ULJK GROUP

Initiating Coverage

Infrastructure Development Finance Company Ltd

May 20, 2008

CMP:Rs.166 | Target Price:Rs.258 | Recommendation: BUY

BSE Code	532659
NSE Symbol	IDFC
Bloomberg code	IDFC IN
Reuters code	IDFC.BO
ISIN	INE043D01016

Key Data

Sensex	17230.18
52 week H/L	235 / 105
Outstanding Shares (mln)	1294.3
Avg. Wkly Volumes (shrs)	876,369
Market Cap (Rs mln)	214,594.94
Face value (Rs.)	10

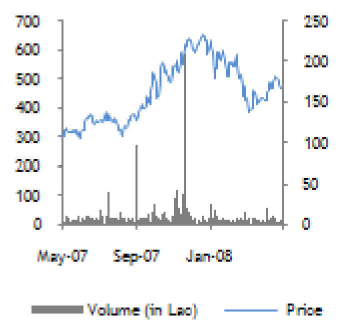
Source: Capitaline

Share Holding Pattern (%)

Promoters	0.00
Institutions	20.97
Govt	20.20
FIIs/NRI's	46.70
Non Promoter Corp. Hold	3.43
Public & Others	8.70

Source: Company

Price Volume Analysis



Source: Capitaline

Financial Summery

(Rs.Mn)

Particulars	FY09E	FY10E
Net interest Income	9481.6	11516.5
Non interest Income	8452.2	10302.6
Operating Profit	14316.6	17444.3
Profit After Tax	10024.0	11972.3
EPS	7.7	9.3
Book Value	49.2	56.7

(Source: ULJK Research)

ULJK Research

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Company Report

IDFC is one of the leading financing institutions catering to the infrastructure sector in India. Its business growth is dependent on the growth of the infrastructure sector. The eleventh five year plan has proposed $500bn investment in infrastructure space, which provides an enormous opportunity for IDFC. The company also made a strategic shift to accelerate its fee-based business leading to revenue diversification. Looking at its business growth and expertise in infrastructure financing, we believe the stock is currently undervalued and provides an investment opportunity for decent returns in the medium term.

Investment Rationale

Lending Business: Moderation in Growth but Still Lot of Potential: IDFC's infrastructure lending is expected to grow at CAGR of 37% during FY08-FY10E. The interest spread will see some pressure but better borrowing management can help in maintaining it at a comfortable level. We expect the net interest income to grow at a CAGR of 28% during FY08-FY10E. NIM margin is expected to remain approx at 3% during the period.

Non Interest Income: Maintains the Profit Margin: Non-interest income will continue to contribute approx 47% to the total income during FY09E-FY11. The income is driven by the consistent increase in asset management fee, income from its principle investment book and growth in IDFC-SSKI business. This will drive the net profit growth, which is expected to grow at a CAGR of 27% in FY08-FY10E period.

Asset Management Business: Powered by New Fund Launch: IDFC has launched its third fund of $700mn which will complete by June'08. It has also launched the first tranche of the project equity fund for $1250mn which gets completed by Q2FY09. These new fund launches will increase its management fee and result in carry share.

Valuation:

We have arrived at a value of Rs.258 for the IDFC share based on SOTP valuation. At the current market price of Rs169, the stock is trading at P/BV of 3.4x and 3.0x for FY09E book value of Rs.49.2 and FY10E book value of Rs.56.7.

SOTP Valuation

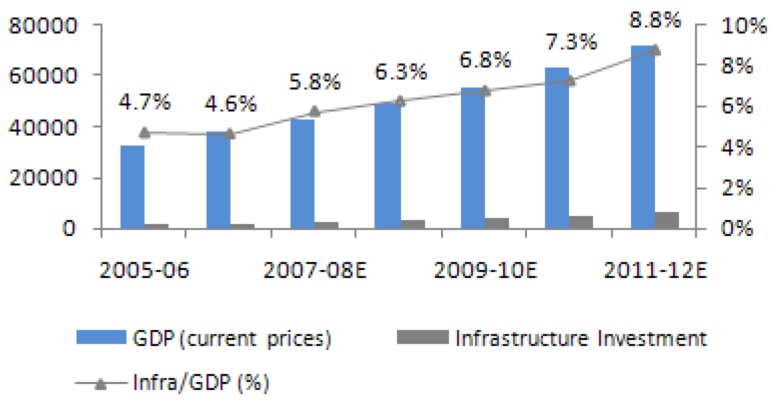
Core lending business	203	Valued at 3.6x P/BV on FY10E BV
Private Equity & Project Management		
-Management Fees	16	Valued at 15PE of FY10E earnings
-Carry Interest	22	Valued at present value
SSKI business	8	Valued at 15 PE of FY10E earnings
Investments - Quoted	2	CAGR of 25% in unrealised gain
Investments-unquoted	7	Valued at recent deals
Total Value	**258**	

(Source: ULJK Research)

Infrastructure Creation is Very Vital :

During the last five years, India's GDP has grown at 8.6%, which has been led by higher corporate earnings, lower interest rates and increased spending power of the consumers. To sustain the current GDP growth rate, India requires an increase in infrastructure spending, which presently stands at 4.7% of its GDP. According to an estimate, India's GDP growth has diminished by 1.5%-2% due to lack of infrastructure. We expect the infrastructure spending as a share of the GDP to gradually increase from the current level of 4.7% to 8.7% by FY2012, resulting in accelerated economic growth.

