



June 26, 2020

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 Q4FY20 (Quarter and year ended March 31, 2020)

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 year ended March 31, 2020.

This is for your information and records

Thanking you,

Yours faithfully,
For IDFC Limited

Mahendra N. Shah
Company Secretary

Encl.: A/a



IDFC LIMITED

IDFC LIMITED – CONSOLIDATED

INVESTOR PRESENTATION

JUNE 25, 2020



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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

Consolidated PAT

Particulars	FY20 (INR core)
IDFC standalone PAT	64
<i>Add: profits of subsidiaries (non-bank)</i>	169
<i>Less: share of loss of associates and JV (IDFC FIRST Bank)</i>	(1440)
<i>Less: dividend elimination</i>	(224)
Consolidated PAT	<u>(1431)</u>

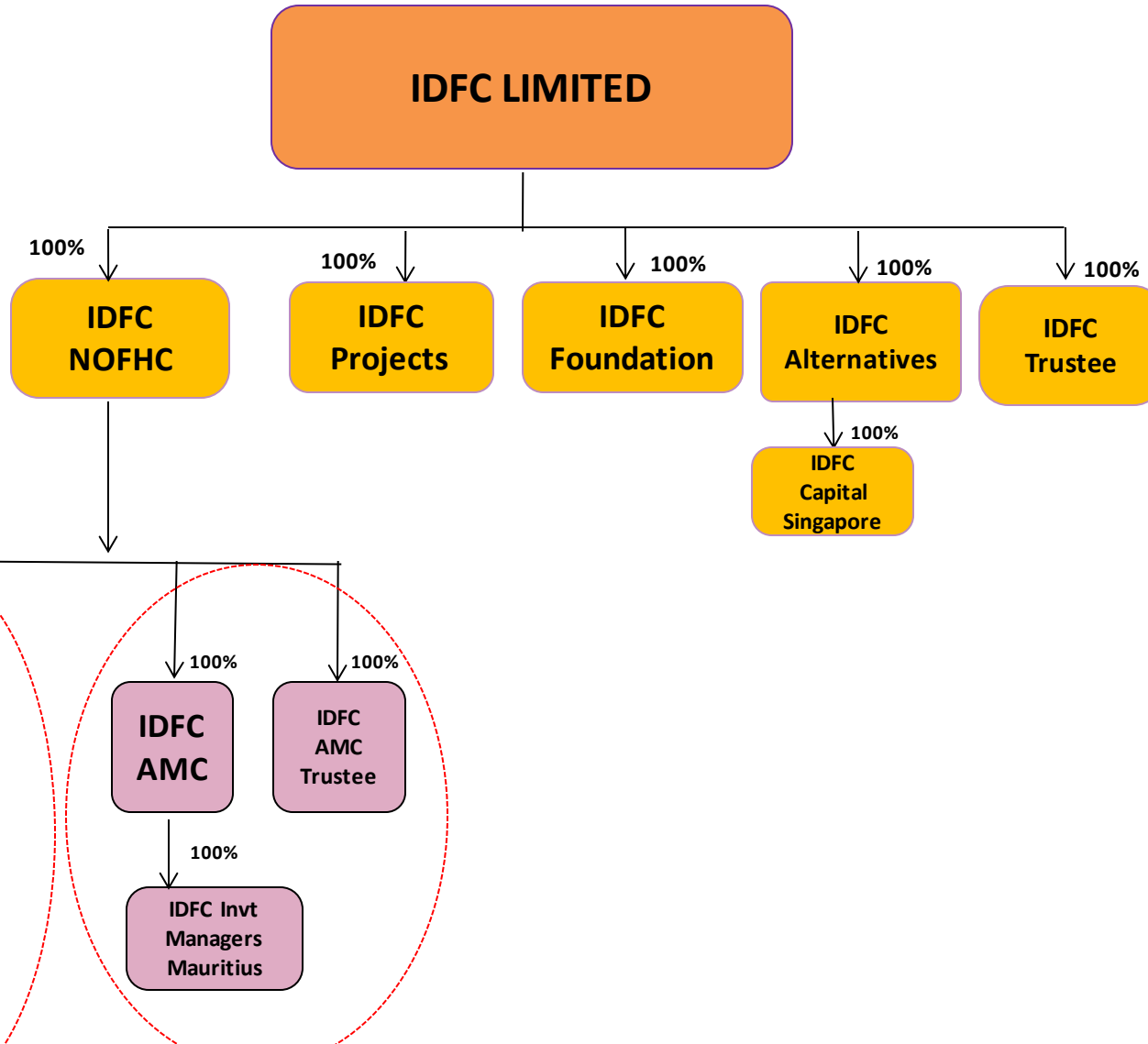
Key transactions

- ✓ Balance stake of 30% in IDFC IFL sold to Assem Infrastructure (NIIF – IFC) in March '20 – profit of INR 103.91 crore
- ✓ Dividend paid during the year – INR 3.15 per share

