



Results Jul-Sep 2014 (Q2FY15)

October, 2014



I: IIFL Group performance review

II: Business review

NBFC operations

Wealth management operations

Capital market & other activities

Annexure I: Corporate overview

Annexure II: Industry update



IIFL Q2FY15 performance summary

Consolidated quarterly performance

- Income for the quarter at ₹893.9 Cr, up 31% yoy and 13% qoq
- Profit after Tax at ₹109.5 Cr, up 65% yoy and 17% qoq

Fund based activities

- NBFC's diversified, predominantly retail loan book at ₹12,993 Cr in Q2FY15 up 31% yoy and 4% qoq
- Gross and Net NPAs were 0.97% and 0.30% in the quarter

Financial products distribution

- Income at ₹ 131.3 Cr for the quarter, up 49% yoy and 32% qoq
- Total assets under advice, distribution and management were ₹48,000 Cr, besides, ₹26,000 Cr of assets under custody arrangement

Capital market activities

- Income rose to ₹112 Cr for the quarter, up 31% yoy and 4% qoq
- The growth is primarily driven by surge in equity market volumes



IIFL Group consolidated results

Quarter ended Sep'14

₹ Cr	Q2FY15	Q2FY14	YoY	Q1FY15	QoQ
Fund Based activities	649.2	506.9	28.1%	583.1	11.3%
Financial Products distribution	131.3	88.2	48.9%	99.2	32.3%
Capital Market activities	111.7	85.6	30.6%	107.3	4.1%
Other income	1.7	2.8	-	1.6	-
Total Income	893.9	683.5	30.8%	791.3	13.0%
A. Operating cost	93.0	73.2	27.2%	76.9	21.0%
B. Employee cost	161.2	122.5	31.5%	135.6	18.8%
C. Other expenses	101.9	85.7	18.8%	93.2	9.3%
EBITDA	537.8	402.1	33.7%	485.6	10.7%
Interest	349.2	283.0	23.4%	326.1	7.1%
Depreciation and amortization	14.8	18.1	(18.1%)	14.9	(0.5%)
Profit / (Loss) before tax	173.8	101.0	72.1%	144.5	20.3%
Provision for taxation	57.7	32.0	80.1%	47.1	22.5%
Profit/(Loss) after tax before minority	116.1	69.0	68.4%	97.4	19.2%
Minority Interest	6.6	2.6	158.6%	3.6	85.6%
Profit/(Loss) after tax	109.5	66.4	64.9%	93.8	16.7%

IIFL Group consolidated results

Half year ended Sep'14

₹ Cr	H1FY15	H1FY14	YoY
Fund Based activities	1,232.3	984.3	25.2%
Financial Products distribution	230.6	179.5	28.5%
Capital Market activities	219.0	190.1	15.2%
Other income	3.3	5.9	-
Total Income	1,685.1	1,359.9	24.2%
A. Operating cost	169.9	162.8	4.4%
B. Employee cost	296.8	246.8	20.2%
C. Other expenses	195.1	172.1	13.4%
EBITDA	1,023.4	778.2	31.5%
Interest	675.3	549.1	23.0%
Depreciation and amortization	29.7	35.6	(16.6%)
Profit / (Loss) before tax	318.4	193.5	64.5%
Provision for taxation	104.9	59.7	75.6%
Profit/(Loss) after tax before minority	213.5	133.7	59.6%
Minority Interest	10.2	4.1	145.6%
Profit/(Loss) after tax	203.3	129.6	56.9%

Segmental breakup

Segment Result (Revenue) ₹ Cr	Q2FY15	Q2FY14	YoY	Q1FY15	QoQ
Fund based activities	649.2	506.9	28.1%	583.1	11.3%
Financial products distribution	131.3	88.2	48.9%	99.2	32.3%
Capital market activities	111.7	85.6	30.6%	107.3	4.1%
Other income	1.7	2.8	-	1.6	-
Total	893.9	683.5	30.8%	791.3	13.0%

Segment Result (Profit before Tax) ₹ Cr	Q2FY15	Q2FY14	YoY	Q1FY15	QoQ
Fund based activities	111.8	75.4	48.2%	99.6	12.1%
Financial products distribution	24.2	11.2	114.8%	9.6	152.5%
Capital market activities	37.8	14.0	170.3%	35.0	8.0%
Other income	0.1	0.3	-	0.4	-
Total	173.9	101.0	72.1%	144.5	20.3%

