


<h2 style="text-align: center;">Research Report</h2>	 <p style="text-align: center;">Spearhead FinServe PRIVATE LIMITED <small>A subsidiary of Spearhead Services Pvt Ltd</small></p>																				
<h3 style="text-align: center;">IDFC Ltd</h3>	<table> <tr> <td>Recommendation</td><td>Accumulate</td></tr> <tr> <td>Current Market Price</td><td>152</td></tr> <tr> <td>Target</td><td>180</td></tr> <tr> <td>Accumulation Price Band</td><td>150 - 155</td></tr> <tr> <td>Time Frame</td><td>6 Months</td></tr> <tr> <td>Derivatives Segment</td><td>Yes</td></tr> </table>	Recommendation	Accumulate	Current Market Price	152	Target	180	Accumulation Price Band	150 - 155	Time Frame	6 Months	Derivatives Segment	Yes								
Recommendation	Accumulate																				
Current Market Price	152																				
Target	180																				
Accumulation Price Band	150 - 155																				
Time Frame	6 Months																				
Derivatives Segment	Yes																				
<h4 style="text-align: center;">Industry : Financial Services</h4>	<table> <tr> <td colspan="2">Quick Glance</td></tr> <tr> <td>Share Capital (Rs Cr)</td><td>1,516.29</td></tr> <tr> <td>Market Cap (Rs Cr)</td><td>23,085.23</td></tr> <tr> <td>Face Value (in Rs)</td><td>10.00</td></tr> <tr> <td>52 Week High/ Low (in Rs)</td><td>166.65/88.05</td></tr> </table>	Quick Glance		Share Capital (Rs Cr)	1,516.29	Market Cap (Rs Cr)	23,085.23	Face Value (in Rs)	10.00	52 Week High/ Low (in Rs)	166.65/88.05										
Quick Glance																					
Share Capital (Rs Cr)	1,516.29																				
Market Cap (Rs Cr)	23,085.23																				
Face Value (in Rs)	10.00																				
52 Week High/ Low (in Rs)	166.65/88.05																				
<h4 style="text-align: center;">Company Overview</h4> <ul style="list-style-type: none"> Incorporated on January 30, 1997, as a public limited company, Infrastructure Development Finance Company Ltd (IDFC) is India's largest non-government-owned Infrastructure Finance Company (IFC), with a loan book of over USD 10 billion spread across power (40%), transportation (22%), telecom (26%) and other sectors (12%). They operate a full range of business lines, from project and corporate finance to asset management (mutual funds and alternatives) and investment banking. They have been leading catalyst for providing private sector infrastructure development in India. 	<table> <tr> <td colspan="2">Financials</td></tr> <tr> <td>EPS (Rs)</td><td>11.22</td></tr> <tr> <td>Book Value (Rs)</td><td>96.95</td></tr> <tr> <td>P/E</td><td>14.35</td></tr> <tr> <td>P/BV</td><td>1.26</td></tr> <tr> <td>ROE</td><td>11.57</td></tr> <tr> <td>ROCE (%)</td><td>10.63</td></tr> <tr> <td>Dividend Yield (%)</td><td>1.71</td></tr> <tr> <td>Debt - Equity</td><td>3.88</td></tr> </table>	Financials		EPS (Rs)	11.22	Book Value (Rs)	96.95	P/E	14.35	P/BV	1.26	ROE	11.57	ROCE (%)	10.63	Dividend Yield (%)	1.71	Debt - Equity	3.88		
Financials																					
EPS (Rs)	11.22																				
Book Value (Rs)	96.95																				
P/E	14.35																				
P/BV	1.26																				
ROE	11.57																				
ROCE (%)	10.63																				
Dividend Yield (%)	1.71																				
Debt - Equity	3.88																				
