



**IIFL**  
WEALTH & ASSET  
MANAGEMENT

January 23, 2020

<p>The Manager, Listing Department, BSE Limited, Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai 400 001. Tel no.: 22721233 BSE Scrip Code: 542772</p>	<p>The Manager, Listing Department, The National Stock Exchange of India Ltd., Exchange Plaza, 5 Floor, Plot C/1, G Block, Bandra - Kurla Complex, Bandra (E), Mumbai 400 051. Tel No.: 2659 8235 NSE Symbol: IIFLWAM</p>
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**Sub: - Investor Presentation of IIFL Wealth Management Limited (the Company) for the quarter ended December 31, 2019**

Please find enclosed the Investor Presentation for the quarter ended December 31, 2019 of the Company.

Kindly take the same on record and oblige.

Thanking you,

**Yours Faithfully,**

**For IIFL Wealth Management Limited**



**Ashutosh Naik**  
**Company Secretary**

Encl: as above

**IIFL WEALTH MANAGEMENT LIMITED**

Corporate & Registered Office:  
IIFL Centre, Kamala City, Senapati Bapat Marg,  
Lower Parel, Mumbai – 400 013  
TEL: (91-22) 4876 5600 | FAX: (91-22) 4875 5606

(An IIFL Group Company)

[www.iiflwealth.com](http://www.iiflwealth.com)

CIN: U74140MH2008PLC177884

# IIFL WEALTH & ASSET MANAGEMENT

Quarterly Performance Review – Q3 FY 20

January 2020



# A LEADER IN WEALTH MANAGEMENT & ALTERNATES

## #1 Wealth Manager in India

### WEALTH MANAGEMENT

- Discretionary
- Non-Discretionary
- Broking and Distribution Services
- Corporate Advisory & Custody Services

**AUM: Rs. 1,41,208 Cr.**



**29  
OFFICES**



**FY 20 Q3  
PAT at  
76 Crs**



**900+  
Employees**



**Consolidated AUM  
Incl Custody Assets  
Rs 1,78,921 Cr.**

## #1 Manager of Alternates in India

### ASSET MANAGEMENT

- Alternate Investment Funds
- Discretionary Portfolio Management
- Mutual Funds
- Global Asset Management

**AUM: Rs. 26,903 Cr.**



**5,600+  
RELEVANT  
FAMILIES<sup>1</sup>**



**64  
Teams  
with 288+ RMs**

1. Relevant Families: Basis Number of families with AUM as on the 31<sup>st</sup> Dec 2019 in excess of Rs 1 Cr  
2. AUM as on 31st Dec 2019. Wealth AUM excludes custody assets.

# KEY BUSINESS HIGHLIGHTS

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# KEY BUSINESS HIGHLIGHTS

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1

Overall client sentiment for new investments has improved, however larger domestic and international macro economic factors are still an overhang to the emerging positive sentiment

- Growth in addressable market due to monetization and corporate action events continuing at a steady pace
  - Industry continues to see consolidation trends, providing client and talent acquisition opportunities
  - New client acquisition and net flows remain strong with 100+ relevant families added in the last quarter
- 

2

Stable financial performance with growth across all key metrics – Annual Recurring Revenues, AUMs, Retentions

- Overall AUM has grown 5% QoQ to Rs 150,762 crs; Strong growth in ARR assets – 10% QoQ to Rs 70,434 Crs, including 42% QoQ in IIFL ONE (PMS) AUM
- Overall Revenues have grown 15% QoQ to Rs 244 Crs, with Annual Recurring Revenues growing at 11% QoQ/ 20% YoY to Rs 139 Crs
- PBT growth at 22% QoQ to Rs 100 Crs; PAT growth at 9% QoQ to Rs 76 Crs
- Net new money for the 9 months ending Dec 2019 stands at almost Rs. 9,000 Crs
- Continued focus on productivity and cost optimization – impact expected to be visible over Q4FY20/Q1FY21
- Interim dividend of Rs 10, taking total dividend declared in FY20 to Rs 20. Expect to maintain a dividend payout policy of 50-75% of yearly PAT

# KEY BUSINESS HIGHLIGHTS

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3

**Wealth Management:** Strong client acquisition and AUM growth numbers in IIFL ONE underpin the increased momentum in the transition.

- Strong quarterly growth in high quality assets – Wealth ARR AUM increase by Rs 2,936 Crs to Rs 43,532 Crs
- IIFL One, our flagship proposition, continues to be core focus area – Asset growth has accelerated at 41.7% QoQ to Rs 16,082 Crs
- Average AUM per family under IIFL One increased by 24.9% to Rs 43.4 Crs and retentions (excluding Corporate Treasury and non fee earning assets) hold steady at 42 bps
- Strong momentum on Discretionary PMS – will continue to be key growth driver over next 12 months

4

**Asset Management:** Stellar performance across all listed equity schemes driving strong growth in AUMs

- Overall AMC Assets have increased 14.9% QoQ to Rs 26,903 Crs while revenues have increased 26.3% QoQ to Rs 41 Crs (Excluding other income)
- Our PMS schemes have being consistently ranked in top 3 in the country across various time periods.
- AUM in our listed equity strategies has increased over 50% in the current FY to Rs 9,215 Crs.
- Continued focus on scaling up across existing AIF / PMS products and selectively adding new strategies basis market opportunities
- Enhanced distribution coverage, added 63 distribution partners/channel partners over the past year.

5

**Other key highlights from the quarter**

- Successful completion of Wealth Advisors (WAI) integration
- Acquisition of the wealth management business of L&T Finance awaiting statutory approval

# BUSINESS SUMMARY

INR Cr	FY 20 9M	FY 20 Q3	FY 20 Q2	FY 20 Q1	FY 19 9M	FY 19 Q3	FY 19 Q2	FY 19 Q1
<b>Closing AUM</b>								
Recurring Revenue Assets	70,434	70,434	64,016	63,530	52,907	52,907	45,561	45,021
Transactional / Brokerage Assets	101,703	101,703	99,276	97,930	95,661	95,661	94,197	88,179
<b>Total AUM</b>	<b>172,137</b>	<b>172,137</b>	<b>163,292</b>	<b>161,460</b>	<b>148,568</b>	<b>148,568</b>	<b>139,758</b>	<b>133,200</b>
Less: Double counted Assets	21,375	21,375	19,436	19,149	18,534	18,534	19,541	18,674
<b>Net Total AUM</b>	<b>150,762</b>	<b>150,762</b>	<b>143,856</b>	<b>142,312</b>	<b>130,034</b>	<b>130,034</b>	<b>120,217</b>	<b>114,527</b>
<b>Revenues</b>	<b>674</b>	<b>244</b>	<b>212</b>	<b>217</b>	<b>821</b>	<b>232</b>	<b>295</b>	<b>294</b>
Recurring Revenues	393	139	125	129	319	116	103	100
Transactional / Brokerage Income	271	82	106	82	460	103	165	191
Other Income	10	23	-19	6	43	13	27	3
<b>Retention</b>	<b>0.63%</b>	<b>0.66%</b>	<b>0.59%</b>	<b>0.62%</b>	<b>0.90%</b>	<b>0.74%</b>	<b>1.01%</b>	<b>1.03%</b>
Recurring Revenue Assets basis avg AUM	0.81%	0.83%	0.78%	0.84%	0.87%	0.94%	0.91%	0.88%
Transactional / Brokerage Assets basis Gross Flows	0.50%	0.46%	0.56%	0.49%	0.81%	0.72%	0.78%	0.90%
<b>Costs</b>	<b>402</b>	<b>144</b>	<b>130</b>	<b>127</b>	<b>412</b>	<b>129</b>	<b>140</b>	<b>143</b>
Employee Costs	262	99	83	81	277	79	94	104
Fixed Employee Costs	229	74	76	78	222	78	69	74
Variable Employee Costs	33	25	6	2	55	0	25	30
Admin and Other Expenses	140	46	48	46	135	50	46	39
<b>Profit Metrics</b>								
Profit before Taxes (PBT)	272	100	82	90	409	103	155	151
Profit After Tax (PAT)	207	76	70	61	300	75	106	117
Effective Tax Rates	24%	25%	16%	32%	27%	22%	35%	28%
<b>Cost to Income Ratio</b>	<b>59.61%</b>	<b>59.01%</b>	61.40%	58.47%	<b>50.19%</b>	<b>55.56%</b>	47.56%	48.58%
<b>RoE</b>	9.25%	9.94%	9.27%	8.32%	17.02%	10.59%	15.88%	20.96%
<b>RoE Ex Goodwill &amp; Intangibles</b>	10.10%	10.84%	10.13%	9.20%	17.95%	11.05%	15.88%	20.98%
Earning Per Share- Basic (Rs )	23.82%	8.54%	7.88	7.23	34.91	9.54	11.87	
Earning Per Share- Diluted ( Rs )	23.41%	8.39%	7.77	7.03	33.95	9.28	11.50	

