

# Performance Review

For the quarter ended September 2018

## IIFL Holdings Limited

Bloomberg: IIFL IN

November 01, 2018

KNOWLEDGE IS THE EDGE



## **I: IIFL Group Performance Overview**

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### **(i) IIFL Finance**

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## **II: Ownership, Management and Governance**

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# IIFL Group – Quarterly results at a glance (as per IND AS)



Quarter ended September 2018

## Key highlights of the quarter

₹ Cr	Income	Y-o-Y (%)	Profit Before Tax	Y-o-Y (%)	Profit After Tax	Y-o-Y (%)
IIFL Finance	576.9	24%	235.1	69%	160.8	70%
IIFL Wealth	298.0	12%	155.1	23%	100.1	(1%)
IIFL Securities	201.7	(1%)	71.4	26%	46.3	23%
Less: Inter Company	(20.6)		(6.3)		(5.9)	
<b>IIFL Consolidated</b>	<b>1,056.0</b>	<b>11%</b>	<b>455.3</b>	<b>41%</b>	<b>301.3</b>	<b>29%</b>
Minority Interest	-	-	-	-	71.8	25%
<b>IIFL Consolidated (post minority)</b>	<b>1,056.0</b>	<b>11%</b>	<b>455.3</b>	<b>41%</b>	<b>229.5</b>	<b>30%</b>

Loan AuM grew 40% y-o-y to ₹36,373 Cr

Asset quality remains sound with NNPA of 1.0%

Wealth assets grew 23% y-o-y to ₹1,44,864 Cr

Consolidated ROE is at 16.4% and ROA is at 2.0%

Notes: (i) Income is net of interest expense. (ii) Effective tax rate for IIFL Wealth in Q2FY19 is 35.1% vs 19.1% for Q2FY18 due to additional tax on dividend from offshore subsidiary in Q2FY19 and lower weightage of off-shore subsidiaries in total PBT.

(iii) There is a possibility of the financial results and the additional disclosures to be updated/amended because of adjustments owing to introduction of new standards/its interpretations and/or regulatory changes

# IIFL Group – Other highlights

*Quarter ended September 2018*



- ❖ Commercial Papers repaid and prepaid during October 2018 across the group were ₹4,725 Cr
- ❖ This quarter we commissioned 208 new branches, including 135 for the microfinance business. With this, IIFL's own branch network (not including sub-brokers) stands at 1,823, with over 19,000 employees
- ❖ The Demerger process is on track. The NCLT convened shareholders' meeting is scheduled for December 12, 2018 for its approval of the scheme; the demerger process is expected to be completed by Q4FY19
- ❖ IIFL Wealth has initiated the acquisition of Wealth Advisors India, a Chennai based wealth management firm, and Altire Advisors, a Bengaluru based fintech company during the quarter
- ❖ During the quarter, IIFL Group won various awards and accolades across all businesses
  - IIFL Home Finance was awarded 2nd Best Performing Primary Lending Institution under CLSS for EWS/LIG (next to HDFC Limited)
  - IIFL Wealth won the 'Best Private Bank India 2018 at The Asset Triple A Awards for the 8th time in a row
  - IIFL Securities won 'Best Financial Advisory services for NRI's at Qadat Al Tagheer Awards at the UAE-India Economic Forum

# IIFL Group – Consolidated results (as per IND AS)

Quarter ended September 2018



₹ Cr	Q2FY19	Q2FY18	Y-o-Y	H1FY19	H1FY18	Y-o-Y
Revenue from Operations	1,832.2	1,607.6	14%	3,613.3	3,060.3	18%
Other income	36.3	23.1	57%	68.7	24.9	176%
<b>Total Income</b>	<b>1,868.5</b>	<b>1,630.7</b>	<b>15%</b>	<b>3,682.0</b>	<b>3,085.2</b>	<b>19%</b>
Employee cost	323.6	252.7	28%	635.4	472.1	35%
Administration and other expenses	255.4	359.0	(29%)	462.4	594.7	(22%)
<b>EBITDA</b>	<b>1,289.5</b>	<b>1,019.0</b>	<b>27%</b>	<b>2,584.2</b>	<b>2,018.4</b>	<b>28%</b>
Interest costs	812.5	680.8	19%	1,574.9	1,290.4	22%
Depreciation and amortization	21.7	16.3	33%	41.2	31.3	32%
<b>Profit before tax</b>	<b>455.3</b>	<b>321.9</b>	<b>41%</b>	<b>968.1</b>	<b>696.7</b>	<b>39%</b>
Provision for taxation	151.4	87.7	73%	319.6	209.8	52%
<b>Profit after tax</b>	<b>303.9</b>	<b>234.2</b>	<b>30%</b>	<b>648.5</b>	<b>486.9</b>	<b>33%</b>
Other comprehensive income	(2.6)	(0.6)		0.6	(1.3)	
<b>Total Comprehensive Income/ (loss)</b>	<b>301.3</b>	<b>233.6</b>	<b>29%</b>	<b>649.1</b>	<b>485.6</b>	<b>34%</b>
Total Comprehensive Income/ (loss) attributable to						
<b>Owners of the company</b>	<b>229.5</b>	<b>176.3</b>	<b>30%</b>	<b>498.6</b>	<b>373.1</b>	<b>34%</b>
<b>Non - Controlling Interest</b>	<b>71.8</b>	<b>57.3</b>	<b>25%</b>	<b>150.5</b>	<b>112.5</b>	<b>34%</b>

Note: Previous periods figures have been regrouped / rearranged wherever necessary

# IIFL Group – Consolidated Balance Sheet

Quarter ended September 2018



Rs Crore

ASSETS		As at Sep 30 2018
		Unaudited
<b>1</b>	<b>Financial Assets</b>	
(a)	Cash and cash equivalents	1,829
(b)	Bank Balance other than (a) above	2,309
(c)	Derivative financial instruments	1
(d)	Receivables	414
(e)	Loans	38,257
(f)	Investments	2,301
(g)	Other Financial assets	1,669
<b>2</b>	<b>Non-Financial Assets</b>	
(a)	Current tax assets (Net)	216
(b)	Deferred tax Assets (Net)	434
(c)	Investment Property	423
(d)	Property, Plant and Equipment	475
(e)	Capital work-in-progress	96
(f)	Intangible assets under development	4
(g)	Goodwill	11
(h)	Other Intangible assets	7
(i)	Other non-financial assets	76
<b>3</b>	<b>Assets classified as held for sale</b>	1
	<b>Total Assets</b>	<b>48,523</b>
LIABILITIES AND EQUITY		As at Sep 30 2018
		Unaudited
<b>1</b>	<b>Financial Liabilities</b>	
(a)	Derivative financial instruments	4
(b)	Payables	191
(c)	Debt Securities	9,556
(d)	Borrowings (Other than Debt Securities)	25,915
(e)	Subordinated Liabilities	1,980
(f)	Other financial Liabilities	3,106
<b>2</b>	<b>Non-Financial Liabilities</b>	
(a)	Current tax liabilities (Net)	115
(b)	Provisions	37
(c)	Other non-financial liabilities	41
<b>3</b>	<b>Equity</b>	
(a)	Equity and Share Capital	64
(b)	Other Equity	5,576
(c)	Non-controlling interest	1,938
	<b>Total Liabilities and Equity</b>	<b>48,523</b>

# IIFL Group – IGAAP to IND AS reconciliation

Quarter ended September 2018

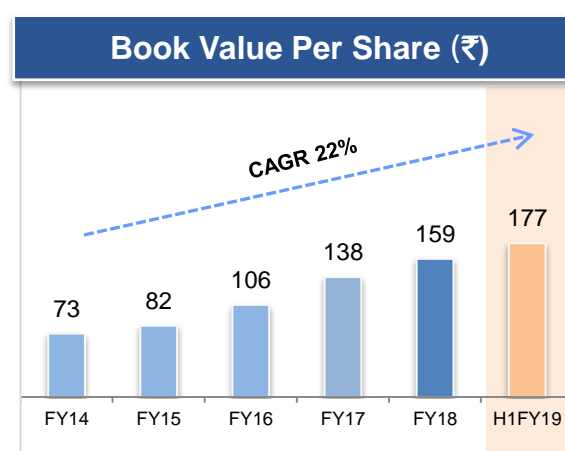
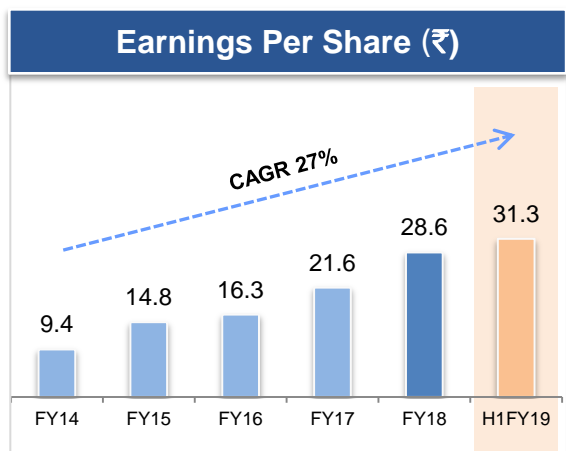
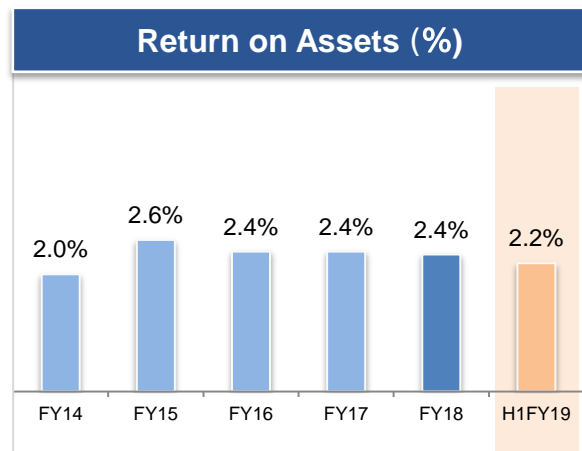
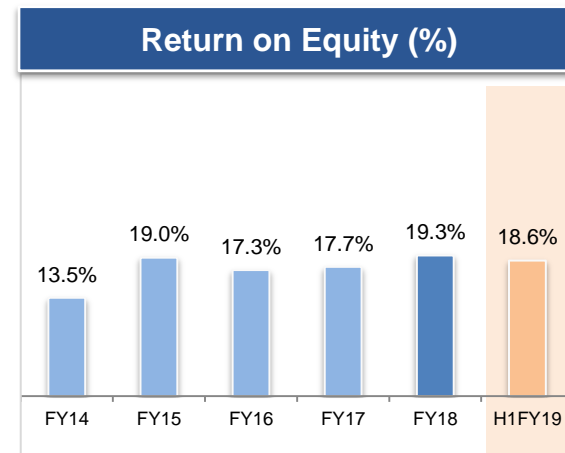
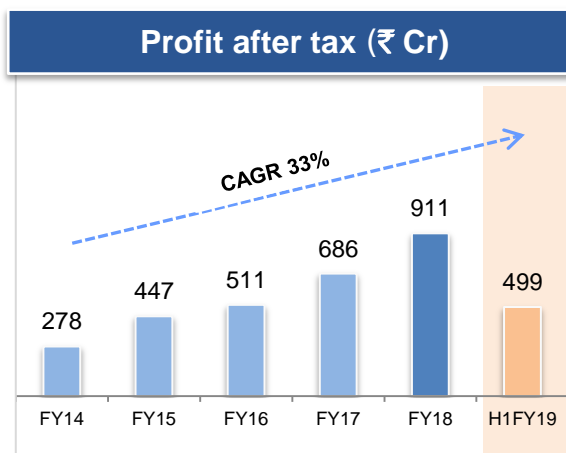
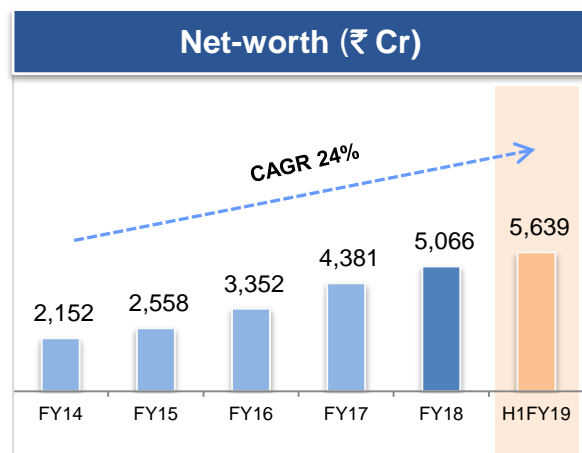


