

Performance Review

For the quarter ended June 30, 2020

IIFL Finance Limited



July 21, 2020

I: Key Highlights- Results for Quarter ended June 2020

II: Q1FY21 Results & Financial Performance

III: Liquidity Position Review

IV: Construction & Real Estate Portfolio Update

V: Review of Core Business Segments

VI: Strategy Overview for Post COVID World

VII: Corporate Information, Awards and CSR

Profits & ROE, excluding COVID provision, show a healthy trend. Q1FY21 Profit after tax was ₹228 Cr* (up 26% yoy). Annualized ROE and ROA were 19.5%* and 2.7%* respectively.

Loan assets AUM was flat qoq and up 10% yoy to ₹ 38,335 Cr, with small ticket loans accounting for 88%.

Liquidity position is comfortable with Liquidity Coverage Ratio at 327%. As at quarter end, we have cash, bank & equivalent balance of ₹1,755 Cr and additionally undrawn credit lines of ₹1,990 Cr.

Asset quality is far superior than industry, GNPA and NNPA were 1.95% and 0.86%, down from 2.31% and 0.97% respectively in FY20. Aggregate provision coverage was 183%; excluding Covid provision was 101%

Loans under moratorium has fallen from 60% as at end of May 2020 to 31% as at end of June 2020

Cost of funds remained stable at 9.3% during the quarter

Cost to income ratio was 41% during the quarter, down from 48% in the previous quarter. We target to achieve savings of fixed costs around ₹200 Cr annually in FY21 without impacting our lending capacity.

Capital adequacy ratio (CAR) for standalone NBFC was 19.3%, and for home finance & micro finance subsidiaries, the same was 22.0% and 26.9% respectively as at Q1FY21

*Excluding exceptional items, net of tax, for Q1FY21, ₹198 Cr comprising Covid provision and MTM on forex borrowings.

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IIFL Finance – Consolidated results (as per IND AS)

Quarter ended June 30, 2020 (NBFC, HFC and MFI)



₹ Crores	Q1FY21	Q1FY20	Y-o-Y	Q4FY20	Q-o-Q
Loan book	28,350	25,792	10%	28,234	0%
Assigned assets	9,985	9,128	9%	9,717	3%
Assets under management	38,335	34,920	10%	37,951	1%
Interest income	1,095.1	1,049.5	4%	1,102.1	(1%)
Interest expense	(622.4)	(615.2)	1%	(601.7)	3%
Net Interest income on loan book	472.7	434.4	9%	500.4	(6%)
Net Interest income on assigned book	153.5	111.7	37%	152.1	1%
Other income	46.4	64.6	(28%)	30.4	53%
Total income	672.6	610.7	10%	682.9	(1%)
Operating expense	(275.5)	(320.2)	(14%)	(330.4)	(17%)
Loan losses & provision	(75.0)	(33.7)	123%	(55.8)	34%
Profit before tax and exceptional items	322.1	256.8	25%	296.6	9%
COVID-19 provision and other exceptional items*	(264.8)	-		(282.0)	
Profit before tax	57.3	256.8	(78%)	14.6	293%
Provision for tax	(25.5)	(81.7)	(69%)	44.3	(157%)
Profit after tax	31.8	175.1	(82%)	58.9	(46%)
OCI	(1.7)	5.8		(4.1)	
TCI (pre minority)	30.1	180.9	(83%)	54.8	(45%)
TCI (pre minority excluding exceptional items#)	228.2	180.9	26%	216.5	5%

*Q1FY21 exceptional items comprise COVID-19 provision of ₹194 Cr and ₹70 Cr MTM loss on forex borrowings and hedge. As our forex loans are fully hedged, the accounting gain/loss will even out by maturity of the bonds. Q4FY20 exceptional item consist of COVID-19 provision of ₹ 282 Cr.

#Besides, in Q4FY20, provision for tax includes reinstatement of deferred tax reversal of ₹ 49 Cr post merger

IIFL Finance – Consolidated Balance Sheet

Quarter ended June 2020 (NBFC, HFC and MFI)



Assets (₹ Cr)		As at June 30 2020 Audited
1	Financial Assets	
(a)	Cash and Bank Balances	2,960
(b)	Receivables	28
(c)	Loan Assets	28,468
(d)	Investments	229
(e)	Other Financial assets	532
2	Non-Financial Assets	
(a)	Current & Deferred tax assets (Net)	494
(b)	Property, Equipment, Intangibles & others	584
(c)	Other non-financial assets	164
	Total Assets	33,459

Liabilities and Equity (₹ Cr)		As at June 30 2020 Audited
1	Financial Liabilities	
(a)	Payables	113
(b)	Borrowings through NCD's*	9,739
(c)	Borrowings (Other than above)*	17,692
(d)	Other financial Liabilities	919
2	Non-Financial Liabilities	199
3	Equity	4,797
	Total Liabilities and Equity	33,459

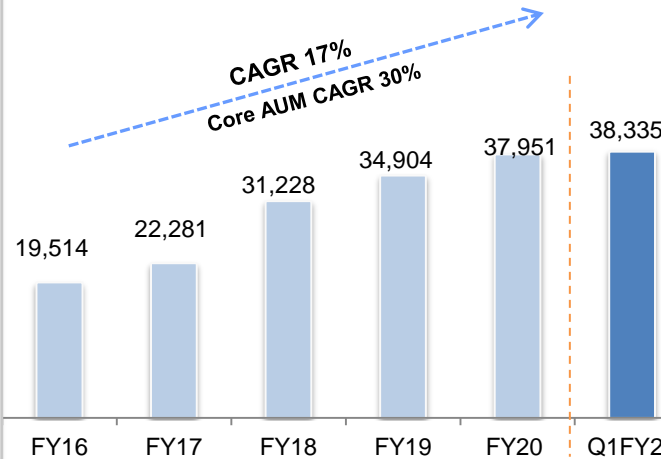
* Including interest accrued but not due on borrowings

Consistent financial performance and growth over years IIFL FINANCE

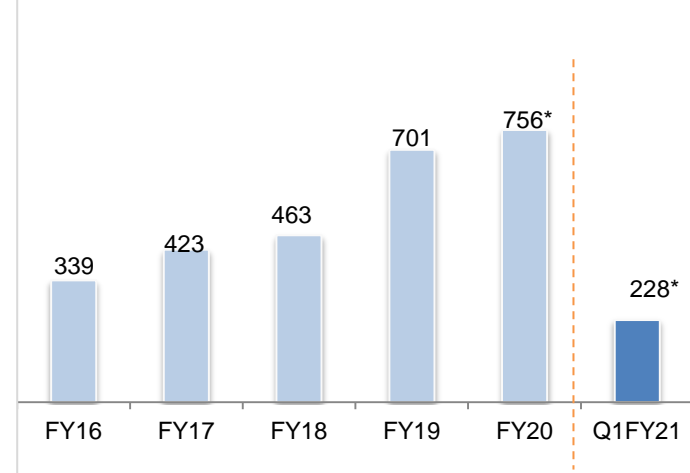
- NIM on Balance Sheet assets for Q1FY21 stood at 6.7% and NIM on assigned assets for Q1FY21 stood at 6.3%

- Average cost of borrowing remained flat y-o-y and declined by 10 bps q-o-q to 9.3%

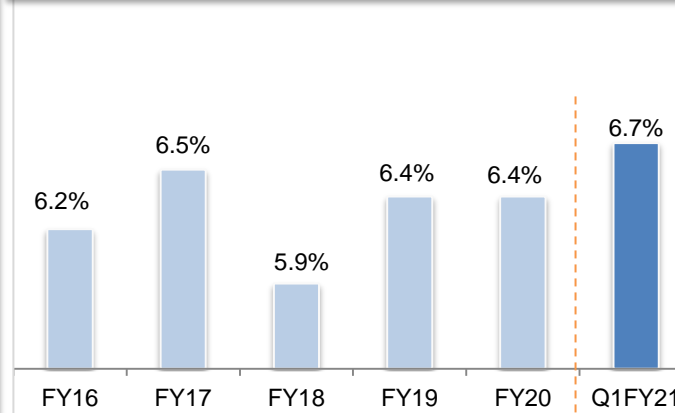
AUM (₹ Cr)



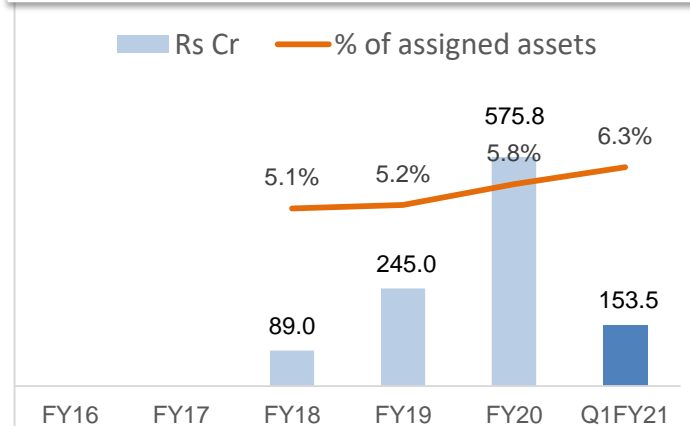
Total Comprehensive Income (₹ Cr)



NIM on B/S Assets (%)



Income on Assigned Assets

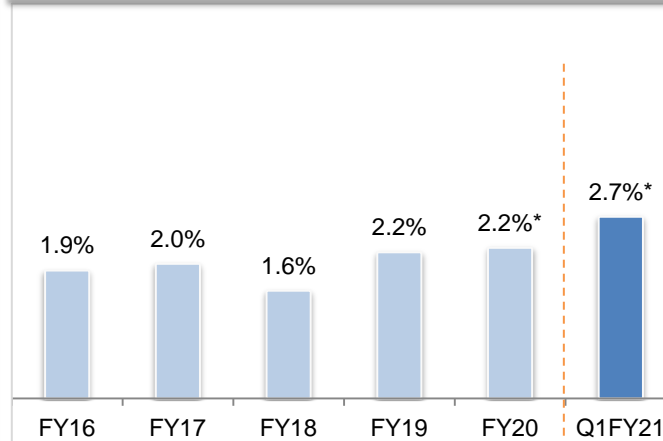


- Note: FY18 onwards numbers are as per IND AS. Prior years' numbers are as per IGAAP
- *Excludes exceptional items

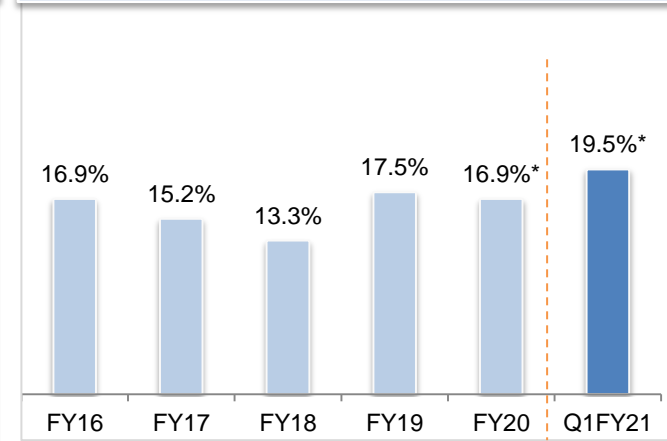
Robust and improving financial position

- ROE was 19.5% and ROA was 2.7% for Q1FY21 (excluding impact of exceptional items)
- Tier I Capital Adequacy Ratio (CAR) stands at 15.3% against minimum requirement of 10% and total CAR stands at 19.3% for IIFL Finance Standalone.
- Total CAR for IIFL Home Finance and Samasta Microfinance subsidiaries stands at 22.0% and 26.9% respectively

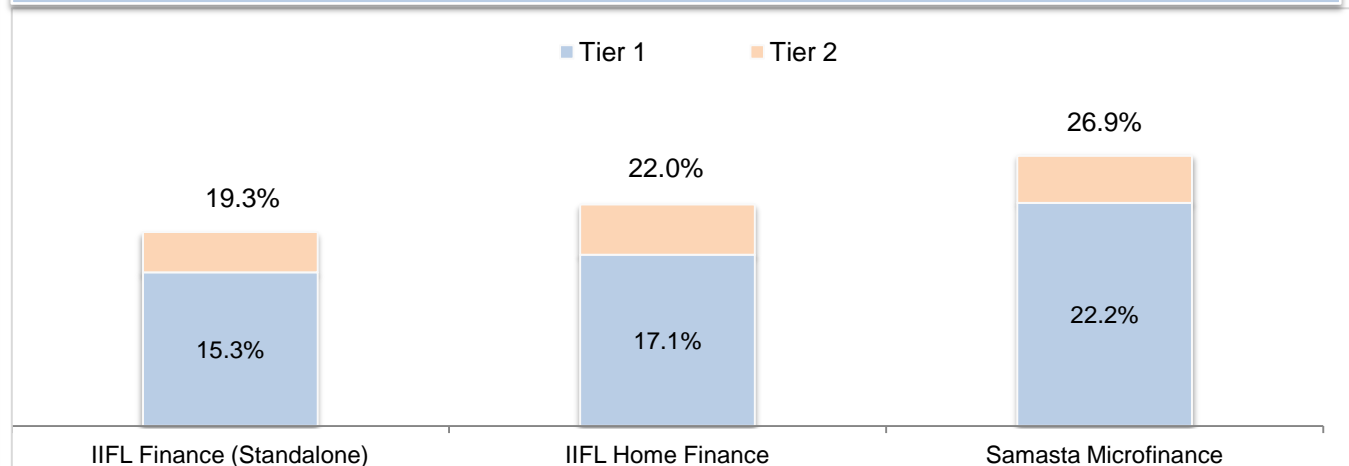
Return on Assets (%)



