



## Quarterly Results Oct-Dec 2013 (Q3FY14)

January 29, 2014



**I: IIFL Group Performance review Q3FY14**

**II: Business review**

**Fund based activities**

**Financial products distribution**

**Capital market activities**

**Annexure I: Corporate overview**

**Annexure II: Industry update**



## IIFL 9MFY14 and quarter performance summary

### Nine months results (consolidated) for April - Dec 2013 (9MFY14)

- Income for the nine months at ₹2,050 Cr up 6% yoy
- Profit after Tax at ₹197 Cr, up 3% yoy

### Quarter results (consolidated) for Oct - Dec 2013 (Q3FY14)

- Income for the quarter at ₹690 Cr, marginal change qoq as well as yoy
- Profit after Tax at ₹67 Cr, marginally up qoq and down 8% yoy

### NBFC operations

- Loan book at ₹10,042 Cr in Q3FY14 up 12% yoy
- NBFC's NIM and spread are stabilising, cost to income falling
- Share of mortgage has risen to 52% and Gold loan has fallen to 31% of loan book
- Gross as well as Net NPAs at less than 1%

### Financial products distribution

Income at ₹97 Cr up 6% qoq and 4% yoy. The business is growing steadily on a year on year basis and assets under wealth advisory stood at over ₹52,000 Cr

### Capital market activities

Income fell to ₹82 Cr, down 42% yoy, with significant fall in commodity and currency volumes



## IIFL Group consolidated quarterly results for Dec'13 compared qoq and yoy

₹ Cr	Q3FY14	Q2FY14	Q3FY13	QoQ	YoY
Fund Based activities	509.3	506.9	461.9	0.5%	10.3%
Financial Products distribution	96.6	91.2	92.8	5.9%	4.2%
Capital Market activities	81.5	82.5	140.5	(1.2%)	(42.0%)
Other income	2.2	2.8	0.6	(18.8%)	287.1%
<b>Total Income</b>	<b>689.7</b>	<b>683.5</b>	<b>695.7</b>	<b>0.9%</b>	<b>(0.9%)</b>
A. Operating cost	63.8	73.2	90.5	(12.8%)	(29.5%)
B. Employee cost	117.3	122.5	139.5	(4.2%)	(15.9%)
C. Other expenses	91.1	85.7	109.4	6.2%	(16.8%)
<b>EBITDA</b>	<b>417.5</b>	<b>402.1</b>	<b>356.3</b>	<b>3.8%</b>	<b>17.2%</b>
Interest	299.8	283.0	222.2	5.9%	34.9%
Depreciation and amortization	16.6	18.1	27.6	(8.0%)	(39.6%)
<b>Profit / (Loss) before tax</b>	<b>101.1</b>	<b>101.0</b>	<b>106.5</b>	<b>0.1%</b>	<b>(5.1%)</b>
Provision for taxation	30.4	32.1	31.4	(5.1%)	(3.1%)
<b>Profit/(Loss) after tax before minority</b>	<b>70.6</b>	<b>68.9</b>	<b>75.1</b>	<b>2.5%</b>	<b>(6.0%)</b>
Minority Interest	3.5	2.6	2.0	38.3%	78.0%
<b>Profit/(Loss) after tax</b>	<b>67.1</b>	<b>66.4</b>	<b>73.2</b>	<b>1.1%</b>	<b>(8.3%)</b>

## IIFL Group consolidated results for 9 months ended Dec'13 compared yoy

₹ Cr	9MFY14	9MFY13	YoY
Fund Based activities	1,493.6	1,325.7	12.7%
Financial Products distribution	276.1	243.1	13.6%
Capital Market activities	271.7	357.3	(24.0%)
Other income	8.1	5.4	50.4%
<b>Total Income</b>	<b>2,049.6</b>	<b>1,931.5</b>	<b>6.1%</b>
A. Operating cost	226.6	248.0	(8.6%)
B. Employee cost	364.2	403.4	(9.7%)
C. Other expenses	263.1	319.2	(17.6%)
<b>EBITDA</b>	<b>1,195.7</b>	<b>960.9</b>	<b>24.4%</b>
Interest	848.9	609.6	39.3%
Depreciation and amortization	52.3	66.9	(21.8%)
<b>Profit / (Loss) before tax</b>	<b>294.6</b>	<b>284.4</b>	<b>3.6%</b>
Provision for taxation	90.2	89.3	1.0%
<b>Profit/(Loss) after tax before minority</b>	<b>204.4</b>	<b>195.2</b>	<b>4.7%</b>
Minority Interest	7.7	4.0	94.5%
<b>Profit/(Loss) after tax</b>	<b>196.7</b>	<b>191.2</b>	<b>2.9%</b>

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# NBFC's Q3FY14 performance highlights

## Income up 13% yoy; PAT up 12% yoy

### Financial performance

Income for the quarter was ₹496 Cr, up 13% yoy and PAT was ₹56 Cr, up 12% yoy. Income and PAT when compared qoq, were up 3% and 12% respectively. Higher interest cost incidence during the quarter was offset through savings in operating costs

### Overall loan book

Overall loan book was ₹10,042 Cr, up 12% yoy. The share of mortgage in total loans has risen from 41% in Q3FY13 to 52% in Q3FY14. During the same time period, share of gold loan has come down from 42% to 31% and that of capital market funding has come down from 14% to 9%

### NPAs

Gross and net NPAs were 0.83% and 0.40% in the quarter. Although there is a marginal rise in NPA levels, they compare very favorably with the industry, indicating superior asset quality

### Margins

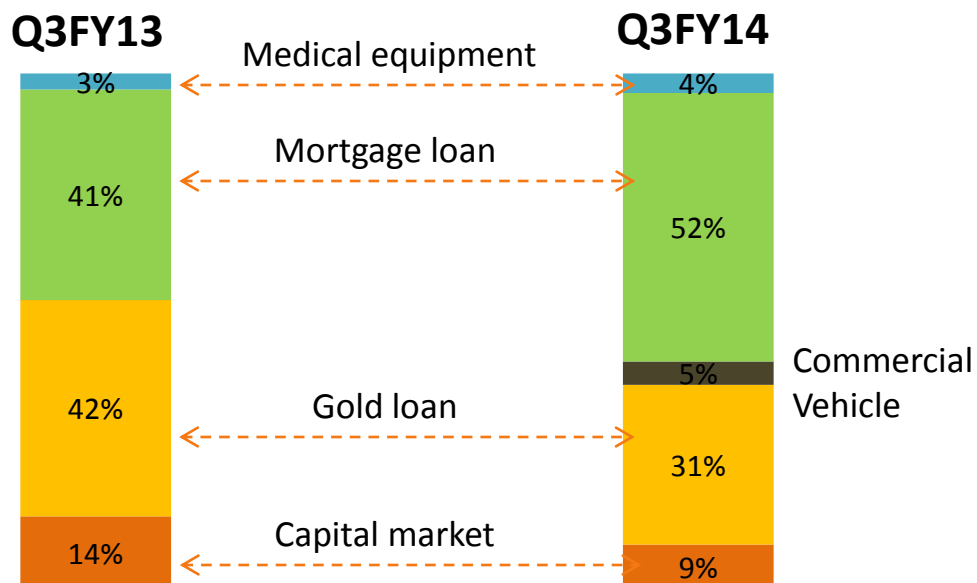
Margins have stabilized and NIM and spread were 7% and 6.3% during the last quarter



# Loan book growing steadily, mortgage key growth driver

- Loan portfolio in Q3FY14 steadily increased to ₹10,042 Cr as against ₹9,935 Cr in Q2FY14
- Loan book comprises entirely secured lending against tangible collaterals
- Securitized assets portfolio as at December end was ₹369 Cr