Particulars	Q2FY18	H1FY18	Remarks
<b>Profit after tax as per IGAAP</b>	<b>290.9</b>	<b>542.8</b>	
<b>Add / (Less)</b>			
Fair valuation of investments	(7.8)	18.6	Marked to market gain/(losses) on investments
Effective Interest Rate (EIR) on financial assets	(2.3)	2.8	Amortisation of upfront fees, acquisition costs
Net gain on de-recognition of loans sold under assignment transaction	2.4	3.9	Recognition of interest spread on NPV basis
Fair value of stock options	(3.0)	(5.3)	Fair value of ESOP options recognised as employee compensation cost
Effective Interest Rate (EIR) for financial liabilities	0.4	(1.9)	Amortisation of cost incurred on raising of funds through borrowings
Business combination under Ind AS 103	(6.2)	-	Impact of 5paise demerger affected in Sep-17
Actuarial Gain/ (loss) on employee defined benefit plans	0.8	1.9	Gain/ (loss) on actuarial valuation of retiral benefits
Expected Credit Loss	(73.2)	(106.7)	
Others	4.3	1.0	Includes goodwill, interest expense on preference shares, etc.
Deferred tax impact	27.8	29.8	
<b>Profit after tax as per Ind AS</b>	<b>234.2</b>	<b>486.9</b>	
<b>Other comprehensive income</b>			
Actuarial Gain/ (loss) on employee defined benefit plans	(0.8)	(1.9)	
Deferred tax impact	0.1	0.5	
<b>Total comprehensive income*</b>	<b>233.6</b>	<b>485.6</b>	

\* Before share of profit to minority shareholders

# IIFL Group – Consolidated financial trends

Quarter ended September 2018



## Notes :

- Profit is post-minority
- Half yearly ROE, ROA and EPS figures are annualized
- Q2FY18 and Q2FY19 numbers are as per IND AS. Previous years' numbers are as per IGAAP



# Update on IIFL Group Reorganisation



The Board of Directors of the Company at its meeting held on January 31, 2018, had approved the reorganization of IIFL Group, which will result in three listed entities – IIFL Finance, IIFL Wealth and IIFL Securities.

## ➤ **Approvals/No objection received**

- Reserve Bank of India (RBI)
- DFSA, Dubai
- MAS, Singapore
- FCA, UK
- FINRA, USA
- FSC, Mauritius
- NSE, BSE, CDSL & SEBI
- National Housing Bank (NHB)

## ➤ **Next Steps**

- NCLT has passed an order for convening meeting of equity shareholders of the Company on December 12, 2018 for approving the Scheme
- Balance procedural approvals from MCX, NCDEX, NSDL, IRDA, SEBI - IA, RA are awaited shortly
- Post approval by Shareholders, a petition will be filed with NCLT seeking sanction/ approval to the Scheme
- Post NCLT approval, the order will be filed with MCA
- Post filing with MCA, Board Meeting of IIFL Holdings to be held, to fix record date
- Resulting Companies to allot shares to shareholders of IIFL Holdings and file listing application with Stock Exchanges to seek listing and trading approval

## **I: IIFL Group Performance Overview**

### **(i) IIFL Finance**

### **(ii) IIFL Wealth**

### **(iii) IIFL Securities**

## **II: Ownership, Management and Governance**

# IIFL Finance – Consolidated results (as per IND AS)

Quarter ended September 2018 (NBFC, HFC and MFI)



₹ Cr	Q2FY19	Q2FY18	Y-o-Y	H1FY19	H1FY18	Y-o-Y
Loan book	30,878	23,021	34%	30,878	23,021	34%
Securitised assets *	5,495	3,013	82%	5,495	3,013	82%
<b>Assets under management</b>	<b>36,373</b>	<b>26,033</b>	<b>40%</b>	<b>36,373</b>	<b>26,033</b>	<b>40%</b>
Interest income	1,164.8	936.5	24%	2,297.6	1,800.6	28%
Less: Interest expense	660.5	515.6	28%	1,275.9	1,005.1	27%
<b>Net Interest income</b>	<b>504.3</b>	<b>420.9</b>	<b>20%</b>	<b>1,021.7</b>	<b>795.5</b>	<b>28%</b>
Other income	72.6	43.6	67%	131.5	80.5	63%
<b>Total income</b>	<b>576.9</b>	<b>464.5</b>	<b>24%</b>	<b>1,153.2</b>	<b>876.0</b>	<b>32%</b>
Less: Operating expense	279.5	167.9	66%	527.6	326.6	62%
Less: Loan losses & provision	62.3	157.8	(61%)	90.4	232.1	(61%)
<b>Profit before tax</b>	<b>235.1</b>	<b>138.8</b>	<b>69%</b>	<b>535.2</b>	<b>317.3</b>	<b>69%</b>
Less: Provision for tax	72.4	44.6	62%	177.6	105.8	68%
<b>Profit after tax</b>	<b>162.4</b>	<b>94.6</b>	<b>72%</b>	<b>357.2</b>	<b>211.9</b>	<b>69%</b>
OCI	(1.6)	0.1		(0.4)	(0.4)	
<b>Total Comprehensive Income</b>	<b>160.8</b>	<b>94.7</b>	<b>70%</b>	<b>356.8</b>	<b>211.5</b>	<b>69%</b>

\*Includes Pass Through Certificate (PTC) and Direct Assignment

# IIFL Finance – Consolidated Balance Sheet

Quarter ended September 2018 (NBFC, HFC and MFI)



ASSETS		As at Sep 30 2018 Unaudited	LIABILITIES AND EQUITY		As at Sep 30 2018 Unaudited
<b>1</b>	<b>Financial Assets</b>		<b>1</b>	<b>Financial Liabilities</b>	
(a)	Cash and cash equivalents	915	(a)	Derivative financial instruments	3
(b)	Bank Balance other than (a) above	1,395	(b)	Trade Payables	90
(c)	Trade Receivables	46	(c)	Debt Securities	6,411
(d)	Loans	31,752	(d)	Borrowings (Other than Debt Securities)	22,566
(e)	Investments	930	(e)	Subordinated Liabilities	1,560
(f)	Other Financial assets	196	(f)	Other financial Liabilities	1,394
<b>2</b>	<b>Non-Financial Assets</b>		<b>2</b>	<b>Non-Financial Liabilities</b>	
(a)	Current tax assets (Net)	127	(a)	Current tax liabilities (Net)	86
(b)	Deferred tax Assets (Net)	359	(b)	Provisions	24
(c)	Investment Property	263	(c)	Other non-financial liabilities	12
(d)	Property, Plant and Equipment	87			
(e)	Capital work-in-progress	3	<b>3</b>	<b>Equity</b>	
(f)	Goodwill	11	(a)	Equity and Share Capital	281
(g)	Other Intangible assets	2	(b)	Other Equity	3,692
(h)	Other non-financial assets	38	(c)	Non-controlling interest	4
	<b>Total Assets</b>	<b>36,123</b>		<b>Total Liabilities and Equity</b>	<b>36,123</b>

# IIFL Finance – IGAAP to IND AS reconciliation

Quarter ended September 2018 (NBFC, HFC and MFI)



