

India Infoline Group

Results Jan-Mar 2014 (Q4FY14) and FY14

May 13, 2014



I: IIFL Group Performance review

II: Business review

Fund based activities

Financial products distribution

Capital market activities

Annexure I: Corporate overview

Annexure II: Industry update



IIFL FY14 and quarter performance summary

Consolidated results for April 2013 - March 2014 (FY14)

- Income for FY14 at ₹2,837 Cr up 6% yoy
- Profit after Tax at ₹278 Cr, up 2% yoy

Quarter results (consolidated) for Jan - Mar 2014 (Q4FY14)

- Income for the quarter at ₹788 Cr, up 14% qoq and 7% yoy
- Profit after Tax at ₹81 Cr, up 21% qoq and marginally up yoy

NBFC operations

- Loan book at ₹10,890 Cr in Q4FY14 up 16% yoy
- NBFC's NIM and spread are improving, cost to income falling
- Gross as well as Net NPAs at less than 1%

Financial products distribution

Income at ₹172 Cr for the quarter, up 78% qoq and 44% yoy. The business is growing steadily on a year on year basis and assets under wealth advisory stood at close to ₹58,000 Cr

Capital market activities

Income fell to ₹75 Cr for the quarter, down 8% qoq, with significant fall in currency volumes



IIFL Group consolidated quarterly results for Mar'14 compared qoq and yoy

₹ Cr	Q4FY14	Q3FY14	Q4FY13	QoQ	YoY
Fund Based activities	533.6	509.3	481.0	4.8%	10.9%
Financial Products distribution	172.3	96.6	119.4	78.3%	44.3%
Capital Market activities	74.6	81.5	131.7	(8.5%)	(43.4%)
Other income	7.3	2.2	1.6	223.0%	346.5%
Total Income	787.7	689.7	733.7	14.2%	7.4%
A. Operating cost	87.1	63.8	91.1	36.4%	(4.4%)
B. Employee cost	130.2	117.3	133.9	11.0%	(2.7%)
C. Other expenses	125.2	91.1	116.1	37.5%	7.9%
EBITDA	445.2	417.5	392.7	6.6%	13.4%
Interest	304.4	299.8	259.6	1.5%	17.2%
Depreciation and amortization	15.6	16.6	17.1	(6.1%)	(8.4%)
Profit / (Loss) before tax	125.2	101.1	116.0	23.9%	8.0%
Provision for taxation	38.3	30.4	31.8	25.7%	20.2%
Profit/(Loss) after tax before minority	87.0	70.6	84.2	23.1%	3.4%
Minority Interest	5.6	3.5	3.2	59.0%	76.5%
Profit/(Loss) after tax	81.4	67.1	81.0	21.3%	0.5%

IIFL Group consolidated results for year ended Mar'14 compared yoy

₹ Cr	FY14	FY13	YoY
Fund Based activities	2,027.2	1,816.7	11.6%
Financial Products distribution	448.4	288.9	55.2%
Capital Market activities	346.3	552.5	(37.3%)
Other income	15.4	7.2	115.3%
Total Income	2,837.3	2,665.3	6.5%
A. Operating cost	313.6	333.6	(6.0%)
B. Employee cost	494.4	533.5	(7.3%)
C. Other expenses	388.3	444.5	(12.6%)
EBITDA	1,640.9	1,353.6	21.2%
Interest	1,153.2	869.2	32.7%
Depreciation and amortization	67.9	83.9	(19.1%)
Profit / (Loss) before tax	419.8	400.4	4.8%
Provision for taxation	128.4	121.1	6.1%
Profit/(Loss) after tax before minority	291.4	279.3	4.3%
Minority Interest	13.3	7.1	86.4%
Profit/(Loss) after tax	278.1	272.2	2.2%

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NBFC's performance highlights: Income up 9% yoy; PAT up 19% yoy for quarter ended Mar'14

Consolidated results for April 2013 - March 2014 (FY14)

- Income for FY14 at ₹1,970 Cr up 13% yoy
- Profit after Tax at ₹210 Cr, up 11% yoy

Quarter results (consolidated) for Jan - Mar 2014 (Q4FY14)

- Income for the quarter at ₹525 Cr, up 9% yoy and up 6% qoq
- Profit after Tax at ₹61 Cr, up 19% yoy and up 10% qoq

Overall loan book

Overall loan book was ₹10,890 Cr, up 16% yoy. The share of mortgage in total loans is 47% in Q4FY14. During the same time period, share of gold loan was 36%

NPAs

Gross and Net NPAs were 0.86% and 0.33% in the quarter. NPAs compare very favorably with the industry, indicating superior asset quality

Margins

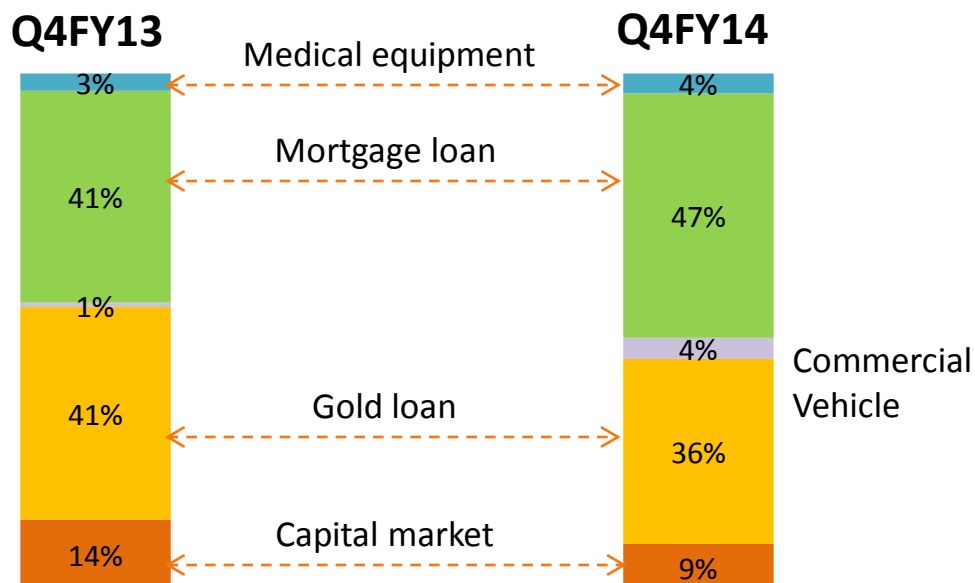
Margins have improved and NIM and spread were 7.5% and 6.7% during the last quarter



Loan book growing steadily

- Loan portfolio in Q4FY14 steadily increased to ₹10,890 Cr as against ₹10,042 Cr in Q3FY14
- Loan book comprises entirely secured lending against tangible collaterals
- Securitized assets portfolio as at March end was ₹672 Cr