- Fund based activities comprises, predominantly, operating income of NBFC. This, however, excludes non operating income of NBFC and includes treasury income of other companies in the Group
- Financial products distribution comprises significant part of Wealth Management income, besides income from distribution of insurance and mutual fund products and online marketing activity
- Capital market activities comprises mainly of income from broking of equity, derivative, commodity and currency

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NBFC's performance highlights

Quarter ended Sep'14 – Income up 28% yoy; PAT up 52% yoy

NBFC consolidated quarterly performance

- Income for the quarter at ₹612.7 Cr, up 28% yoy and up 10% qoq
- Profit after Tax at ₹75.3 Cr, up 52% yoy and up 10% qoq

Overall loan book

- Overall loan book was ₹12,993 Cr, up 31% yoy
- Loan book comprised 46% of mortgages similar as last quarter
- Gold loans at 31% down from last quarter of 32%

NPAs - Gross and Net NPAs were 0.97% and 0.30% in the quarter

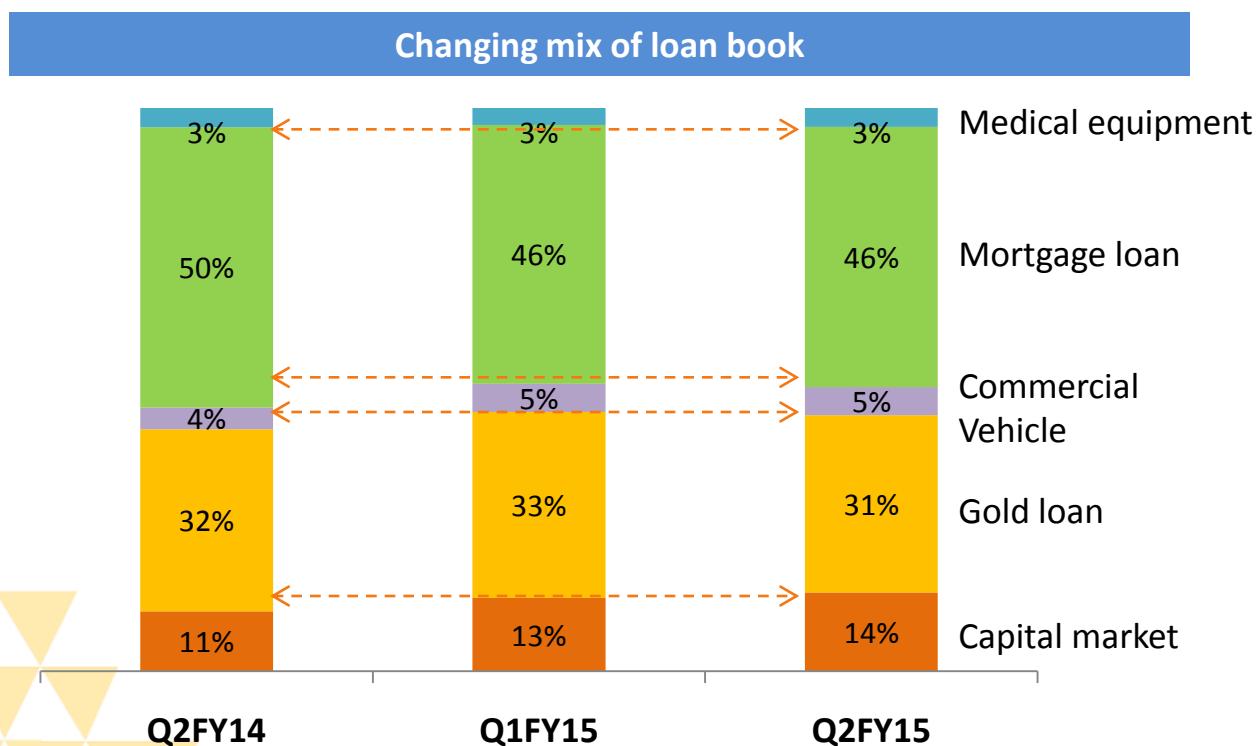
Margins - NIM and spread were 7.7% and 6.8% respectively

