June 14, 2021

The Manager – Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Bandra-Kurla-Complex, Bandra (East),
Mumbai - 400 051
NSE Scrip Code: IDFC

The Manager – Listing Department
BSE Limited
1st Floor, P.J. Towers,
Dalal Street,
Mumbai - 400 001
BSE Scrip Code: 532659

**Sub: IDFC Limited – Presentation on Q4FY21-(Quarter and year ended March 31, 2021)**

Dear Sirs,

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached a copy of the presentation on the financials for the quarter and year ended March 31, 2021.

This is for your information and records

Thanking you,

Yours faithfully,
**For IDFC Limited**

**Mahendra N. Shah**
**Company Secretary**

Encl.: A/a

IDFC

IDFC LIMITED

# IDFC LIMITED – CONSOLIDATED

## INVESTOR PRESENTATION – FY21

JUNE 14, 2021

IDFC LIMITED

# INDEX



IDFC LIMITED

# 1. IDFC CONSOLIDATED FINANCIALS

IDFC LIMITED

# Applicability of Ind As

- ✓ Financials of IDFC Ltd & all its group companies (except IDFC FIRST Bank) have been prepared in accordance with the Companies (Indian Accounting Standards) Rules , 2015 (Ind As)

- ✓ IDFC FIRST Bank has submitted “Fit for consolidation” financials approved by the Audit Committee & reviewed by KPMG

# Consolidated PAT

All Figures in INR Crore

## Contribution to PAT

**For the Year ended**

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| IDFC | 8.87 | 64.23 |
| IDFC Alternatives | 3.57 | (1.87) |
| IDFC AMC | 144.02 | 79.10 |
| IDFC FHCL | 43.80 | 106.10 |
| IDFC Securities | (3.82) | (7.26) |
| IDFC Capital (Singapore) | (0.06) | 9.25 |
| IDFC Securities (Singapore) | (0.13) | (2.81) |
| | **196.25** | **246.74** |
| Less : dividend elimination | 61.62 | 224.21 |
| | **134.63** | **22.53** |
| Share of associate IDFC FIRST Bank | (240.98) | (1,439.35) |
| | **(106.36)** | **(1,416.82)** |
| Other adjustments | (6.21) | (14.18) |
| | **(112.57)** | **(1,431.00)** |

IDFC LIMITED

# 2. IDFC FIRST BANK

IDFC LIMITED

# IDFC FIRST Bank – highlights

**1. Strong Growth in Retail Assets:**

- **Retail Book** increased **26%^ YoY** to **Rs. 73,673 crore** as on March 31, 2021 from **Rs. 57,310 crore** as on March 31, 2020.
- **Retail** constitutes **67%** of funded loan assets as on March 31, 2021 including retail PSL buyouts.
- **Wholesale funded book decreased by 14%** to **Rs. 33,920 crore** as on March 31, 2021 from **Rs. 39,388 crore** as on March 31, 2020
- **Infrastructure loans** (part of wholesale) **decreased by 27%** to **Rs. 10,808** crore as on March 31 2021 from **Rs. 14,840 crore** as on March 31, 2020.
- **Infrastructure loans** are only **9.23%** of total funded assets as on March 31, 2021 as compared to **13.87%** as on March 31, 2020

**2. Strong growth in Retail Liabilities**

- **CASA Deposits** increased by **122% YOY** to **Rs. 45,896 crore** as on March 31, 2021 from **Rs. 20,661 crore** as on March 31, 2020
- **CASA Ratio** improved to **51.75%** as on March 31, 2021 from **31.87%** as on March 31, 2020.
- **Average CASA Ratio** (calculated on daily CASA balance) also improved to **50.23%** as on March 31, 2021 from **27.72%** as on March 31, 2020.
- **Total Customer Deposits** increased to **Rs. 82,725 crore** as on March 31, 2021 from **Rs. 57,719 crore** as on March 31, 2020, **Y-o-Y increase of 43%**.
- **Top 20 Depositors' concentration** as % to total customer deposits has reduced to **7.75%** as on March 31, 2021 from **20.36%** as on March 31, 2020
- IDFC First Bank Fixed Deposit program have the highest safety rating of **FAAA by CRISIL**

*^ excluding the ECLGS portfolio of Rs. 1,687 crore as on March 31, 2021*

# IDFC FIRST Bank – highlights

**3. Strong growth in Core Earnings:**

a. **Strong NII Growth:** For the full year, the Total Net Interest Income increased by **21%** to **Rs. 7,380 crore** in FY21 from **Rs. 6,076 crore** in FY20. NII for Q4-FY21 grew by 15% YOY to **Rs. 1,960 crore** from Rs. **1,700 crore** in Q4 FY20.

   i. *The NII in Q4-F21 includes the impact of **Rs. 55 crore** on account of interest on interest provision, following the order of the Honorable Supreme Court.*

b. **Strong NIM improvement:** The NIM for the full year FY21 was at **4.98%** as compared to **3.91%** in FY20. Quarterly NIM has improved to 5.09% in Q4 FY21 as compared to 4.61% in Q4 FY20.

c. **Strong growth in Total Income (NII + Fees and Other Income+ Trading Gain):** The total income for the full year increased by **24%** to **Rs. 10,207 crore** in FY21 from **Rs. 8,237 crore** in FY20. Quarterly Total income grew 14% YOY to **Rs. 2,801 crore** in Q4 FY21 from **Rs. 2,451 crore** in Q4 FY20.