Changing mix of loan book



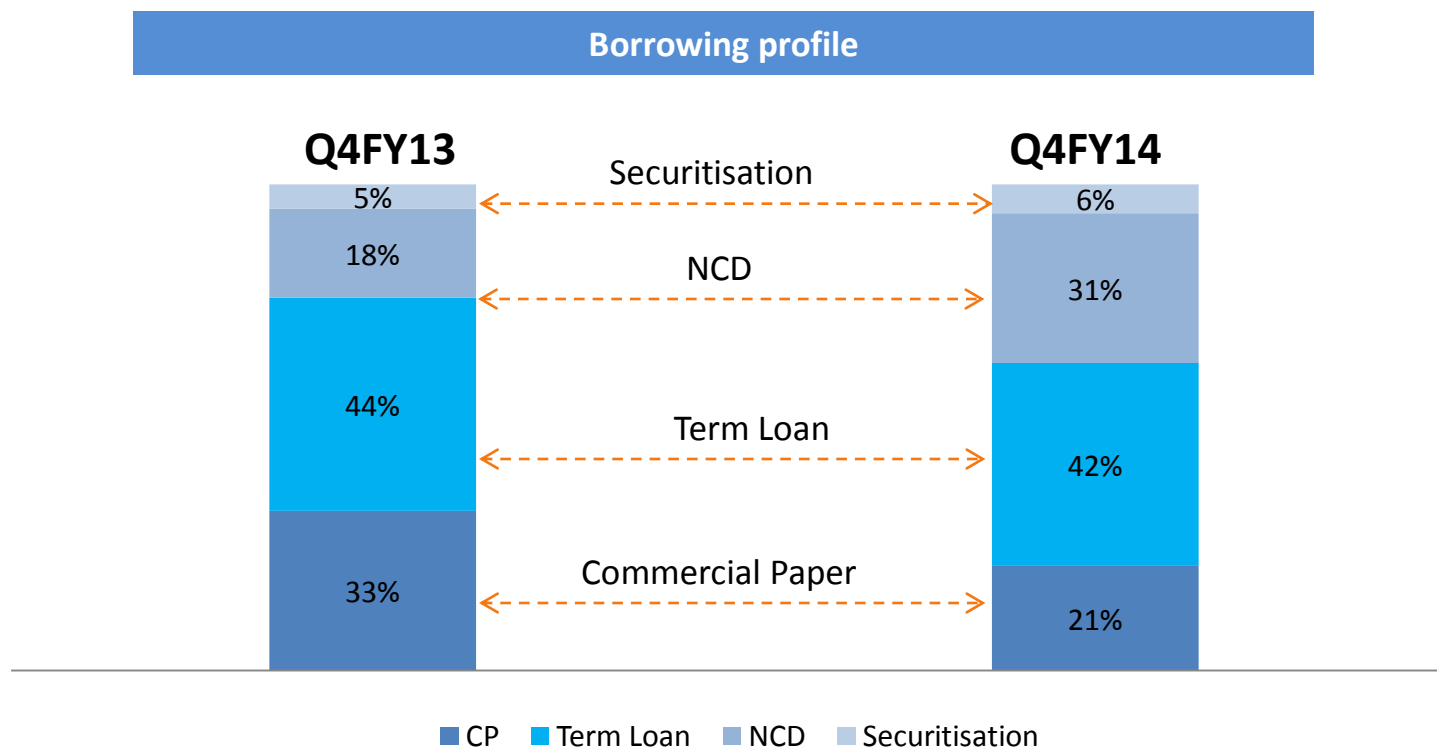
Financial assets as on Mar 31, 2014

Rs Cr		
A	Loan Book	10,890
B	Securitized /assigned portfolio	672
C	Other Financial Assets	1,444
<hr/>		
D	AUM (A+B)	11,562
E	Total Financial Assets (A+C)	12,334

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

Improved liability profile; Reducing dependence on short term borrowing

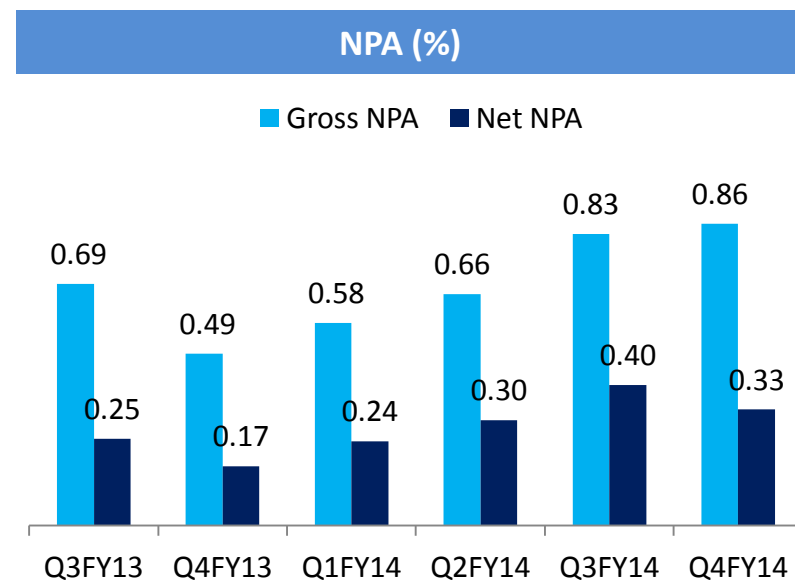
- IIFL Finance and its subsidiary raised, in aggregate, ₹1,750 Cr by way of public issue of bonds this year
- Share of Commercial Papers in total borrowings has come down from 33% in Q4FY13 to 21% in Q4FY14, thereby reducing vulnerability to short term resources



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
- Gross NPA was a shade higher on qoq basis but Net NPA was down to 0.33%

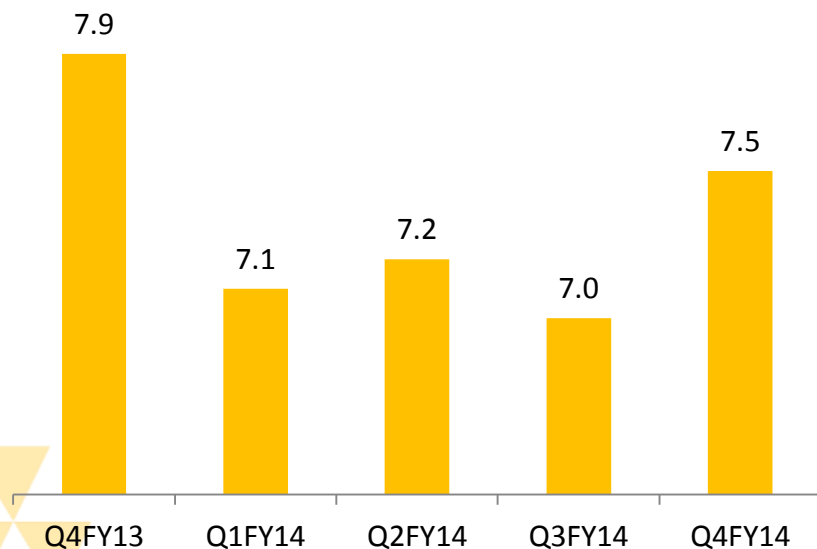
Provision for the quarter		₹ Cr	%
A	Gross NPA	93.9	0.86%
B	Non Standard Asset Provision	57.7	0.53%
C	Net NPA (A-B)	36.2	0.33%
D	Standard Asset Provision	31.0	0.28%
E	Total Provision (B+D)	88.7	