Capital adequacy - 17.1% as at quarter end including Tier I capital of 11.7%



Loan book growing steadily

- Loan portfolio in Q2FY15 steadily increased to ₹12,993 Cr as against ₹12,439 Cr in Q1FY15
- Entire loan book is secured against tangible collaterals
- Mortgage accounted for 46% of loan book, down from 50% in Q2FY14
- Gold loan constituted 31% of loan book, down from 33% in Q2FY14



Financial assets as on Sep. 30, 2014

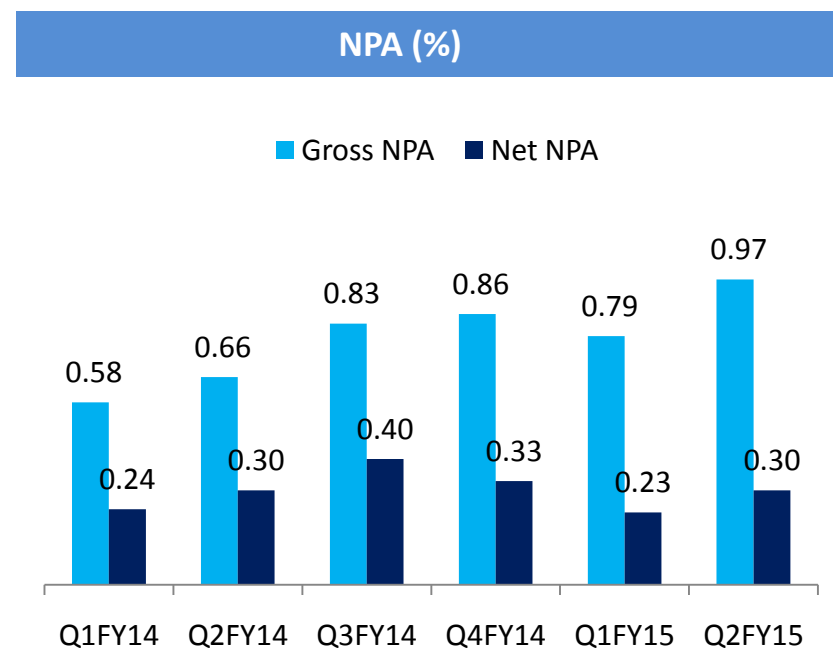
		₹ Cr
A	Loan Book	12,993
B	Securitized /assigned portfolio	749
C	Other Financial Assets	1,398
D	AUM (A+B)	13,742
E	Total Financial Assets (A+C)	14,391

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

IIFL's high asset quality is reflected in low NPAs

- Superior credit selection process and robust collections process reflected in low Gross and Net NPA at 0.97% and 0.30%, comparing favourably to peer group
- Total provision coverage (including standard asset provision) as a percentage of Gross NPA was 99%

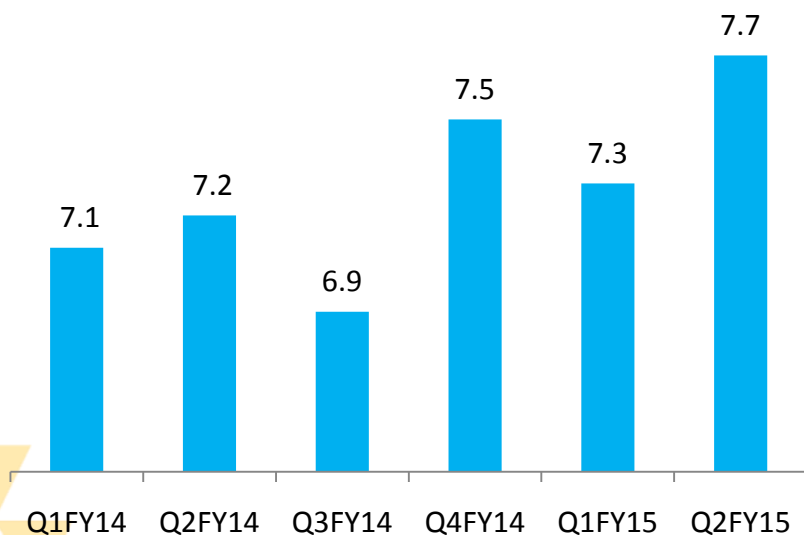
NPA and Provision		₹ Cr	%
A	Gross NPA	125	0.97%
B	Non Standard Asset Provision	86	0.67%
C	Net NPA (A-B)	39	0.30%
D	Standard Asset Provision	38	0.29%
E	Total Provision (B+D)	124	