d. **Core Pre-Provisioning Operating Profit (excluding Trading gains & impact of interest on interest reversal):** For the full year, the Core PPOP grew by **11%** to **Rs. 1,964 crore** in FY21 from **Rs. 1,764 crore** in FY20. Quarterly Core PPOP de-grew by 1.5% YOY to Rs. 460 crore in Q4 FY21 as compared to Core PPOP of Rs. 468 crore in Q4 FY20.

e. **Provision:** For the full year, Total Provisions stood at **Rs. 2,638 crore** in FY21 as compared to **Rs. 4,754 crore** in FY20. Quarterly provisions for Q4 FY21 was Rs. 603 crore as compared to Rs. 679 crore in Q4 FY20.

   i. *Earlier, Capital First had portfolios like Loan Against Shares with ticket sizes above Rs. 20 lac and Loans with annual interest payments, which were permitted for an NBFC but are not permitted for a Bank. On merger with the Bank, the dispensation was provided by the RBI for the said portfolio which is no longer available. Because of the above, the Bank had to make one time provision of 100% to this outstanding portfolio amounting to Rs. 89 crore in Q4-FY21.*

f. **Profit After Tax:** The Net Profit for the Full year FY21 was **Rs. 452 crore** as compared to **loss of Rs. 2,864 crore** in FY20. Quarterly Net Profit grew by 79% YOY to Rs. 128 crore in Q4 FY21 from Rs. 72 crore in Q4 FY20. Without the impact as mentioned in a(i) and e(i), the Net Profit of the Bank at the normalized tax rate, would be Rs. 140 crore for Q4-FY21 and Rs. 464 crore for FY21.



IDFC LIMITED

# IDFC FIRST Bank – highlights

**4. Asset Quality of the Bank remains resilient**

- Bank's Gross NPA marginally improved by 3 bps to **4.15%** as of March 31, 2021 as compared to **4.18%** as of December 31, 2020 (proforma).
- Bank Net NPA improved by 18 bps to **1.86%** as of March 31, 2021 from **2.04%** as of December 31, 2020 (proforma).
- Bank's Gross & Net NPA were 2.60% and 0.94% respectively as on March 31, 2020 which increased in FY21 due to COVID-19 impact.
- Provision Coverage Ratio (PCR) improved by 388 bps to **56.23%** as of March 31, 2021 from **52.35%** as of December 31, 2020 (proforma). The PCR is at **64.95%** including the additional COVID-19 provision of Rs. 375 crore made in Q4-FY21 and carried forward to FY22.

**Asset Quality on Retail Loan Book:**

- Retail Asset Gross NPA increased by **13 bps** to **4.01%** as of March 31, 2021 from **3.88%** as of December 31, 2020 (proforma). Retail Asset Net NPA improved by 45 bps to **1.90%** as of March 31, 2021 from **2.35%** as of December 31, 2020 (proforma).
- The GNPA and NNPA as on March 31, 2021 are higher by 175 bps and 77 bps respectively from the Pre-COVID average GNPA and NNPA of 2.27% and 1.13% respectively (details provided in Page no 41). This is considered to be quite normal considering the pandemic situation. The management believes, as the economic activities revive, a significant portion of overdues will be collected bring the GNPA and NNPA back to pre-COVID level.
- The Bank has implemented a list of initiatives, specifically in credit policy and collections to factor for COVID-19 impact on its retail loans and the results of the same have been very positive.
  - *The New to Credit customers represent only 10% of the disbursals (by value) in Q4-FY21 as compared to 18% in Q4-FY19.*
  - *83% of the customers sourced (by value) now in Q4-FY21 has Credit Bureau Score above 700 as compared to 61% in Q4-FY19.*
  - *The overall collection efficiency for standard loans improved every month since July 2020 and in March 2021, it was near 100 % of the pre-covid (Feb-20) levels.*
  - *Going forward, the Bank would continue to actively monitor the portfolio quality and tighten credit standard further in the context of the second wave of COVID-19 pandemic.*

# IDFC FIRST Bank – highlights

**5. Strong Capital Adequacy:**

- **Capital Adequacy Ratio** of the Bank was strong at **16.32%** with **CET-1 Ratio at 15.62%** including additional equity capital of Rs. 3,000 crore raised through QIP on April 6, 2021, calculated on figures as on March 31, 2021.
- Excluding the capital raised, the capital adequacy as of March 31 would have been 13.77% with CET-1 ratio of 13.27%.

**6. Franchise:**

- The Branch Network now stands at **596** branches, **592** ATMs and **85 recyclers** across the country as on March 31, 2021.