Return on Equity (%)



Total Capital Adequacy Ratio (%)# of standalone NBFC & subsidiaries



- Note: FY18 onwards numbers are as per IND AS. Prior years' numbers are as per IGAAP
- * Excludes exceptional items
- #IIFL Home Finance CAR is as per IGAAP, IIFL Finance and Samasta Microfinance CAR is as per IndAS

Company snapshot

₹ 38,335 Cr
Assets under Management

88% Retail
12% Wholesale

2,372
Branches

5.35
Net Debt:Equity Ratio

327%[#]
Liquidity Coverage Ratio

17,789
Employees

15.3% / 19.3%
Tier 1 / Total Capital Adequacy

1.95% / 0.86%
Gross NPAs / Net NPAs

101%
Provision coverage of GNPA
(**183%** incl. Covid provision)

2.7%*
Return on Assets

19.5%*
Return on Equity

41%
Cost to Income
(48% previous quarter)

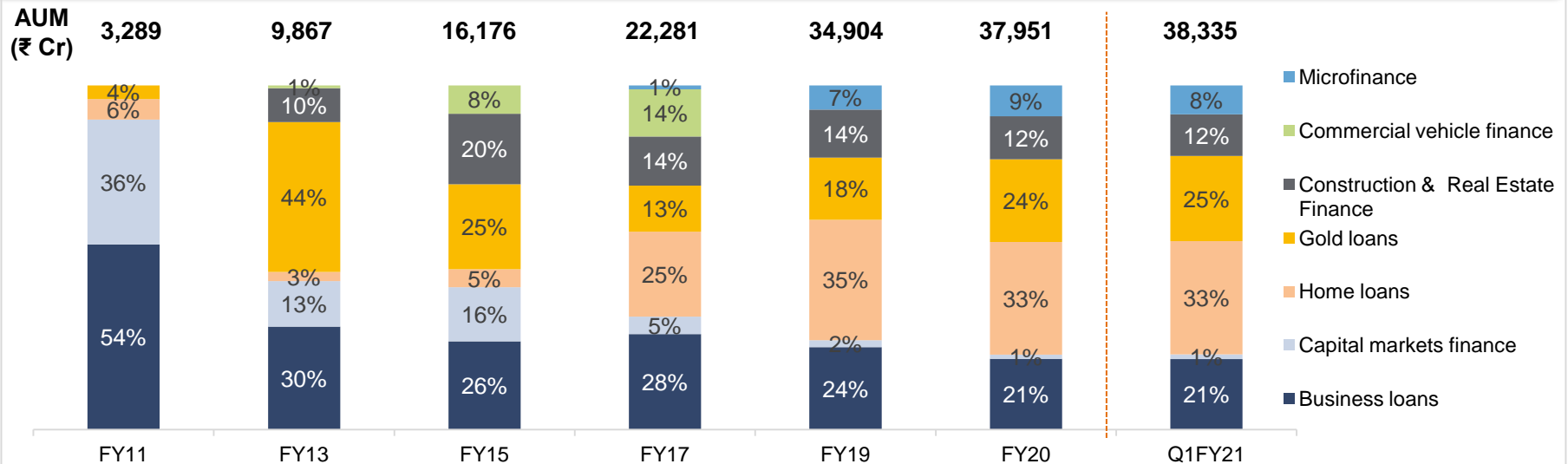
*Excluding Covid provision and other exceptional items

[#]As of June 30, 2020

Diversified and granular asset portfolio

- Small ticket retail loans are 88% of loan assets

Diversified portfolio disperses exposure and balances cyclical vagaries

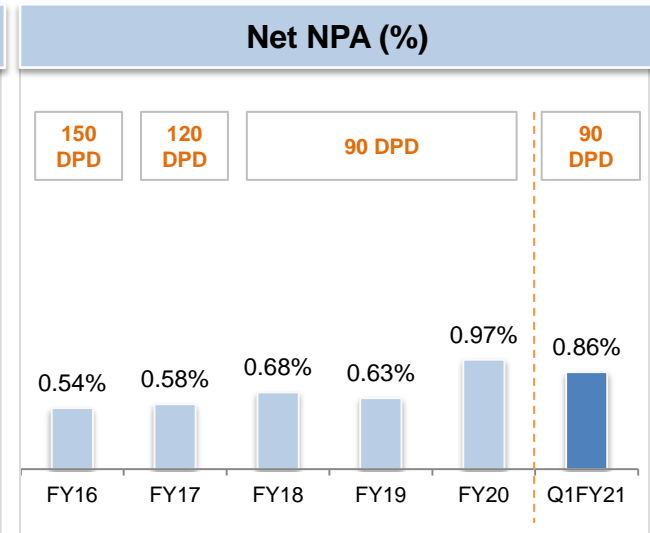
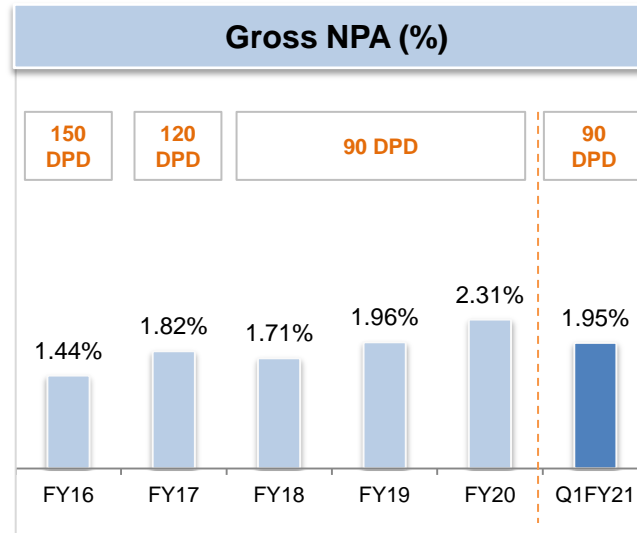


AUM (₹ Cr)	Q1FY21	Y-o-Y	Q-o-Q
Home Loans	12,618	2%	1%
Gold Loans	9,490	44%	4%
Business Loans	7,864	(6%)	0%
Microfinance	3,222	37%	(5%)
Core Segments (A)	33,194	12%	1%
Capital Market Finance	515	28%	14%
Construction & Real Estate	4,626	(5%)	(2%)
Synergistic Segments (B)	5,141	(3%)	(1%)
Total AUM (A+B)	38,335	10%	1%

- Loan assets remained at similar level, with a modest 1% q-o-q growth due to Covid lockdown.
- Construction & Real Estate Finance has declined both on q-o-q and y-o-y basis
- IIFL Home Finance is a leading player in affordable home loans, eligible for PMAY-CLSS subsidy

Strong asset quality maintained through cycles....

- GNPA as at Q1FY21, was 1.95% and NNPA was 0.86%
- Under Ind AS, provision coverage (incl. standard assets provision) on NPAs was 183% (101% excluding Covid provision)
- 88% of our loans are retail in nature; 63% of home loans, 48% of business loans and 91% of microfinance loans qualify as priority sector for banks
- LTV is conservative at 70% for home loans, 63% for gold loans, 49% for business loans and 49% for construction and real estate finance



Q1FY21	% Portfolio Share	GNPA %	NNPA%	Portfolio Yield %	Portfolio average Ticket Size (₹ Lakh)	LTV %
Home Loans	33%	1.4%	1.1%	10.4%	18.6	70%
Construction & Real Estate	12%	2.5%	0.6%	15.6%	3733.1	49%
Gold Loans	25%	0.3%	0.2%	19.4%	0.6	63%
Capital Market Finance	1%	0.0%	0.0%	13.3%	82.4	36%
Business Loans	21%	4.2%	1.8%	16.2%	13.1	49%
Microfinance	8%	1.6%	0.0%	20.3%	0.2	-
Total	100%	2.0%	0.9%	15.3%		

Note: FY18 onwards numbers are as per IND AS. Prior years' numbers are as per IGAAP

Excluding discontinued HCF business - Overall GNPA stands at 1.7% and NNPA at 0.8%, Business Loans GNPA stands at 3.3% and NNPA at 1.4%

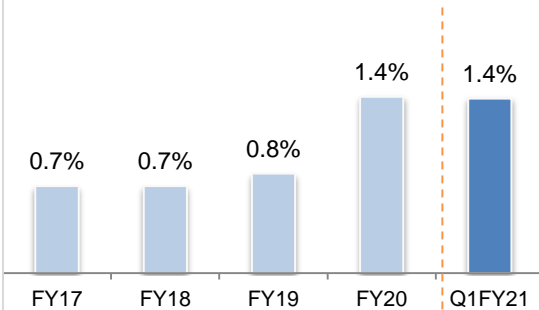
Asset quality superior to industry in all products

Credit quality has been steady across key product segments

Core growth segments

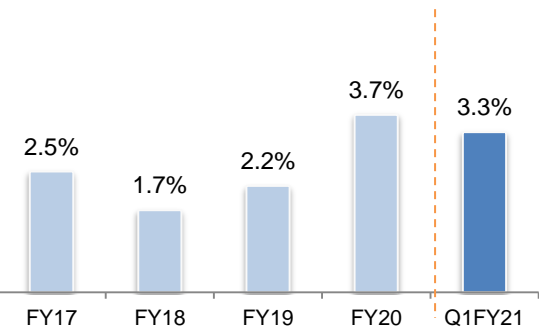
Home loans

Gross NPAs (%)



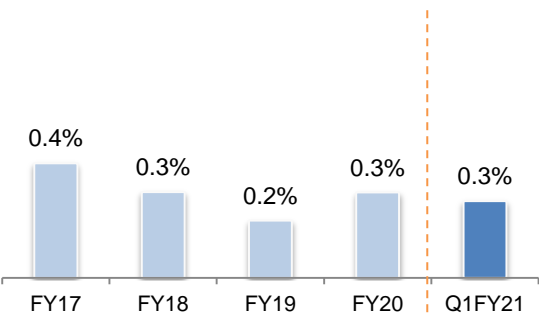
Business loans

Gross NPAs (%)



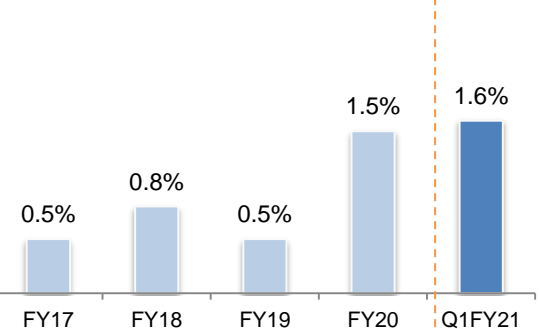
Gold loans

Gross NPAs (%)



Microfinance

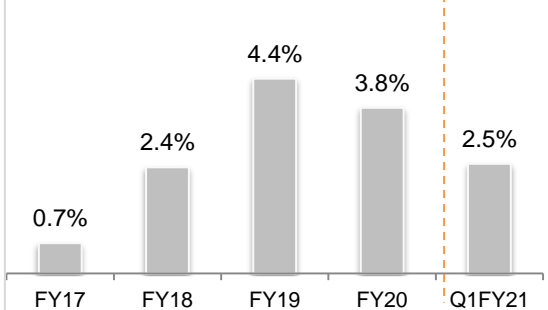
Gross NPAs (%)



Synergistic segments

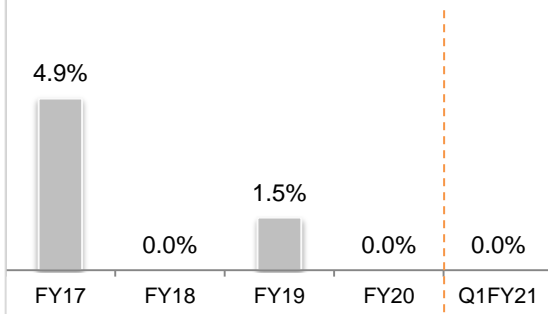
Construction & Real Estate finance

Gross NPAs (%)



Capital markets finance

Gross NPAs (%)



Note:

