

IIFL Finance Limited

Press Release

For immediate publication

Mumbai, India

July 27, 2021

IIFL Finance Results update
IIFL Finance reports quarterly profit of Rs.266 crores, up 8x y-o-y and 7% q-o-q; driven by retail and digital focus
IIFL Finance Limited Consolidated Results – Q1FY22

Rs Crore	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Y-O-Y	Year ended March 31, 2021
Total Income (Net)	830.8	602.2	38%	3,363.6
Operating Cost	(315.2)	(275.4)	14%	(1,190.2)
Pre-provision operating profit	515.5	326.7	58%	2,173.4
Provision	(165.0)	(269.4)	(39%)	(1,168.6)
Profit before tax	350.5	57.3	512%	1,004.8
Profit after tax	265.8	31.8	735%	760.8
TCl (Pre-minority)	249.7	30.1	730%	736.5
Earnings per share (EPS)	7.0	0.8	775%	20.1
Loan AUM	43,160	38,335	13%	44,688

Mr Nirmal Jain, Chairman, IIFL Finance Ltd., commented on the financial results: “Covid19 second wave has caused significant head winds for business growth as well as asset quality. Our focused strategy and resilient business model have helped us continue the momentum of profit growth. We do look forward to normal times and resumption of economic activity to pre-Covid level if not higher. We continue to invest in digital technology, preparing for the opportunity in post Covid times.”

Financial performance review

IIFL Finance had loan assets under management (loan AUM) of Rs 43,160 Cr as at June 30, 2021, with the home loans segment constituting 34%, gold loans 31%, business loans 16% and microfinance loans 10% of the total AUM. During the quarter, the Company took a cautious approach to fresh loan disbursements due to the second wave of Covid.

The company's annualized ROE and ROA for Q1FY22 stood at 19.7% and 2.6% respectively. Pre-provision operating profit stood at Rs. 516 Cr. during the quarter. Average borrowing costs for the quarter declined by 33 bps y-o-y to 9.0%.

93% of our loans are retail in nature and 65% of our retail loans (excluding gold loans which are not classified as PSL loans) are PSL compliant. The assigned loan book, currently at Rs 10,259 Cr, is 24% of AUM. Besides, there are securitized assets of Rs. 4,302 Cr. There exists significant opportunity for further assignment and securitization, given our granular and retail book.

GNPA stood at 2.2% and NNPA stood at 1.0%, as at June 30, 2021. With implementation of Expected Credit Loss under Ind AS, provision coverage on NPAs stands at 180%.

Total CAR stood at 25.6% including Tier I capital of 17.8% as at June 30, 2021, as against statutory requirement of 15% and 10% respectively.

The total presence of branches grew to 2,682 as at the end of quarter from 2,563 branches as at previous 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 17% y-o-y and 2% q-o-q to Rs 14,747 Cr. The primary focus in this segment is on affordable and non-metro housing loans. Over 43,900 customers were benefitted with a subsidy of more than Rs 1,047 Cr under the Pradhan Mantri Awas Yojana – Credit Linked Subsidy Scheme.

Gold Loans: As of June 30, 2021 the gold loans AUM grew to Rs. 13,262 Cr, showing a strong growth of 40% y-o-y and 1% q-o-q. Gold loans are provided through our widespread presence in 1000+ cities across 25 states to salaried, self-employed and MSME customer segments.

Microfinance: The microfinance loan AUM stood at Rs. 4,386 Cr., up 36% y-o-y and down by 7% q-o-q, as at June 30, 2021. The microfinance customer base stood at 16.1 lakh customers.

Business loans: Secured business loans grew by 5% y-o-y to Rs. 5,435 Cr. whereas unsecured business loans continued to decline both on y-o-y and q-o-q basis. Under the Emergency Credit Line scheme, we have disbursed Rs. 370 Cr. from inception till June 30, 2021.

Update on transfer of real estate credit assets to an Alternate Investment Fund (AIF)

A significant part of the CRE asset portfolio has been sold to an AIF during the quarter ended June 30, 2021. Some more assets are likely to be sold in the current quarter. The AIF has signed a Contribution Agreement with Credit Opportunities III PTE. Ltd, a fund managed by Ares SSG Capital Management, committing a contribution of upto Rs. 1,200 Cr towards units in the AIF. The AIF has a target fund size of Rs. 3600 Cr. The capital released by the above transaction, will strengthen the Company's balance sheet and help it focus sharply on retail lending, in line with its strategy. The Company believes that its CRE portfolio (including the part transferred) is of superior quality with adequate collateral and is for affordable houses.

Liquidity position

Cash and cash equivalents and committed credit lines from banks and institutions of Rs 4,494 Cr were available as on June 30, 2021. During the quarter, we raised Rs 1,822 Cr through term loans, bonds and refinance from banks. Loans of Rs 1,804 Cr were securitized and assigned during the quarter.

Awards and Accolades:

- IIFL Finance's MyMoney app was awarded for Quick Loan Approval at Asian BFSI Leadership Awards
- IIFL Finance received 'India Most Admired Financial Services Provider' Award at Asian BFSI Leadership Awards
- IIFL Finance received 'Iconic Brand' recognition from The Economic Times
- IIFL Foundation received Award for 'Best Use of CSR Practices in Banking & Finance Industry' at Asian CSR Leadership Awards
- Sakhiyon Ki Baadi' project received the award for 'Innovation in CSR Practices' at Asian CSR Leadership Awards
- Ms Madhu Jain, Director, IIFL Foundation received 'Social Entrepreneur of the Year Award' at Asian CSR Leadership Awards
- IIFL Foundation received Award for 'Best Covid-19 Training Solution' at Asian CSR Leadership Award

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 Samasta Microfinance 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 6 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 corporates, 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 21 billion (as on March 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, 2021, are available under the ‘Investor Relations’ section on our website www.iifl.com.

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

Media Relations

IIFL Finance Ltd

Sourav Mishra

Email: sourav.mishra@iifl.com

Investor Relations

IIFL Finance Ltd

Anup Varghese

Email: ir@iifl.com