Particulars	Q2FY18	H1FY18	Remarks
<b>Profit after tax as per IGAAP</b>	<b>132.2</b>	<b>248.5</b>	
<b>Add/ (Less)</b>			
Fair valuation of investments	(14.3)	5.5	Marked to market gain/(losses) on investments
Fair value of stock options as per Ind AS 102	(0.7)	(1.2)	Fair value of ESOP options recognised as employee compensation cost
Effective Interest Rate (EIR) on financial assets	0.7	0.6	Amortisation of upfront fees, acquisition costs
Effective Interest Rate (EIR) for financial liabilities	(2.3)	2.8	Amortisation of cost incurred on raising of funds through borrowings
Expected Credit Loss	(47.7)	(70.9)	Expected losses on the portfolio computed basis various factors like past performance, loss estimations, probability of defaults, etc
Interest recognition on NPAs	(1.1)	(1.0)	Recognition of interest on NPAs under IND AS
Net gain on de-recognition of loans sold under assignment transaction	2.4	3.9	Recognition of interest spread on NPV basis
Reversal of Deferred tax liability created on Special Reserve	6.9	6.9	
Actuarial gain/ (loss) on employee defined benefit plans	(0.1)	0.5	Gain/ (loss) on actuarial valuation of retiral benefits to employees
Others	(1.8)	(3.6)	Includes interest cost on preference shares, etc.
Deferred tax adjustment	20.0	19.4	
<b>Profit after tax as per Ind AS</b>	<b>94.2</b>	<b>211.4</b>	
<b>Other comprehensive income</b>			
Actuarial Gain/ (loss) on employee defined benefit plans	0.1	(0.5)	
Deferred tax adjustment	-	0.2	
<b>Total comprehensive income</b>	<b>94.3</b>	<b>211.1</b>	

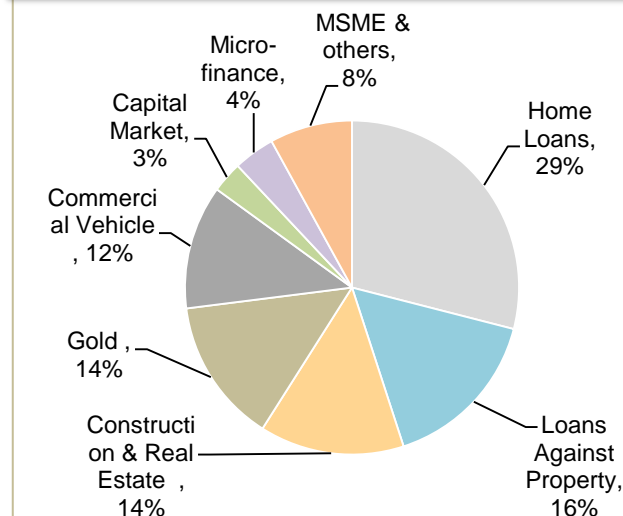
# Achieving volume & profit growth with superior asset mix



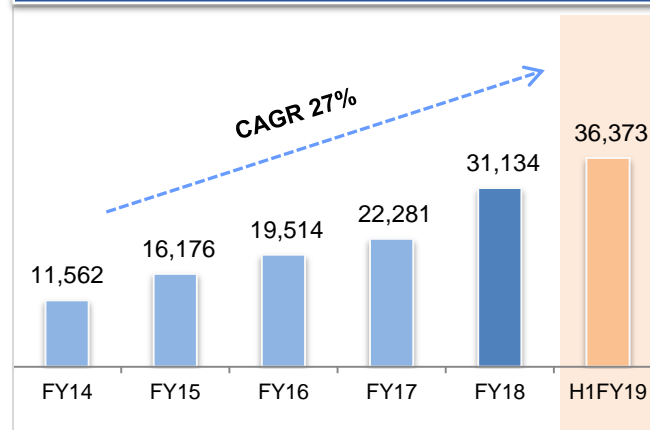
Quarter ended September 2018

- Focus remains on retail lending, digital delivery; leveraging our distribution network and database of clients
- As a strategy, loan growth is focused on small-ticket Home Loans, MSME loans, Gold and Microfinance loans
- Construction finance, Real Estate and Capital Markets will continue to grow at a slower pace
- CV sector has witnessed cyclical trends

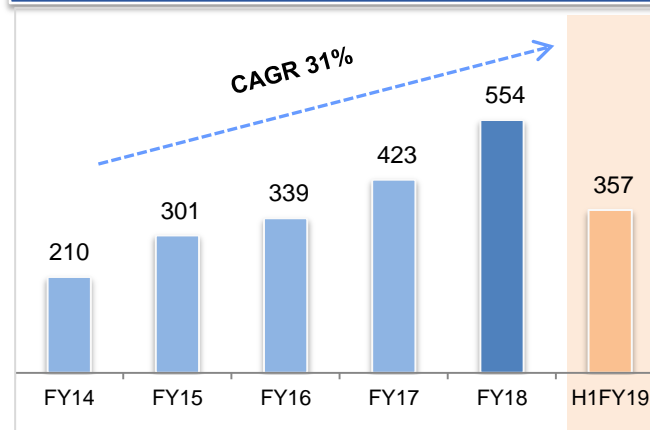
AUM break-up (%)



Loan AUM (₹ Cr)



Profit After Tax (₹ Cr)



Loan AUM (₹Cr)	Q2FY19	Y-o-Y	Q-o-Q
Home Loan	10,603	59%	14%
Loan against property	5,933	7%	4%
Construction & Real Estate	5,243	43%	3%
Commercial Vehicle	4,331	37%	1%
Gold	5,002	63%	11%
Capital Market	978	(56%)	(9%)
MSME & others	2,836	113%	12%
Microfinance	1,448	259%	30%
<b>Total</b>	<b>36,373</b>	<b>40%</b>	<b>8%</b>

## Notes

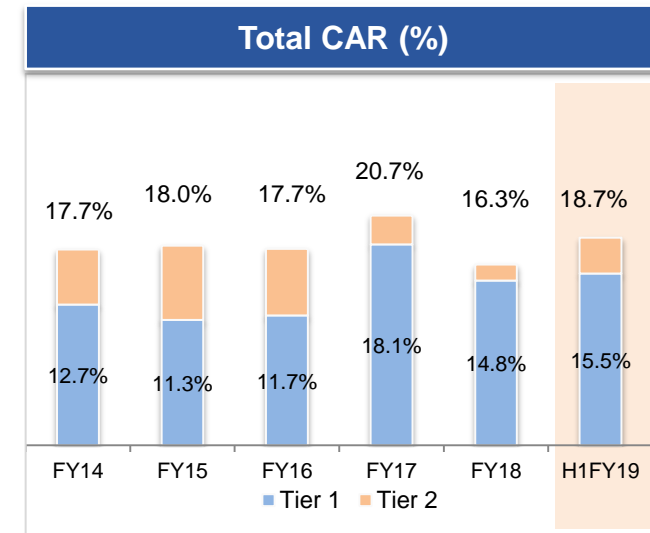
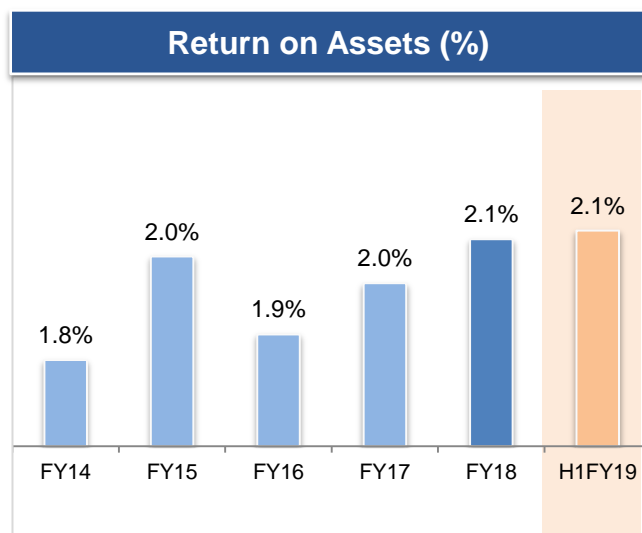
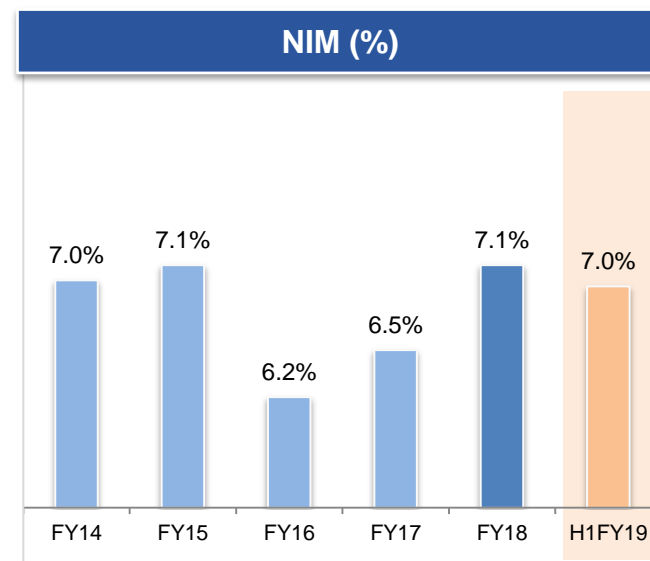
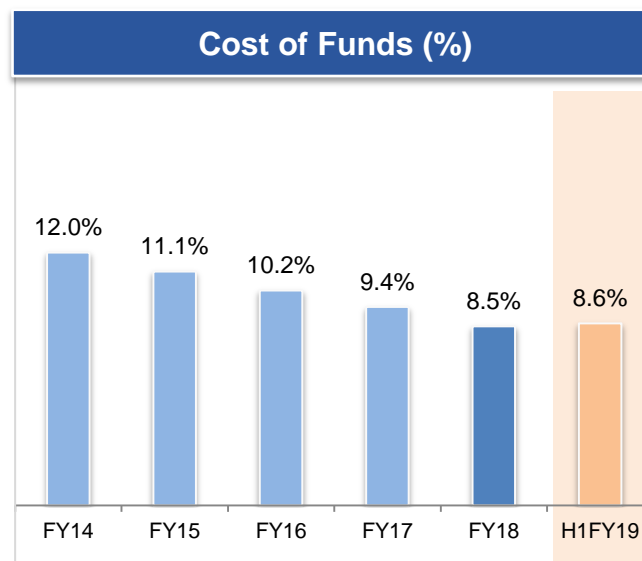
- MSME & others include Healthcare equipment, SME and Digital finance
- Q2FY18 and Q2FY19 numbers are as per IND AS. Previous years' numbers are as per IGAAP