(i) Gross NPAs for FY18 onwards are as per IndAS (include securitized assets); other numbers are as per IGAAP

(ii) Business Loans excludes discontinued HCF business

Sharp fall in loan assets under moratorium in June '20

Quarter ended June 30, 2020 (NBFC, HFC and MFI)

- For the second moratorium scheme, the Company has offered moratorium to all its customers only on an opt-in basis

Products (₹ Cr)	Total AUM	AUM under moratorium	% of AUM under moratorium	% of AUM under moratorium	% of AUM under moratorium
	June 30, 2020	June 30, 2020	June 30, 2020	May 31, 2020	March 31, 2020
Home Loan	12,618	3,032	24%	29%	3%
Gold Loan	9,490	1,200	13%	88%	84%
Business Loan	7,864	4,069	52%	62%	12%
Microfinance	3,222	1,116	34%	95%	48%
Construction & Real Estate Finance	4,626	2,601	56%	64%	11%
Capital Market	515	49	9%	11%	-
Total	38,335	12,067	31%	60%	29%

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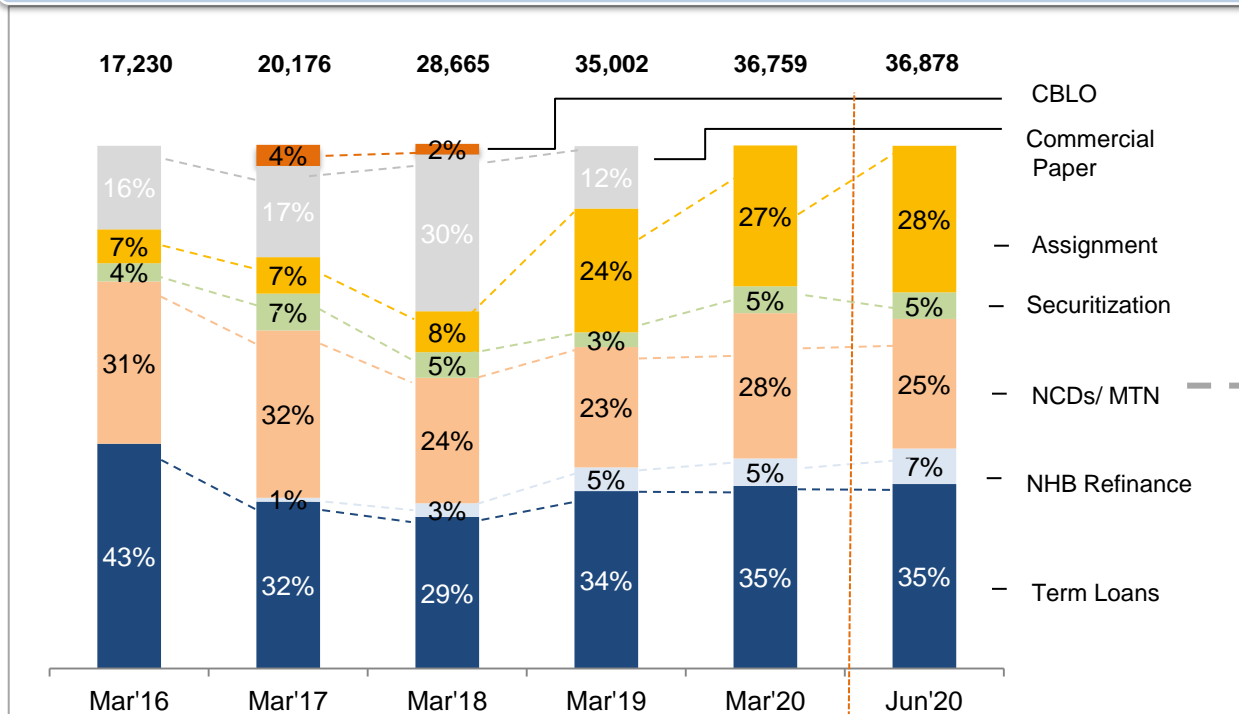
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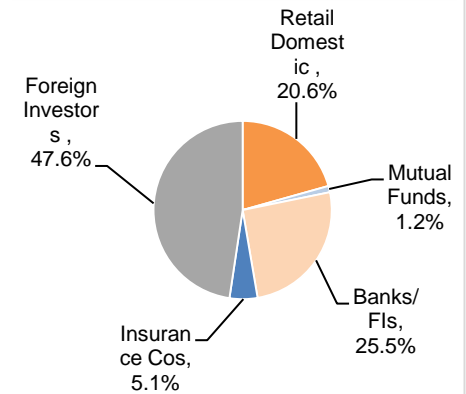
Well diversified funding mix

Resource profile is well diversified, with increasing share of assigned assets and bank loans

Funding mix (₹ Cr)



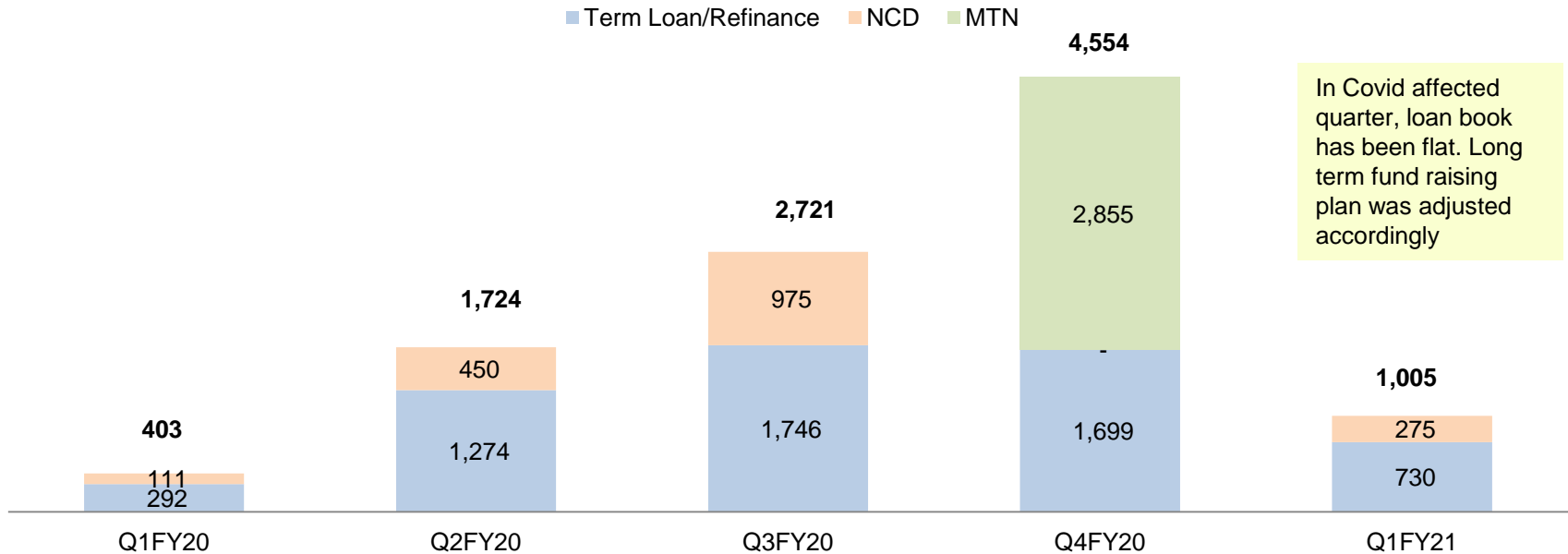
Debentures/ Bonds investors



Period	Mar'16	Mar'17	Mar'18	Mar'19	Mar'20	June'20
Cost of funds	10.2%	9.4%	8.4%	8.9%	9.3%	9.3%

Availability of long term funding has been strong

Incremental long term funding (₹ Cr)

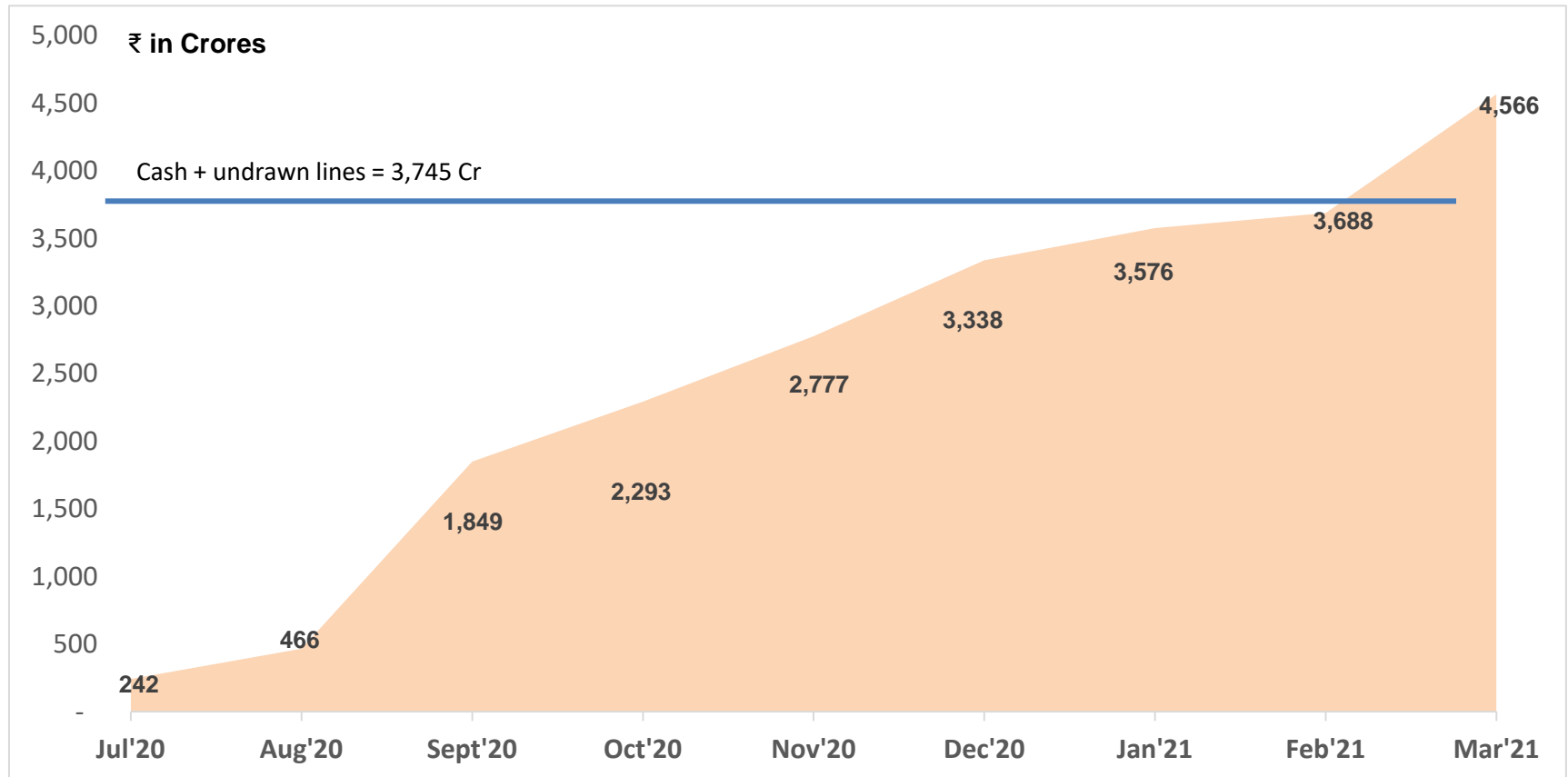


During the quarter:

- Raised ₹730 Cr through term loans and refinance from banks
- IIFL's long term credit rating from CRISIL is AA (Negative) as on date
- Besides, IIFL securitized/ assigned loans of ₹ 877 Cr in Q1FY21