## Changing mix of loan book



## Financial assets as on Dec 31, 2013

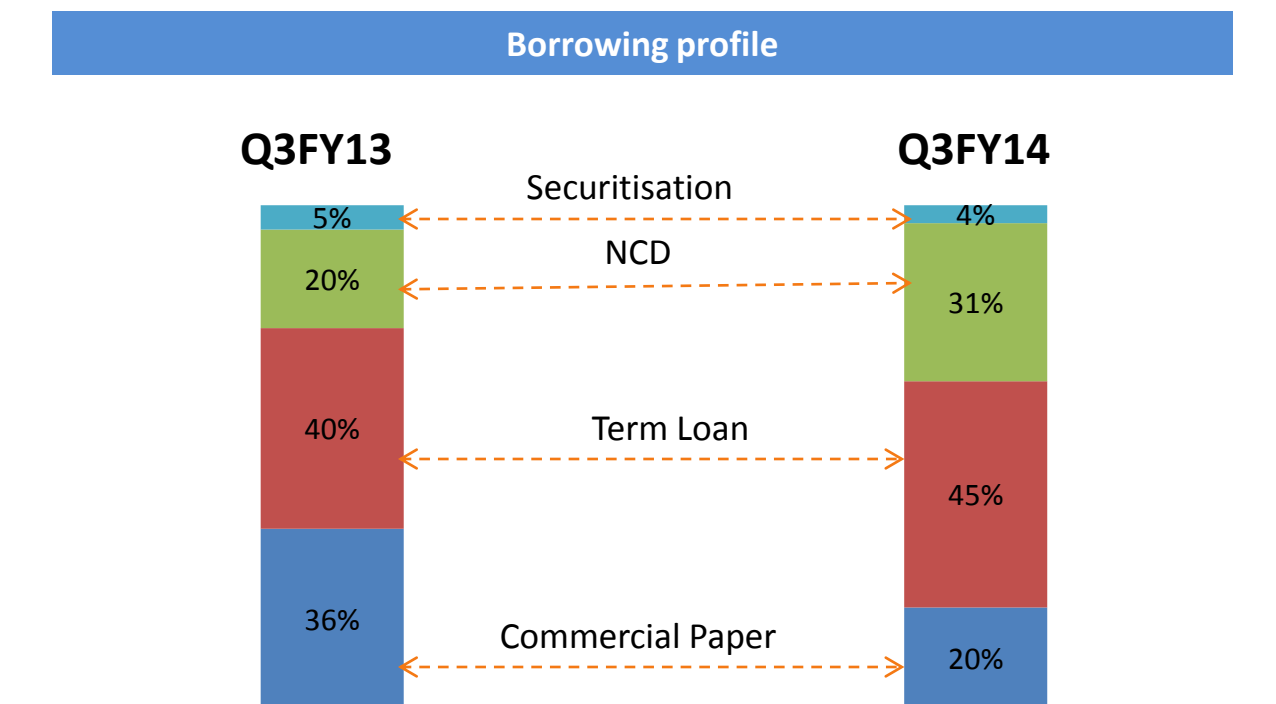
Rs Cr		
A	Loan Book	10,042
B	Securitized /assigned portfolio	369
C	Other Financial Assets	2,049
D	AUM (A+B)	10,411
E	Total Financial Assets (A+C+D)	12,091

*Other financial assets comprise cash, bank, fixed deposits, bonds, mutual funds investments etc*



## Improved liability profile; Reducing dependence on short term borrowing

- IIFL Finance and its subsidiary raised, in aggregate, ₹1,550 Cr by way of public issue of bonds
- Received overwhelming response to both the bond issues and retained the maximum green shoe option upto 100% in both issues
- Share of Commercial Papers in total borrowings has come down from 36% in Q3FY13 to 20% in Q3FY14, thereby reducing vulnerability to short term resources



# Overwhelming response received to our two bond issues indicating investor's trust

## India Infoline Finance Bond Issue

- Largest mobilisation by public issue of corporate bonds by any private sector company in India, in the last 4 years\*
- Raised ₹1,050 Cr and retained 100% green shoe option

## India Infoline Housing Finance Bond Issue

- First ever public issue of bonds by any private sector housing finance company in India\* in December 2013 raising ₹500 Cr
- The issue received strong response and was oversubscribed 2.13 times

Thank You for your Trust in our Bond



**IIFL Home Bonds raise ₹500 crores**  
Retained 100% over subscription under the Green Shoe option

First ever public issue of bonds  
by any private sector  
Housing Finance Company in India\*

Lead Managers




In partnership.  
With trust



Co-Lead Managers




Lawyer



When it's about money..  **IIFL**

**India Infoline Housing Finance Limited**  
A wholly owned subsidiary of India Infoline Finance Limited

\*As per Prime Database.  
This advertisement is for information purpose only.

## Conservative lending policy

Product	Average LTV
<b>Mortgage</b>	<b>45%</b>
<i>Housing Loan</i>	48%
<i>Loan Against Property</i>	44%
<b>Commercial Vehicle Loans</b>	<b>79%</b>
<i>New Vehicle</i>	82%
<i>Used Vehicle</i>	73%
<b>Medical Equipment Loans</b>	<b>66%</b>
<i>Retail</i>	65%
<i>Strategic</i>	66%
<b>Gold Loans</b>	<b>55%</b>
<b>Capital Markets</b>	<b>40%</b>

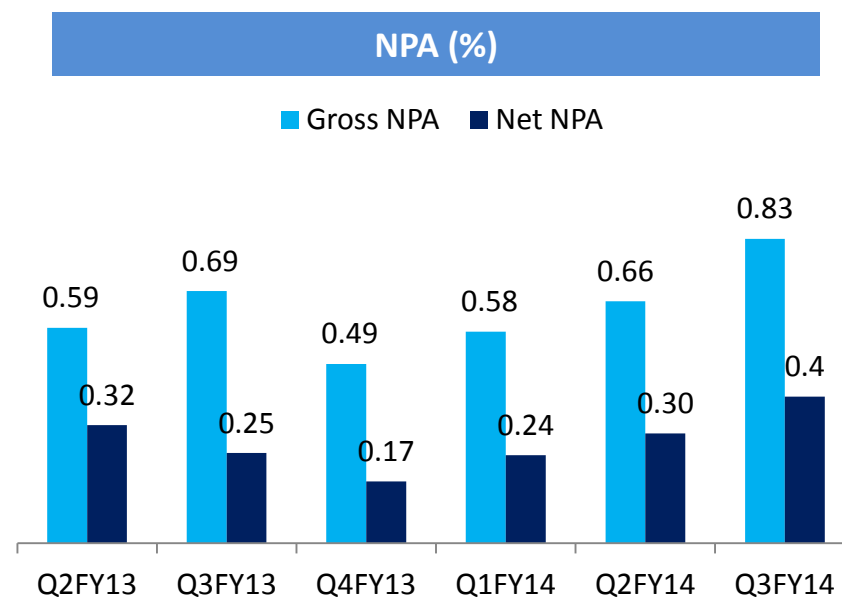
- All loans secured by valid collaterals
- Collateral values significantly higher than current exposure
- Adequate margin of safety
- Policy guidelines ensure conservative LTVs on segments such as LAP, Used Vehicles, Retail Medical etc



## IIFL's high asset quality is reflected in low NPAs

- IIFL's steadfast commitment to maintain high asset quality through superior credit processes is reflected in low NPA levels
- NPAs were a shade higher on qoq basis but they compare well with industry

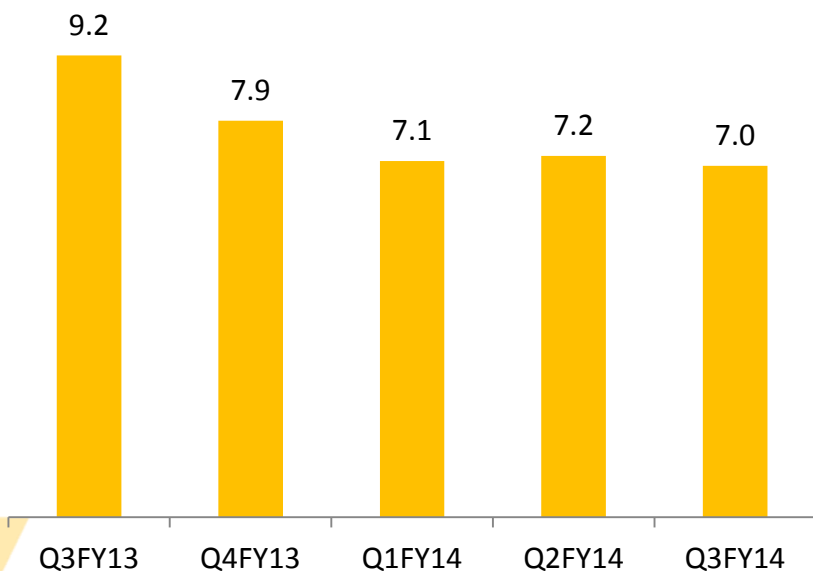
Provision for the quarter		₹ Cr	%
A	Gross NPA	83.5	0.83%
B	Non Standard Asset Provision	43.4	0.43%
C	Net NPA (A-B)	40.1	0.40%
D	Standard Asset Provision	28.5	0.25%
E	Total Provision (B+D)	71.9	



