J.P.Morgan

IDFC

In a sweet spot

Initiation
Overweight
IDFC.BO, IDFC IN
Price: Rs165.55
Price Target: Rs190.00

India
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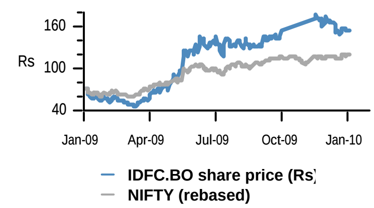
- **We initiate coverage on IDFC with an Overweight rating and Mar-11 PT of Rs190:** We believe that IDFC will be a strong beneficiary of India's infrastructure boom, helped by regulatory tailwinds and strong markets. We expect the strong re-rating to continue.
- **Right place and right time:** The cliché suits IDFC well—its strong investments in developing domain expertise in infrastructure are now expected to pay off. Not only is it the leading specialist in infrastructure financing, but its product suite is all-encompassing, which gives it a competitive edge as well as strong long-term ROEs.
- **Regulatory relief on capital:** The downgrade by CRISIL in Jul-09 2009 was a setback, but we believe that the special status as an infrastructure lender (being contemplated by the RBI) could negate that problem. We now factor in tier 1 CAR reaching 16%.
- **Flow business very robust:** IDFC gets ~40% of its revenues from flow business and the share of earnings from flow business is also increasing. While this makes the business model more cyclical, it is ROE-enhancing over the longer term. In the immediate term, we see strongly improved ROEs, helped by the momentum from its market-related businesses.
- **Valuations still underestimate growth potential:** IDFC is not cheap at 2.6x P/BV (FY11E), but we think this still underestimates the long-term growth potential of the company. We think that IDFC can grow its balance sheet at ~25% for five years or more, and that this is not fully captured in the current valuations. Our long-term Gordon growth model delivers a target P/BV of 3.1x, and a price target of Rs190.
- **Wholesale funding a risk:** IDFC is vulnerable to the extremely tight liquidity in the economy, given its wholesale-funded nature. However, we don't foresee that risk crystallizing in the immediate term and do expect IDFC to survive any mild tightening in 2010 fairly comfortably.

Price Performance



	YTD	1m	3m	12m
Abs	0.0%	-7.5%	-8.9%	117.5%
Rel	0.0%	-9.9%	-13.5%	49.9%

Infrastructure Development Finance Company (Reuters: IDFC.BO, Bloomberg: IDFC IN)

Year-end Mar (Rs in mn)	FY08A	FY09A	FY10E	FY11E	FY12E		
Operating Profit	10,710	11,891	14,012	16,665	20,506	52-wk range (Rs)	179.70 - 44.00
Net Profit	7,422	7,577	9,999	11,804	14,702	Market cap (Rs mn)	214,568
Cash EPS (Rs)	5.73	5.85	7.72	9.11	11.35	Market cap ($ mn)	4,640
Fully Diluted EPS (Rs)	5.73	5.85	7.72	9.11	11.35	Shares outstanding (mn)	1,296
DPS (Rs)	1.20	0.80	0.90	1.00	1.10	Fiscal Year End	Mar
EPS growth (%)	47.2%	2.1%	32.0%	18.0%	24.6%	Price (Rs)	165.55
ROE	17.3%	12.9%	15.3%	16.0%	17.5%	Date Of Price	06 Jan 10
P/E	28.9	28.3	21.4	18.2	14.6	Avg daily value (Rs mn)	
BVPS (Rs)	43.40	47.68	53.53	60.55	69.48	Avg daily value ($ mn)	
P/BV	3.8	3.5	3.1	2.7	2.4	Avg daily vol (mn)	
Div. Yield	0.7%	0.5%	0.5%	0.6%	0.7%	NIFTY	5,282
						Exchange Rate	46.24

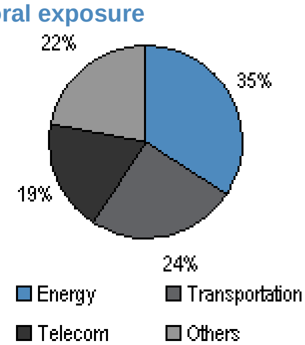
Source: Company data, Bloomberg, J.P. Morgan estimates.

See page 12 for analyst certification and important disclosures, including non-US analyst disclosures.

Company description

IDFC is an NBFC dedicated to infrastructure lending to private companies. It has a loan portfolio of ~US$5 billion, and energy, transportation, and telecom are the sectors with largest exposure. It also runs ~US$2.2 billion in project and private equity and US$5.0 billion in asset management (IDFC acquired Standard Chartered AMC). Also, it has interests in broking and IB business through SSKI (acquired in FY08).

Sectoral exposure



Source: Company.

EPS: J.P. Morgan vs. consensus

Rs	J. P. Morgan	Consensus
FY10E	7.7	7.7
FY11E	9.2	9.1
FY12E	11.2	10.7

Source: Bloomberg, J.P. Morgan estimates.