Other recent developments

- ✓ To be better prepared to cope with Covid-19, our bank raised additional capital of INR 2000 crore in June '20 and to ensure compliance with RBI regulations of maintaining 40% promoter stake in the first 5 years of operations of the bank, we contributed INR 800 crore to the capital raise. Of this, INR 600 crore was from our own resources and INR 200 crore was a short-term unsecured facility from a leading non-bank in the country
 - Post above, IDFC FHCL ownership in IDFC FIRST Bank increased to 226.9 crore shares (from 192.4 crore shares earlier)
- ✓ IDFC Securities sold to Dharmesh Mehta and a group of financial investors (June '20)

Corporate structure (as of now)



2. IDFC FIRST BANK

IDFC FIRST Bank – highlights

1. Strong Growth in Retail Assets:

- Retail Book increased 40% YoY to **Rs. 57,310 crores** 31st March 2020 from **Rs. 40,812 crores** on 31 March 2019.
- **Retail constitutes 61%** of funded loan assets 31st March 2020 compared to **37%** as on 31 March 2019, including Inorganic portfolio, where the underlying assets are retail loans.
- Wholesale book **decreased by 27%** from **Rs. 53,649 crores** as on 31 March 2019 to **Rs. 39,388 crores** as on 31 March 2020
- Within Wholesale book, the Infrastructure loans **decreased by 31%** from **Rs. 21,459 crores** as on 31 March 2019 to **Rs. 14,840 crores** as on 31 March 2020

2. Strong growth in retail Liabilities

- CASA Deposits increased to **Rs. 20,661 crores** (31 March 2020) from **Rs. 7893 crores** (31 March 2019), **Y-o-Y increase of 162%**
- CASA Ratio improved to **31.87%** as on 31 March 2020 from **11.40%** as on 31 March 2019
- Strong CASA growth of **Rs. 4458 crores** during Q4, 2020, despite disturbance of COVID and other local bank issues
- Retail deposits increased to **Rs. 33,924 crores** (31 March 2020) from **Rs. 13,214 crores** (31 March 2019), **Y-o-Y increase of 157%**
- **IDFC First Bank Fixed Deposit program** assigned highest safety rating of **FAAA by CRISIL**
- **Bank consciously reduced Certificate of Deposits (CD)** from **Rs. 28,754 crores** (March 31 2019) to **Rs. 7,111 crores** as of March 31, 2020, a Y-o-Y reduction of 75%, as CD are short term and institutional borrowing in nature, and replaced them with retail FD and CASA money, thus strengthening and diversifying the liabilities significantly.

IDFC FIRST Bank – highlights

3. Strong growth in Core Earnings:

- a. **Strong NII Growth:** NII grew by **40%** (YOY) to **Rs. 1,563 crores** in Q4 FY20 as compared to **Rs. 1,113 crores** in Q4 FY19.
- b. **Strong NIM improvement:** NIM has improved to **4.24%** in Q4 FY20 as compared to **3.03%** in Q4 FY19 and **3.86%** in Q3-FY20.
- c. **Strong growth in Total Income (NII + Fees + Trading Gain):** Grew **67%** YOY to **Rs. 2,314 crores** in Q4-FY20 from **Rs. 1,386 crores** in Q4 FY19.
- d. **Fee Income** as a % of Total Income (net of Trading Gain) stood at **22%** for Q4 FY20.
- e. **Strong Growth in Pre-Provisioning Operating Profit:**
 - ✓ PPOP grew **229% YOY** to **Rs. 787 crores** in Q4 FY20 as compared to **Rs. 239 crores** in Q4 FY19.
 - ✓ CORE PPOP (PPOP Net of treasury income), **grew 70%**, from **Rs. 275 crores** in Q4 FY19 to **Rs. 468 crores** in Q4 FY20
- f. **Provision:** The Bank was required to make COVID-19 related provision of Rs. 25 crores pertaining to accounts where asset classification benefit was given. The Bank has provided the entire amount in Q4-FY20 itself and has additionally taken Rs. 200 crores of COVID-19 related provisioning proactively for over-dues of 1-89 days taking total COVID-19 provisions to Rs. 225 crores. Including this, the total provisions for Q4FY20 was **Rs. 679 crores**.
- g. **Profit After Tax: The PAT for Q4 FY20 is reported at Rs. 72 crores as compared to Loss of Rs. 218 crores for Q4 FY19.**
- h. **Improved Cost to Income Ratio (excl. Trading gains):** **76.54%** for Q4 FY20 as compared to **80.68%** in Q4 FY19.

