

November 14, 2019

The Manager – Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Bandra-Kurla-Complex, Bandra (East),
Mumbai - 400 051
NSE Scrip Code: IDFC

The Manager – Listing Department
BSE Limited
1st Floor, P.J. Towers,
Dalal Street,
Mumbai - 400 001
BSE Scrip Code: 532659

Sub: IDFC Limited – Presentation on Q2FY20 (Quarter ended September 30, 2019)

Dear Sirs,

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached a copy of the presentation on the financials for the quarter and half year ended September 30, 2019.

This is for your information and records

Thanking you,

Yours faithfully,
For IDFC Limited



Mahendra N. Shah
Company Secretary

Encl.: A/a

I D F C

IDFC LIMITED

IDFC LIMITED – CONSOLIDATED

INVESTOR PRESENTATION

NOVEMBER 08, 2019



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1. IDFC CONSOLIDATED FINANCIALS

Applicability of Ind As

- ✓ Financials of IDFC Ltd & all its group companies (except IDFC FIRST Bank) have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind-AS)
- ✓ IDFC FIRST Bank has submitted “Fit for consolidation” financials approved by the Audit Committee & reviewed by KPMG

Contribution to PAT

<u>Income</u>	Quarter ended June 2019	Quarter ended Sept 2019
IDFC	25.8	2.4
IDFC Alternatives	(2.4)	11.3
IDFC AMC	17.7	17.0
IDFC FHCL	(14.5)	20.4
IDFC Securities	-	(4.6)
IDFC Capital (Singapore)	(0.3)	9.6
IDFC Securities (Singapore)	-	(1.9)
	<u>25.7</u>	<u>54.2</u>
Less : dividend elimination	-	72.9
	<u>25.7</u>	<u>(18.7)</u>
Share of associate IDFC FIRST Bank	(274.7)	(248.9) *
	<u>(249.0)</u>	<u>(267.6)</u>
Other adjustments	21.9	(17.3)
	<u>(227.1)</u>	<u>(284.9)</u>

INR crore

* includes DTA reversal of INR 300 crore (our share) due to revised rate of income tax of 25.17%. Excluding that consolidated profit would be INR 15 crore in Q2.

2. UNLOCKING VALUE

Funds position

Available funds	INR crore
IDFC	~ 10*
IDFC FHCL	~ 260
IDFC Alternatives	~ 30
TOTAL	A ~ 300

Expected funds	Expected INR crore
IDFC IDF Tranche 2	~ 250
IDFC Securities	~ 90
TOTAL	B ~ 340