# IDFC FIRST Bank – balance sheet

| In Rs. Crore | Mar-20 | Dec-20 | Mar-21 | Growth (%) (Y-o-Y) |
|---|---|---|---|---|
| Shareholders' Funds | 15,343 | 17,668 | 17,808 | 16% |
| Deposits | 65,108 | 84,294 | 88,688 | 36% |
| - *Retail Deposits* | 33,924 | 58,435 | 63,894 | 88% |
| - *Wholesale Deposits (including CD)* | 31,184 | 25,859 | 24,795 | -20% |
| Borrowings | 57,397 | 40,805 | 45,786 | -20% |
| Other liabilities and provisions | 11,353 | 12,909 | 10,861 | -4% |
| **Total Liabilities** | **149,200** | **155,676** | **163,144** | **9%** |
| Cash and Balances with Banks and RBI | 4,191 | 7,141 | 5,828 | 39% |
| Net Funded Assets | 98,062 | 106,263 | 111,758 | 14% |
| - *Net Retail Funded Assets* | 54,848 | 66,731 | 72,334 | 32% |
| - *Net Wholesale Funded Assets** | 43,214 | 39,532 | 39,425 | -9% |
| Investments | 35,841 | 33,037 | 36,719 | 2% |
| Fixed Assets | 1,038 | 1,233 | 1,266 | 22% |
| Other Assets | 10,069 | 8,003 | 7,572 | -25% |
| **Total Assets** | **149,200** | **155,676** | **163,144** | **9%** |

**includes credit investments (Non-Convertible Debentures, RIDF, PTC, SRs and Loan Converted into Equity)*

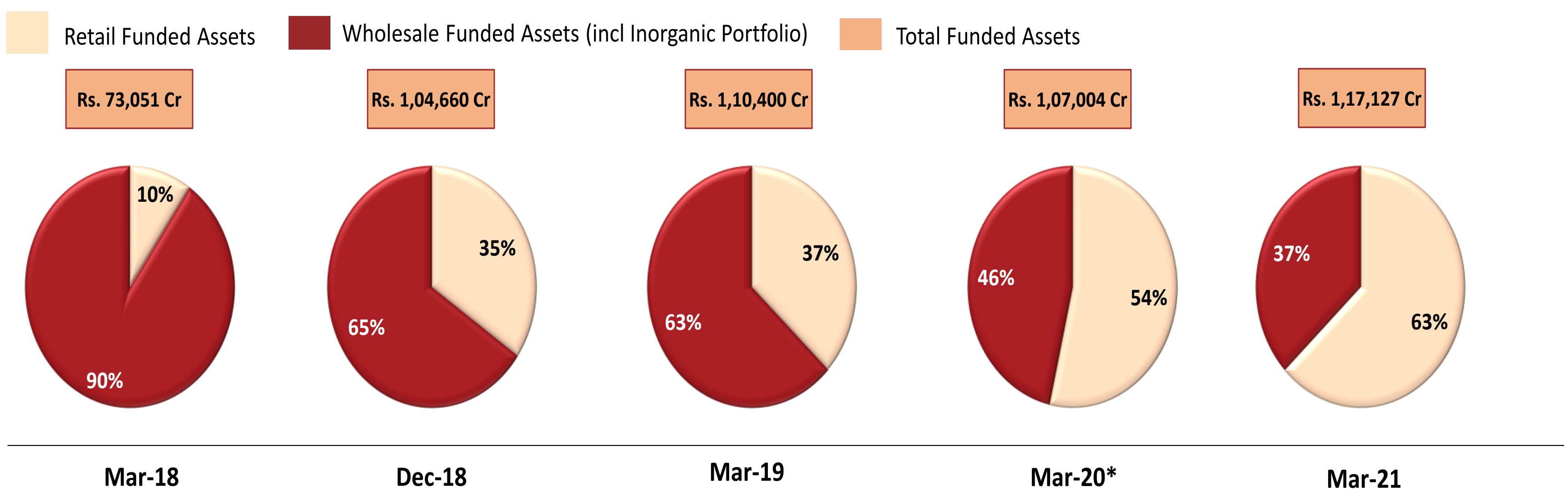
# IDFC FIRST Bank – income statement

| In Rs. Crore | FY20 | FY21 | Growth (%)Y-o-Y |
|---|---|---|---|
| Interest Income | 16,308 | 15,968[1] | -2% |
| Interest Expense | 10,232 | 8,588 | -16% |
| **Net Interest Income** | **6,076** | **7,380** | **21%** |
| Fee & Other Income | 1,550 | 1,622 | 5% |
| **Operating Income (Excl Trading Gain)** | **7,625** | **9,002** | **18%** |
| Trading Gain | 612 | 1,204 | 97% |
| **Operating Income** | **8,237** | **10,207** | **24%** |
| Operating Expense | 5,861 | 7,093 | 21% |
| **Pre-Provisioning Operating Profit (PPOP)** | **2,376** | **3,113** | **31%** |
| **Core PPOP (Ex. Trading gain and Interest on interest reversal)** | **1,764** | **1,964** | **11%** |
| Provisions | 4,754 | 2,638[2,3] | -45% |
| **Profit Before Tax** | **(2,379)** | **476[4]** | |
| Tax | 486 | 24[5] | -95% |
| **Profit After Tax** | **(2,864)** | **452** | |