IDFC FIRST Bank – highlights

4. Asset Quality of the Bank remains high

- Bank's Gross NPA reduced sequentially from **2.83%** as of 31 December 2019 to **2.60%** as of 31 March 2020. The Gross NPA ratio **without considering the impact of moratorium** would have been **2.88%** as of 31 March 2020. Gross NPA as of 31st March 2019 was 2.43%.
- Bank Net NPA reduced sequentially from **1.23%** as of 31 December 2019 to **0.94%** as of 31 March 2020. The Net NPA ratio **without considering the impact of moratorium** would have been **1.14%** as of 31 March 2020 which would have been still lesser than Net NPA of 1.23% as of 31st December 2019. Net NPA as of 31st March 2019 was 1.27%.
- Provision Coverage Ratio (PCR) has improved to **64.53%** as of 31 March 2020 as compared to **48.18%** as of 31 March 2019 and as compared to **57.34%** as of 31 December 2019.

Strong Asset Quality on Retail Loan Book:

- Retail Asset Gross NPA stood at **1.77%** as of 31 March 2020 as compared to **2.26%** as of 31 December 2019 and **2.18%** as of 31 March 2019. Without moratorium, the Retail Asset Gross NPA as of 31st March 2020 would have been 2.22%.
- Retail Asset's Net NPA stood at **0.67%** as of 31 March 2020 as compared to **1.06%** as of 31 December 2019 and **1.24%** as of 31 March 2019. Without moratorium, the Retail Asset Net NPA as of 31st March 2020 would have been 0.99%

IDFC FIRST Bank – highlights

5. Strong Capital Adequacy:

- Capital Adequacy Ratio is strong at **13.38%** with CET-1 Ratio at **13.30%** as of 31 March 2020.
- The Bank is raising **Rs. 2,000 crores of fresh equity capital during Q1 FY 21**, process to complete by 1st week of June 2020.
- Post the capital raise, the Capital Adequacy Ratio will be **15.55%** with CET-1 Ratio of **15.32%**.

6. Franchise:

- The Branch Network now stands at **464** branches and **356** ATMs across the country as on 31 March 2020.

IDFC FIRST Bank – balance sheet

In Rs. Crore	Mar-19	Dec-19	Mar-20	Growth (%) (Q-o-Q)	Growth (%) (Y-o-Y)
Shareholders' Funds	18,159	15,240	15,343	1%	-16%
Deposits	70,479	68,697	65,108	-5%	-8%
Borrowings	69,983	67,025	57,397	-14%	-18%
Other liabilities and provisions	8,563	9,722	11,353	17%	33%
Total Liabilities	167,185	160,684	149,200	-7%	-11%
Cash and Balances with Banks and RBI	9,567	7,111	4,191	-41%	-56%
Net Loan Assets	106,873	100,418	98,062	-2%	-8%
- Net Retail Loan Assets	40,746	51,268	54,848	7%	35%
- Net Wholesale Loan Assets*	66,126	49,150	43,214	-12%	-35%
Investments	41,361	44,244	35,841	-19%	-13%
Fixed Assets	950	1,029	1,038	1%	9%
Other Assets	8,434	7,882	10,069	28%	19%
Total Assets	167,185	160,684	149,200	-7%	-11%

*includes credit investments (Non-Convertible Debentures, RIDF, PTC, SRs and Loan Converted into Equity)