P&L sensitivity metrics (FY11)

	EBITDA impact (%)	EPS impact (%)
NIMs		
Impact of each 10bp	1.80%	1.90%
Cost to income		
Impact of each 100bp	1.35%	1.43%
Provisions/Assets		
Impact of each 10bp	0.0%	1.9%

Source: J.P. Morgan estimates.

Price target and valuation analysis

Our Mar-11 PT of Rs190 (3.5x one-year forward P/BV) is based on a three-stage Gordon growth model, assuming a 7.5% risk-free rate, 7.0% risk premium and 15.2% cost of equity. The expected stage two growth is 45% and terminal growth is 5%.

Risk-free rate:	7.5%
Market risk premium:	7.0%
Beta:	1.1
Cost of equity	15.2%
Terminal “g”:	5%
Target P/B	3.1

IDFC is not cheap at 2.6x P/BV (FY11E) but we think this still underestimates the long-term growth potential of the firm. We think that IDFC can grow its balance sheet at ~25% for five years or more, and that this is not fully captured in the current valuations. Key risks to our PT are high rates as IDFC is wholesale-funded and its earnings are highly dependent on markets.

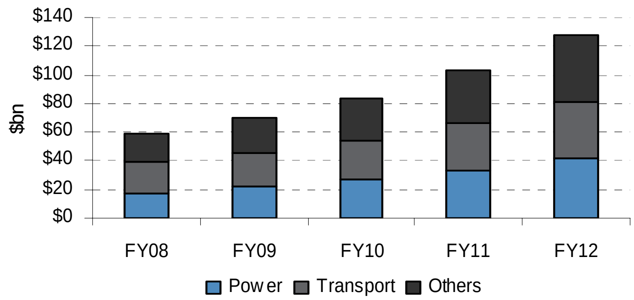
Investment positives

Right place and right time

The cliché suits IDFC well—its strong investments in developing domain expertise in infrastructure are now expected to pay off. It remains the leading specialist in infrastructure financing in India, and will be, in many ways, complementary to banks rather than head-on competitive.

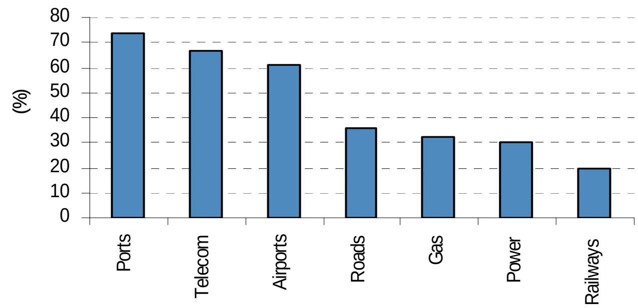
- **Infrastructure growth opportunity exciting in India**: According to the Planning Commission, India will spend >US$400 billion over FY08-12E on infrastructure with the private sector contributing ~30% of the total spend (~US$140 billion). Of the total spend power, transport and others would contribute roughly 1/3rd each. With IDFC's total loan book size being US$5 billion, we believe this presents an immense opportunity for IDFC's lending, project and private equity businesses.

Figure 1: India—Infrastructure spend over FY08-12E ($B/annum)



Source: Planning Commission, J.P. Morgan estimates.

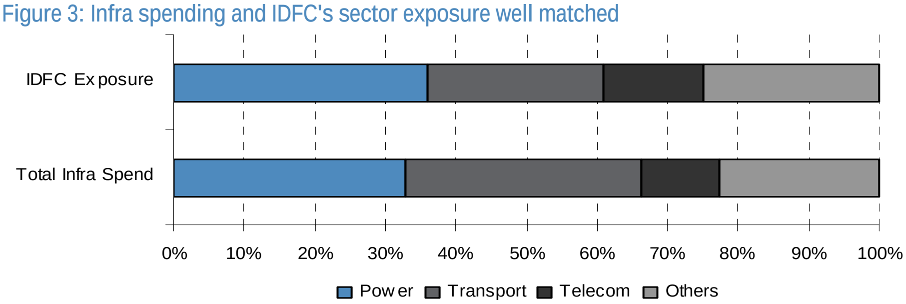
Figure 2: Private participation in various infra sub-sectors is high



Source: Planning Commission, J.P. Morgan.

- **IDFC has strong domain expertise:** IDFC is among the largest private sector infrastructure lending companies with large exposure in the power, transport and telecom sectors which comprise ~75% of the planned infrastructure spend in the country. IDFC's strength is its expertise to offer services at various stages of an infrastructure product life cycle which generally requires complex financial engineering.

Figure 3: Infra spending and IDFC's sector exposure well matched



Source: Company, Planning Commission, J.P. Morgan.