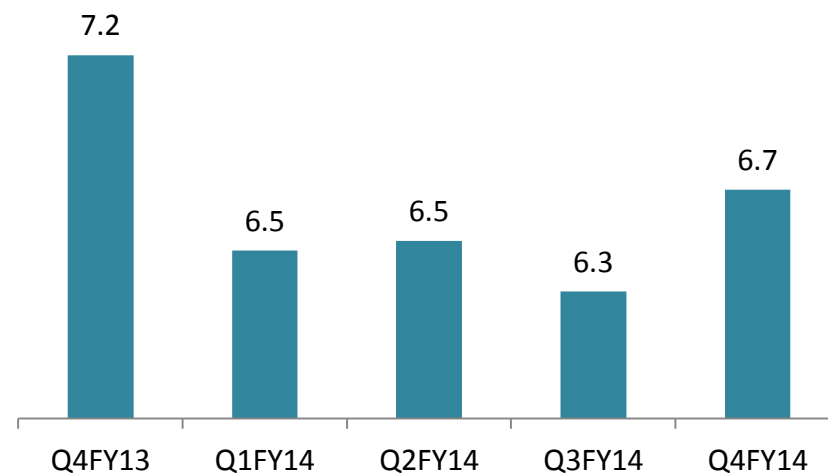
NIM and spread now improving

- NIM and spread are 7.5% and 6.7% respectively during the last quarter, showing a healthy increase compared to last quarter
- RBI's guidelines on LTV norms for Gold loans have been positive for Gold business

NIM (%)



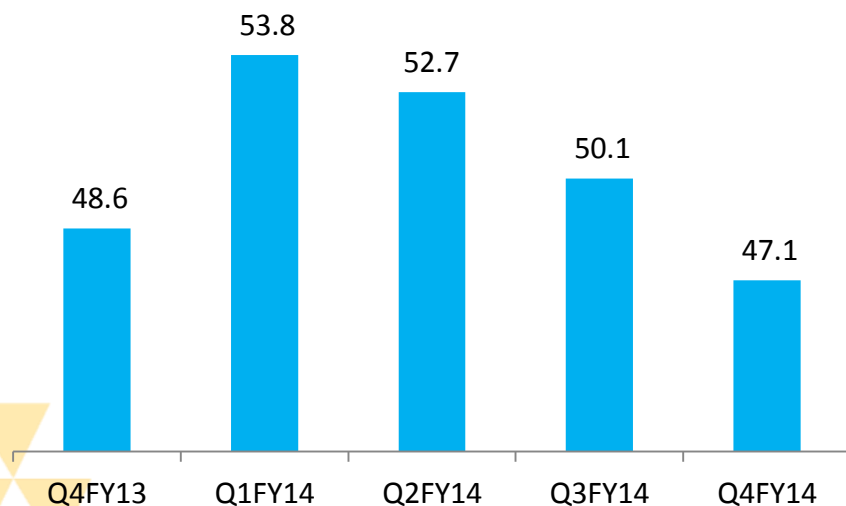
Spread (%)



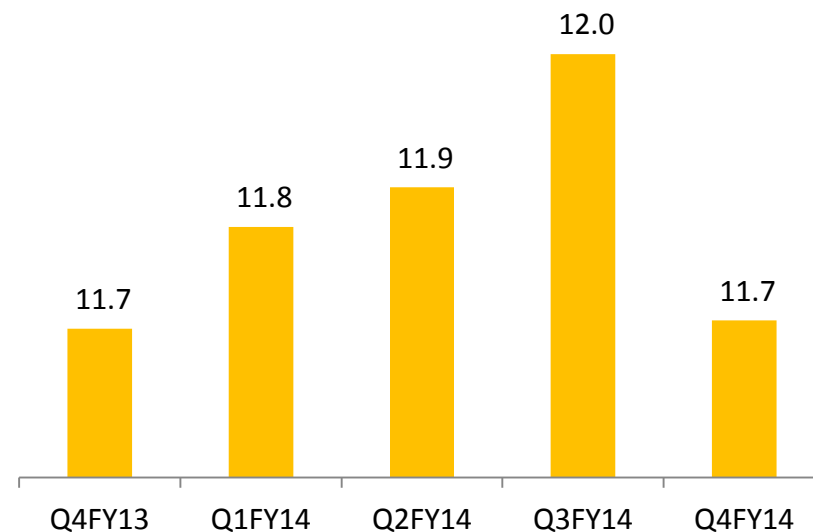
Declining cost to income ratio

- Cost of fund lower in the quarter due to rollover of CPs at a lower rate
- Securitisation of ₹504 Cr during the quarter has further brought down cost of funds

Cost to Income (%)



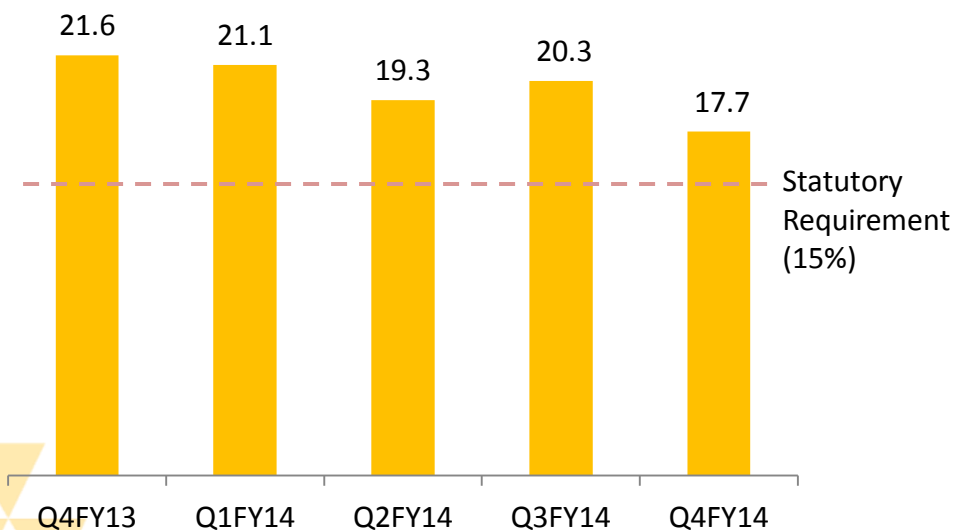
Cost of Fund (%)



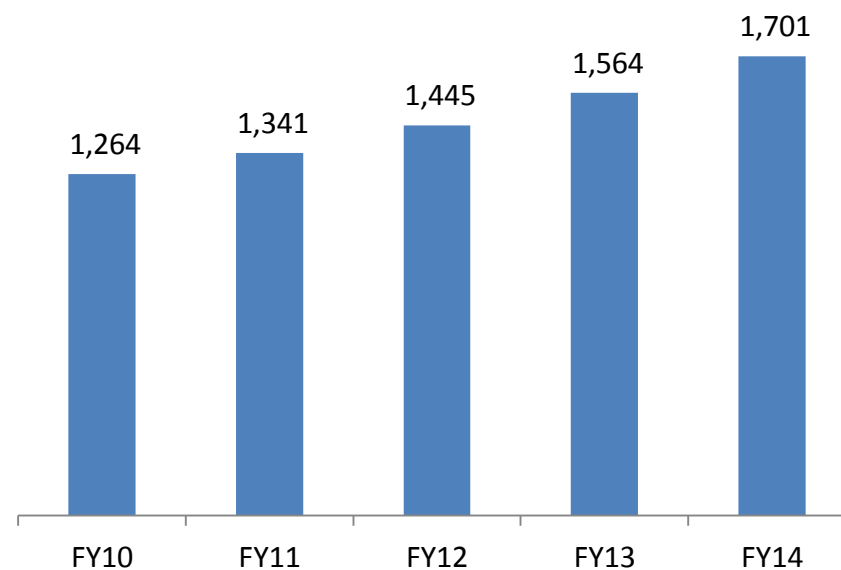
Robust network backed by healthy capital adequacy

