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IDFC Ltd.

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IDFC Ltd (IDFC), India's leading integrated infrastructure finance player, was established on January 30, 1997. It is engaged in providing financing services by way of loans, asset management and investment banking. The company deals in four businesses namely, Corporate Investment Banking, Alternative Asset Management, Public Market Asset Management and IDFC foundation and it finances infrastructure projects in sectors like energy, transportation, commercial, telecommunication and industrial projects. IDFC's healthy asset quality and prudent provisioning policy of the company makes it better-placed than peers. Further, expected monetary easing and reformatory steps by the government would be major catalysts in improving the growth and profitability outlook of the company.

Investor's Rationale

Registered a 9.3% YoY decline in bottom-line due to higher financial cost and lower non-interest income

IDFC Ltd posted a 9.3% YoY decline in its consolidated bottom-line at ₹4.8 billion in Q2FY'13, compared to ₹5.2 billion in the same period a year ago mainly on account of rise in interest charges by 44.0% YoY at ₹11.9 billion and decline in non-interest income by 51.0% to ₹1.9 billion in Q2FY'13 from ₹3.9 billion in Q2FY'12.

Total Operating income surged by 18.8% on higher segmental operating income

Total operating income of the company grew by 18.8% YoY to ₹20.4 crore primarily due to rise in income from the company's financing business segment by 17.9% YoY at ₹19.5 billion. Further, IDFC's other businesses contributed 6.6% YoY at ₹0.9 billion.

NII expanded by 32.0% YoY in Q2FY'13

IDFC's Net Interest Income (NII) rose by 32.0% YoY at ₹6.6 billion in Q2FY'13, as against ₹5.0 billion in Q2FY'12. The company reported that NII from loans increased by 36.0% to ₹6.0 billion in Q2FY'13 while NII from treasury operations increased by 1.0% to ₹0.6 billion in Q2FY'13. The company was able to maintain its net interest margins (NIM) at 4.4% unchanged sequentially.

Witnessed a stable asset quality quarter-on-quarter

IDFC's asset quality remained stable sequentially, as a result, the company reported a sharp decline in provision and contingencies by 51.7% YoY at ₹0.3 billion as against ₹0.6 billion in the same quarter previous year.

Market Data

CMP (₹)	183.2
Target Price	210
Stop Loss	165
Duration	Short-term
52-week High-Low (₹)	184.5/90.4
Rise from 52WL (%)	102.6
Correction from 52WH (%)	(0.7)
Beta	1.6
1 year Average Volume (mn)	7.0
Stock Return (%)	3M- 12.6 6M- 32.8 9M- 33.2
Market Cap (₹bn)	277.9
Book Value per share	81.2

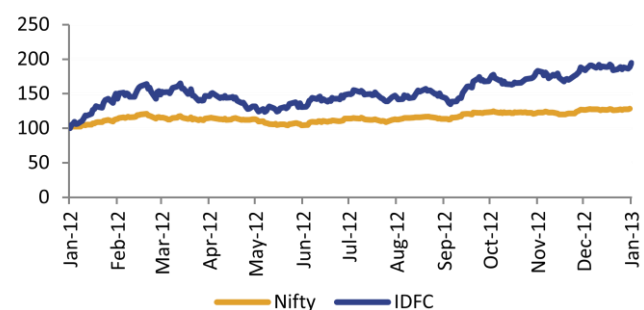
Shareholding Pattern

	Sep'12	Jun'12	Chg
Promoters (%)	-	-	-
FII (%)	51.2	49.1	2.1
DII (%)	34.7	35.1	(0.4)
Public & Others (%)	14.1	15.8	(1.7)

Quarterly Performance (Consolidated)

(₹bn)	Q2 FY'13	Q2 FY'12	Q1 FY'13	YoY Change(%)	QoQ Change(%)
Revenue	20.4	17.1	18.3	18.8	11.0
Op. exp	1.5	1.8	2.1	(20.8)	(30.4)
EBITDA	18.9	15.3	16.3	23.6	16.1
OPM (%)	92.8	89.3	88.6	359bps	424bps
Net profit	4.8	5.2	3.8	(9.3)	25.2
NPM (%)	23.3	30.6	20.6	(725bps)	270bps
EPS (₹)	3.1	3.5	2.5	(9.5)	25.6

One Year Price Chart





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