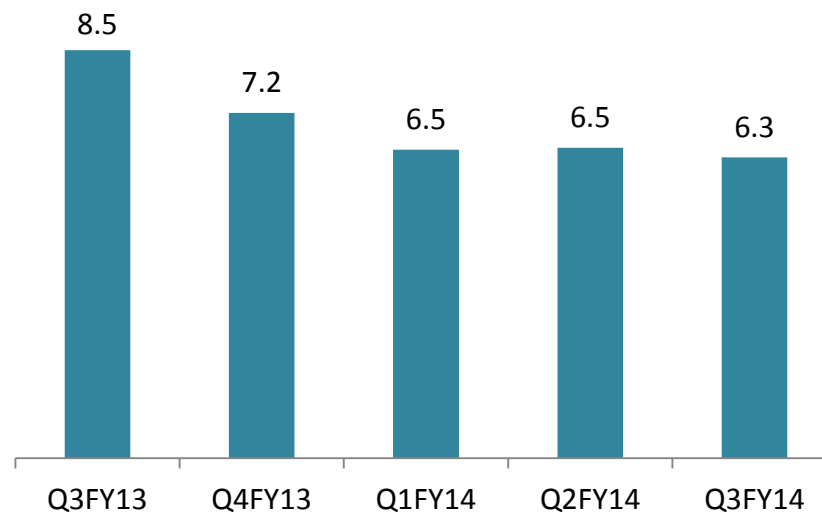
## NIM and spread now stabilising

- NIMs and spread have been around 6.5% and 7% respectively during the last 3 quarters
- During the last quarter, NIM was a tad lower due to spike in short term interest cost at end of September 2013
- RBI has relaxed LTV norms for Gold loans, which should improve the NIM

NIM (%)



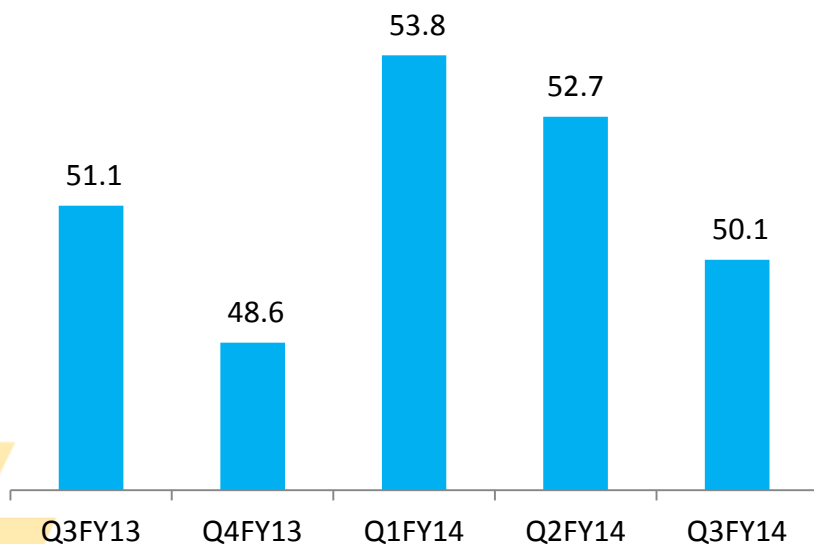
Spread (%)



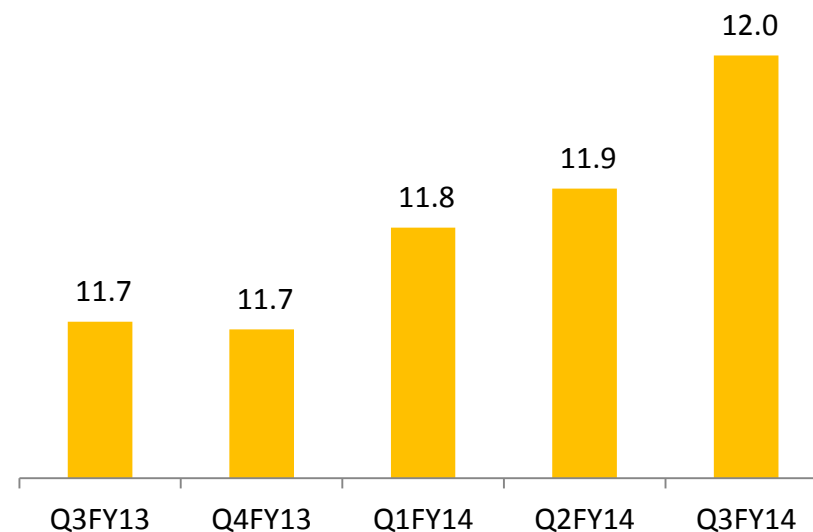
## Declining cost to income ratio

- Cost of fund higher in the quarter due to rollover of higher interest rate CPs, at the end of last quarter
- Savings in operating cost offset by higher cost of funds during the quarter
- Will continue to focus on higher operational efficiency

Cost to Income (%)



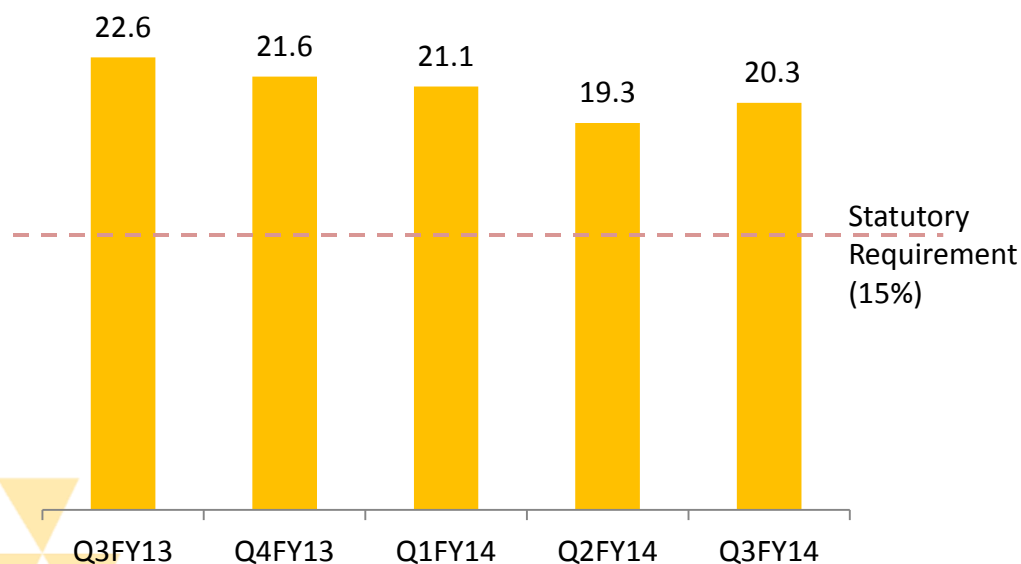
Cost of Fund (%)



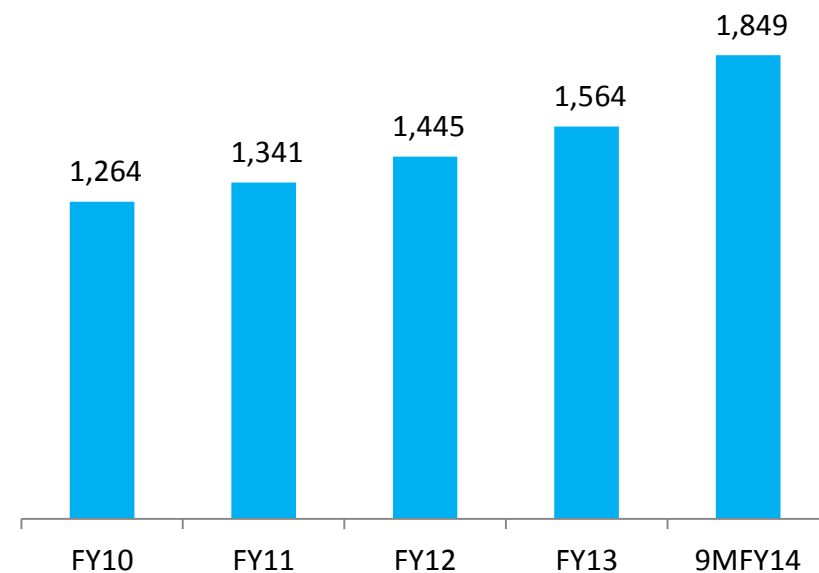
## Robust network backed by healthy capital adequacy