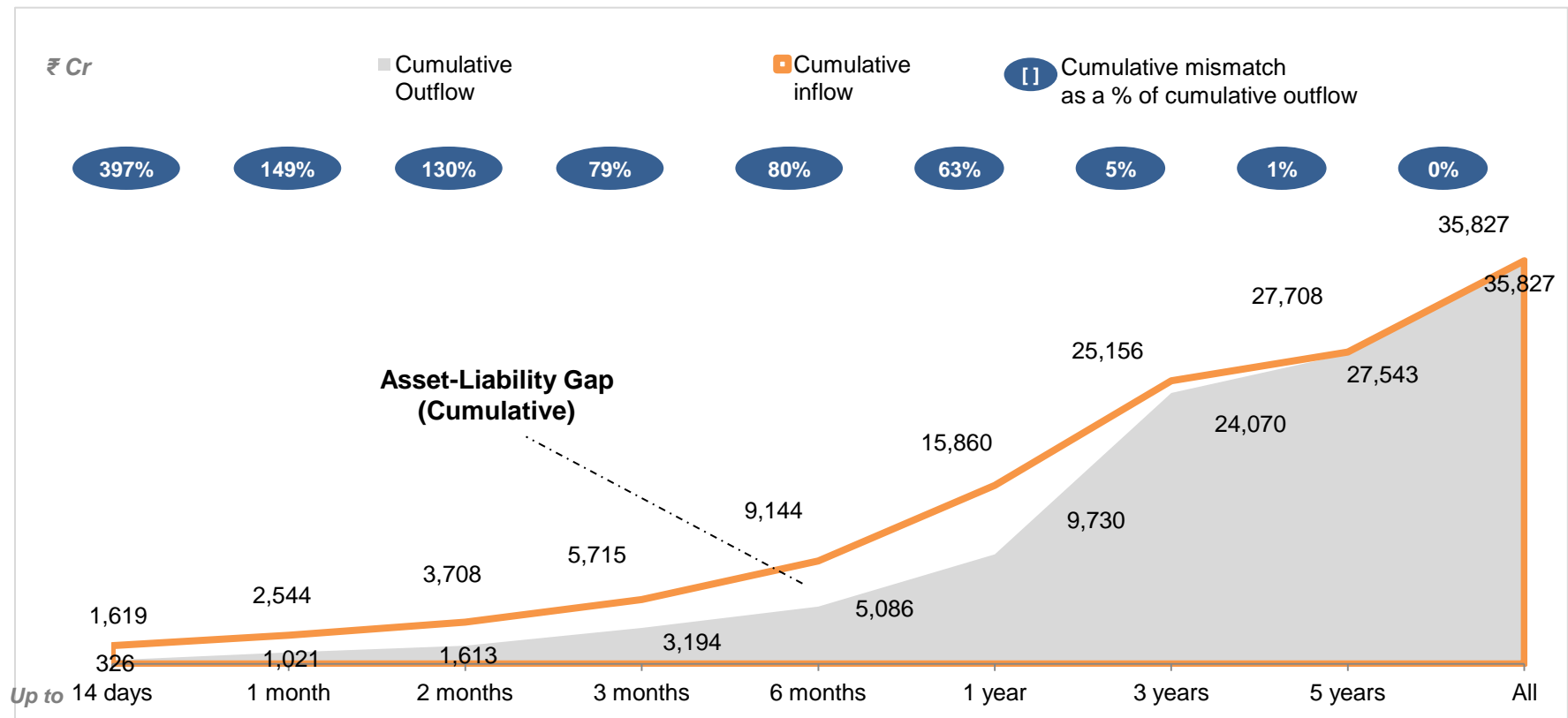
Debt repayment obligation schedule

Debt repayment obligation schedule (cumulative)



Structural Liquidity- Positive ALM mismatch across all buckets

This ALM chart shows structural liquidity consolidated for IIFL Finance & its subsidiaries. This is prepared broadly based on RBI format, assuming static balance sheet position, not taking into account fresh disbursements. The inflows consider collection of only standard assets, excluding assigned assets as per IndAS, basis behavioral pattern applied conservatively. It takes only encumbrance free bank FDs, and for outflows, operating expenses and liabilities.



Adequate margin of safety and surplus in every bucket

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52 projects, with total principal outstanding of ₹3,988 Cr as at Q1FY21, accounting for 86% of IIFL CRE loans have been analyzed in detail. The balance 14% of CRE book is represented by very small projects.

- We had retained PwC and JLL to do a financial due diligence and technical due diligence respectively to evaluate the financial, commercial, technical feasibility of all the projects
- For ongoing technical & financial monitoring of all large projects financed by us, we have retained Quantum Project Infra Pvt Ltd and InCorp Advisory Services Private Limited.
- This analysis is based on the following parameters:-
 - a) Stage of project completion
 - b) Target income segment of end users
 - c) Geographical distribution of funded projects
 - d) Developer track record
 - e) CoVid sensitivity on recoverability of loans

93% of finance is for residential projects, and 58% of projects are in advanced stages of completion

Stage	No. of projects	POS as at 30 Jun	% to total
Residential	49	3,705	93%
Land stage	3	172	4%
Approval pending	4	651	16%
RERA Approved (Construction to start soon)	6	161	4%
Construction in progress	36	2,721	68%
<i>Early stage (Upto 25%)</i>	3	397	10%
<i>Intermediate stage (25-75%)</i>	16	1,289	32%
<i>Near completion (> 75%)</i>	17	1,036	26%
Commercial / Logistics	3	283	7%
Total	52	3,988	100%

Note: Classification in residential and commercial / logistics is basis predominant usage

Stages of construction

- 58% of funded projects are in advanced stages of completion
- 10% of funded projects have commenced construction activities
- 4% of funded projects are approved by RERA and construction should commence soon
- 16% of funded projects are in approval submission stage wherein approvals should be obtained on reopening of relevant authorities.
- 4% of funded projects are at land stage
- Only 7% exposure to commercial / logistics sector
- No exposure to Lease Rental Discounting (LRD)

Affordable residential projects contribute 77%

Project mix

Figs in Cr	No. of projects	POS as at 30 Jun	% to total
Residential	49	3,705	93%
<i>Affordable</i>	40	3,053	77%
<i>Mid Income</i>	5	399	10%
<i>Premium</i>	4	253	6%
Commercial	3	283	7%
Total	52	3,988	100%

Micro market prices psf

Price psf	No. of projects	POS as at 30 Jun	% to total
<4000	18	612	15%
4 – 10k	16	724	18%
10 -16k	1	266	7%
16 -22k	10	1,819	46%
22 -28k	2	218	5%
>28k	5	349	9%
Total	52	3,988	100%

What is the definition of Affordable Residential?

Projects where unit sales realisation is less than 2 Cr in Mumbai, less than 1 Cr in Delhi, Bengaluru, Kolkata and 0.5 Cr in other non-metro cities
Similarly Mid Income comprise projects where sales realisation are between 2 – 5 Cr in Mumbai, 1 – 3 Cr in metros and 0.5 Cr to 2 Cr in other cities.

Key elements of the IIFL RE Corporate Loan Book

- Affordable residential projects contribute 77% of POS
- Mid Income projects contribute 10%
- Premium projects comprise 6% of POS. These projects are in the western suburbs of Mumbai where apartments are compact and prices are in the affordable range

High velocity suburbs of Mumbai and Gurgaon have 63% of funded projects

Geography mix

Figs in Cr	No. of projects	POS as at 30 Jun	% to total
Mumbai	16	2,050	52%
Gurgaon	11	441	11%
Delhi	2	351	9%
Noida	2	317	8%
Pune	5	228	6%
Bangalore	3	202	5%
Hyderabad	2	121	3%
Jaipur	3	89	2%
Bhiwandi, Thane	1	79	2%
Ghaziabad	2	37	1%
Lucknow	2	25	1%
Greater Noida	1	22	1%
Chennai	1	19	0.5%
Faridabad	1	6	0.2%
Total	52	3,988	100%



- Mumbai and Gurgaon contribute to 63% of funded projects
- Projects in Mumbai MMR are mainly north of Andheri and hence in affordable residential segment and not high income segment



93% of funded developers have more than 10 years of successful track record

RE Experience of Developers

No. of years	No. of projects	POS as at 30 Jun	No. of Developers
5-9 yrs	5	288	5
10-14 yrs	10	683	5
15-19 yrs	7	548	7
20-24 yrs	9	1,001	9
25-30 yrs	12	1,112	9
>30 yrs	9	355	4
Total	52	3,988	39

Relationship with IIFL

No. of years	No. of projects	POS as at 30 Jun	No. of Developers
1-3 yrs	8	316	6
4-6 yrs	26	2,430	21
7-9 yrs	18	1,242	12
Total	52	3,988	39

Sft sold by Developer Group

Sft sold by Group	No. of projects	POS as at 30 Jun	No. of Developers
0-5 lacs	8	866	7
5-10 lacs	9	935	8
10-15 lacs	5	238	5
15-20 lacs	7	1,051	6
>20 lacs	23	898	13
Total	52	3,988	39

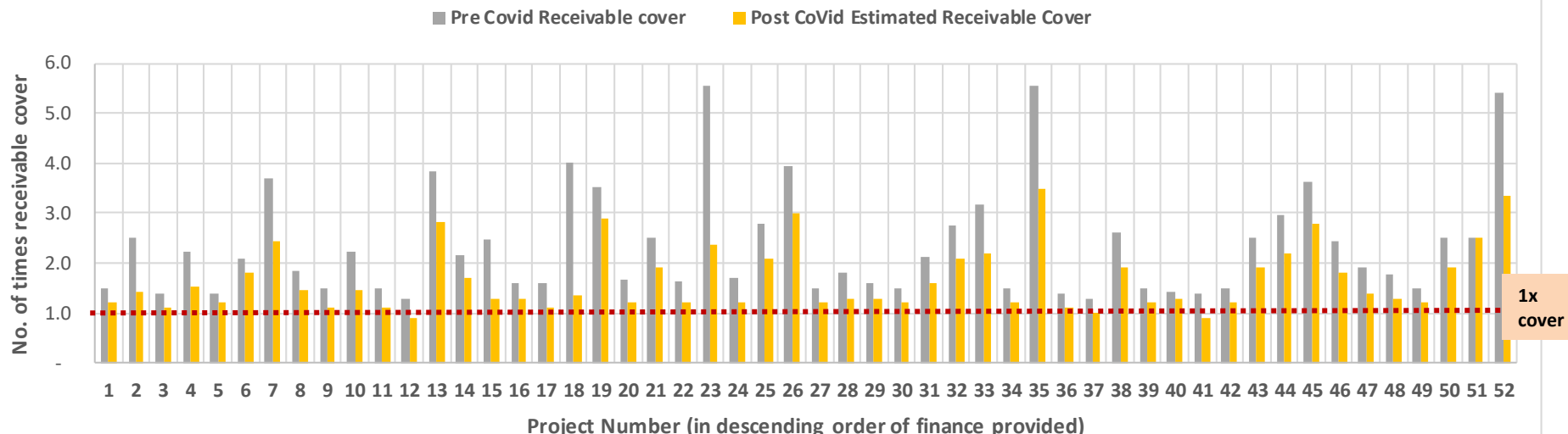
Track record of Developers

- 93% of POS is funded to developers who have a successful track record of more than 10 years
- 78% of POS is funded to developers who have historically sold more than 5 lac sft
- 92% of POS is funded to developers who have been in touch with IIFL for more than 4 years

Post covid sensitivity analysis – 97% of funded projects have a post covid receivable cover more than 1

- An in-depth study of the projects in a post Covid environment have been done and all cashflows have been redrawn considering potential decline in sale prices and velocity and increase in construction costs and project timelines.
- The estimated decline in sales price considered for unsold receivables is as follows:-
 - Mumbai – ~25%
 - Delhi NCR – ~20%
 - Commercial – ~20%
 - Other cities – ~15%
- As per the below graph, we can observe that though there is a decline in post covid receivable cover, still almost all the projects are in a comfortable zone of greater than 1 receivable cover.