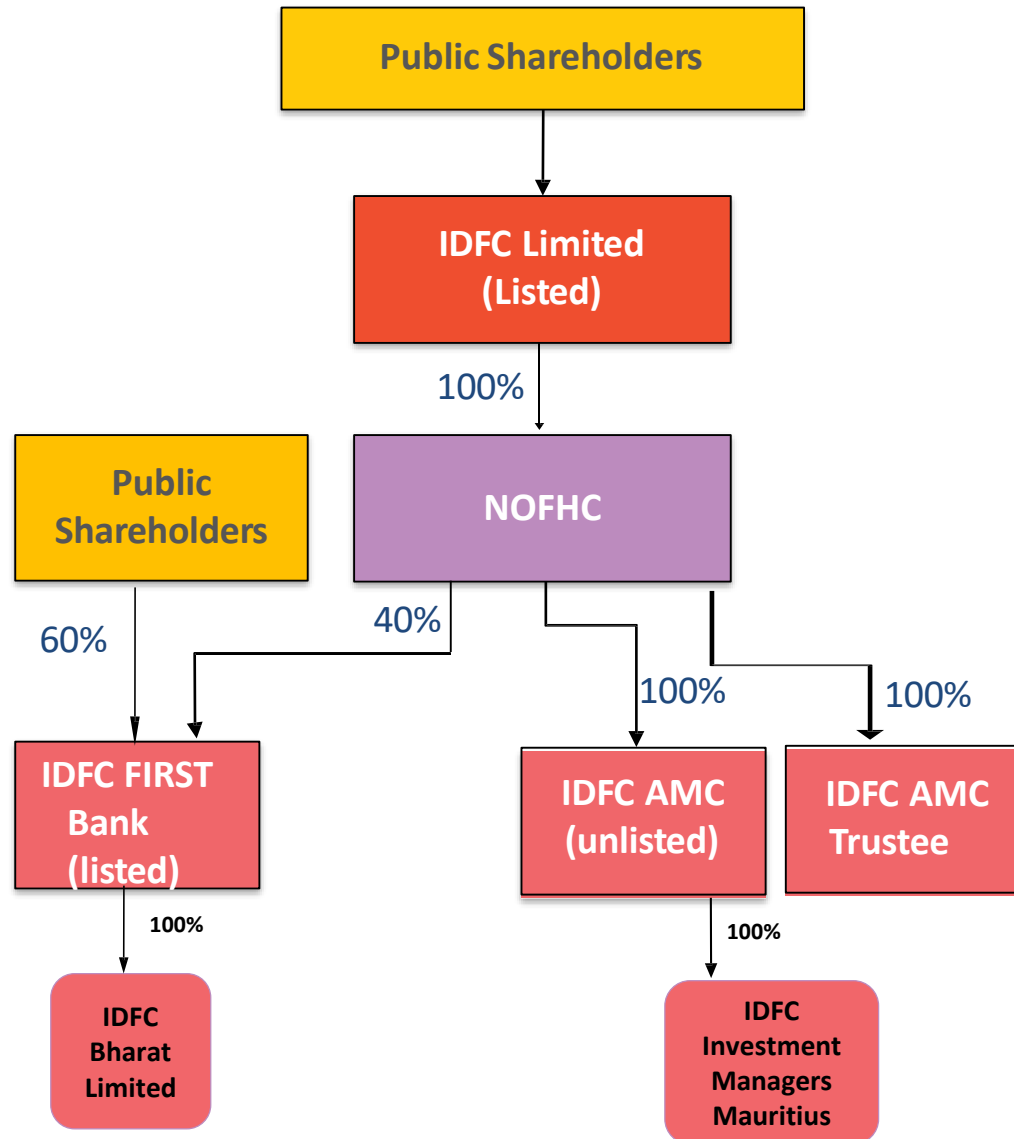
* post second interim dividend

$$\boxed{A} + \boxed{B} \sim 640$$

Cash lying in different entities will be up-streamed to IDFC Ltd in a tax compliant way by doing capital reductions/ mergers of some entities. This will also simplify corporate structure.

Dividend tax @ 20.55% will be applicable in case of cash dividend

Revised IDFC Group structure post sale of IDFC IDF, IDFC Securities and merger of Alternatives & Trustee Co.