<h4 style="text-align: center;">Industry Overview</h4> <ul style="list-style-type: none"> The financial services sector has been an important contributor towards the GDP of India. The Government of India has introduced reforms to liberalize, regulate and enhance this industry. At present, India is undoubtedly one of the world's most vibrant capital markets. The size of banking assets in India reached US\$ 1.8 trillion in FY13 and is expected to touch US\$ 28.5 trillion by FY25. Information technology (IT) services, the largest spending segment of India's insurance industry at Rs 4,000 crore (US\$ 653.71 million) in 2014, is projected to continue strong growth at 16 per cent The Reserve Bank of India (RBI) has eased norms for mortgage guarantee companies (MGC) enabling these firms to use contingency reserves to cover for the losses suffered by the mortgage guarantee holders, without having to take approval of the apex bank. However, such a measure can only be initiated if there is no single option left to recoup the losses India is today one of the most vibrant global economies, on the back of robust banking and insurance sectors. The country is projected to become the fifth largest banking sector globally by 2020. The bank credit is expected to grow at a compound annual growth rate (CAGR) of 17 per cent in the medium term leading to better credit penetration 	<table> <tr> <td colspan="2">Highlights</td></tr> <tr> <td>Debt (Rs Cr)</td><td>52,286.49</td></tr> <tr> <td>Reserves (Rs Crs)</td><td>13,192.66</td></tr> <tr> <td>FII Holdings (%)</td><td>47.63</td></tr> <tr> <td>MF Holdings (%)</td><td>8.62</td></tr> <tr> <td>Free Float Market Capitalization (Rs Cr)</td><td>20,019.59</td></tr> <tr> <td>Beta</td><td>1.86</td></tr> <tr> <td>Net NPA (%)</td><td>2.32</td></tr> <tr> <td>Avg Volume Per day (no. of shares)</td><td>10,016,896</td></tr> <tr> <td>Avg Volume Per Month (no. of shares)</td><td>210,354,816</td></tr> </table>	Highlights		Debt (Rs Cr)	52,286.49	Reserves (Rs Crs)	13,192.66	FII Holdings (%)	47.63	MF Holdings (%)	8.62	Free Float Market Capitalization (Rs Cr)	20,019.59	Beta	1.86	Net NPA (%)	2.32	Avg Volume Per day (no. of shares)	10,016,896	Avg Volume Per Month (no. of shares)	210,354,816
Highlights																					
Debt (Rs Cr)	52,286.49																				
Reserves (Rs Crs)	13,192.66																				
FII Holdings (%)	47.63																				
MF Holdings (%)	8.62																				
Free Float Market Capitalization (Rs Cr)	20,019.59																				
Beta	1.86																				
Net NPA (%)	2.32																				
Avg Volume Per day (no. of shares)	10,016,896																				
Avg Volume Per Month (no. of shares)	210,354,816																				
<h4 style="text-align: center;">Key Highlights</h4> <ul style="list-style-type: none"> With the acquisition of Banking license IDFC will invest in developing a strong retailing banking franchise. Despite low ROEs, IDFC's high returns on assets (ROA) reflect excellent asset management within limitations of being an infrastructure lender IDFC has good underwriting skills despite lumpy and long-duration infrastructure loans, as average provisions amount to 0.8% of all loans (lower than SBI's 1.2% and match HDFC Bank's 0.8%) 																					
<h4 style="text-align: center;">Key Risks</h4> <ul style="list-style-type: none"> A sign of the heightened risk perceptions of lenders to the roads sector has been the non-achievement of financial closure of several road projects Lenders raising the upfront equity requirement to 50% or higher in some cases 																					

