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Think Infrastructure.
Think IDFC.

Investor Presentation – 9M FY 2010

January 26, 2010

Snapshot

Balance Sheet & Financials

Concentration and product analysis

Borrowings

Shareholding

Highlights

Consolidated highlights (9M FY 2010 vs. 9M FY 2009)

Consolidated Balance Sheet

- ◆ Balance sheet increased by 4% from Rs. 30,036 crore to Rs. 31,207 crore
- ◆ Outstanding Borrowings increased by 2% from Rs. 23,769 crore to Rs. 24,191 crore
- ◆ Net NPAs – 0.2%
- ◆ Net worth – Rs. 7,010 crore

Consolidated Income Statement

- ◆ Operating income increased by 32% from Rs. 1,142 crore to Rs. 1,508 crore
- ◆ Net Interest Income increased by 20% from Rs. 669 crore to Rs. 801 crore
- ◆ Non-interest income increased by 50% from Rs. 455 crore to Rs. 681 crore
- ◆ Operating expenses increased by 37% from Rs. 235 crore to Rs. 320 crore
- ◆ PBT increased by 30% from Rs. 869 crore to Rs. 1,128 crore
- ◆ PAT increased by 32% from Rs. 634 crore to Rs. 834 crore
- ◆ EPS (diluted) increased by 31% from Rs. 4.88 to Rs. 6.38

Shareholding

- ◆ IDFC stock price moved from Rs.54.1 on March 31, 2009 to Rs. 154.3 as on December 31, 2009.
- ◆ Foreign holding (FII + FDI) as on as on December 31, 2009 – 44.9% (March 31, 2009 – 39.5%)

Consolidated highlights (9M FY10 vs. 9M FY09)

| | |
|--|--|
| <p>Project Finance</p> | <ul style="list-style-type: none"> ◆ Loan book increased by 12% from Rs. 21,027 crore to Rs. 23,914 crore ◆ NII infrastructure increased by 30% from Rs. 561 crore to Rs. 731 crore ◆ Gross Approvals increased by 91% from Rs. 8,645 crore to Rs. 16,550 crore ◆ Gross Disbursements increased by 44% from Rs. 5,517 crore to Rs. 7,958 crore |
| <p>Treasury</p> | <ul style="list-style-type: none"> ◆ NII treasury decreased by 36% from Rs. 108 crore to Rs. 69 crore |
| <p>Principal Investments</p> | <ul style="list-style-type: none"> ◆ Equity book increased by 1% from Rs.1,300 crore to Rs. 1,318 crore (excluding strategic investments) ◆ Principal Investments Income increased by 52% from Rs. 154 crore to Rs. 234 crore |
| <p>Asset Management</p> | <ul style="list-style-type: none"> ◆ Management fees increased by 67% from Rs. 125 crore to Rs. 209 crore ◆ AUM – Rs. 35,921 crore (USD 7.7 billion) |
| <p>Investment Banking & Broking</p> | <ul style="list-style-type: none"> ◆ Investment Banking & Broking Income increased by 55% from Rs. 85 crore to Rs 132 crore |
| <p>Loan related & other fees</p> | <ul style="list-style-type: none"> ◆ Loan related & other fees increased by 18% from Rs. 90 crore to Rs 106 crore |

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Balance Sheet

(Rs. crore)

| Particulars | 9M FY 09 | 9M FY 10 | % Growth (Y-o-Y) | FY 2009 |
|------------------------------------|---------------|---------------|---------------------|---------------|
| Sources of Funds | | | | |
| Shareholders' Funds | 6,240 | 7,010 | 12% | 6,176 |
| Capital | 1,295 | 1,297 | 0% | 1,295 |
| Reserves & Surplus | 4,944 | 5,713 | 16% | 4,881 |
| Loan Funds | 23,769 | 24,191 | 2% | 23,605 |
| Minority Interest | 27 | 6 | -77% | 28 |
| Total Sources of Funds | 30,036 | 31,207 | 4% | 29,809 |
| Application of Funds | | | | |
| Goodwill | 1,077 | 1,160 | 8% | 1,079 |
| Fixed Assets | 406 | 439 | 8% | 454 |
| Infrastructure Loans | 21,027 | 23,450 | 12% | 20,964 |
| Gross Loans | 21,309 | 23,914 | 12% | 21,367 |
| Less provisions | 281 | 464 | 65% | 403 |
| Investments | 7,298 | 6,094 | -17% | 6,994 |
| Treasury | 5,998 | 4,776 | -20% | 5,672 |
| Equity | 1,300 | 1,318 | 1% | 1,322 |
| Deferred Tax Asset | 112 | 162 | 45% | 143 |
| Net Current Assets | 116 | -96 | -183% | 175 |
| Total Applications of Funds | 30,036 | 31,207 | 4% | 29,809 |