# CONSOLIDATED FINANCIALS - RE CLASSIFIED RESULT TABLE

Particulars	Quarter Ended			9M Ended	
	Dec 31, 2019	Sept 30, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
<b>Fee based Income (A)</b>	<b>156</b>	<b>157</b>	<b>153</b>	<b>394</b>	<b>590</b>
1. (iii) Fees and commission Income	182	177	168	459	633
2. (ii) Fees and commission expense	-26	-20	-16	-65	-43
<b>Fund based Income (B)</b>	<b>88</b>	<b>55</b>	<b>80</b>	<b>280</b>	<b>231</b>
1. (i) Interest Income	198	192	159	574	505
1. (ii) Dividend & Distribution income on investments	2	0	1	27	27
1.(iv) Net gain on fair value changes	96	0	28	119	34
1. (v) Sale of products	15	0	0	35	0
1. (II) Other Income	9	6	4	22	25
Total of Fund based Income	<b>319</b>	<b>198</b>	<b>192</b>	<b>777</b>	<b>591</b>
2. (i) Finance Costs	(209)	(142)	(114)	(457)	(353)
2. (iii) Net loss on fair value changes	0	-1	0	0	0
2. (v) Impairment on financial instruments	(1)	2	6	4	7
2. (vii) Purchases of Stock-in-trade	(15)	0	0	(15)	0
2. (viii) Changes in Inventories of finished goods, stock-in-trade and wip	0	0	0	-20	0
2. (ix) Others expenses (Reclassified)	(6)	(2)	(5)	(9)	(15)
Total of Fund based Expenses	<b>231</b>	<b>143</b>	<b>113</b>	<b>497</b>	<b>361</b>
<b>3. Net Revenue (A+B)</b>	<b>244</b>	<b>212</b>	<b>232</b>	<b>674</b>	<b>821</b>
<b>4. Expenses (Indirect Cost)</b>	<b>144</b>	<b>130</b>	<b>128</b>	<b>402</b>	<b>410</b>
(vii) Employee Benefits Expenses	95	80	77	253	273
(viii) Depreciation, amortization and impairment	10	10	6	31	14
(ix) Others expenses	39	40	45	117	124
<b>5. Profit before tax (3-4)</b>	<b>100</b>	<b>82</b>	<b>104</b>	<b>272</b>	<b>411</b>
<b>5. Profit After Tax (Incl OCI)</b>	<b>76</b>	<b>70</b>	<b>77</b>	<b>206</b>	<b>301</b>
<b>(XIII) Earnings per equity share</b>					
Basic (In Rs.) *	8.54	7.88	9.54	23.82	34.91
Diluted (In Rs.) *	8.39	7.77	9.28	23.41	33.95



# CONSOLIDATED BALANCE SHEET

Rs in Crs.

ASSETS		As at Dec 31, 2019	As at Sep 30, 2019	LIABILITIES AND EQUITY		As at Dec 31, 2019	As at Sep 30, 2019
<b>1</b>	<b>Financial Assets</b>			<b>1</b>	<b>Financial Liabilities</b>		
(a)	Cash and cash equivalents	242	696	(a)	Derivative financial instruments	266	249
(b)	Bank Balance other than (a) above	96	111	(b)	Payables	199	411
(c)	Derivative financial instruments	115	100	(c)	Debt Securities	3,994	4,299
(d)	Receivables			(d)	Borrowings (Other than Debt Securities)	2,925	2,360
	(I) Trade Receivables	265	386				
	(II) Other Receivables	65	270				
(e)	Loans	4,114	3,937	(e)	Subordinated Liabilities	570	570
(f)	Investments	5,849	5,161	(f)	Other financial liabilities	400	360
(g)	Other Financial assets	70	89		Finance Lease Obligation	42	41
<b>2</b>	<b>Non-Financial Assets</b>			<b>2</b>	<b>Non-Financial Liabilities</b>		
(a)	Inventories	0	9	(a)	Current tax liabilities (Net)	34	28
(b)	Current tax assets (Net)	53	50	(b)	Provisions	8	10
(c)	Deferred tax Assets (Net)	16	18	(c)	Deferred tax liabilities (Net)	26	20
(d)	Investment Property	0	-	(d)	Other non-financial liabilities	44	84
(e)	Property, Plant and Equipment	296	299	<b>3</b>	<b>Equity</b>	0	
(f)	Capital work-in-progress	4	4	(a)	Equity Share capital	17	17
(g)	Intangible assets under Development	0	-	(b)	Other Equity	3045	3,042
(h)	Goodwill	188	188	(c)	Non-controlling interest		-
(i)	Other Intangible assets	89	91				
	Right to use	41	40				
	Other non-financial assets	67	42				
	<b>Total Assets</b>	<b>11,570</b>	<b>11,491</b>		<b>Total Liabilities and Equity</b>	<b>11,570</b>	<b>11,491</b>

# BREAKDOWN OF INVESTMENTS

	Dec 31, 2019	Sep 30, 2019
<b>Investments</b>	<b>5,964</b>	<b>5,261</b>
Derivative financial instruments [1c]	115	100
Investments [1f]	5,849	5,161
<b>Investments split as</b>	<b>5,964</b>	<b>5,261</b>
Hedged Investments*	4,362	3,938
Liquid Investments	770	430
In-transit Investments (Available for Sale)	63	244
Investment in AIF		
<i>Sponsor</i>	439	424
<i>Non-Sponsor</i>	329	225



	Dec 31, 2019	Sep 30, 2019
<b>Borrowings</b>	<b>7,755</b>	<b>7,478</b>
Derivative Financial Instruments [1a]	266	249
Debt Securities [1c]	3,994	4,299
Borrowings (Other than Debt Securities) [1d]	2,925	2,360
Subordinated debt [1e]	570	570
<b>Borrowings split as</b>	<b>7,755</b>	<b>7,478</b>
Hedged Borrowing	4,362	3,938
Net Borrowings for business	3,392	3,540

\* Hedged Investments consist of products structured for clients on

1. Government of India Securities (Gsec) – 73%
2. Perpetual Bonds issued by Nationalized & Private Banks – 24%
3. Market linked debentures basis Nifty Performance – 3%  
(Includes Derivative financial instruments – 114.60)