Post covid receivable cover analysis



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Our product portfolio

As on June 30, 2020

Strategic focus on segments that are core strengths and have *inter se* synergies

		AUM (₹ Cr)	Target customers	Unique features
CORE GROWTH SEGMENTS	 HOME	12,618	<ul style="list-style-type: none"> Salaried / Self-employed individuals 	<ul style="list-style-type: none"> Focused on affordable and non-metro housing segments Leverages underwriting skills developed over time
	 BUSINESS	7,864	<ul style="list-style-type: none"> Medium, Small and Micro Enterprises 	<ul style="list-style-type: none"> Predominantly lending to business owners backed by cash flows and collateral
	 GOLD	9,490	<ul style="list-style-type: none"> Individuals 	<ul style="list-style-type: none"> Small-ticket loans with very low delinquencies Competitive advantage over peers given the vast branch network and segment experience
	 MICROFINANCE	3,222	<ul style="list-style-type: none"> Rural self-employed women 	<ul style="list-style-type: none"> High-yielding granular portfolio dominated by Self Help Groups (SHGs) of women for income generating activities Presence across 17 states
SYNERGISTIC SEGMENTS	 CONSTRUCTION & REAL ESTATE	4,626	<ul style="list-style-type: none"> Developers 	<ul style="list-style-type: none"> Lending to residential projects and developers with a focus on affordable housing
	 CAPITAL MARKETS	515	<ul style="list-style-type: none"> Individuals / HNIs 	<ul style="list-style-type: none"> Lending to HNIs, corporates, private trusts, etc. looking to monetize their investments to raise capital

Core growth segments account for around 87% of assets under management

Home loans – product overview

Product offering

- Affordable home loan
- Non-metro housing loan
- For home purchase, home renovation, home construction and plot purchase

Customer segments

- Affordable home loan: Salaried and self employed segment wherein household income is below ₹75k pm and are buying properties in the range of ₹ 30 to 50 Lakh
- Non-metro housing loan: Salaried (mostly blue collar jobs) and self employed who have a micro business. Here household income is below ₹ 40k pm and buying properties in the range of ₹ 10 to 30 Lakh

AUM
₹ 12,618 Crore

Gross /Net NPA
1.4% / 1.1%

Onboarding Average Ticket Size
₹ 15 Lakhs

LTV
70%

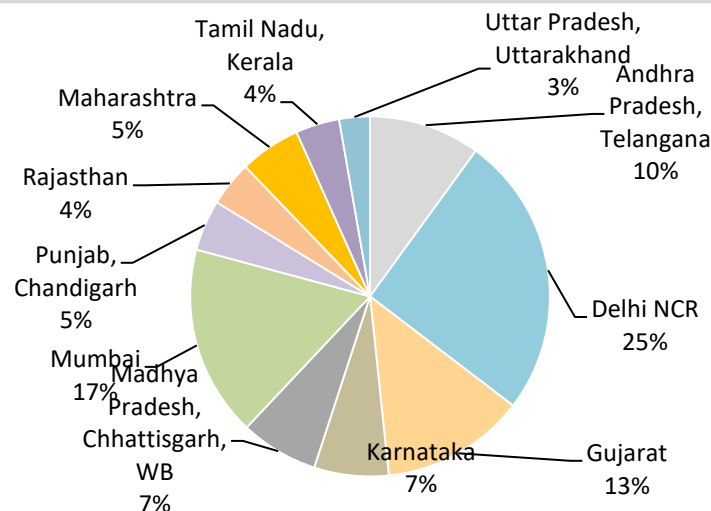
Tenor
19 years

24% AUM under Moratorium (Jun'20)

Key differentiators and controls

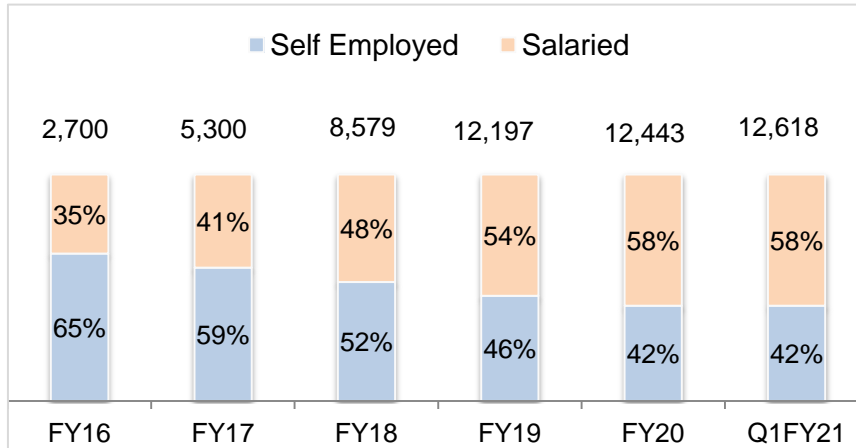
- ✓ Primary focus on affordable and non-metro housing finance to customer segments across Tier-1 suburbs, Tier- II and Tier- III cities
- ✓ Business strategy aligned with government mission of “Housing for All “ through CLSS subsidy
- ✓ ₹ 900 Cr of subsidy received under Credit-linked Subsidy Scheme, which has benefitted over 38,300 customers

Distribution of AUM as at June 30, 2020

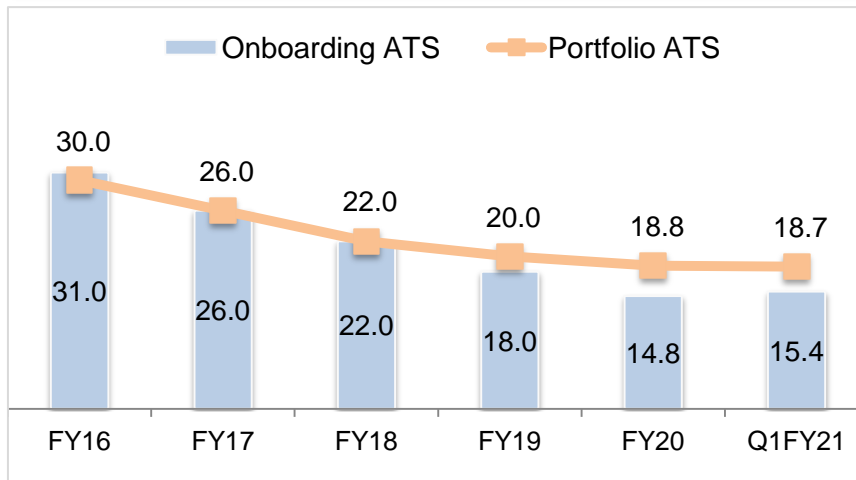


Home loans – financial overview

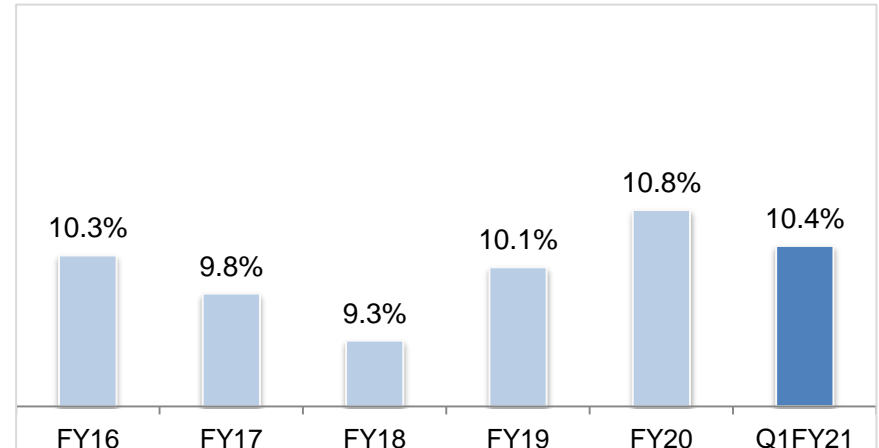
Assets Under Management (₹ Crore)



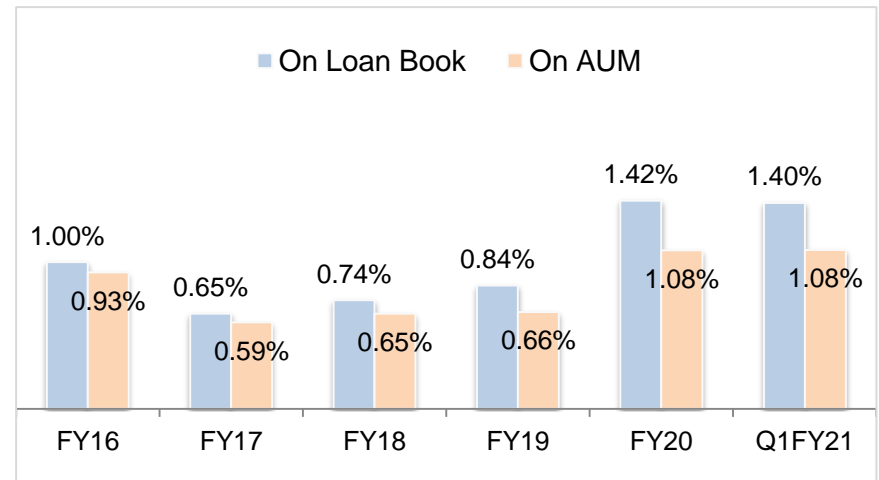
Average Ticket Size (₹ Lakhs)



Boarding Yield (%)



Gross NPAs (%)



Business loans – product overview

Product offering

- For business loans backed by cash flows
- Collateral must for loans of more than ₹ 50 Lakh; LTV up to 70%

Customer segments

- MSME customers having established business performance
- Lending to manufacturing, trading and service sectors for working capital and business expansion
- 52% of unsecured portfolio covered through CGTMSE guarantee scheme

AUM
₹ 7,864 Crore

Gross/Net NPA*
3.3% / 1.4%

**Onboarding
Average Ticket Size**
₹ 3 Lakh

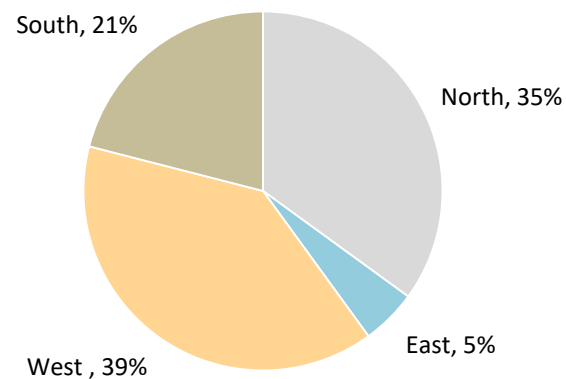
Tenor
Upto 12 years

**52% AUM under
Moratorium
(Jun'20)**

Key differentiators and controls

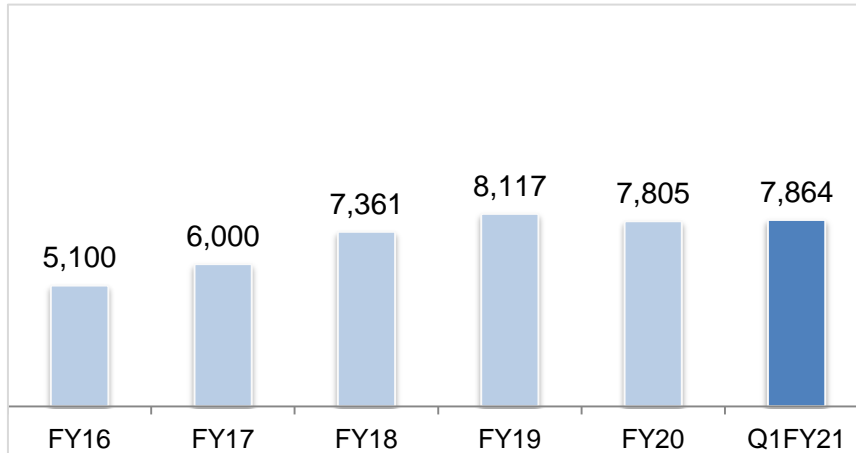
- ✓ Varied products – small ticket Insta loans, cash flow backed business loans and Loans against Property
- ✓ Focus on balancing prudent credit underwriting with instant in-principal decisioning and automated disbursements based on analytical scorecards
- ✓ Strong collections and portfolio monitoring based on risk events and triggers

Distribution of AUM as at June 30, 2020

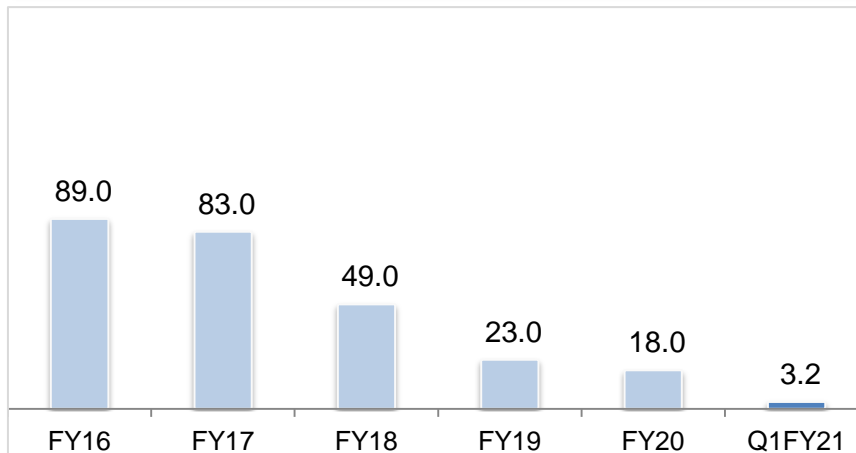


Business loans – financial overview

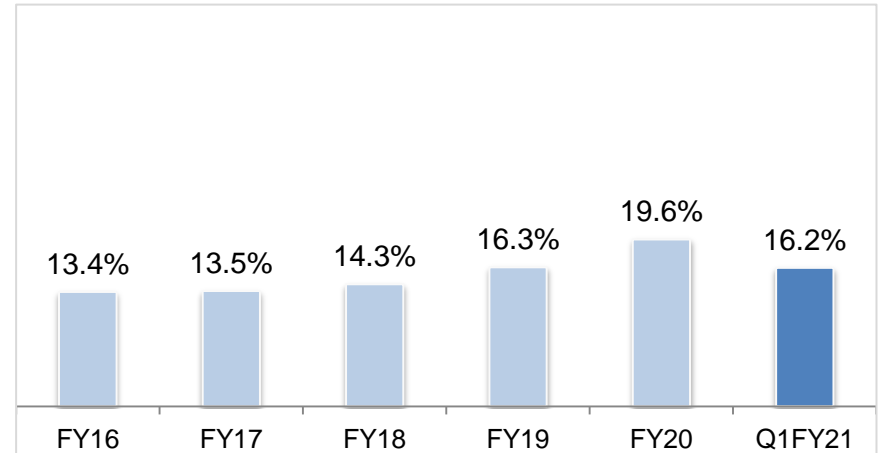
Assets Under Management (₹ Crore)