IDFC FIRST Bank – income statement

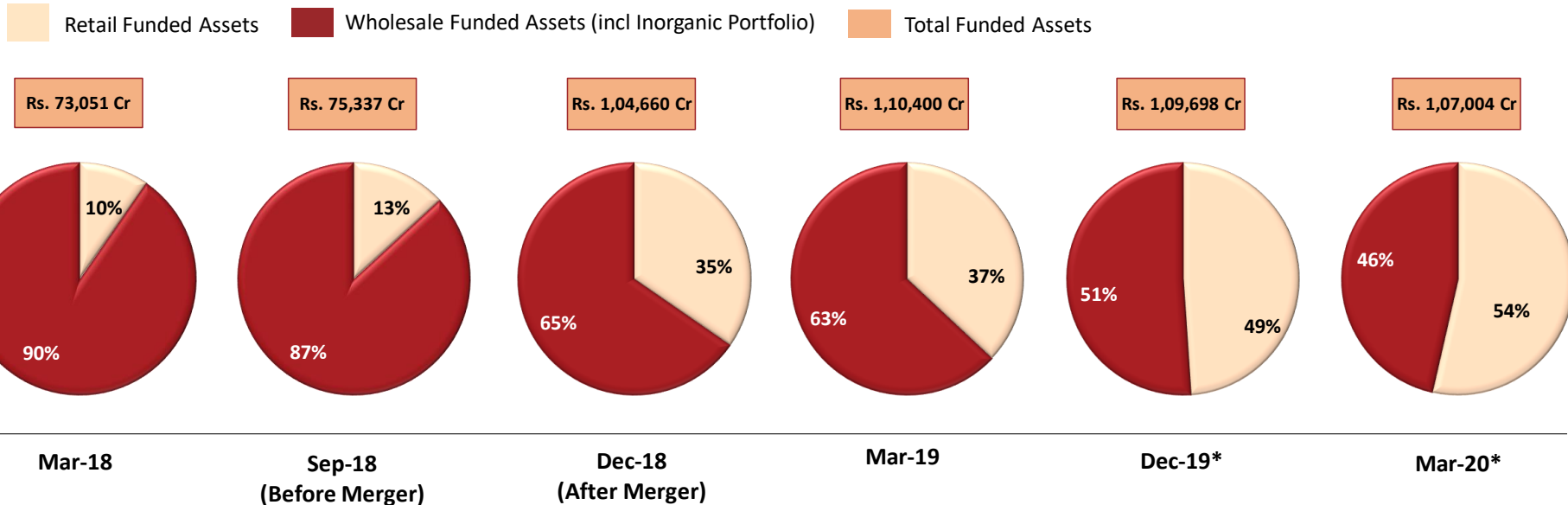
In Rs. Crore	Q4 FY19	Q3 FY20	Q4 FY20	Growth (%) Q-o-Q	Growth (%) Y-o-Y
Interest Income	3,629	4,100	3,956	-4%	9%
Interest Expense	2,516	2,566	2,392	-7%	-5%
Net Interest Income	1,113	1,534	1,563	2%	40%
Fee & Other Income	310	437	432	-1%	40%
Trading Gain	(36)	142	319	125%	-
Operating Income	1,386	2,113	2314	9%	67%
Operating Expense	1,148	1,432	1,527	7%	33%
Pre-Provisioning Operating Profit (PPOP)	239	682	787	15%	229%
PPOP (Excluding Trading Gain)	275	540	468	-13%	70%
Provisions	655	2,305	679 ^{\$}	-70%	+4%
Profit Before Tax	(417)	(1,623)	107		
Tax	(199)	16	36	-	-
Profit After Tax	(218)	(1,639)	72	-	-

\$ includes Rs. 25 crores of provisions required to be taken as per regulations as 10% of principal for accounts where asset classification benefit was given. Further, the bank has taken additional Rs. 200 crores of COVID-19 related provisioning proactively for overdues of 1-89 days taking total COVID provisions to Rs. 225 cr.

Excluding the COVID provisions of Rs. 225 crores, the normal credit provisions for Q4 20 would have been Rs. 454 crores; Of the Rs. 454 crores of normalised provisions, Rs. 349 crores pertain to Retail loans and Rs.105 crores pertain to wholesale loans.

IDFC FIRST Bank – assets – retailisation

The Bank proposes to follow the strategy guided earlier, where we advised we will improve the retail proportion of the overall loan assets by building the retail loan book going forward. The same strategy was followed by Capital First during its existence of 9 years.



Including inorganic acquired portfolio (mostly PSL) where the underlying assets are retail loans, the Retail contribution to the overall Loan Assets is 61% as of 31 March 2020.

