



ICL Fincorp

About ICL Fincorp Limited Unlisted Equity

(i) ICL Fincorp Ltd. was incorporated in 1999 by registration under the Companies Act, 1956 and started as a financial services company. In 1999, the company entered the Non-Banking Finance Sector (NBFC) with the approval of the Reserve Bank of India. Since its inception, ICL Fincorp has witnessed unprecedented growth under the leadership of its Chairman and Managing Director, Mr. K G Anilkumar. With his exceptional business acumen, Mr. KG Anilkumar entered the Non-Banking Finance Sector by acquiring Jawahar Finance Company, a Chennai based NBFC company. Today, ICL Fincorp is one of the leading Non-Banking Finance Companies (NBFCs) in South India focusing on gold loans. The company also offers other services such as car loans, business loans, money remittances, foreign exchange, travel and tourism in its portfolio.

(ii) The company's first branch was established on April 20, 2013 in a small town called Annamanada in Thrissur district. Since then, the company has witnessed steady and rapid growth. Currently, the company has over 140 branches across South India. ICL has set an ambitious target of having a total of 1000 branches across India by the end of 2022.

(iii) As a company, ICL Fincorp has branches in five states of South India namely Kerala, Tamil Nadu, Karnataka, Telangana and Andhra Pradesh. The ICL Group consists of other companies namely ICL Chits Ltd, ICL Tour and Travels P.Ltd, ICL Medilab P Ltd and Snow View Tex Collections P Ltd.

(iv) Understanding Credit Profile and Business:

a) Gold Loan: Go to any of the ICL branches and get the money against pawning your gold jewellery. The company charges various interest rates ranging from 9% to 28% depending on the tenure. As a lender, ICL Fin Corp makes profits by charging consumers high interest rates on loans made against gold. The various gold programs are given below:

Gold Loan Product Name

1. Term Interest Rate ICL+ (Plus) Gold Loan Up to 1 month 12% >1-3 months 16% >3-6 months 20% >6-12 months 24%
2. ICL Vanitha-Suraksha Up to 3 months 12% >3-6 months 18% >6-9 months 22%
3. ICL Suvarna Gold Loan Up to 3 months 18% >3-6 months 24% >6-9 months 26% >9-12 months 28%
4. ICL Sukrutham Gold Loan 18 months installments, 9% base.

Understanding Gold Business and Risks Suppose the current value of the gold you own is Rs 1,00,000 and you go to ICL to pawn this gold and get money. The company will not pay you Rs 1,00,000 as capital but will give you around 65-70% of the total amount. 30-35% is the company's safety margin against fluctuations in gold prices. So, they lend you Rs 65,000 for a month at, say, 12% interest. After a month, you return the money and fail to return the gold. The company then sells this gold in the market to recover its value. Worst case or possible loss for ICL Fin Corp: If the total value of gold falls below 65,000 in a month, the company will have to report it as a loss in its books. Therefore, when the price of gold falls, the gold lending business becomes riskier and vice versa.



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b) Business Loans ICL offers business loans to small and medium enterprises. Such SMEs have to operate small business units or stores. Timely availability of funds is crucial for such SMEs to grow their business or to prepare for the festive season. Hence, ICL has a loan portfolio ranging from INR 10,000 to INR 500,000 designed to meet the evolving financial needs of small entrepreneurs. [Click here to learn more](#)

c) Health Insurance ICL Medicare in collaboration with its partner Liberty Videocon offers tailor-made health insurance policies to suit the various needs of its customers. [Click here to learn more](#)

d) Vehicle Loans ICL offers two-wheeler loans up to 75% of the vehicle price for a period of one year at attractive interest rates. Repayment is made on EMI basis. Such loans are granted only to selected customers who are employees, freelancers, or self-employed.

Analysis of FY 2019/20

1. The company continued to focus on maintaining the quality of its assets. The company's total assets grew by 31% (YoY) and balance sheet assets grew by 36%.
2. Operating assets (including book and allocated assets and net of provisions) stood at INR 249 million in FY20 compared to INR 189 million in FY19.
3. The company earned Profit After Tax (PAT) of INR 57,31,734 during the year. Earnings per share is INR 0.15.
4. Over 90% of the total portfolio is gold loans. There is no repayment of other loans, but loan extensions are allowed to actual customers. Collection and collection mechanism is also provided in these segments.
5. During FY 2019-20, the company issued around 8.4 million shares at a price of Rs 20 per share.

