of weak/ range bound public markets and bearish sentiment surrounding infrastructure.

#### ❑ FIXED INCOME AND TREASURY

- ✓ NII Treasury increased by 96% from ₹ 95 crore in 9MFY11 to ₹ 187 crore in 9MFY12. Sequentially the NII Treasury increased by 23% from ₹ 59 crore in Q2FY12 to ₹ 73 crore in Q3FY12.

#### ❑ PRINCIPAL INVESTMENTS

- ✓ Income from principal investments (*excluding capital gains & carry from alternatives*) increased by 90% from ₹ 169 crore in 9MFY11 to ₹ 321 crore in 9MFY12

#### ❑ ASSET QUALITY

- ✓ Gross NPAs – 0.3%, Net NPAs – 0.2%
- ✓ Loan Loss Reserve Ratio as on Dec 31, 2011 – 1.6%

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## Business Highlights

### ➤ ASSET MANAGEMENT

#### ❑ OVERALL

- ✓ Asset Management Revenues increased by 13% from ₹ 195 crore in 9MFY11 to ₹ 221 crore in 9MFY12
  - Average AUM as on Dec 31, 2011 at ₹ 37,228 crore

#### ❑ PUBLIC MARKETS

- ✓ Y-o-Y, Average AUM increased by 34% to ₹ 29,000 crore for 9MFY12, on account of focused sales and marketing initiatives and favorable interest rate environment
- ✓ Asset Management Fees increased by 23% from ₹ 76 crore in 9MFY11 to ₹ 93 crore in 9MFY12
- ✓ Market share was at 3.89% as on Dec 31, 2011

#### ❑ ALTERNATIVES

- ✓ AUM ₹ 8,228 crore
- ✓ Asset Management Fees decreased by 16% from ₹ 108 crore in 9MFY11 to ₹ 90 crore in 9MFY12
- ✓ Capital Gains & Carry increased from ₹ 11 crore to ₹ 37 crore

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## Balance Sheet

(Amounts in ₹ crore)

Particulars	As on					% Growth	
	31-Dec-10	31-Mar-11	30-Jun-11	30-Sep-11	31-Dec-11	Y-o-Y	Y-T-D
Shareholders' Funds	11,390	11,248	11,551	12,073	12,430	9.1%	10.5%
Borrowings	36,633	36,304	38,669	39,576	43,729	19.4%	20.5%
Others	7	2	2	2	22		
<b>TOTAL LIABILITIES</b>	<b>48,030</b>	<b>47,554</b>	<b>50,222</b>	<b>51,650</b>	<b>56,180</b>	<b>17.0%</b>	<b>18.1%</b>
Net Infra Loans	35,021	37,652	37,527	39,313	43,897	25.3%	16.6%
Treasury	8,751	6,446	8,665	7,111	6,654	-24.0%	3.2%
Consol Equity	3,603	3,082	3,107	3,090	3,112	-13.7%	1.0%
Others	655	374	922	2,136	2,518	na	na
<b>TOTAL ASSETS</b>	<b>48,030</b>	<b>47,554</b>	<b>50,222</b>	<b>51,650</b>	<b>56,180</b>	<b>17.0%</b>	<b>18.1%</b>

## Consol Financials (P&L)

(Amounts in ₹ crore)