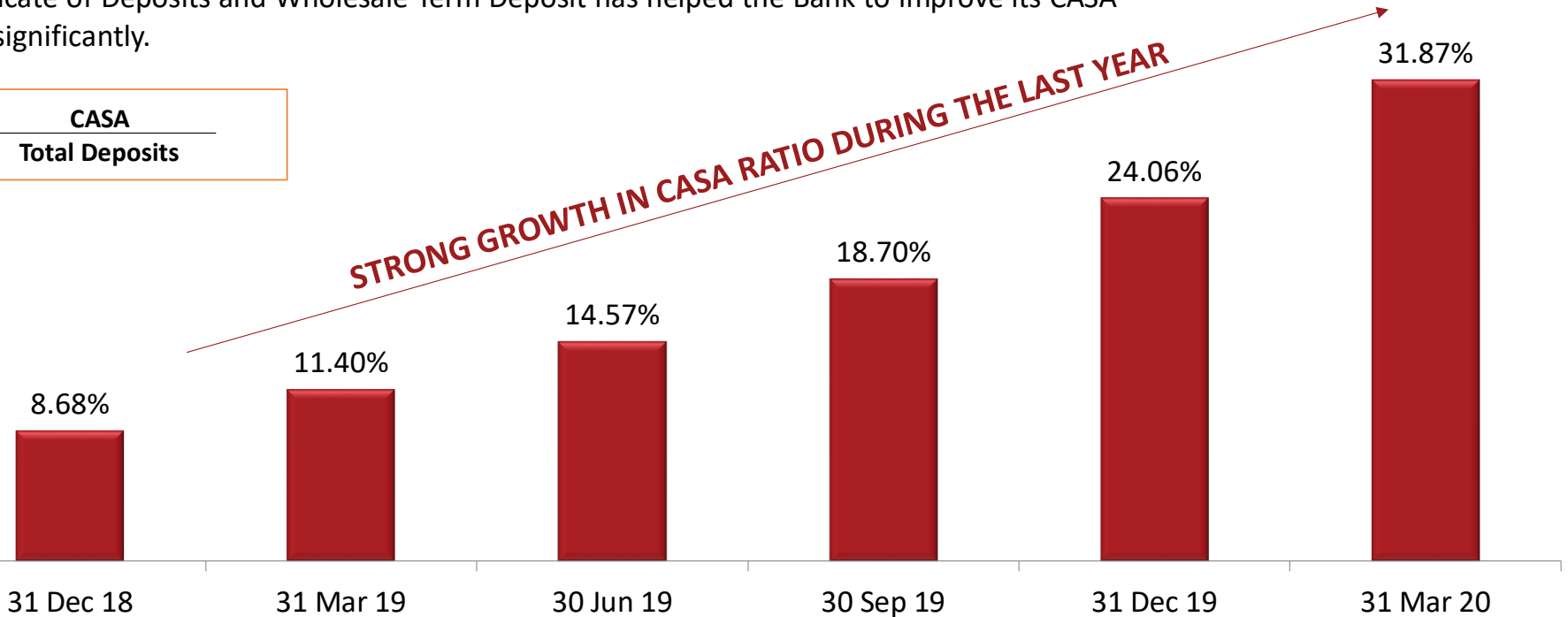
**The figures above are gross of Inter-Bank Participant Certificate (IBPC) transactions.*

IDFC FIRST Bank – liabilities – CASA

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 significantly.

$$\frac{\text{CASA}}{\text{Total Deposits}}$$

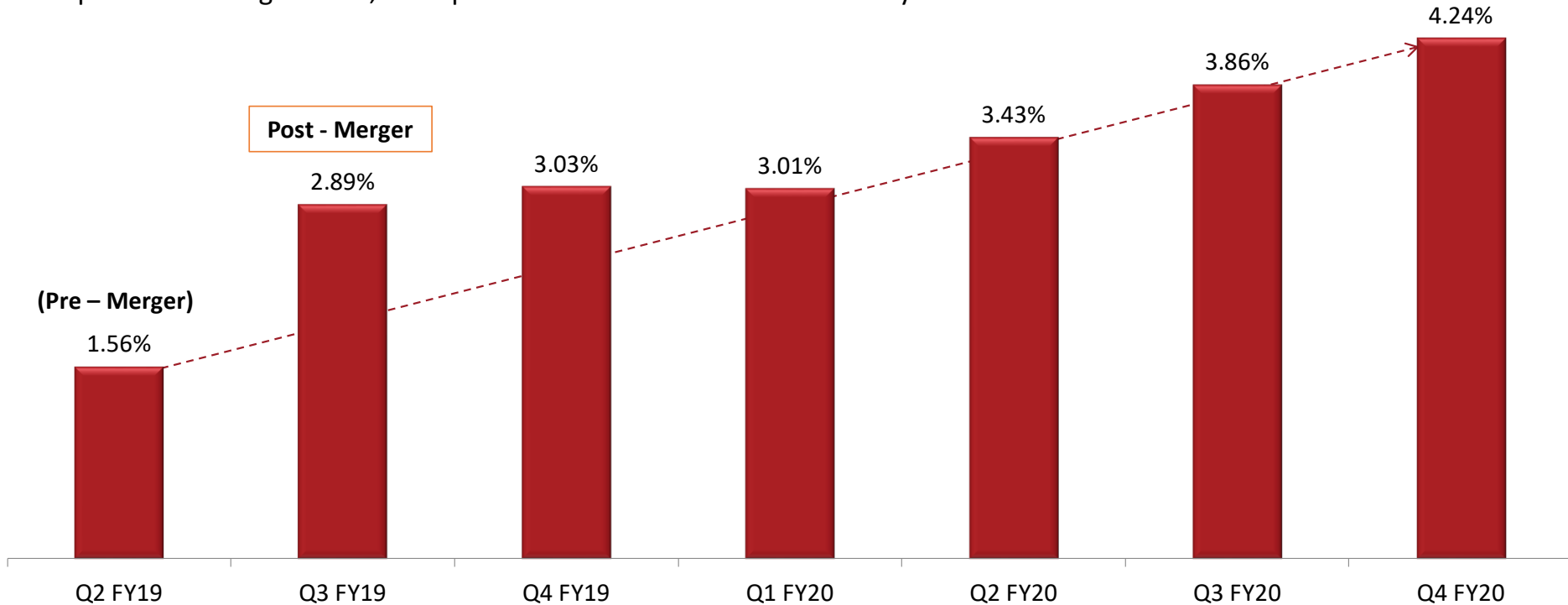
STRONG GROWTH IN CASA RATIO DURING THE LAST YEAR