# Funding costs rise, boarding yields rise in tandem

Quarter ended September 2018



- Tier I Capital Adequacy Ratio stands at 15.5% against a threshold of 10%
- Average cost of borrowing rose by 10bps q-o-q and 20bps y-o-y
- NIM was at 6.8% for Q2FY19, a contraction of 50bps q-o-q, primarily due to upfront gain on direct assignment in the previous quarter
- ROE stands at 16.7% and ROA at 1.9% for Q2FY19



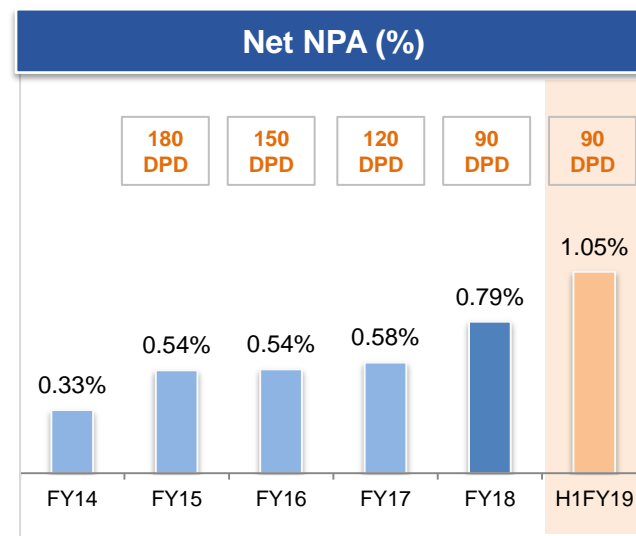
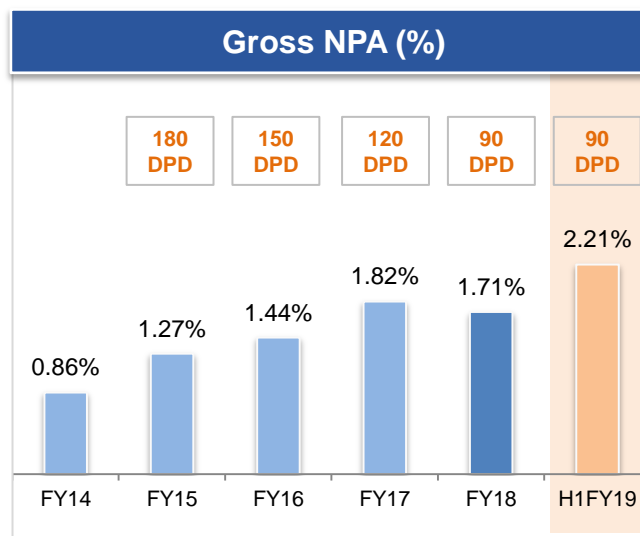
Note : Q2FY18 and Q2FY19 numbers are as per IND AS. Previous years' numbers are as per IGAAP. Half yearly figures are annualized

# Through cycles, maintaining superior quality of assets

Quarter ended September 2018



- Asset quality remained sound with GNPA of 2.2% and NNPA of 1.0%
- With implementation of Expected Credit Loss under Ind AS, specific provision coverage on NPAs stands at 53% and on standard assets at 191bps
- The overall portfolio risk is on the decline, as our portfolio mix continues to become more granular
- 85% of our loans are retail in nature and 46% are PSL compliant



	% Portfolio Share	NNPA%	Yield %	Average Ticket Size (₹Lakh)	LTV %
Home Loan	29%	0.6%	9.6%	21.0	69%
Loan Against Property	16%	0.8%	12.5%	64.0	49%
Construction & Real Estate	13%	1.3%	15.1%	1,111.0	49%
Commercial Vehicle	12%	2.9%	14.7%	13.0	79%
Gold	14%	0.3%	17.8%	0.5	67%
Capital Market	4%	0.0%	11.5%	60.0	38%
MSME & others	8%	2.2%	22.5%	7.0	55%
Micro-finance	4%	0.0%	22.5%	0.2	-
<b>Total</b>	<b>100%</b>	<b>1.0%</b>	<b>14.2%</b>		

Note : Q2FY18 and Q2FY19 numbers are as per IND AS. Previous years' numbers are as per IGAAP

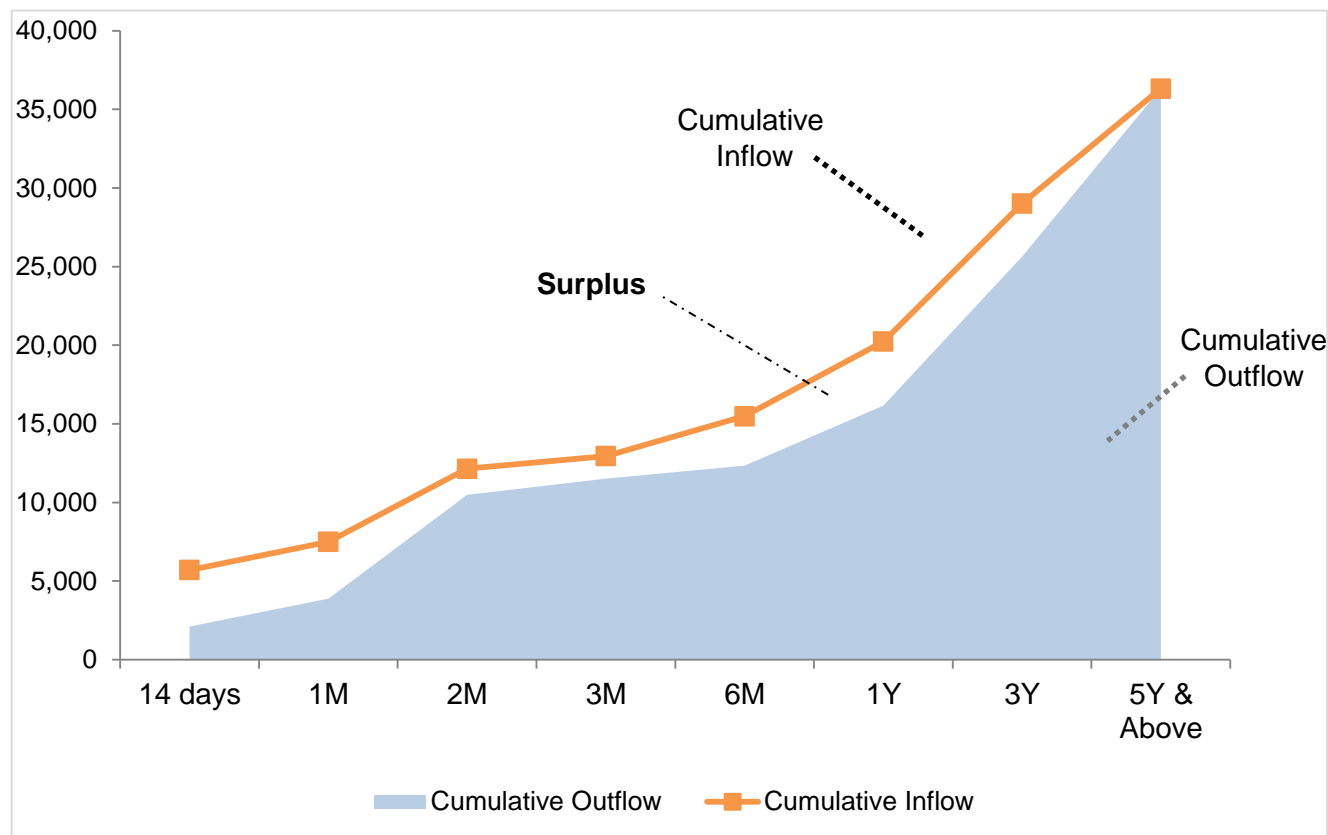


# Comfortable liquidity position

Quarter ended September 2018



- IIFL group repaid and prepaid Commercial Papers worth ₹4,725 Cr in the month of October 2018
- IIFL Finance repaid NCDs worth ₹795 Cr in the month of October 2018
- As at October end, surplus liquidity was ₹2,400 Cr and available but not drawn credit/ credit lines were ₹1,535 Cr
- Securitization/ Assignment of ₹2,000 Cr is expected to be finalized soon



(₹ Crore)	14 days	1M	2M	3M	6M	1Y	3Y	5Y & above
Cumulative Outflow	2,104	3,879	10,481	11,513	12,339	16,158	25,640	36,331
Cumulative Inflow	5,706	7,496	12,149	12,952	15,484	20,235	29,019	36,331
Cumulative Mismatch (CM)	3,602	3,617	1,668	1,439	3,145	4,077	3,379	0
Cumulative Mismatch % of Cum-outflow	171%	93%	16%	13%	25%	25%	13%	0%