3. IDFC FIRST BANK

Highlights Q2 FY20

Rs. 1,07,656 Cr

Funded Assets



45%

Retail Assets/Total
Funded Assets



Rs. 1,37,986 Cr

Borrowing & Deposits



18.70%

CASA Ratio



Rs. 16,866 Cr

Net Worth-Standalone



2.62%, 1.17%

GNPA, NNPA



351

No. of Bank Branches



14.65%

Capital Adequacy ratio

Tier I – 14.51%

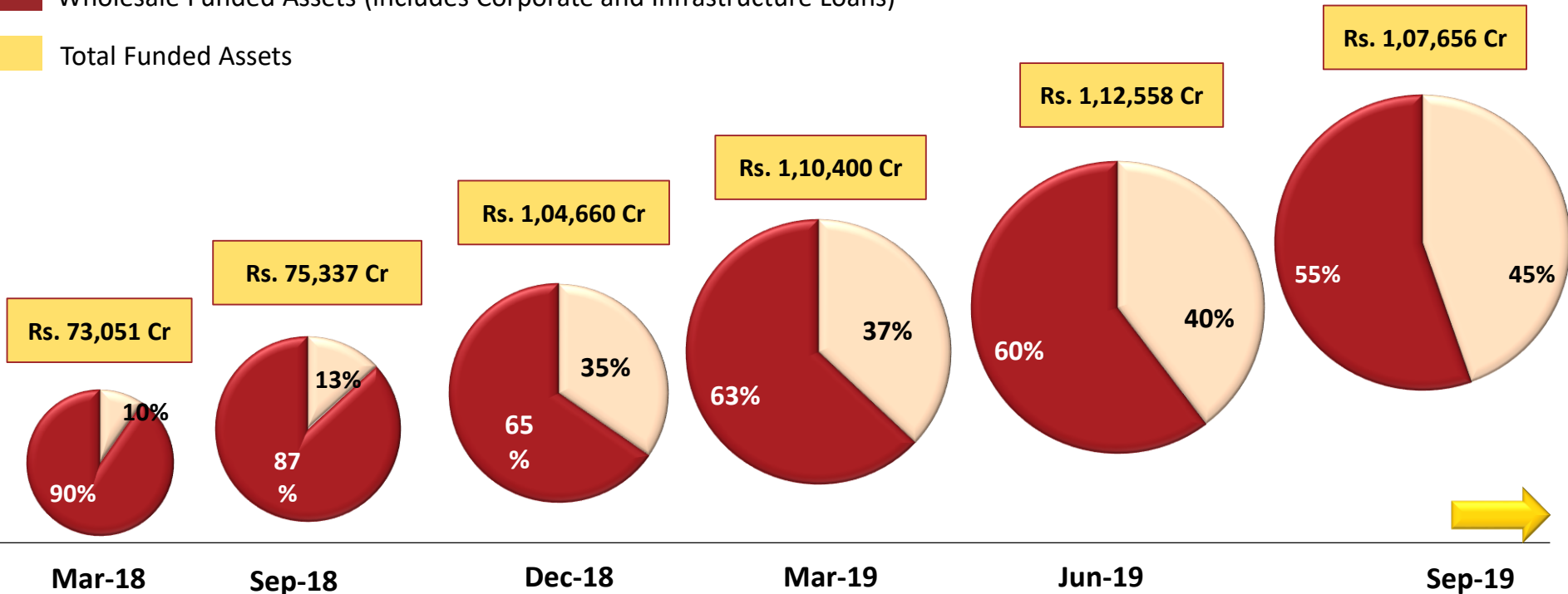


Retail loans as a % of total loans at 45% from 13% pre-merger

Retail Funded Assets (includes Home Loan, MSME and Consumer Loans and Rural)

Wholesale Funded Assets (includes Corporate and Infrastructure Loans)