- Consistently maintained capital adequacy level higher than statutory requirement of 15%
- Well capitalised with a network of ₹1,701 Cr (NBFC and its HFC subsidiary consolidated)

Capital Adequacy (%)

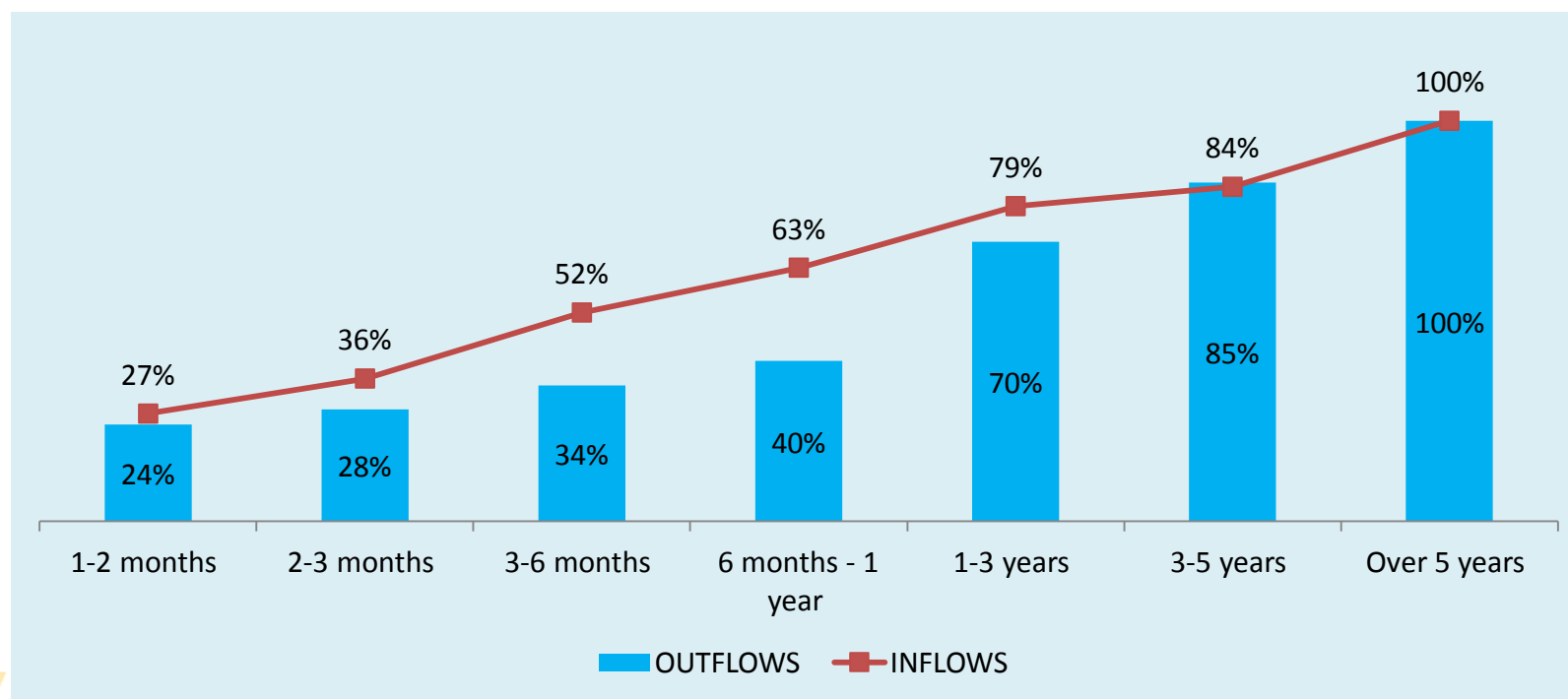


Network (₹ Cr)



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
- Have added long term resources during the year yielding to a comfortable ALM position
- Rollover of CPs at a lower rate has also added to the comfort



IIFL Finance consolidated results for quarter ended Mar'14

₹ Cr	Q4FY14	Q3FY14	Q4FY13	YoY	QoQ
Income from operations	490.3	475.6	436.7	12.3%	3.1%
Other income	35.0	21.0	44.1	(20.7%)	66.3%
Total Income	525.3	496.6	480.8	9.2%	5.8%
A. Operating cost	45.9	37.8	52.4	(12.4%)	21.4%
B. Employee cost	44.1	40.5	48.0	(8.0%)	9.0%
C. Other expenses	43.3	40.3	46.0	(6.0%)	7.3%
EBITDA	391.9	378.0	334.4	17.2%	3.7%
Interest	288.9	289.4	249.7	15.7%	(0.2%)
Depreciation and amortization	8.9	9.2	10.2	(12.7%)	(3.5%)
Profit / (Loss) before tax	94.1	79.3	74.5	26.3%	18.6%
Provision for taxation	33.2	23.8	23.4	41.7%	39.6%
Profit/(Loss) after tax	60.9	55.6	51.1	19.3%	9.6%

IIFL Finance consolidated results for year ended Mar'14 compared yoy

₹ Cr	FY14	FY13	YoY
Income from operations	1,849.1	1,653.4	11.8%
Other income	121.3	83.8	44.8%
Total Income	1,970.4	1,737.2	13.4%
A. Operating cost	164.2	170.7	(3.8%)
B. Employee cost	166.8	179.5	(7.1%)
C. Other expenses	178.6	201.7	(11.5%)
EBITDA	1,460.8	1,185.4	23.2%
Interest	1,110.9	877.6	26.6%
Depreciation and amortization	38.7	34.0	13.9%
Profit / (Loss) before tax	311.2	273.8	13.7%
Provision for taxation	100.8	85.0	18.5%
Profit/(Loss) after tax	210.4	188.7	11.5%



Overwhelming response received to all our bond issues this year indicating investor's trust

India Infoline Housing Finance Bond Issue in March 2014

- Unsecured redeemable non-convertible debentures, in the nature of subordinated debt, eligible for Tier-II capital
- The issue received strong response and was oversubscribed 2.24 times of the base price
- Raised ₹200 Cr and retained 100% green shoe option



12% IIFL HOME BONDS

Monthly Income yielding upto **12.68%** p.a.

Double your money in 5 years*

Public Issue Opens on March 12
Issue closes on March 24* Allotment on first-come-first-serve basis**

SMS NCD to 56677 | **Missed call 080 300 88 505**

Minimum investment of ₹ 10,000/- . For detailed terms and conditions please refer /prospectus.