1. *Includes reversal of Interest on Interest Rs. 55 crore in Q4 FY21 following the Supreme Court order*
2. *Earlier, Capital First had portfolios of Loan Against Shares with ticket sizes above Rs. 20 lac and Loans with annual interest payments, which were permitted for an NBFC, but not permitted in the Bank. On merger with the Bank, the dispensation was provided by the RBI for the said portfolio which is no longer available. Because of the same, the Bank was required to make 100% provision to this outstanding portfolio, and the provisions on this count amounted to Rs. 89 crore in Q4-FY21.*
3. *The provisions included the reversal of provisions of Rs. 324 crores on account of one large telecom account. The Bank created COVID 19 provisions for Rs. 375 crores and carried it into FY 22.*
4. *Without the impact of the point 1 and 2 mentioned above, the PBT for FY21 would be Rs. 620 crore and with normalized tax rate, the corresponding PAT would be Rs. 464 crore for FY21*
5. *Includes de-recognition of DTA on goodwill pursuant to recent changes in Finance Act and benefit on account of DTA reassessment at March 31, 2021*

# IDFC FIRST Bank – assets – retailisation

- The Bank provides financing for prime home loans, affordable home loans, business banking, loan against property, car loans, consumer durables and other such products to salaried and self – employed individuals and entities which is a large opportunity in India.
- We have strong demonstrated capabilities on this front developed through greenfield efforts over the last 10 years and we have maintained high asset quality, and consistently rising profitability over the years.

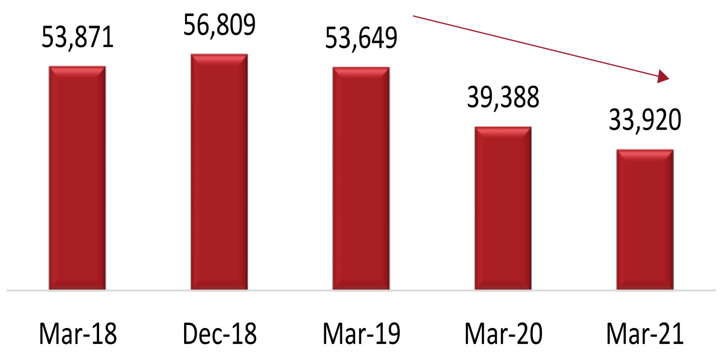



***The Bank inorganically acquired portfolio as PSL retail loans. Including this as part of Retail Loan Book, the Retail contribution to the overall Loan Assets is 67% as of March 31, 2021.***

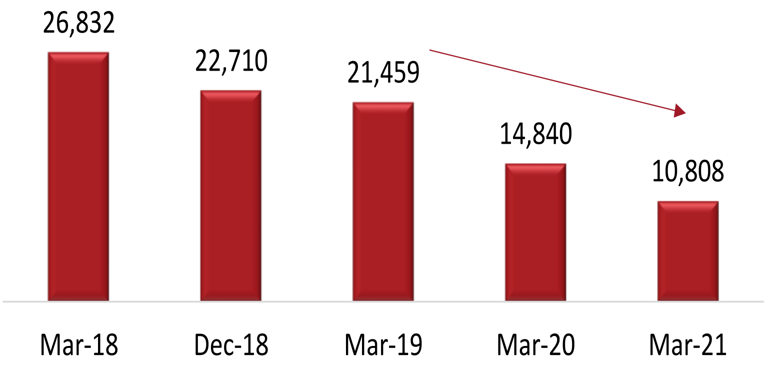
**Gross of Inter-Bank Participant Certificate (IBPC) transactions.*

# IDFC FIRST Bank – assets – retailisation

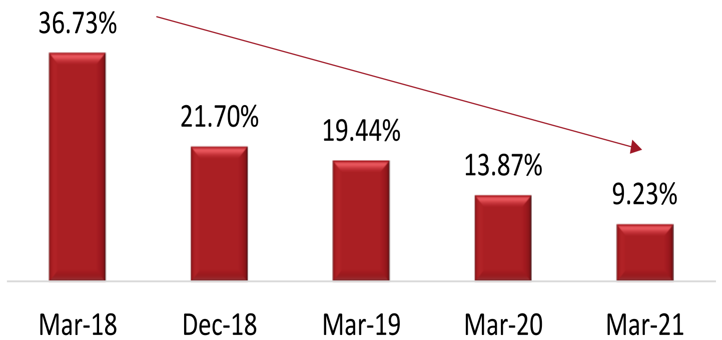
**1** The Bank reduced the wholesale funded assets by CAGR of 29% between Mar-19 and Mar-21



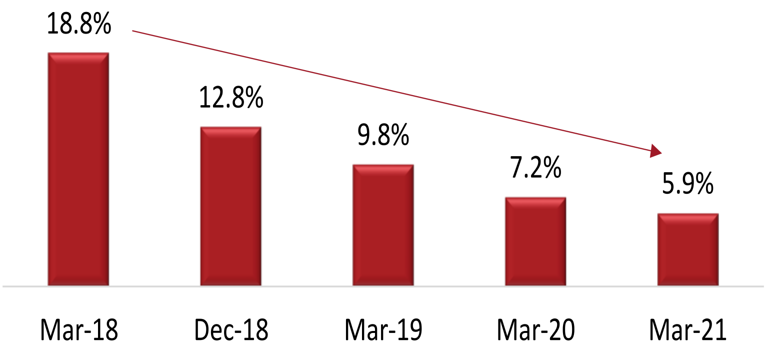

**2** Out of this, infrastructure financing (Rs crore) has reduced by 41% CAGR between Mar-19 to Mar-21




**3** The Bank reduced Infrastructure financing portfolio as % of total funded assets from 37% (Mar-18) to 9% (Mar-21)




**4** The Bank also proactively reduced the concentration risk by improving top 10 borrowers' concentration from 18.8% (Mar-18) to 5.9% (Mar-21)



