



## **Performance review**

**Quarter ended December 31, 2020 (Q3FY21)**

**Bloomberg: IIFL IN**

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**IIFL Finance Limited**

**January 29, 2021**

## **I. Q3FY21 Financial performance**

### **i. Key highlights**

### **ii. Financial performance and growth**

### **iii. Asset quality**

### **iv. Liquidity position**

## **II. Business segments review**

## **III. Technology, Alliances and other updates**

# Key highlights for the quarter ended December 2020..

**Loan AUM**  
**₹42,264 Cr**  
*Up 3% q-o-q*

**RoE / RoA\***  
**18.4% / 2.6%**  
*Previous quarter 17.1% / 2.4%*

**Profit after tax**  
**₹ 268 Cr**  
*Up 26% q-o-q*

**Cost of Funds**  
**9.0%**  
*down 10 bps q-o-q*

**Gross / Net NPAs**  
**1.61% / 0.77%**  
*Previous quarter 1.81% / 0.77%*

**Provision coverage ratio<sup>#</sup>**  
**170%**  
*Previous quarter 183%*

**Cash & undrawn lines**  
**₹ 5,149 Cr**  
*Previous quarter ₹4927Cr*

**Net Debt : Equity Ratio**  
**5.13x**  
*Previous quarter 5.24x*

**Cost to Income**  
**33%**  
*Previous quarter 34%*

**CRAR: NBFC/HFC/MFI (%)**  
**21.4/24.8/23.6**  
*Previous quarter 18.7/24.3/23.9*

**90% Retail loans**  
**10% Wholesale loans**

**Employees / Branches**  
**18,083 / 2439**

\*RoE and RoA quarterly numbers are annualised

<sup>#</sup>Excluding standard asset provision

## **I. Q3FY21 Financial performance**

i. Key highlights

**ii. Financial performance and growth**

iii. Asset quality

iv. Liquidity position

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# IIFL Finance – Consolidated results (as per IND AS)

Quarter and nine months ended December 31, 2020 (NBFC, HFC and MFI)



₹ Cr	Q3FY21	Q3FY20	Y-o-Y	Q2FY21	Q-o-Q	9MFY21	9MFY20	Y-o-Y
Interest income	1,184.5	965.2	23%	1,186.3	(0%)	3,454.8	2,939.4	18%
Interest expense	(611.3)	(599.1)	2%	(640.9)	(5%)	(1,874.7)	(1,798.8)	4%
<b>Net interest income</b>	<b>573.2</b>	<b>366.1</b>	<b>57%</b>	<b>545.4</b>	<b>5%</b>	<b>1,580.1</b>	<b>1,140.6</b>	<b>39%</b>
Income from assigned assets	208.2	175.5	19%	214.6	(3%)	612.0	529.3	16%
Other income	137.9	39.1	253%	96.9	42%	256.3	106.9	140%
<b>Total income</b>	<b>919.3</b>	<b>580.7</b>	<b>58%</b>	<b>856.9</b>	<b>7%</b>	<b>2,448.5</b>	<b>1,776.8</b>	<b>38%</b>
Operating expense	(303.9)	(310.0)	(2%)	(293.6)	4%	(872.6)	(937.9)	(7%)
<b>Pre provision operating profit</b>	<b>615.4</b>	<b>270.7</b>	<b>127%</b>	<b>563.3</b>	<b>9%</b>	<b>1,575.9</b>	<b>838.9</b>	<b>88%</b>
Loan losses & provision	(267.2)	(35.1)	662%	(302.2)	(12%)	(838.8)	(128.3)	554%
<b>Profit before tax and exceptional items</b>	<b>348.2</b>	<b>235.6</b>	<b>48%</b>	<b>261.2</b>	<b>33%</b>	<b>737.1</b>	<b>710.6</b>	<b>4%</b>
Exceptional items	-	-	0%	17.5		(52.9)	(99.3)	
<b>Profit before tax</b>	<b>348.2</b>	<b>235.6</b>	<b>48%</b>	<b>278.7</b>	<b>25%</b>	<b>684.2</b>	<b>611.3</b>	<b>12%</b>
<b>Profit after tax</b>	<b>268.3</b>	<b>182.5</b>	<b>47%</b>	<b>212.6</b>	<b>26%</b>	<b>512.5</b>	<b>443.1</b>	<b>16%</b>
<b>Total Comprehensive Income(TCI)</b>	<b>231.3</b>	<b>186.8</b>	<b>24%</b>	<b>205.0</b>	<b>13%</b>	<b>466.2</b>	<b>440.5</b>	<b>6%</b>
Book value per share (₹)	135.8	124.6	9%	129.8	5%	135.8	124.6	9%
Earnings per share (₹ not annualized)	7.1	4.8		5.6		13.5	11.7	
RoE (annualized)	18.4%	16.2%		17.1%		12.7%	13.1%	

Note: Difference between profit after tax and TCI is Other comprehensive income (OCI). OCI in Q3FY21 is primarily MTM loss on forex borrowings. As our forex loans are fully hedged, the accounting gain/loss will even out by maturity of the bonds

# Income analysis (Consolidated as per IND AS)

Quarter and nine months ended December 31, 2020 (NBFC, HFC and MFI)

₹ Cr	Q3FY21	Q3FY20	Y-o-Y	Q2FY21	Q-o-Q	9MFY21	9MFY20	Y-o-Y
Assets under management	42,264	36,015	17%	40,843	3%	42,264	36,015	17%
Assigned assets	(11,371)	(10,114)	12%	(10,998)	3%	(11,371)	(10,114)	12%
<b>Loan Book (Ind AS Balance sheet)</b>	<b>30,893</b>	<b>25,901</b>	<b>19%</b>	<b>29,845</b>	<b>4%</b>	<b>30,893</b>	<b>25,901</b>	<b>19%</b>
Securitized book <sup>#</sup>	(3,201)	(2,208)	45%	(1,534)	109%	(3,201)	(2,208)	45%
<b>Loan book using Risk Capital</b>	<b>27,692</b>	<b>23,693</b>	<b>17%</b>	<b>28,311</b>	<b>(2%)</b>	<b>27,692</b>	<b>23,693</b>	<b>17%</b>

₹ Cr	Q3FY21	Q3FY20	Y-o-Y	Q2FY21	Q-o-Q	9MFY21	9MFY20	Y-o-Y
Interest income	1,184.5	965.2	23%	1,186.3	(0%)	3,454.8	2,939.4	18%
Interest expense	(611.3)	(599.1)	2%	(640.9)	(5%)	(1,874.7)	(1,798.8)	4%
<b>NII at IndAS balance sheet loan book (A)</b>	<b>573.2</b>	<b>366.1</b>	<b>57%</b>	<b>545.4</b>	<b>5%</b>	<b>1,580.1</b>	<b>1,140.6</b>	<b>39%</b>
Income from assigned assets	208.2	175.5	19%	214.6	(3%)	612.0	529.3	16%
Other Income (Fee and commission income)	77.6	40.4	92%	55.0	41%	148.6	115.3	29%
<b>Non-fund based income (B)</b>	<b>285.8</b>	<b>215.9</b>	<b>32%</b>	<b>269.6</b>	<b>6%</b>	<b>760.6</b>	<b>644.6</b>	<b>18%</b>
Net gain/loss on fair value changes (C)	60.3	(1.3)		41.9		107.8	(8.4)	
<b>Total Income (A)+(B)+(C)</b>	<b>919.3</b>	<b>580.7</b>	<b>58%</b>	<b>856.9</b>	<b>7%</b>	<b>2,448.5</b>	<b>1,776.8</b>	<b>38%</b>

<b>Fund Based: Non fund based ratio (%)</b>								
Fund based income	67%	63%		67%		68%	64%	
Non-fund based income	33%	37%		33%		32%	36%	

<sup>#</sup>In securitised book, our risk is limited to the value of cash collateral provided as credit enhancement (typically ~7%). As per RBI guidelines, 50% of the credit enhancement is reduced from tier 1 capital and the balance is reduced from tier 2 capital while computing capital adequacy ratio.

# IIFL Finance – Consolidated Balance sheet

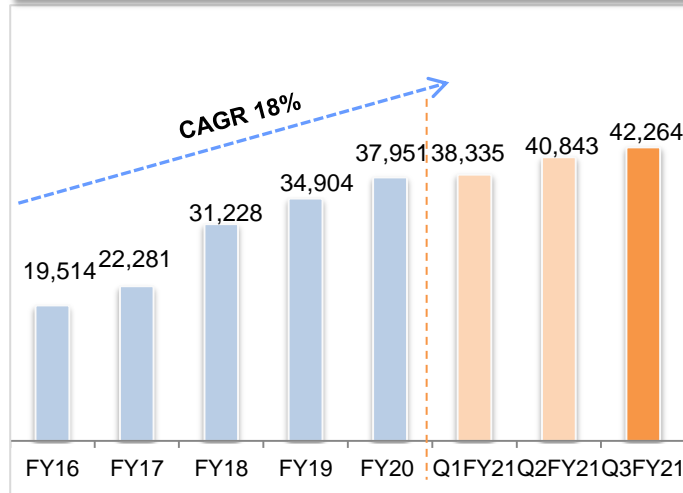
Unaudited as at December 31, 2020 (NBFC, HFC and MFI)

ASSETS		₹ Cr	LIABILITIES AND EQUITY		₹ Cr
<b>1</b>	<b>Financial Assets</b>		<b>1</b>	<b>Financial Liabilities</b>	
(a)	Cash and Bank Balances	4,484	(a)	Payables	116
(b)	Receivables	54	(b)	Borrowings	
(c)	Loan Assets	30,649		- NCDs	9,803
(d)	Investments	18		- Others	19,701
(e)	Other financial assets	537	(c)	Other financial liabilities	1,981
	<b>Total Financial Assets (A)</b>	<b>35,742</b>		<b>Total Financial Liabilities (A)</b>	<b>31,601</b>
<b>2</b>	<b>Non-Financial Assets</b>		<b>2</b>	<b>Non-Financial Liabilities (B)</b>	<b>326</b>
(a)	Current & Deferred tax assets (Net)	552			
(b)	Property, Plant and Equipment etc.	588	<b>3</b>	<b>Equity &amp; Reserves (C)</b>	<b>5,233</b>
(c)	Other non-financial assets	278			
	<b>Total Non-Finance Assets (B)</b>	<b>1,418</b>			
	<b>Total Assets (A)+(B)</b>	<b>37,160</b>		<b>Total Liabilities and Equity (A)+(B)+(C)</b>	<b>37,160</b>

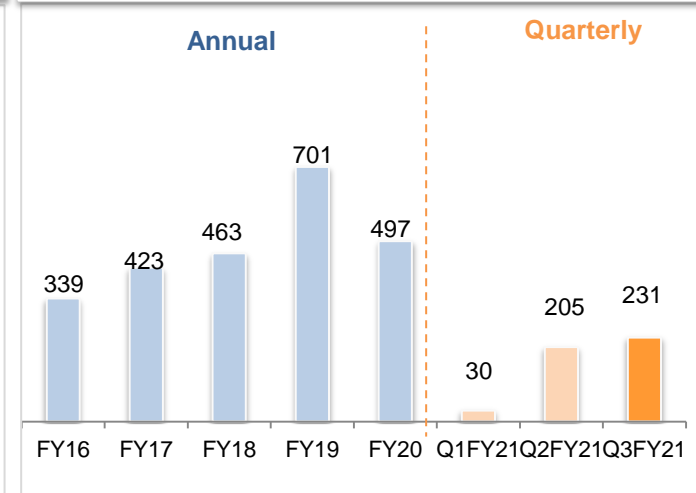
# Consistent financial performance and growth over years IIFL FINANCE

- Loan AUM has grown 17% y-o-y and 3% q-o-q, driven primarily by core products micro & small business loans, gold loans and affordable home loans
- Profit after tax (PAT) grew 26% q-o-q, driven by loan growth, higher NIM and lower cost to income ratio.
- Spread on assigned assets hovers around 6%.

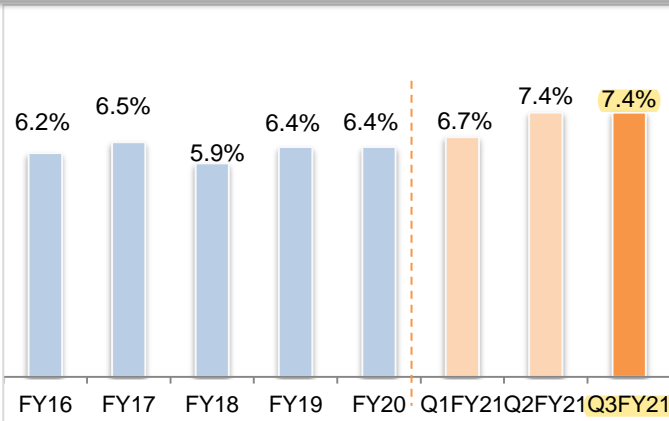
**Loan AUM (₹ Cr)**



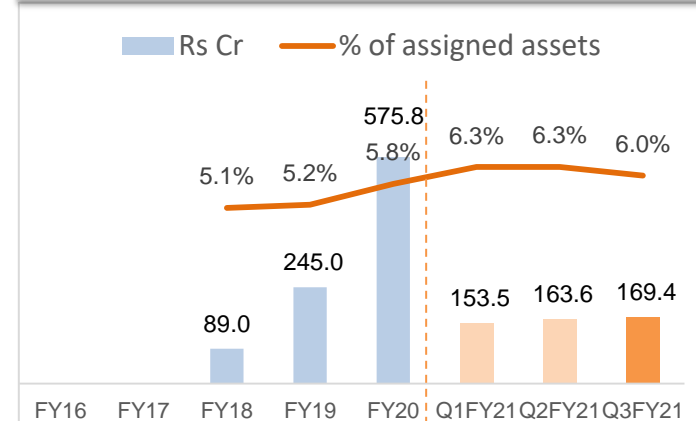
**Total comprehensive income (₹ Cr)**



**NIM on Balance Sheet assets (%)**



**Spread on assigned assets**



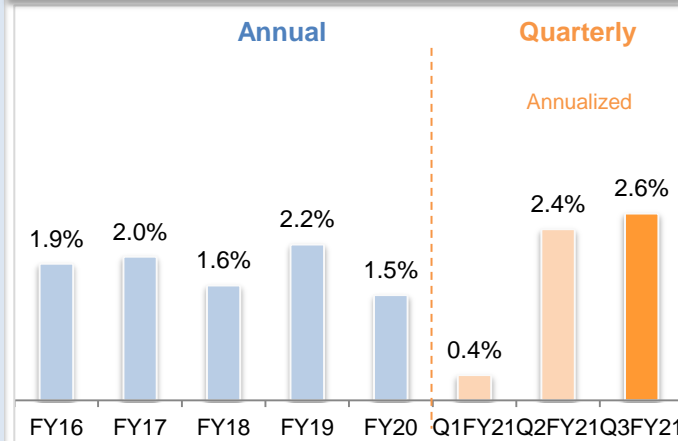
• Note: FY18 onwards numbers are as per IND AS. Prior years' numbers are as per IGAAP



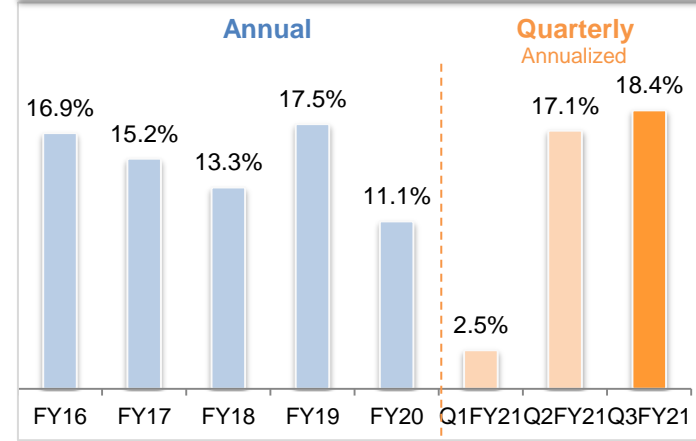
# Robust and improving financial position