- **Complementary to banks:** IDFC's role is complementary to banks in many ways than being in direct competition. Infrastructure projects are generally of long gestation, which require long-term funding, and given banks' asset-liability match, they are generally not in a position to provide such long-term funding for projects. Also, many medium-sized banks do not have the expertise to appraise the complex funding structure (mezzanine funding, etc) required by private infrastructure companies. Thus, IDFC helps bridge this funding gap.

Regulatory relief on capital

The downgrade by CRISIL in Jul-09 was a setback for its business model, but we believe that the special status as an infrastructure lender (being contemplated by the RBI) could negate that problem. We are now factoring in the possibility of IDFC's tier 1 ratio reaching as low as 16%.

- **Special infra status is a strong positive:** The Nov-09 credit policy hinted at granting special infrastructure status to infra lending companies. Though this has not been finalized yet, we believe a special infrastructure status would help IDFC in getting subsidized/cheaper financing/refinancing of certain categories of infrastructure loans, and that would help lower funding costs.

- **Other rating agencies may remain benign:** CRISIL had downgraded IDFC's AAA rating on the possibility of IDFC's tier 1 falling below some requirements for a lumpy asset business model, but other two large rating agencies, ICRA and FITCH, have maintained their AAA rating on IDFC.

- **Credit policy change a positive for IDFC**: In the Oct-09 credit policy, the RBI had relaxed norms for risk weight on exposure to infrastructure lending NBFCs. From a 100% weight, the risk weight on exposure to infra lending NBFCs is now linked to credit rating of the borrowing NBFC. This change helped IDFC to mitigate any funding cost increase because of the CRISIL downgrade.

- **Tier-1 could go down to 16%:** With the expected pick-up in credit growth and also other credit rating agencies remaining benign, we expect IDFC would leverage up over FY09-12E. Our interactions with industry experts indicate that other rating agencies would not be as harsh on IDFC as CRISIL if its CAR drops marginally below 20%.

Table 1: IDFC—Leverage would help increase ROEs over FY10-12E

	FY07	FY08	FY09	FY10E	FY11E	FY12E
ROA	3.38%	3.39%	2.76%	3.21%	3.06%	3.05%
Equity/Assets	18.94%	19.32%	21.48%	21.17%	19.23%	17.63%
ROE	17.84%	17.57%	12.85%	15.16%	15.91%	17.32%
Tier-1	16.10%	20.29%	20.04%	19.00%	17.55%	16.6%

Source: Company, J.P. Morgan estimates.

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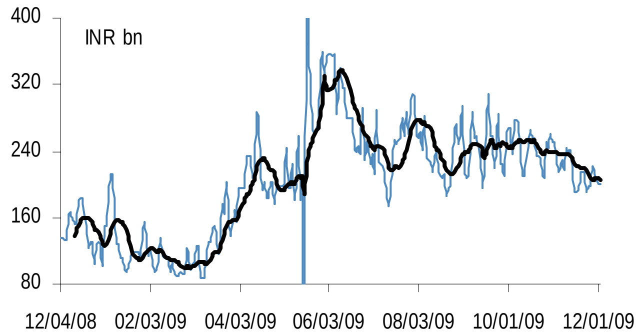
A beneficiary of strong markets

IDFC's strong exposure to the markets means that its earnings are cyclical with markets. We think the process is still to play out fully, and IDFC's ROEs will peak in FY12 and beyond—helped by the momentum from its market-related businesses.

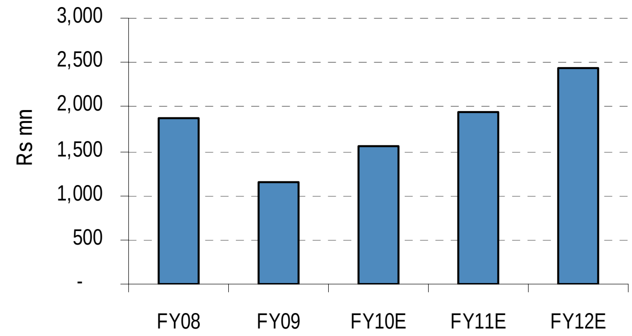
- **IDFC-SSKI synergies are slowly gelling**: IDFC had acquired SSKI, an institutional broking and IB firm in Mar-08, post which its revenue dipped by ~40% due to capital market slowdown. With the broad recovery in the market, we now forecast IDFC-SSKI revenue to grow by ~30% CAGR over FY09-12E with significant contribution, both from institutional broking and IB.

Figure 4: Strong recovery in market volumes



Source: Bloomberg, J.P. Morgan.

Figure 5: IDFC-SSKI revenue expected to grow post the dip in FY09



Source: Company, J.P. Morgan estimates.

- **Private equity/proprietary book remain strength:** IDFC runs one of the largest project and private equity funds in India, and also has a large proprietary investment exposure. IDFC's involvement in all stages of infrastructure project financing (debt, mezzanine, etc) helps it to better understand risks related to equity funding in projects and companies in the infrastructure space. IDFC runs ~US$2 billion of equity book with US$1.2 billion in private equity and US$800 million in project equity. These two funds are run with third-party contribution. IDFC also has proprietary investments directly from its equity of ~US$300 million. Overall buoyancy in markets would help generate significant returns from these funds and equity investments, in our view.