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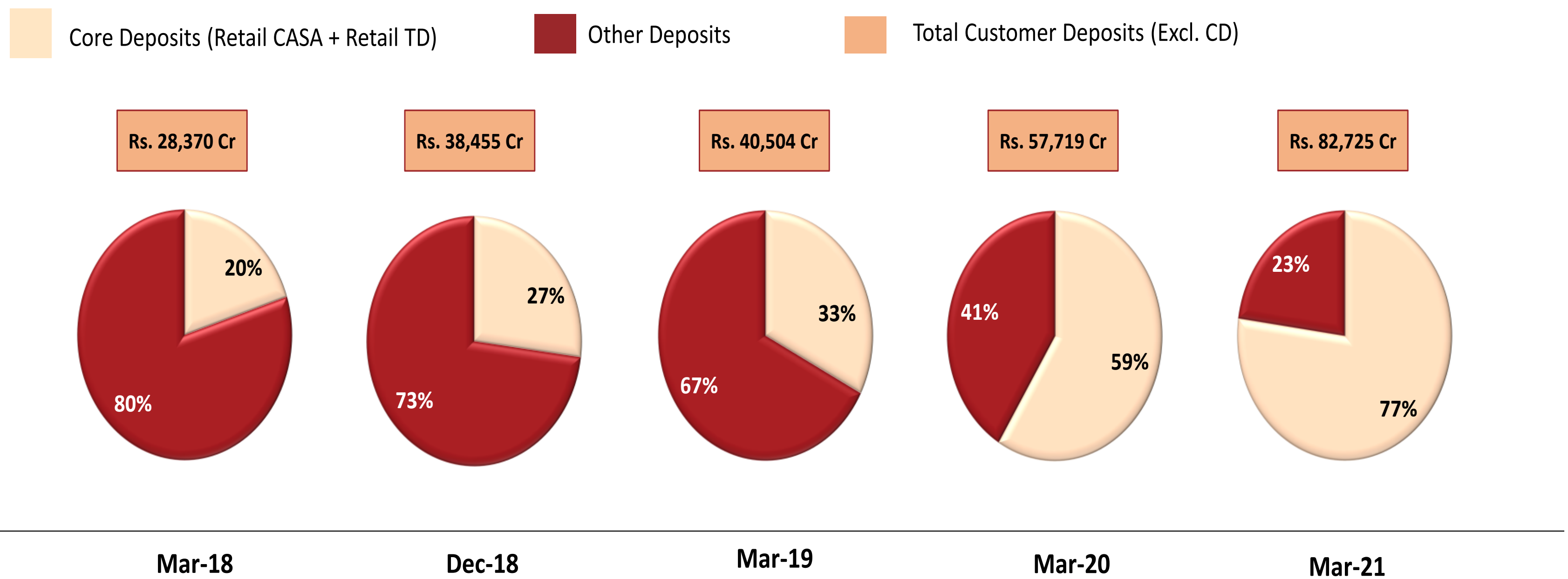
# IDFC FIRST Bank – retailization of liabilities

- The Bank is focused for retailization of the liabilities which is reflected in the growth in its Core Deposits.
- Such Deposits are sticky and sustainable in nature in comparison to Corporate Deposits or Certificate of Deposits.
- We are happy to report that the Bank has increased the Core Deposits (Retail CASA + Retail Term Deposits) as a % of Total Customer Deposits of the Bank as on March 31, 2021 to **77%** from **27%** as on December 31, 2018 (merger quarter).
- The Liability Franchise is strong and well diversified across retail depositors.



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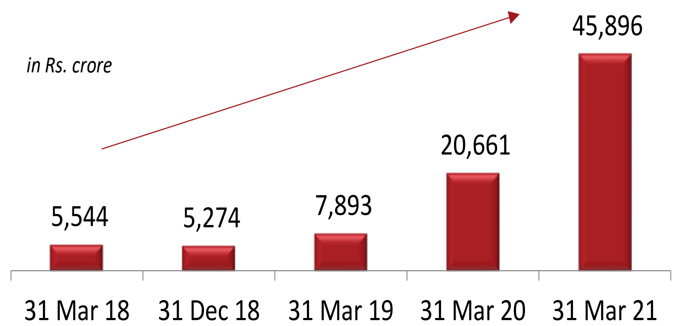
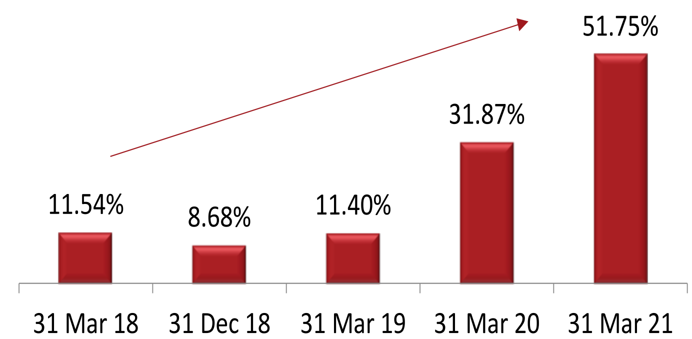
# IDFC FIRST Bank – CASA