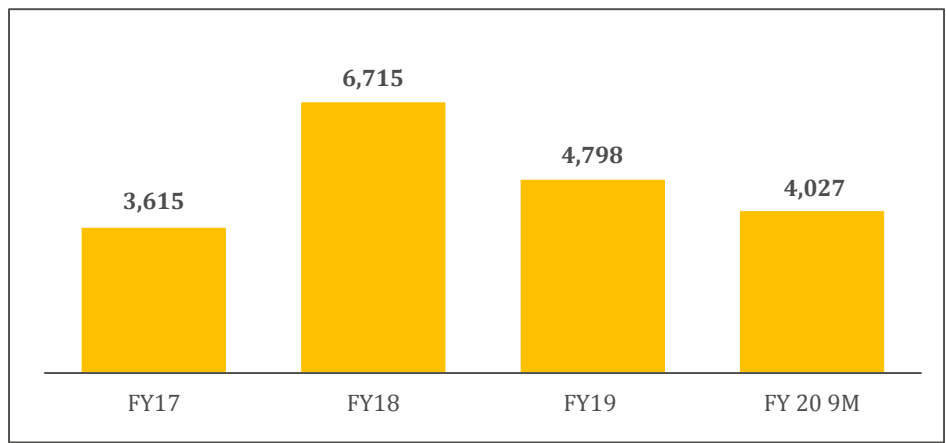
Total Capital used for Hedged Investments: 85 Crs. This allows for a 25-30 bps reduction in cost of borrowing without any MTM risk on the capital deployed

## BREAK DOWN OF INVESTMENTS

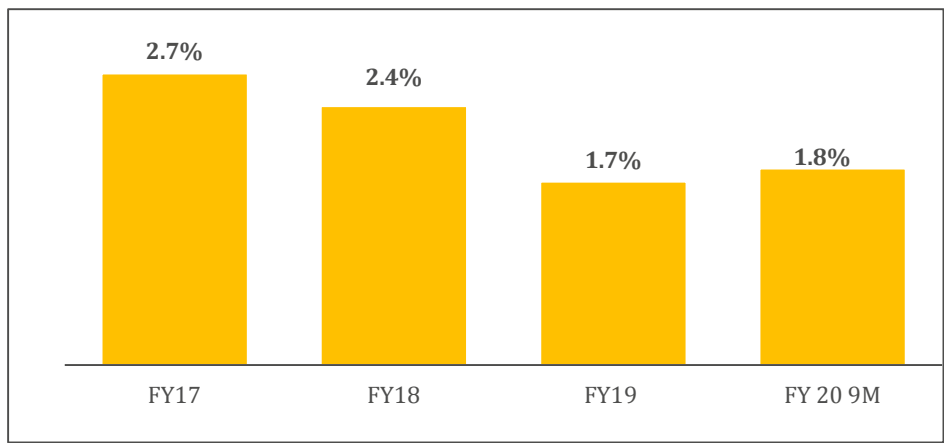
Investment Type	Category	Description	Amt (in Cr)	% of Total Investment
Hedged Investments	Govt Securities	Govt Securities	3,205	54%
	PSU Bank Perpetuals	Punjab National Bank	285	5%
		State Bank of India	274	5%
		Syndicate Bank	146	2%
		Bank of Baroda	71	1%
		Union Bank	51	1%
		ICICI Bank	137	2%
	Private Bank Perpetuals	Indusind Bank	77	1%
		HDFC Bank	3	0%
		Nifty Linked Option	Exchange	115
Hedged Investments			4,362	73%
Liquid Investments	Mutual Funds	Liquid Fund	633	11%
		Other Debt Funds	135	2%
		IIFL Focused Fund	2	0%
Liquid Investments			770	13%
AIF	AIF	Sponsor	439	7%
AIF	AIF	Non Sponsor	329	6%
AIF			768	13%
In Transit Investments	High Quality Bonds		63	1%
<b>Total Investment</b>			<b>5,964</b>	<b>100%</b>

# BREAK DOWN OF LOAN BOOK

## Loan Book



## Loan Spread

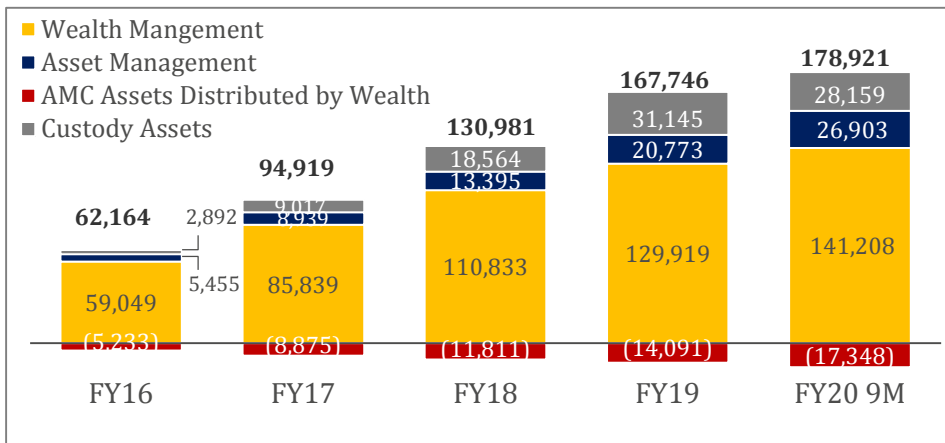


- NBFC is an enabler for Wealth Management Business. No Sales / Distribution Cost as all loans sourced by the Wealth RM's
- Loan book on 31st Dec 2019 at INR 4,027 cr was ~4.6% higher than H1 FY20 loan book of INR 3,851 cr
- Borrowing book (~80%+ on average) remains in the form of market linked, long dated liabilities – median cost and stable source of money
- The book has had zero credit losses since inception

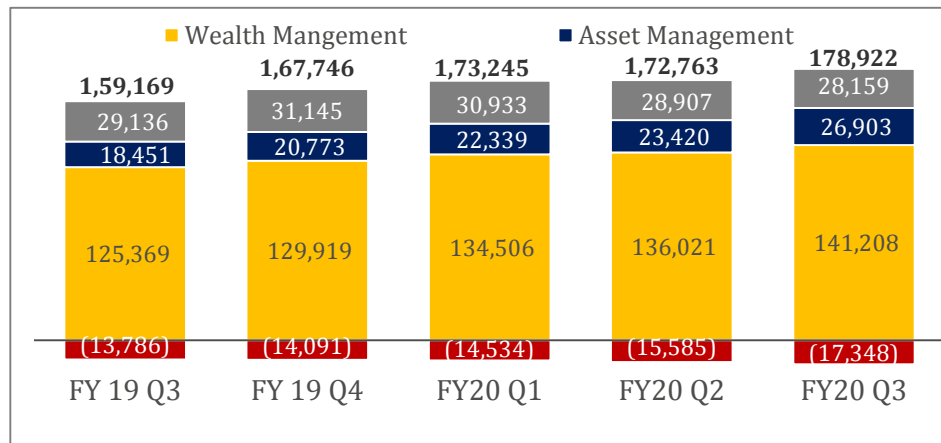
	FY 20 9M	INR cr
Loans Disbursed		5,492
Loans Repaid		6,263
Net Movement		(772)