- **AMC is starting to build momentum:** IDFC had acquired Standard Chartered AMC in Mar-08 which had ~Rs140 billion in AUM then. Post acquisition, the AUM has grown to ~Rs260 billion now over the past 18 months. Mutual fund AUMs have grown by ~30% CAGR over FY01-09 and equity AUMs by 40% CAGR over the same period. DFC is establishing its distribution network, that would help build on the existing franchise to capitalize on the growth opportunity.

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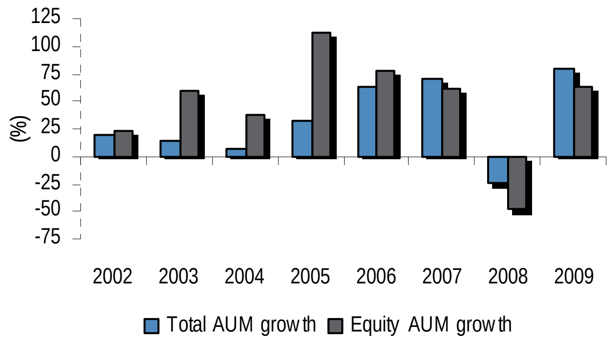
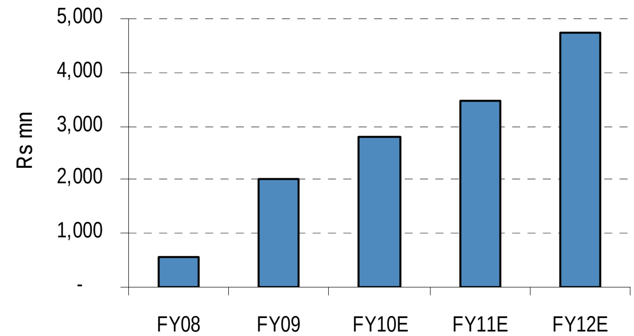
Figure 6: Total/equity AUM growth at 30%/40% CAGR



Source: AMFI, J.P. Morgan.

Figure 7: IDFC—Revenues from AMC business to grow steadily



Source: Company, J.P. Morgan estimates.

Investment negatives

Diversity of liability mix continues to be an issue: IDFC is likely to continue to maintain itself as a wholesale-funded entity, and therefore be dependent on a very narrow range of funding options for the foreseeable future. The creation of the category of specialist infrastructure NBFCs may partially address this, but the dependence on regulators and rating agencies will persist. However, unless we see another spell of really tight liquidity, this weakness is unlikely to impact IDFC in the near future. Also IDFC runs a positive ALM mismatch (asset duration higher than liability duration) which could theoretically compress margins in a rising rate environment which we have factored in, but we believe the catalyst for stock performance is more from loan growth and flow business revenues rather than risks to lending margins.

High dependence on markets: Around 35% of IDFC's revenues are other than from lending businesses such as asset management, project/private equity, broking and IB, where revenues are directly linked to market movements. In FY09, stripping revenues from the StanC acquisition, IDFC's income from the non-lending business was down by ~23%, thus making IDFC's business cyclical with market movements. Also, credit demand in the private infra space is dependent upon capital market buoyancy. This does make IDFC's ROEs and valuations volatile over the cycle,

Execution risk remains another worry. The management quality of IDFC is among the best, but it still needs to see through the integration of its two acquisitions—SSKI and the mutual fund—through their logical conclusions. This would mean that the two entities would have to integrate very well with the parent, so that the leverage that IDFC hopes to get from its domain expertise into new revenue streams gets translated into reality. Integrating diverse businesses within a single financial services umbrella is always a challenge—however, IDFC seems to have delivered on this very well, so far.

Valuations still underestimate growth potential

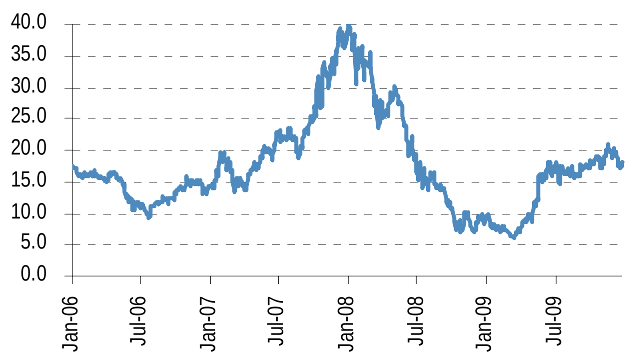
IDFC is not cheap at 2.6x P/BV (FY11E book) but we think this still underestimates the long-term growth potential of the firm. We think IDFC can grow its balance sheet at ~25% for five years or more, and this is not fully captured in the current valuations. Our long-term Gordon growth model delivers a target P/BV of 3.1x, and a price target of Rs190.