Financials

(Rs. crore)

| Particulars | 9M FY 09 | 9M FY 10 | % Growth (Y-o-Y) | FY 2009 |
|---|--------------|--------------|---------------------|--------------|
| Net Interest Income | 669 | 801 | 20% | 922 |
| Infrastructure | 561 | 731 | 30% | 758 |
| Treasury | 108 | 69 | -36% | 164 |
| Non-Interest Income | 455 | 681 | 50% | 613 |
| Principal Investment | 154 | 234 | 52% | 184 |
| Asset management | 125 | 209 | 67% | 203 |
| Investment Banking | 85 | 132 | 55% | 115 |
| Loan related & other fees | 90 | 106 | 18% | 110 |
| Other Income | 17 | 27 | 53% | 20 |
| OPERATING INCOME | 1,142 | 1,508 | 32% | 1,556 |
| OPERATING EXPENSES | 235 | 320 | 37% | 367 |
| PRE-PROVISIONING PROFITS | 907 | 1,188 | 31% | 1,189 |
| Provisions | 38 | 60 | 58% | 153 |
| PBT | 869 | 1,128 | 30% | 1,036 |
| Less : Provision for Tax, Profit in associate co, Minority interest, etc | 235 | 294 | 25% | 286 |
| PAT | 634 | 834 | 32% | 750 |

RoA Tree (rolling 12 months)

(% of avg total assets)

| Particulars | FY 2007 | FY 2008 | Jan 08 - Dec 08 | FY 2009 | Jul 08 - Jun 09 | Oct 08 - Sep 09 | Jan 09 - Dec 09 |
|--|-------------|-------------|-----------------|-------------|-----------------|-----------------|-----------------|
| Net Interest Income | 2.8% | 2.9% | 2.9% | 3.1% | 3.2% | 3.5% | 3.5% |
| Infrastructure | 2.6% | 2.4% | 2.4% | 2.6% | 2.7% | 2.9% | 3.1% |
| Treasury | 0.2% | 0.5% | 0.4% | 0.6% | 0.5% | 0.5% | 0.4% |
| Non-Interest Income | 1.7% | 2.6% | 2.0% | 2.1% | 2.2% | 2.3% | 2.8% |
| Principal Investment | 0.9% | 0.9% | 0.6% | 0.6% | 0.6% | 0.5% | 0.9% |
| Asset management | 0.3% | 0.2% | 0.5% | 0.7% | 0.9% | 0.9% | 1.0% |
| Investment Banking | 0.0% | 0.8% | 0.5% | 0.4% | 0.3% | 0.4% | 0.5% |
| Loan related & other fees | 0.5% | 0.7% | 0.4% | 0.4% | 0.4% | 0.4% | 0.4% |
| Other Income | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% |
| OPERATING INCOME | 4.7% | 5.6% | 4.9% | 5.2% | 5.5% | 5.8% | 6.4% |
| OPERATING EXPENSES | 0.5% | 1.1% | 1.1% | 1.2% | 1.3% | 1.4% | 1.5% |
| PRE-PROVISIONING PROFITS | 4.1% | 4.5% | 3.8% | 4.0% | 4.2% | 4.5% | 4.9% |
| Provisions | 0.1% | 0.3% | 0.3% | 0.5% | 0.4% | 0.5% | 0.6% |
| PBT | 4.0% | 4.2% | 3.6% | 3.5% | 3.8% | 4.0% | 4.3% |
| Less : Provision for Tax, Profit in associate co, Minority interest, etc | 0.7% | 1.1% | 1.0% | 1.0% | 1.1% | 1.1% | 1.1% |
| PAT | 3.3% | 3.1% | 2.6% | 2.5% | 2.7% | 2.9% | 3.2% |

■ Key Indicators (rolling 12 months)

| Particulars | FY 2007 | FY 2008 | Jan 08 - Dec 08 | FY 2009 | Jul 08 - Jun 09 | Oct 08 - Sep 09 | Jan 09 - Dec 09 |
|-------------------------|---------|---------|-----------------|---------|-----------------|-----------------|-----------------|
| Overall Spread | 1.9% | 2.1% | 2.3% | 2.3% | 2.4% | 2.6% | 2.6% |
| Cost to Income # | 11.5% | 19.2% | 21.9% | 23.6% | 23.8% | 23.5% | 23.5% |
| Effective Tax Rate | 20.1% | 26.3% | 27.1% | 27.7% | 28.1% | 27.5% | 26.7% |
| Loan Loss Reserve Ratio | 1.6% | 1.1% | 1.2% | 1.8% | 1.8% | 1.8% | 1.8% |
| Leverage (Closing) | 6.2 x | 5.0 x | 4.8 x | 4.8 x | 4.8 x | 4.7 x | 4.5 x |
| RoE | 17.7% | 15.6% | 13.4% | 12.4% | 13.0% | 13.7% | 14.6% |