Particulars	9MFY11	9MFY12	% Growth	Q3FY11	Q3FY12	Q2FY12	% Growth	
							Q3FY12 vs Q3FY11	Q3FY12 vs Q2FY12
<b>Net Interest Income</b>	<b>1,171</b>	<b>1,527</b>	<b>30%</b>	<b>460</b>	<b>546</b>	<b>498</b>	<b>19%</b>	<b>10%</b>
Infrastructure	1,076	1,340	25%	413	473	438	15%	8%
Treasury	95	187	96%	47	73	59	55%	23%
<b>Non-Interest Income</b>	<b>729</b>	<b>710</b>	<b>-3%</b>	<b>196</b>	<b>212</b>	<b>390</b>	<b>8%</b>	<b>-46%</b>
Principal Investment (Infrastructure/Strategic/Financial)	169	321	90%	29	91	243	209%	-63%
Asset management	195	221	13%	63	68	80	8%	-16%
Mutual Fund	76	93	23%	30	27	34	-10%	-20%
Alternatives	119	128	7%	33	41	47	23%	-13%
Fees	108	90	-16%	33	30	31	-9%	-3%
Capital Gains & Carry from Alternatives	11	37	233%	0	11	16	na	-32%
Investment Banking & Broking	161	60	-63%	51	23	19	-55%	24%
Investment Banking	118	29	-75%	36	16	7	-57%	117%
Institutional Broking	43	30	-29%	15	8	12	-50%	-34%
Loan related & other fees	203	108	-47%	52	30	48	-44%	-38%
Other Income	20	18	-9%	5	3	4	-45%	-24%
<b>OPERATING INCOME</b>	<b>1,919</b>	<b>2,255</b>	<b>17%</b>	<b>661</b>	<b>761</b>	<b>892</b>	<b>15%</b>	<b>-15%</b>
<b>OPERATING EXPENSES</b>	<b>407</b>	<b>372</b>	<b>-9%</b>	<b>162</b>	<b>127</b>	<b>132</b>	<b>-21%</b>	<b>-3%</b>
HR	211	215	2%	87	73	77	-17%	-6%
Non HR	197	158	-20%	75	55	55	-27%	0%
Provisions	145	201	39%	51	98	63	93%	55%
<b>PBT</b>	<b>1,367</b>	<b>1,682</b>	<b>23%</b>	<b>448</b>	<b>536</b>	<b>697</b>	<b>20%</b>	<b>-23%</b>
Less : Tax, Minority interest, etc	372	463	24%	126	154	171	22%	-10%
<b>PAT</b>	<b>995</b>	<b>1,219</b>	<b>23%</b>	<b>321</b>	<b>381</b>	<b>526</b>	<b>19%</b>	<b>-27%</b>

## 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	Jan 11 - Dec 11
<b>Operating Income</b>	<b>6.7%</b>	<b>6.6%</b>	<b>6.4%</b>	<b>5.9%</b>	<b>5.7%</b>	<b>5.9%</b>	<b>5.7%</b>
<b>Net Interest Income</b>	<b>3.6%</b>	<b>3.6%</b>	<b>3.8%</b>	<b>3.8%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>
<i>Infrastructure</i>	3.3%	3.4%	3.5%	3.5%	3.7%	3.6%	3.5%
<i>Treasury</i>	0.3%	0.3%	0.3%	0.3%	0.4%	0.4%	0.5%
<b>Non-Interest Income</b>	<b>3.0%</b>	<b>2.9%</b>	<b>2.5%</b>	<b>2.0%</b>	<b>1.6%</b>	<b>1.8%</b>	<b>1.7%</b>
<i>Principal Investments</i>	0.8%	0.7%	0.5%	0.4%	0.2%	0.6%	0.7%
<i>Asset Management</i>	1.2%	1.0%	0.9%	0.7%	0.7%	0.6%	0.6%
<i>Inv Banking &amp; Broking</i>	0.6%	0.5%	0.5%	0.5%	0.4%	0.3%	0.2%
<i>Loan Related &amp; Other fees</i>	0.5%	0.6%	0.6%	0.5%	0.4%	0.3%	0.2%
Other Income	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%
<b>Operating Expenses</b>	<b>1.8%</b>	<b>1.6%</b>	<b>1.6%</b>	<b>1.2%</b>	<b>1.2%</b>	<b>1.1%</b>	<b>1.0%</b>
HR	1.0%	0.9%	0.9%	0.7%	0.7%	0.7%	0.6%
Non-HR	0.8%	0.7%	0.7%	0.6%	0.5%	0.5%	0.4%
<b>Provisions</b>	<b>0.4%</b>	<b>0.6%</b>	<b>0.5%</b>	<b>0.5%</b>	<b>0.5%</b>	<b>0.5%</b>	<b>0.6%</b>
<b>PBT</b>	<b>4.6%</b>	<b>4.4%</b>	<b>4.3%</b>	<b>4.1%</b>	<b>4.0%</b>	<b>4.2%</b>	<b>4.1%</b>
Tax	1.2%	1.2%	1.1%	1.2%	1.2%	1.2%	1.2%
<b>PAT</b>	<b>3.4%</b>	<b>3.3%</b>	<b>3.1%</b>	<b>3.0%</b>	<b>2.8%</b>	<b>3.0%</b>	<b>3.0%</b>

