

IIFL Finance Limited

Press Release

For immediate publication

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IIFL Finance Q1FY24 Results update
IIFL Finance Q1FY24 profit after tax¹ at Rs. 473 Crore, up 43% y-o-y

For the quarter ended June 30, 2023, the Company reported net profit after tax of Rs. 473 Cr (before non-controlling interest) up 43% y-o-y. Profit before tax (PBT) for the quarter was Rs.618 up 43% y-o-y. Loan growth in core products was robust – Gold loans and Home loans AUM grew by 29% and 23% y-o-y respectively. Microfinance grew by 63% while Digital loans and Loan against property grew by 54% and 19% y-o-y respectively. Overall core loan portfolio grew by 31% y-o-y.

IIFL Finance Limited Consolidated Results Quarterly – Q1FY24

Rs Crore	Quarter ended June 30, 2023	Quarter ended June 30, 2022	Y-O-Y	Quarter ended March 31, 2023	Q-O-Q
Loan growth					
Loan AUM	68,178	52,761	29%	64,638	5%
On-book assets	41,515	34,343	21%	40,102	4%
Off-book assets	26,663	18,418	45%	24,536	9%
Profitability					
Total Income (Net)*	1,420.0	1,169.8	21%	1,379.2	3%
Pre-provision operating profit*	786.8	654.8	20%	766.1	3%
Profit before tax	618.4	433.9	43%	594.0	4%
Profit after tax ¹	472.9	329.7	43%	457.6	3%
TCI (pre-NCI ²)	454.1	331.7	37%	461.6	(2%)
Return ratios					
Return on assets	3.6%	2.9%		3.6%	
Return on equity	19.1%	20.5%		19.3%	
Per share					
Earnings per share (EPS)	11.2	8.7	29%	10.9	3%
Book value per share (BVPS)	240.0	174.2	38%	231.1	4%
Asset quality					
Gross NPA	1.8%	2.6%		1.8%	
Net NPA	1.1%	1.5%		1.1%	
Balance sheet					
Off book and securitized assets to AUM	39%	35%		38%	

*excluding Fair value changes

¹PAT is before Non-controlling interest and before Other Comprehensive Income

²NCI is Non-controlling interest

Mr. Nirmal Jain, Founder, IIFL Finance Ltd., remarked on the financial results: "The financial year has begun well and economic activity is showing robust growth. We plan to focus on productivity improvement and sharpening our digital edge in the current year. Banks and NBFCs have been witnessing very high employee churn in the front level staff. We plan innovative long term reward and retention schemes to fortify our competitive edge of superior talent"

Mr. Kapish Jain, Group Chief Financial Officer, IIFL Finance Ltd., commented on the financial results: "Fiscal 2023 shall lay the foundation for next cycle of growth for IIFL Finance. In Q1FY24, we witnessed broad based growth across all our core retail segments without any major expansion. This should enable further improvement in operating efficiency and performance."

Financial performance review

The company's annualized ROE and ROA for Q1FY24 stood at 19.1% and 3.6% respectively. Pre-provision operating profit stood at Rs. 787 Cr. for the quarter up 20% y-o-y. Average borrowing costs for the quarter increased 44 bps y-o-y and 15 bps q-o-q to 9.1%.

96% 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, is currently at Rs 17,700 Cr. Besides, there are securitized assets of Rs 808 Cr. Besides the co-lending book is at Rs 8,963 Cr.

GNPA stood at 1.8% down by 73 bps y-o-y and NNPA stood at 1.1% down 42 bps y-o-y, as at June 30, 2023. With implementation of Expected Credit Loss under Ind AS, provision coverage on NPAs stands at 159%.

Total CRAR² stood at 20.6% as at June 30, 2023, as against minimum regulatory requirement of 15%.

The total presence of branches stood at 4,412 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 23% y-o-y and 5% q-o-q to Rs 22,838 Cr. The primary focus in this segment is on affordable and non-metro housing loans. Over 73,000 customers were benefitted with a subsidy of more than Rs 1,750 Cr under the Pradhan Mantri Awas Yojana – Credit Linked Subsidy Scheme.

Gold Loans: As of June 30, 2023 the gold loan AUM grew to Rs. 22,142 Cr, showing a strong growth of 29% y-o-y and 7% q-o-q. Gold loans are provided through our widespread presence in 1,474 towns/cities across 22 states and 4 Union Territories to salaried, self-employed and MSME customer segments.

²CRAR is Capital adequacy ratio

Microfinance: The microfinance loan AUM stood at Rs. 10,255 Cr, up 63% y-o-y and 5% q-o-q, as at June 30, 2023. The microfinance customer base stood at 24.1 lakh customers.

Loan against property: Loan against property AUM grew by 19% y-o-y and 2% q-o-q to Rs. 6,836 as at June 30, 2023.