# Loan maturity pattern

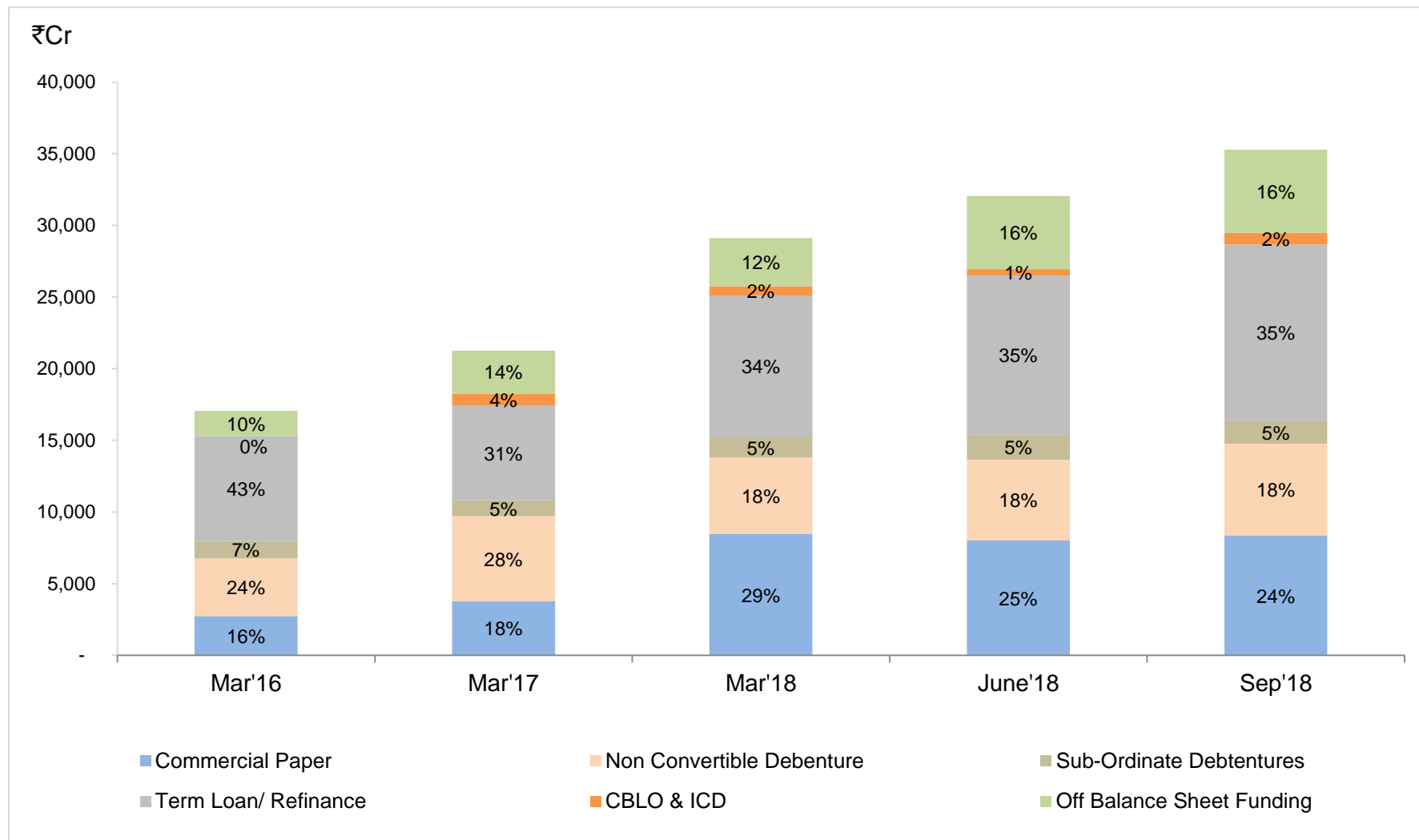
Quarter ended September 2018



As at September 30, 2018	0 – 6m	6m - 1 year	1 to 3 year	> 3 year	Total	Loan Book ₹ Cr
Home loan	13%	7%	26%	54%	100%	9,193
Loan against property	13%	6%	26%	55%	100%	4,639
Construction finance & Real Estate	10%	8%	56%	26%	100%	4,693
Gold	80%	18%	3%	0%	100%	4,038
Capital market	100%	0%	0%	0%	100%	978
Commercial Vehicles	30%	19%	43%	8%	100%	3,295
MSME	29%	23%	44%	5%	100%	2,714
Micro Finance	36%	30%	34%	0%	100%	1,323
<b>Maturity pattern for all products</b>	<b>28%</b>	<b>12%</b>	<b>30%</b>	<b>30%</b>	<b>100%</b>	<b>30,873</b>
Loan Book	8,729	3,652	9,380	9,113		

# Well diversified funding mix

Quarter ended September 2018



## **I: IIFL Group Business Overview**

**(i) IIFL Finance**

**(ii) IIFL Wealth**

**(iii) IIFL Securities**

## **II: Ownership, Management and Governance**

# IIFL Wealth – Consolidated results (as per IND AS)

Quarter ended September 2018



₹Cr	Q2FY19	Q2FY18	Y-o-Y	H1FY19	H1FY18	Y-o-Y
<b>Assets under advice, management and distribution</b>	<b>1,44,864</b>	<b>1,17,527</b>	<b>23%</b>	<b>1,44,864</b>	<b>1,17,527</b>	<b>23%</b>
Fee based income	232.8	237.0	(2%)	487.1	429.3	13%
Less: Direct Cost	20.5	26.5	(23%)	36.0	40.7	(12%)
<b>Net Commission / Fee Income</b>	<b>212.3</b>	<b>210.5</b>	<b>1%</b>	<b>451.1</b>	<b>388.6</b>	<b>16%</b>
Fund based income	202.1	197.4	2%	375.2	368.8	2%
Less: Interest expense	116.4	142.2	(18%)	239.2	245.0	(2%)
<b>Net fund based income</b>	<b>85.7</b>	<b>55.2</b>	<b>55%</b>	<b>136.0</b>	<b>123.8</b>	<b>10%</b>
<b>Total income</b>	<b>298.0</b>	<b>265.7</b>	<b>12%</b>	<b>587.1</b>	<b>512.4</b>	<b>15%</b>
Employee cost	94.3	96.5	(2%)	198.4	178.9	11%
Other operating expense	46.0	44.1	4%	84.3	78.5	7%
Provision	2.6	(0.6)	n.m.	(1.8)	4.1	n.m.
<b>Total expenses</b>	<b>142.9</b>	<b>140.0</b>	<b>2%</b>	<b>280.9</b>	<b>261.5</b>	<b>7%</b>
<b>Profit before tax</b>	<b>155.1</b>	<b>125.7</b>	<b>23%</b>	<b>306.2</b>	<b>250.9</b>	<b>22%</b>
Provision for taxation	54.5	24.0	127%	96.0	61.8	55%
<b>Profit after tax</b>	<b>100.6</b>	<b>101.7</b>	<b>(1%)</b>	<b>210.2</b>	<b>189.1</b>	<b>11%</b>
Other comprehensive income	(0.8)	(1.1)		0.2	(0.6)	
Deferred tax expense on OCI	(0.3)	(0.4)		0.1	(0.2)	
<b>Total comprehensive income (after tax)</b>	<b>100.1</b>	<b>101.0</b>	<b>(1%)</b>	<b>210.3</b>	<b>188.7</b>	<b>11%</b>

• Effective tax rate (ETR) for Q2FY19 is 35.1% vs 27.5% for Q1FY19 & 19.1% for Q2FY18 due to additional tax on dividend from offshore subsidiary in Q2FY19 & lower weightage of off-shore subsidiaries in total PBT. ETR is higher YoY as marginal tax rate applicable to IIFL Wealth Finance has increased to 34.9% in FY19 compared to 28.8% in FY18.

• Fee income includes carry income of Rs2.2 Cr in 2QFY19, Rs23.9 Cr in Q1FY19 and Rs22.1 Cr in Q2FY18. Adjusted for the same, fee income has grown 11.5% YoY and declined by 2.2% QoQ

• Interest expenses for Q2FY19 are lower by Rs12 Cr versus Q1FY19 due to the effect of capital infusion (in June & Aug'18) of Rs.746 Cr. In addition, interest expense for Q2FY18 was higher by Rs15 Cr on account of MTM effect on structured liability, which subsequently reversed in Q3FY18

# IIFL Wealth – Consolidated Balance Sheet

Quarter ended September 2018



ASSETS		As at Sep 30 2018 Unaudited
<b>1</b>	<b>Financial Assets</b>	
(a)	Cash and cash equivalents	243
(b)	Bank Balance other than (a) above	219
(c)	Derivative financial instruments	1
(d)	Receivables	325
(e)	Loans	6,505
(f)	Investments	1,271
(g)	Other Financial assets (to be specified)	55
<b>2</b>	<b>Non-Financial Assets</b>	
(b)	Current tax assets (Net)	20
(c)	Deferred tax Assets (Net)	17
(f)	Property, Plant and Equipment	45
(g)	Capital work-in-progress	10
(j)	Other Intangible assets	3
(k)	Other non-financial assets (to be specified)	27
<b>3</b>	<b>Assets classified as held for sale</b>	<b>1</b>
	<b>Total Assets</b>	<b>8,742</b>

LIABILITIES AND EQUITY		Rs Crore As at Sep 30 2018 Unaudited
<b>1</b>	<b>Financial Liabilities</b>	
(a)	Derivative financial instruments	1
(b)	Payables	66
(c)	Debt Securities	2,360
(d)	Borrowings (Other than Debt Securities)	2,703
(f)	Subordinated Liabilities	420
(g)	Other financial liabilities(to be specified)	334
<b>2</b>	<b>Non-Financial Liabilities</b>	
(a)	Current tax liabilities (Net)	26
(b)	Provisions	8
<b>3</b>	<b>Equity</b>	
(a)	Equity Share capital	17
(b)	Other Equity	2,807
	<b>Total Liabilities and Equity</b>	<b>8,742</b>

# IIFL Wealth – IGAAP to IND AS reconciliation

Quarter ended September 2018



Particulars	Q2FY18	H1FY18	Remarks
<b>Profit after tax as per IGAAP</b>	<b>95.5</b>	<b>182.0</b>	
<b>Add/ (Less)</b>			
Fair valuation of Investments	4.6	9.2	MTM gain on investments recognised in P&L
Effective interest rate on financial liabilities	-	(2.0)	Amortisation of cost incurred on borrowings
Expected credit loss	0.6	(4.1)	
Reclassification of actuarial gains/losses on post-employment benefits to OCI	1.1	0.6	Gain/(loss) on actuarial valuation of retiral benefits to employees
Others			
- ESOPs compensation cost	(0.8)	(1.9)	
- Consolidation of Employee Benefit trust	-	-	
- Standard Asset provision reversal	2.3	7.0	
Deferred tax impact on above adjustments	(1.4)	(1.6)	
<b>Profit after tax as per Ind AS</b>	<b>101.7</b>	<b>189.1</b>	
<b>Other comprehensive income</b>			
Actuarial Gain/ (loss) on employee defined benefit plans	(1.1)	(0.6)	Gain/(loss) on actuarial valuation of retiral benefits to employees
Tax on above transaction	0.4	0.2	
<b>Total comprehensive income</b>	<b>101.0</b>	<b>188.7</b>	