- ROE annualized has crossed FY19 level at 18.4%, driven by ROA of 2.6%. The same for 9 months, annualized are 12.7% and 1.9% respectively
- Capital Adequacy Ratio (CAR) stands at 21.4% for IIFL Finance Standalone and the same for Home Finance and Microfinance subsidiaries were 24.8% and 23.6% respectively

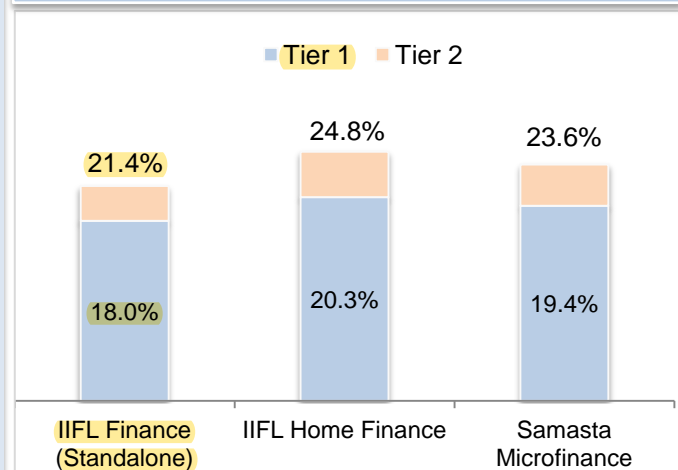
## Return on assets (%)



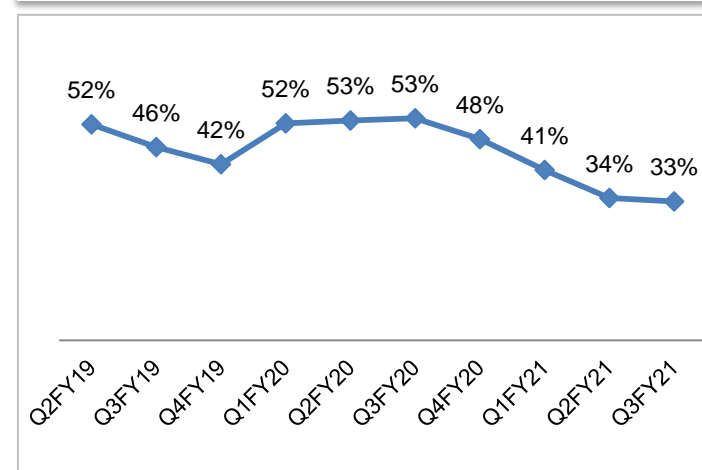
## Return on equity (%)



## Capital adequacy ratio (%)#



## Cost to income (%)

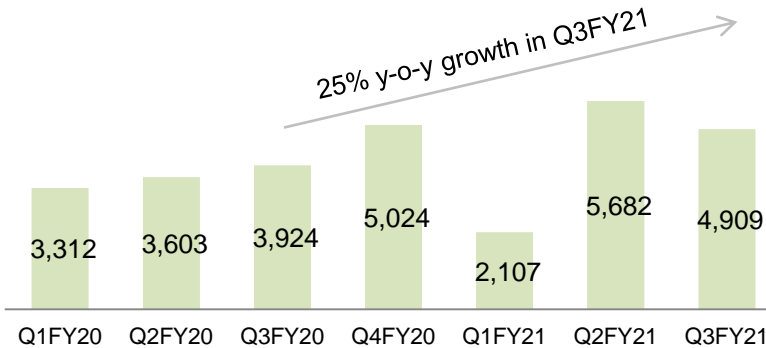


- Note: FY18 onwards numbers are as per IND AS. Prior years' numbers are as per IGAAP
- #IIFL Home Finance CAR is as per IGAAP, IIFL Finance and Samasta Microfinance CAR is as per IndAS

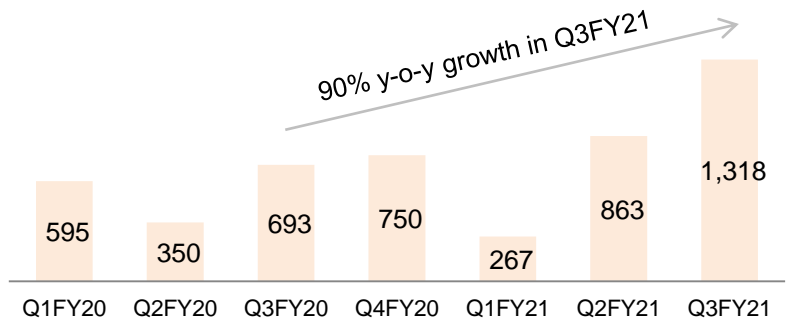
# Loan disbursements across segments are higher than pre Covid levels..

## Disbursement trends (₹ In Crs)

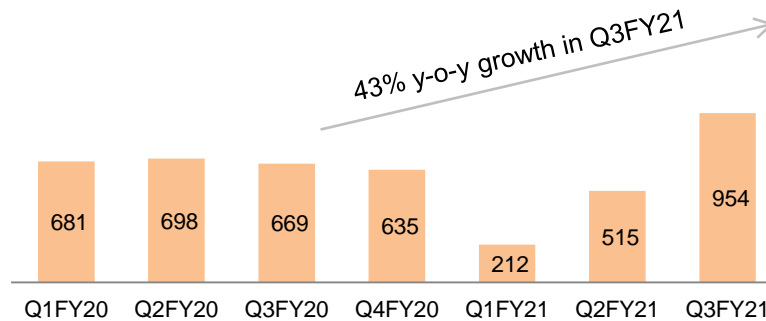
### Gold Loan



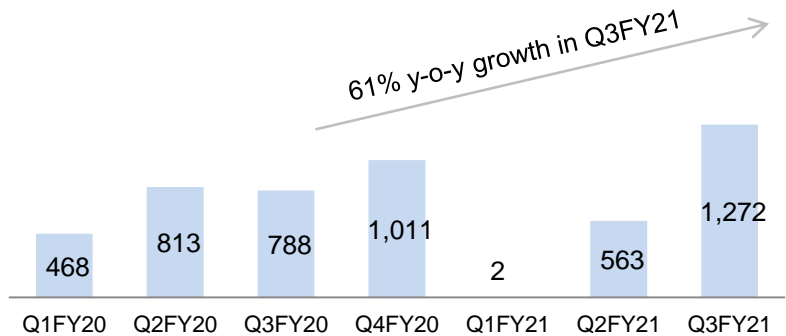
### Home Loan



### Business Loans



### Microfinance



Till December 2020, we have disbursed ₹ 298 Cr. amount under Emergency Credit Line Guarantee Scheme (ECLGS), included in business loans

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## **II. Business segments review**

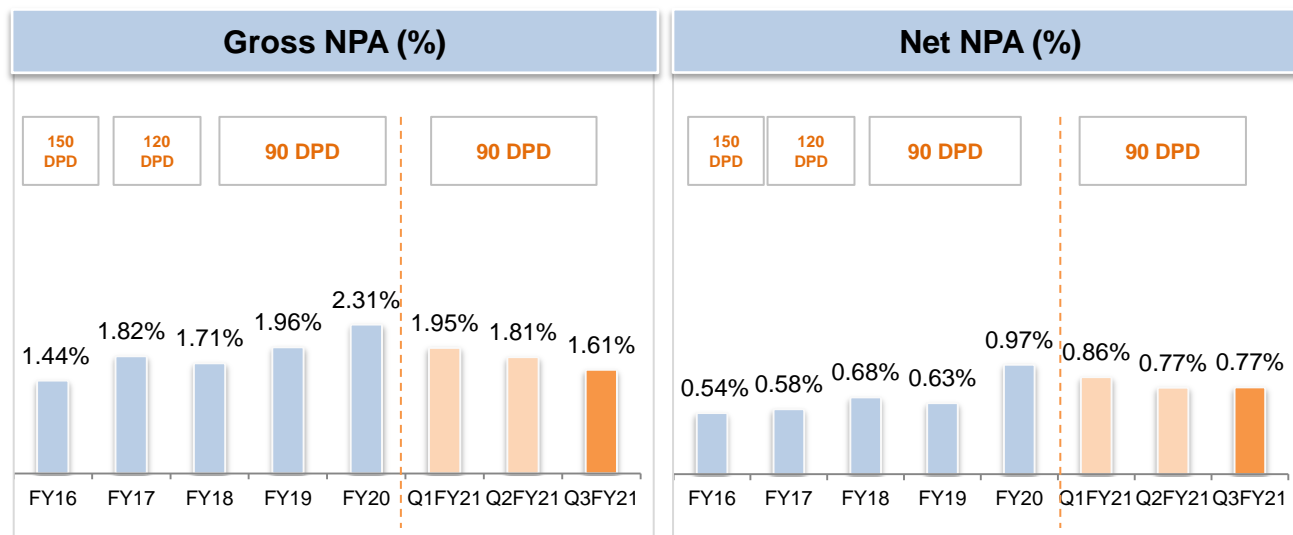
## **III. Technology, Alliances and other updates**

# Superior asset quality maintained through cycles....

- GNPA as at Q3FY21, was 1.61% and NNPA was 0.77%. Not considering Supreme Court deferment order, proforma GNPA was 2.87% and NNPA was 1.46%

- Excluding discontinued business of Healthcare Equipment Finance (HCF), the GNPA stands at 1.4% and NNPA at 0.7%,

- Under IndAS, provision coverage on NPAs was 170% (excluding standard asset provision), compared to 183% in the previous quarter.



Q3FY21	% Portfolio Share	GNPA %	NNPA%	Portfolio Yield %*	Portfolio average Ticket Size (₹ Lakhs)	Portfolio LTV %
Home Loans	32%	1.1%	0.9%	10.3%	17.8	71%
Gold Loans	29%	0.0%	0.0%	18.9%	0.6	72%
Business Loans	18%	3.3%	1.6%	15.9%	13.0	47%
Microfinance	9%	2.2%	0.0%	21.6%	0.2	-
Construction & Real Estate	10%	2.7%	1.3%	14.5%	3643.7	47%
Capital Market Finance	2%	0.0%	0.0%	13.1%	122.6	35%
<b>Total</b>	<b>100%</b>	<b>1.6%</b>	<b>0.8%</b>	<b>15.4%</b>		

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

\*Portfolio yield % does not include processing fee and other charges

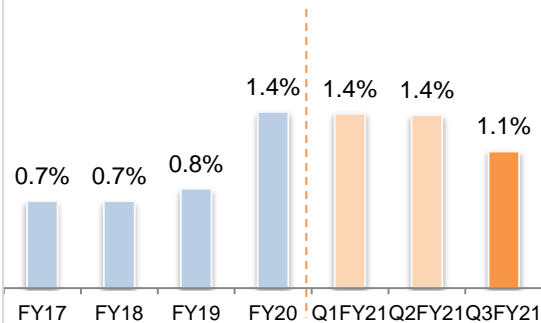
# Asset quality standards maintained in all business segments

Credit quality has been steady across key product segments

## Core growth segments

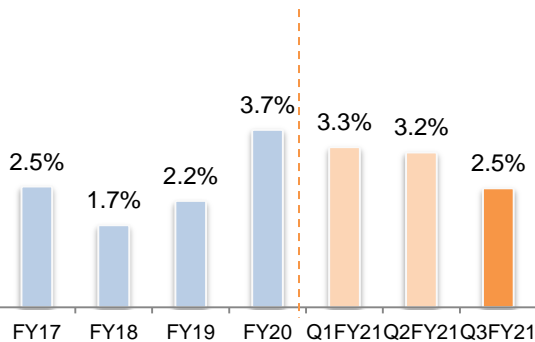
### Home loans

#### Gross NPAs (%)



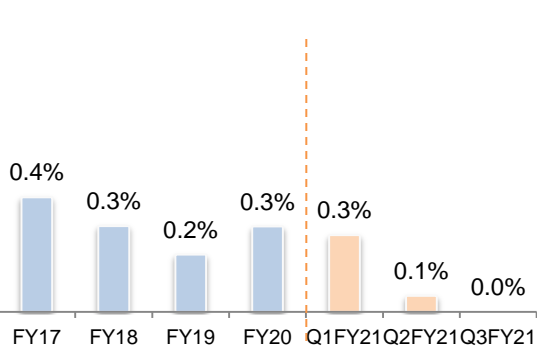
### Business loans

#### Gross NPAs (%)



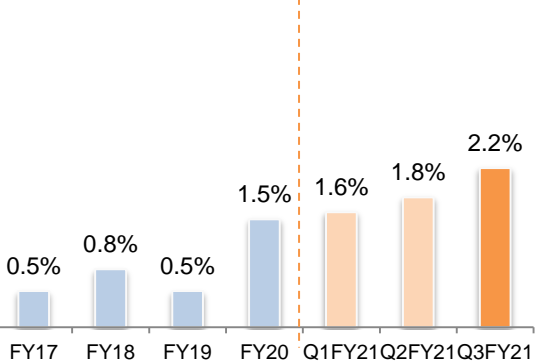
### Gold loans

#### Gross NPAs (%)



### Microfinance

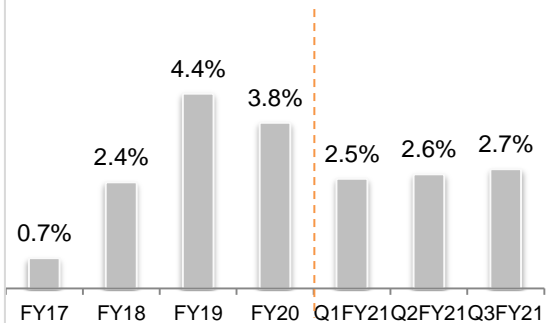
#### Gross NPAs (%)



## Synergistic segments

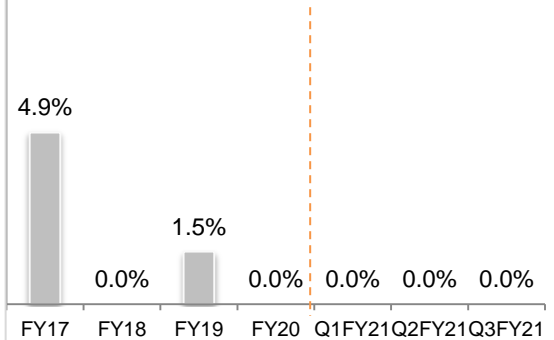
### Construction & Real Estate finance

#### 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 Healthcare Equipment HCF business

# Conservative provisioning across all segments ..

As at December 31, 2020 (NBFC, HFC and MFI)

₹ in Crores

Business	Loan Book				Provision %			Total Provision
	Stage 1	Stage 2	GNPA	Total	Stage 1	Stage 2	GNPA	
	0-30 dpd	30-90 dpd	90+ dpd		0-30 dpd	30-90 dpd	90+ dpd	
Home Loans	8,285.1	382.8	96.2	8,764.0	1.2%	8.5%	20.5%	147.7
Business Loans	5,254.2	860.7	154.4	6,269.3	2.9%	23.5%	48.7%	427.5
- Secured	3,628.7	401.3	100.2	4,130.2	2.5%	13.7%	28.3%	175.3
- Unsecured	1,625.5	459.3	54.2	2,139.1	3.6%	32.0%	86.3%	252.1
Gold Loans	6,458.2	1,254.0	3.1	7,715.3	0.5%	1.5%	95.6%	54.8
Microfinance	2,981.8	77.3	70.1	3,129.2	2.2%	5.6%	100.0%	141.4
Construction & Real Estate	3,840.0	361.7	117.2	4,318.9	8.5%	19.8%	52.0%	458.7
Capital Market Finance	429.0	151.3	0.0	580.3	0.1%	10.9%	0.0%	17.1
<b>Total</b>	<b>27,248.3</b>	<b>3,087.7</b>	<b>440.9</b>	<b>30,776.9</b>	<b>2.5%</b>	<b>11.2%</b>	<b>51.9%</b>	<b>1,247.2</b>