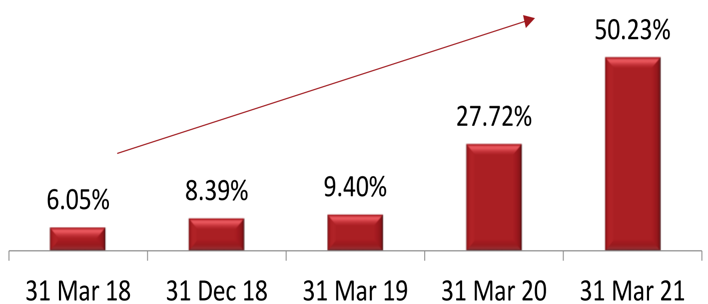
1 **CASA Deposits has grown by Rs. 40,622 crore since merger with YoY growth (FY21) of 122%**



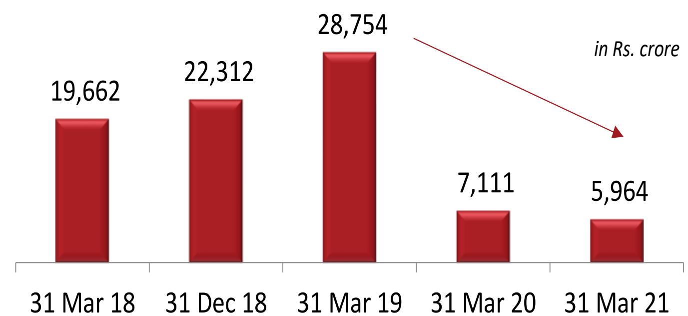

2 **As a result, the CASA Ratio (%) of the Bank has grown from 8.68% (Dec-18) at merger to 51.75% (Mar-21)**




3 **Average CASA Ratio (on daily CASA balances) (%) also shows strong improvement over the years**




4 **With healthy growth of the Retail Deposits including CASA, the Bank successfully reduced dependency on Certificate of Deposits in the last 2 years**



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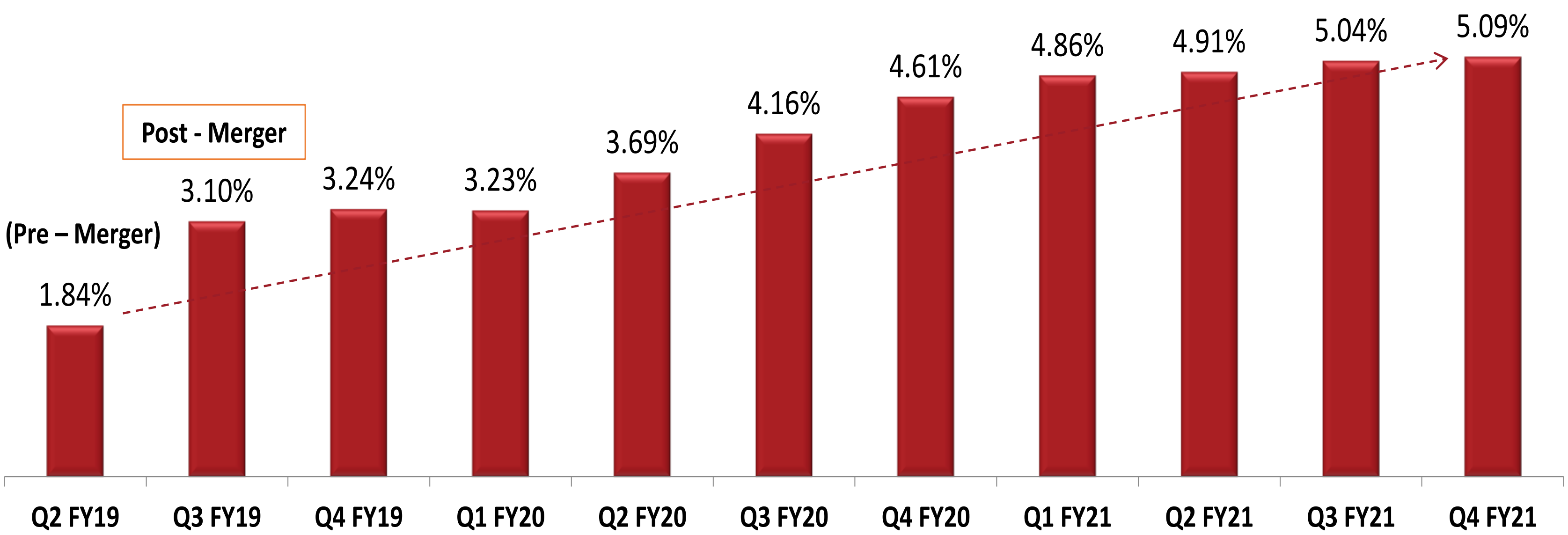
# IDFC FIRST Bank – NIM

- The NIM of the bank has accelerated to **5.09%** post merger (Q4-FY21) despite accounting for reversal of Interest on Interest of Rs. 55 crore.
- Interest income from the loans originated through Business correspondents being booked net of the origination and servicing expense incurred by business correspondents. Effective from Q4 FY21 such income is now booked as gross interest income and the origination expenses pertaining to this book is included in the operating expense line of the Bank. For the fair comparison purposes, the previous period interest income and opex figures, and as a result, the NIM% have been reinstated.
- As per our earlier guidance, we aspire to take it to 5-5.5% in the next 5 years. We are on track for reaching there.