- Consistently maintained high capital adequacy at 20.3%, much higher than statutory requirement of 15%
- Well capitalised with a network of ₹1,849 Cr (NBFC and its HFC subsidiary consolidated)

### Capital Adequacy (%)

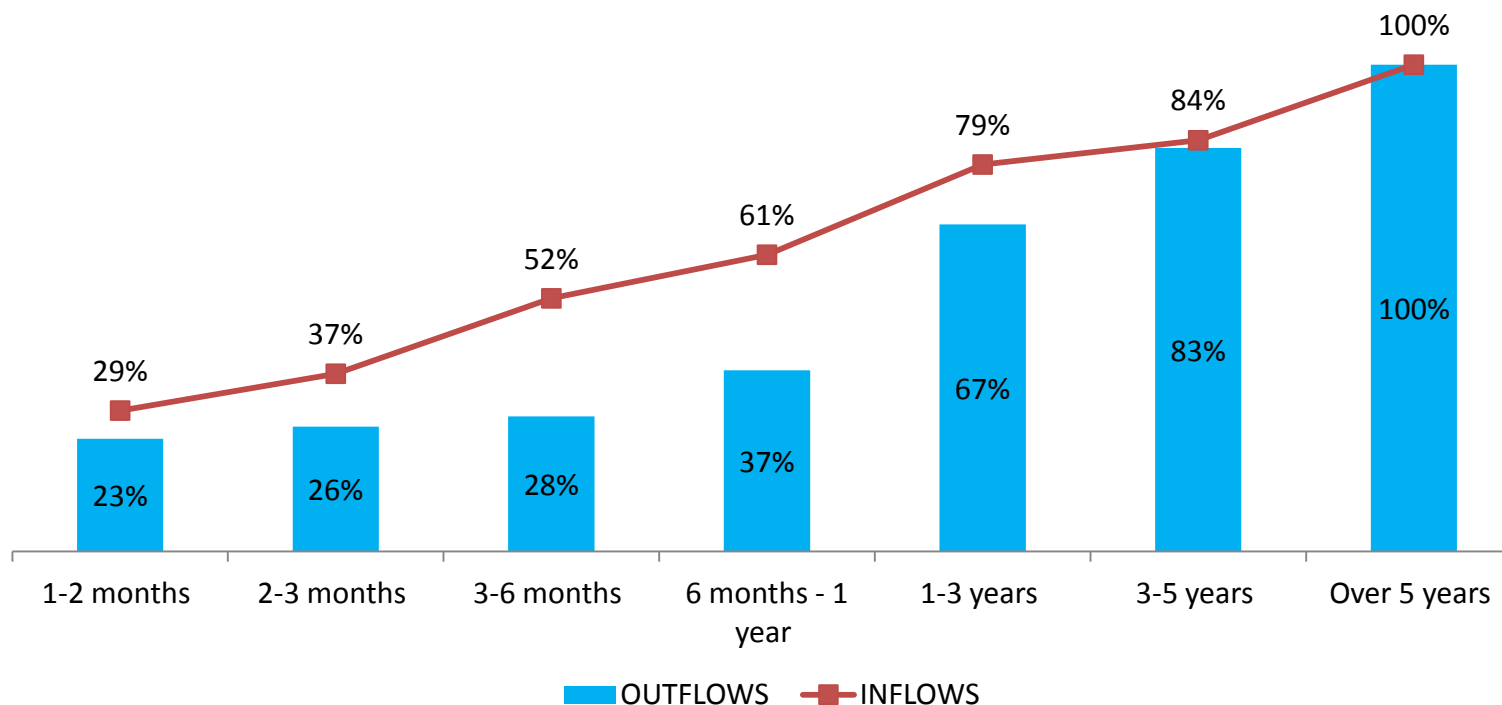


### Network (₹ Cr)



## Asset liability profile for IIFL Finance (standalone)

- Asset-Liability maturity review is done regularly by Board level committee
- Committee ensures asset liability maturity is always comfortable
- The recent bond issue, raising ₹1,050 Cr, have added long term resources, adding to the comfort





## IIFL Finance consolidated results for quarter ended Dec'13

₹ Cr	Q3FY14	Q2FY14	Q3FY13	YoY	QoQ
Income from operations	475.6	449.5	419.8	13.3%	5.8%
Other income	20.6	30.2	18.0	14.6%	(31.8%)
<b>Total Income</b>	<b>496.2</b>	<b>479.7</b>	<b>437.8</b>	<b>13.3%</b>	<b>3.4%</b>
A. Operating cost	37.8	36.6	39.1	(3.3%)	3.4%
B. Employee cost	40.5	40.9	48.6	(16.8%)	(0.9%)
C. Other expenses	39.9	46.3	41.3	(3.3%)	(13.8%)
<b>EBITDA</b>	<b>378.0</b>	<b>356.0</b>	<b>308.7</b>	<b>22.4%</b>	<b>6.2%</b>
Interest	289.4	270.6	227.1	27.4%	6.9%
Depreciation and amortization	9.2	10.6	13.0	(29.0%)	(13.0%)
<b>Profit / (Loss) before tax</b>	<b>79.3</b>	<b>74.8</b>	<b>68.6</b>	<b>15.6%</b>	<b>6.1%</b>
Provision for taxation	23.8	25.4	18.9	25.5%	(6.3%)
<b>Profit/(Loss) after tax</b>	<b>55.6</b>	<b>49.4</b>	<b>49.7</b>	<b>11.8%</b>	<b>12.5%</b>

- Interest cost during the quarter increased due to liquidity tightening and due to roll over of higher interest rate CP at September end
- Achieved savings in employee cost and operating cost

# IIFL Finance consolidated balance sheet for quarter ended Dec'13

₹ Cr	As on Dec 31, 2013	As on Sep 30, 2013	As on Dec 31, 2012
<b>I EQUITY AND LIABILITIES</b>			
Share Capital	372	372	237
Reserve and Surplus	1,477	1,421	1,345
Networth	1,849	1,793	1,582
Non Current Liabilities	6,295	6,081	4,132
Current liabilities	4,217	4,445	4,831
<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>12,361</b>	<b>12,319</b>	<b>10,545</b>
<b>II ASSETS</b>			
Fixed assets	104	113	104
Non-current investments	397	372	490
Long-term loans & advances	4,243	3,912	3,426
Other non-current assets	104	104	82
Current assets	6,380	6,520	5,893
Cash and Bank	1,133	1,298	550
<b>TOTAL - ASSETS</b>	<b>12,361</b>	<b>12,319</b>	<b>10,545</b>

- Cash/ bank and other liquid assets comprises ~11% of financial assets
- Duration of ALM is fairly balanced and comfortable

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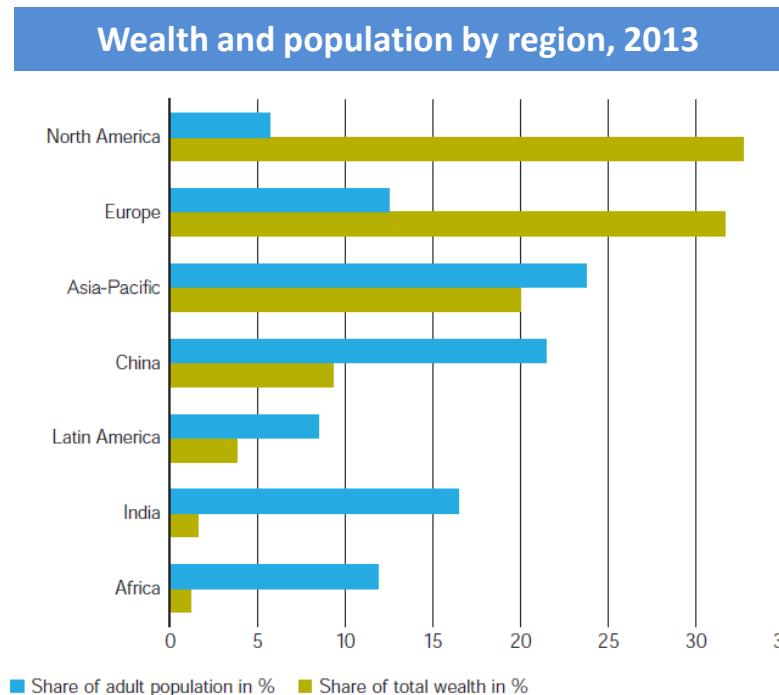
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**Annexure II: Industry update**