# CONSOLIDATED METRICS BY BUSINESS SEGMENT

## Assets Under Management - YoY (Rs. Cr.)

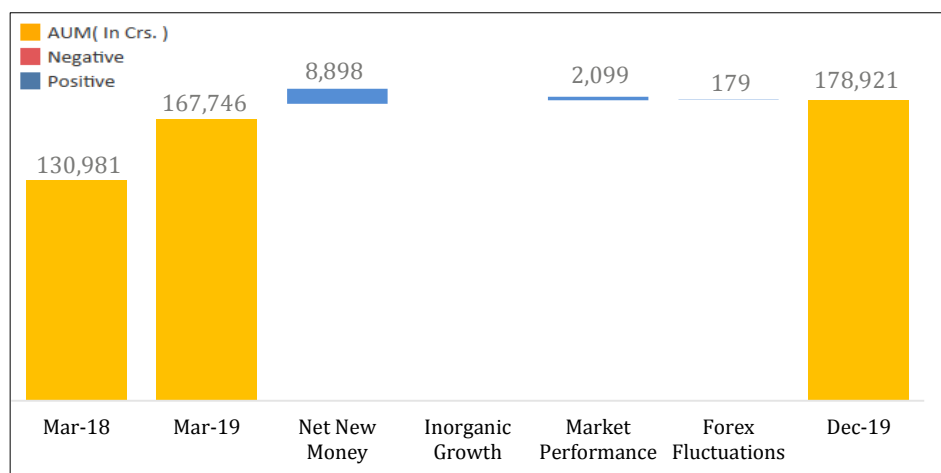


## Assets Under Management - QoQ (Rs. Cr.)



Profitability	FY16	FY17	FY18	FY19	FY 20 9M
<b>Wealth Management</b>					
Revenue	451	691	930	919	542
Costs	240	338	474	427	319
PBT	211	353	456	492	223
<b>Asset Management</b>					
Revenue	58	95	113	148	132
Costs	43	63	92	103	83
PBT	15	32	21	45	49

## Net Flows

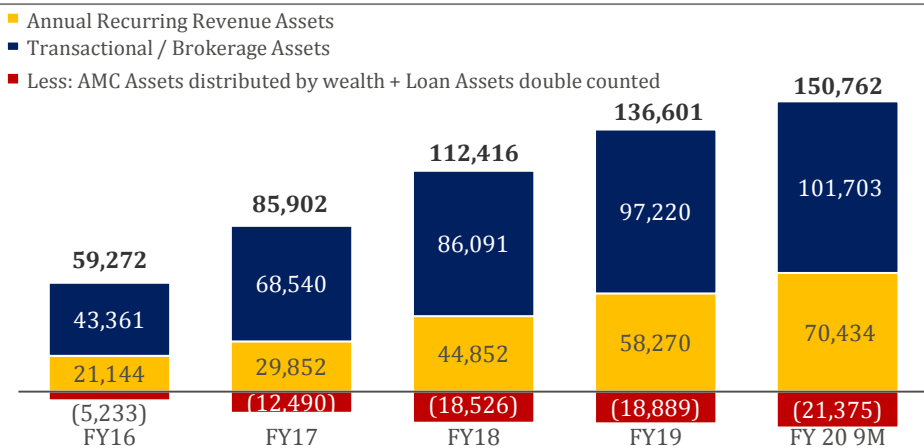


- Costs include allocated costs that have been split between the Wealth and Asset Management verticals on the basis of a formula that gives 50% weightage to Net Revenues & 50% weightage to Employee Costs
- AUM split for Q3 FY 20: Debt 55%, Equity 45%

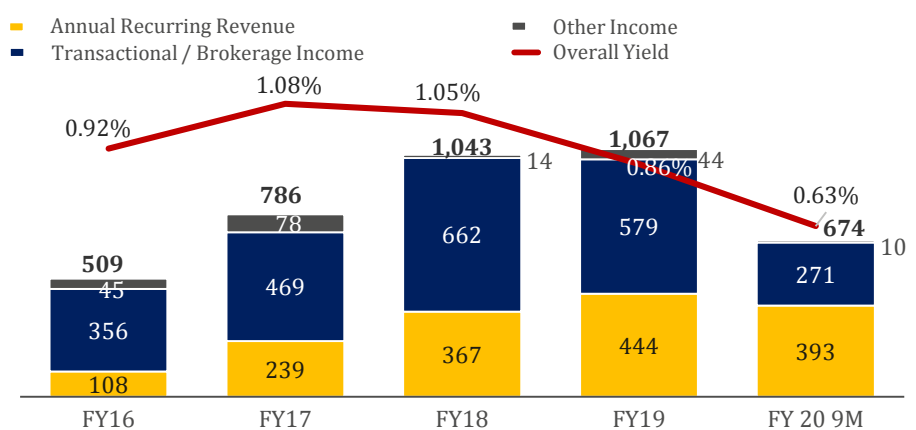


# CONSOLIDATED METRICS YoY

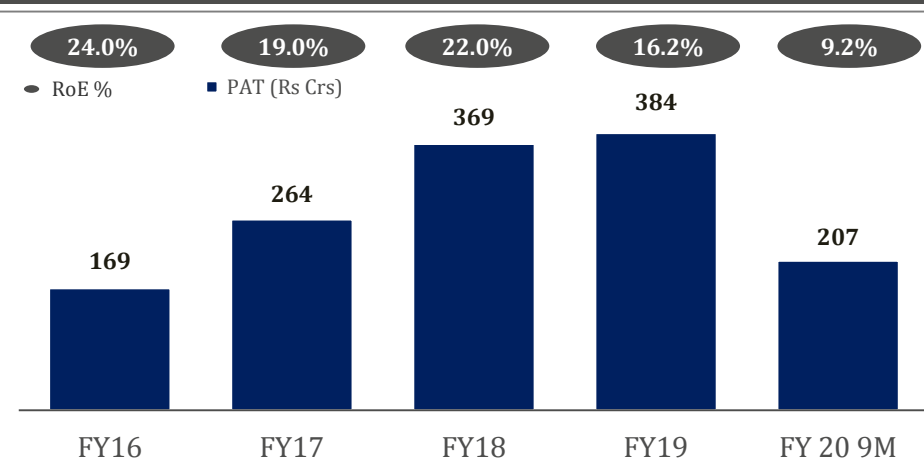
## Assets Under Management (Rs. Cr.) Excluding Custody



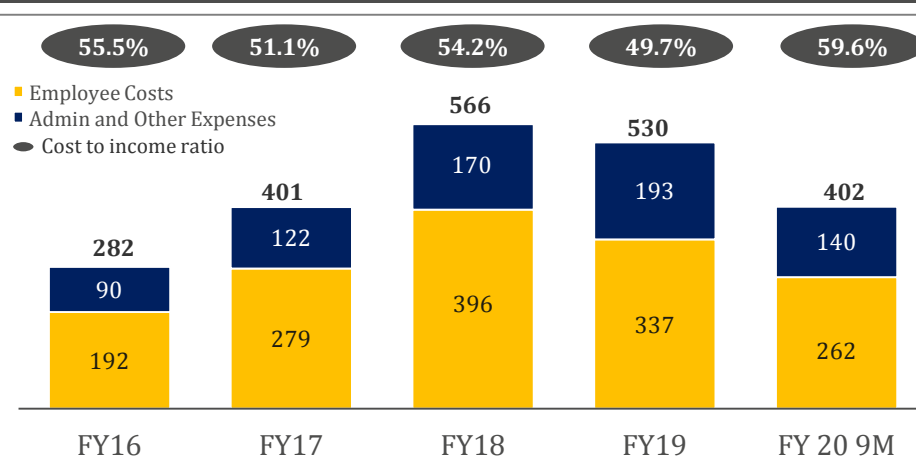
## Net Revenues (Rs. Cr.) & Yields (%)



## Profitability (Rs. Cr.)



## Cost Mix (Rs. Cr.)



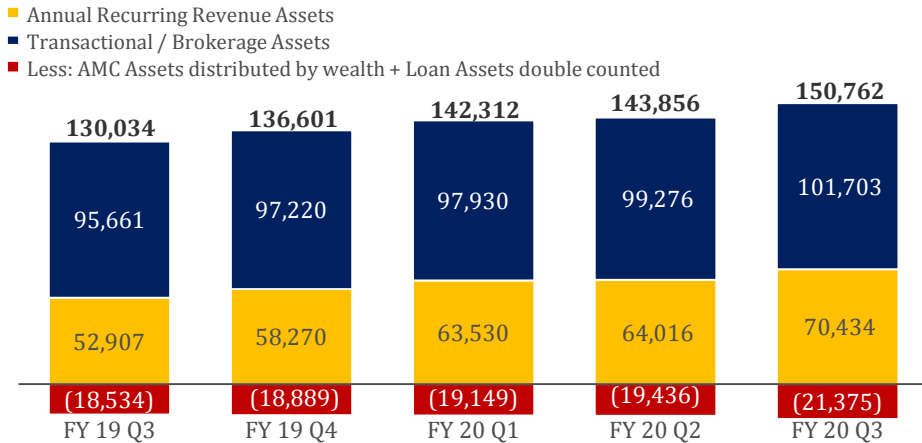
1. Net Revenues are calculated after setting of all direct operating and financing costs