Note:

1. Excluding discontinued Healthcare equipment financing business

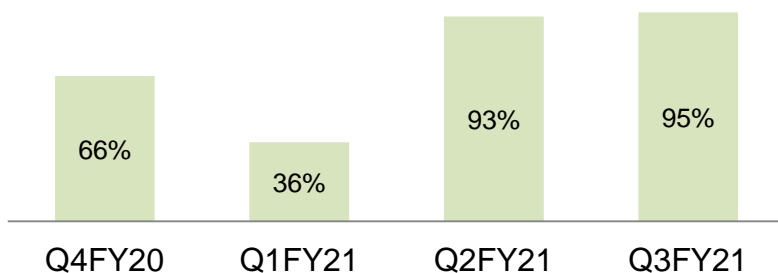
2. Based on Hon'ble Supreme Court's interim order of not classifying customers as NPA after August 31, 2020, GNPA and NNPA stood at 1.61% and 0.77% respectively. Not considering effect of Hon'ble Supreme Court interim order, proforma GNPA and proforma NNPA stood at 2.87% and 1.46% respectively

3. Dpd stands for 'Days past due'

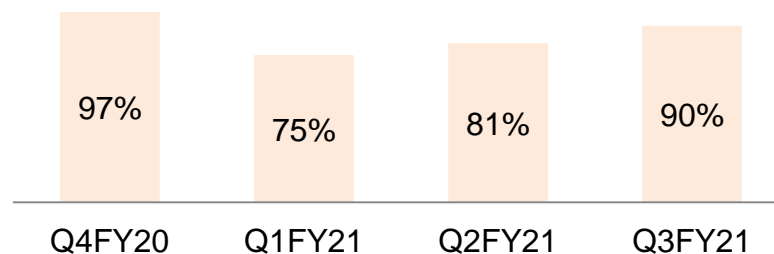
# Collection efficiency across segments have bounced back to near pre Covid levels

## Collection Efficiency trends (%) – moratorium period from Mar-Aug 2020

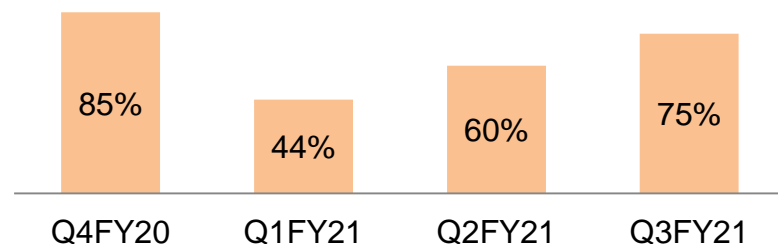
**Gold Loan**



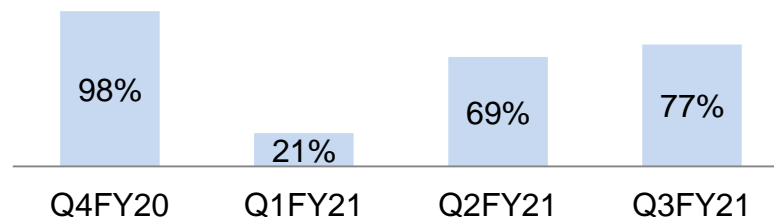
**Home Loan**



**Business Loans**



**Microfinance**



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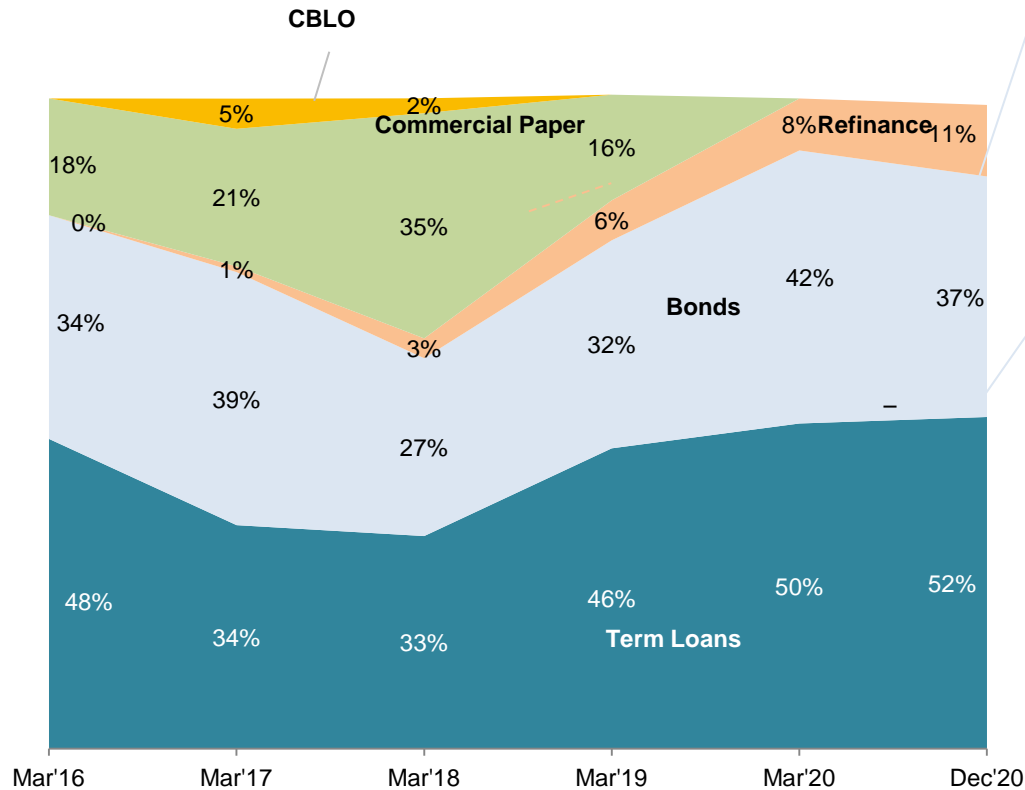


# Well diversified liability profile..

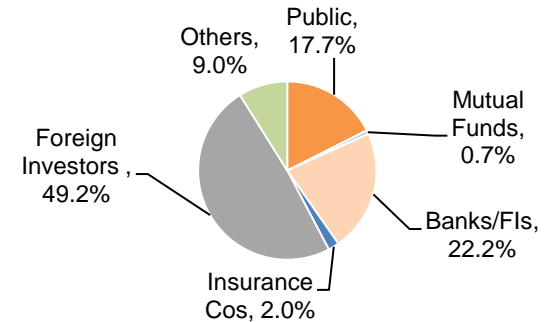
Resource profile is well diversified, with increasing share of bank loans

Outstanding borrowing (₹ Crs)

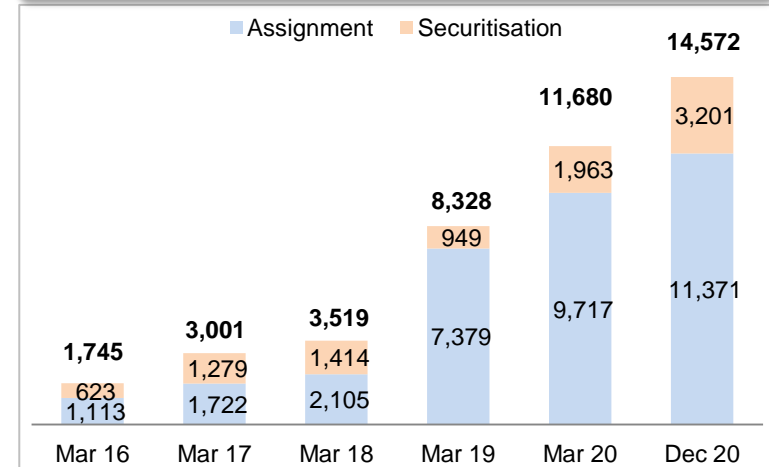
15,395	17,982	24,539	26,141	25,734	26,302
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Bonds/ NCDs investors split (%)



Outstanding assignment/securitisation (₹ Cr)



# Structural Liquidity- Surplus across all buckets

₹ in Crores

Surplus/ (Deficit) as a % of outflow (cumulative)