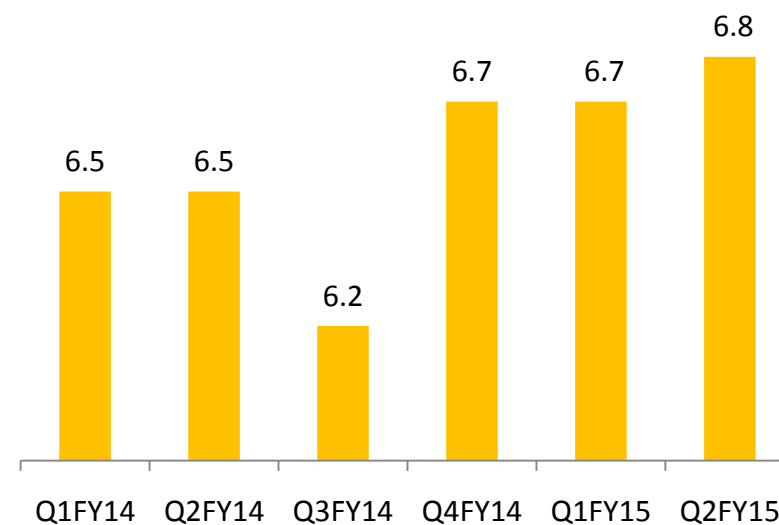
NIM and spread stable

- NIM and spread at 7.7% and 6.8% respectively
- Margins have stabilised over the last few quarters
- During the quarter, spread improved with lower cost of funds

NIM (%)



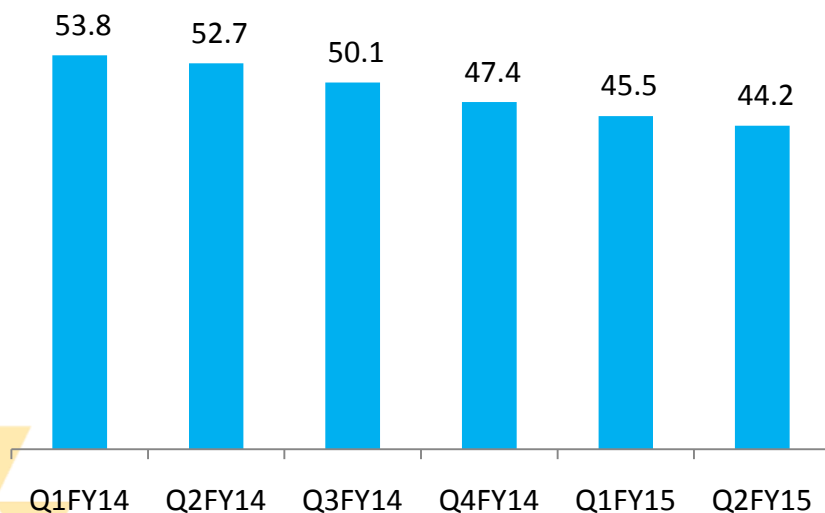
Spread (%)



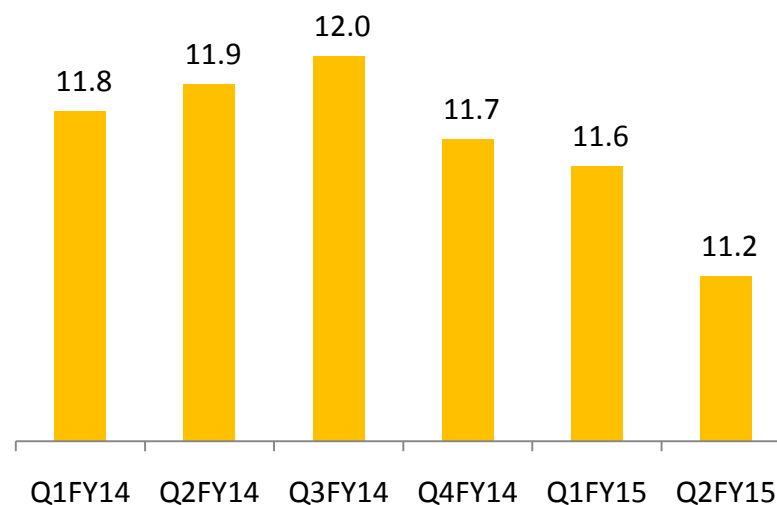
Cost of funds and cost to income on decline