2. Cost to income ratios have been calculated basis Net Revenues

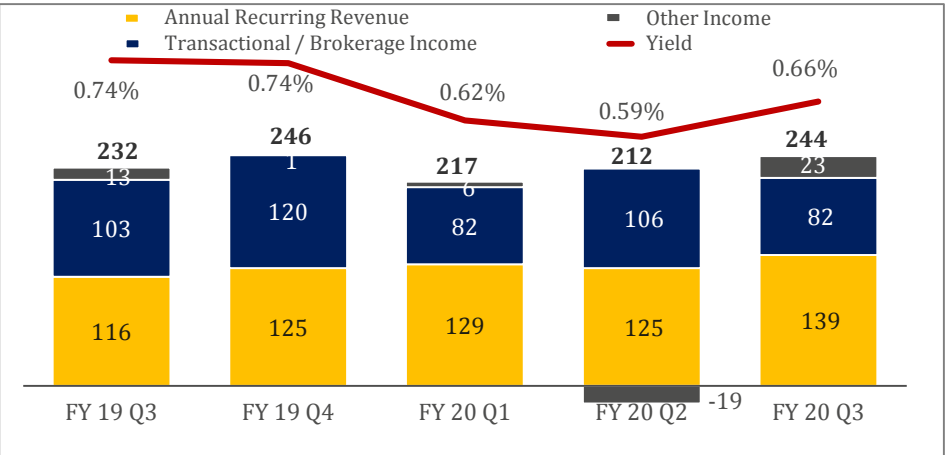
3. Yield = Current year Net Revenue / Avg. of current year Assets and Previous year assets ( Excluding custody Assets)

# CONSOLIDATED METRICS QoQ

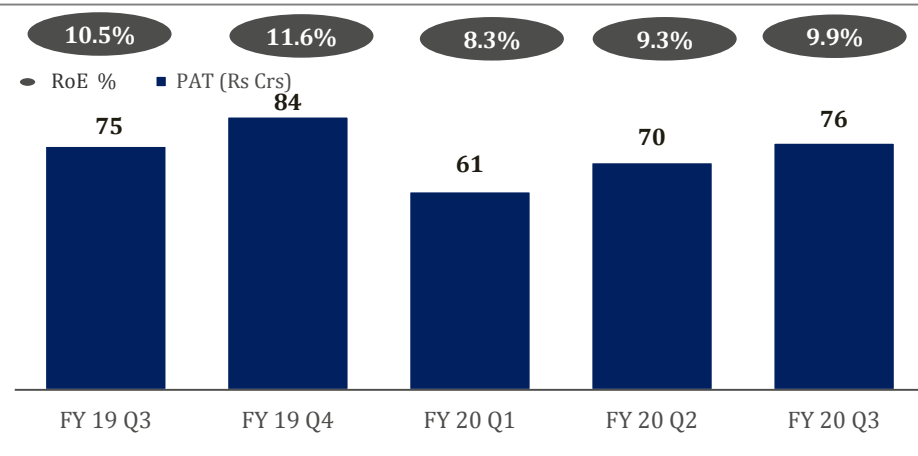
## Assets Under Management (Rs. Cr.) Excluding Custody



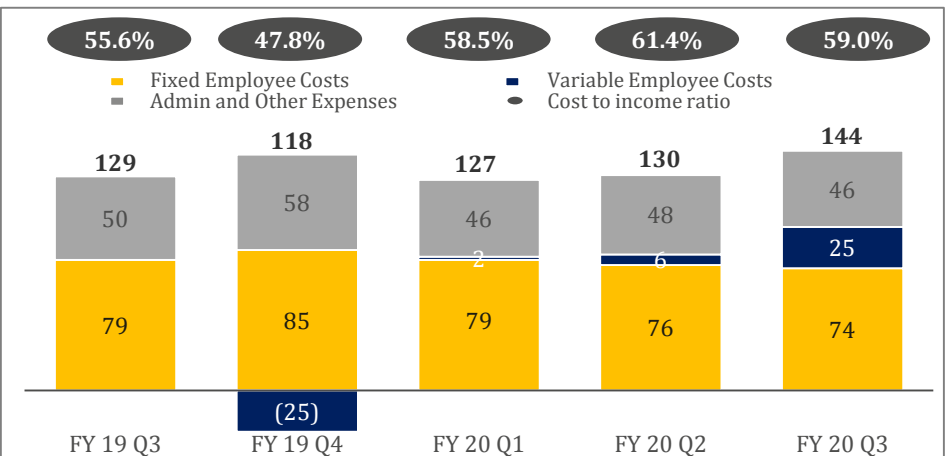
## Net Revenues (Rs. Cr.) & Yields (%)



## Profitability (Rs. Cr.)



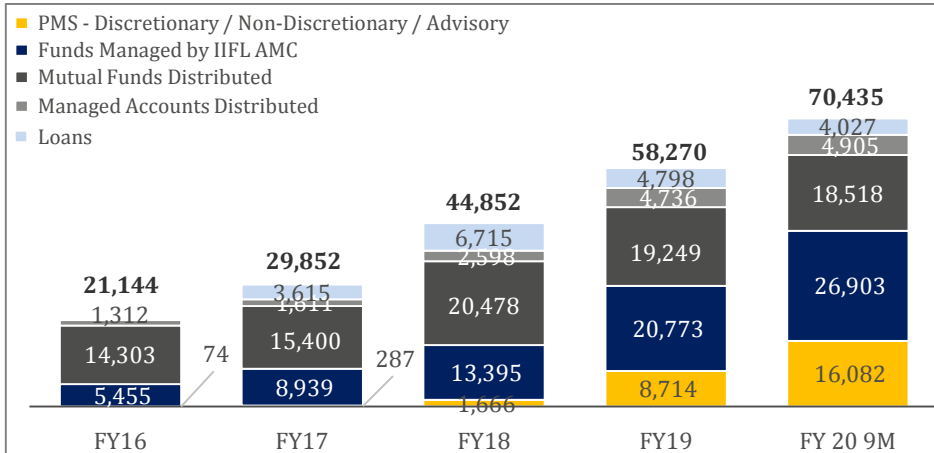
## Cost Mix (Rs. Cr.)