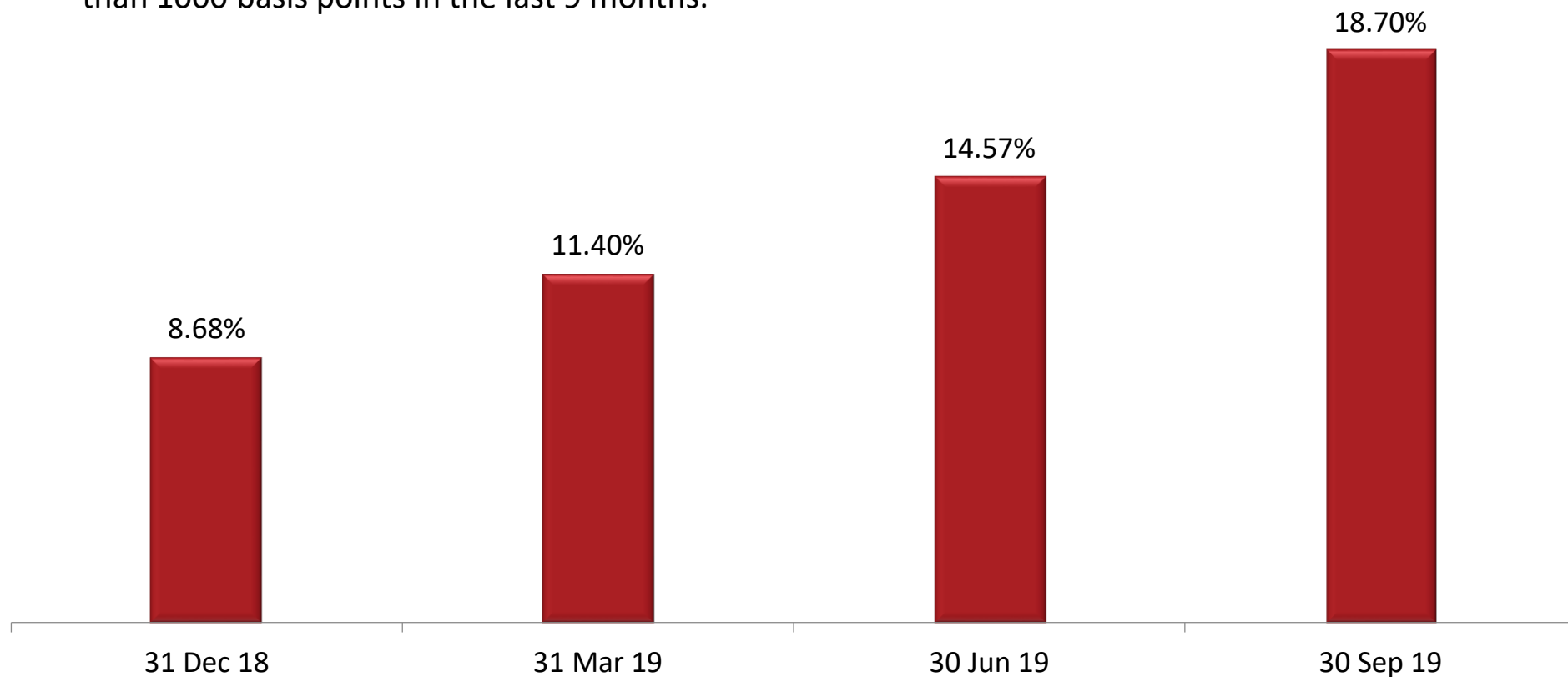
Total Funded Assets



- The bank had provided guidance at merger in December 2018 that it would increase Retail Loans to 70% of Total Funded Assets within the next five years.
- Though such change may appear large, the bank would like to point out that such sharp change of mix of Retail Loans as a % of Total Loans has been achieved earlier at Capital First.
- Retail at Capital First increased from 10% of book in 2010 to 90% of book within 7 years. Retail Loans grew from Rs. 94 Cr as of 31/3/2010 to Rs. 29,625 Cr as of 30/09/2018.
- The merged entity proposes to follow the same strategy and build the retail loan book going forward. The Bank will continue to report this trend every quarter going forward.