Table 2: IDFC—PT of Rs190 is based on the Gordon growth model

	Stage II	Stage III
Cost of equity	15.20%	15.20%
Payout ratio	17.1%	67.0%
Dividend growth	43.8%	5.0%
Target P/B, FY11E	3.1	
B/V, FY11E	60.6	
ROE, FY12E	17.3%	
Price target, FY11E	188	

Source: J.P. Morgan estimates.

Figure 8: IDFC—One-year forward P/E



Source: Company, J.P. Morgan estimates.

Figure 9: One-year forward P/B

Source: Company, J.P. Morgan estimates.

- **GGM captures long term growth:** Our price target of Rs190 (3.5x one-year forward P/BV) is based on our three-stage Gordon growth model assuming 7.5% risk-free rate, 7.0% risk premium and 15.2% cost of equity. The expected stage 2 growth is 45% and terminal growth is 5%.We believe a three-stage Gordon growth model captures the long-term potential in the business over the medium term. We factor in earnings to grow by ~19% over the next five-six years and dividend to grow faster due to the assumption of an increase in payout and 5% terminal growth from 2016 to perpetuity.
- **Could pierce previous highs, given the structural change in ROE:** We believe IDFC would leverage up with the credit demand of 25-30% over FY09-12E. With the capital market buoyancy helping fee income growth, further leverage would help increase ROE from 13% in FY09 to ~17% in FY12. This change in ROE could lead to valuation re-rating, and we believe over the next two years, IDFC could breach Jan-08 highs.

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Table 3: Higher ROEs helped by higher fee income and leverage would drive valuations higher

Du Pont analysis (%)	FY08	FY09	FY10E	FY11E	FY12E
Net int inc/assets	2.49	2.63	2.74	2.68	2.58
Non-int inc/assets	3.41	2.97	3.09	3.01	3.01
Non-oper profits /assets	0.00	0.00	0.00	0.00	0.00
Opex / assets	1.07	1.23	1.34	1.32	1.24
Oper profits/assets	4.53	3.98	4.14	4.03	4.04
Provisions/assets	0.30	0.51	0.20	0.22	0.18
Other/assets	0.00	0.00	0.00	0.00	0.00
(1-tax rate)	75.2	73.1	75.0	75.0	75.0
Minorities/assets	0.00	0.00	0.00	0.00	0.00
RoA	3.14	2.54	2.96	2.85	2.90
Assets/equity (x)	5.5	5.1	5.2	5.6	6.0
RoE	17.3	12.9	15.3	16.0	17.5

Source: Company, J.P. Morgan estimates.

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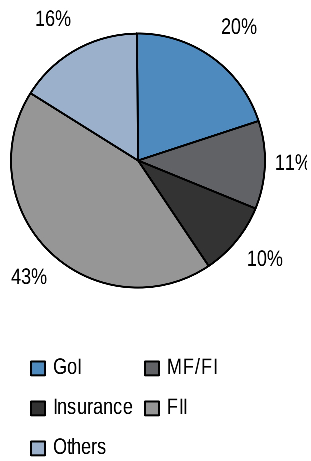
Company analysis

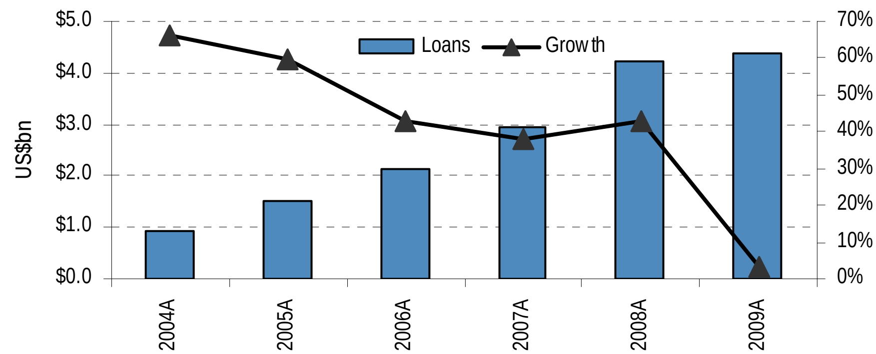
IDFC is a NBFC dedicated to infrastructure lending to private companies. It has a loan portfolio of ~US$5 billion, and energy, transportation, and telecom are the sectors with largest exposure. It also runs ~US$2.2 billion in project and private equity, and US$5.0 billion in asset management (IDFC acquired Standard Chartered AMC). Also, it has interest in broking and IB businesses through SSKI (acquired in FY08).