- Cost to income and cost of fund trending down; expected to fall further
- Long term rating of ICRA AA and CARE AA and short term rating of CRISIL A1+ and ICRA(A1+), indicating a high degree of safety regarding timely servicing of financial obligations
- Falling cost to income ratio as branch network gets optimally utilised

Cost to Income (%)



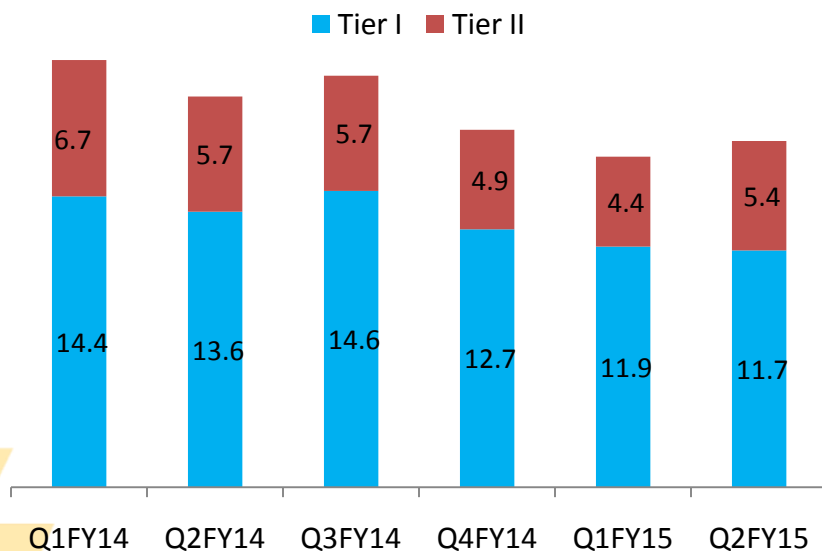
Cost of Fund (%)



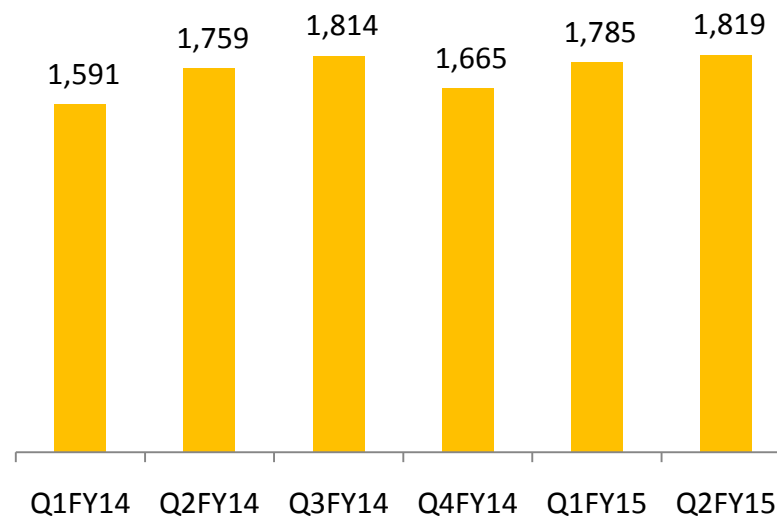
Robust network backed by healthy capital adequacy

- Consistently maintained capital adequacy level higher than statutory requirement of 15%
- Significant margin of safety in Tier I at 11.7% and total capital adequacy at 17.1%
- Well capitalised with a network of ₹1,819 Cr (NBFC and its HFC subsidiary consolidated)
- Boosted Tier II capital with private placement of ₹200 Cr sub-debt
- During the quarter return on asset was 2.1% (annualised)

Capital Adequacy (%)