Improving CASA deposit ratio

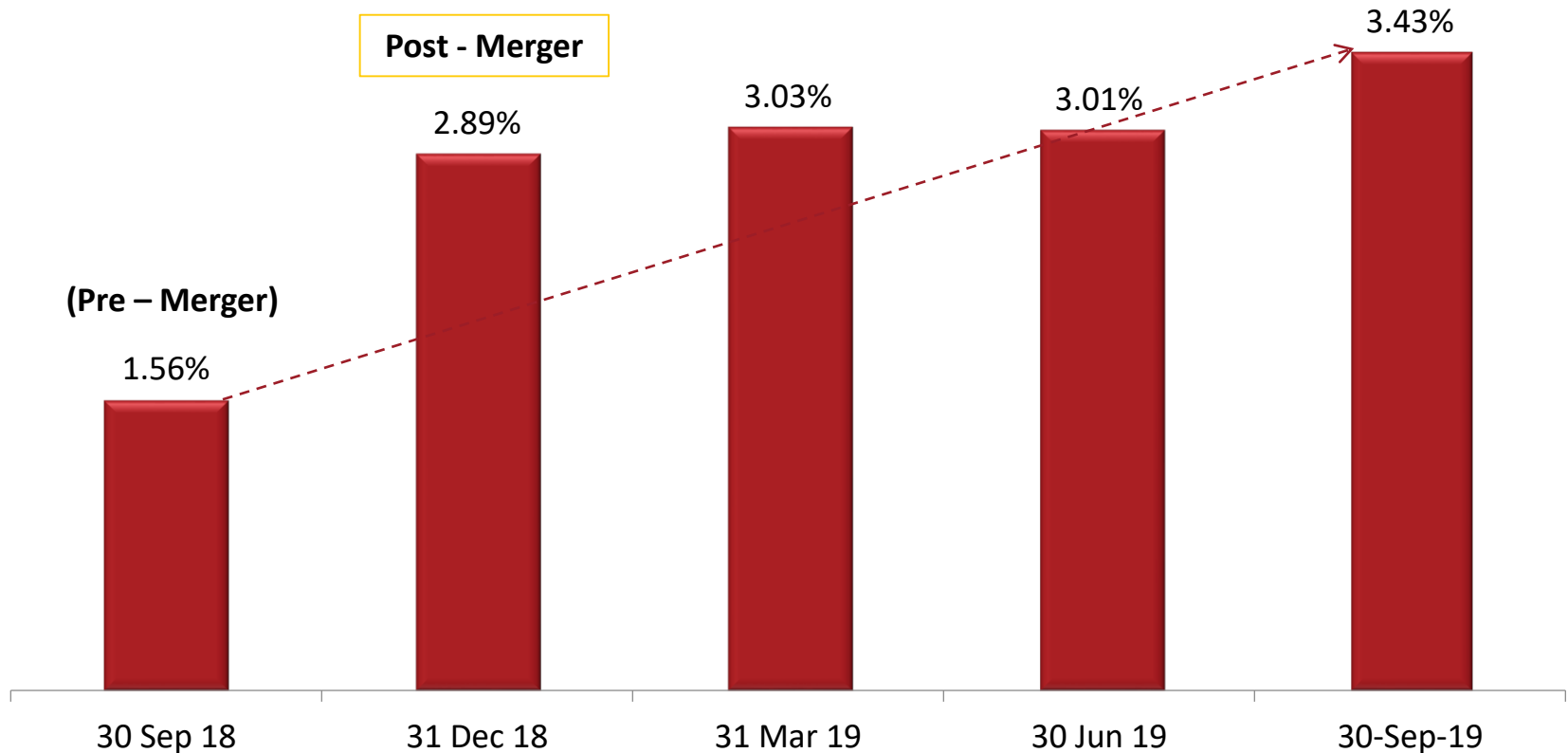
CASA Ratio is computed in terms of CASA as a percentage of Total deposits (CASA+ Certificate of Deposits+ Term Deposits). Consistent growth in CASA and decreasing dependency on Certificate of Deposits and Wholesale Term Deposit has helped the Bank to improve its CASA ratio by more than 1000 basis points in the last 9 months.



**This is excluding CASA deposits of Rs. 2,614 Cr from one government banking account which is non-sustainable in nature. Including this, the CASA to total deposits ratio would have been 21.76%.*

Improving NIMs

- Our NIM which was 1.56% pre merger grew to 2.89% at merger which moved to 3.43% in the Q2 2019.
- NIMs are increasing every quarter usually by 15-20 bps due to gradual shift towards retail banking businesses.
- As per our earlier guidance, we aspire to take it to 5-5.5% in the next 5-6 years.



Income statement

In Rs. Cr	Sep-18 (Pre-Merger)	Jun-19	Sep-19	Growth (%) Q-o-Q
Interest Income	2,334	3,793	4,018	
Interest Expense	1,883	2,619	2,655	
Net Interest Income (NII)	451	1,174	1,363	11.03%*
Fee & Other Income	118	301	335	
Trading Gain	1	9	14	
Operating Income	571	1,485	1,712	11.31%*
Operating Expense	552	1,167	1,295	
Pre-Provisioning Operating Profit (PPOP)	19	318	417	12.56%*
Provisions	601	1,281	317	
Profit Before Tax	(583)	(963)	100	
Tax at the applicable rates	(213)	(346)	29**	
Profit After Tax	(583)	(963)	71	
Impact of DTA re-measurement @ new tax rate	-	-	751	
Profit After Tax (post DTA re-measurement)	(370)	(617)	(680)	

*The Q-o-Q Growth of 11.03% in NII is despite adding back the interest reversal of Rs. 53 Cr on certain specified stressed assets, pertaining to Q2-FY19 (1,363/1,227-1=11.03% Q-o-Q).