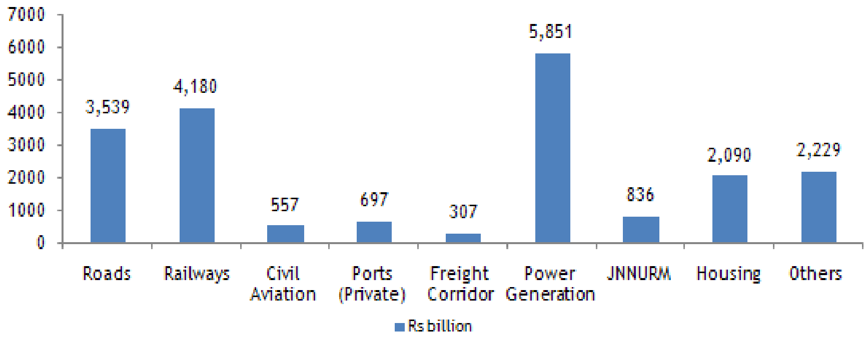
GDP and Infrastructure as % of GDP



(Source: Plan Documnet, ULJK Research)

Increased infrastructure spending will attract huge funds for India-dedicated funds: The government has planned an investment of approx $500bn in infrastructure space during the eleventh five-year plan to achieve the targeted 8% to 9% GDP growth rate. Out of the total $500bn likely to be spent, 30% will be in Power,15.4% will be on Roads,13.7% will be in Telecom and 12.4% will be on Railways.

Break up of Infrastructure spending in Eleventh Plan



(Source: Plan Documnet)

The heavy investment planned will open up huge opportunities for the private sector. Out of the total planned investment, 25%-30% of the investment is expected to come from the private sector. Private sector investment in infrastructure has seen an increasing trend of late. Telecommunications, Construction and Power together have attracted a combined cumulative foreign direct investment of US$7.5bn during 2000-2007. All these three sectors account for approx 16.7% of the total FDI flow during the period.

Targeted Capacity to Achieve during the Eleventh Five Year Plan.

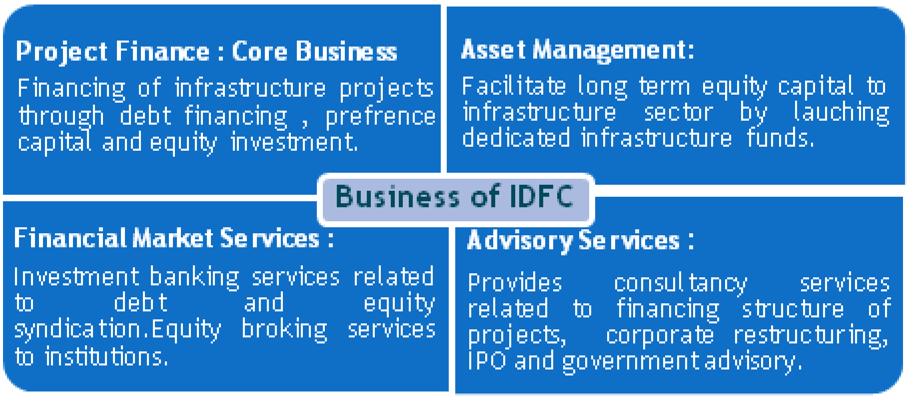
Sector	Present	Projected - 2012
Electricity	142 GW	217 GW
Road - 4 lane	14267km	28000km
Telecom	253 mn Subscribers	500mn subscribers
Ports	handles 520mn tonne cargo	To achieve 890mn tone handling capacity

(Source: Plan Documnet, ULJK Research)

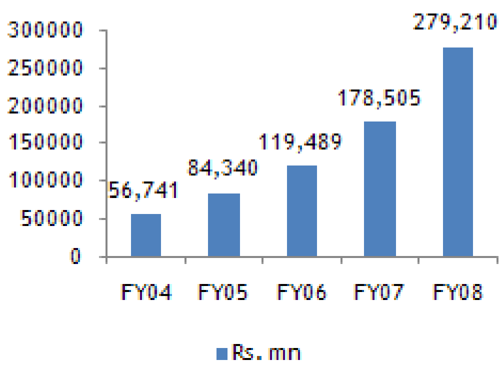
To achieve the target for infrastructure spending, the government has taken up several measures, including initiation of public-private partnerships in large infrastructure projects, opening up of the infrastructure sectors for private players and permitting FDI into the sector. This led to the flow of both private offshore and onshore capital.We believe the growth in infrastructure spending will be sustained on account of the higher contribution from the private sector. The government is also reducing the entry barriers which are attracting a huge FDI flow into the sector. It has set up the Indian Infrastructure Finance Corporation Ltd (IIFCL) to provide long term capital for infrastructure projects. IIFCL has the ability to borrow up to $2.32bn, which will be guaranteed by the government.