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# IDFC FIRST Bank – asset quality

| In Rs. Crore | Dec-19 (Pre-Covid) | Mar-20 | Proforma Dec-20 (Post-Covid) | Mar-21 (Post-Covid) | Sequential (QoQ) movement |
|---|---|---|---|---|---|
| GNPL | 2,511 | 2,280 | 4,044 | 4,303 | **Increased by** Rs. 259 crore |
| Provisions for GNPL | 1,440 | 1,471 | 2,117 | 2,420 | **Increased by** Rs. 303 crore |
| NNPL | 1,071 | 809 | 1,927 | 1,883 | **Decreased by** Rs. 44 crore |
| GNPA (%) | 2.83% | 2.60% | 4.18% | 4.15% | **Decreased by** 3 bps |
| NNPA (%) | 1.23% | 0.94% | 2.04% | 1.86% | **Decreased by** 18 bps |
| Provision Coverage Ratio % | 57.35% | 64.53% | 52.35% | 56.23% | **Increased by** 388 bps |

- Earlier, the Supreme Court vide an interim order dated September 03, 2020 had directed to stop NPA classification till further orders. The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Honourable Supreme Court. Accordingly, the Bank has continued with asset classification of borrower accounts as per the extant RBI Instructions.
- Including the additional COVID-19 provision of Rs. 375 crore made in Q4-FY21 and carried forward to FY22, the PCR would be **64.95%** on reported GNPA and NNPA as on March 31, 2021.
- The total restructured (approved & implemented) book including retail and wholesale loans stood at 0.9% of the total funded assets.



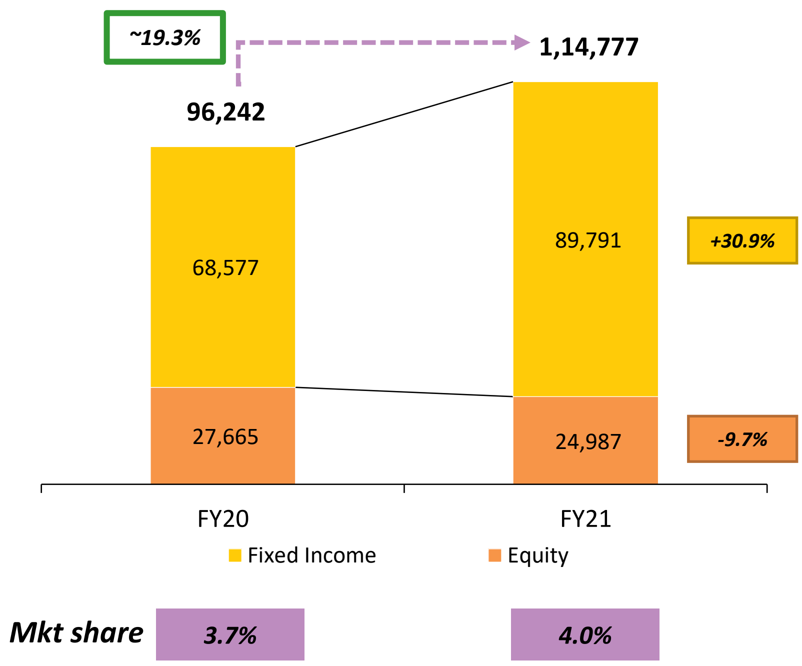
IDFC LIMITED

# 3. IDFC AMC

# Performance Summary: FY'21

- **Strong growth driven by Fixed income; Improvement in market share**
  - AAUM increased 19.3% YoY, with FY21 at Rs. 114,777 Cr vs 96,242 Cr in FY20 (vs. industry growth of 8.5%). Our Q4 AAUM was INR 122,111 Cr
  - Strong growth in Fixed Income, where AAUM rose to Rs. 89,791 Cr in FY21, up 31% Vs FY20
  - Equity AAUM was Rs. 24,987 Cr in FY21, down 10% vs FY20
  - Our FY21 average market share moved up to 4.0% from 3.7% in FY20
- **Despite a tough environment, we delivered strong growth in P&L**
  - YoY revenue grew 21.2%, and PAT grew 81.4%, with FY21 PAT at Rs. 144.0 Cr driven by higher AUM, Fee Income, Covid-19 related cost saves, and proactive expense management

**IDFC MF AAUM (Rs. Cr)**




1. *AAUM = Average Assets Under Management*
2. *AUM data source: ICRA MFI Explorer*