534%

133%

140%

151%

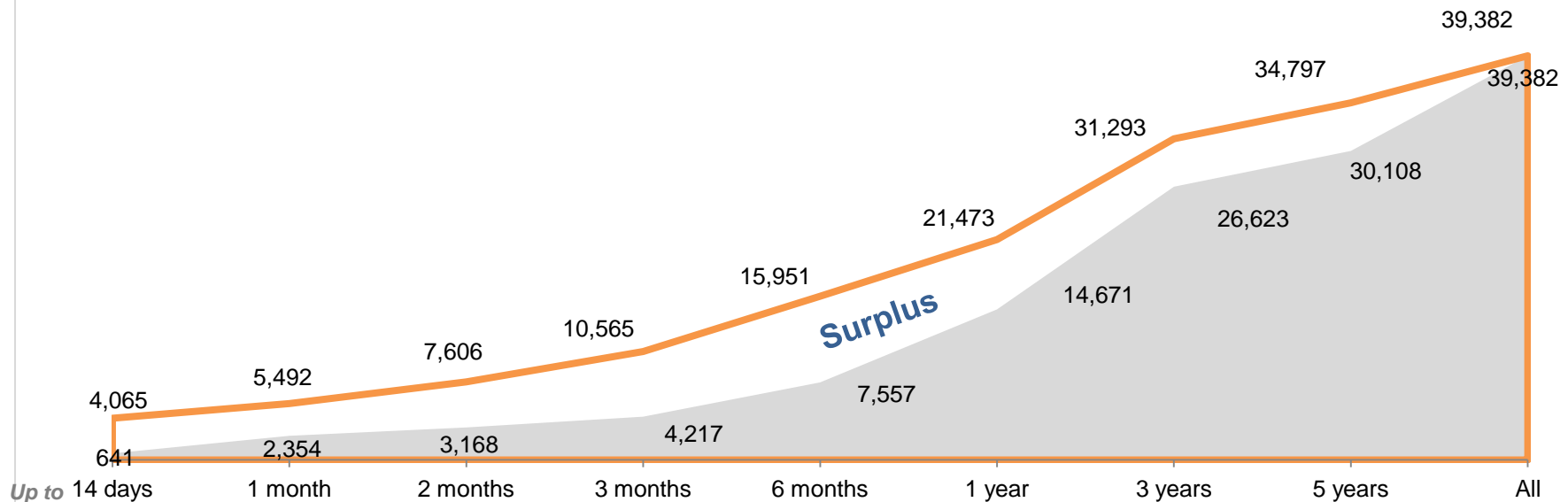
111%

46%

18%

16%

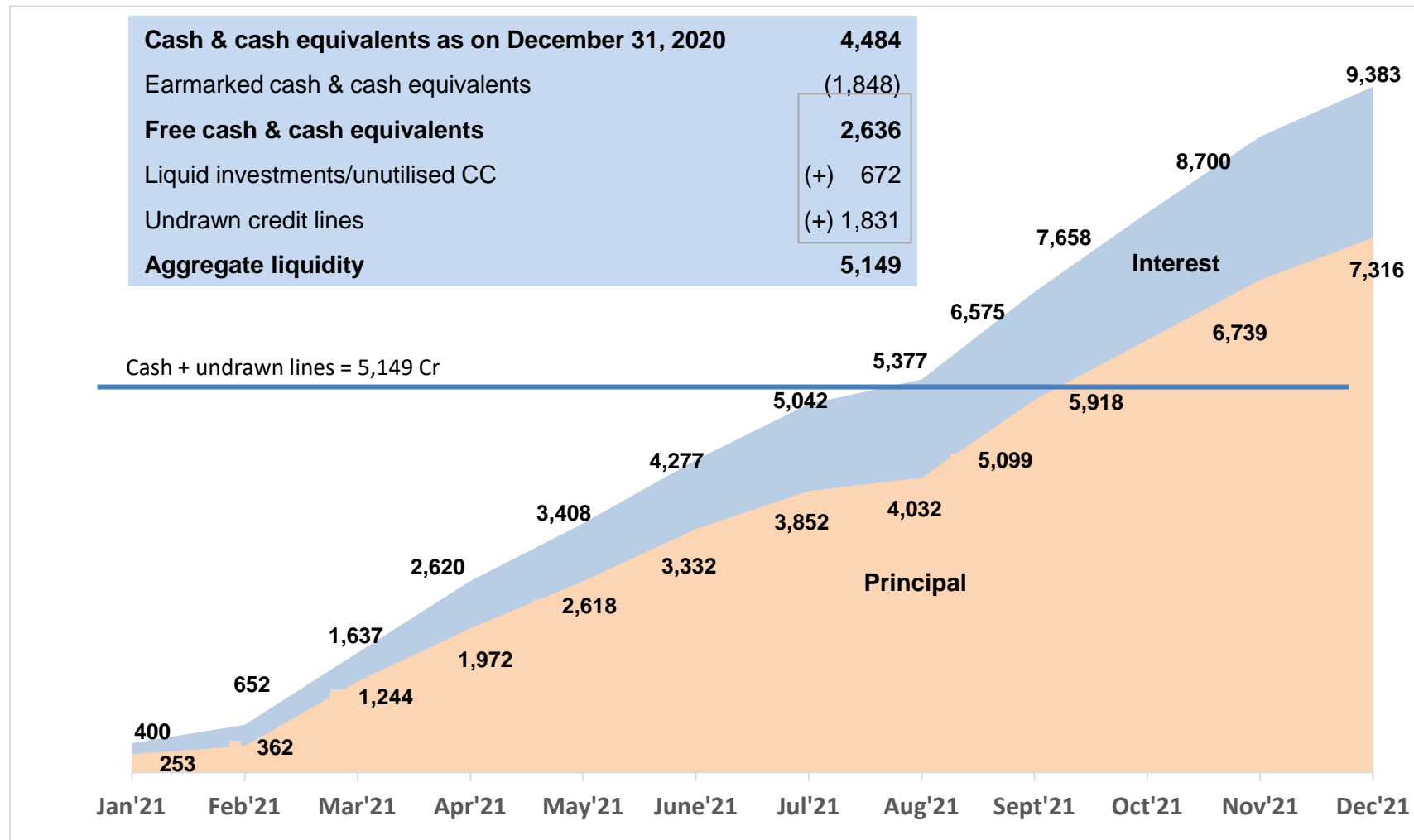
0%



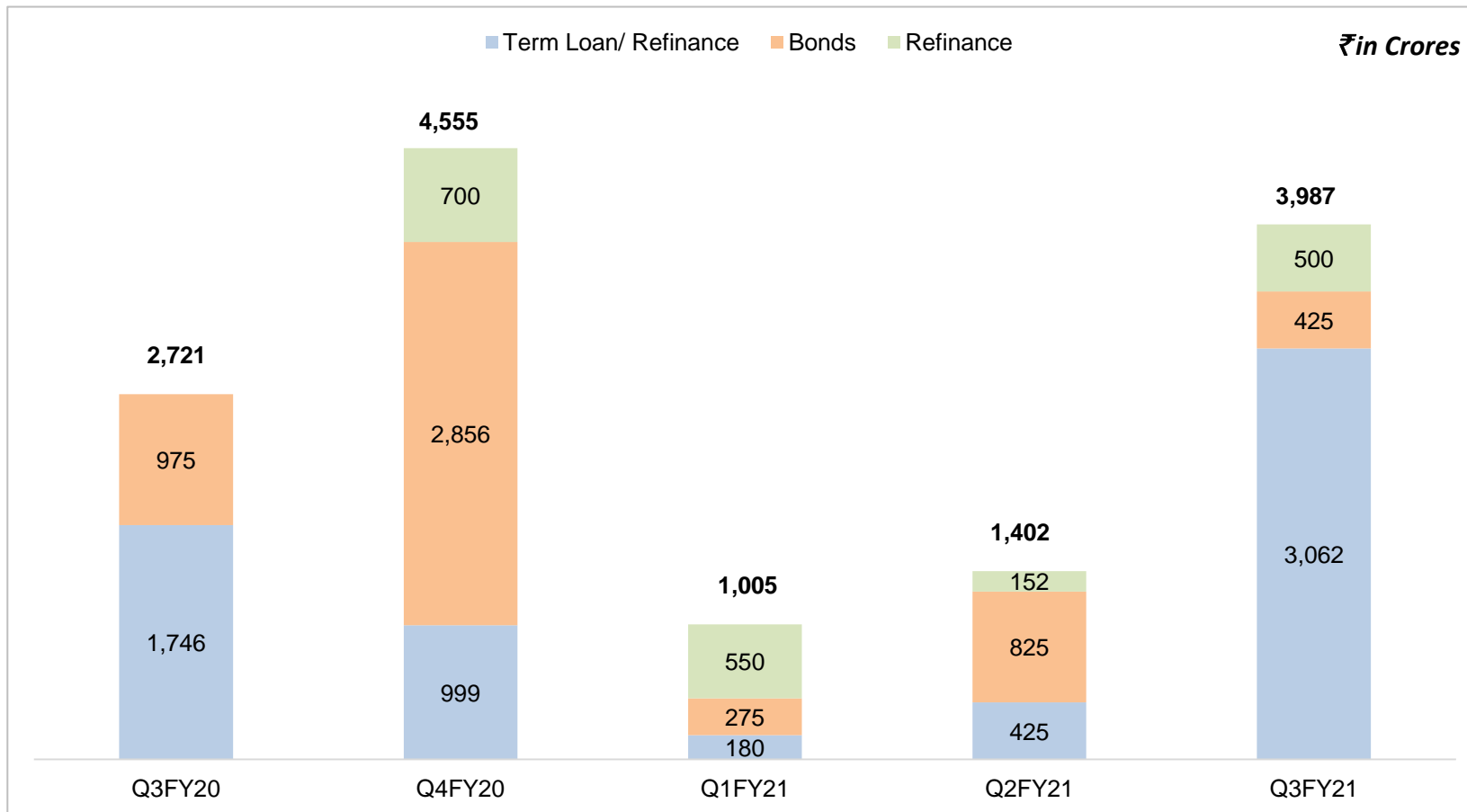
This ALM chart shows structural liquidity at consolidated level for IIFL Finance & its subsidiaries. This is prepared broadly based on RBI format, assuming static balance sheet position, not taking into account fresh disbursements. The inflows consider collection of only standard assets, excluding assigned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

# Debt repayment obligation schedule, well covered

₹ in Crores



# Debt resource raising trend



## During the quarter:

- IIFL's long term credit rating from CRISIL, ICRA and CARE are **AA** (Outlook: Negative) as on date
- Raised ₹ 3,562 Cr through term loans and refinance from banks in Q3FY21. Besides, IIFL securitized/ assigned loans of ₹ 4,461 Cr in Q3FY21

**I. Q3FY21 Financial performance**

**II. Business segments review**

**i. Overview and mix**

**ii. Home loan**

**iii. Business loan**

**iv. Gold loan**

**v. Microfinance**







**vi. Update on commercial & real estate**

**III. Technology, Alliances and other updates**

# Our diversified product portfolio

As on December 31, 2020

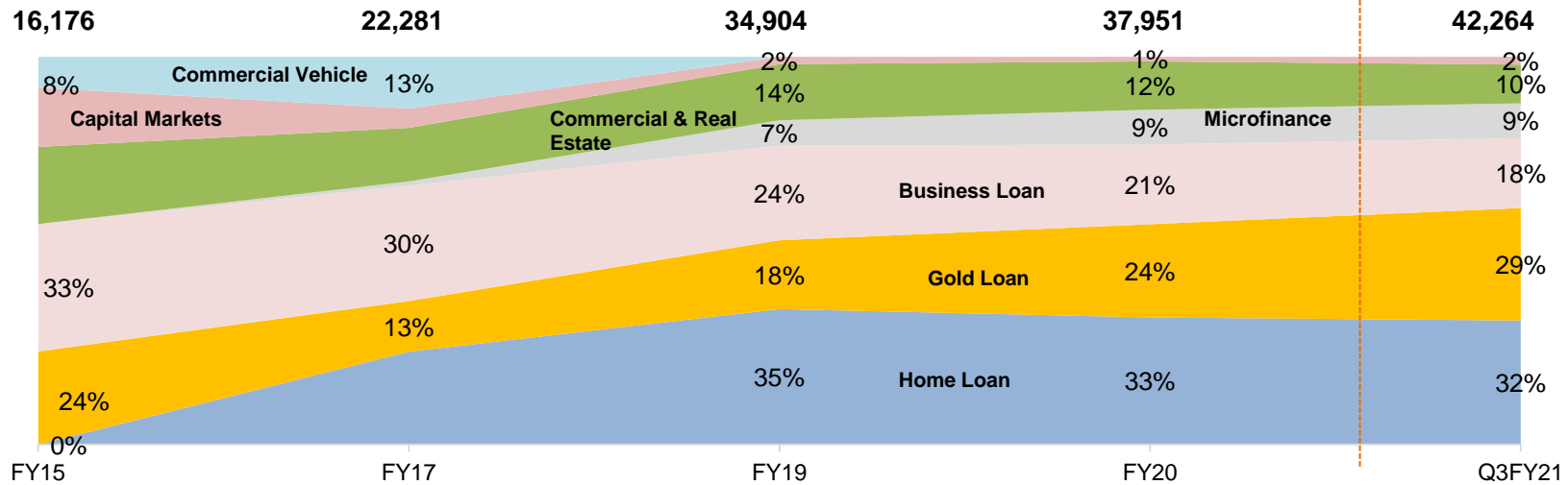
Strategic focus on segments that are core strengths and have *inter se* synergies

		AUM (₹ Cr)	Target customers	Unique features
CORE GROWTH SEGMENTS	 HOME	13,445	<ul style="list-style-type: none"> <li>Salaried / Self-employed individuals</li> </ul>	<ul style="list-style-type: none"> <li>Focused on affordable and non-metro housing segments</li> <li>Leverages underwriting skills developed over time</li> </ul>
	 BUSINESS	7,788	<ul style="list-style-type: none"> <li>Medium, Small and Micro Enterprises</li> </ul>	<ul style="list-style-type: none"> <li>Predominantly lending to business owners backed by cash flows and collateral</li> </ul>
	 GOLD	12,212	<ul style="list-style-type: none"> <li>Individuals</li> </ul>	<ul style="list-style-type: none"> <li>Small-ticket loans with very low delinquencies</li> <li>Competitive advantage over peers given the vast branch network and segment experience</li> </ul>
	 MICROFINANCE	3,920	<ul style="list-style-type: none"> <li>Rural self-employed women</li> </ul>	<ul style="list-style-type: none"> <li>High-yielding granular portfolio dominated by Self Help Groups (SHGs) of women for income generating activities</li> <li>Presence across 17 states</li> </ul>
NON-CORE SEGMENTS	 CONSTRUCTION & REAL ESTATE	4,319	<ul style="list-style-type: none"> <li>Developers</li> </ul>	<ul style="list-style-type: none"> <li>Lending to residential projects and developers with a focus on affordable housing</li> </ul>
	 CAPITAL MARKETS	580	<ul style="list-style-type: none"> <li>Individuals / HNIs</li> </ul>	<ul style="list-style-type: none"> <li>Lending to HNIs, corporates, private trusts, etc. looking to monetize their investments to raise capital</li> </ul>

Core growth segments account for around 88% of assets under management

# The portfolio mix is becoming increasingly retail and granular

Diversified AUM portfolio disperses exposure and balances cyclical vagaries (₹ Cr)



Loan AUM (₹ Cr)	Q3FY21	Q-o-Q	Y-o-Y
Home Loans	13,445	4%	9%
Gold Loans	12,212	7%	61%
Business Loans	7,788	(1%)	(2%)
→ Secured	5,411	2%	7%
→ Unsecured	2,377	(9%)	(19%)
Microfinance	3,920	13%	33%
<b>Core Segments (A)</b>	<b>37,365</b>	<b>5%</b>	<b>21%</b>
Capital Market Finance	580	(20%)	16%
Construction & Real Estate	4,319	(4%)	(7%)
<b>Non-core Segments (B)</b>	<b>4,899</b>	<b>(6%)</b>	<b>(5%)</b>
<b>Loan AUM (A+B)</b>	<b>42,264</b>	<b>3%</b>	<b>17%</b>

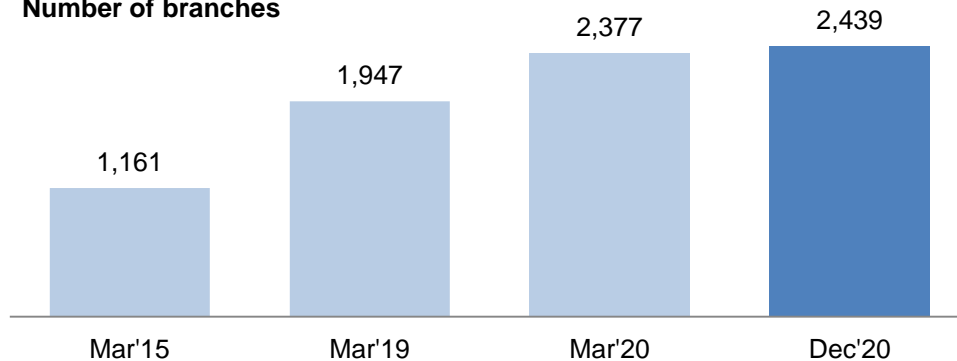
- Small ticket retail loans accounted for 90% of total loan AUM.
- Loan assets growth y-o-y driven by small ticket gold loans, microfinance loans and affordable home loans.
- Disbursements for core segments have picked up since Q2FY21.
- Construction & real estate Finance has declined both on y-o-y and q-o-q basis

# Loans sourced through own network ..

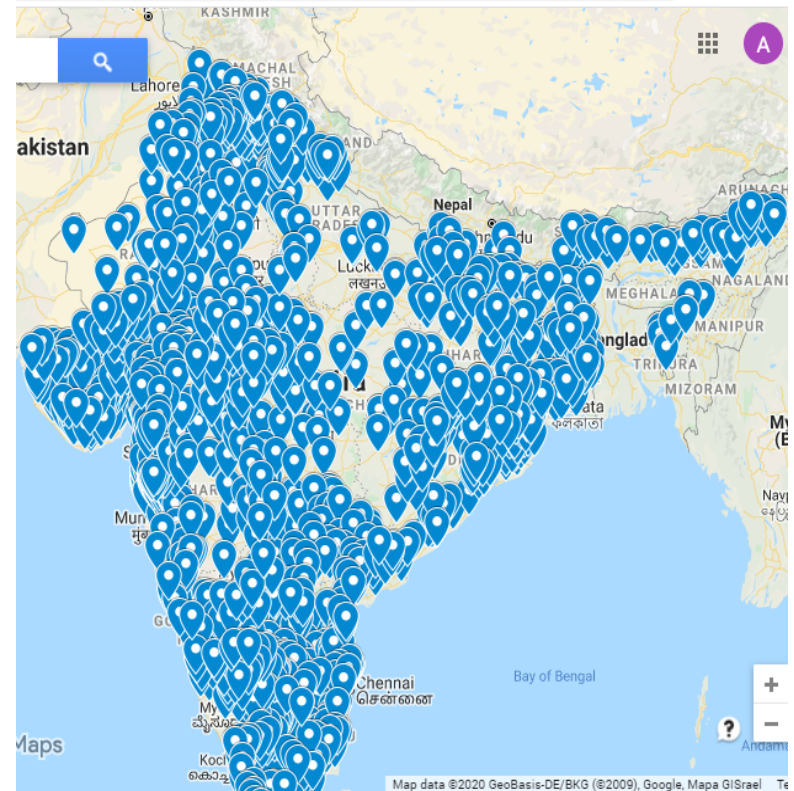
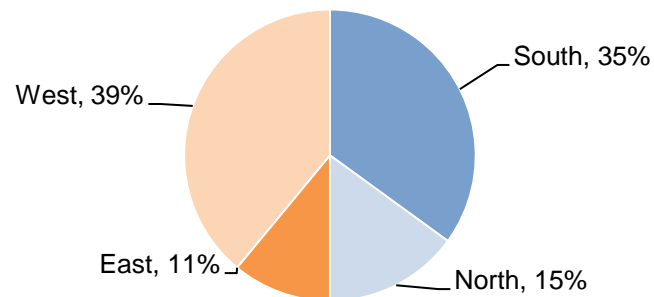
85% of branches are in Tier 2 and Tier 3 locations

Wide spread network across 25 states and over 600 locations, with over 17000 employees

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. Q3FY21 Financial performance

## II. Business segments review

i. Overview and mix

ii. Home loan

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## III. Technology, Alliances and other updates



- Rising demand for housing in tier-II-III cities is expected to result into surge in construction which will increase the focus of financiers on urban areas.
- Rise in GDP per capita ('000), from 72 in FY12 to 152 in FY20, majorly contributed by private final consumption expenditure indicates growth in housing affordability of the people

Indian Mortgage market is expected to be INR 36.9 Trillion by Mar 2023<sup>^</sup>

INR  
21 Trillion  
+

INR 11  
Trillion

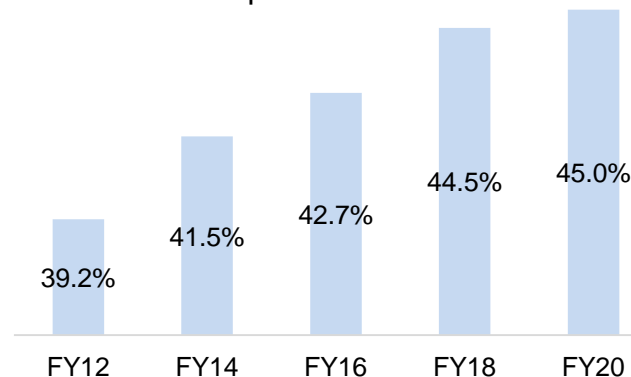
Total Loans of HFCs (FY20)

## Mortgage Market In India (FY20)

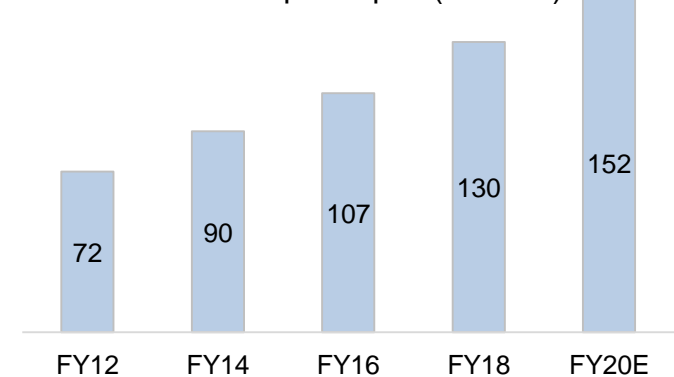
- Home Loan expected to grow due to Covid-19 vaccination and subsequent economic revival