Cost to Income : Operating Cost / Operating Income

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Concentration analysis (Dec '09 vis-à-vis Dec '08)

| Exposure | | | | |
|-------------------------|-------------------|-----|-------------------|-----|
| Sector | December 31, 2008 | | December 31, 2009 | |
| | Rs crore | % | Rs crore | % |
| Energy | 12,824 | 39% | 13,875 | 40% |
| Transportation | 7,829 | 24% | 6,503 | 19% |
| Telecom | 3,476 | 10% | 6,416 | 18% |
| Industrial & Commercial | 4,091 | 12% | 3,039 | 9% |
| Tourism | 1,685 | 5% | 1,684 | 5% |
| Other misc | 3,201 | 10% | 3,240 | 9% |
| Total | 33,105 | | 34,757 | |
| Growth (Y-o-Y) | | | 5% | |

| Outstanding Disbursements | | | | |
|---------------------------|-------------------|-----|-------------------|-----|
| Sector | December 31, 2008 | | December 31, 2009 | |
| | Rs crore | % | Rs crore | % |
| Energy | 8,590 | 37% | 9,473 | 37% |
| Transportation | 5,807 | 25% | 5,510 | 22% |
| Telecom | 2,742 | 12% | 4,596 | 18% |
| Industrial & Commercial | 3,259 | 14% | 2,416 | 9% |
| Tourism | 1,150 | 5% | 1,399 | 5% |
| Other misc | 1,635 | 7% | 2,184 | 9% |
| Total | 23,183 | | 25,579 | |
| Growth (Y-o-Y) | | | 10% | |

■ Concentration analysis (Dec'09 vis-à-vis Dec '08)

- ◆ Top Exposures
 - Top 20 company exposures constitute 36% of total exposure
 - December 31, 2008 : 35%
 - Top 20 industrial group exposures constitute 56% of total exposure
 - December 31, 2008 : 57%

- ◆ Top Outstanding Disbursements
 - Top 20 company outstanding disbursements constitute 39% of total outstanding disbursements
 - December 31, 2008 : 37%
 - Top 20 industrial group outstanding disbursements constitute 52% of total outstanding disbursements
 - December 31, 2008 : 59%

Product analysis (Dec'09 vis-à-vis Dec'08)

| Exposure | | | | | Outstanding Disbursements | | | | |
|-----------------------------|-------------------|------------|-------------------|------------|-----------------------------|-------------------|------------|-------------------|------------|
| Sector | December 31, 2008 | | December 31, 2009 | | Sector | December 31, 2008 | | December 31, 2009 | |
| | Rs crore | % | Rs crore | % | | Rs crore | % | Rs crore | % |
| Loans / Debentures | 29,315 | 89% | 30,829 | 89% | Loans / Debentures | 20,753 | 90% | 23,293 | 91% |
| Project Loans | 17,742 | 54% | 17,822 | 51% | Project Loans | 9,894 | 43% | 12,466 | 49% |
| Corporate Loans | 8,891 | 27% | 11,509 | 33% | Corporate Loans | 8,208 | 35% | 9,340 | 37% |
| Loan Against Shares | 2,682 | 8% | 1,497 | 4% | Loan Against Shares | 2,652 | 11% | 1,487 | 6% |
| Mezzanine Products | 632 | 2% | 1,350 | 4% | Mezzanine Products | 551 | 2% | 616 | 2% |
| Equity / Pref Shares | 2,557 | 8% | 2,061 | 6% | Equity / Pref Shares | 1,357 | 6% | 1,346 | 5% |
| Non-Funded | 602 | 2% | 518 | 1% | Non-Funded | 522 | 2% | 324 | 1% |
| Total | 33,105 | | 34,757 | | Total | 23,183 | | 25,579 | |