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

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



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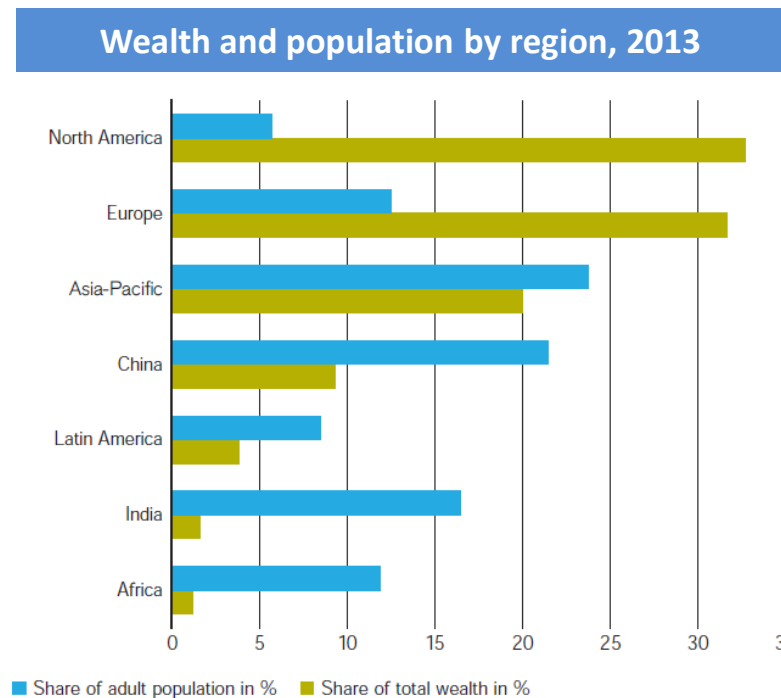
Annexure I: Corporate overview

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Financial product distribution and wealth management register steady growth

- Assets under advice close to ₹58,000 Cr
- IIFL distributes mutual fund on open architecture. Mutual fund AUM mobilised by IIFL is close to ₹16,000 Cr. Amongst the top 8 MF distributors in the country
- Launched the first of its kind 10 year FMP with the underlying security of WPI Inflation Indexed Bonds. Successfully collected close to ₹390 Cr of client capital



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



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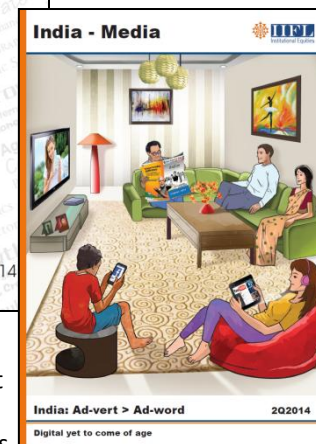
Annexure II: Industry update



Capital market – potential for growth

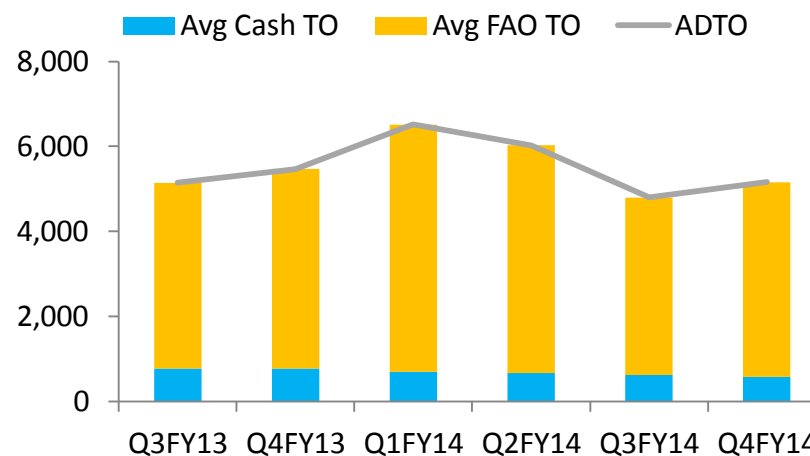
- Income for the quarter was ₹75 Cr, down 8% qoq and 43% yoy
- IIFL's average daily equities turnover was at ₹5,156 Cr in Q4FY14 up 7% qoq and down 6% yoy
- IIFL's average daily commodities turnover was at ₹1,046 Cr in Q4FY14, up 37% qoq and down 35% yoy
- Potential for growth in this segment as market volumes have been picking up since late March

A comprehensive overview of near & medium term macro trends on eight key facets of the Indian economy



A detailed report on advertising that assess the threat of digital platform on traditional mediums and provides ad spend growth outlook

Average Daily Turnover (₹ Cr)



Institutional investors' conference

- IIFL's Fifth Global Investors Conference, Enterprising India – V Global was the biggest conference so far
- The theme of this three day conference was EPS: Economy, Politics and Sentiment
- Conference saw participation by 83 companies and over 600 investors
- The investor's mood was of cautious optimism and politics remained a key topic of discussion

Global Investor Conference 2014



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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	Upendra Jaiswal
Wealth Management	Karan Bhagat	Risk	Priya Kashyap
International Operations	Bharat Parajia	Human Resources	Pallab Mukherji
Offshore Asset Management	Amit Shah	Technology	Tejas Mehta
Insurance Distribution	Mukesh Singh	Customer Service	Loveena Khatwani
Housing Finance	R. Venkataraman	Treasury	B S Amarnath

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



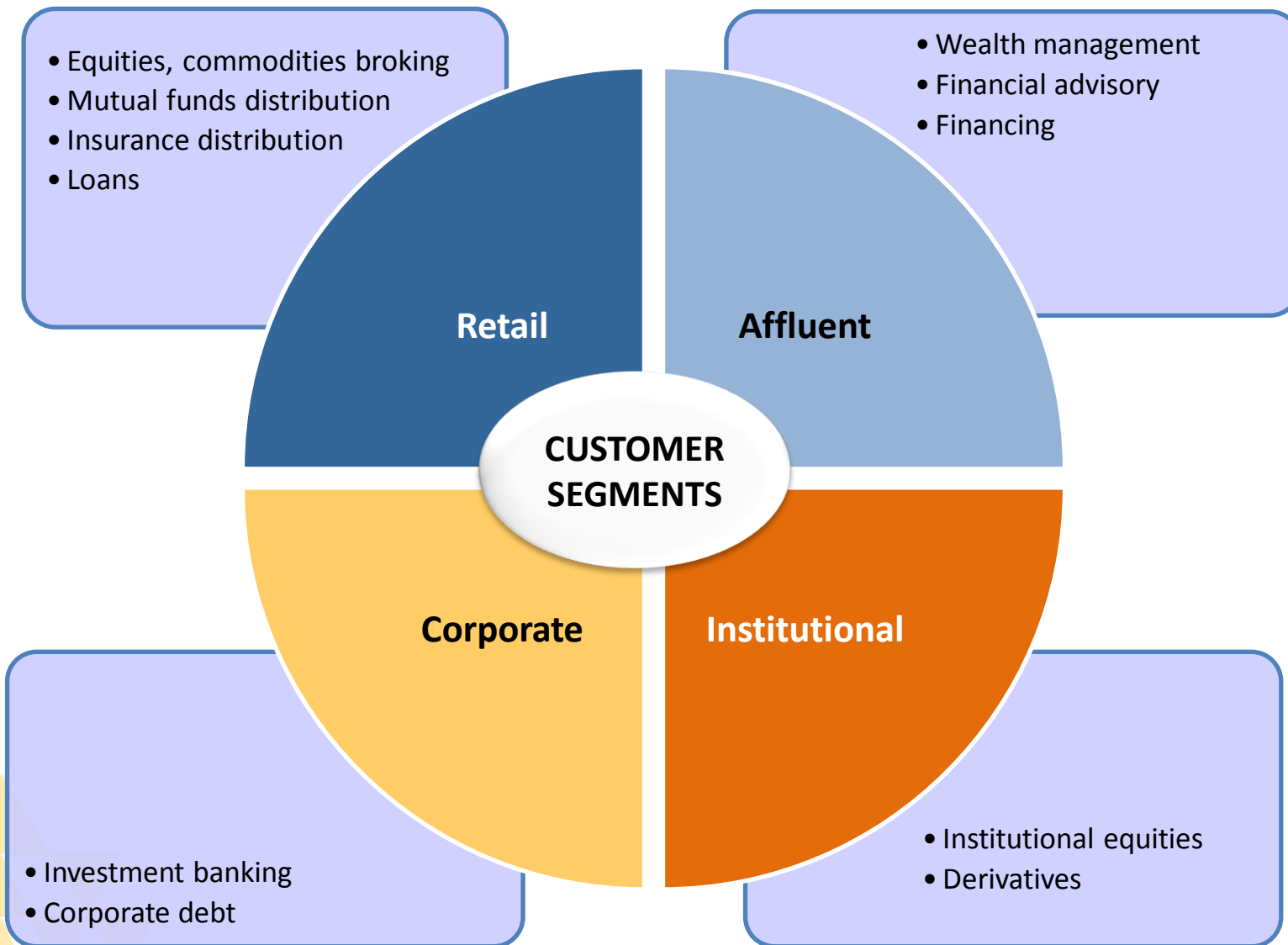
Sat Pal Khattar
Singapore based eminent Lawyer and Investor