** Calculated at the new tax rate as per the option permitted under section 115BAA of the Income Tax Act, 1961 introduced by the Taxation Law Amendment Ordinance, 2019

Balance sheet

In Rs. Cr	Sep-18 (Pre-Merger)	Jun-19	Sep-19
Shareholders' Funds	14,776	17,545	16,866
Deposits	48,356	66,226	69,321
Borrowings	52,875	76,044	68,665
Other liabilities and provisions	7,248	8,891	8,925
Total Liabilities	1,23,255	1,68,705	1,63,777
Cash and Bank Balances	2,409	3,100	2,901
Net Loan Assets	72,619	1,08,582	1,03,188
- Net Retail Loan Assets	9,908	44,453	47,829
- Net Wholesale Loan Assets	62,712	64,130	55,359
Investments	38,899	45,833	47,708
Fixed Assets	801	919	987
Other Assets	8,526	10,271	8,993
Total Assets	1,23,255	1,68,705	1,63,777

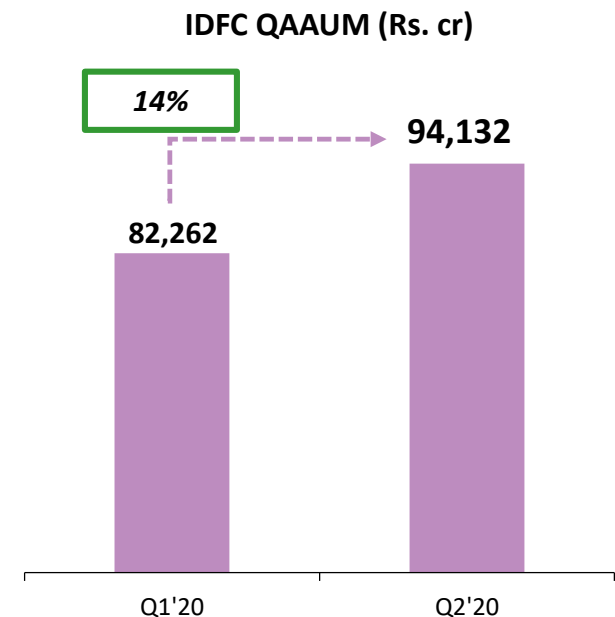
Milestones to be achieved in 5-6 years

Retail Assets	> Rs. 1,00,000 Crores		
% Retail Funded Assets	> 70% of total funded assets	% Retail Liabilities	> 50%
Net Interest Margin %	~ 5.0-5.5%	% CASA	~ 30%
Cost to Income Ratio %	~ 50-55%	Branches	~ 800-900
RoA%	~ 1.4 - 1.6%		
RoE %	~ 13 – 15%		

4. IDFC AMC

Performance Summary: Q2'20

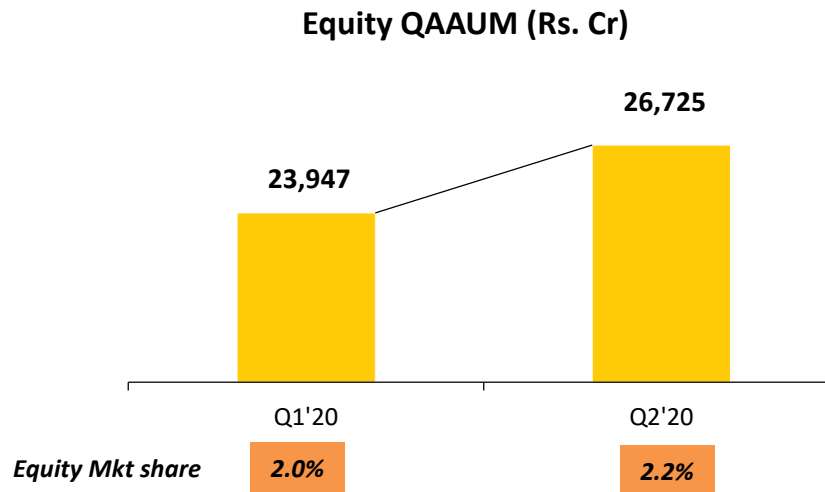
- In Q2, IDFC MF Average AUM (AAUM¹) grew by 14.4% (vs. industry growth of 0.9%), with Q2 Average AUM over Rs. 94,000 cr
 - ✓ During the quarter, market share increased from 3.2% to 3.7%, with non-cash market share improving from 3.5% to 4.0%
 - ✓ **Equity:** QAAUM² increased to ~Rs. 26,700 cr (+11.6% QoQ); Market share increased to 2.2% from 2.0% QoQ
 - ✓ **Fixed Income:** QAAUM increased to ~Rs. 67,400 cr (+15.6% QoQ); Market share increased to 5.0% from 4.4% QoQ
- Q2'20 revenue increased 19% driving operating PBT growth of 25% QoQ
- Our October end AUM was more than 1.04 lac cr