Figure 10: Shareholding pattern



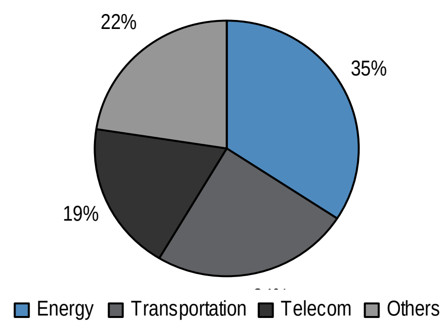
Source: Company, NSE.

Figure 11: IDFC's project loan book and loan growth



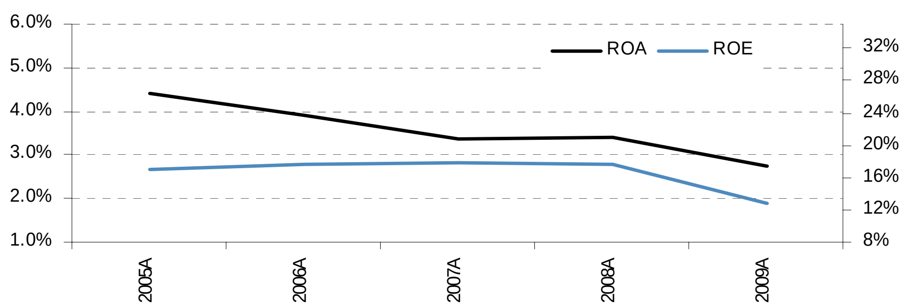
Source: Company, J.P. Morgan.

Figure 12: IDFC—Project loan book sector mix



Source: Company, J.P. Morgan.

Figure 13: IDFC—ROA and ROE trend



Source: Company, J.P. Morgan.

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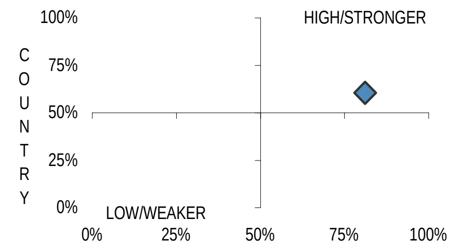
All Data As Of 04-Jan-10

Q-Snapshot: Infrastructure Development Finance Co. Ltd.

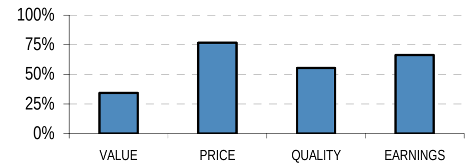
Quant Return Drivers (a Score >50% indicates company ranks 'above average')

Score 0% (worst) to 100% (best)	vs Country	vs Industry	Raw Value
Value			
P/E Vs Market (12mth fwd EPS)	36%	34%	1.1x
P/E Vs Sector (12mth fwd EPS)	21%	23%	1.3x
EPS Growth (forecast)	66%	75%	26.4%
Value Score	34%	40%	
Price Momentum			
12 Month Price Momentum	60%	81%	132.8%
1 Month Price Reversion	97%	93%	-7.2%
Momentum Score	77%	87%	
Quality			
Return On Equity (forecast)	37%	75%	14.7%
Earnings Risk (Variation in Consensus)	84%	89%	0.06
Quality Score	55%	83%	
Earnings & Sentiment			
Earnings Momentum 3mth (risk adjusted)	87%	89%	116.9
1 Mth Change in Avg Recom.	68%	85%	0.00
Net Revisions FY2 EPS	36%	60%	0%
Earnings & Sentiment Score	67%	75%	
COMPOSITE Q-SCORE* (0% To 100%)	61%	81%	

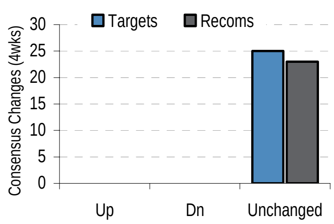
J.P. Morgan Composite Q-Score



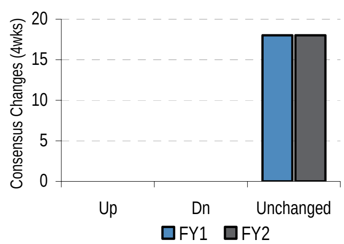
Quant Return Drivers Summary (vs Country)