## Ratios (rolling 12 months)

Particulars	FY2010	Oct 09 - Sep 10	Jan 10 - Dec 10	FY2011	Jul 10 - Jun 11	Oct 10 - Sep 11	Jan 11 - Dec 11
NII / Operating Income	53.0%	55.0%	59.1%	64.6%	70.6%	68.8%	69.4%
Non-Interest Income / Operating	47.0%	45.0%	40.9%	35.4%	29.4%	31.2%	30.6%
HR / Operating Income	14.6%	13.7%	13.9%	11.6%	11.9%	11.3%	10.4%
<b>Cost / Income*</b>	<b>26.0%</b>	<b>24.5%</b>	<b>25.4%</b>	<b>20.9%</b>	<b>20.6%</b>	<b>19.2%</b>	<b>17.3%</b>
Effective Tax Rate	25.6%	26.2%	26.7%	28.0%	29.4%	27.9%	28.1%
<b>RoE</b>	<b>15.8%</b>	<b>14.9%</b>	<b>13.7%</b>	<b>12.9%</b>	<b>11.9%</b>	<b>12.8%</b>	<b>12.9%</b>
Leverage ( <i>Closing</i> )	4.8 x	4.2 x	4.2 x	4.2 x	4.3 x	4.3 x	4.5 x
Loan Loss Reserve ( <i>Closing</i> )	1.8%	1.6%	1.7%	1.6%	1.7%	1.7%	1.6%
Gross NPA ( <i>Closing</i> )	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%
Net NPA ( <i>Closing</i> )	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%
<b>Average Spreads</b>	<b>2.7%</b>	<b>2.4%</b>	<b>2.4%</b>	<b>2.2%</b>	<b>2.2%</b>	<b>2.3%</b>	<b>2.4%</b>
<b>NIMs</b>	<b>3.9%</b>	<b>4.1%</b>	<b>4.2%</b>	<b>4.2%</b>	<b>4.2%</b>	<b>4.3%</b>	<b>4.3%</b>

\*Cost / Income : Operating Cost / Operating Income

# Loan Loss Reserve : Standard Assets Provision / Standard Assets

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## Concentration Analysis (Dec '11 vis-à-vis Dec '10)

### Exposure

Sector	Amounts in ₹ crore			% of Total		
	31-Dec-10	31-Mar-11	31-Dec-11	31-Dec-10	31-Mar-11	31-Dec-11
<b>Exposure</b>	<b>57,558</b>	<b>58,273</b>	<b>66,015</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Energy	26,962	26,707	27,563	46.8%	45.8%	41.8%
Transportation	15,884	16,717	16,649	27.6%	28.7%	25.2%
Telecom	8,553	9,222	14,702	14.9%	15.8%	22.3%
Others	6,160	5,626	7,101	10.7%	9.7%	10.8%

#### ➤ Top Exposures

- ❑ Top 20 Company : 38% of total  
✓(Dec 31, 2010 : 37%)
- ❑ Top 20 Industrial Group : 62% of total  
✓(Dec 31, 2010 : 66%)

<b>Y-o-Y Growth</b>	<b>14.7%</b>
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### Outstanding Disbursements

Sector	Amounts in ₹ crore			% of Total		
	31-Dec-10	31-Mar-11	31-Dec-11	31-Dec-10	31-Mar-11	31-Dec-11
<b>OS Disb</b>	<b>39,593</b>	<b>41,823</b>	<b>48,905</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Energy	16,691	17,401	20,421	42.2%	41.6%	41.8%
Transportation	9,306	10,537	11,505	23.5%	25.2%	23.5%
Telecom	8,462	9,097	11,111	21.4%	21.8%	22.7%
Others	5,134	4,788	5,868	13.0%	11.4%	12.0%

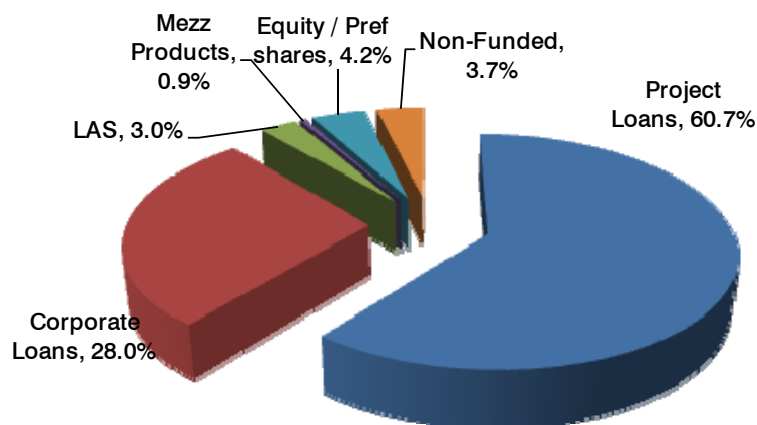
#### ➤ Top Outstanding Disbursements

- ❑ Top 20 Company : 40% of total  
✓(Dec 31, 2010 : 43%)
- ❑ Top 20 Industrial Group : 64% of total  
✓(Dec 31, 2010 : 67%)