1. AAUM: Average Assets Under Management
2. QAAUM: Quarterly Average Assets Under Management
3. AUM data source: ICRA MFI Explorer

We continue to improve our market share in equity category

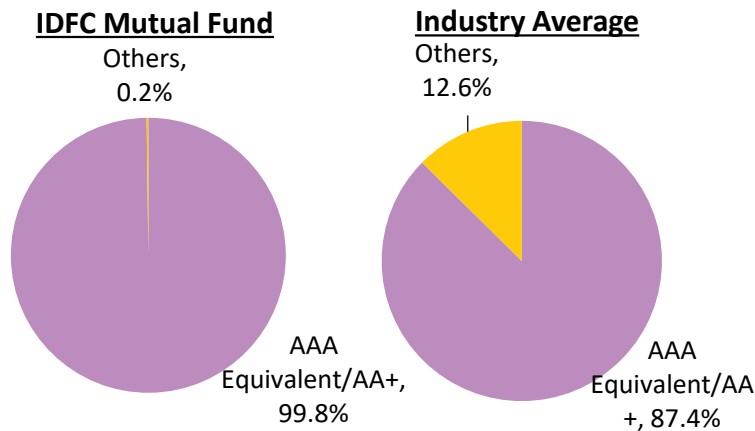
- We increased equity AUM by ~12% or ~Rs. 2,800 cr QoQ
- Our well diversified product suite remains well positioned for the expected uptick in equity flows



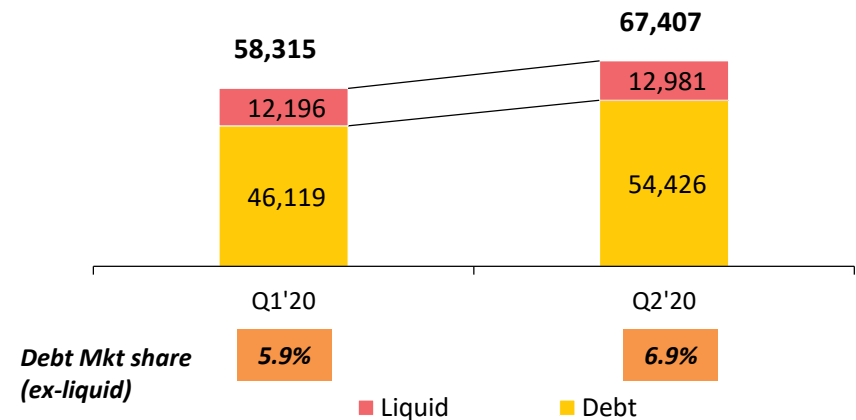
Our Fixed Income funds continue to witness strong inflows

Our conscious high-quality stance in the fixed income portfolios preceding the recent credit market turmoil has helped us garner higher share of flows

Portfolio credit rating distribution¹



Fixed Income QAAUM (Rs. Cr)



1. As on September 30, 2019

Industry data includes top 15 AMCs excluding IDFC AMC

Source: ICRA MFI explorer

Operating profits improved QoQ

Driven by 14% growth in AAUM, our revenue rose 19% leading to a 25% rise in operating profit QoQ

In INR Cr	Q1 FY20	Q2 FY20	QoQ Growth
AAUM¹	82,443	94,285	14%
Total Income	64.9	77.2	19%
<i>Income from operations</i>	<i>60.5</i>	<i>72.8</i>	
<i>Other Income</i>	<i>4.4</i>	<i>4.4</i>	
Costs	40.4	46.8	16%
Operating PBT	24.4	30.4	25%
One-offs	(0.1)	(6.5)	
Reported PBT	24.3	23.9	
<i>Equity proportion (%)</i>	<i>29%</i>	<i>28%</i>	
<i>MF Revenue margin (bps)</i>	<i>29</i>	<i>31</i>	

1. Includes non MF AUM



THANK YOU