Snapshot

Balance Sheet & Financials

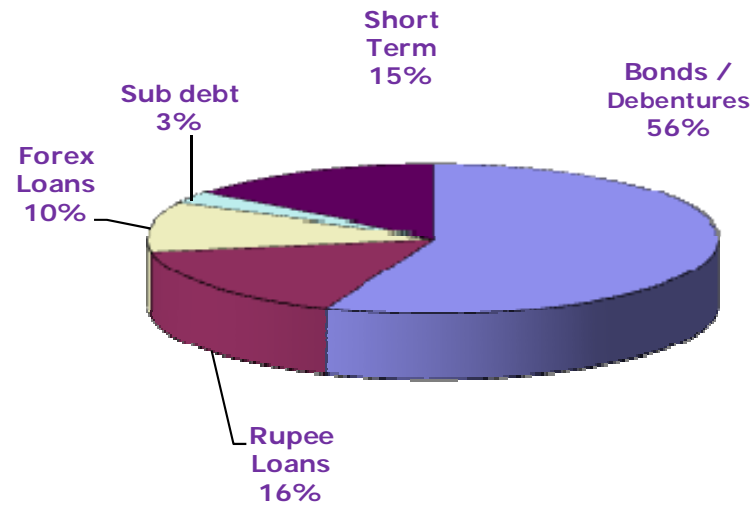
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Consolidated Borrowing Analysis (December 31, 2009)



| Sector | December 31, 2008 | | December 31, 2009 | |
|-----------------------|-------------------|------------|-------------------|------------|
| | Rs crore | % | Rs crore | % |
| Long Term | 20,958 | 88% | 20,575 | 85% |
| Bonds / Debentures | 12,039 | 51% | 13,578 | 56% |
| Rupee Loans | 5,896 | 25% | 3,928 | 16% |
| Forex Loans | 2,373 | 10% | 2,418 | 10% |
| Sub debt | 650 | 3% | 650 | 3% |
| Short Term | 2,811 | 12% | 3,617 | 15% |
| Total | 23,769 | | 24,191 | |
| Growth (Y-o-Y) | | | 2% | |

Snapshot

Balance Sheet & Financials

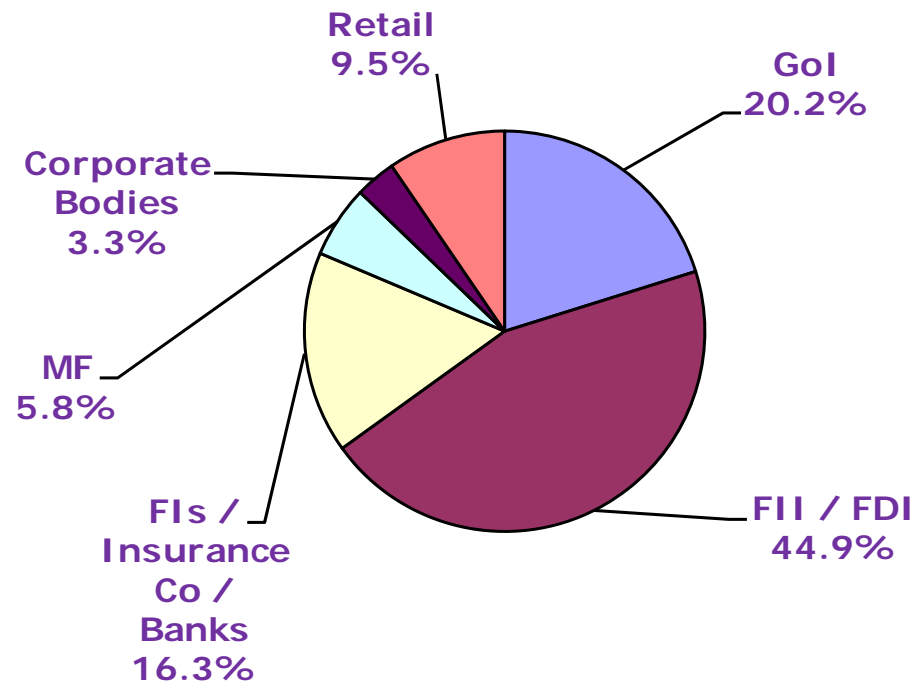
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Shareholding Pattern (Dec 31, 2009)



Snapshot

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Other Highlights

- ◆ Duration
 - Assets – 1.66 years (December 31, 2008 – 1.68 years)
 - Liabilities – 1.66 years (December 31, 2008 – 1.63 years)

- ◆ Assets under management :

| Fund Name | AUM | |
|--------------------------|---------------|------------|
| | (Rs. Crore) | USD* (bn) |
| IDFC Private Equity | 5,992 | 1.29 |
| Fund I | 844 | 0.2 |
| Fund II | 1,988 | 0.4 |
| Fund III | 3,160 | 0.7 |
| IDFC Project Equity Fund | 3,837 | 0.8 |
| IDFC Mutual Fund | 26,093 | 5.6 |
| Total | 35,921 | 7.7 |

**Exchange rate: 1 USD = INR 46.62 as on December 31, 2009.*



Thank You

- **Project Finance**

- **Principal Investment**

- Treasury
- Equity

- **Asset Management**

- Alternative Asset Management
- Private Equity
- Project Equity
- Fund – of – Funds
- Mutual Fund

- **Investment Banking**

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