Background

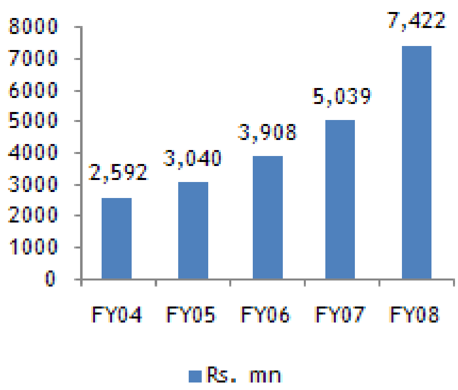
Infrastructure Development Finance Company is the leading Infrastructure financing institution catering to fast growing sectors like Energy, Transportation and Telecom. Since its inception in 1997, IDFC has approved financial assistance to several infrastructure projects aggregating to over Rs.340bn. The company provides project finance as well as arranges and facilitates the flow of private capital into the infrastructure sector by the setting up of special financing vehicles.



Total Assets



Net Profit



(Source: Company, ULJK Research)

Information about the subsidiary companies:

IDFC Private Equity Company Ltd: A wholly-owned subsidiary set up in 2002 to carry out its private equity business, it manages the infrastructure funds launched by IDFC. Presently, its AUM stands at $665mn. The AUM will increase as IDFC has launched its third Fund of $700mn, which will close in first quarter of FY09. The funds are of 2:20 structure, and will generate income through management fees and share in carry.

IDFC Project Equity Company Ltd: Incorporated in FY07 to carry out the proposed $5bn infrastructure fund, this company is to be launched in association with Citi, Blackstone and IIFCL. Of the $5bn, $3bn is debt fund and $2bn will be equity fund. The company will raise $1.25bn in the first tranche by the second quarter of the current financial year.

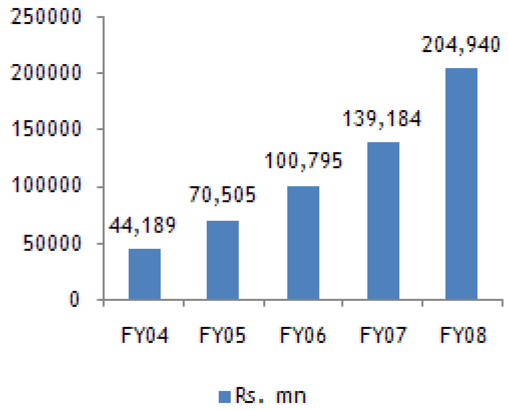
IDFC-SSKI: IDFC holds 79.8% in SSKI. It is a domestic mid-size investment bank supported by a research platform, and institutional brokerage, having membership of BSE and NSE. Investment in SSKI is part of IDFC's strategy to diversify its revenue base and increase its contribution from fee-based revenue.

Investment Rationale

Lending Business: Moderation in Growth But Having Lot of Potential

Infrastructure sector to drive the growth: Infrastructure lending is the core business for IDFC and will continue to drive the business in future, on account of the mammoth investment planned in the Indian infrastructure space. **Out of the total $500bn investment, a larger share is expected to come from the public-private partnerships and the private sector. This gives further visibility to IDFC's lending business, which has grown at a CAGR of 46.7% during FY04A-FY08A and stands at Rs.204.94bn in FY08. Gross disbursement in FY08 increased by 63% to Rs.120bn and gross approval in FY08 increased by 54% to Rs.203bn.Its total exposure to the infrastructure sector stands at Rs.340bn in FY08. IDFC is targeting a CAGR growth rate of 35% in its loan book which we feel is quite an achievable target.** We feel the moderation in the loan book growth will not have any negative impact on its business because of a higher base effect and knowledge of infrastructure financing. IDFC will continue to leverage its strong relationship with its clients to drive its loan book growth.