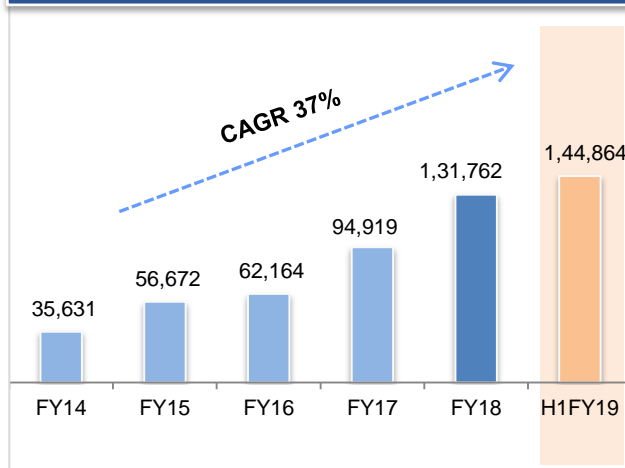
# Leading Wealth manager in India

Quarter ended September 2018

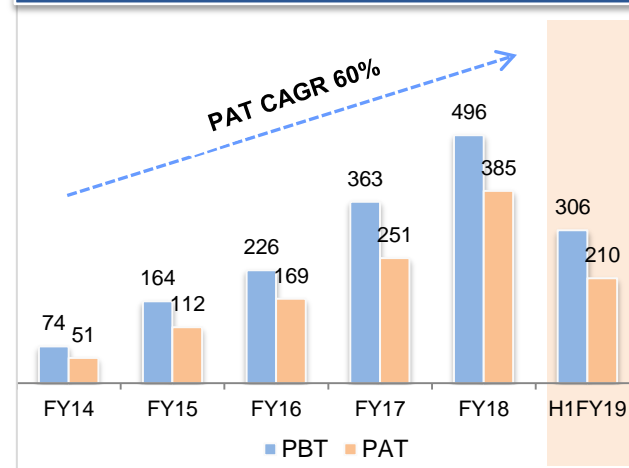


- IIFL Wealth offers a broad range of product and services to participate in a larger share of the client wallet, including financial products distribution, advisory, brokerage, asset management, credit solutions and estate planning.
- AuM growth remains robust at 23% y-o-y
- IIFL Wealth has presence in 24 locations across 9 geographies
- Largest fund manager of AIFs. AUM grew 53% y-o-y to ₹13,676Cr

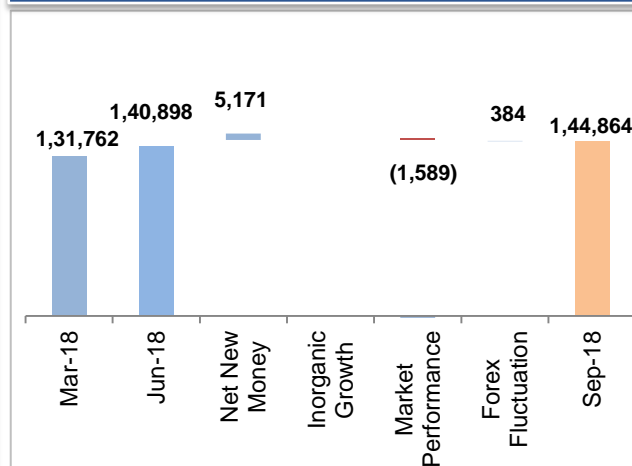
Total assets (₹ Cr) \*



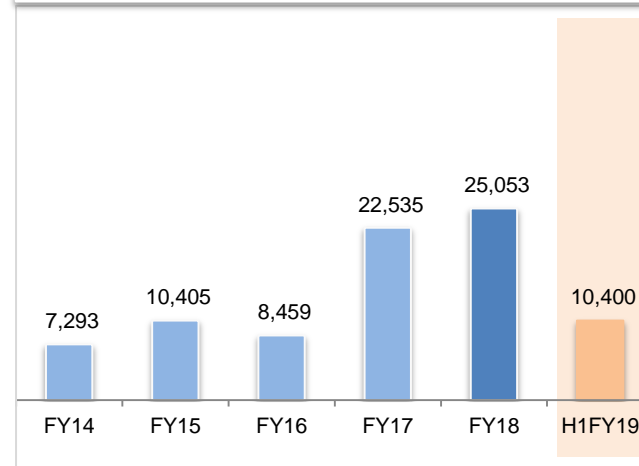
Profit before and after tax (₹ Cr)



AUM movement (₹ Cr) \*



Net new money raised (₹ Cr)



\*Offshore FPI advisory assets have been excluded from total assets

Note : Q2FY18 and Q2FY19 numbers are as per IND AS. Previous years' numbers are as per IGAAP



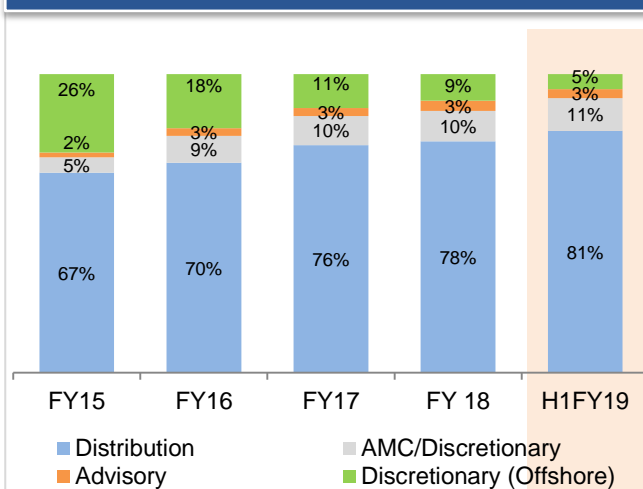
# Broadening advisory and asset management services

Quarter ended September 2018

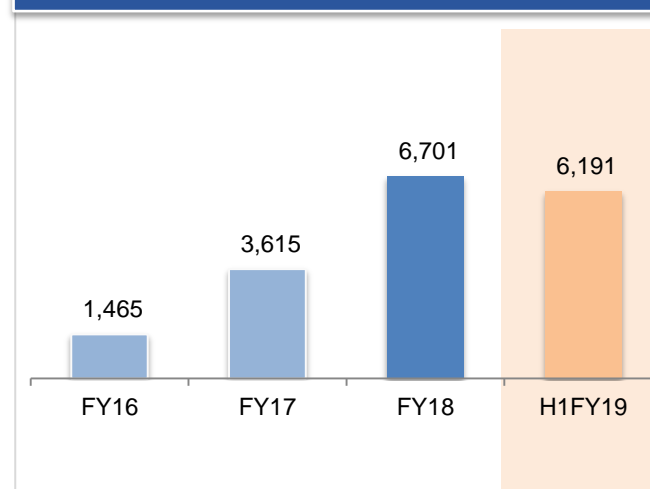


- Wealth NBFC, which mainly offers loans against securities, grew its loan book 28% y-o-y to ₹6,191Cr
- Hired 10 bankers during Q2FY19, taking the total number to 358, to further drive the growth momentum
- For the quarter ended September 30, 2018, the retention yield stands at 83 bps
- During the quarter, IIFL Wealth has initiated the acquisition of Wealth Advisors India, a Chennai based wealth management firm for a consideration of ₹235 Cr

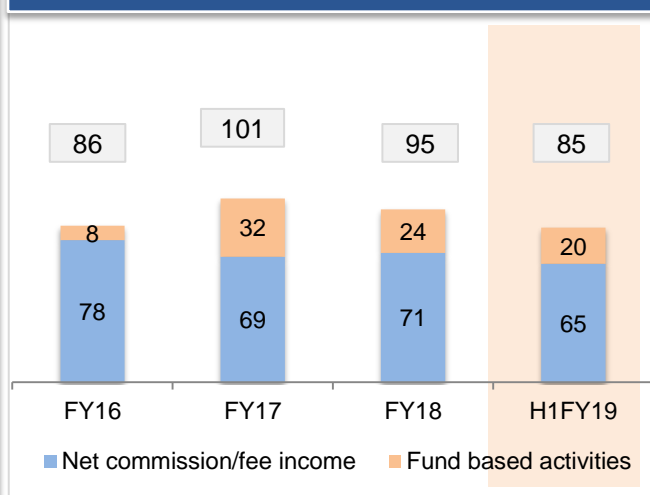
## Break-up of Wealth assets (%)



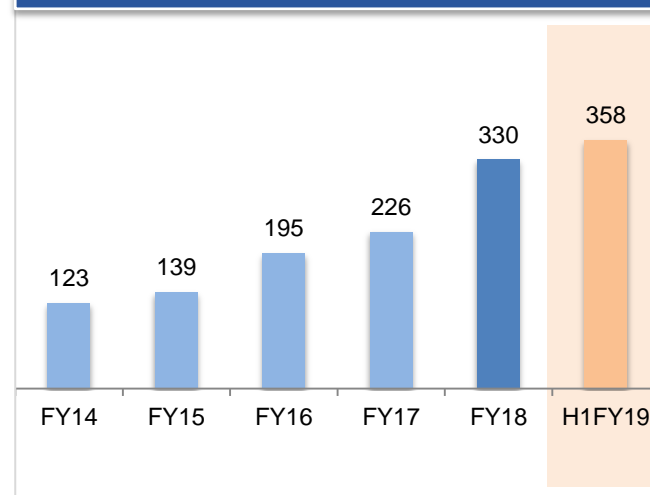
## Wealth NBFC assets (₹ Cr)



## Retention yield ex-FPI assets (bps)



## No. of bankers



## **I: IIFL Group Performance Overview**

**(i) IIFL Finance**

**(ii) IIFL Wealth**

**(iii) IIFL Securities**

## **II: Ownership, Management and Governance**

# IIFL Securities – Consolidated results (as per IND AS)

Quarter ended September 2018



₹ Cr	Q2FY19	Q2FY18	Y-o-Y		H1FY19	H1FY18	Y-o-Y
Revenue from Operations	225.4	218.1	3%		433.2	422.6	2%
Other income	18.3	31.6	(42%)		32.0	46.5	(31%)
<b>Total income</b>	<b>243.7</b>	<b>249.7</b>	<b>(2%)</b>		<b>465.2</b>	<b>469.1</b>	<b>(1%)</b>
Employee cost	67.1	52.8	27%		126.2	95.1	33%
Finance Cost	42.0	45.1	(7%)		69.2	74.6	(7%)
Depreciation and amortisation expense	10.6	9.1	17%		20.8	17.0	22%
Administration and other expense	52.6	85.8	(39%)		104.7	153.8	(32%)
<b>Total Expenses</b>	<b>172.3</b>	<b>192.8</b>	<b>(11%)</b>		<b>320.9</b>	<b>340.5</b>	<b>(6%)</b>
<b>Profit before tax</b>	<b>71.4</b>	<b>56.9</b>	<b>26%</b>		<b>144.3</b>	<b>128.6</b>	<b>12%</b>
Provision for tax	24.6	19.2	28%		46.1	42.2	9%
<b>Profit after tax</b>	<b>46.8</b>	<b>37.7</b>	<b>24%</b>		<b>98.2</b>	<b>86.4</b>	<b>14%</b>
Other Comprehensive Income	(0.5)	0.1	N.A		1.2	(0.5)	N.A
<b>Total Comprehensive Income</b>	<b>46.3</b>	<b>37.8</b>	<b>23%</b>		<b>99.4</b>	<b>85.9</b>	<b>16%</b>