<b>Y-o-Y Growth</b>	<b>23.5%</b>
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## Product wise concentration analysis

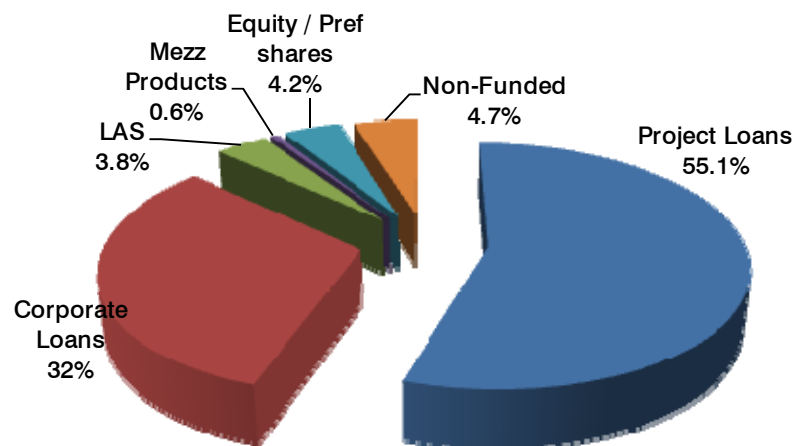
Product wise Exposure (Dec 31, 2011)



Product wise Exposure

Sector	Amounts in ₹ crore			% of Total		
	31/12/10	31/03/11	31/12/11	31/12/10	31/03/11	31/12/11
Loans / Debentures	52,475	53,428	60,508	91.2%	91.7%	91.7%
Project Loans	40,233	36,007	40,067	69.9%	61.8%	60.7%
Corporate Loans	11,532	16,753	18,485	20.0%	28.7%	28.0%
LAS	710	667	1,956	1.2%	1.1%	3.0%
Mezz Products	367	330	271	0.6%	0.6%	0.4%
Equity / Pref shares	2,937	2,720	2,776	5.1%	4.7%	4.2%
Non-Funded	1,780	1,796	2,459	3.1%	3.1%	3.7%
<b>TOTAL</b>	<b>57,558</b>	<b>58,273</b>	<b>66,015</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Product wise Os Disbursements (Dec 31, 2011)



Product wise Outstanding Disbursements

Sector	Amounts in ₹ crore			% of Total		
	31/12/10	31/03/11	31/12/11	31/12/10	31/03/11	31/12/11
Loans / Debentures	35,295	37,888	44,277	89.1%	90.6%	90.5%
Project Loans	23,606	22,313	26,951	59.6%	53.4%	55.1%
Corporate Loans	10,979	14,907	15,482	27.7%	35.6%	31.7%
LAS	710	667	1,845	1.8%	1.6%	3.8%
Mezz Products	354	327	270	0.9%	0.8%	0.6%
Equity / Pref shares	2,284	2,042	2,067	5.8%	4.9%	4.2%
Non-Funded	1,660	1,566	2,292	4.2%	3.7%	4.7%
<b>TOTAL</b>	<b>39,593</b>	<b>41,823</b>	<b>48,905</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

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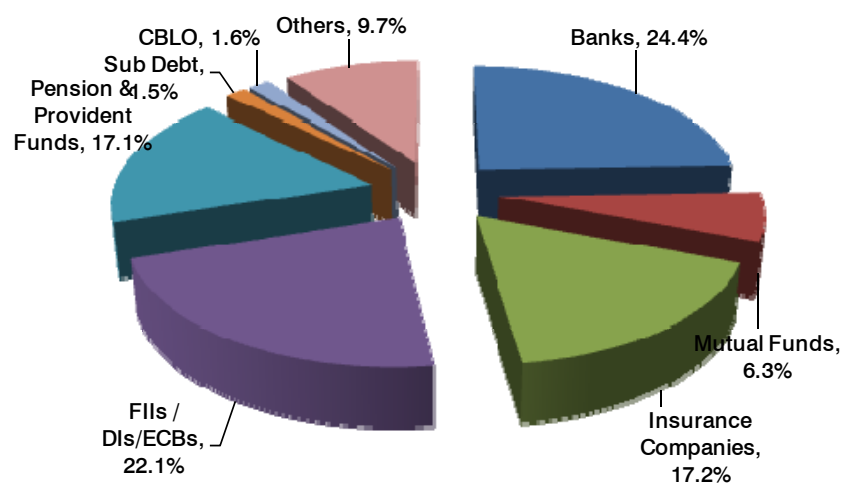