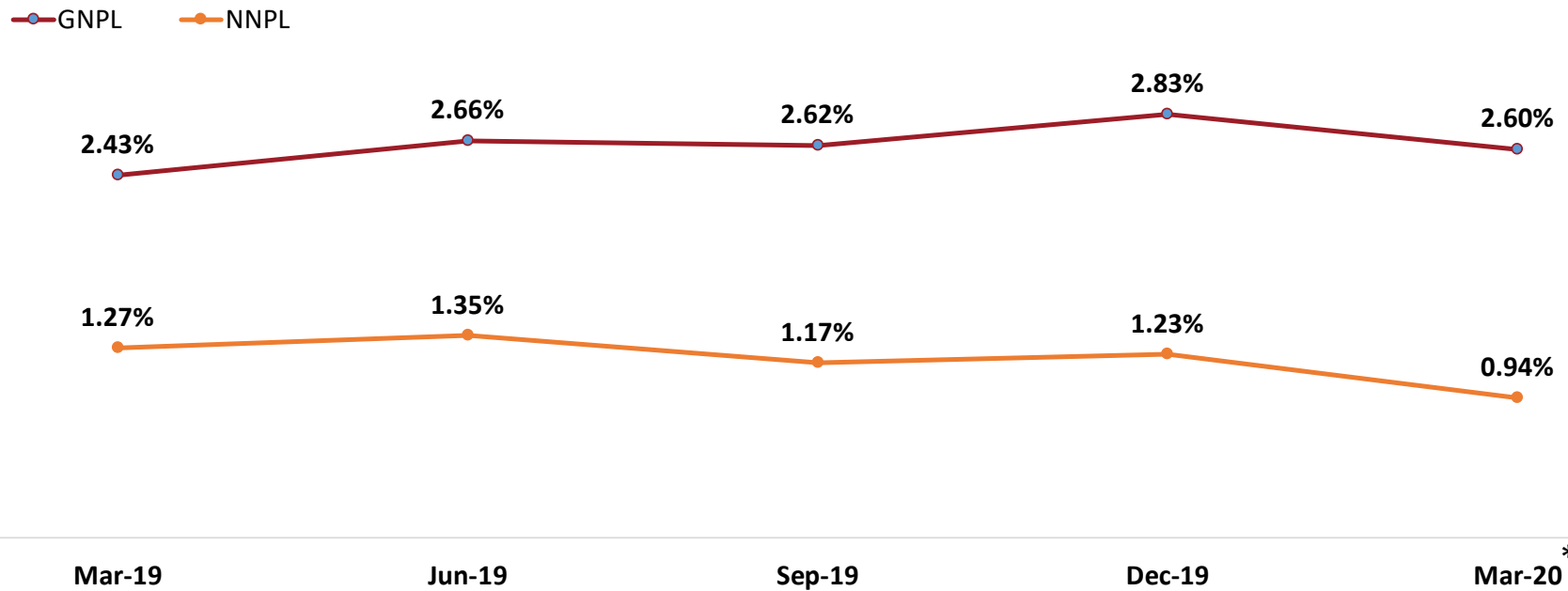
**This is excluding CASA deposits of Rs. 278 crore from NHB which is non-sustainable in nature with fluctuating balance. This was a special deal which would expire in June 2020. Including this, the CASA to total deposits ratio would have been 32.16%.*

IDFC FIRST Bank – NIM

- Our NIM which was 1.56% pre merger, which grew to 2.89% at merger which moved to 4.24% in the Q4 FY20.
- NIMs have increased every quarter 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 years.



IDFC FIRST Bank – asset quality



* This is after considering the impact of Moratorium. Without considering such impact the Gross NPA and the Net NPA of the Total Assets would have been **2.88%** and **1.14%**.

IDFC FIRST Bank – capital adequacy

In Rs. Crore	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Common Equity	17,373	16,340	16,416	14,638	14,690
Tier 2 Capital Funds	219	156	158	6	90
Total Capital Funds	17,592	16,496	16,574	14,644	14,780
Total RWA	1,13,744	1,17,733	1,13,104	1,10,228	1,10,481
CET 1 Ratio (%)	15.27%	13.88%	14.51%	13.28%	13.30%
Total CRAR (%)	15.47%	14.01%	14.65%	13.29%	13.38%*