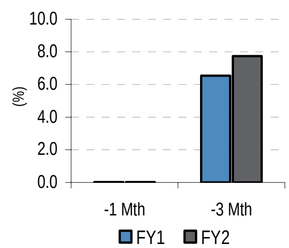
Targets & Recommendations**



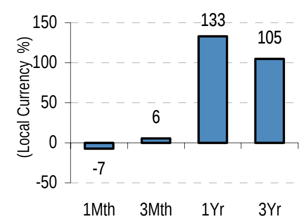
EPS Revisions**



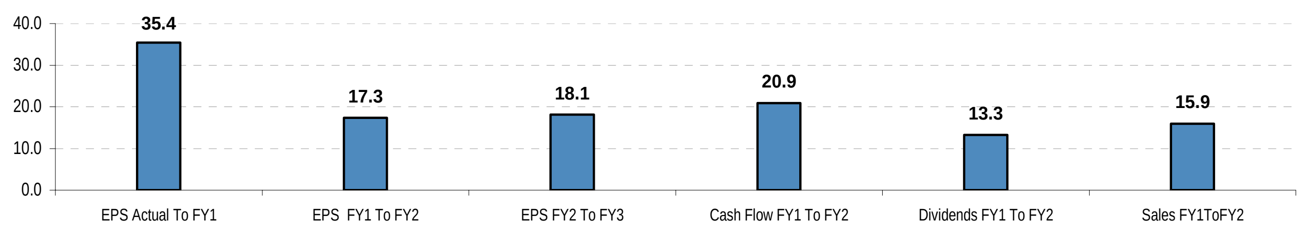
EPS Momentum (%)



Historical Total Return (%)



Consensus Growth Outlook (%)



Closest in Country by Size (Consensus. ADV = average daily value traded in US$m over the last 3 mths)

Code	Name	Industry	USD MCAP	ADV	PE FY1	Q-Score*
533096-IN	Adani Power Ltd.	Electric Utilities	4,622	3.91	83.1	29%
512599-IN	Adani Enterprises Ltd.	Wholesale Distributors	4,615	2.09	25.2	65%
500111-IN	Reliance Capital Ltd.	Finance/Rental/Leasing	4,504	60.21	25.1	4%
532955-IN	Rural Electrification Corp. Ltd.	Electric Utilities	4,473	4.63	11.5	83%
532149-IN	Bank of India	Regional Banks	4,325	11.81	7.3	46%
532659-IN	**Infrastructure Development Finance Co. Ltd.**	**Finance/Rental/Leasing**	**4,272**	**24.59**	**19.7**	**61%**
507878-IN	Unitech Ltd.	Real Estate Development	4,206	101.94	21.7	11%
500550-IN	Siemens India Ltd.	Electrical Products	4,199	5.29	28.8	35%
532466-IN	Oracle Financial Services Software Ltd.	Financial Publishing/Services	4,153	5.21	24.0	72%
500124-IN	Dr. Reddy's Laboratories Ltd.	Pharmaceuticals: Generic	4,129	11.90	23.5	58%
500228-IN	JSW Steel Ltd.	Steel	4,052	41.87	14.7	89%

Source: Factset, Thomson and J.P. Morgan Quantitative Research. For an explanation of the Q-Snapshot, please visit http://jpmorgan.hk.acrobat.com/qsnapshot/
Q-Snapshots are a product of J.P. Morgan's Global Quantitative Analysis team and provide quantitative metrics summarized in an overall company 'Q-Score.'
Q-Snapshots are based on consensus data and should not be considered as having a direct relationship with the J.P. Morgan analysts' recommendation.
* The Composite Q-Score is calculated by weighting and combining the 10 Quant return drivers shown. The higher the Q-Score the higher the one month expected return. On a 14 Year back-test the stocks with the highest Q-Scores have been shown (on average) to significantly outperform those stocks with the lowest Q-Scores in this universe. ** The number of up, down and unchanged target prices, recommendations or EPS forecasts that make up consensus.

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IDFC: Summary of financials

Income Statement					
Rs in millions, year end March	FY08	FY09	FY10E	FY11E	FY12E
NIM (as % of avg. assets)	2.2%	2.8%	2.7%	2.6%	2.5%
Earning assets/assets	113.8%	94.0%	100.7%	103.8%	103.7%
Margins (% of earning assets)	2.5%	2.6%	2.7%	2.7%	2.6%
Net Interest Income	5,881	7,866	9,265	11,088	13,111
Total Non-Interest Income	8,076	8,855	10,467	12,452	15,308
Fee Income	-	-	-	-	-
Dealing Income	0	0	0	0	0
Other Operating Income	0	0	0	0	0
Total operating revenues	-	-	-	-	-
Operating costs	-2,526	-3,665	-4,548	-5,458	-6,276
Pre-Prov. Profits	10,710	11,891	14,012	16,665	20,506
Provisions	-706	-1,532	-680	-927	-904
Other Inc/Exp.	-	-	-	-	-
Exceptionals	0	0	0	0	0
Disposals/ other income	-	-	-	-	-
Pre-tax	10,004	10,359	13,333	15,738	19,602
Tax	-2,480	-2,782	-3,333	-3,935	-4,901
Minorities	-	-	-	-	-
Other Distbn.	-	-	-	-	-
Attributable Income	7,422	7,577	9,999	11,804	14,702

Per Share Data Rs	FY08	FY09	FY10E	FY11E	FY12E
EPS	5.73	5.85	7.72	9.11	11.35
DPS	1.20	0.80	0.90	1.00	1.10
Payout	-	-	-	-	-
Book value	-	-	-	-	-
Fully Diluted Shares	-	-	-	-	-