# Insurance, financial product distribution and wealth management register steady growth

- Assets under advice of over ₹52,000 Cr
- IIFL distributes mutual fund on open architecture. Mutual fund AUM mobilised by IIFL is close to ₹17,000 Cr. Amongst the top 8 MF distributors in the country
- Collected over ₹1,000 Cr across 3 close ended AIF schemes, and collected over ₹2,500 Cr across various Mutual Funds Schemes during the quarter
- Insurance business was impacted by delay in renewal of licence by IRDA but is now on track



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2013



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# Capital Market - focussing on advisory

- Income for the quarter was ₹82 Cr, a marginal decline qoq and decline of 42% yoy
- IIFL's average daily equities turnover was at ₹4,801 Cr in Q3FY14 down 20% qoq and 7% yoy
- IIFL's average daily commodities turnover was at ₹761 Cr in Q3FY14, down 14% qoq and 53% yoy
- The business is undergoing a restructuring as we are developing an advisory centric model leveraging our research credentials
- IIFL won award for most number of active accounts in Non Bank Category, in NSDL DP at the 28<sup>th</sup> DP Conference of NSDL




**India - Pharma**

Pills in; Green back

US market remains a great opportunity

4Q2013



**Market Mantra**

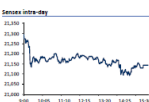
December 31, 2013

Last but not the least... \$pm start likely


As we get into the last trading day of the calendar year, the party is likely to be more outside the market. Let a firm start in the offing and with market remaining opened tomorrow, there is no hurry to make any quick decisions. It's been a good ride especially in the later part of the year and don't forget to give the old year its due. Like any market guru will advise, learn from past mistakes and carry the lessons of time with you to ensure that the coming year brings meaningful gains to your portfolio.

Among the data to watch out for the day will be Core sector growth for November, Government Finance and CPI for industrial workers for November. Telecom Commission may meet today to decide on spectrum usage charge issue. After a positive opening, the indices could result in a range due to lack of global cues. Volumes too may be lower for the day. The broader market will continue to see more activity. On the political front, Finance Minister Chidambaram says the Congress should name its prime ministerial candidate.

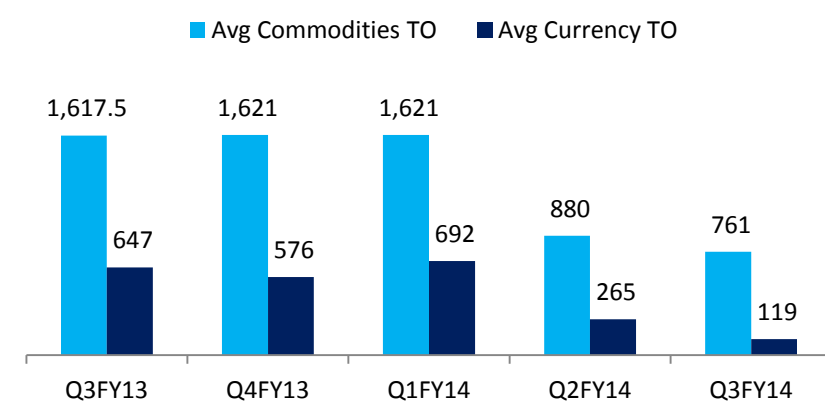
**Sensex Intraday**



**Sensex sector performance**



## Average Daily Turnover (₹ Cr)



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# Vision and Strategy

## Vision

“To become the **Most Respected Company** in the financial services space”

1

### Business Strategy

- Continuously assimilate, analyse and apply knowledge to power superior financial decisions
- Focus on core competence in financial services
- Ensure de-risked business through multiple products and diverse revenue streams

2

### Customer Strategy

- Drive stickiness through high quality research & service
- Maintain cutting-edge proprietary technology
- Wide, multi-modal network serving as one-stop shop to customers

3

### People Strategy

- Attract exceptionally talented and driven people
- Ensure conducive merit environment
- Liberal ownership-sharing





## Management team

- Team with impeccable academic and professional credentials
- Open door, transparent and performance oriented culture
- Liberal employee ownership

### Management Team

Chairman	Nirmal Jain	Managing Director	R. Venkataraman
Institutional Equities	H. Nemkumar	Finance	Dhruv Jain
Investment Banking	Nipun Goel	Compliance	R Mohan
Consumer Finance	Pratima Ram	Operations	Narendra Jain
PMS & Retail Broking	Prasanth Prabhakaran	Audit	Kamal Ahuja
Wealth Management	Karan Bhagat	Risk	Upendra Jaiswal
International Operations	Bharat Parajia	Human Resources	Pallab Mukherji
Offshore Asset Management	Amit Shah	Technology	Tejas Mehta
Insurance Distribution	Mukesh Singh	Customer Service	Loveena Khatwani

Verticals

Corporate Functions

# IIFL has attracted luminaries from the Indian financial world to guide the management



**Nirmal Jain**

*Executive Director*  
Chairman, India Infoline Group



**R Venkataraman**

*Executive Director*  
Managing Director, India Infoline Group



**A K Purwar**

*Independent Director*  
Former Chairman, State Bank of India



**M N Singh**

*Independent Director*  
IPS (Retd), Former Commissioner of Police, Mumbai



**Dr S Narayan**

*Independent Director*  
IAS (Retd), Former Finance Secretary



**A K Shukla**

*Independent Director*  
Former Chairman of LIC



**Sunil Kaul**

*Non Executive Director*  
Operating Partner, Carlyle Group



**S Sridhar**

*Chairman, IIFL HFC*  
Former Chairman & MD of National Housing Bank



**V K Chopra**

*Chairman, IIFL Finance*  
Former Chairman & Managing Director of Corporation Bank



**Kranti Sinha**

*Independent Director*  
Former Chief Executive Officer of LIC Housing Finance



**C Ratnaswami**

*Non Executive Director*  
Managing Director of Hamblin Watsa (Fairfax Group, Canada)



**Nilesh Vikamsey**

*Independent Director*  
Central Council Member, ICAI & Partner of M/s Khimji Kunverji & Co.



**P Pattanayak**

*Independent Director*  
Former Managing Director of State Bank of Mysore



**R S Loona**

*Independent Director*  
Former Executive Director (Law) of SEBI



**Homai Daruwala**

*Independent Director*  
Former Chairperson & Managing Director of Central Bank of India