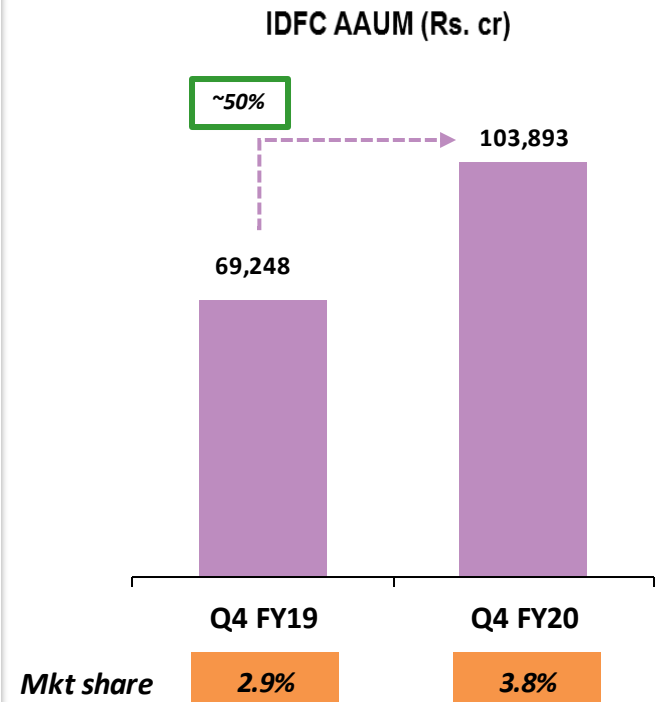
- The regulatory requirement for the Total Capital Adequacy Ratio is 10.875% with CET-1 Ratio at 8.875% as per the RBI Guidelines.
- The Bank has raised Rs. 2,000 crores of Equity Capital through a preferential issue in Q1 FY21

***Post the capital raise, the Capital Adequacy Ratio based on 31 March 2020 will be 15.55% with CET-1 Ratio of 15.32%.**

3. IDFC AMC

FY20 – performance summary

- IDFC MF's Q4 AAUM in FY20 grew to Rs. 103,893 cr, growing by ~50% YoY as against MF industry growth of ~11%
 - AUM Market share registered a strong YoY increase from 2.9% to 3.8%
- During the financial year, IDFC MF crossed the coveted Rs. 1 lakh crore AUM milestone and entered the ranks of the Top 10 within the industry in terms of total AUM
- The AMC made steady progress in its strategic priorities of retailising its franchise, increasing active distributors and diversifying its business
 - It added over 2.2 lac investor folios and 1.4 lac SIPs, and increased its base of active clients by ~7%
- The AMC enhanced its digital capabilities, launched new service platforms, and upgraded IT and physical infrastructure to enhance partner & customer experience
- Driven by strong growth in AUM, fee income and proactive cost management, PAT rose 81.6% YoY to INR 79.4 Cr



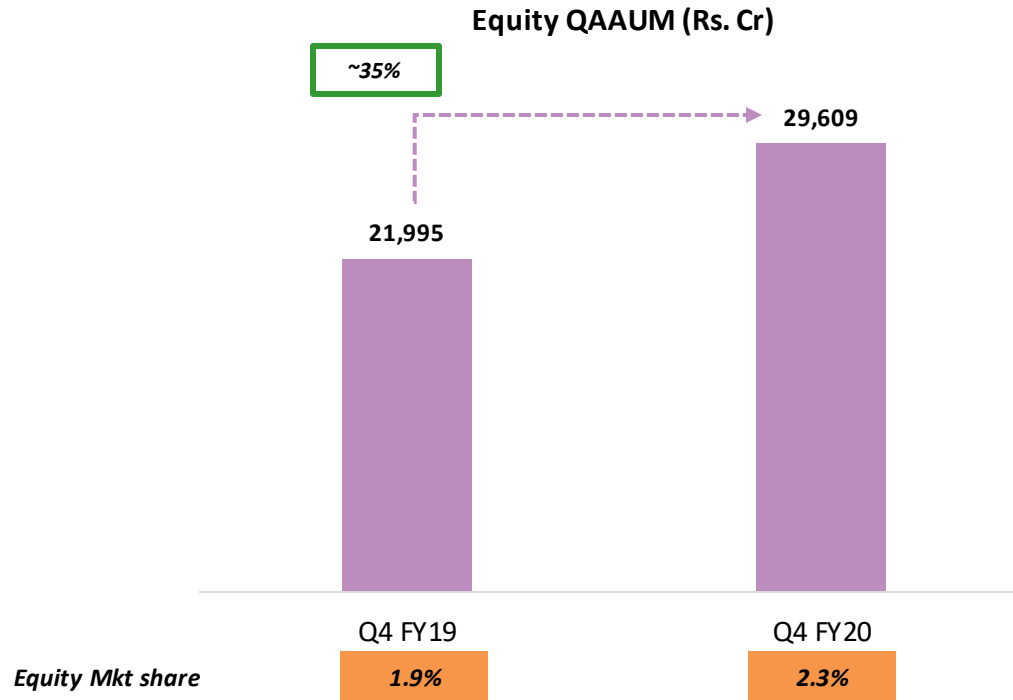
1. AAUM = Average Assets Under Management