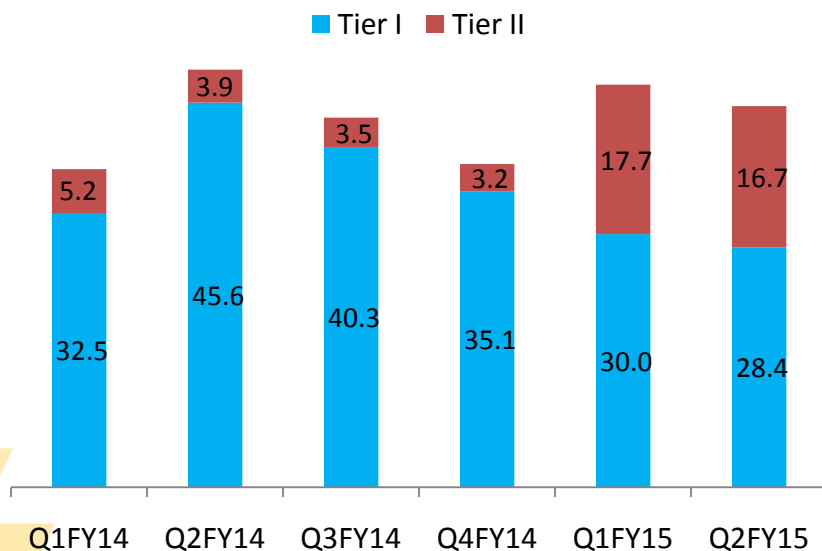
Network (₹ Cr)



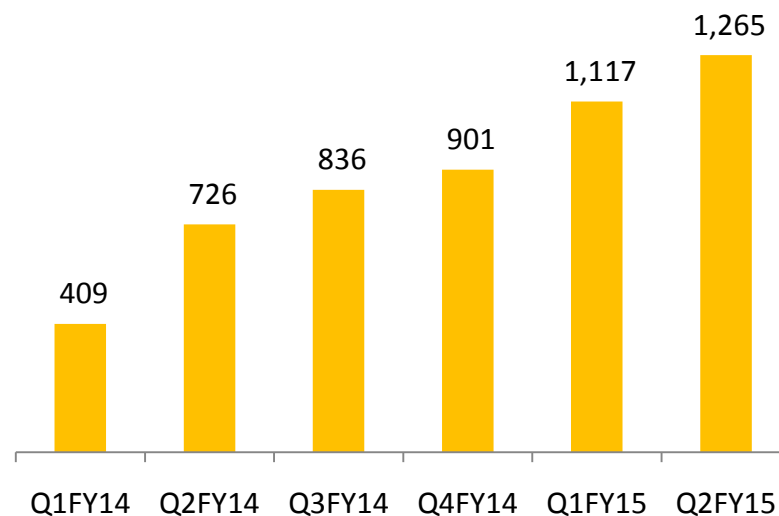
Healthy growth of mortgage loan book in HFC

- Loan book of ₹1,265 Cr in the housing finance company at Q2FY15
- Income for the quarter ₹55 Cr up 146% yoy
- Profit after tax for the quarter ₹13.6 Cr up 112% yoy
- Capital adequacy at 45.2%, adequate room for growth

Capital Adequacy (%)