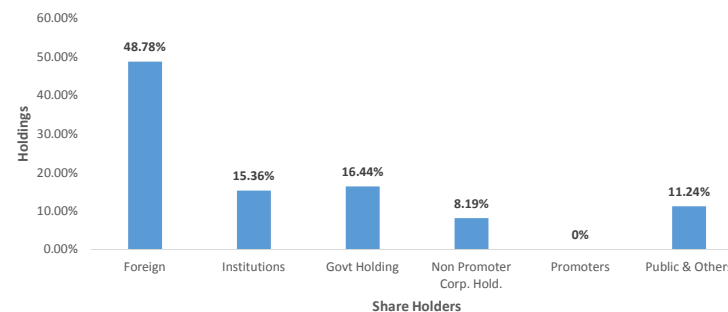
Financial Highlights

Income Statement (Annual)					
Particulars (Rs Cr)	2014	2013	2012	2011	2010
Interest Earned	8,219.97	7,774.19	6,183.45	4,546.01	3,582.83
Interest Expended	5,006.96	4,665.19	3,455.23	2,386.52	1,950.23
Net Interest Income	3,213.01	3,109.00	2,728.22	2,159.49	1,632.60
Other Income	11.96	2.30	12.56	14.34	14.28
Operating Income	3,224.97	3,111.30	2,740.78	2,173.83	1,646.88
Operating Expenses	64.83	72.06	67.67	64.48	52.03
Pre Provision Profit	3,160.14	3,039.24	2,673.11	2,109.35	1,594.85
Provisions and contingencies	648.66	406.82	288.08	239.59	143.25
PBT	2,358.19	2,467.98	2,201.36	1,730.44	1,317.14
PAT	1,701.12	1,764.98	1,602.96	1,277.14	1,012.84

Balance Sheet					
Particulars (Rs Cr)	2014	2013	2012	2011	2010
Capital	1,516.29	1,514.73	1,512.36	2,300.95	1,300.61
Reserves	13,192.66	11,942.58	10,627.61	8,765.05	5,522.24
Deposits	3,385.13	1,474.86	3,645.56	862.26	26,522.88
Borrowings	52,286.49	52,155.20	42,783.22	35,435.01	-
Other Liabilities and Provisions	2,732.16	2,477.42	1,902.77	1,509.26	1,014.51
Total Liabilities	73,793.72	70,022.99	60,732.64	49,022.50	34,360.50
Cash and Bank Balances with RBI	3.37	4.28	1.91	0.91	4.05
Balances with Bank & Money at	-	-	-	-	-
Investments	11,198.88	11,272.40	8,485.71	8,107.42	5,782.69
Advances	-	-	-	-	-
Fixed Assets	278.57	291.66	314.35	342.61	362.45
Other Assets	10,712.35	9,079.68	8,125.42	5,248.57	3,110.40
Total Assets	22,886.59	21,722.16	17,691.06	15,502.00	9,259.59
Contingent Liability	3,498.18	3,499.64	2,217.28	354.79	428.69

Income Statement (Quarterly)								
Particulars (Rs Cr)	2013				2012			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Interest Earned	2,015.56	1,990.79	2,062.78	2,134.43	2,083.02	1,966.20	1,946.18	1,758.11
Interest Expended	1,232.78	1,253.55	1,255.83	1,264.80	1,196.64	1,208.47	1,189.71	1,070.37
Net Interest Income	782.78	737.24	806.95	869.63	886.38	757.73	756.47	687.74
Other Income	13.74	3.02	0.47	0.49	0.45	5.70	0.64	4.40
Operating Income	796.52	740.26	807.42	870.12	886.83	763.43	757.11	692.14
Operating Expenses	1,273.08	1,311.60	1,316.10	1,319.84	1,274.99	1,260.39	1,242.36	1,109.21
Pre Provision Profit	(476.56)	(571.34)	(508.68)	(449.72)	(388.16)	(496.96)	(485.25)	(417.07)
Provisions and contingencies	482.86	37.82	49.02	59.13	211.10	50.32	29.47	103.22
PBT	270.11	639.44	695.10	753.54	591.24	657.27	669.88	549.59
PAT	449.07	475.44	498.10	514.54	451.04	468.67	461.38	383.89