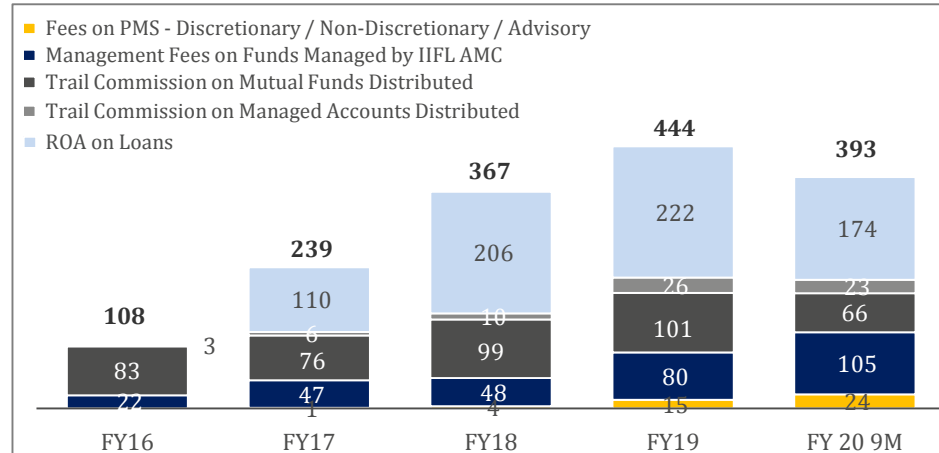
1. Net Revenues are calculated after setting of all direct operating and financing costs
2. Cost to income ratios have been calculated basis Net Revenues
3. Yield = Current year Net Revenue / Avg. of current year Assets and Previous year assets (Excluding custody Assets)

# CONSOLIDATED METRICS YoY

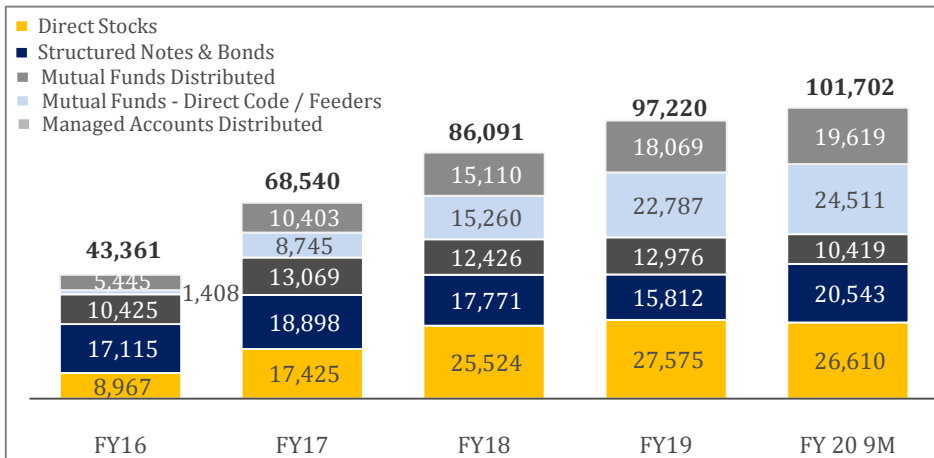
## Recurring Revenue Assets (Rs. Cr.)



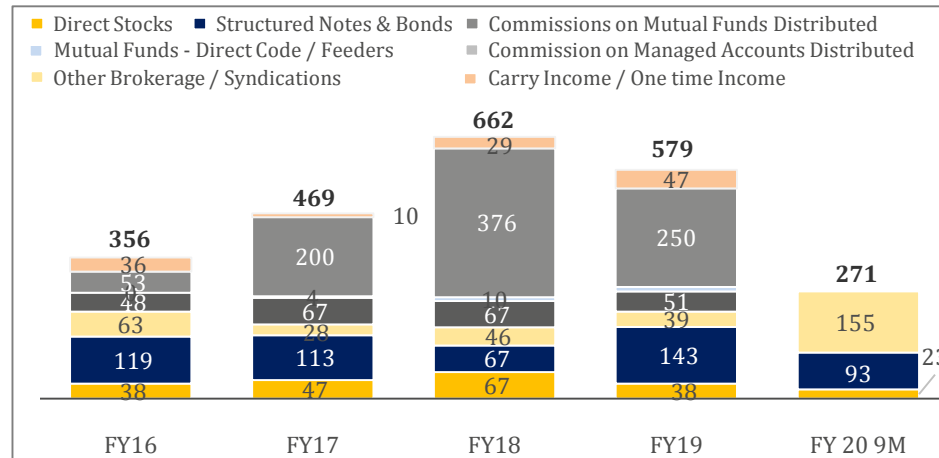
## Recurring Revenues (Rs. Cr.)



## Transactional / Brokerage Assets (Rs. Cr.)

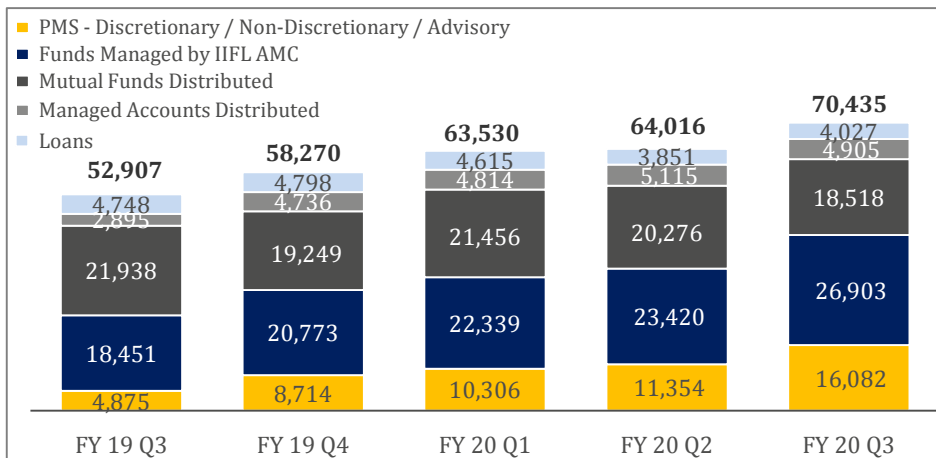


## Transactional / Brokerage Revenues

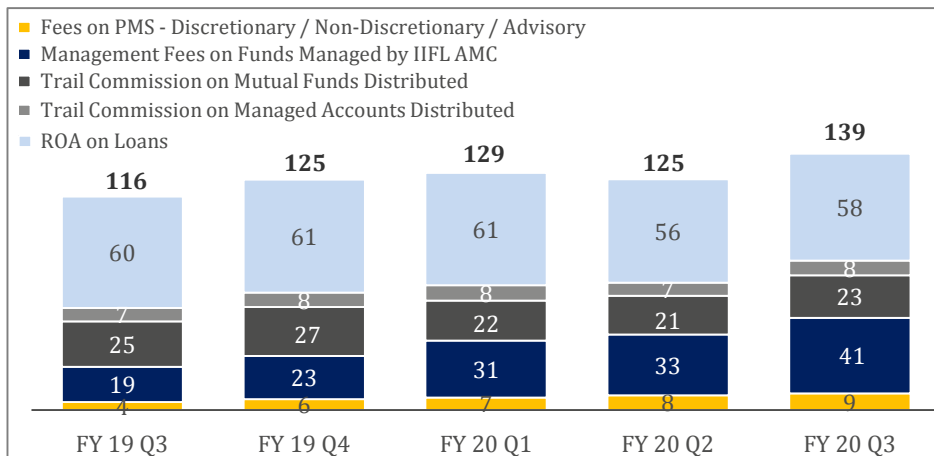


# CONSOLIDATED METRICS QoQ

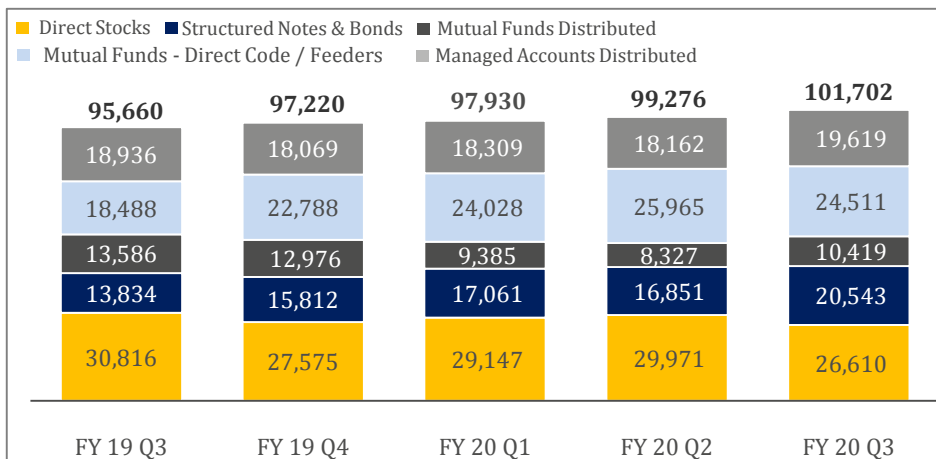
## Recurring Revenue Assets (Rs. Cr.)