### Growth drivers\*

#### Rise in finance penetration in urban areas



#### Rise in GDP per capita (Rs.'000)



# 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  
₹ 13,445 Crore

Gross /Net NPA  
1.1% / 0.9%

Onboarding Average  
Ticket Size  
₹ 16 Lakhs

LTV  
71%

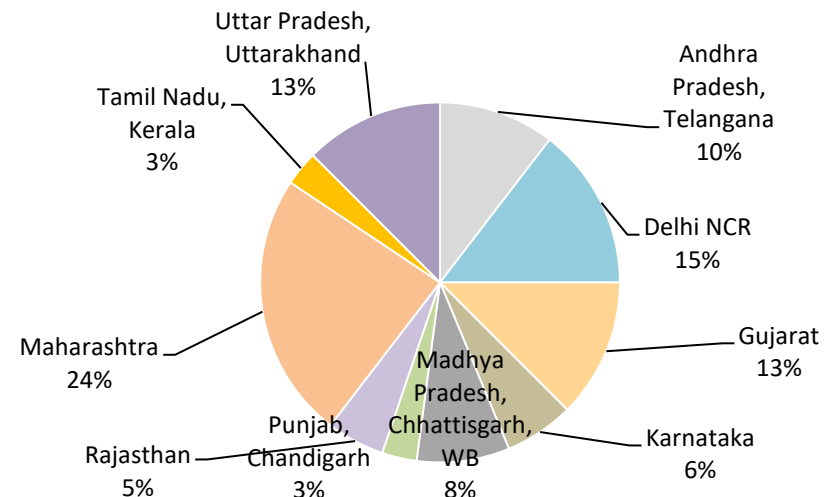
Tenor up to  
19 years

91% Collection  
Efficiency  
(Dec'20)

## Key differentiators and controls

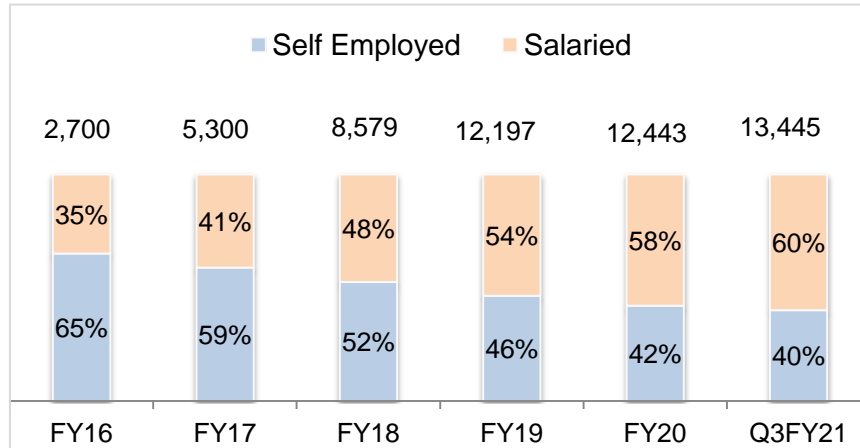
- ✓ Primary focus on affordable and non-metro housing finance to customer segments across Tier-1 suburbs, Tier- II and Tier- III cities
- ✓ Business strategy aligned with government mission of “Housing for All “ through CLSS subsidy
- ✓ ₹ 1,000+ Cr of subsidy received under Credit-linked Subsidy Scheme, which has benefitted over 49,500+ customers

## Distribution of AUM as at December 31, 2020

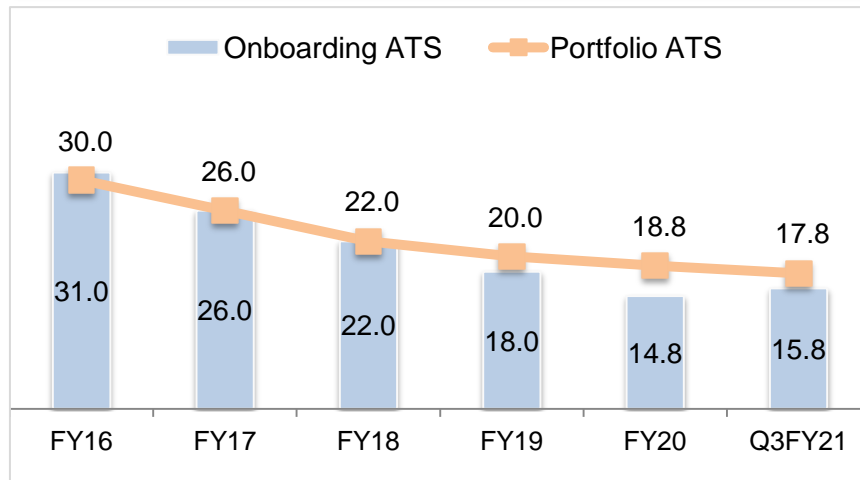


# Home loans – financial overview

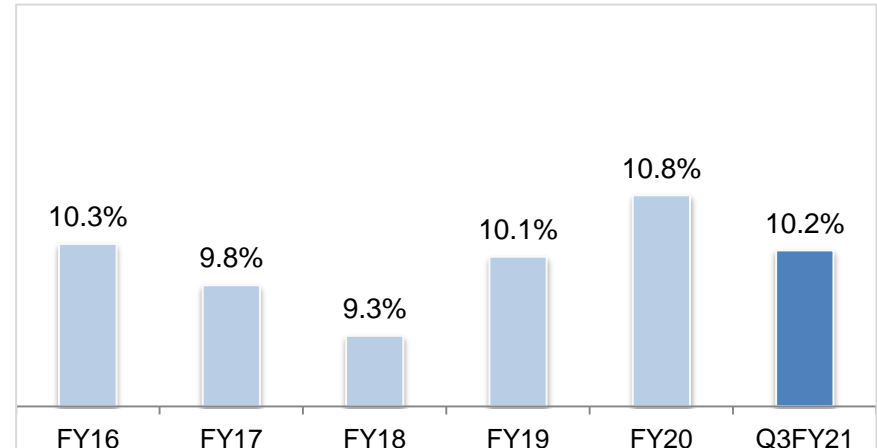
## Assets Under Management (₹ Crore)



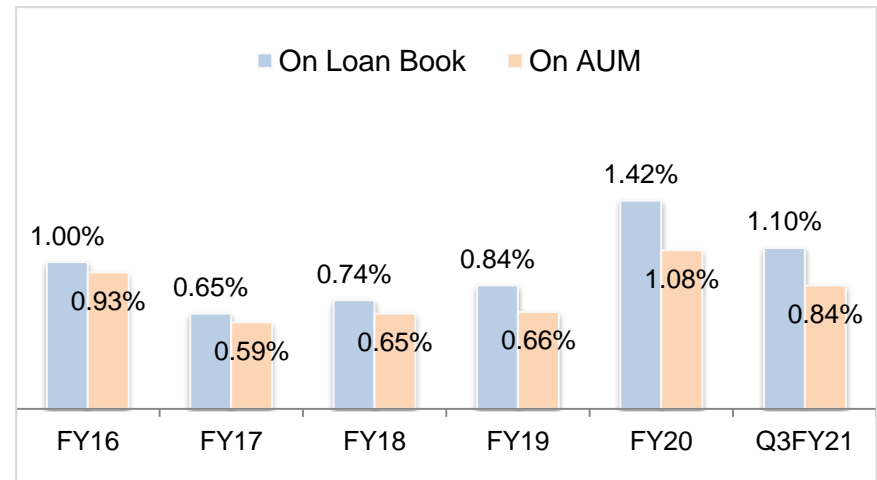
## Average Ticket Size (₹ Lakhs)



## Boarding Yield (%)



## Gross NPAs (%)



**I. Q3FY21 Financial performance**

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iv. Gold loan

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vi. Commercial & real estate

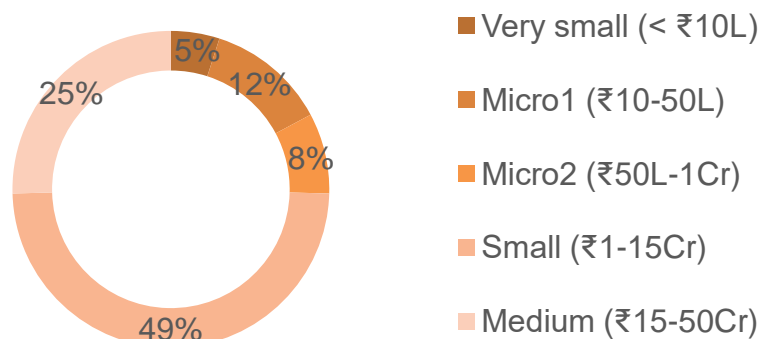
**III. Technology, Alliances and other updates**

# Business loans (MSME) – industry overview

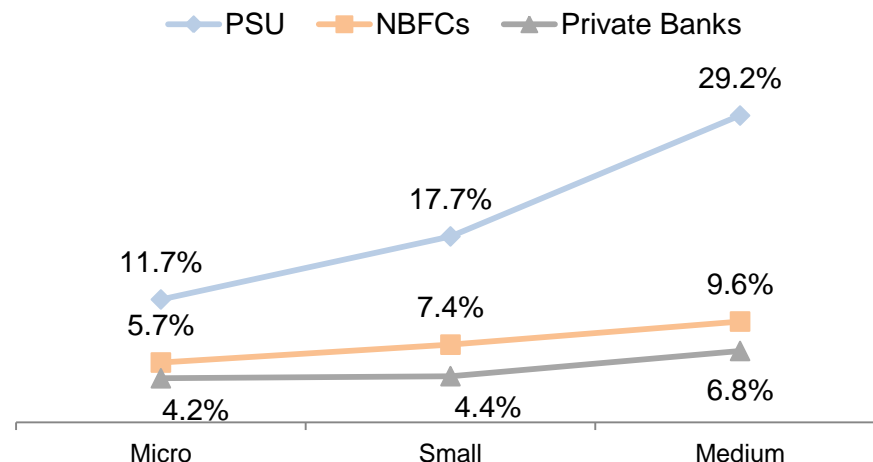
*Micro segment: Biggest beneficiary of fresh disbursals with lowest default rates*

## MSME Exposure by ticket size

Total MSME Exposure - ₹ 17.75 lakh crores  
(as on Jan'20)

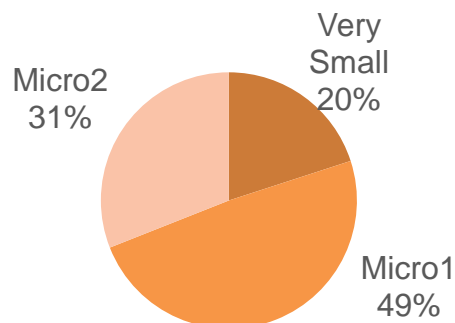


## NPA rates across MSME segment

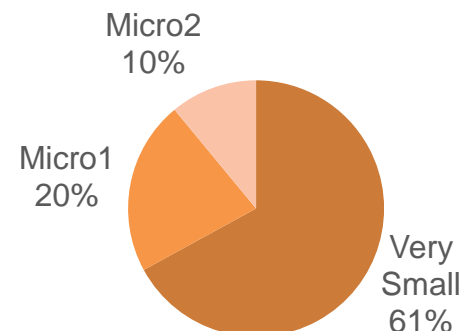


**Fresh credit disbursals to the tune of ₹92.3 thousand cr was done in 2019 to Micro segment<sup>1</sup>**

## Fresh disbursals in 2019 by value



## Fresh disbursals in 2019 by count



<sup>1</sup>Commercial loans classified on the basis of credit exposure aggregated at entity level, Very Small: <10L; Micro1: 10L-50L; Micro2: 50L-1Cr; Small: ≥1Cr <15Cr; Medium: ≥ 15Cr <50Cr; Large ≥ 50Cr. Micro segment includes Very Small, Micro1 and Micro2 segments (Source: SIDBI Pulse report Apr'20)

# 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
- 69% of unsecured portfolio covered through CGTMSE guarantee scheme

**AUM**  
₹ 7,788 Crore

**Gross/Net NPA\***  
2.5% / 1.3%

**On boarding  
Average Ticket Size**  
₹ 7 Lakh

**Tenor**  
Upto 12 years

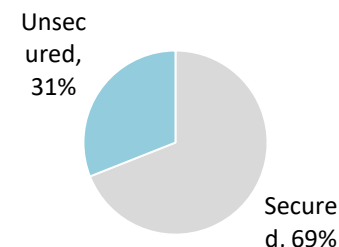
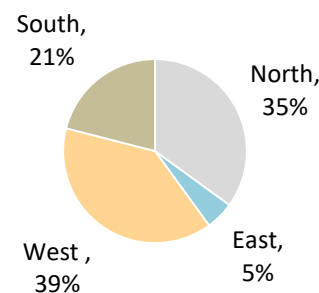
**75% Collection  
Efficiency  
(Dec'20)**

## 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

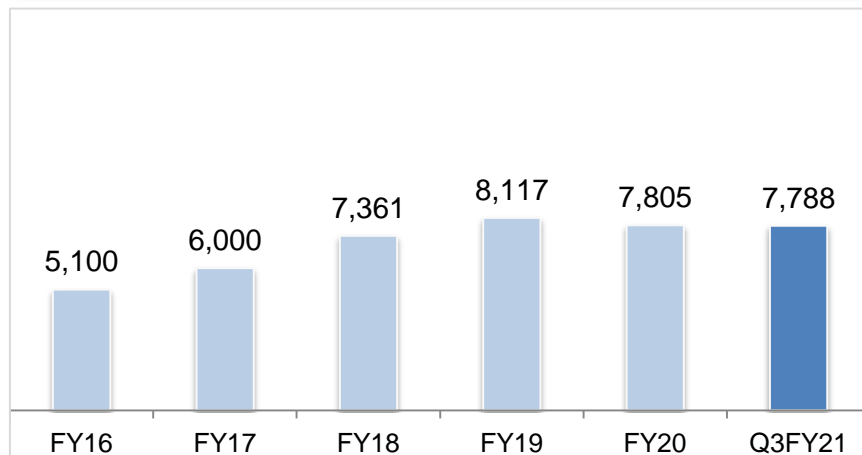
## Distribution of AUM as at December 31, 2020