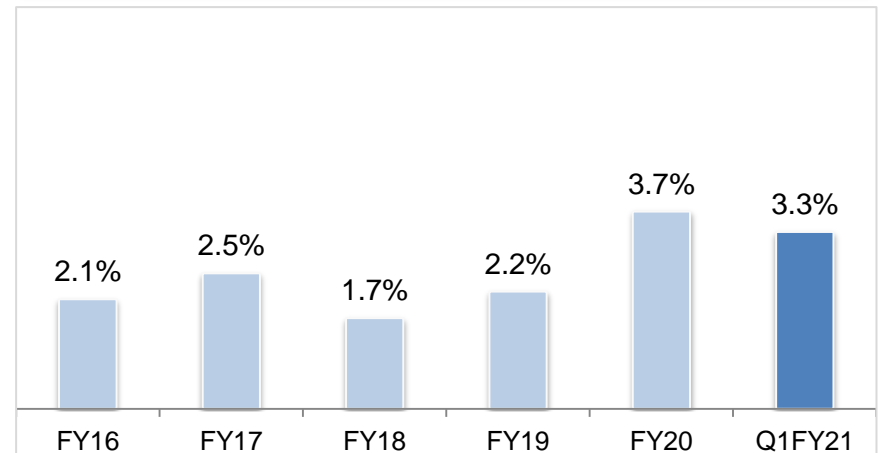
Onboarding Average Ticket Size (₹ Lakhs)



Boarding Yield (%)



Gross NPAs (%)



Gold loans – product overview

Product offering

- Loan against jewellery provided for personal & business use;
- On-boarding LTV < 70% , Current LTV at 65%

Customer segments

- Salaried, self-employed and MSME businesses
- 70% are repeat customers

AUM
₹ 9,490 Crore

Gross/Net NPA
0.3% / 0.2%

**Onboarding
Average Ticket Size**
₹ 0.5 Lakhs

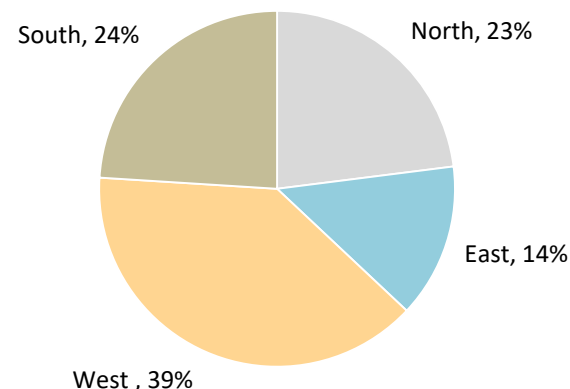
Tenor
~1 year

**13% AUM under
Moratorium
(June'20)**

Key differentiators and controls

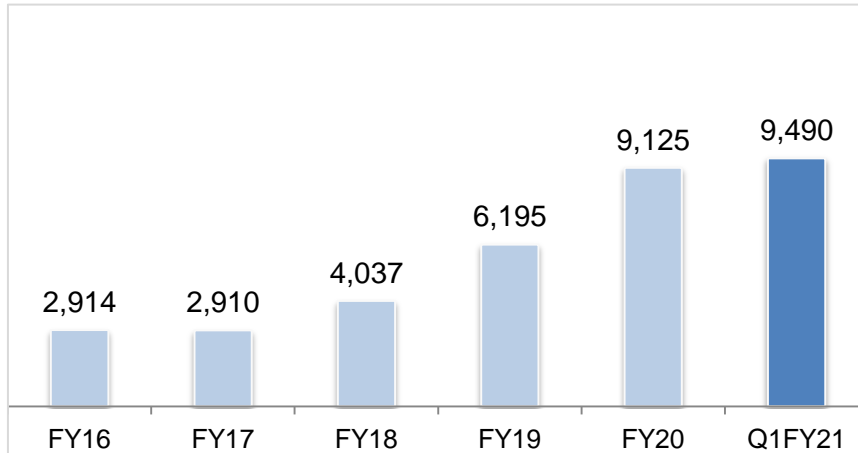
- ✓ Sourcing through sales executives in 600+ cities across 25 states
- ✓ In-house loan origination tablet application equipped to screen customers for earlier defaults, frauds and negative customer lists
- ✓ Strong emphasis on collections and resolution resulting in negligible losses
- ✓ Strong emphasis on Collections and Resolution resulting in negligible losses
- ✓ Launched digital gold loan – for top-up and online renewal of gold loans

Distribution of AUM as at June 30, 2020

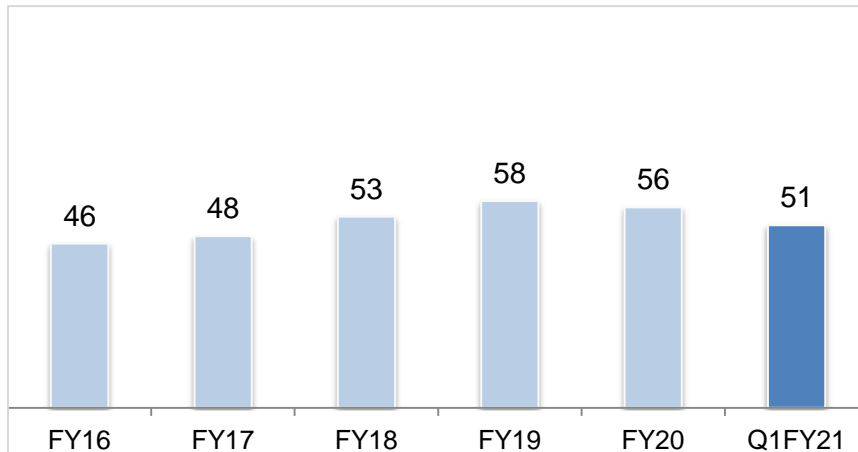


Gold loans – financial overview

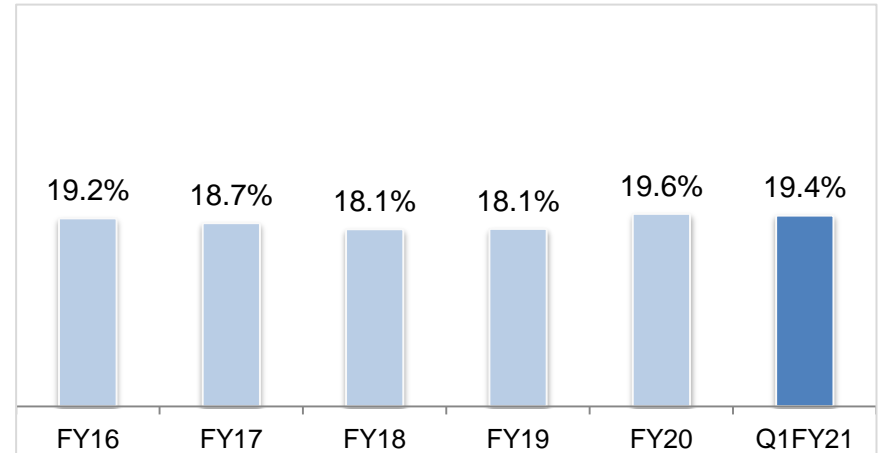
Assets Under Management (₹ Crore)



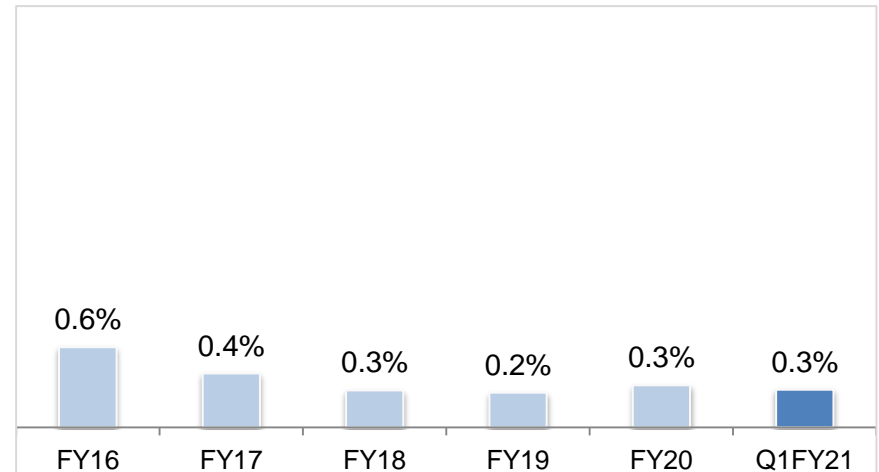
Onboarding Average Ticket Size (₹ '000s)



Boarding Yield (%)



Gross NPAs (%)



Microfinance – product overview

Product offering

- Small-ticket loans for purpose of income generation activities

Customer segments

- Target segment is rural and semi-urban self-employed women formed into joint liability groups

AUM
₹ 3,222 Crore

Gross/Net NPAs
1.6% / 0.0%

States
17

Total Customers
15 Lakh

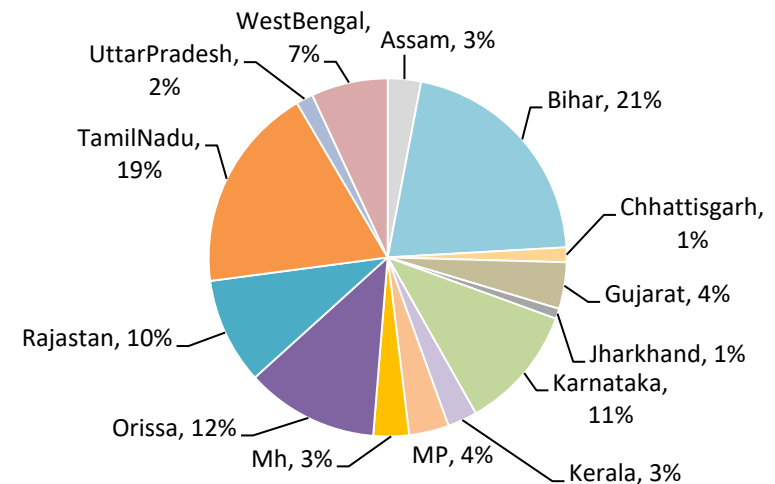
Tenor
~2 years

34% AUM under Moratorium (June'20)

Key differentiators and controls

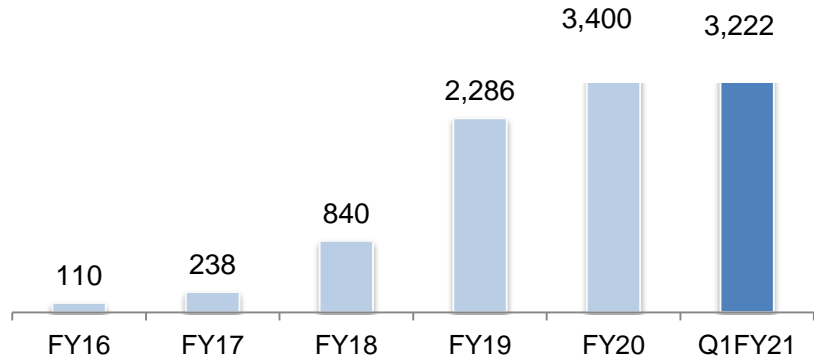
- ✓ Extensive presence in 17 states, 232 districts
- ✓ Strong emphasis on training and awareness of all customers detailing end use of funds, timely repayment and emphasis on joint liability
- ✓ Customer base likely to graduate to larger ticket-sized loans, like gold loans and affordable housing loans
- ✓ 100% credit-linked insurance coverage

Distribution of AUM as at June 30, 2020

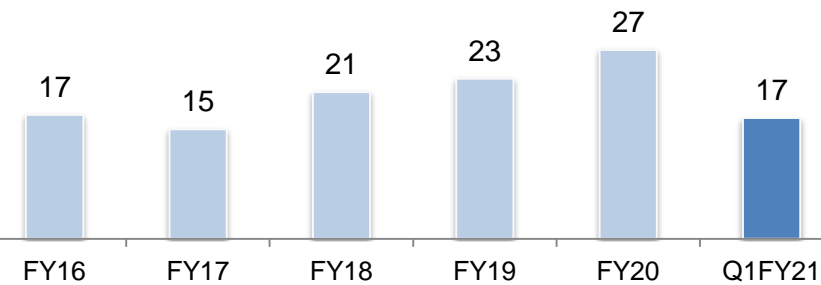


Microfinance – financial overview

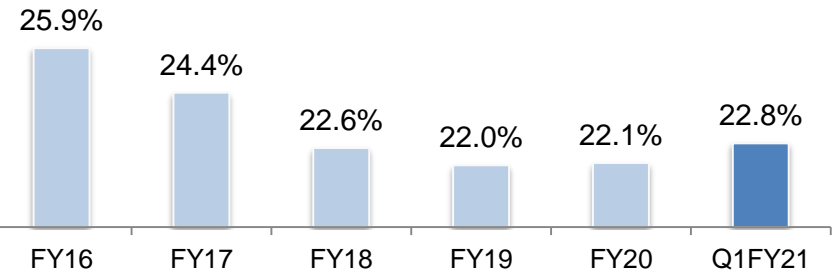
Assets Under Management (₹ Crore)



