

IIFL Finance Limited

Press Release

For immediate publication

Mumbai, India

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IIFL Finance Q1FY23 Results update
IIFL Finance Q1FY23 profits at Rs. 330 Crore, up 24% y-o-y.

For the quarter ended June 30, 2022, the Company reported Total comprehensive income (TCI) of Rs. 332 Cr up 33% y-o-y and net profit after tax of Rs. 330 Cr up 24% y-o-y. Pre-provision operating profit (PPOP) was Rs. 674 Cr. Loan growth in core products was robust – Gold loans and Home loans AUM grew by 29% and 26% y-o-y respectively. Microfinance and Business loans grew by 43% and 7% y-o-y respectively. The non-core (primarily Construction & real estate finance) portfolio shrank by 15% y-o-y. The Company has been on an aggressive expansion spree, adding over 200 branches and about 2,000 manpower. For many loan products, the first quarter of the financial year is seasonally slack, we expect the growth pace to accelerate. While Q1 was impacted by higher provisions for microfinance and other loans, intense competitive pressure on gold yield seems to be easing and demand for home and business loans is seeing positive traction.

IIFL Finance Limited Consolidated Results Quarterly – Q1FY23

Rs Crore	Quarter ended June 30, 2022	Quarter ended June 30, 2021	Y-O-Y	Quarter ended March 31, 2022	Q-O-Q
Loan growth					
Loan AUM	52,761	43,160	22%	51,210	3%
Core loan AUM	49,667	39,509	26%	47,669	4%
Non-core loan AUM	3,094	3,651	(15%)	3,541	(13%)
Profitability					
Total Income (Net)*	1,189.0	824.5	44%	1,138.4	4%
Pre-provision operating profit*	674.0	509.3	32%	670.0	1%
Profit before tax	433.9	350.5	24%	419.6	3%
Profit after tax	329.7	265.8	24%	321.0	3%
TCI (Pre-minority)	331.6	249.7	33%	338.2	(2%)
Return ratios					
Return on assets	2.9%	2.6%		2.9%	
Return on equity	20.5%	19.7%		21.1%	
Per share					
Earnings per share (EPS)	8.7	7.0	24%	8.5	2%
Book value per share (BVPS)	174.2	145.6	20%	165.3	5%
Asset quality					
Gross NPA	2.6%	2.2%		3.2%	
Net NPA	1.5%	1.0%		1.8%	
Balance sheet					
Off-book to AUM	39%	34%		38%	

*excluding Fair value changes

Mr. Nirmal Jain, Managing Director, IIFL Finance Ltd., remarked on the financial results: “FY23 has begun well. Credit demand for retail loan products is picking up. Hike in interest rate till now, has not had any significant impact on credit demand or performance. India’s macro economy has been responding positively to the interventions by government and central bank. While good monsoon and downward trend in the commodity prices, augur well for the Indian economy, risk factors for growth continue to be inflation leading to interest rate hikes and adverse global geopolitical developments. We are excited about ADIA’s equity investment to bolster our housing finance business. Our long- term strategy of expansion of physical network and attaining digital domain depth remain on track. We are optimistic about outlook for the NBFC sector and the company’s robust competitive position in the sector.”

Financial performance review

IIFL Finance had loan assets under management (loan AUM) of Rs 52,761 Cr as at June 30, 2022, with the home loans segment constituting 35%, gold loans 32%, business loans 15% and microfinance loans 12% of the total AUM.

The company’s annualized ROE and ROA for Q1FY23 stood at 20.5% and 2.9% respectively. Core pre-provision operating profit stood at Rs. 674 Cr. for the quarter up 32% y-o-y. Average borrowing costs for the quarter declined 9 bps q-o-q and 48 bps y-o-y to 8.5%.

95% of our loans are retail in nature and 67% of our retail loans (excluding gold loans which are not classified as PSL loans) are PSL compliant. The assigned loan book stood at Rs 14,577 Cr. Besides, there are securitized assets of Rs 1,957 Cr. Apart from securitization and assignment, we have co-lending book of Rs 3,842 Cr.

GNPA stood at 2.6% down from 3.2% q-o-q and NNPA stood at 1.5% down from 1.8% q-o-q, as at June 30, 2022. With implementation of Expected Credit Loss under Ind AS, provision coverage on NPAs stands at 137%.

Total CAR stood at 22.8% including Tier I capital of 15.3% as at June 30, 2022, as against minimum regulatory requirement of 15% and 10% respectively

The total presence of branches stood at 3,595 as at the end of quarter, spanning the length and breadth of the country.

Business segment review

Home Loans: At the end of the quarter, retail home loan assets grew by 26% y-o-y and 5% q-o-q to Rs 18,618 Cr. The primary focus in this segment is on affordable and non-metro housing loans. Over 55,700 customers were benefitted with a subsidy of more than Rs 1,300 Cr under the Pradhan Mantri Awas Yojana – Credit Linked Subsidy Scheme.

Gold Loans: As of June 30, 2022 the gold loan AUM grew to Rs. 17,130 Cr, showing a strong growth of 29% y-o-y and 6% q-o-q. Gold loans are provided through our widespread presence in 1,313+ cities across 22 states to salaried, self-employed and MSME customer segments.