### Region-wise distribution

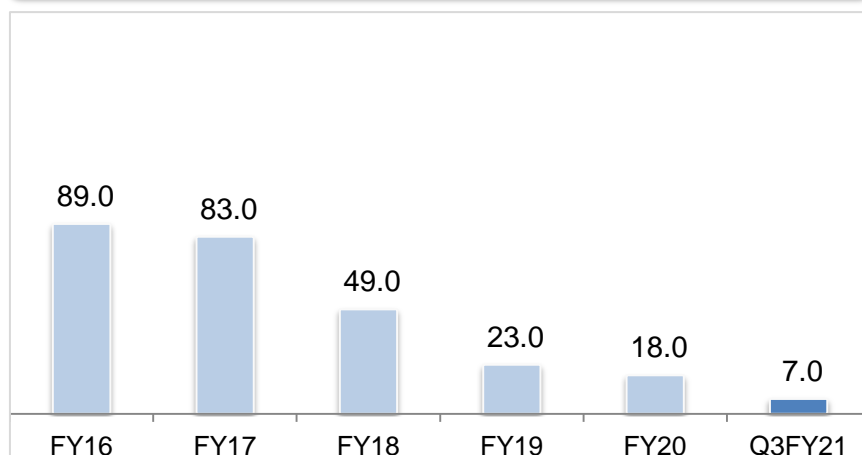


# Business loans – financial overview

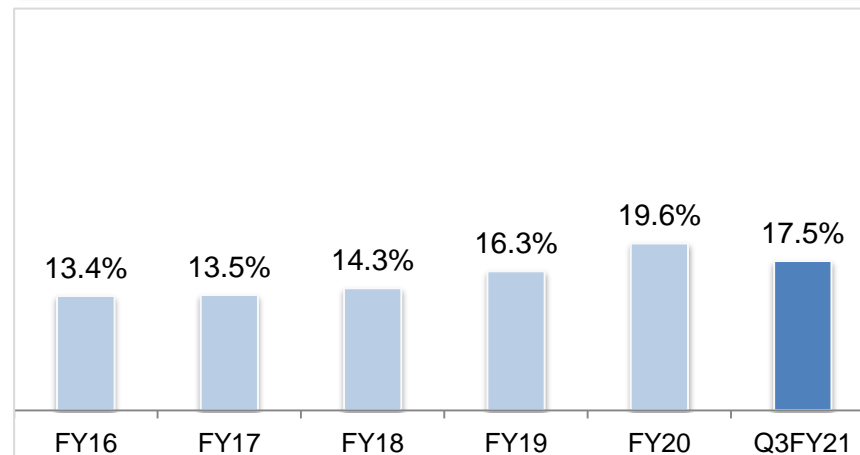
**Assets Under Management (₹ Crore)**



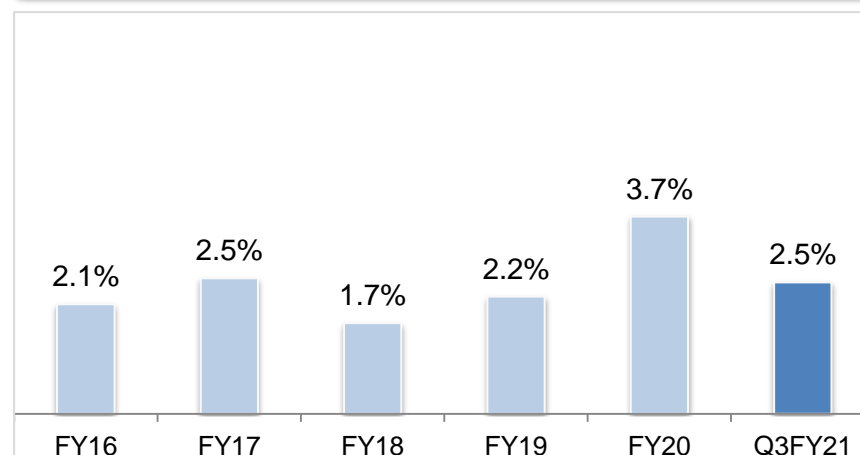
**Onboarding Average Ticket Size (₹ Lakhs)**



**Boarding Yield (%)**



**Gross NPAs (%)**





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**iv. Gold loan**

v. Microfinance

vi. Update on commercial & real estate

**III. Technology, Alliances and other updates**



**25,000 tonnes**  
of gold is held by Indian  
Households  
(**65% in Rural India**)



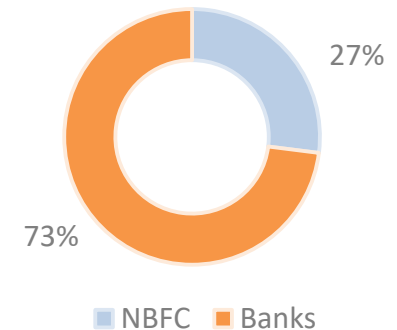
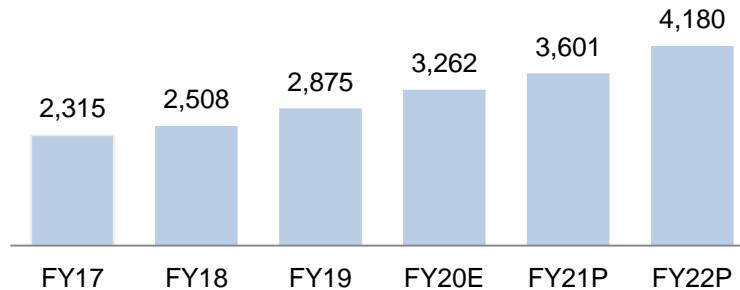
**47%**  
of total gold globally is in  
the form of Jewellery



**1,97,576 tonnes**  
of gold mined world over  
since the beginning of  
civilisation (2019 estimate)

## Industry Gold Loans – Organized Market

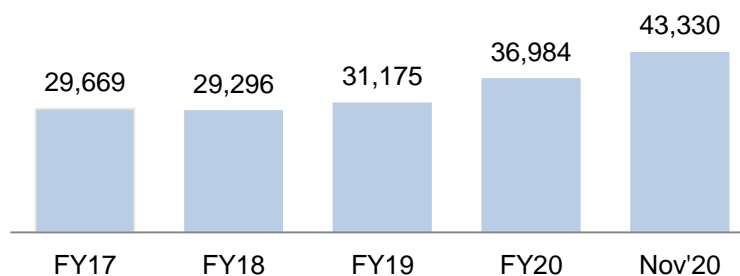
(₹ bn)



- Gold loans expected to growth at a higher rate amongst all asset classes

## Growth drivers

### Stable Gold Price



- Stable gold price outlook, instant disbursal and risk aversion by lenders will push borrowers to pledge gold in exchange for loan
- Lucrative for lenders owing to short term nature, 100% collateralized, regulated LTV, higher yields, liquid assets and limited asset quality concerns

# Gold loans – product overview

## Product offering

- Loan against jewellery provided for personal & business use;
- On-boarding LTV ~ 71%

## Customer segments

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

**AUM**  
₹ 12,212 Crore

**Gross/Net NPA**  
0.0% / 0.0%

**Onboarding  
Average Ticket Size**  
₹ 0.6 Lakhs

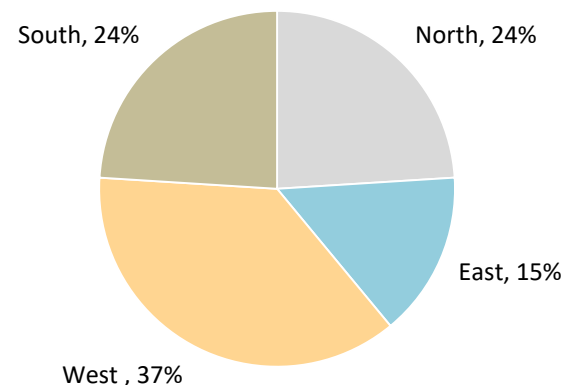
**Tenor**  
~1 year

**93% Collection Efficiency**  
(Dec'20)

## Key differentiators and controls

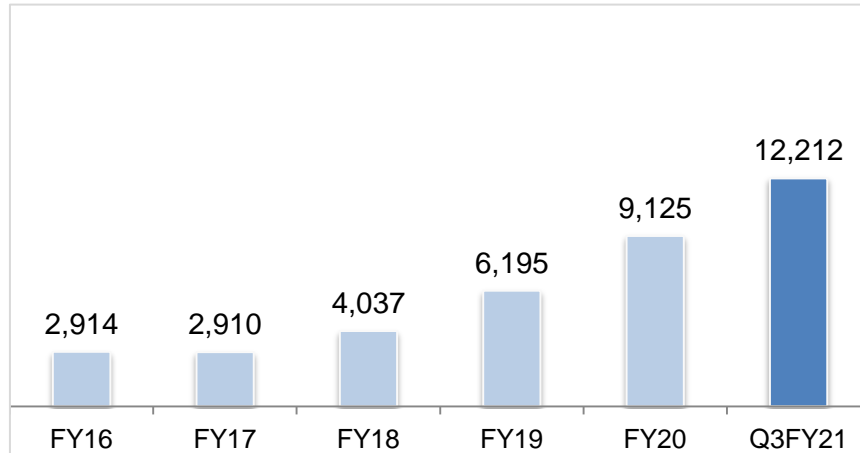
- ✓ Sourcing through sales executives in 600+ cities across 25 states
- ✓ In-house loan origination tablet application equipped to screen customers for earlier defaults, frauds and negative customer lists
- ✓ Strong emphasis on collections and resolution resulting in negligible losses
- ✓ Launched digital gold loan – for top-up and online renewal of gold loans
- ✓ Low auction to book ratio of 0.23%

## Distribution of AUM as at December 31, 2020

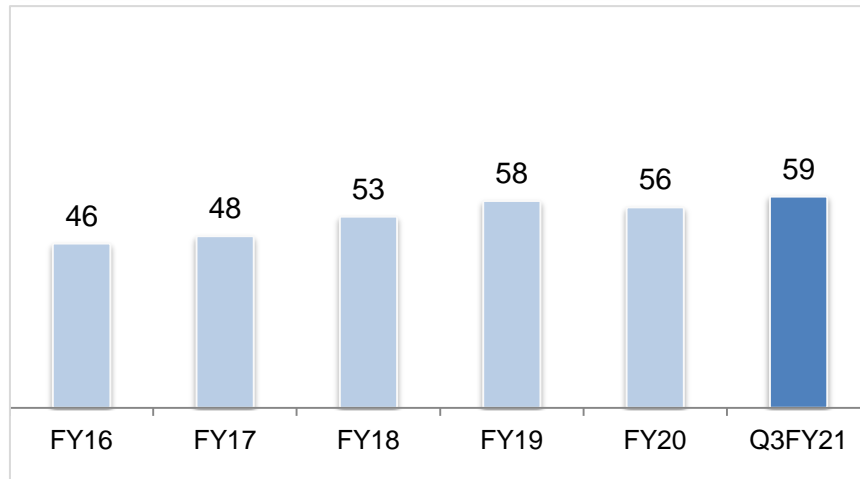


# Gold loans – financial overview

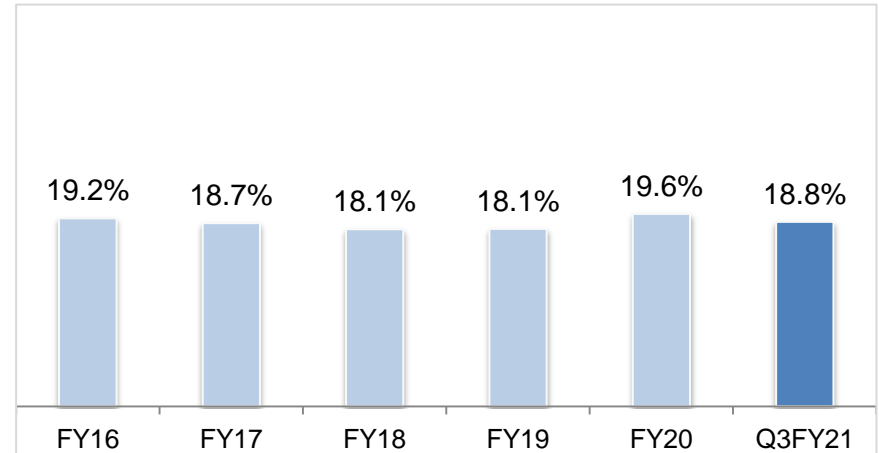
**Assets Under Management (₹ Crore)**



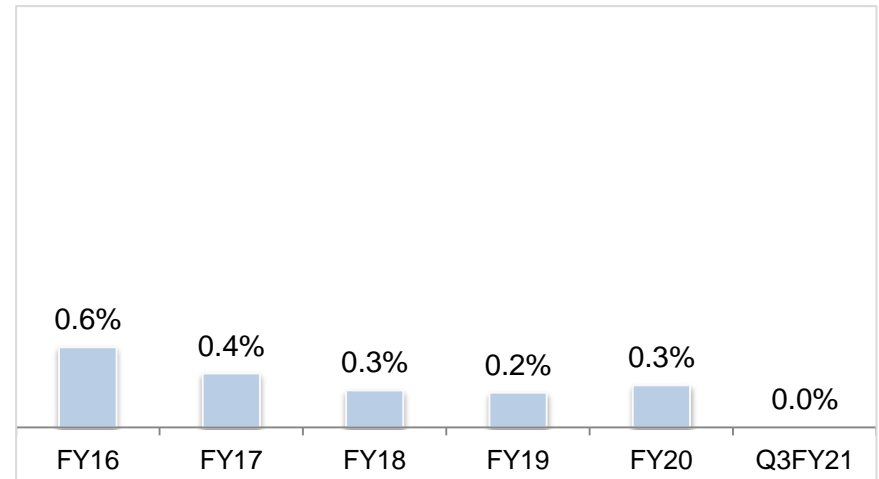
**Onboarding Average Ticket Size (₹ '000s)**



**Boarding Yield (%)**



**Gross NPAs (%)**



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## **III. Technology, Alliances and other updates**



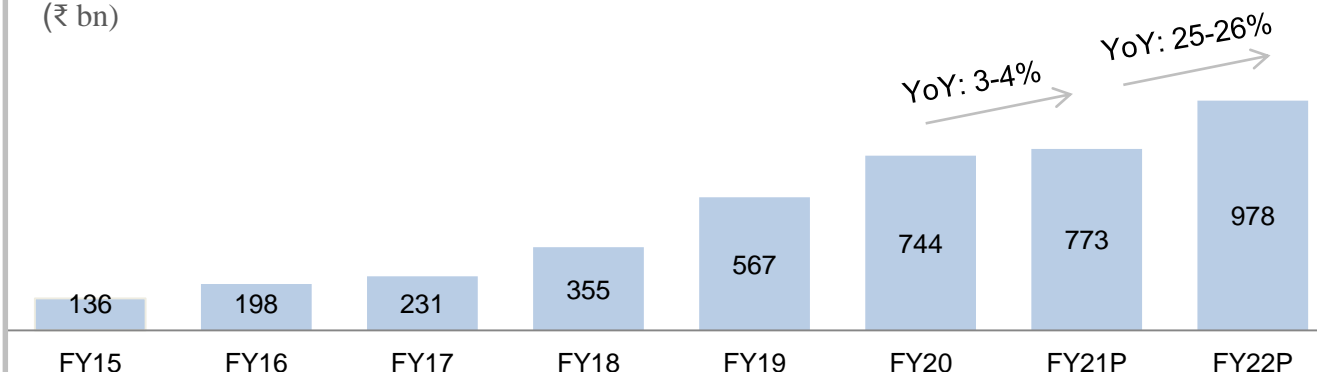
MFI growth is expected to pick up by **25-26%** in FY22

Out of the total disbursement expected in the FY21, **80%** to come in the second half of the year

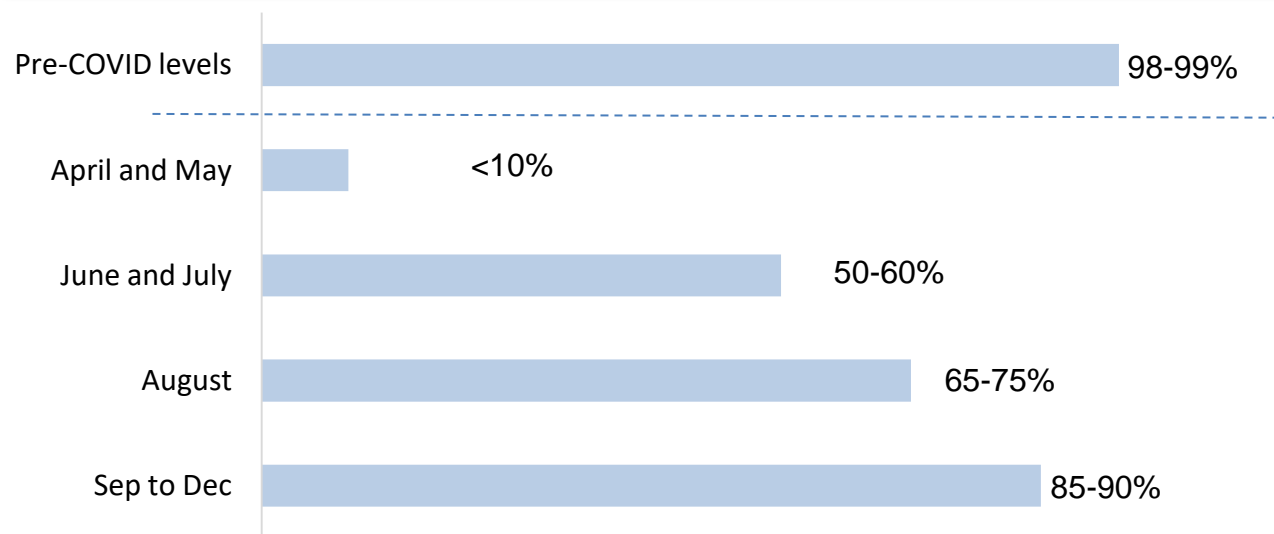
Also, collection efficiency is expected to be back to normal from Q4FY21