# IIFL Securities – IGAAP to IND AS reconciliation

Quarter ended September 2018



Particulars	Q2FY18	H1FY18	Remarks
<b>Profit after tax as per previous GAAP</b>	<b>62.4</b>	<b>111.3</b>	
<b>Add/(less):</b>			
Fair valuation of Investments	2.0	3.9	MTM gain on investments recognised in P&L
Effective Interest Rate on financial liabilities	(0.3)	(0.5)	Amortisation of cost incurred on borrowings
Expected credit loss	(27.3)	(37.6)	Revised methodology as per IND AS on financial assets.
Reclassification of actuarial gains/losses on post-employment benefits to OCI	(0.1)	0.8	Gain/(loss) on actuarial valuation of retiral benefits to employees
Fair value of stock options	(1.1)	(1.4)	Recognised as employee compensation cost
Due to business combination	(5.6)	-	Impact of 5paisa demerger affected in Sep-17
Others	(1.4)	(2.1)	
Deferred tax impact on above adjustments	9.1	12.0	
<b>Profit after tax as per IND AS (before Other Comprehensive Income)</b>	<b>37.7</b>	<b>86.4</b>	
<b>Other comprehensive income</b>			
Reclassification of actuarial gains/losses on post-employment benefits to OCI	0.1	(0.8)	Gain/(loss) on actuarial valuation of retiral benefits to employees
Deferred tax impact on above adjustments	*(0.0)	0.3	
<b>Total Comprehensive Income</b>	<b>37.8</b>	<b>85.9</b>	

\* Less than 1 Lakh

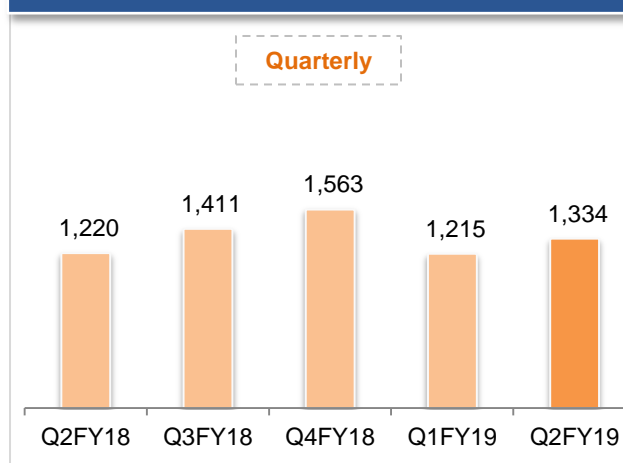
# IIFL Securities – Turnover and market share

Quarter ended September 2018

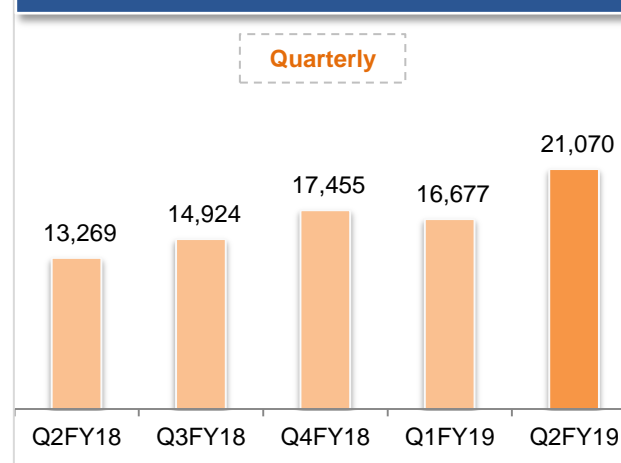


- IIFL is a key player in both retail and institutional segments with a 3.7% share of daily cash turnover
- Average daily cash turnover was up 9% y-o-y to ₹1,334 Cr versus 19% y-o-y growth in exchange cash turnover
- Average daily F&O turnover was up 64% y-o-y to ₹19,736 Cr versus 68% y-o-y growth in exchange F&O turnover
- Total average daily turnover (including F&O) was up 59% y-o-y to ₹21,070 Cr versus 66% y-o-y growth in exchange turnover

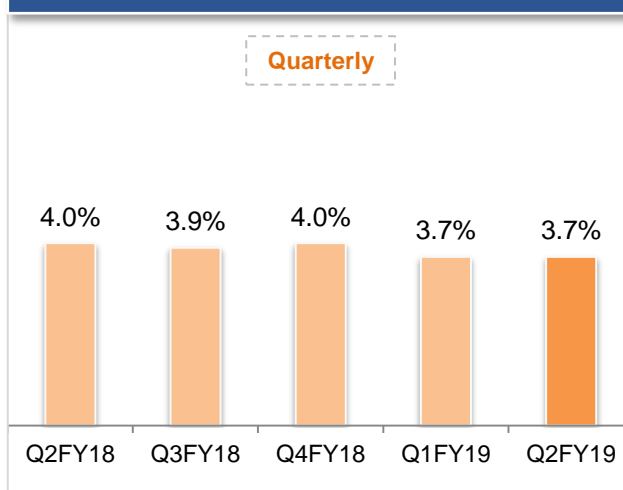
Average daily turnover – Cash (₹ Cr)



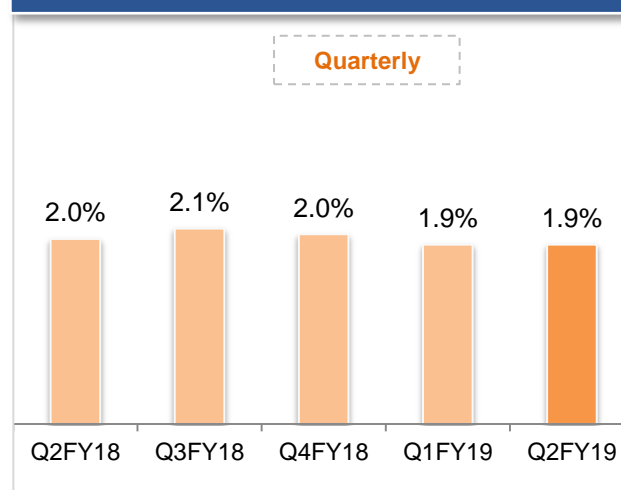
Average daily turnover - Total (₹ Cr)



NSE Market Share - Cash (%)



NSE Market Share – Total (%)



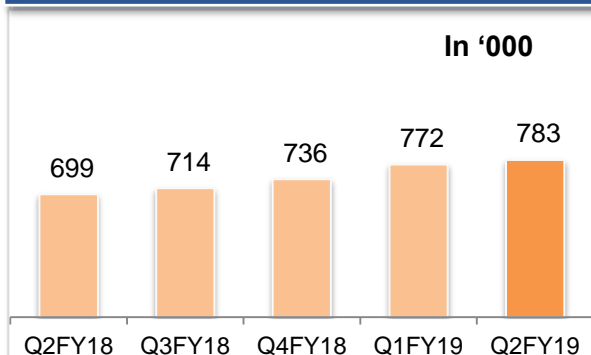
Note - Exchange turnover includes both NSE and BSE turnover for equity segment

# Digitization and Research backed institutional and retail equity businesses

Quarter ended September 2018

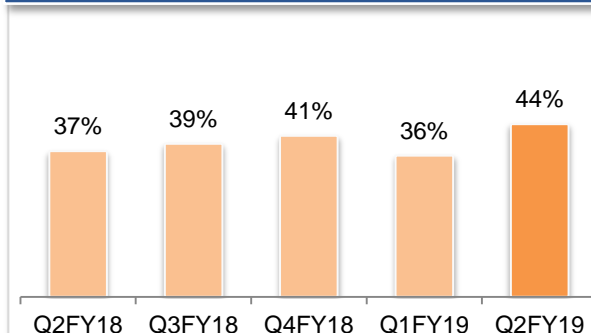


## Number of retail customers



- Wide network – retail branches, franchisees, sub-brokers and online
- Coverage of 500+ stocks
- Mobile brokerage ~44% of total

## Mobile trading clients (% of total)



## Distinguished Apps

**IIFL Markets**

**21,20,000 downloads**

**Highest rated (4.3) and Most downloaded stock trading app amongst peers**

- 1000+ market and stock related news notifications
- Launched new features : (i) Portfolio of big bulls of Indian stock market like Rakesh Jhunjhunwala . (ii) Trade multiple orders (Bracket and Cover order), VTD functionality.