## Borrowing Analysis

Product wise Outstanding Borrowing								
Product	Amounts in ₹ crore			% of total			% growth	
	31/12/10	31/3/11	31/12/11	31/12/10	31/3/11	31/12/11	Y-o-Y	YTD
LT Rupee Loans	6,799	6,669	4,194	19%	18%	10%	-38%	-37%
LT Bonds / Debentures	22,896	24,508	28,588	63%	68%	65%	25%	17%
Sub Debt	650	650	650	2%	2%	1%	0%	0%
Foreign Currency Loans	1,301	2,790	4,994	4%	8%	11%	284%	79%
Short Term	4,987	1,687	5,303	14%	5%	12%	6%	214%
<b>TOTAL</b>	<b>36,633</b>	<b>36,304</b>	<b>43,729</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>19%</b>	<b>20%</b>

(Amounts in ₹ crore)

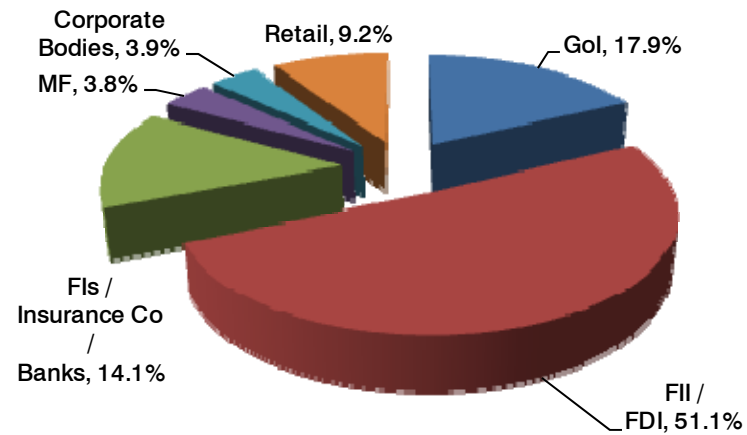
Borrowings - Lender wise (Dec 31, 2011)



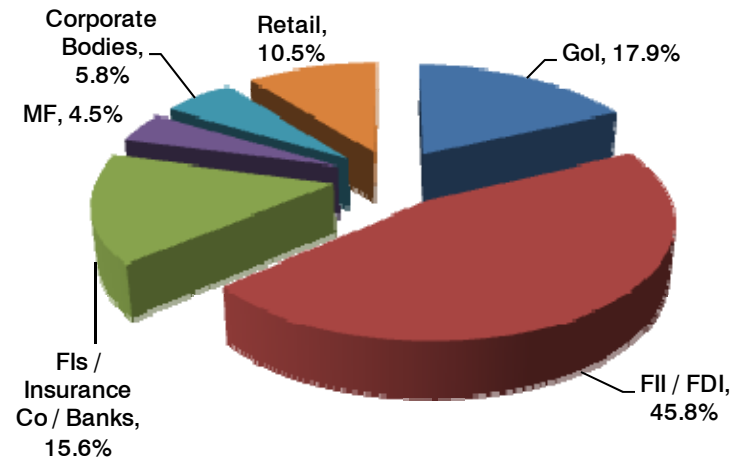
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## Shareholding

**Shareholding (March 31, 2011)**



**Shareholding (December 31, 2011)**



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## Other Highlights

- Adjusted Duration
  - Assets – 1.74 years (Sept 30, 2011 – 1.99 years)
  - Liabilities – 1.90 years (Sept 30, 2011 – 1.95 years)

### •Assets Under Management

Fund Name	AUM (Dec 31, 2011)	
	₹ Crore	USD* (bn)
IDFC Private Equity**	4,392	1.0
Fund I	260	0.1
Fund II	1,228	0.3
Fund III	2,904	0.6
IDFC Project Equity Fund**	3,837	0.9
IDFC Mutual Fund	28,999	5.4
Investment Advisor	727	0.1
Equity	5,353	1.0
Debt	22,920	4.3
<b>Total</b>	<b>37,228</b>	<b>7.3</b>

\*\*Exchange rate: Pvt & Proj Eq - rate prevailing at the time of Fund Close; Others 1 USD = ₹ 53.27 as on Dec 31, 2011.

*Thank You !!!!*