Key Balance sheet Rs in millions	FY08	FY09	FY10E	FY11E	FY12E
Net Loans	199,051	205,962	257,453	334,689	418,361
LLR	-	-	-	-	-
Gross Loans	199,051	205,962	257,453	334,689	418,361
NPLs	300	396	813	1,328	2,166
Investments	40,179	59,611	67,278	77,805	90,029
Other earning assets	16,172	22,680	23,869	25,177	26,616
Avg. IEA	269,389	280,641	340,659	429,433	526,581
Goodwill	-	-	-	-	-
Assets	289,411	307,864	368,805	458,602	556,845
Deposits	0	0	0	0	0
Long-term bond funding	216,535	229,546	282,003	361,721	447,325
Other Borrowings	-	-	-	-	-
Avg. IBL	-	-	-	-	-
Avg. Assets	236,625	298,638	338,335	413,703	507,724
Common Equity	56,174	61,759	69,342	78,434	89,996
RWA	265,755	284,451	353,492	445,604	546,802
Avg. RWA	216,351	275,103	318,972	399,548	496,203

Growth Rates	FY08	FY09	FY10E	FY11E	FY12E
Loans	-	-	-	-	-
Deposits	-	-	-	-	-
Assets	57.4%	6.4%	19.8%	24.3%	21.4%
Equity	90.6%	9.9%	12.3%	13.1%	14.7%
RWA	59.2%	7.0%	24.3%	26.1%	22.7%
Net Interest Income	41.4%	33.8%	17.8%	19.7%	18.2%
Non-Interest Income	76.0%	9.6%	18.2%	19.0%	22.9%
of which Fee Grth	-	-	-	-	-
Revenues	-	-	-	-	-
Costs	207.5%	45.1%	24.1%	20.0%	15.0%
Pre-Provision Profits	69.0%	11.0%	17.8%	18.9%	23.0%
Loan Loss Provisions	303.3%	117.0%	-55.6%	36.4%	-2.5%
Pre-Tax	62.3%	3.6%	28.7%	18.0%	24.6%
Attributable Income	47.3%	2.1%	32.0%	18.0%	24.6%
EPS	47.2%	2.1%	32.0%	18.0%	24.6%
DPS	19.9%	-33.4%	12.5%	11.1%	10.0%

Balance Sheet Gearing	FY08	FY09	FY10E	FY11E	FY12E
Loan/deposit	-	-	-	-	-
Investment/assets	13.9%	19.4%	18.2%	17.0%	16.2%
Loan/Assets	68.8%	66.9%	69.8%	73.0%	75.1%
Customer deposits/liab.	0.0%	0.0%	0.0%	0.0%	0.0%
LT debt/liabilities	74.8%	74.6%	76.5%	78.9%	80.3%

Asset Quality/Capital	FY08	FY09	FY10E	FY11E	FY12E
Loan loss reserves/loans	-	-	-	-	-
NPLs/loans	-	-	-	-	-
Loan loss reserves/NPLs	-	-	-	-	-
Growth in NPLs	0.0%	31.9%	105.6%	63.3%	63.1%
Tier 1 Ratio	-	-	-	-	-
Total CAR	-	-	-	-	-

Du-Pont Analysis	FY08	FY09	FY10E	FY11E	FY12E
NIM (as % of avg. assets)	2.2%	2.8%	2.7%	2.6%	2.5%
Earning assets/assets	113.8%	94.0%	100.7%	103.8%	103.7%
Margins (as % of Avg. Assets)	2.5%	2.6%	2.7%	2.7%	2.6%
Non-Int. Rev./ Revenues	-	-	-	-	-
Non IR/Avg. Assets	3.4%	3.0%	3.1%	3.0%	3.0%
Revenue/Assets	-	-	-	-	-
Cost/Income	-	-	-	-	-
Cost/Assets	-	-	-	-	-
Pre-Provision ROA	-	-	-	-	-
LLP/Loans	-0.4%	-0.7%	-0.3%	-0.3%	-0.2%
Loan/Assets	71.5%	67.8%	68.5%	71.6%	74.2%
Other Prov, Income/ Assets	-	-	-	-	-
Operating ROA	4.5%	4.0%	4.1%	4.0%	4.0%
Pre-Tax ROA	-	-	-	-	-
Tax rate	24.8%	26.9%	25.0%	25.0%	25.0%
Minorities & Outside Distbn.	0.0%	0.0%	0.0%	0.0%	0.0%
ROA	3.1%	2.5%	3.0%	2.9%	2.9%
RORWA	-	-	-	-	-
Equity/Assets	-	-	-	-	-
ROE	17.3	12.9	15.3	16.0	17.5

Source: Company reports, J.P. Morgan estimates.

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IDFC (IDFC.BO) Price Chart

Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
Break in coverage Mar 27, 2009 - Jan 06, 2010. This chart shows J.P. Morgan's continuing coverage of this stock; the current analyst may or may not have covered it over the entire period.
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