Analysis of ICL Fincorp in FY 20/21

1. The company continued to focus on maintaining the quality of its assets. The company's total assets under management grew by 21% (YoY), which is reasonable given the disruption that COVID-19 is causing in microloans. The reason is that the company is in the business of gold loans, a business that has had very low NPAs so far.
2. The company's assets under management (including book and net of vested assets and provisions) stood at Rs 310 crore in FY21 as against Rs 249 crore in FY20.
3. The company earned Profit After Tax (PAT) of Rs 2.68 billion during the year. Earnings per share stood at Rs 0.62.
4. Over 90% of the total portfolio is gold loans, the rest being personal, business and real estate loans.
5. In FY2020-21, the company issued 100 crore shares of Rs 20 per share.

ICL Fincorp Analysis for FY21/22

1. Loan volume increased from around 300 crore in FY21 to around 350 crore in FY22.
2. Net interest margin for FY22 was 13.47%, a slight decrease from last year's NIM of 14.6%.
3. Revenue increased from Rs 76 crore in FY21 to Rs 83 crore in FY22.
4. PAT increased from 2.6 billion in FY21 to 2.7 billion in FY22.
5. The current market price is Rs 25 per share, giving a P/B ratio of 1.47.



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6. ICL Fincorp has maintained non-performing assets ("NPAs") at less than 2% as on March 31, 2022. Over 90% of the loan portfolio falls under the gold loan category and the market value of gold is expected to continue to rise next year. Hence, the chances of NPAs are very low.

Fundamentals

Fundamentals			
ICL FINCORP	27 Per Equity Price	Market Cap (in cr.)	129
Unlisted Shares Price		P/E Ratio	1300
Lot Size	1000 Shares	P/B Ratio	1.33
52 Week High	35	Debt to Equity	4.37
52 Week Low	25	ROE (%)	0.08
Depository	NSDL & CDSL	Book Value	19.5
PAN Number	AAACJ1806C	Face Value	10
ISIN Number	INE01CY01013		
CIN Number	U65191TN1991PLC021815		
RTA	M/s Cameo Corporate Services		

Financials (Figures in cr)

P&L Statement				
P&L Statement	2021	2022	2023	2024
Intrest Earned	7413	8737	11219	14316
Other Income	221	206	45	254
Intrest Expended	3211	3873	4706	5674
Operating Expenses	3955	4699	6067	8701
Provision And Contingencies	47	-1.64	67	90
PAT	279	271	304	8
EPS	0.63	0.61	0.64	0.02
Gross NPA	0	0	5.2	1.57
Net NPA	0	1.9	3.52	1.39
Financial Ratios	2021	2022	2023	2024
Advances	30164	35168	40304	47827
Book Value	17.74	18.27	19.27	19.48
P/B	1.47	1.42	1.45	1.33
ROE (%)	3.55	3.35	3.33	0.08

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Balance Sheet				
Assets	2021	2022	2023	2024
Fixed Assets	1226	2458	3255	4702
Cash and Balances	1205	1928	1511	2012
Investments	283	412	471	669
Advances vables	30164	35168	40304	47827
Other Assets	4590	5898	7225	8585
Total Assets	37468	45864	52766	63795
Liabilities	2021	2022	2023	2024
Share Capital	4433	4433	4739	4979.36
FV	10	10	10	10
Reserves	3432	3665	4394	4720
Borrowings	21838	29627	34540	42361.16
Deposits	0	0	0	0
Other Liabilities	7765	8139	9093	11734.45
Total Liabilities	37468	45864	52766	63795

Cash-Flow Statement				
Cash- Flow Statement	2021	2022	2023	2024
PBT (%)	422	372	424	105
OPBWC	1206	1587	2289	2041
Term Deposit	0	0	0	0
Change in Investment	-136	-124	-59	-198
Change in Advances	-5252	-4957	-5203	-7612
Change in Deposit	0	0	0	0
Other Changes	250	37	314	839
Working Capital Change	-5138	-5044	-4948	-6971
Cash Generated From Operation	-3932	-3457	-2659	-4930
Tax	53	145	140	0
Cash Flow From Operations	-3985	-3602	-2799	-4930
Purchase of PPE	-455	-1726	-1487	-2243
Sale of PPE	4	3	0	0
Purchase of Investment	0	0	0	0
Sale of Investment	14	27	-4	5
Others	-3	-431	-65	240
Cash Flow from Investment	-440	-2127	-1556	-1998
Proceeds from Borrowing	4756	2476	5612	7821
Repayment of Borrowing	-36	0	-699	0
Divided	0	-1	0	-43
Proceeds from Equity	0	0	765	600
Others From Financing	-712	3524	-1719	-919
Cash Flow from Financing	4008	5999	3959	7459
Net Cash Generated	-417	270	-396	531
Cash at the Start	1521	1103	1375	979
Cash at the End	1104	1373	979	1510