## Overall MFI to grow by 25-26% in FY22\*

(₹ bn)



## Pre and Post COVID expected trend in collection efficiency\*



# 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**  
₹ 3,920 Crore

**Gross/Net NPAs**  
2.2% / 0.0%

**States**  
17

**Total Customers**  
15 Lakh

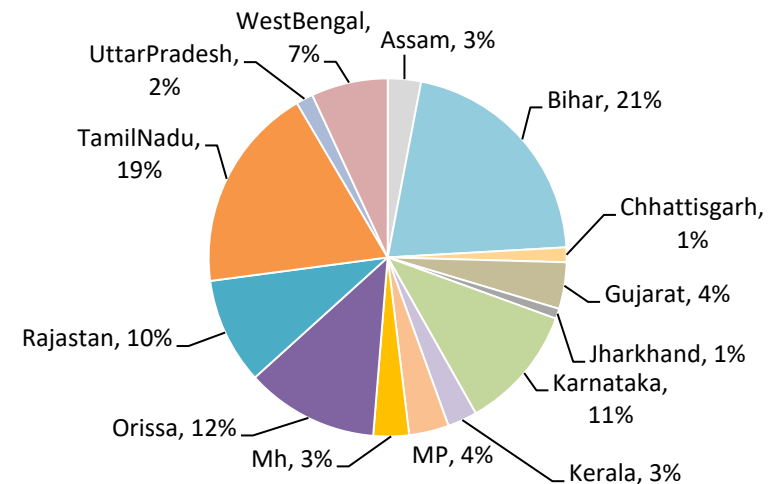
**Tenor**  
~2 years

**93% Collection Efficiency**  
(Dec'20)

## Key differentiators and controls

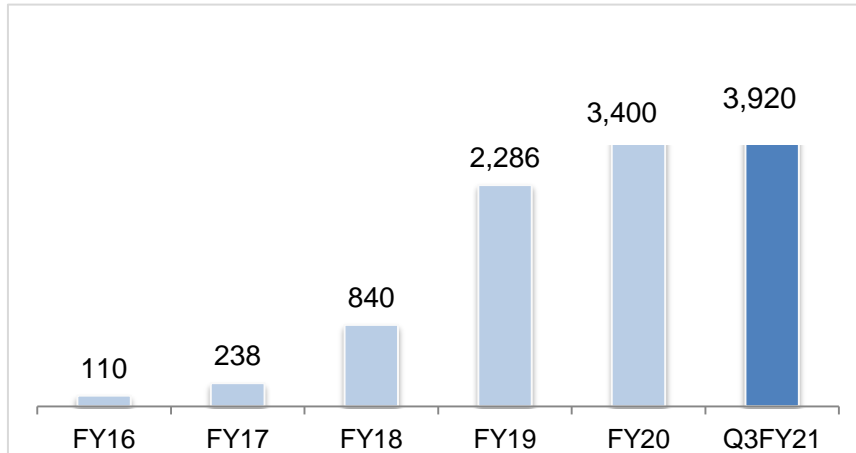
- ✓ Extensive presence in 17 states, 232 districts
- ✓ Strong emphasis on training and awareness of all customers detailing end use of funds, timely repayment and emphasis on joint liability
- ✓ Customer base likely to graduate to larger ticket-sized loans, like gold loans and affordable housing loans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

## Distribution of AUM as at December 31, 2020

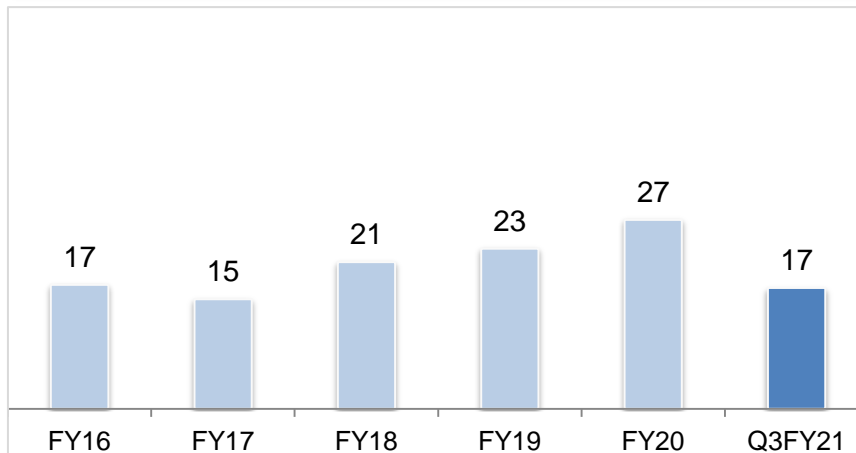


# Microfinance – financial overview

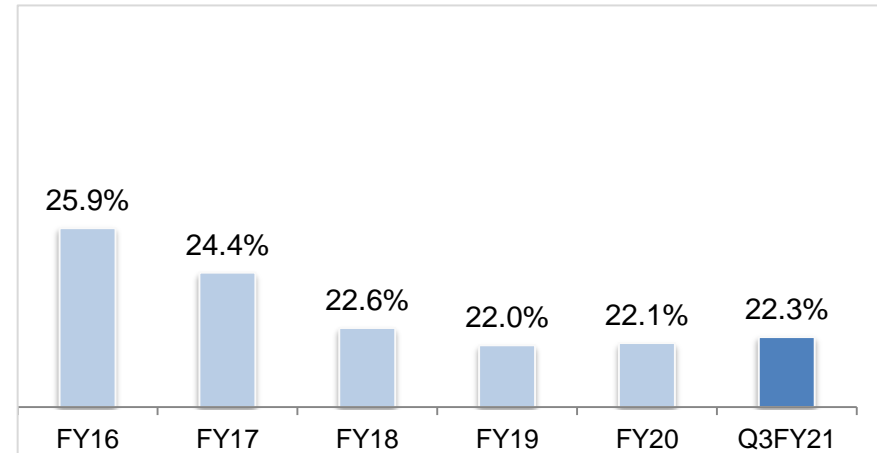
Assets Under Management (₹ Crore)



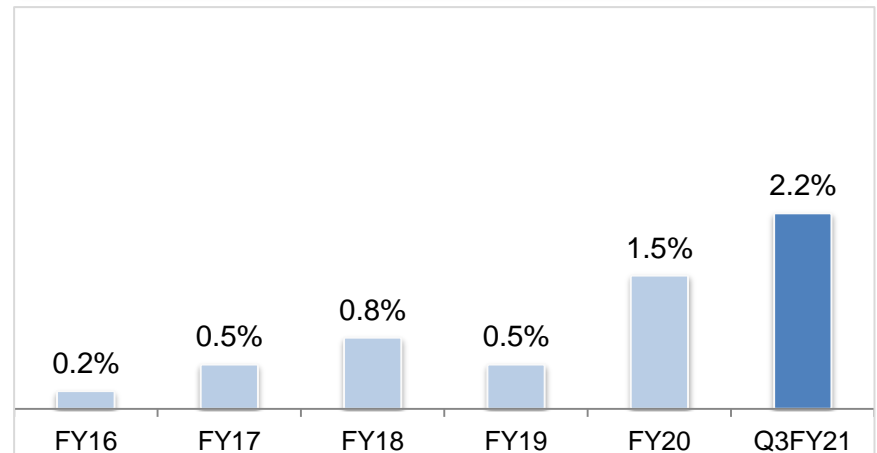
Onboarding Average Ticket Size (₹ '000s)



Boarding Yield (%)



Gross NPAs (%)





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## **Transfer of real estate credit assets to an Alternate Investment Fund (AIF)**

IIFL Asset Management Limited (IIFL AMC) has executed a binding term sheet with a renowned global alternate investment manager (Investor) for 33.3% contribution by the Investor in the AIF, post due diligence to the satisfaction of the Investor. The AIF will have sponsor's contribution of around 33.3% from IIFL Finance Ltd. The balance contribution in the AIF is expected from other investors. The AIF will have target size of ₹3600 crores for secondary purchase of NCDs of real estate projects and providing additional liquidity for completion of the same.

## **Update on CRE projects financed by us**

The analysis presented in the ensuing slides, is based on stage of project completion, target income segment of end users, geographical distribution of funded projects and developer track record; covers 48 projects, with total principal outstanding of ₹3,687 Cr as at Q3FY21. It accounts for 85% of IIFL CRE credit exposure. The balance 15% of CRE book is represented by very small projects.

# 93% of finance is for residential projects, and 76% of projects are in advanced stages of completion

Stage	No. of projects	POS as at 31 Dec	% to total
<b>Residential</b>	<b>45</b>	<b>3,413</b>	<b>93%</b>
Land stage	1	76	2%
Approval pending	0	-	0%
Construction in progress	36	3,057	83%
<i>Early stage (Upto 25%)</i>	8	525	14%
<i>Intermediate stage (25-75%)</i>	18	1,968	53%
<i>Near completion (&gt; 75%)</i>	10	564	15%
<b>Completed</b>	<b>8</b>	<b>280</b>	<b>8%</b>
<b>Commercial / Logistics</b>	<b>3</b>	<b>274</b>	<b>7%</b>
<b>Total</b>	<b>48</b>	<b>3,687</b>	<b>100%</b>

## Stages of construction

- 76% of funded projects are in advanced stages of completion or are already completed
- 14% of funded projects have commenced construction activities
- 2% of funded projects are at land stage
- Only 7% exposure to commercial / logistics sector
- No exposure to Lease Rental Discounting (LRD)

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

## Progress during the quarter:

- 2 projects in Delhi NCR and 1 project in Mumbai MMR have commenced construction activities this quarter.
- One project at Pune at early stage have closed early with full payment from sales.

# Affordable residential projects contribute 75%

Figs in Cr	No. of projects	POS as at 31 Dec	% to total
<b>Residential</b>	<b>45</b>	<b>3,413</b>	<b>93%</b>
<i>Affordable</i>	36	2,744	74%
<i>Mid Income</i>	5	418	11%
<i>Premium</i>	4	250	7%
<b>Commercial</b>	<b>3</b>	<b>274</b>	<b>7%</b>
<b>Total</b>	<b>48</b>	<b>3,687</b>	<b>100%</b>

## 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.

Price psf	No. of projects	POS as at 31 Dec	% to total
<4000	17	503	14%
4 - 10k	14	697	19%
10 - 16k	1	335	9%
16 - 22k	9	1,591	43%
22 - 28k	2	210	6%
>28k	5	351	10%
<b>Total</b>	<b>48</b>	<b>3,687</b>	<b>100%</b>

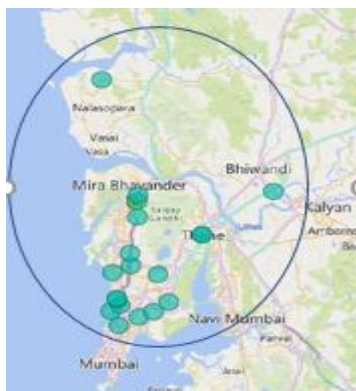
## Key elements of the IIFL RE Corporate Loan Book

- Affordable residential projects contribute 74% of POS
- Mid Income projects contribute 11%
- Premium projects comprise 7% 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 61% of funded projects

## Geography mix

Figs in Cr	No. of projects	POS as at 31 Dec	% to total
Mumbai	15	1,815	49%
Noida	2	391	11%
Gurgaon	2	346	9%
Delhi	9	342	9%
Pune	4	199	5%
Banglore	3	197	5%
Hyderabad	2	118	3%
Jaipur	3	95	3%
Bhiwandi, Thane	1	79	2%
Ghaziabad	2	37	1%
Lucknow	2	22	1%
Greater Noida	1	22	1%
Chennai	1	19	0.5%
Faridabad	1	5	0.1%
<b>Total</b>	<b>48</b>	<b>3,687</b>	<b>100%</b>



- Mumbai and Gurgaon contribute to 58% of funded projects
- Projects in Mumbai MMR are mainly north of Andheri and hence in affordable residential segment and not high income segment



# 92% 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 31 Dec	No. of Developers
5-9 yrs	5	280	5
10-14 yrs	10	474	5
15-19 yrs	6	497	7
20-24 yrs	7	940	9
25-30 yrs	7	850	9
>30 yrs	13	645	4
<b>Total</b>	<b>48</b>	<b>3,687</b>	<b>39</b>

## Relationship with IIFL

No. of years	No. of projects	POS as at 31 Dec	No. of Developers
1-3 yrs	7	253	6
4-6 yrs	25	2,507	21
7-9 yrs	16	928	12
<b>Total</b>	<b>48</b>	<b>3,687</b>	<b>39</b>

## Sft sold by Developer Group

Sft sold by Group	No. of projects	POS as at 31 Dec	No. of Developers
0-5 lacs	8	864	7
5-10 lacs	9	1,005	8
10-15 lacs	5	232	5
15-20 lacs	7	920	6
>20 lacs	19	665	13
<b>Total</b>	<b>48</b>	<b>3,687</b>	<b>39</b>

## Track record of Developers

- 92% of POS is funded to developers who have a successful track record of more than 10 years
- 77% of POS is funded to developers who have historically sold more than 5 lac sft
- 93% of POS is funded to developers who have been in touch with IIFL for more than 4 years

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# Strategy driven by technology and partnerships

## Simplified product offerings

Focused, simple products to keep costs low & facilitate rapid scale up

Digital platform

## Self learning platform & data mastery

Open architecture coupled with machine learning ensures flexibility and scale while increasing retention & cross-sell



## Digital Players

Strategic partnerships with Fintech ecosystem players to harness innovations in our business model