Digital loans: Digital loans AUM grew by 54% y-o-y to Rs. 2,899 as at June 30, 2023.

Construction and Real Estate: Construction and real estate AUM stood at Rs. 2,732 Cr, as at June 30, 2023.

Liquidity position

Cash and cash equivalents and committed credit lines from banks and institutions of Rs 6,510 Cr were available as on June 30, 2023. During the quarter, we raised Rs 4,504 Cr through term loans, bonds and refinance. Additionally, Rs 4,155 Cr was raised through direct assignment of loans.

Raised \$175 million through ECB route from HSBC, Union Bank and Bank of Baroda

IIFL Finance raised \$175 million through external commercial borrowing (ECB) route in the month of June 2023 - \$75 million from HSBC, \$50 million from Union Bank (Sydney) and \$50 million from Bank of Baroda (IFSC unit). The funds were raised at SOFR plus 200 basis points offering competitive sources of funds. IIFL Finance's external commercial borrowing of \$175 million in June 2023 along with the \$100 million funding raised in March 2023 will take the total borrowing since March 2023 to \$275 million. Earlier on March 31, 2023, IIFL Finance had raised \$100 million through ECB route which included \$50 million in long-term funding from Export Development Canada with co-financing of \$50 million from Deutsche Bank (Singapore).

Successfully raised long term funds through secured retail public bonds, which was oversubscribed 1.5 times

In June 2023, IIFL Finance's secured redeemable non-convertible debentures (NCDs) issue, was oversubscribed 1.5 times as it raised Rs 452 crores for the purpose of business growth and capital augmentation. The issue offered interest rates between 8.35% - 9% for different payment schedules and tenors varying from 24 months to 60 months.

IIFL Finance stock upgraded from Small cap to Mid Cap by AMFI

IIFL Finance has been re-categorized as mid cap company from small cap in terms of the Market Cap Classification list released by the Association of Mutual Funds in India ("AMFI") on July 06, 2023. AMFI prepares this list of stocks, in accordance with the points specified under para 8 of the SEBI circular SEBI/HO/IMD/DF3/CIR/P/2017/114 dated 6th October 2017, that defined large cap, mid cap and small cap companies in order to ensure uniformity in respect of the investment universe for equity mutual

fund schemes and is based on the data provided by Bombay Stock Exchange (BSE), National Stock Exchange (NSE) and Metropolitan Stock Exchange of India (MSEI).

Appointment of Mr. Pranav Dholakia as Chief Risk Officer

Mr. Dholakia is a finance professional having 25+ years of experience of which 20 years has been in real estate across various asset classes, geographies, project cycles and economic cycles. He has been working with IIFL Management Services Ltd as a Fund Manager to the IIFL One Value Fund – Series B. Prior to joining IIFL, he was working with Edelweiss Financial Services as Head - Credit for its real estate lending platform. He was responsible for credit underwriting, risk and asset management. Apart from real estate, he also has experience in AIF fund raising, and key investor relations. He is a Chartered Accountant, Cost Accountant and has completed Post Graduate Program in Management from Indian School of Business, Hyderabad.

Appointment of Ms. Mauli Agarwal as Chief Compliance Officer

Ms. Mauli Agarwal is a qualified Company Secretary and Lawyer with 11 years of post-qualification experience. In her last assignment, she served as the Deputy Vice President - Compliance at Poonawalla Housing Finance Limited, Pune, leading the regulatory compliance function, supporting the Board and Management on specific projects, and presided over the Internal Committee under POSH. She also has held roles as Associate Vice President - Compliance at Northern Arc Capital Limited and Company Secretary (Designated) at Nissan Renault Financial Services India Private Limited. She has been acknowledged for her achievements in various organizations.

Appointment of Ms. Rupal Jain as Company Secretary

Ms. Rupal Jain, is a qualified member of the Institute of Company Secretaries of India, a Law Graduate and a Graduate in Commerce. She has more than 10 years of experience in the field of Secretarial, Compliance, Legal, Regulatory Reporting and Joint Ventures. Her earlier experience includes National Stock Exchange, Centrum, Mahindra and Future Group.

Awards and Accolades

- IIFL Finance was awarded at Sahamati hosted Account Aggregator community event – ‘SamvAAd 2023’ for enabling access to short-term credit for MSMEs
- IIFL Foundation received the award for being the 'Most Trusted CSR Foundation' for their work in the area of girl child education at the APJ Abdul Kalam Inspiration Awards 2023
- Mrs Madhu Jain received the 'Most Inspiring Woman Leader of the Year' award at the APJ Abdul Kalam Inspiration Awards 2023

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 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 including custody over USD 46 billion (as on June 2023). 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, 2023, 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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