2. AUM data source: ICRA MFI Explorer

Equity AUM increased steadily

Portfolios well poised to capture broader market upside

We increased equity AUM by 34.6% or ~Rs. 7,614 cr YoY

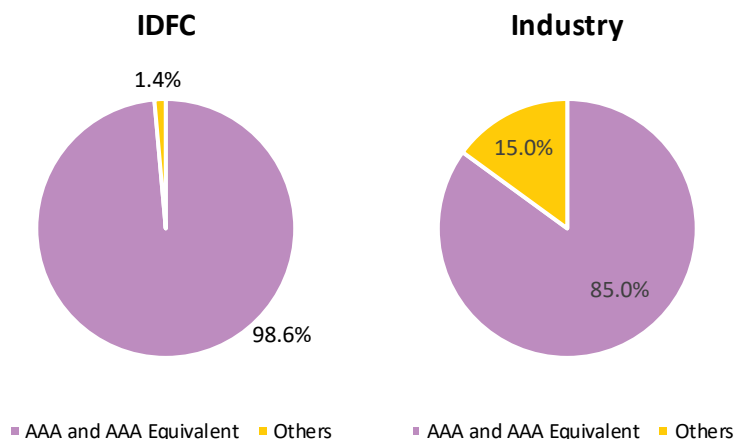


1. Equity AUM includes Equity and Hybrid schemes as per SEBI definition
2. QAAUM: Quarterly Average Assets Under Management

Strong Market share gains in Fixed Income, driven by non-cash debt category

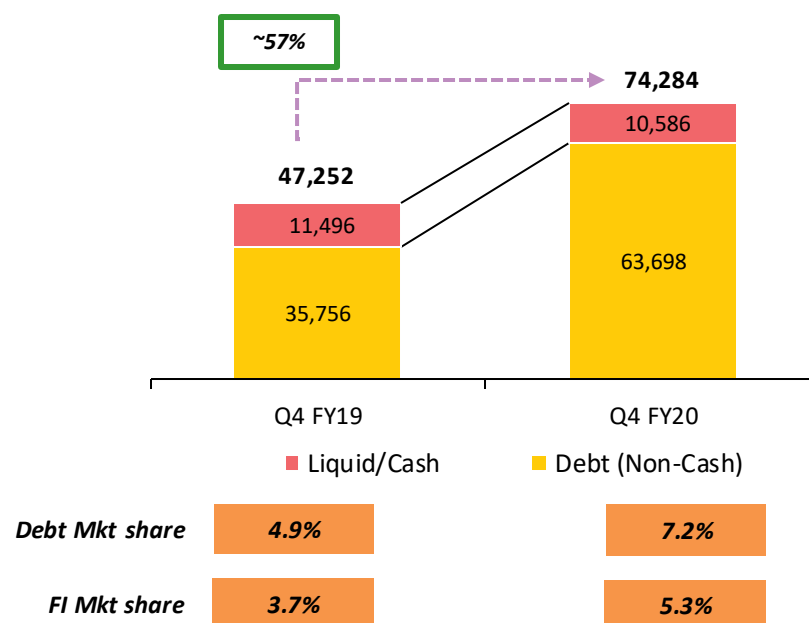
Our continued high quality portfolio stance, coupled with proactive retail distribution expansion helped steadily build AUM and Mkt Share

Portfolio credit rating distribution¹



1. As of March 31, 2020
 Industry data includes top 15 AMCs excluding IDFC
 Source: ICRA MFI explorer

Fixed Income QAAUM (Rs. Cr)



Profits rose ~82% YoY

Driven by strong growth in AUM / fee income and proactive cost management, PAT rose 81.6% YoY

In INR Cr	FY20	FY19	YoY Growth
Q4 AAUM	103,893	69,248	49.7%
Total Income	306.1	277.0	10.5%
<i>Income from operations</i>	305.8	264.7	15.5%
<i>Other Income</i>	0.3	12.3	
Costs	198.7	210.4	-5.5%
PBT	107.4	66.6	61.2%
PAT	79.4	43.7	81.6%

- FY20 income and costs are not comparable with FY19 due to mid year change in scheme accounting, following SEBI regulations effective October 2018
- Adjusted for the change in accounting and certain one-offs, YoY income from operations and operating costs have grown by ~35% and ~8% respectively
- FY20 includes certain one-offs due to regulatory changes. Excluding these one-offs, we estimate that our operating PBT was ~120 Cr

Non MF AUM in Q4 FY20 was INR 138 Cr



THANK YOU