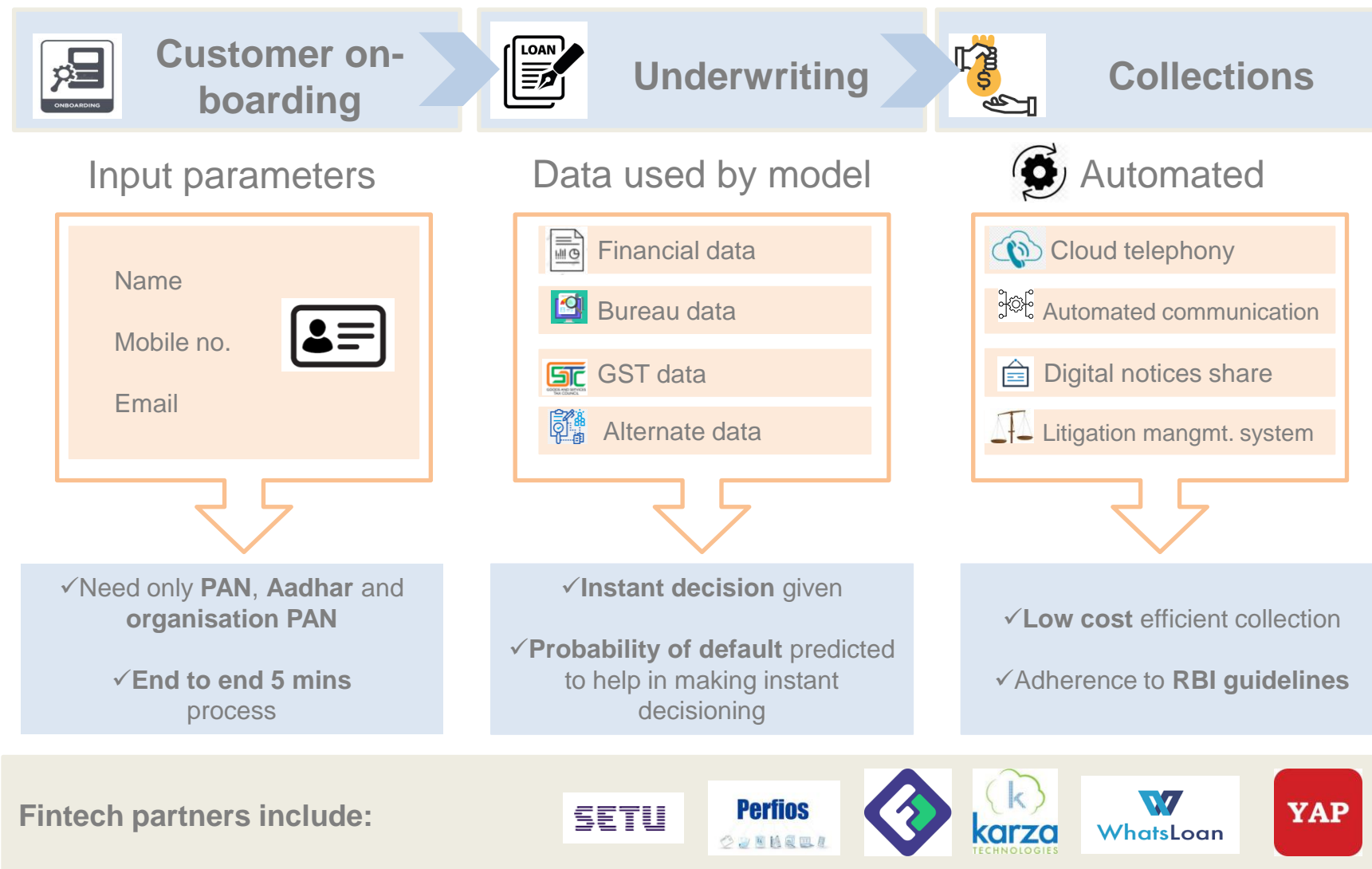
Partnerships

## Banks

Lower risk capital requirements when co-lending with Banks for sustained growth



# Business loans: Complete digital journey



# Home loan mortgages: Digital up selling for quality customer retention

A complete paperless journey with no human touch points

## Pool Selection

Identification of eligible pool through data analytics

## Digital Interface

Customer details fetched from Parent loan

**₹ 10 Cr disbursed  
till 21<sup>st</sup> Jan 2021**

**ATS 3 lakhs**

**Launch Date  
01.01.2021**

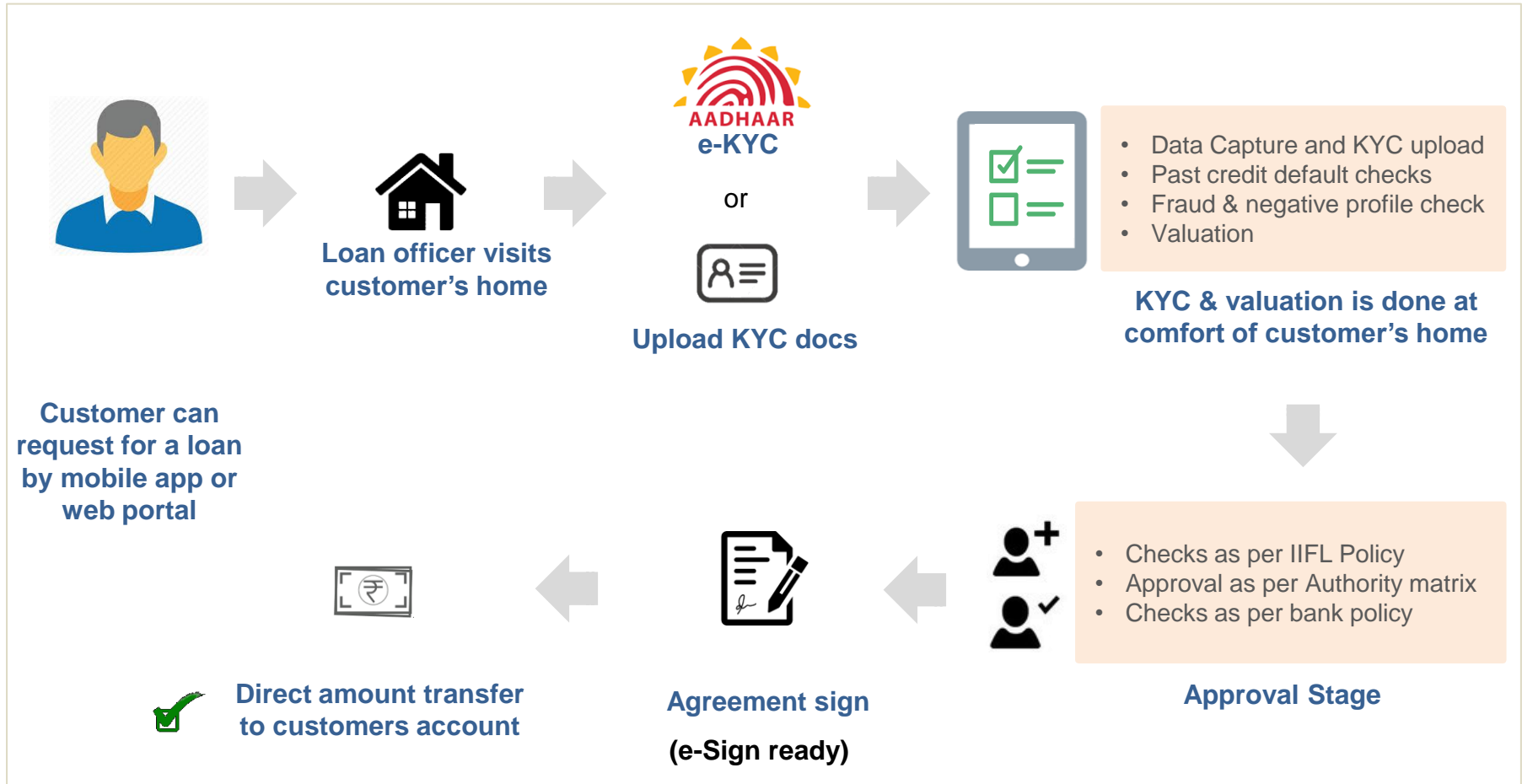
## Customer communication

Link sent to eligible customers through SMS.  
Customer to click the link and accept the Sanction letter and E-agreement

## Auto Disbursal

Auto Disbursal with no manual intervention

# Gold loans: End to end digital on-boarding, sanction and disbursal



# Microfinance: Key technology initiative

## Geo Analytics

- Spotways - AI based field force automation and geo analytics system
- It gives location based information which provides greater context and perspective to the available data
- It identifies areas for business expansion
- Map BC points and bank branch locations
- Route optimization



## Our technology vision



Enhance managerial and field efficiency through use of appropriate tools and technology





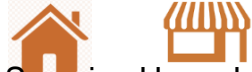



Build a Decision Support System to aid organisational decisions



Develop scalable platforms to manage change and growth in a flexible way

## Our recent partnerships with banks..

<b>Bank Name</b>			
<b>Product</b>	 Sourcing Gold Loan	 Sourcing Home Loan & Business Loan	 Co-lending Business Loan
<b>Nature of agreement</b>	Sourcing Servicing arrangement	Sourcing Servicing arrangement	Co-Lending agreement
<b>Funding by Partnering bank</b>	100%	100%	80%
<b>Services offered by us</b>	All services from sourcing to collection and closure; including auction and storage of gold	All services from sourcing to collection of loans	All services from sourcing to collection of loans
<b>Credit Policy</b>	Mutually accepted policy	Mutually accepted policy	Mutually accepted policy

The above agreements are a win-win partnership for both IIFL Finance as well as the banks:

- Banks will be able to improve their reach to Tier 2 / Tier 3 cities by leveraging existing network of NBFC's
- NBFCs can increase their customer base without the need for regular fundraising
- Informal segment borrower will get access to cheaper source of funds

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IIFL is firmly committed to support economic activity and financial inclusion through its loan offerings while adapting to changes in the external environment.

**100,000+** loans to  
**first-time** home buyers

**42,900+** families  
benefitted under **CLSS**

**1,000+ Cr.** **subsidy**  
provided till date

**33,000+** loans given to  
the **informal segment**

**60%** loans given to  
**female** owners/co-owners

**53%** loans given in **non-**  
**metro** cities

# IIFL Home Finance contribution to Environment Sustainability-

## Green affordable housing impact by green value partners



- Pioneered Green Building concept in partnership with housing developers through "**Kutumb**" platform
- It provides industry experts and housing developers, a platform to promote sustainable infrastructure. The benefits of Green buildings are - with usage of sustainable raw materials, green buildings help protect biodiversity and ecosystem. It further allows reduced carbon footprint, cost efficient structures and better health of residents.

### IGBC preliminary certified / certified projects under management – 7398 units

17

*Projects registered with IGBC and GRIHA Green Certification Agencies*

1

*Project received final certification*

8

*Projects preliminary certified*

8

*Projects under Pre-Registration*

**5,049  
MWH p.a.**



**ENERGY SAVINGS**

**2,91,629  
KL p.a.**



**WATER SAVINGS**

**4,140.29  
Tonnes p.a.**



**EMISSION SAVINGS**

**Total number of units  
funded by  
IIFL Home Loans  
(IGBC & GRIHA  
certified)  
**2,900+****

### Target Impact Through Kutumb (March 2023):

**200**

**RESIDENTIAL  
PROJECTS**

**~54,00,000**

**SQUARE  
METERS**

**60,000**

**UNITS  
CERTIFIED**



Microfinance & Retail business loans are for income generating activities

**88%** of these benefited customers stay in the **rural area** of the country

**15.6 lakhs+** families benefited in **17 states** with financial intervention

**10,000+** of dairy farmers supported through 9 cattle health centres in 4 States

Supports **self-employed women** in under-served rural areas

**44%** of MSME loans are of **less than ₹10 lakhs ATS**

**80%** First time borrowers from **informal sector**

Gold loans are essentially small-ticket business loans

**67%** of gold loan are of **less than ₹ 50,000 value**

**64%** of the branches are located in **tier II, III cities and rural areas**

**87%** of loans are towards end use that classify as **PSL for banks**

**73%** of loans given to **small businesses**

**Digital top-up, renewal and doorstep facility** for convenience of borrowers

**Instant hassle free loans** ensure easy access to credit for underserved segments

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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 ICWA.
- Worked with HUL 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	Sanjeev Srivastava
Compliance Officer	Sneha Patwardhan

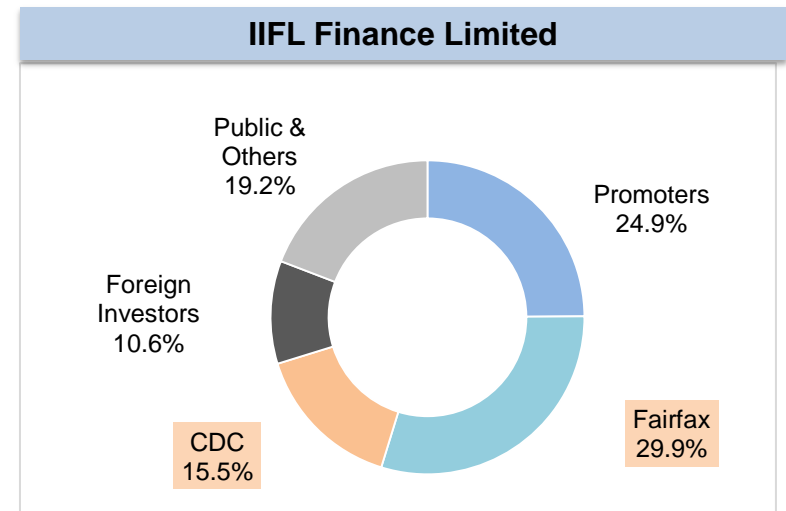
### IIFL Home Finance

Chief Executive Officer	Monu Ratra
Chief Financial Officer	Amit Gupta
Chief Risk Officer	Abhishikta Munjal
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 December 31, 2020

- As a responsible corporate, IIFL Finance aims to deliver sustainable growth through financial products and services that help satisfy unmet societal needs, enable a thriving society, conserve environment and create long-term value for all
- The Company has a dedicated ESG committee which meets quarterly to discuss a range of ESG issues that aim to drive the Company's values and impact
- Marquee investors CDC have representation at the ESG committee and they continue to guide us with their rich, global experience in driving ESG initiatives.

## Operational principles of Board approved ESG policy

**Compliance** to  
environmental and social  
safeguards

**Environmental protection**  
and resource efficiency

**Adherence** to Fair  
Practice Code

**Good working conditions**

Community **Health, Safety**  
and **Security**

**Borrower Protection** and  
Education

## Sample CSR projects

### 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. This flagship initiative of IIFL Foundation regained its operation during the unlock phase from June 2020. The team members followed safety guidelines issued by the Government and continued their engagement with the communities.

Centres	Districts	#Girls	#Boys
986	11	35,819	3,030



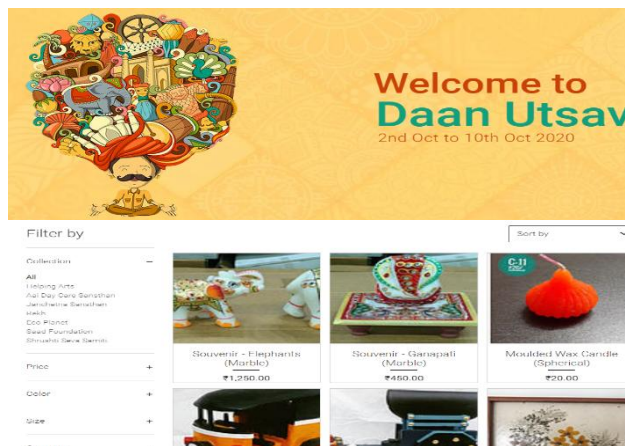
### Chauras

Chauras is a learning centre cum crèche for children of migrant construction site workers. The centre is slowly regaining its operation in former momentum, as the lockdown opens up and the labourers return to the sites.



### ë mela (Daan Utsav)

IIFL Foundation launched an unique online platform to support artisans, craftsmen and small scale producers across the country, to resurrect their livelihood in the post-lockdown phase. An online website - daanutsav.iifl.com, offering a platform for NGOs, Self Help groups and community based groups to showcase and sell their products directly to customers across india. The services of the platform were offered 'free of cost' to the participants.



### Artificial Insemination (AI)

Through Artificial Insemination project, IIFL Foundation has supported farmers from low income groups to venture and progress in the vertical of Dairy production. This Livestock Development project is operational in 3 states across India – Rajasthan, Karnataka and Tamil Nadu, with a total of 7 AI centres.

# Thank you

Published in January 2021

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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](http://www.iifl.com), on the website of the stock exchanges [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com), on the website of SEBI - [www.sebi.gov.in](http://www.sebi.gov.in) and the respective websites of the lead managers at [www.edelweissfin.com](http://www.edelweissfin.com), [www.iiflcap.com](http://www.iiflcap.com) and [www.equirus.com](http://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.