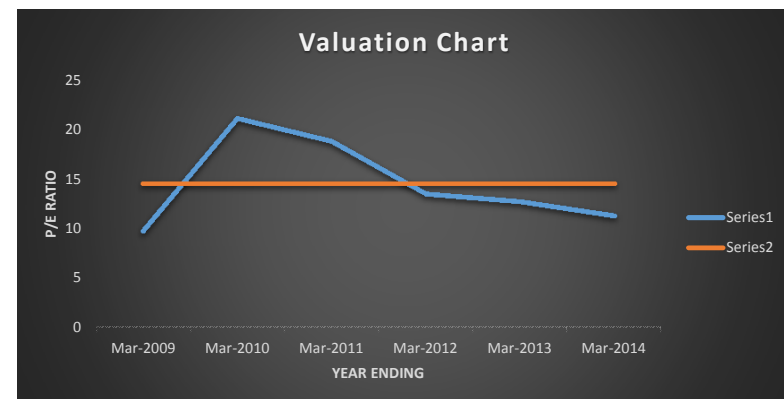
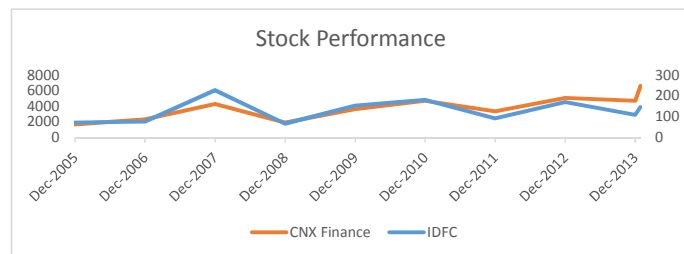
Share Holding Pattern



Key Financial Indicators						
Particulars	Units	2014	2013	2012	2011	2010
Net Interest Income	Crs	3,213.01	3,109.00	2,728.22	2,159.49	1,632.60
% Change	%	3.35	13.96	26.34	32.27	-
Net Profit	Crs	1,701.12	1,764.98	1,602.96	1,277.14	1,012.84
% Change	%	(3.62)	10.11	25.51	26.09	-
Net Interest Margin	%	-	-	-	-	-
EPS	Rs	11.22	11.24	9.96	8.21	7.62
P/E	times	11.34	12.78	13.56	18.86	21.14
P/BV	times	1.26	1.62	1.68	2.21	3.07
ROA	%	2.32	2.63	2.97	-	-
ROE	%	11.57	13.12	13.20	12.48	14.84

Peer Comparison				
Particulars	Units	IDFC	Shriram Transport	Bajaj Fin.
Net Interest Income	Crs	3,213.01	3,465.55	2,156.00
% Change	%	3.35	(0.62)	29.33
Net Profit	Crs	1,701.12	1,262.08	719.27
% Change	%	(3.62)	(7.26)	21.63
Net Interest Margin	%	-	-	-
EPS	Rs	11.22	55.72	144.79
P/E	times	14.35	14.00	12.63
P/BV	times	1.26	2.09	2.23
ROA	%	2.32	-	-
ROE	%	11.57	15.26	18.02
NPA	%	0.37	-	-

Stock Performance vis-a-vis Index		
Particulars	Return	
	YTD	QTD
IDFC	40.01%	11.57%
CNX Finance	47.71%	10.76%



Disclaimer

This report is for the personal information of the authorised recipient and does not constitute to be any investment, legal or taxation advice to you. Spearhead FinServe Pvt Ltd is not soliciting any action based upon it. This report is not for public distribution and has been furnished solely for your information and should not be reproduced or redistributed to any other person in any form. The report is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon such. Spearhead FinServe Pvt Ltd or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any inadvertent error in the information contained in this report. Spearhead FinServe Pvt Ltd or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations. This information is subject to change without any prior notice. Spearhead FinServe Pvt Ltd reserves the right to make modifications and alterations to this statement as may be required from time to time. Nevertheless, Spearhead FinServe Pvt Ltd is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.

Technical Outlook