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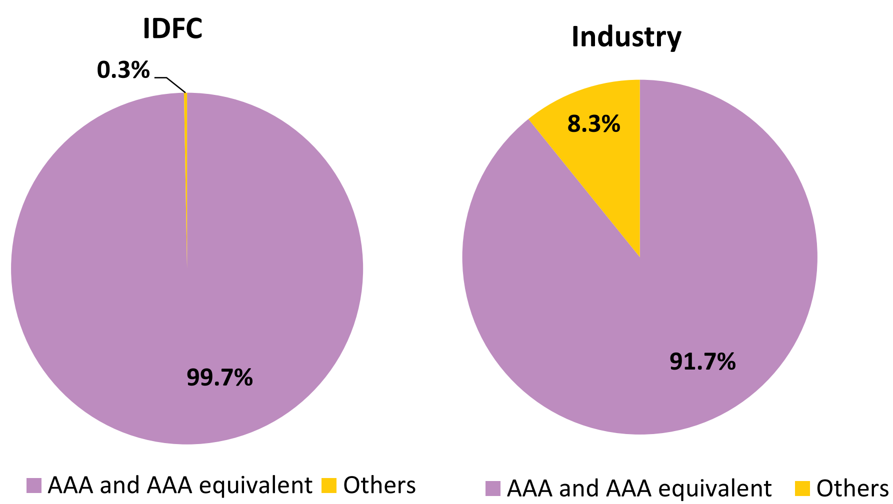
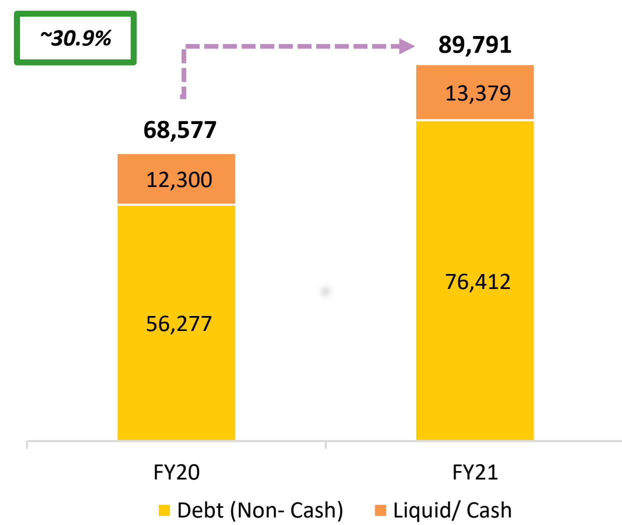
# Fixed Income Growth Steady

Fixed Income AAUM and Market share continued to post steady growth driven by a) stance on quality, b) performance, and c) strength of our institutional distribution / proactive expansion of retail distribution

## Portfolio credit rating distribution[1]




## Fixed Income AAUM (Rs. Cr)



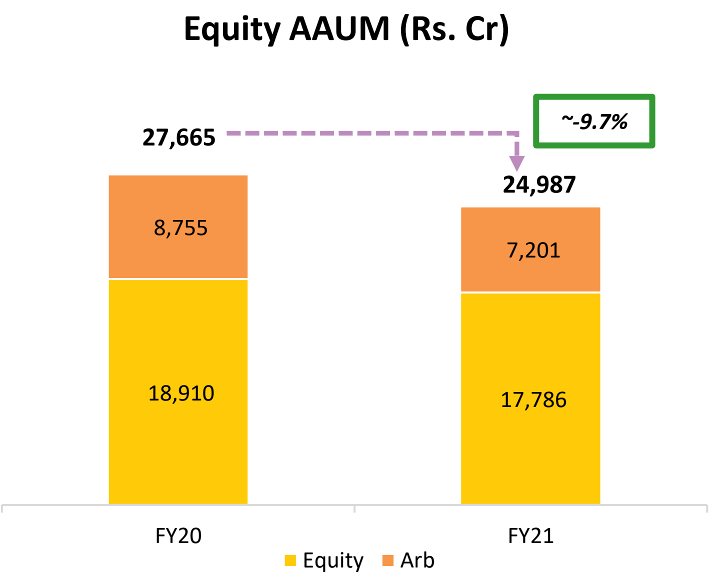

| | FY20 | FY21 |
|---|---|---|
| ***FI Mkt share*** | ***5.0%*** | ***6.0%*** |

22

*1. As of March 31, 2021*
*Industry data includes top 15 AMCs excluding IDFC*
*Source: ICRA MFI explorer*

# Equity AAUM

Equity AUM fell led by a sharp fall in Arbitrage Funds as well as industry level net outflows in Equity Funds






| | | |
|---|---|---|
| ***Equity Mkt share*** | ***2.2%*** | ***1.8%*** |

1. *Equity AUM includes Equity and Hybrid schemes as per SEBI definition*
2. *AAUM: Average Assets Under Management*

23

# Strong Financial Performance | FY21 vs FY20

| In INR Cr | FY21 | FY20 | YoY growth (%) |
|---|---|---|---|
| **AAUM** | **114,777** | **96,242** | **19.3%** |
| **Total Income** | **371.1** | **306.1** | **21.2%** |
| *Income from operations* | *347.8* | *305.8* | *13.8%* |
| *Other Income* | *23.3* | *0.3* | |
| **Costs** | **178.8** | **198.7** | **(10.0%)** |
| **PBT** | **192.3** | **107.4** | **79.0%** |
| **PAT** | **144.0** | **79.4** | **81.4%** |

- *19.3% AAUM growth YoY (vs. industry growth of 8.5%), led to revenue growth of ~21.2%*
- *Solid income growth, coupled with proactive expense management / Covid-19 related saves resulted in a PAT of INR 144.0 Cr vs. INR 79.4 Cr in FY20, reflecting 81.4% YoY growth*


24

THANK YOU