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 ₹2,152Cr
- Significant unutilized capacity to leverage

Distribution reach

- Present at close to 3,000 business locations across India
- Global footprint covers 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

Awards and accolades received by IIFL

IIFL Private Wealth sweeps Euromoney Private Banking & Wealth Management Awards 2014



- **Best Private Banking Services Overall – India 2014**
- Best Relationship Management
- Range of investment products
- Specialized services – For Entrepreneurs
- Corporate advisory for private banking clients
- Fixed income portfolio management
- Real estate investment
- Managed futures
- Hedge fund investment



FLAME (IIFL's Financial Literacy Campaign) update

Over 1 lakh school students from more than 390 schools have actively participated in our financial literacy drive



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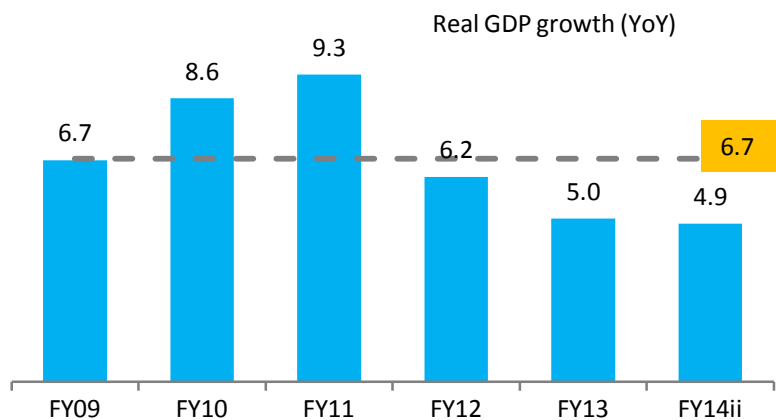
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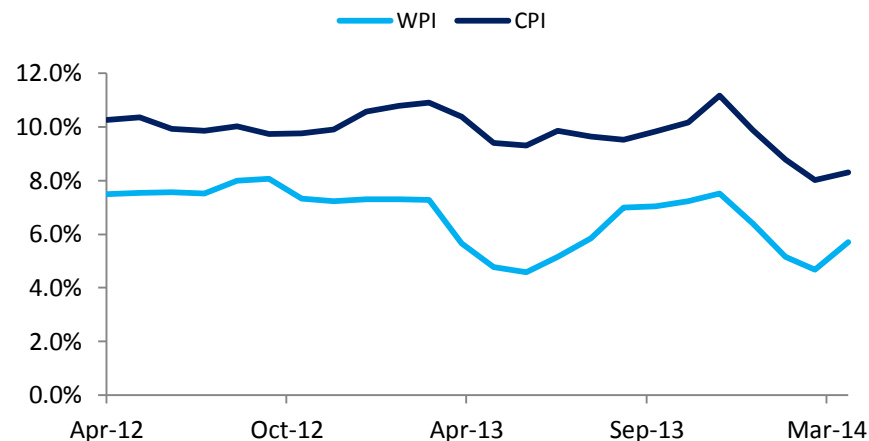
Macro economy

Growth may remain below trend

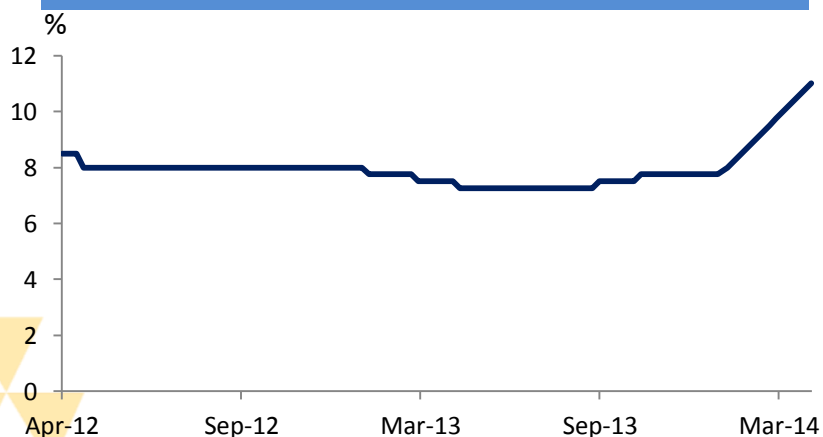


Source: CMIE, IIFL Research, FY13 GDP data is Advance Estimate

Inflation to moderate from hereon

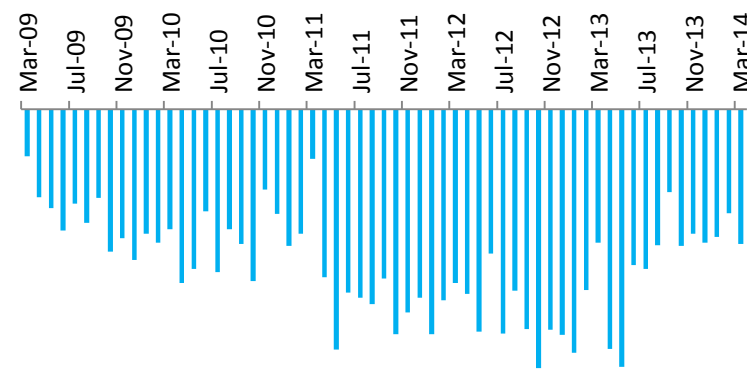


Policy rate near peak



Source: Bloomberg, IIFL Research

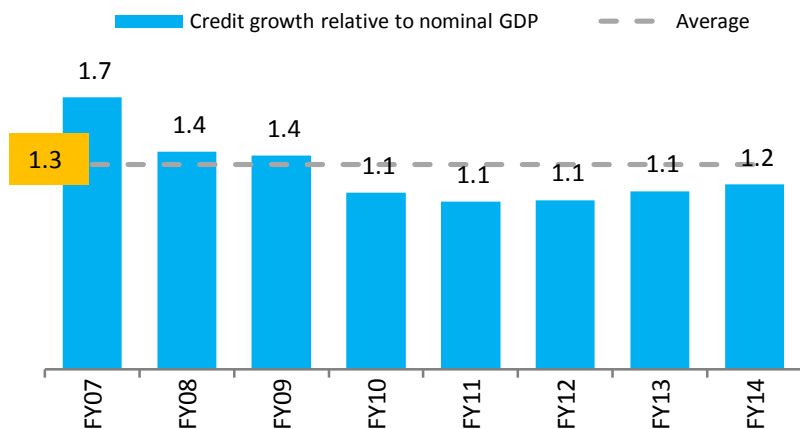
Trade deficit has narrowed in recent months