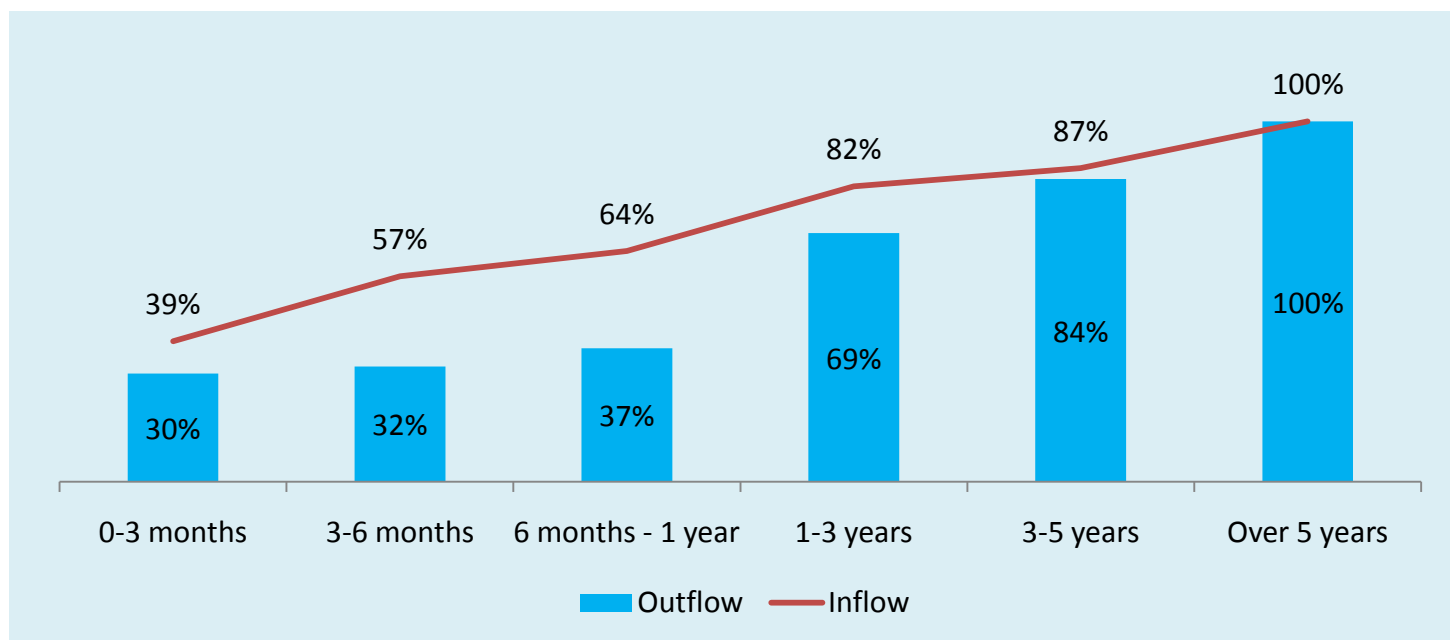


Loan Book (₹ Cr)



Asset liability profile for IIFL Finance*

- Asset-Liability maturity review is done regularly by Board level committee
- Committee ensures asset liability maturity is always comfortable
- Long term resources have been added during the quarter yielding to a comfortable ALM position
- Assets and liabilities are optimally matched, with adequate margin of safety



* Stand alone

IIFL Finance consolidated results

Quarter ended Sep'14

₹ Cr	Q2FY15	Q2FY14	YoY	Q1FY15	QoQ
Loan book	12,993.6	9,936.0	30.8%	12,438.8	4.5%
Securitised assets	748.9	467.7	60.2%	572.3	30.9%
Assets under management	13,742.5	10,403.7	32.1%	13,011.2	5.6%
Total interest income	582.3	443.8	31.2%	524.3	11.1%
Interest expense	338.2	270.6	25.0%	316.5	6.9%
Net Interest Income	244.1	173.2	41.0%	207.8	17.5%
Other income	30.5	36.2	(15.8%)	33.4	(8.8%)
Operating expense	138.9	126.6	9.7%	123.0	12.9%
Loan losses & Provision	25.3	7.5	238.8%	16.9	49.4%
Profit before tax	110.4	74.8	47.7%	101.3	9.0%
Profit after tax	75.3	49.4	52.3%	68.2	10.4%
Ratios					
Total Opex to NII	56.9%	73.3%		59.2%	
RoA (Annualised)	2.1%	1.7%		2.0%	
EPS (₹) (Annualised)	3.2	2.1		2.9	
RoE (Annualised)	16.6%	11.2%		15.3%	

IIFL Finance consolidated results

Half year ended Sep'14

₹ Cr	H1FY15	H1FY14	YoY
Loan book	12,993.5	9,936.0	30.8%
Securitised assets	748.9	467.7	60.2%
Assets under management	13,742.5	10,403.7	32.1%
Total interest income	1106.6	870.3	27.2%
Interest expense	654.7	532.6	22.9%
Net Interest Income	452.0	337.6	33.9%
Other Income	63.9	78.2	(18.4%)
Operating Expense	261.9	267.6	(2.1%)
Loan losses & Provision	42.2	9.5	345.5%
Profit before tax	211.7	137.8	53.7%
Profit after tax	143.4	93.9	52.7%
Ratios			
Total Opex to NII	57.9%	79.4%	
RoA (Annualised)	2.1%	1.6%	
EPS (₹) (Annualised)	6.0	4.0	
RoE (Annualised)	15.8%	10.7%	