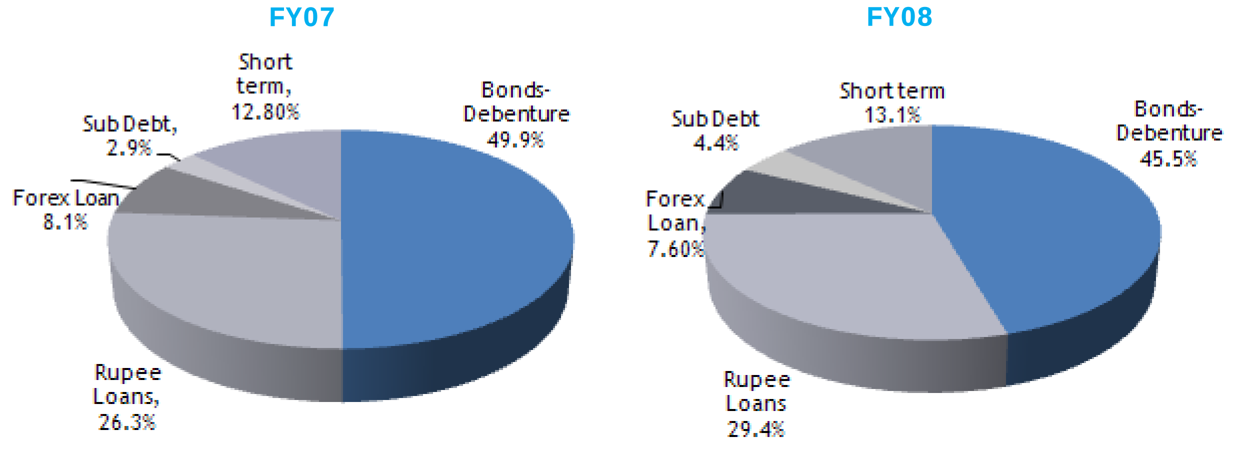
Loan Book Growth



(Source: Company, ULJK Research)

Interest spread to see some pressure but better borrowing management will help sustain the same: As an NBFC, IDFC does not have access to low-cost public deposits. Because of this, it depends on market borrowings for its financing needs. Interest rates are not showing signs of softening and as a result, the cost of the fund is high for the company. As financing to infra projects is to be made at sub-PLR rates, the pressure is expected to be felt on the interest spread. The interest spread in FY08 stands at 2.2%. Going forward, we feel the spread will continue to remain under pressure and may witness a decline by 10-15 basis points. **To sustain the spread at comfortable level, the company has to resort to borrowings from the market whenever the interest rates are favourable and deploying in higher-yielding debt assets. Net interest income from treasury operations stands at Rs.1290mn compared to Rs.370mn last year, an increase of 254% YoY. With the disbursement schedule known well in advance and an efficient treasury desk, IDFC will be able to manage its interest spread at acceptable levels.**

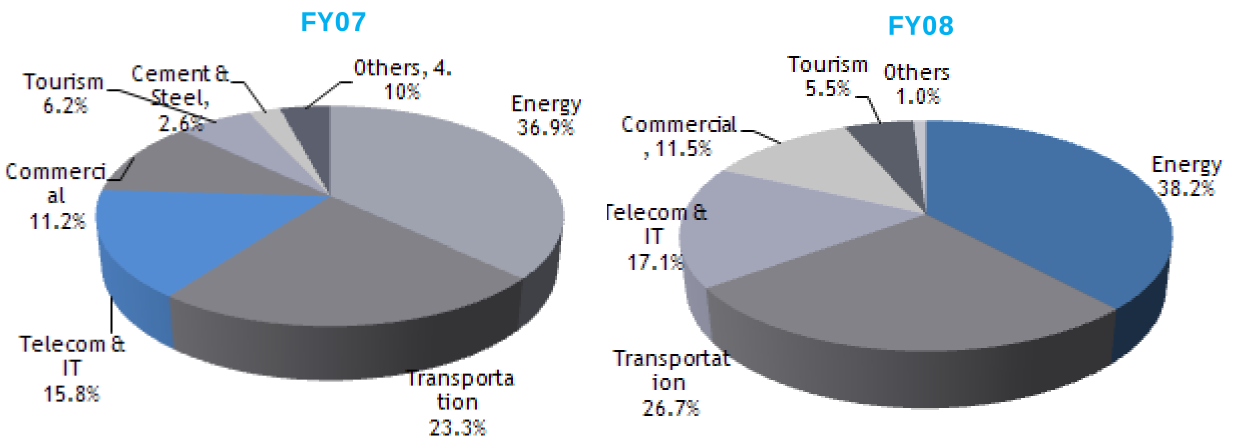
Borrowing Analysis



(Source: Company, ULJK Research)

Selective Exposure but into high Growth sectors: IDFC's loan book is skewed towards high growth sectors in the infrastructure space. **Out of IDFC's total exposure of Rs.340bn, 37%** is **in Energy, 23% in Transportation and 16% in Telecom** and **IT.** Going forward, we believe the sectoral exposure will remain more or less the same as most of the new, planned infrastructure is in these sectors. The exposure to the telecommunication sector is decreasing over a period of time but the incremental funds are shifted towards tourism, cement and steel and other sectors. **We believe IDFC's sectoral exposure is well-structured and aligned with the government's planned investments, which will** get **reflected in its future growth.**

Sectoral Exposure



(Source: Company, ULJK Research)

Enough room to play in the sector: Even though, there are some specialized financing institutions for infrastructure investment and banks are also active in the space, we believe there is enough room for every player to grow its business. Most of the government undertakings like REC and PFC are financing public sector projects. Banks have the cost advantage because of low-cost public deposits; but, they have to stick to the 40% priority sector lending norms. This gives enough space to players like IDFC to play around in the segment. IDFC has already established itself in the segment and the NBFC status gives it a distinct advantage.