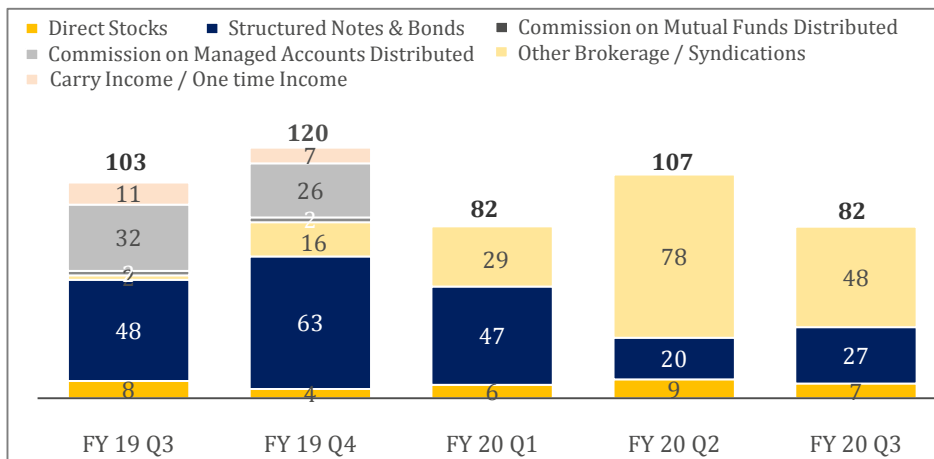
## Recurring Revenues (Rs. Cr.)



## Transactional / Brokerage Assets (Rs. Cr.)



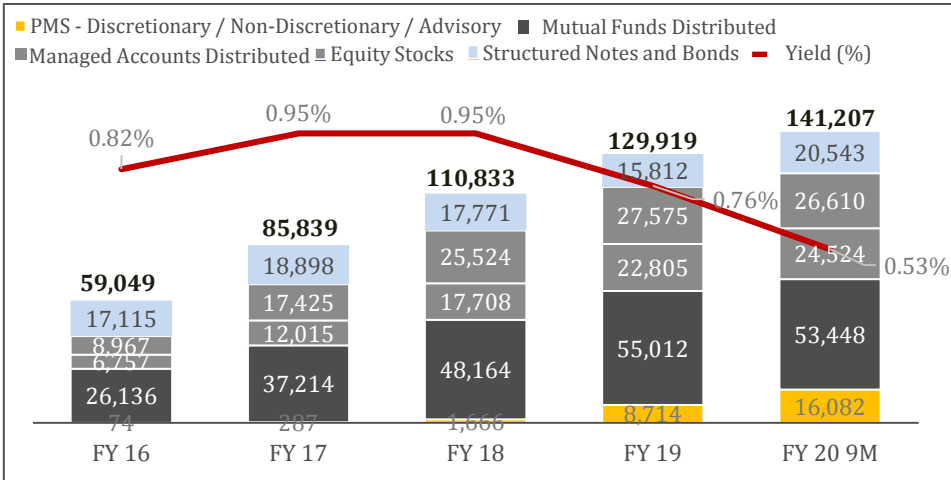
## Transactional / Brokerage Revenues



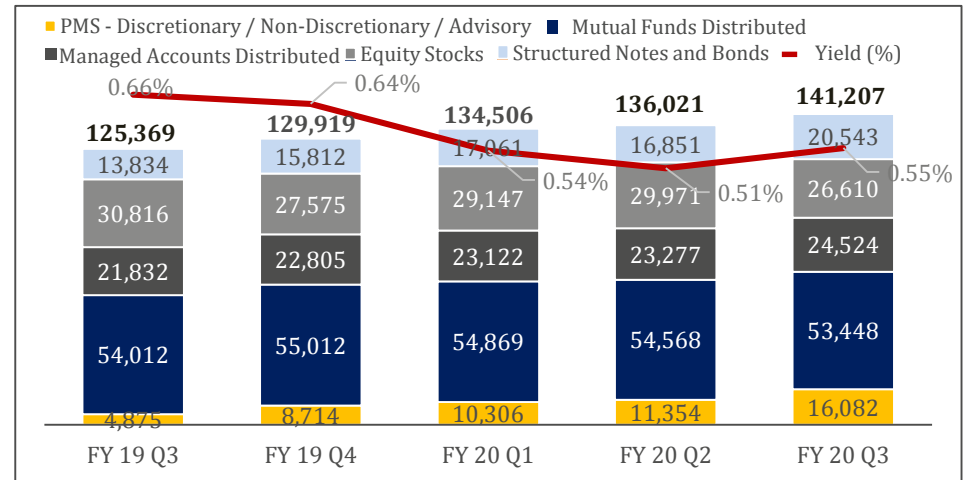
1. Recurring Revenues for FY 20 Q1 already reflect a Rs 5 crs reduction in Mutual fund revenues due to TER reduction.

# WEALTH MANAGEMENT

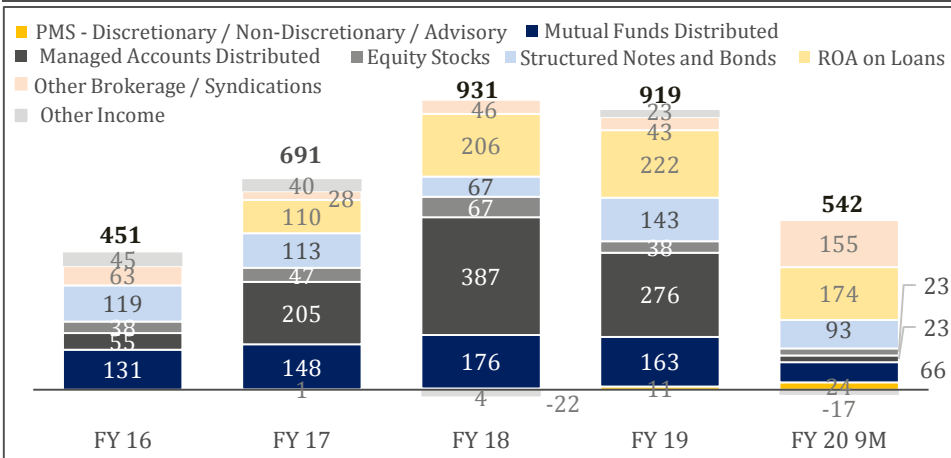
## AUM by Products YoY (Rs. Cr.)



