

## **Infrastructure Development Finance Company Ltd. (IDFC)**

Business: Financing infrastructure: Energy 37%, Transportation 28%, Telecom-IT 18%, Commercial/Industrial 12%, Others 5% (total size 170bn Rs) + Private equity 3.5bn Rs.

Business trend: 60% disbursement v/s approved loans. 39% exposure to Gujarat & Maharashtra. Infrastructure boom, high future investments planned by Govt. & pvt entities.

Financials: NIL NPAs! Net profit margin 40%. Tax outgo to increase by 3-4% (as now interest income is not exempt). Leverage at 3.47 – but good interest cover of 2 times. BV 22.67.

Management: Sound, transparent accounts, good political connections and Govt. willing to support IDFC agenda currently. Deepak Parekh – Chairman, Rajiv Lall – MD&CEO.

Growth: Has unrealized gains of Rs.250crores from stake in 6-7 infra.projects. Diversifying to urban transportation, electricity & gas distribution, transharbour range (apart from its plans for financing infra.biz). Airport financing is new area entered. More fee-based income from advisory, AMC (pvt.equity fund), syndication and securitisation.

Competition & interesting developments: IDFC net interest margin at 4% whereas banks n other institutions are converging to 3%. IDFC has \$150m ECB (frm IFC) approved and awaits another \$50m (frm ADB) approval so that finances are restructured for lower rates.

Risks: Business risk lower but dependant on Govt.backing. Price risk – high - In Rs.1122cr. pd-up cap, individuals own only 10%.