Synergy with other business: IDFC's core lending business enjoys high synergies with its other infrastructure-focused business. It is leveraging its business expertise earned in the lending business to grow its advisory business which enjoys a high profit margin comparatively. This diversification results in a win-win situation for the company as it decreases the dependency on one business and also improves the profitability as a whole.

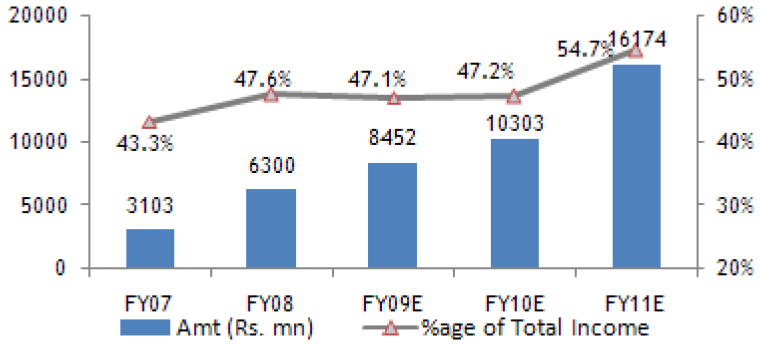
Lower cost to income ratio: IDFC has a distinct advantage in terms of its operating expenses. Its cost to income ratio in FY08 stands at 19.2%. Lower establishment costs is one of the main reasons for this. But, we feel the cost to income ratio for the company will increase due to the increase in staff expenditure.Staff expenditure will increase due to integration of the SSKI business. As the business is more employee-centric, the company may have to offer high salaries to retain talent. At present, SSKI has 150 employees, out of which 15% are in research. IDFC has 250 employees and this number will increase as their business expands. **Overall, we expect the cost to income ratio will remain in the range of 20%-21% during FY09E-FY10E.**

Low NPA Ratio: IDFC has managed to maintain a very low NPA ratio, which gives it an edge while going in for borrowings in terms of lower interest rates. **Its gross NPA ratio for FY08 stands at 0.2%.**IDFC has adopted stringent lending norms for project appraisals and does regular checks on the projects financed. Systematic reviews of the projects enable the company initiate timely remedial steps. But, as most of the loans have been disbursed in the last two years and as these loans are for longer periods, the actual NPA status will be known in the next two-three years.

Non-Interest Income: Maintains the Profit Margin

IDFC is diversifying its revenue stream by focusing on its fee-based income and other non-interest income. It is taking strategic steps to increase the share of non-interest income in its total income. As the lending business is witnessing some pressure due to adverse interest rate movement, increased revenue from non-interest income will give stability to its profit growth. **We expect non-interest income to grow at a CAGR of 28% during the FY08-FY10E period and to contribute to approx 47% in the total income.IDFC has diversified into private equity business, managing funds worth $665mn.** It t**ook over SSKI which has** a **presence in infrastructure financing** and **equity broking. It has an AMC license and recently acquired Standard Chartered's mutual fund business.**

Growing Non Interest Income and %age of total income



(Source: Company, ULJK Research)

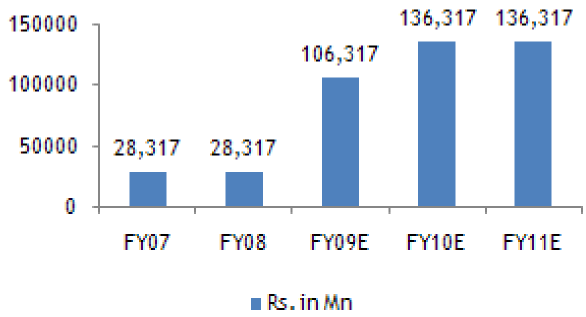
Asset Management Business: Powered by New Fund Launch