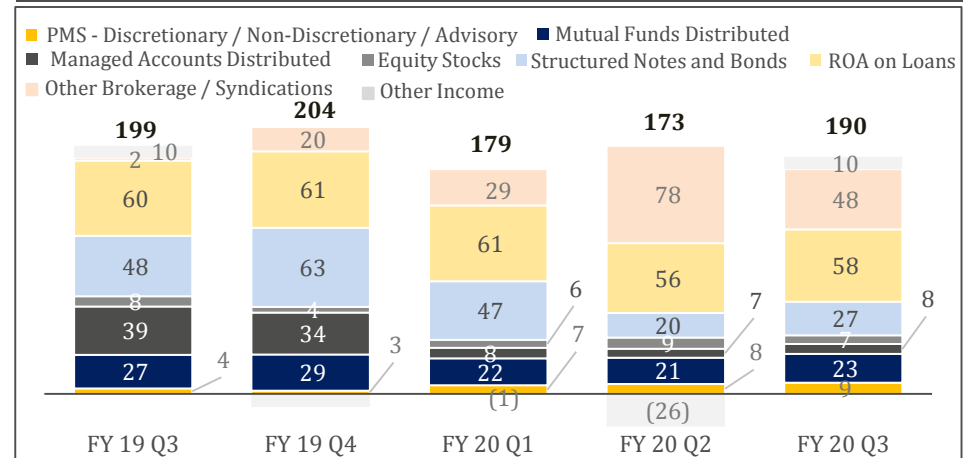
## AUM by Products QoQ (Rs. Cr.)



## Net Revenues by Products YoY (Rs. Cr.)



## Net Revenues by Products QoQ (Rs. Cr.)

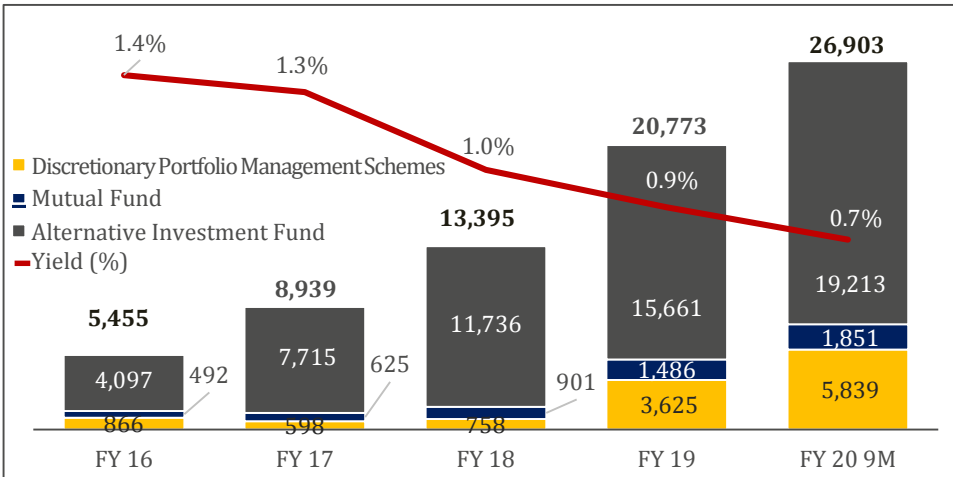


1. Yield = Current year Revenue / Avg AUM. (Current year AUM / Previous year AUM)

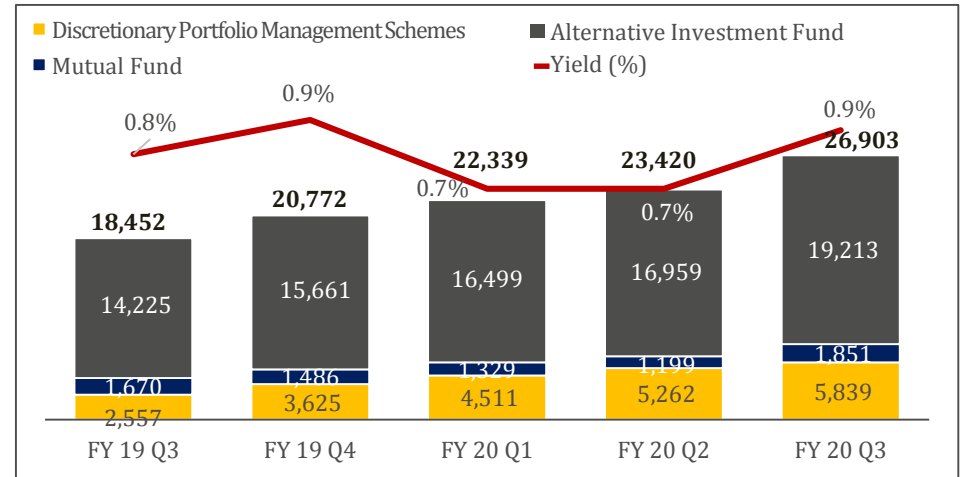


# ASSET MANAGEMENT

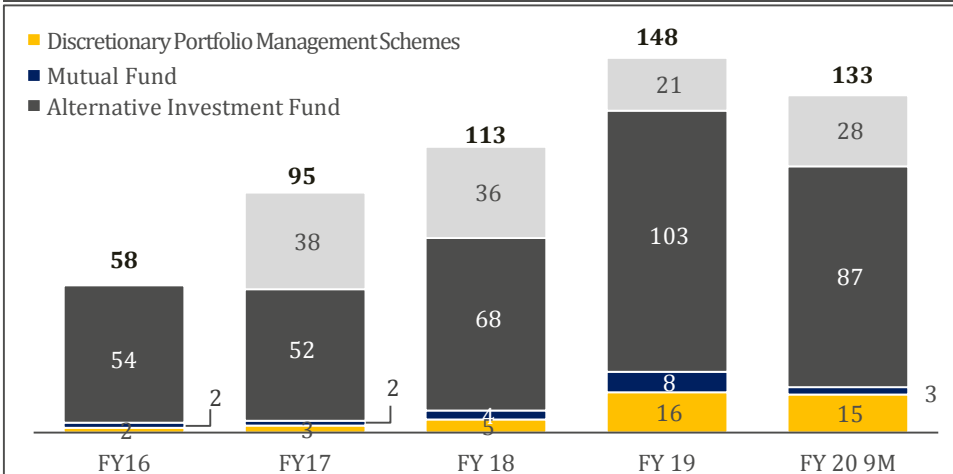
### AUM by Products YoY (Rs. Cr.) and Yield %



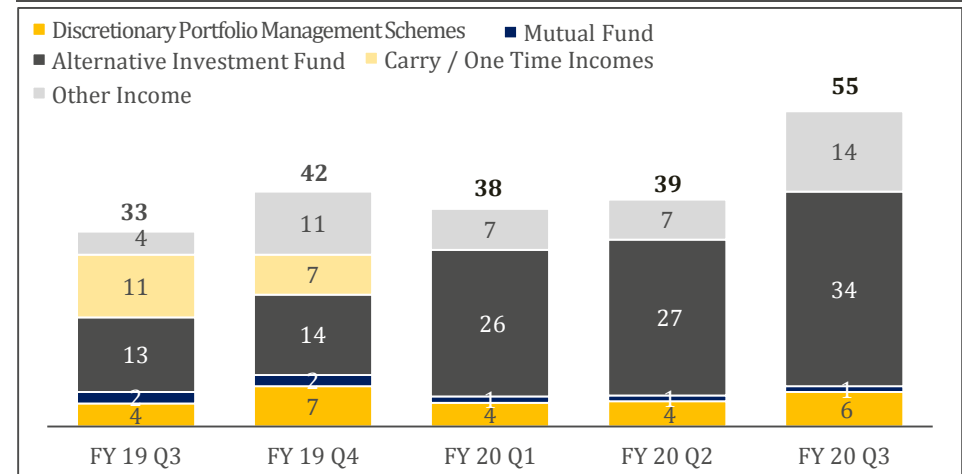
### AUM by Products QoQ (Rs. Cr.) and Yield %



### Net Revenues by Products YoY (Rs. Cr.)

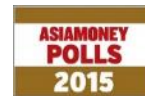


### Net Revenues by Products QoQ (Rs. Cr.)



- 1. Carry Income:** Revenue earned as performance fees at the maturity of a fund, or at the end of a defined period as agreed with clients / investors.
- 2. Yield =** Current year Revenue / Avg AUM. (Current year AUM / Previous year AUM)

# MULTIPLE AWARDS & ACCOLADES



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