# IIFL's Advisory Board comprises stalwarts to guide the management



**Ashok Jha**  
IAS (Retd), Former Finance Secretary



**Keki Dadiseth**  
Former Chairman of Hindustan Unilever Limited & former Director Unilever Plc.



**Keki Mistry**  
Vice Chairman and Chief Executive Officer of HDFC



**S Sundaresan**  
An eminent Corporate Lawyer, Partner, M/s J Sagar Associates



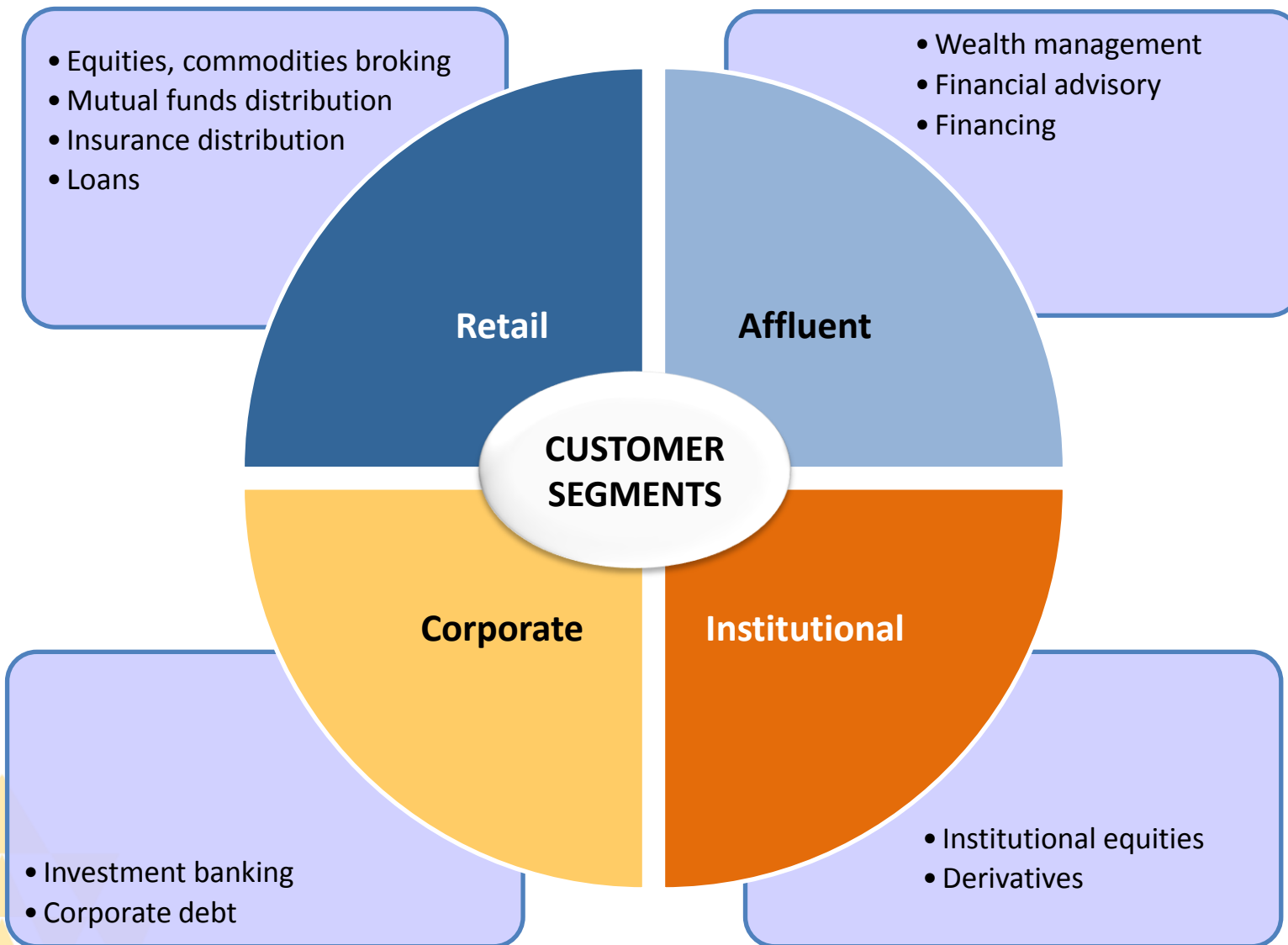
**Sat Pal Khattar**  
Singapore based eminent Lawyer and Investor



**S Venkatachalam**  
Non Executive Chairman Oracle Financial Services and Director on Central Board of SBI



# Business model



## Our service offerings

- Equities
- Insurance
- Credit & finance
- Wealth management
- Asset management
- Investment banking

## How we differentiate ourselves

### Managerial depth

- Promoted by first generation professional entrepreneurs
- Highly qualified and experienced Management team

### Well-capitalized

- Group networth of ₹2,156Cr
- Significant unutilized capacity to leverage

### Distribution reach

- Present at close to 3,500 business locations across India
- Global footprint covers Colombo, Dubai, New York, Mauritius, Singapore, Hong Kong, London and Geneva

### Owner-mindset

- The top management is driven by pride and reward of ownership
- To think and work like an owner is part of organization's DNA

### Technology edge

- Uniquely placed with proprietary front, mid and back office software
- Effectively harnessed technology to provide superior customer experience

### De-risked

- De-risked and diversified business model across multiple revenue streams
- Multiple products across all segments of financial services



# Recent awards and accolades received by IIFL



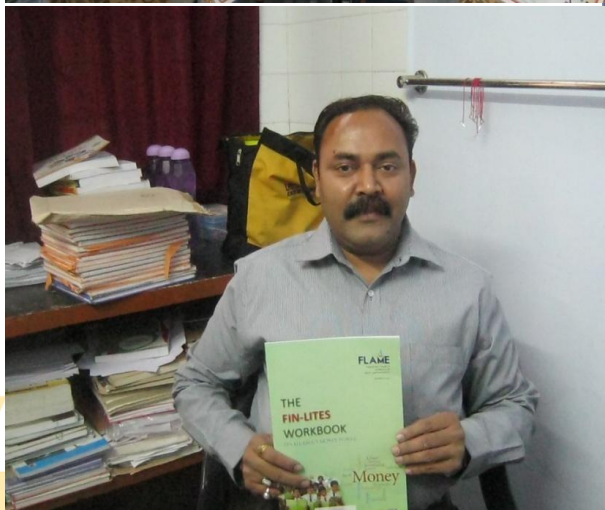
IIFL won award for most number of active accounts in Non Bank Category, in NSDL DP at the 28<sup>th</sup> DP Conference of NSDL



IIFL receives award for its internal newsletter 'IIFL Buzz' at the 53<sup>rd</sup> Association of Business Communicators of India (ABCI) Award, 2013

# FLAME (IIFL's Financial Literacy Campaign) update

Over 1,00,000 school students enrolled for financial literacy



Special sessions for women too!

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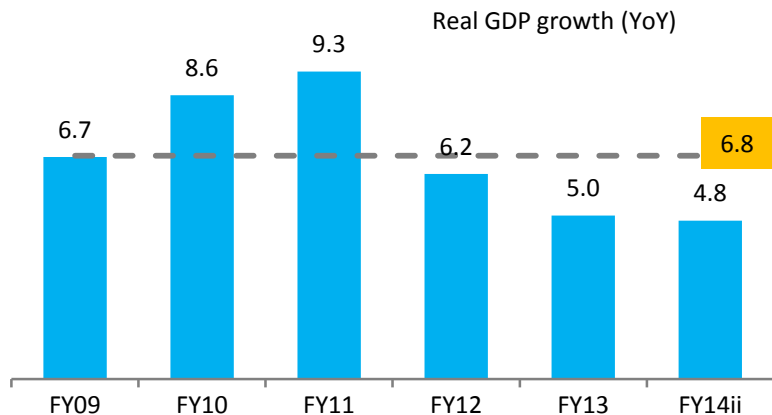
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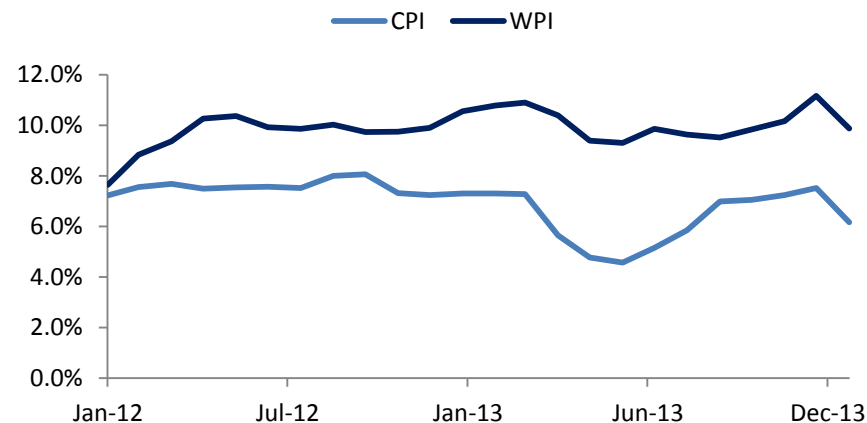
# Macro economy