IDFC has ventured into private equity business in 2004 through its subsidiary IDFC Private Equity Company Ltd. The company manages two private equity funds focused on infrastructure financing, with a combined AUM of approx $640m. The funds are deployed on various infrastructure projects by way of equity and debt. IDFC earns a fee income of 2% on these funds and 20% of the returns as a carry. The company has launched a third fund in the series, targeted to raise a corpus of $700mn which will close by June'08. **Increased AUM will positively impact the management fee**. **We expect the fee income from fund management to increase by a CAGR of 42.5% during FY08A-FY10E.** It is also launching a $5bn fund in association with Citi, Blackstone and IIFCL. Out of the $5bn, $3bn would be a debt initiative which will be taken care of by IIFCL. The remaining $2bn will be an equity fund which will be taken care of by IDFC. The company has already launched the fund and will raise approx $1.25bn by Q2FY09. The management fee from this fund will go to IDFC but it has to share the Carry with Citi & Blackstone

Fund Details

Particulars	AUM	Launch - Date
IDF-I	$190mn	March-04
IDF-II	$ 440mn	March-06
IDF-III	$ 700mn	June -08 (Exp)
Project Equity Fund-I	$1250mn	Sept-08 (Exp)
Project Equity Fund-II	$700mn	Dec-09 (Exp)

AUM Growth



(Source: Company, ULJK Research)

Given the IDFC's expertise in infrastructure space and the high return from its first infrastructure fund, we feel the fund management business will grow at a good pace; and, going ahead, it will become a high revenue-contributing segment for the company. **The company will be able to launch the new fund after 70% -80% of the corpus of the previous fund has been deployed, which may result in a consistent increase in AUM.** Given the expertise IDFC has built up in the private equity business, its access to potential infrastructure investors will help it to grow its asset management business. This will diversify the revenue stream and also make IDFC a full-fledged infrastructure financing company.

IDFC – SSKI: Business is Growing But is Affected by the Capital Market Sentiments

IDFC has acquired a controlling stake in SSKI which is into investment banking and institutional broking business. SSKI's investment banking business has close synergies with its debt syndication and infrastructure-financing business. IDFC will also leverage SSKI's client base to expand its asset management business.

Broking business is expected to grow at a comfortable rate: SSKI's institutional broking business is growing well but the current slump in capital markets has affected the sentiment. This segment contributes approx 50% to the total income of SSKI which stands at Rs.1870mn in FY08.During the Q4FY08, SSKI has reported QoQ growth of 12.5% when most of the brokerage houses have shown very low or negative growth.

We beleive this segment will see some pressure in FY09 because of the secondary market concerns, but going forward, it will be able to maintain its growth because of its competency level.

Investment banking business: Facing some pressure but support from the IDFC's core business will help to sail through tough times: The investment banking division of SSKI is facing some pressure due to lack of activity in the capital market. IDFC is building up its debt syndication business which is independent of the capital market and also leveraging its relationship in the industry to shore up its advisory business and other infrastructure-related business. IDFC may also utilize SSKI's client relations for its asset management business. The segment constitutes 50% of the income of SSKI's total income, but as we see some pressure, the ratio may be slightly skewed towards the broking business.

Investment in SSKI is a strategic move for IDFC as it is building up its fee-based income portfolio. This will help it to maintain its profit growth as the lending business is witnessing some pressure. Fee-based income results in higher ROE compared to the lending business. Going ahead, we expect a lot of integration of activities with IDFC and its other associates which will drive the future growth. The only point of concern is of retaining talent in the company. IDFC's staff cost may increase a bit as it has to compensate the SSKI staff with higher salaries and other costly perks. 20% employee holdings in SSKI may help in retaining key employees.

Principle Investment Business:

IDFC has built up a strong portfolio of equity investments by investing in companies at their initial phase. In FY08 its equity investment book stands at Rs.13,500mn and generated income at Rs.2,160mn, approx 16% of the total income. It has investments in some listed and unlisted entities mainly in the field of infrastructure. In the listed space, prominent investments include Bharti Airtel, NTPC and GSPL. NSE (8.20%) and Arcil (8.71%) are in unlisted space. As IDFC is actively building up its equity book, the income from this segment may increase in future. We feel the principal investment book will remain a significant contributor in the total income and may turn out to be a valuable asset for the company.

Standard Chartered Mutual Fund : Facilitate Full Presence in the Asset Management Business:

IDFC has acquired Standard Chartered's mutual fund business in Feb'08. It has agreed to pay an amount of $205mn (approx Rs.8300mn) which was 5.8% of the AUM. Foray into mutual fund business is a strategic move for the company and will complete its asset management business. Company is waiting for the formal approval from SEBI; this is expected to come in the second quarter of FY09 and will take another couple of months to complete other formalities. We have not factored in any income from this business segment in our projections as management has not cleared the strategy they will adopt for the mutual fund business. However, given the low penetration (just 5%) of mutual fund investment in India, there is sound visibility for the business. IDFC is already present in private equity and may leverage its relationship and expertise to ramp up the Standard Chartered mutual fund business. But, to assess the true contribution from its mutual fund venture, we have to wait till the end of H1FY09.