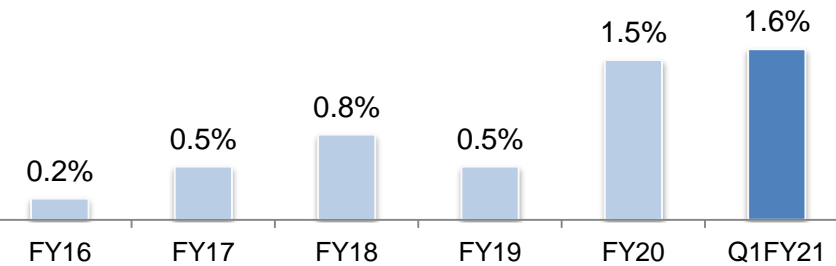
Onboarding Average Ticket Size (₹ '000s)



Boarding Yield (%)



Gross NPAs (%)

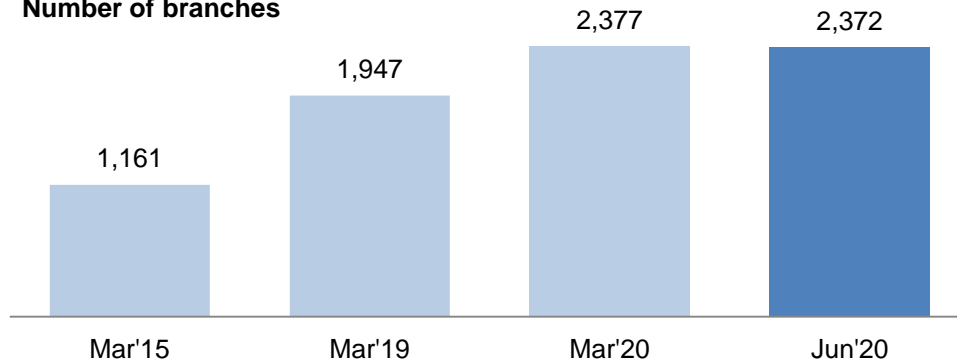


Widespread physical network..

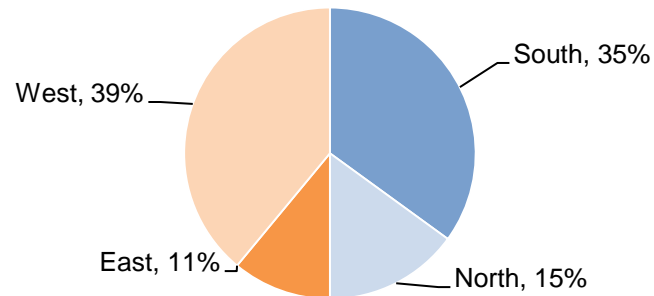
85% of branches are in Tier 2 and Tier 3 locations

Wide spread network across 25 states and over 600 locations

Number of branches



Regional split of branches



- Branches are strategically located in business districts in small towns/cities offering a significant opportunity for IIFL Finance to capture the credit market in these locations

I: Key highlights- Results for Quarter ended June 2020

II: Q1FY21 Results & Financial Performance

III: Liquidity Position Review

IV: Construction & Real Estate Portfolio Update

V: Review of Core Business Segments

VI: Strategy Overview for Post COVID World

VII: Corporate Information, Awards and CSR

Capital Optimized Value Innovation Driven Business Model

Capital Optimized

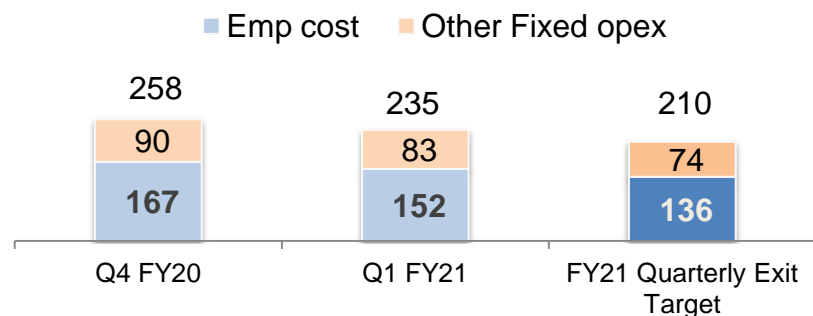
- Focus on originating retail assets, with credit underwriting standards meeting major banks' criteria; with digital technology saving cost
- Banks are keen buyers of our priority sector compliant and secured retail portfolio. In Q1 FY21, we assigned assets worth ₹877 Cr. Several proposals are in pipeline for coming quarters
- Partnerships with several banks are under discussion for co-origination/ co-lending
- Proposal to divest CRE portfolio in an AIF, sponsored by IIFL, is being evaluated by potential investors. We expect the process to be expedited post Covid normalcy

Value Driven

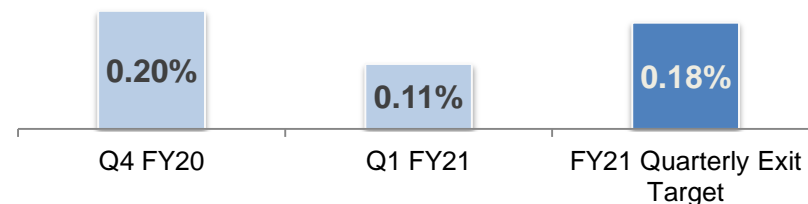
- All our software applications based on proprietary technology have been migrated to cloud, which along with our proprietary mobile technology will help us achieve significant flexibility and cost savings
- Our technology deployment for end-to-end digital processing of SME loans is in advance stages
- Innovative solutions for work from home and flexible staffing will save costs and allow superior customer service
- Data analytics and digital engagement with customers to help optimize cross sell of other loan and investment products

Cost optimization plan

Fixed cost (₹ Cr)



Variable cost (% of Avg AUM)



Fixed cost (₹ Cr)	Q4 FY20	Q1FY21
Employee cost	167.4	152.4
Outsourced cost	6.0	5.0
Establishment cost	18.9	15.1
Security cost	10.0	22.9
Other operating cost	28.2	16.2
Depreciation & Amort.	27.2	23.8
Total Fixed Cost	257.8	235.4

Variable expenses include incentive, bonus, outsourced vendor cost etc.

- Cost optimization plan envisages savings of ₹200 Cr annually without any compromise on our capacity to deliver credit
- Leveraging cloud, digital & mobile technology to attain sustainable cost savings and improve customer experience
- Work from home, flexible staffing and re-negotiating with vendors are part of cost saving strategy

SOURCING



- **Propensity-based targeting** built on machine learning model
- Leads generated are communicated to individual **branches to generate action**
- **High conversions:** More than 15x of natural response rate

ONBOARDING



- **Tablet based on-boarding** processes for home loans, business loans and gold loans
- **eKYC** and **eSign** capabilities, supported by automated eligibility checks, help in reducing operating costs and turnaround times

CREDIT UNDERWRITING



- **Analytical algorithms** to support faster credit decisions through online bank statement analysis, connected score cards and automatic policy checks
- Loan sanctioned within minutes, resulting in **reduced turnaround times** and better service

DISBURSAL



- **Online fulfilment** process (cashless) for quick disbursement
- Final documents scanned, uploaded and stored in a **centralized online repository** for reference and audit

COLLECTION, MONITORING AND SERVICE



- **Automated collection** management enabling paperless receipts
- **Early warning triggers** for identifying stressed accounts

One stop shop for retail customers, building relationship for life



In-house expertise to capture the cross-sell opportunity

- Under penetration of financial products in Tier 2 and 3 locations
- Fee income generation by being distribution partner for investment and insurance products

Benefit from operating leverage

- Branch set-up necessary for gold loans to store pledged gold
- Gold loan being a core product in physical branches pays off for most fixed overheads, enabling additional products to be launched at minimal cost

I: Key Highlights- Results for Quarter ended June 2020

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Distinguished Board of Directors

IIFL Finance – Board of Directors



Nirmal Jain, Chairman & Whole-time Director

- MBA from IIM Ahmedabad, rank-holder CA and Cost Accountant. Worked with Unilever for 5 years
- Founded and led IIFL since 1995



R Venkataraman, Managing Director

- MBA from IIM Bangalore, B-Tech from IIT Kharagpur
- Worked with ICICI Bank, Barclays, GE Capital
- Co-founder of IIFL



Chandran R, Non-Executive Director

- Managing Director, Hamblin Watsa Investment Counsel Ltd.
- Director & CEO, Fairfax India Holdings Corp.
- MBA from University of Toronto, B. E from IIT Madras



Nagarajan Srinivasan, Non-Executive Director

- Head of South Asia, CDC Advisers
- More than 30 years of investing and financial services experience



V. K. Chopra, Independent Director

- Chartered Accountant and Former Whole-Time Member, SEBI
- Former Chairman & MD - Corporation Bank and SIDBI



A K Purwar, Independent Director

- Chairman of Tadas Wind Energy Private Limited & Eroute Technologies Private Limited
- Former Chairman, State Bank of India



Nilesh Vikamsey, Independent Director

- Senior Partner at Khimji Kunverji & Co
- Past President of The Institute of Chartered Accountants of India



Geeta Mathur, Independent Director

- Co-chair for the India Chapter of Women Corporate Directors Foundation
- Chartered Accountant with over 20 years of experience as a Finance professional

Management team with rich domain experience

IIFL Finance

Chief Financial Officer	Rajesh Rajak
Chief Risk Officer	Anujeet Kudva
Compliance Officer	Gajendra Thakur

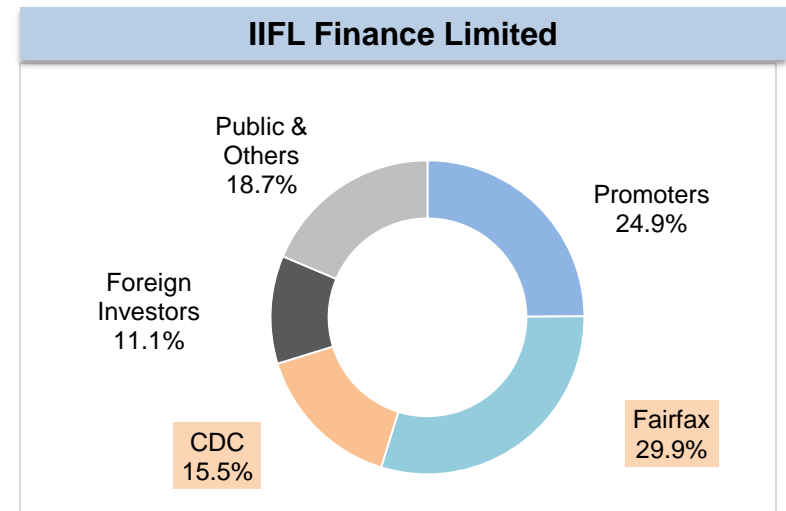
IIFL Home Finance

Chief Executive Officer	Monu Ratra
Chief Financial Officer	Amit Gupta
Chief Risk Officer	Sanjeev Shrivastav
Treasurer	Govind Modani