## Growth may remain below trend

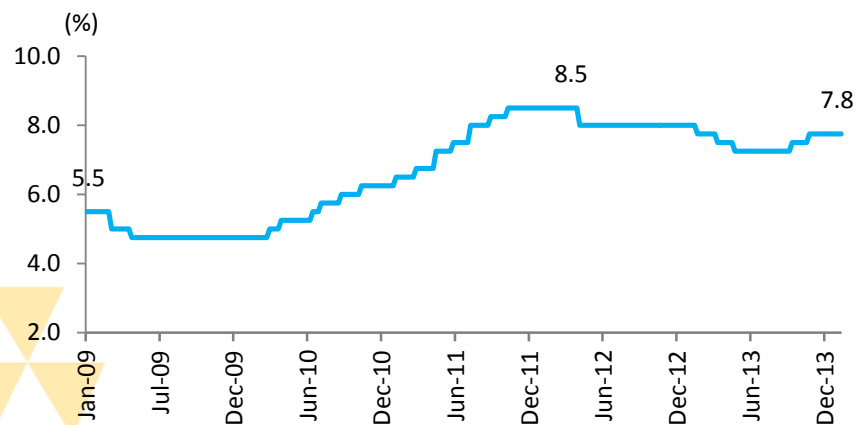


Source: CMIE, IIFL Research, FY13 GDP data is Advance Estimate

## Inflation to moderate from hereon

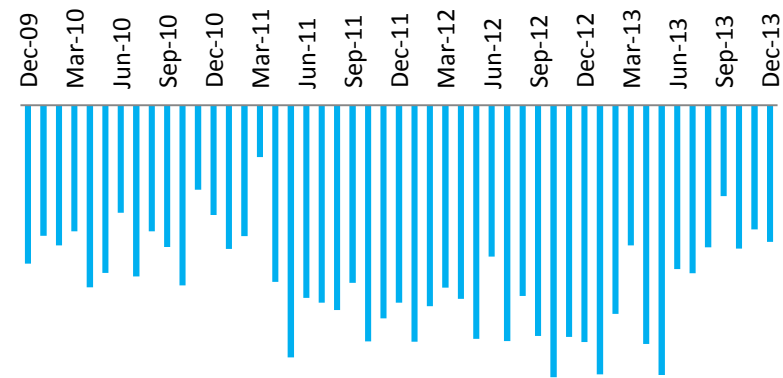


## Policy rate near peak



Source: Bloomberg, IIFL Research

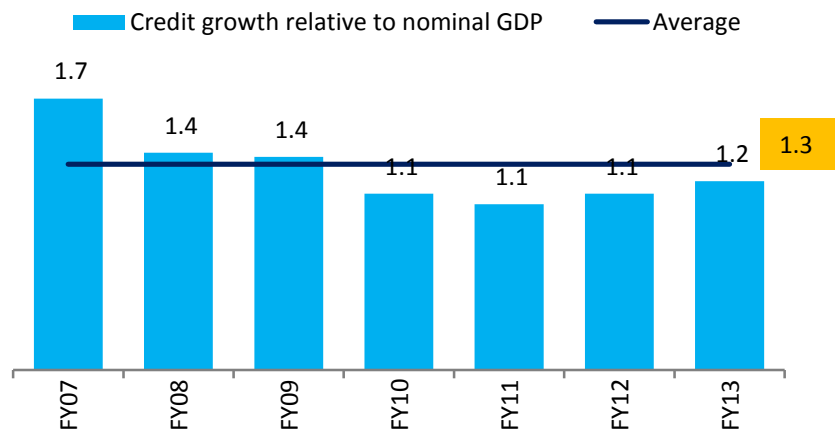
## Trade deficit has narrowed in recent months



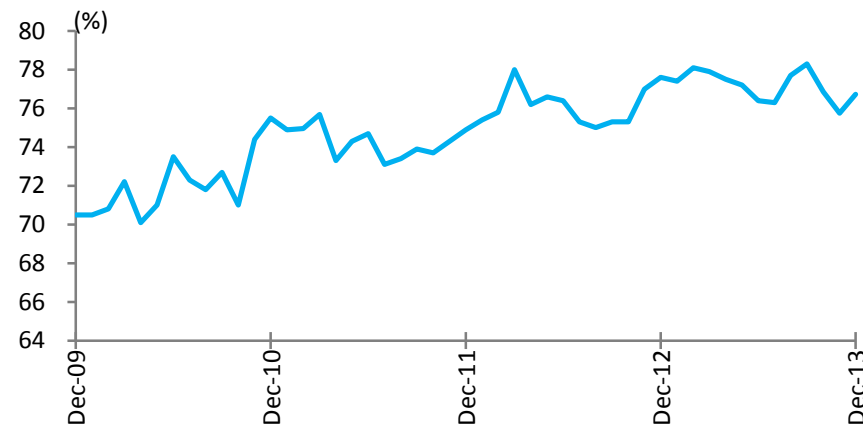
Source: CMIE, FAO, Govt of India, NDDB, IMD, IIFL Research

# Credit and Finance

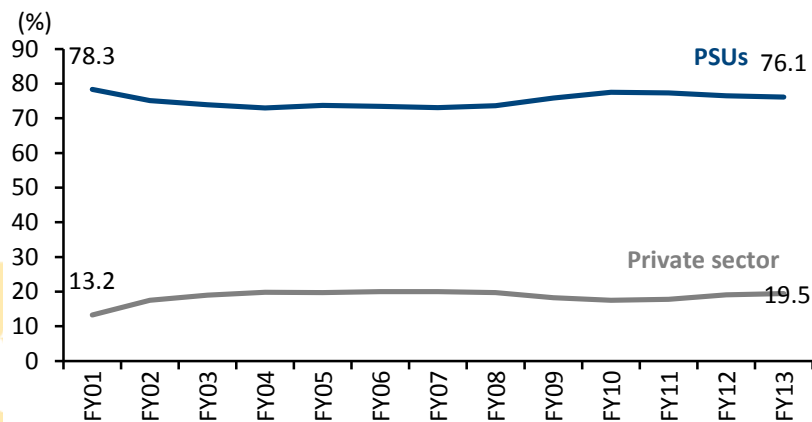
Credit growth/Nominal GDP growth stands at modest level



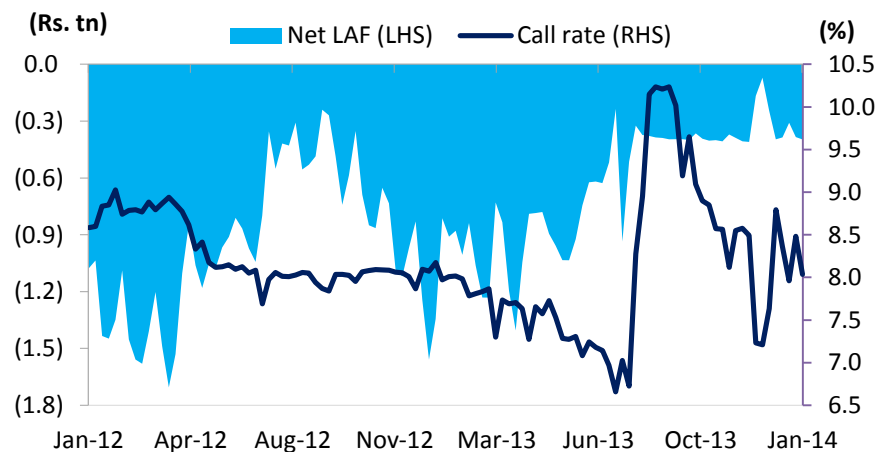
Loan/Deposit ratio has structurally moved up