Standard Chartered Mutual Fund : Some Facts

AUM as on March 2008	Rs.113,645mn
Equity AUM as % of total AUM	32.5%
No. of Equity Schemes	24
CAGR Growth in AUMsince FY05	18.8%

(Source: MFI Explorer, ULJK Research)

Q4FY08 RESULT: Affected by Interest Spread:

Q4FY08 was a quite a subdued performance for the company as QoQ profit has declined by 32% at Rs.1480mn. However, YoY profit has grown by 61%. This is because of the flat net interest income and low income from treasury and principal investment business during the quarter. Key highlights of the results are below.

(Rs. in Mn)

Particulars	Q4FY08	Q4FY07	YoY Growth	Q3FY08	QoQ Growth
Net interest Income	1870.0	990.0	88.9%	1780.0	5.1%
Non interest Income	1380.0	640.0	115.6%	1970.0	-29.9%
Total income	3250.0	1630.0	99.4%	3750.0	-13.3%
Operating Expenses	860	300.0	186.7%	680.0	26.5%
Pre provision profit	2390.0	1330.0	79.7%	3070.0	-22.1%
Provision and Contengiencies	400.0	170.0	135.3%	70.0	471.4%
Profit Before Tax	1990.0	1160.0	71.6%	3000.0	-33.7%
Tax	510.0	230.0	121.7%	820.0	-37.8%
Profit After Tax	1480.0	930.0	59.1%	2180.0	-32.1%

(Source: Company, ULJK Research)

Key Highlights of the Quarter

- NII stands at Rs.1870mn, QoQ growth at 5% and YoY growth at 89%. The slower growth is because of the reduction in interest spread and lower income from treasury operation. Income from treasury operation stands at Rs.210mn in Q4 as compared to Rs.290mn in Q3.

- Non-interest income reduced on QoQ basis by approx 30%, because of lower income from principal investment. Income from principal investment stands at Rs.160mn as compared to Rs.730mn in Q3. However, non-interest income has grown by 122% on YoY basis.

- IDFC-SSKI's Q4FY08 income stands at Rs.630mn as compare to Rs.560mn, when most of the broking companies have shown lower or negative income for the quarter. This reflects the strength of the operations and its revenue stream.

- Operating expenses were higher at Rs.860mn, because of higher staff expenses.

- Cost to income ratio for Q4 stands at 26.5% compared to 18.1% YoY, reflecting the high staff cost during the fourth quarter.
- Gross approval for FY08 stands at Rs.203090mn (54% growth from FY07) and gross disbursement stands at Rs.120060mn (63% increase from FY07).

Outlook:

IDFC has transformed itself into a full-fledged financial services provider to the infrastructure sector and is contributing to India's progressing infrastructure growth. Given its present growth and positive scenario in infrastructure spending, the outlook for IDFC remains positive. Some of the reasons for the positive outlook are as under:

- Consistent growth in the lending business driven by huge infrastructure investment planned in Eleventh Plan.
- Better borrowing management to maintain interest spread.
- Significant contribution from fee-based services which provides a cushion to the lending business.
- New launch of PE fund.
- Significant synergies from SSKI business.
- Value unlocking from its equity investment portfolio.

Concerns

Slowdown in Infrastructure Spending: IDFC's business is centered on infrastructure growth in India. Any slowdown in the particular sector will have a negative impact on its business growth and its profitability.

Interest Rate Movement: IDFC's lending business is dependent on the interest rate movement in the market. It has already witnessed some pressure and any further increase in interest rates may have a negative impact on the margins.

Regulatory Cap: IDFC has been given a NBFC status which puts a regulatory cap on lending to a single borrower and borrower group. This may restrain IDFC from participating in large infrastructure projects or taking part in profitable ventures. This may also require regular infusion of capital into its business.

Valuation:

We have arrived at a value of Rs.258 for IDFC, valuing each segment by different valuation methodologies. Our valuation is based on the sustainable growth in its lending and advisory business, consistent increase in AUM under private equity and normal growth in the brokerage business. We have not factored any valuation from the Standard Chartered business, as the business model is not yet clear and it may take some time to complete the take-over deal. At the current market price of Rs.166 the stock is trading at P/BV of 3.4x and 3.0x for FY09E book value of Rs49.2 and FY10E book value of Rs.56.7. Given the strong fundamentals and consistent growth in the core business, we recommend Buy for the stock with a target price of Rs.258 for a medium period.

SOTP Valuation

Core lending business	203	Valued at 3.6x P/BV on FY10E BV
Private Equity & Project Management		
-Management Fees	16	Valued at 15PE of FY10E earnings
-Carry Interest	22	Valued at present value
SSKI business	8	Valued at 15 PE of FY10E earnings
Investments - Quoted	2	CAGR of 25% in unrealised gain
Investments-unquoted	7	Valued at recent deals
Total Value	**258**	

Valuation of Lending Business: We have assumed a 35% CAGR growth in Advance and borrowings for the period FY09E-FY11E. We have applied the two-stage Gordon growth model considering high growth in the next few years. With this we have arrived at P/BV multiple of 3.0x. This gives us the value of Rs.203 for the lending business.