**IIFL Mutual Funds**

- **Rated 4.3**
- Watch list feature for tracking performance of selected schemes
- Real time lead creation of Guest Users

## Internationally acclaimed research



**India Steel**  
A detailed report highlighting industry consolidation & expansion

**India FMCG**  
The report details the in and out of the dairy sector

- Pedigreed institutional equities team comprising 25 analysts and 200+ stocks under coverage
- Stellar track record in block placements with institutional investors
- Known for market leading distribution franchise across investor segments

# Investment Banking has made significant strides

Quarter ended September 2018



- Investment Banking continued to record a strong performance
- 4 transactions were completed this quarter across various products
- 6 DRHPs across a variety of sectors were filed

## Marquee Issues

### HDFC Asset Management

IPO



₹2,800 Cr  
July 2018

### Credit Access Grameen

IPO



₹1,131 Cr  
August 2018

### HDFC Bank

QIP



₹2,775 Cr  
August 2018

### NSE

Private Advisory  
National Stock  
Exchange

₹274 Cr  
September 2018

### Varroc Engineering

IPO



₹1,955 Cr  
(June 2018)

### Dewan Housing Finance

Public Issue of NCD



₹10,945 Cr  
(May 2018)

### ICICI Lombard General Insurance

IPO



₹5,700 Cr  
(September 2017)

### State Bank of India

QIP



₹15,000 Cr  
(June 2017)

### IRB InvIT Fund

IPO



₹5,033 Cr  
(May 2017)

## **I: IIFL Group Business Overview**

**(i) IIFL Finance**

**(ii) IIFL Wealth**

**(iii) IIFL Securities**

## **II: Ownership, Management and Governance**



## IIFL Holdings Ltd

(Listed co. | Bloomberg Code: IIFL IN)

*Three key operating businesses - Multiple subsidiaries to comply with all applicable regulators*

### IIFL Finance

#### Loan AUM

₹36,373 Cr retail focused  
diversified loan assets

#### Products

Home, LAP, Gold,  
Commercial Vehicle, SME and  
Micro Finance loans

#### Financials Q2FY19

Income ₹577 Cr  
Profit after tax ₹161 Cr

#### Minority Shareholders

CDC Group plc - 15.4%

### IIFL Wealth

#### Wealth Assets

₹1,44,864 Cr from 10,000+  
high networth families

#### Products

Family office, AIFs, advisory  
and distribution services

#### Financials Q2FY19

Income ₹ 298 Cr  
Profit after tax ₹100 Cr

#### Minority Shareholders

General Atlantic - 22.0%  
Institutional investors – 4.6%  
Employees – 20.1%

### IIFL Securities

#### Customers and network

24 lakh customers serviced  
from 1,300+ locations

#### Products

Retail and institutional  
broking, investment banking

#### Financials Q2FY19

Income ₹244 Cr  
Profit after tax ₹46 Cr

#### Minority Shareholders

Nil

Notes – (i) Income is net of interest expense (ii) PAT is pre-minority (iii) Loan/Wealth assets as at September 30, 2018

(iv) Q2FY19 numbers are as per IND AS.

# Consistent Vision and Values since inception for the foundation of corporate culture



## Vision

**"To become the Most Respected Company in the financial services space"**

## Vision 2020\*

### **Doubling**

Revenue 2x  
Net profit 2.5x  
over FY16-FY20



### **Durability**

Reducing volatility and  
cyclicality of earnings in all  
businesses



### **De-risking**

Diversifying revenue  
sources with focus on  
financial services

## Values

### **F**airness

Fairness in our transactions with  
all stakeholders including  
employees, customers, and  
vendors, bereft of fear or favour

### **I**ntegrity

Integrity and honesty of the  
utmost nature, in letter, in spirit,  
and in all our dealings with  
people, internal or external

### **T**ransparency

Transparency in all our dealings  
with stakeholders, media,  
investors, and the public at large

\*The information is based on management's internal goals and is subject to change without notice. The actual performance can be materially different.

# Distinguished Board of Directors



## IIFL Holdings – Board of Directors



**Nirmal Jain**, Executive Chairman

- MBA from IIM Ahmedabad, rank-holder CA and Cost Accountant
- Founded and led IIFL since 1995



**R Venkataraman**, Managing Director

- MBA from IIM Bangalore, B-Tech from IIT Kharagpur
- Co-promoter of IIFL since 1999



**Nilesh Vikamsey**, Independent Director

- Senior Partner at Khimji Kunverji & Co
- Past President of The Institute of Chartered Accountants of India



**A K Purwar**, Independent Director

- Former Chairman, State Bank of India



**S Narayan**, Independent Director

- Former finance secretary, former economic advisor to Prime Minister



**C Ratnaswami**, Non-Executive Director

- MD of Hamblin Watsa, subsidiary of Fairfax



**Kranti Sinha**, Independent Director

- Former CEO of LIC Housing Finance



**Geeta Mathur**, Independent Director

- CFO of Helpage India

## NBFC



**V. K. Chopra**

- Chairman, India Infoline Finance Ltd
- Former Whole-Time Member, SEBI



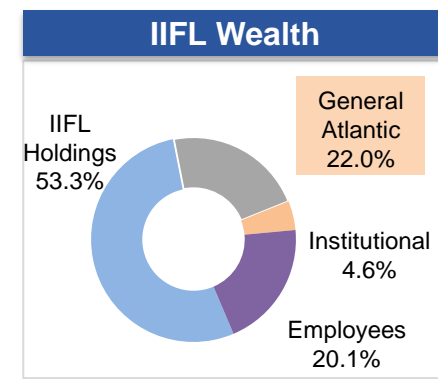
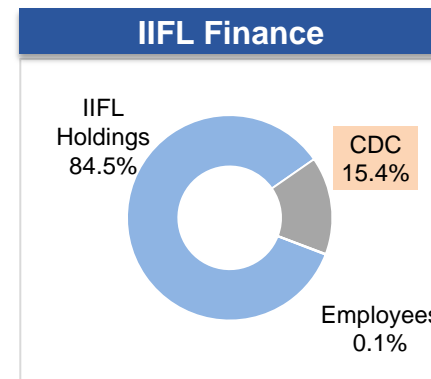
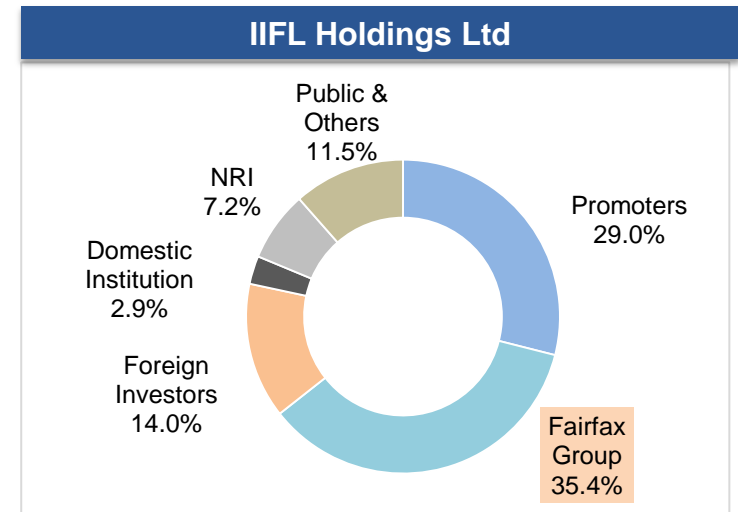
**S. Sridhar**

- Chairman, India Infoline Housing Finance Ltd
- Former Chairman, NHB

## Management team with rich domain experience and ownership

<b>Chairman</b>	<b>Nirmal Jain</b>
<b>Managing Director</b>	<b>R. Venkataraman</b>
<b>IIFL Finance</b>	Sumit Bali
<b>IIFL Home Finance</b>	Monu Ratra
<b>IIFL Wealth</b>	Karan Bhagat
<b>Offshore Asset Management</b>	Amit Shah
<b>Institutional Equities</b>	H. Nemkumar
<b>Investment Banking</b>	Nipun Goel
<b>PMS &amp; Retail Broking</b>	Arindam Chanda
<b>Realty Services</b>	Balaji Raghavan
<b>Finance</b>	Prabodh Agrawal
<b>Compliance</b>	R. Mohan
<b>Company Secretary</b>	Gajendra Thakur
<b>Strategy</b>	Aniruddha Dange

## Marquee Investors



Notes : Shareholding pattern as at September 30, 2018

# IIFL's brand and credibility are substantiated by multiple awards



**IIFL Securities won**  
**'Best Financial Advisory services for NRI's' Award at Qadat Al Tagheer Awards at the UAE-India Economic Forum**



**IIFL Home Finance won**  
**Most Promising Brand for Housing Finance from Times Network**



**ET Now and Broadcast One recognised IIFL Group as**  
**"Disruptors" in the financial services industry**

**IIFL Home Finance Awarded**  
**2<sup>nd</sup> Best Performing Primary Lending Institution under CLSS for EWS/LIG**

**Times Now recognised IIFL Foundation**  
**in its broadcast special "India Indeed – The Power of Giving Back"**

**IIFL Human Resources Team received**  
**-Best Creative Engaged Employee Plan**  
**-Best Company Culture**  
**-Best Company for SMART Technology**



**at the Engagement & Experience Summit 2018**

**IIFL Wealth received**  
**Best Private Bank India 2018 at The Asset Triple A Award for the 8th time in a row**



**IIFL Wealth received**  
**-Best Wealth Management Company,**  
**-Wealth Management Thought Leader,**  
**-Best Alternative Investment Fund**  
**-Outstanding Initiative for CSR**  
**at the International Wealth Management of India's inaugural India Wealth Awards 2018 (IWA)**

# Corporate Social Responsibility



## Sakhiyon ki Baadi

An initiative undertaken in rural, remote areas of Rajasthan, to promote education of out-of-school and illiterate girls.

Activities at SKB:

Go – Green Campaign : To plant one tree by each individual, in their backyards/farms and to nurture it all around the year. The campaign saw phenomenal participation from the community. Numerous Sarpanchs (Head of a village) stepped ahead to donate saplings of various species of trees.

9,780  
Trees  
planted

11,147  
Girls  
participated



## School for less privileged supported by IIFL Foundation – Mumbai

A school from Kandivali East (Mumbai) got a new lease of life, upon support from IIFL Foundation.

At present, 180 students benefit in the primary section, 25 in Kindergarten, 350 in Secondary Section & 50 in Junior College.



## Medical Camp – Pandharpur, Maharashtra

Every year, over 12 Lakh Pilgrims (Warkaries) from various parts of Maharashtra and neighbouring states visit Pandharpur for pilgrimage.

For the 3rd consecutive year, IIFL Foundation conducted a 10-day long preventive health camp at Pandharpur to serve a large cross-section of devotees. Over 52,000 pilgrims availed various medical services to address various ailments this year.



## Financial Literacy Centre – Bankura, Kolkata

IIFL Foundation has started a Financial Learning centre at Latiaboni Gram Panchayat in Bankura District of Kolkata.

This centre uses a combination of educational videos, experiential learning and financial planning tools to drive home key messages & benefits of using formal financial services.

7,105  
Participants

300  
Sessions  
conducted





**Thank you**

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