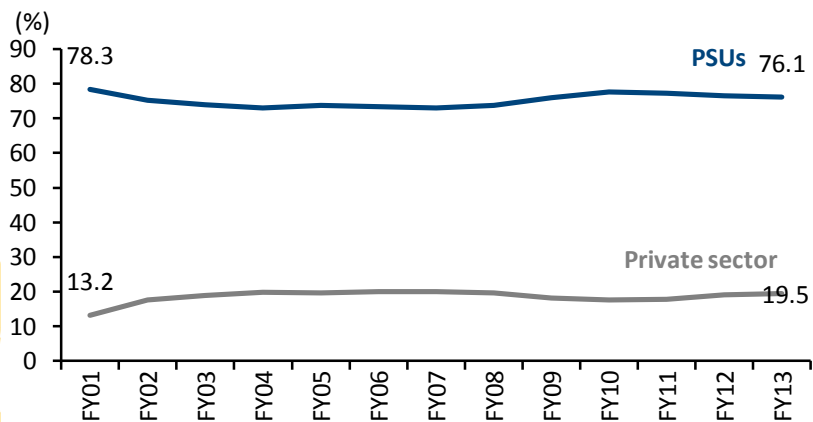
Source: CMIE, FAO, Govt of India, NDDB, IMD, IIFL Research

Credit and Finance

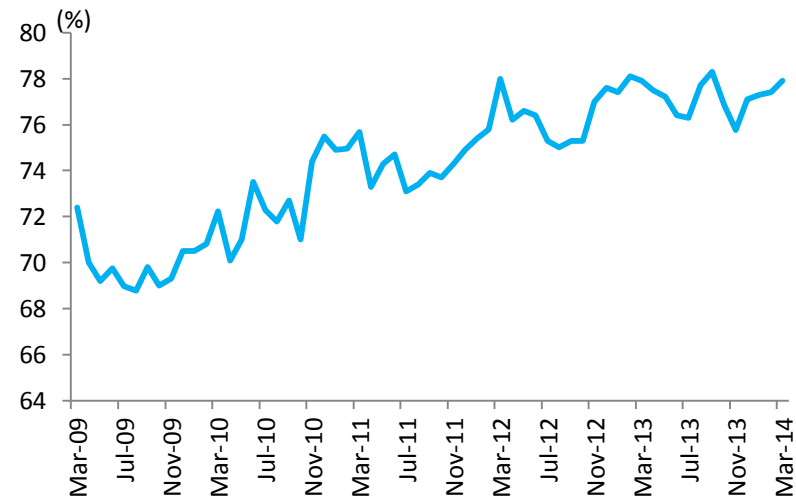
Credit growth/Nominal GDP growth stands at modest level



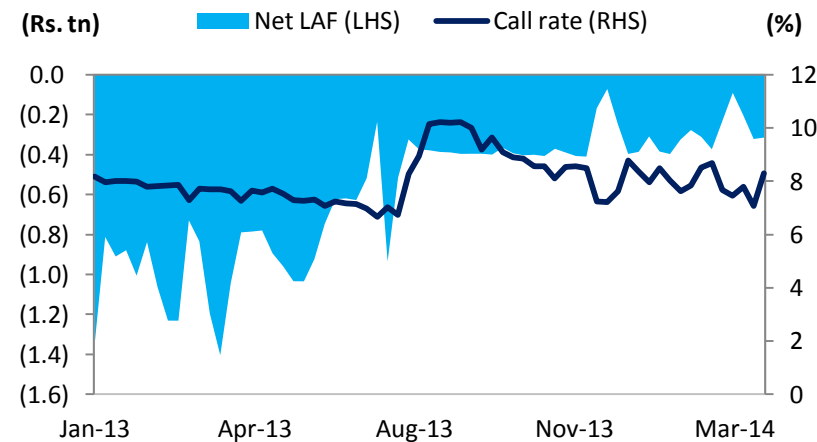
PSU Banks steadily losing market share to Private Banks