PSU Banks steadily losing market share to Private Banks

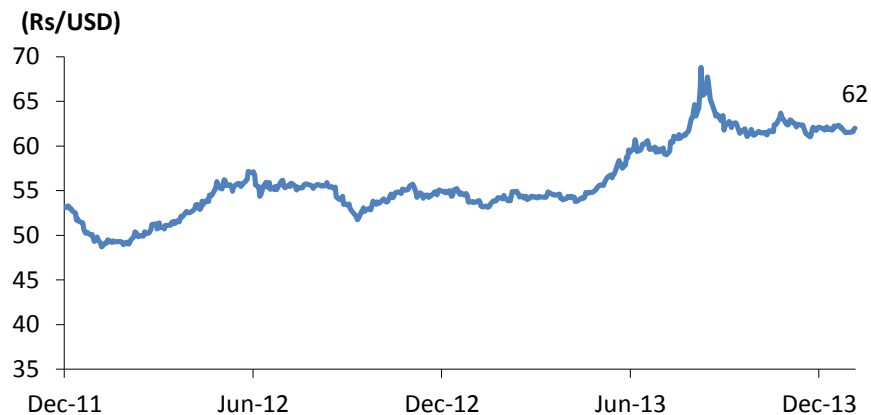


Banking system liquidity has eased considerably

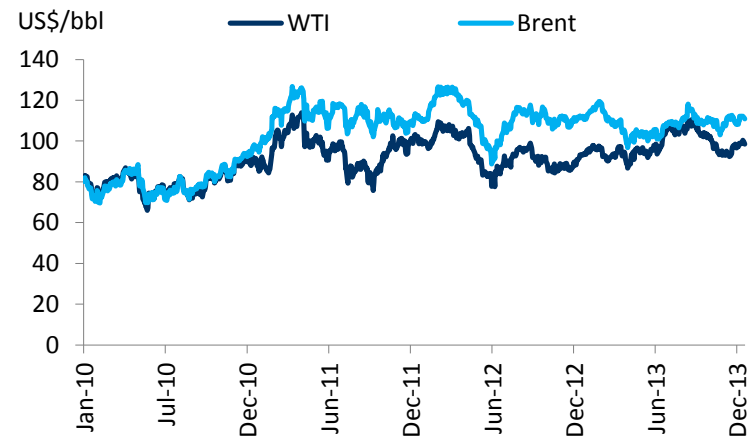


# Capital raising and fund flows

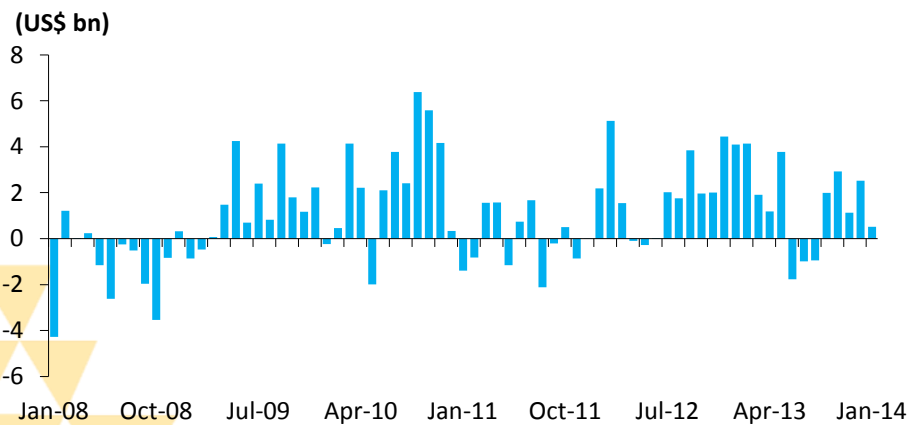
Rupee stabilizes at 61-62



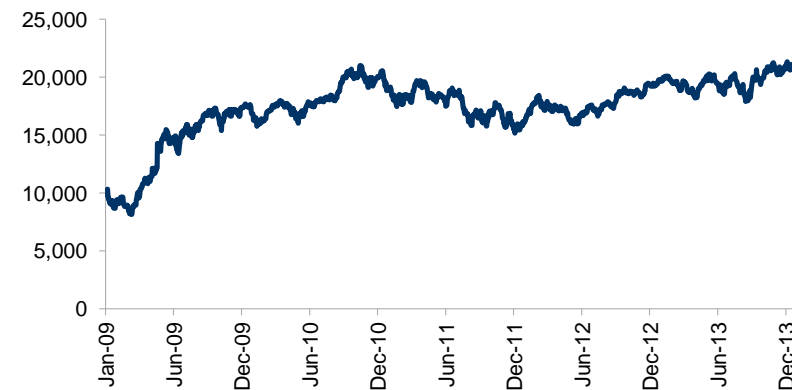
Crude prices have been stable



Benign global liquidity driving sustained portfolio inflows

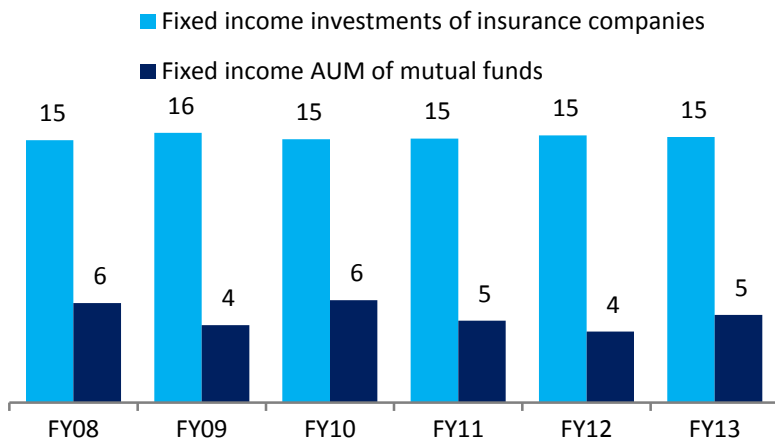


Sensex surges on hopes of better FY15



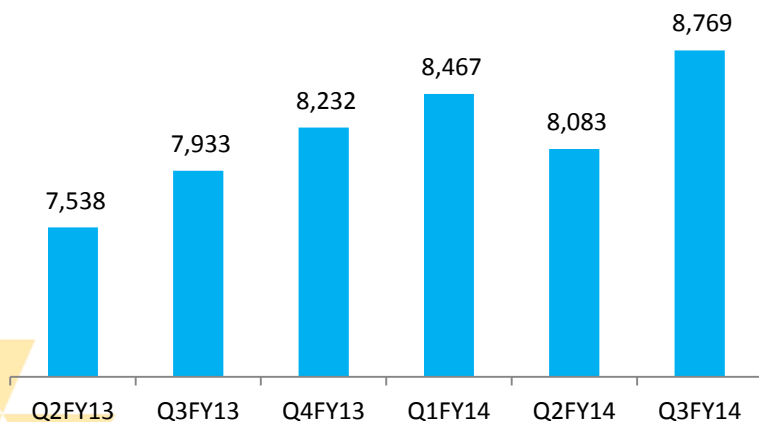
# Insurance and Mutual funds

## Modest increase in non banking system



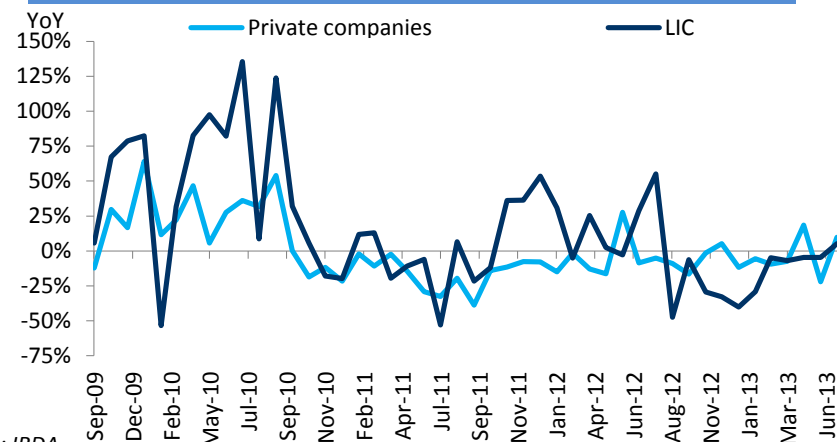
Source: CMIE, RBI, World Bank, IIFL Research

## Average MF AUM (Rs bn)



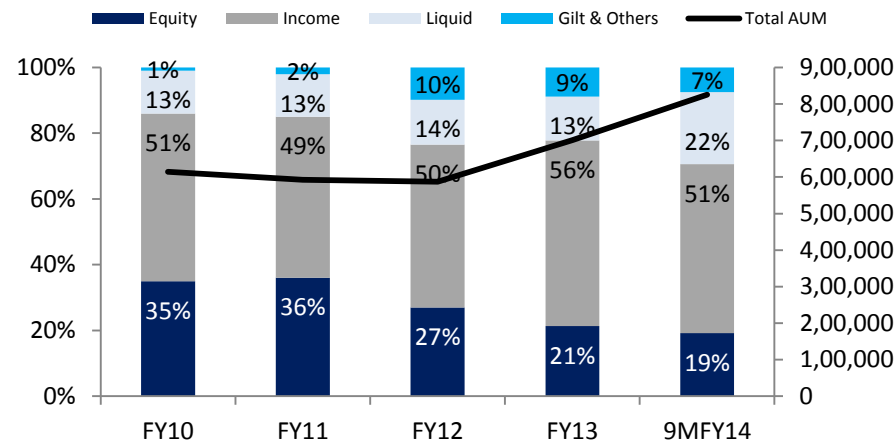
Source: AMFI

## APE growth yoy (%)



Source: IRDA

## AUM by asset class (Rs Bn)



Source: AMFI

# Thank you

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