Samasta Microfinance

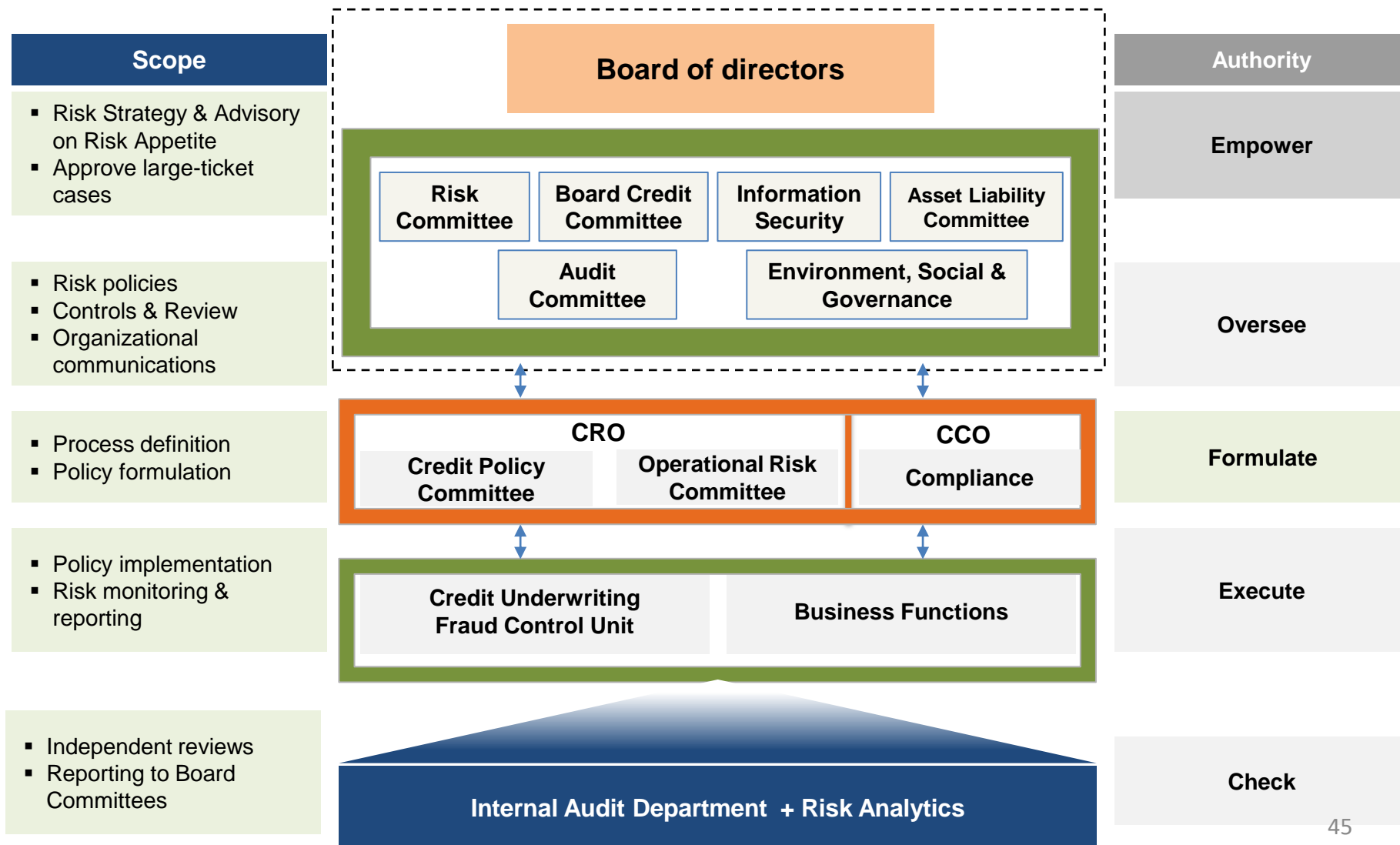
Chief Executive Officer	N. Venkatesh
Chief Financial Officer	Anantha Kumar
Chief Risk Officer	Sabari Krishna

Marquee investors



Note: Shareholding pattern as at June 30, 2020

Multi-level risk governance for efficient monitoring and control of product and entity level risks



IIFL's brand and credibility recognized at various forums IIFL FINANCE

IIFL Finance received the 'Golden Peacock National Training Award-2020'



The Economic Times recognized our Chairman as one of the 'Most Promising Business Leaders of Asia' for demonstrating exemplary leadership qualities



IIFL Finance Limited' has been awarded the 'Golden Peacock Award for Risk Management' for 2019



IIFL Finance won the "Best Fintech NBFC of the Year Award" at the India NBFC Excellence Awards 2019 presented by INDIA NBFC SUMMIT & AWARDS 2019



IIFL Finance has been awarded as a "Great Place to Work" certification from March 2019 to February 2020



IIFL Finance is now The Economic Times most Promising Brand in BFSI segment



IIFL Finance featured in 'India's Best Workplaces in BFSI 2020' – Top 25

Ace cricketer Rohit Sharma is IIFL Finance's Brand Ambassador



#SeedhiBaat

The language of money is at its elegant best when done the 'SeedhiBaat' way :

By keeping our loan products simple; and the process transparent.

By valuing the customer above all else; and displaying an un-wavering commitment to the relationship.

Because a loan makes sense only when you get what you need in the most uncomplicated way.



Seedhi baat



HOME LOAN

- ▶ Loan from ₹ 6 - 30 Lakhs
- ▶ Limited income Document



BUSINESS LOAN

- ▶ Loan in 24 hours
- ▶ Flexible terms



GOLD LOAN

- ▶ Low Interest Rate
- ▶ Loan in 5 minutes

The language of money is at its elegant best when done the 'Seedhi Baat' way. By keeping our loan products simple. And the process transparent. By valuing the customer above all else. And displaying an unwavering commitment to the relationship.

Because a loan makes sense only when you get what you need in the most uncomplicated way.

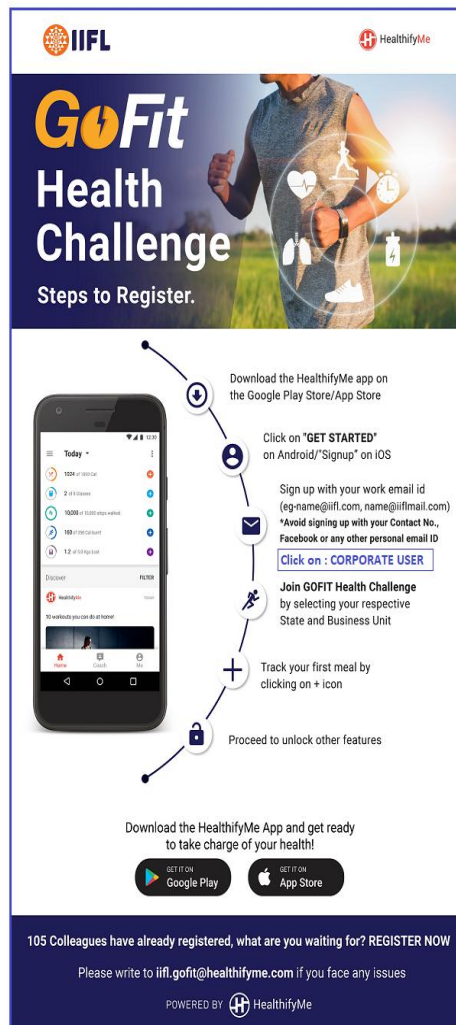
86919 11111 | iifl.com



IIFL partnered with **'HealthifyMe App'** to offer employees a corporate digital wellness program.

Employees were given access to the premium features of the app including an AI health coach 'RIA'

The GoFit challenge ran for eight weeks where employees participated individually or as teams. The initiative was well received and helped employees work towards their health goals





IIFL **HealthifyMe**

GoFit Health Challenge

Steps to Register.

- Download the HealthifyMe app on the Google Play Store/App Store
- Click on "GET STARTED" on Android/"Signup" on iOS
- Sign up with your work email id (eg-name@iifl.com, name@iiflmail.com)
*Avoid signing up with your Contact No., Facebook or any other personal email ID
[Click on : CORPORATE USER](#)
- Join GOFIT Health Challenge by selecting your respective State and Business Unit
- Track your first meal by clicking on + icon
- Proceed to unlock other features

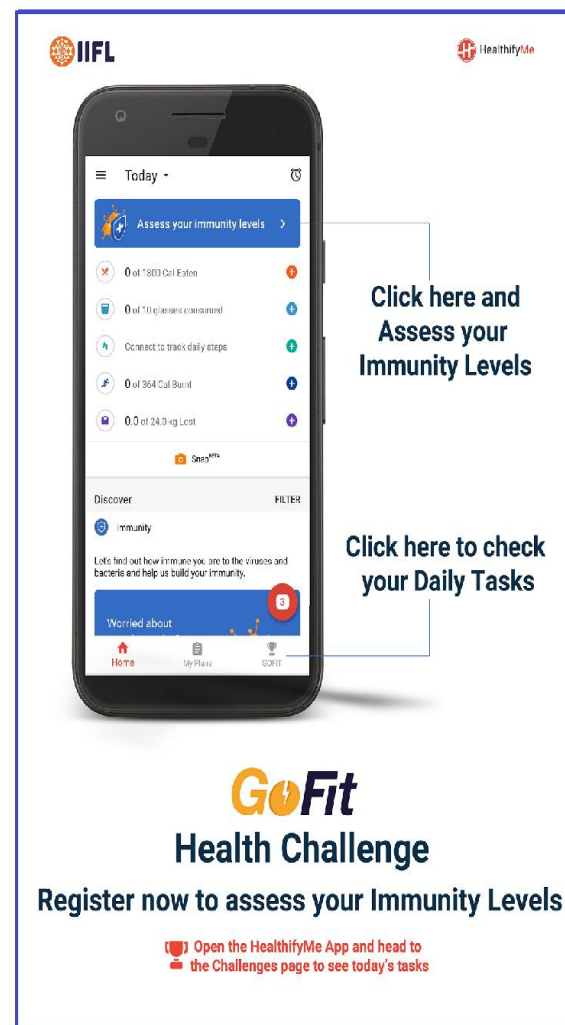
Download the HealthifyMe App and get ready to take charge of your health!

GET IT ON  Google Play  App Store

105 Colleagues have already registered, what are you waiting for? REGISTER NOW

Please write to iifl.gofit@healthifyme.com if you face any issues

POWERED BY **HealthifyMe**



IIFL **HealthifyMe**

Today -

Assess your immunity levels >

- 0 of 1800 Cal Eaten
- 0 of 10 glasses consumed
- Connect to track daily steps
- 0 of 364 Cal Burnt
- 0.0 of 24.9 kg Lost

Discover FILTER

Immunity

Let's find out how immune you are to the viruses and bacteria and help us build your immunity.

Worried about


Home My Place GOFIT

Click here and Assess your Immunity Levels

Click here to check your Daily Tasks

GoFit Health Challenge

Register now to assess your Immunity Levels

 Open the HealthifyMe App and head to the Challenges page to see today's tasks

Sakhiyon ki Badi (Rajasthan)

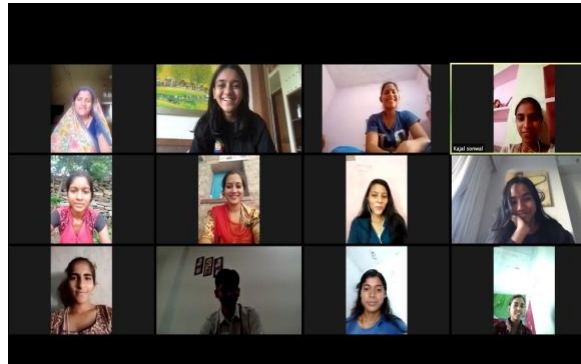
IIFL Foundation's Sakhiyon ki Badi are community based learning centers operating across 11 districts of Rajasthan, aiming towards eradication of Female Illiteracy.

- During lockdown, our teams identified families in need, and provided them with food supplies and medical attention
- Our volunteers stitched face masks and distributed among the communities
- Senior citizens were assisted to receive their pension, which was allotted in advance for 2 months by central government



During the lockdown phase, learning continued over zoom calls with our unique volunteering program where students from International universities connected with our teachers from rural hamlets, conducting sessions over teaching English as a language. Volunteers comprised of girls in age group of 18 to 20 years.

The knowledge gained was further shared by the teachers with their students at SKB centers



Covid-19 relief

- IIFL Foundation contributed ₹5 Cr. to the PM Cares Fund
- IIFL Foundation supported the initiative of FICCI Socio Economic Development Foundation with ₹5 lakh for procurement of medical kits for hospitals in Mumbai. The medical kits comprised of n95 masks, PPE (Personal Protection Equipment) – Pants, Jackets, 3m Googles, Ansell Gloves 92-600, Dupont Tyvek 400 Disposable protective coverall with respiratory -fit hood.
- IIFL Foundation also made a contribution of ₹10 lakh to 'Mumbai Police Foundation' towards procurement of protective gears for the on-duty personnel.

Thank you

Published in July 2020

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DISCLAIMER: IIFL Finance Limited (Formerly known as IIFL Holdings Limited), subject to market conditions and other considerations is proposing a public issue of secured and/or unsecured, redeemable non-convertible debentures and has filed the Draft Shelf Prospectus dated June 30, 2020 (“Draft Shelf Prospectus”) with BSE Limited, National Stock Exchange of India Limited, and SEBI. The Draft Shelf Prospectus is available on our website www.iifl.com, on the website of the stock exchanges www.nseindia.com, www.bseindia.com, on the website of SEBI - www.sebi.gov.in and the respective websites of the lead managers at www.edelweissfin.com, www.iiflcap.com and www.equirus.com. Investors proposing to participate in the Issue, should invest only on the basis of the information contained in the Draft Shelf Prospectus. The unsecured, redeemable, non-convertible debentures shall be eligible for Tier II capital. Investors should note that investment in NCDs involves a high degree of risks and for details relating to the same, please refer to Draft Shelf Prospectus including the section on “Risk Factors” beginning on Page 22 of the Draft Shelf Prospectus.