Loan/Deposit ratio has structurally moved up

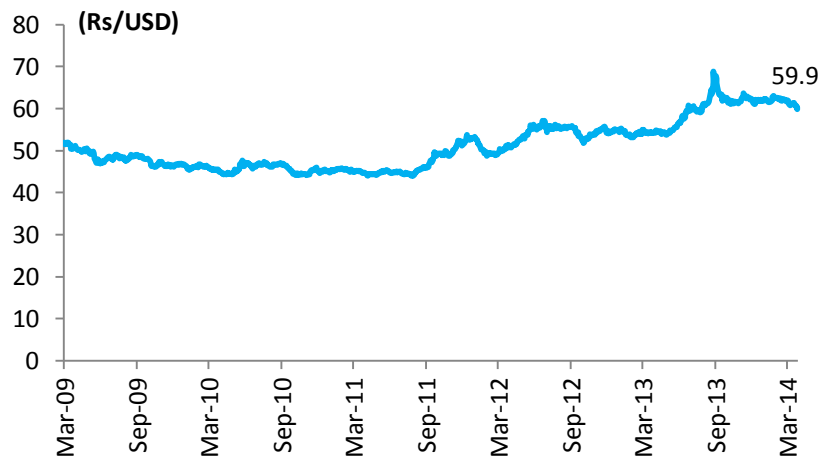


Banking system liquidity has eased considerably

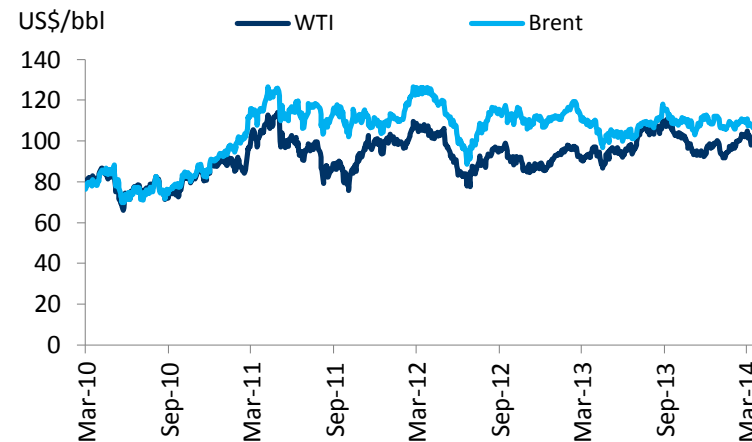


Capital raising and fund flows

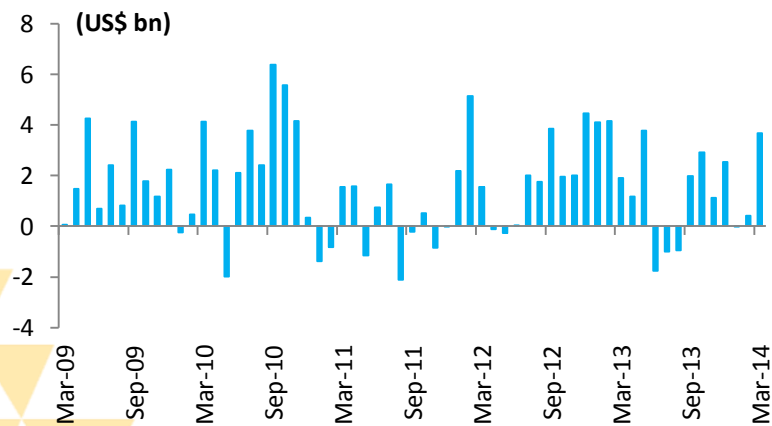
Rupee stabilizes at 61-62



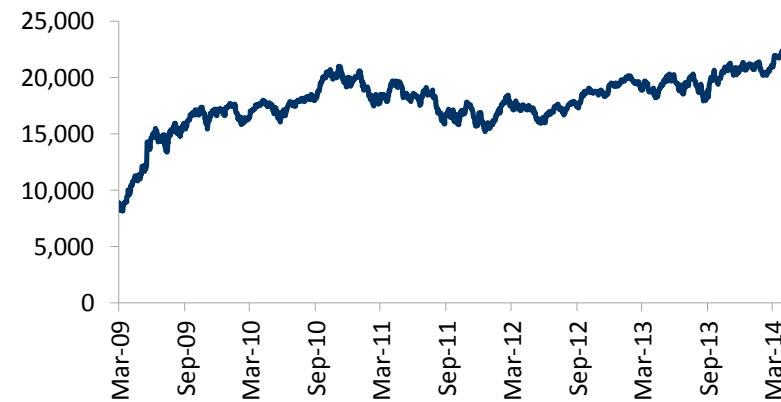
Crude prices have been stable



Benign global liquidity driving sustained portfolio inflows

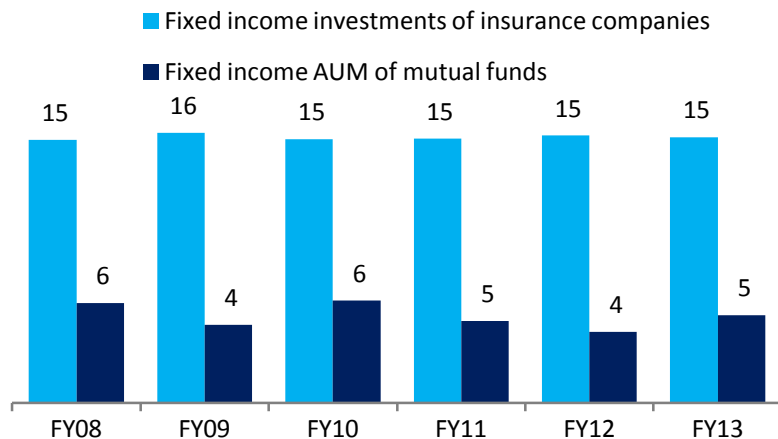


Sensex surges on hopes of better FY15



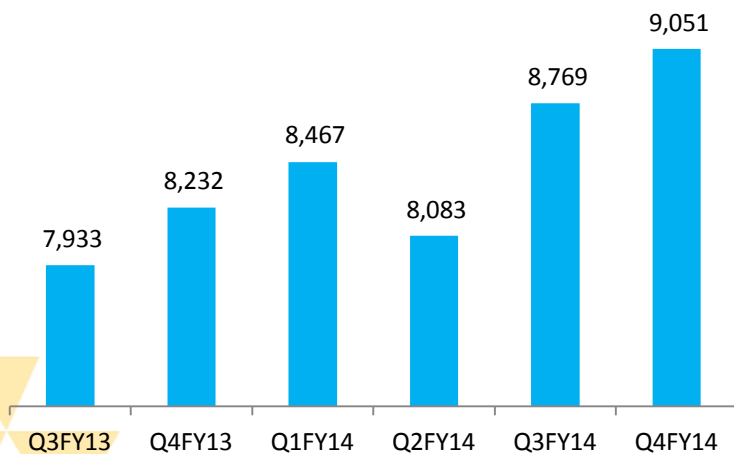
Insurance and Mutual funds

Modest increase in non banking system



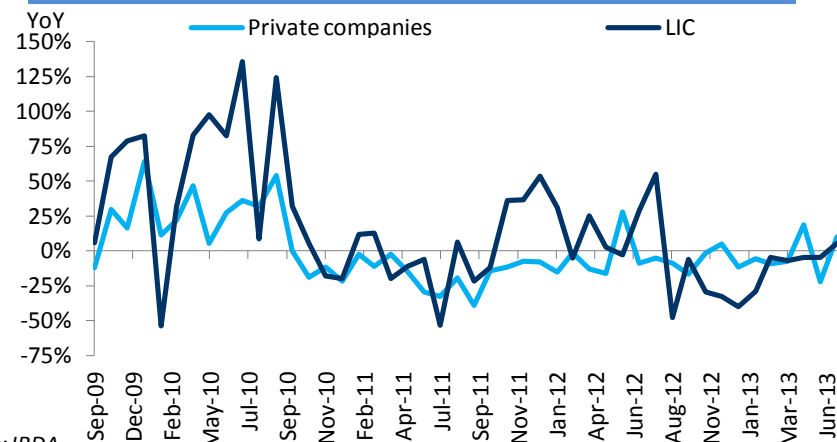
Source: CMIE, RBI, World Bank, IIFL Research

Average MF AUM (Rs bn)



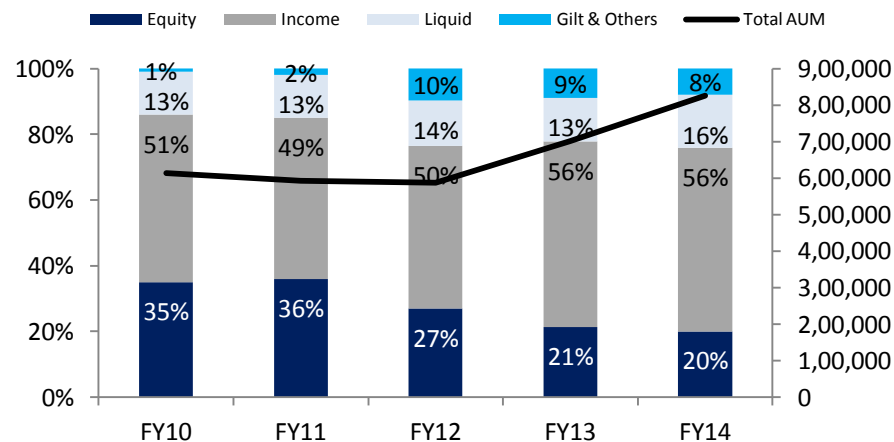
Source: AMFI

APE growth yoy (%)



Source: IRDA

AUM by asset class (Rs Bn)



Source: AMFI

Thank you

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Tel.: +(91 22)4007 7000 Fax: 2685 0451.

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