Microfinance: The microfinance loan AUM stood at Rs. 6,276 Cr, up 43% y-o-y and 2% q-o-q, as at June 30, 2022. The microfinance customer base stood at 17.9 lakh customers.

Business loans: Secured business loan AUM grew by 6% y-o-y to Rs. 5,760 Cr. whereas unsecured business loan AUM grew by 12% y-o-y to Rs. 1,884 Cr.

Construction and Real Estate: Construction and real estate AUM stood at Rs. 2,487 Cr, down 11% y-o-y and 14% q-o-q as at June 30, 2022.

Liquidity position

Cash and cash equivalents and committed credit lines from banks and institutions of Rs 5,520 Cr were available as on June 30, 2022. During the quarter, we raised Rs 1,345 Cr through term loans, bonds and refinance. Additionally, loans of Rs 3,210 Cr were securitized and assigned.

IIFL OPEN Fintech Private Limited joint venture

IIFL Finance has entered into a joint venture with OPEN, which is the 100th unicorn of India and the largest SMB (Small and Mid-sized Business) Neo-bank. OPEN has integrated with 17 large banks and has an existing customer base of 2 million+ merchants. IIFL Finance's existing lending book and infrastructure will be used by Open to offer innovative lending solutions to these merchants on their platform. This Joint venture will also give access to user's business transaction leading to better insights for underwriting decisions and it will lead to growth in IIFL Finance's lending book by offering credit solutions to Open's existing 2 million merchant base. The joint venture's neo banking product for IIFL and digital loan products for Open customers are under *beta* testing and are expected to be launched in the current quarter (Q2FY23)

ADIA subsidiary investment in IIFL Home Finance approved by the Board of Directors

During the quarter, the Board of Directors of IIFL Home Finance Limited approved transaction involving investment by wholly owned subsidiary of Abu Dhabi Investment Authority (ADIA) of Rs. 2,200 Crore for a 20% stake in IIFL Home Finance. IIFL Home Finance Limited is one of India's largest affordable housing finance companies with assets under management of ₹24,553 Cr as of June 30, 2022. Upon completion of preconditions as specified in the preliminary documents and on completion of the transaction, the investor will hold 20% in IIFL Home Finance. The deal consummation is expected soon after receiving approval from Competition Commission of India (CCI).

Appointment of Mr. Gaurav Sharma as Chief Technology Officer



IIFL Finance has appointed technology sector veteran Mr Gaurav Sharma as Chief Technology Officer. In his overall experience of 27 years, he was the Chief Technology Officer at Poonawalla Fincorp and L&T Financial Services previously. He was also associated with TCS and Max Life Insurance Company. Mr Sharma is a mechanical engineer from Indian Institute of Technology, Roorkee.

Appointment of Mr. Mohit Kapoor as Head of Legal



IIFL Finance has appointed Mr. Mohit Kapoor as Head of Legal. In his overall experience of 29 years, he was working as a Group Executive Vice President and Head Legal with RBL Bank Ltd. He was also associated with Religare Finvest, Hewitt, Max Life Insurance Company and City Bank. Mr Kapoor is a graduate in law from Campus Law Centre, Delhi University.

Awards and Accolades:

- IIFL Finance received Golden Peacock Award for Risk Management
- IIFL Finance received Brand of the Year Award at The Great Indian BFSI Awards
- IIFL Finance was recognized as Brand of the Year by India Today and Team Marksmen

About IIFL

IIFL Group is one of the leading players in the Indian financial services space. Prior to the Composite Scheme of Arrangement (effective May 2019), IIFL Finance Limited (Erstwhile “IIFL Holdings Limited”) (Bloomberg Code: IIFL IN, NSE: IIFL, BSE: IIFL) was engaged in the business of financing, asset and wealth management, retail and institutional broking, financial products distribution and investment banking through its various subsidiaries.

IIFL Finance Ltd is one of the leading retail focused diversified NBFC in India, engaged in the business of loans and mortgages along with its subsidiaries - IIFL Home Finance Limited and IIFL Samasta Finance Limited. IIFL Finance, through its subsidiaries, offers a wide spectrum of products such as Home loan, Gold loan, Business loan, Microfinance, Capital Market finance and Developer & Construction finance to a vast customer base of over 8.5 million customers. IIFL Finance has widened its pan-India reach through extensive network of branches spread across the country and various digital channels.

IIFL Securities Limited is one of the largest independent full-service retail and institutional broking house along with being a leading investment advisory firm in India providing diversified financial services and products to corporate, institutional investors, foreign portfolio investors, mutual funds, insurance companies, alternative investment funds, trusts, high net worth individuals and retail clients.

IIFL Wealth is one of the fastest growing private wealth management firms in India with an AUM greater than USD 30 billion (as on December 2021). They serve the highly specialized and sophisticated needs of high net worth and ultra-high net worth individuals, affluent families, family offices and institutional clients through a comprehensive range of tailored wealth management solutions.

This document may contain certain forward looking statements based on management expectations. Actual results may vary significantly from these forward looking statements. This document does not constitute an offer to buy or sell IIFL products, services or securities. The press release, results and presentation for analysts/press for the quarter ended June 30, 2022, are available under the ‘[Financials](#)’ section on our website www.iifl.com.

IIFL Group refers to IIFL Finance Ltd and its group companies.

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