Assumption for lending business

ROA	2.9%
Leverage Factor	7.0
Cost of Equity	13.5%
High Growth rate	35.0%
High Growth Period	7.0
Dividend Payout in High Growth Period	20.0%
Dividend payout in termial year	50.0%
P/BV	3.6
Book Value For FY11E	56.7
Value Per Share	**203.2**

Valuation of Asset Management Business: Asset Management businesses has two streams of revenue, management fee and share in carry. We have valued the management fee on the basis of the PE multiple and Carry part through the DCF valuation. We have not factored any carry to be receivable from the first fund, as the initial capital has already been returned and they have factored some share in carry in Q3FY08. For the DCF purpose we have assumed cost of capital at 14%. IDFC's investments in its PE funds resulted in capital gains but we have not valued that part as it is very unpredictable and also because it is not reported how much has been invested.

Asset Management Fee

(Rs. in Mn)

Particulars	FY2009E	FY2010E
Management Fee	1913.7	2453.7
Profit Before Tax	1644.4	2066.1
Profit After Tax	1101.7	1384.3
PE Multiple		15.0
Value		20764.8
Value per share		16.0

Value of Carry

Funds	Yield	Value per share
IDF-II	30%	8.1
IDF-III	30%	7.7
Project Equity Fund - 1st tranche	25%	4.0
Project Equity Fund - 2nd tranche	25%	2.4
Total Value		**22.2**

Valuation of SSKI Business: SSKI business has two divisions, Broking and Investment banking. We have assumed a 30% CAGR growth in income from broking business for the period FY09E-FY11E. Investment banking will see some pressure in FY09 but growth will driven by the synergies from the core lending business. We have assumed that initially, income from IB will decline by 20% in FY09E and then will grow at a rate of 10%. We have assumed a 15x PE multiple to arrive at per share value for IDFC.

Financials : IDFC Ltd

Earnings Statement			Rs million
Particulars	FY2008	FY2009E	FY2010E
Net Interest Income	6940.0	9481.6	11516.5
Non Interest Income	6300.0	8452.2	10302.6
Total Income	13240.0	17933.8	21819.0
Operating Expenses	2531.6	3617.2	4374.7
Provisions & Contengiencies	700.0	860.7	1355.7
Profit Before Tax	10008.4	13455.8	16088.6
Provision for Tax	2484.8	3364.0	4022.2
Profit of Associates	45.8	50.0	50.0
Less: Minority Interest	147.8	117.8	144.2
Profit After Tax	7421.6	10024.0	11972.3

Key Ratios	FY2008	FY2009E	FY2010E
NIM	2.9%	3.0%	2.7%
ROA	3.2%	3.1%	2.8%
ROE	15.7%	16.8%	17.5%
Gross NPA (% of total Assets)	0.2%	0.2%	0.2%

Per share data (Rs)	FY2008	FY2008	FY2009E
EPS	6.0	7.7	9.3
Book Value	43.2	49.2	56.7

Key Valuation Ratios (x)	FY2008	FY2009E	FY2010E
P/E	27.9	21.4	17.9
P/BV	3.8	3.4	2.9

Balance Sheet			Rs million
Particulars	FY2008	FY2009E	FY2010E
Sources of Funds			
Share Capital	12943.0	12943.0	12943.0
Reserves & Surplus	42990.0	50743.5	60445.3
Net Worth	55933.0	63686.5	73388.3
Subordinated Debt	6500.0	6500.0	6500.0
Loan Funds	216540.0	303156.0	409260.6
Other Liabilities	240.0	250.0	260.0
Total Liabilities	279210.0	373592.5	489408.9
Application of Funds			
Good will on Consolidation	2940.0	2940.0	2940.0
Fixed Assets	3850.0	4000.0	4258.0
Investments	70050.0	78456.0	86301.6
Infrastructure Loans	204940.0	286916.0	387336.6
Deffered Tax Assets	970.0	970.0	970.0
Net Current Assets	(3550.0)	310.5	7602.7
Total Assets	279210.0	373592.5	489408.9

Growth metrix	FY2008	FY2009E	FY2010E
Net Interest Income	62.1%	36.6%	21.5%
Non Interest Income	119.5%	34.2%	21.9%
Profit After Tax	47.2%	35.1%	19.4%
EPS	33.7%	30.2%	19.4%
Loan funds	51.9%	40.0%	35.0%
Infrastructure Loans	47.2%	40.0%	35.0%

(Source: ULJK Research)

NOTES:

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Disclaimer Appendix

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