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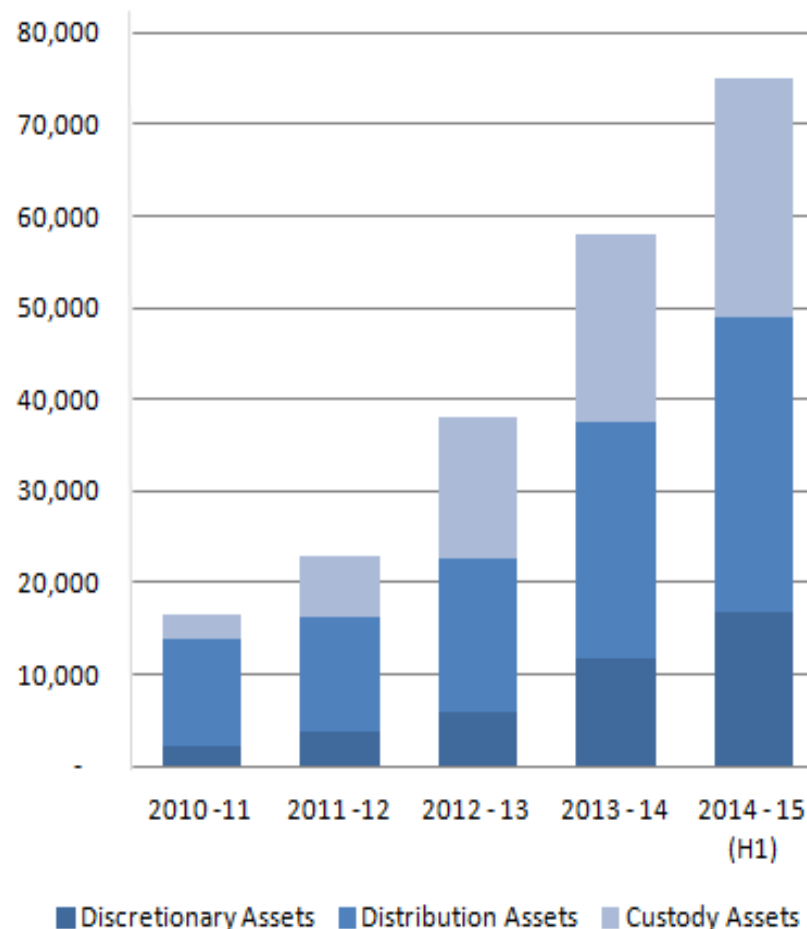
Annexure II: Industry update



Wealth management registers steady growth

- IIFL Wealth has ₹48,000 Cr of assets under advice, distribution and management
- ₹26,000 Cr of custody assets as on September 30, 2014; under sub-account structure may get out of custody arrangement as they convert to Foreign Portfolio Investor (FPI) structure as per the new SEBI FPI regulations. The revenue impact of the same will be minimal.
- Assets under management under AIF over ₹2,000 Cr
- Mutual Funds AUM is in excess of ₹20,000 Crs. Equity & Hybrid MFs constitute close to 37% and Debt MFs constitute 63% of this AUM. IIFL is amongst the top 5 MF distributors in the country.

Wealth Management Assets (₹ Cr)



IIFL Wealth consolidated results

Quarter ended Sep'14

₹ Cr	Q2FY15	Q2FY14	YoY	Q1FY15	QoQ
Income from operations	104.3	54.7	91%	72.2	45%
Other income	1.7	0.7	138%	1.0	79%
Total Income	106.0	55.5	91%	73.1	45%
Employee cost	30.1	18.2	65%	29.4	2%
Admin expenses and other expenses	31.9	16.6	92%	22.9	39%
EBITDA	44.0	20.7	113%	20.8	112%
Interest	2.6	2.5	5%	0.5	413%
Depreciation and amortization	0.2	0.2	21%	0.2	9%
Profit / (Loss) before tax	41.2	18.0	129%	20.1	105%
Provision for taxation	14.6	6.2	137%	5.8	152%
Profit/(Loss) after tax	26.6	11.9	124%	14.3	86%

IIFL Wealth consolidated results

Half year ended Sep'14

₹ Cr	H1FY15	H1FY14	YoY
Income from operations	176.4	79.8	121%
Other income	2.7	15.0	(82%)
Total Income	179.1	94.8	89%
Employee cost	59.5	35.4	68%
Admin expenses and other expenses	54.8	29.6	85%
EBITDA	64.8	29.9	117%
Interest	3.0	2.5	22%
Depreciation and amortization	0.4	0.4	12%
Profit / (Loss) before tax	61.3	27.0	127%
Provision for taxation	20.4	9.0	127%
Profit/(Loss) after tax	40.9	18.0	128%



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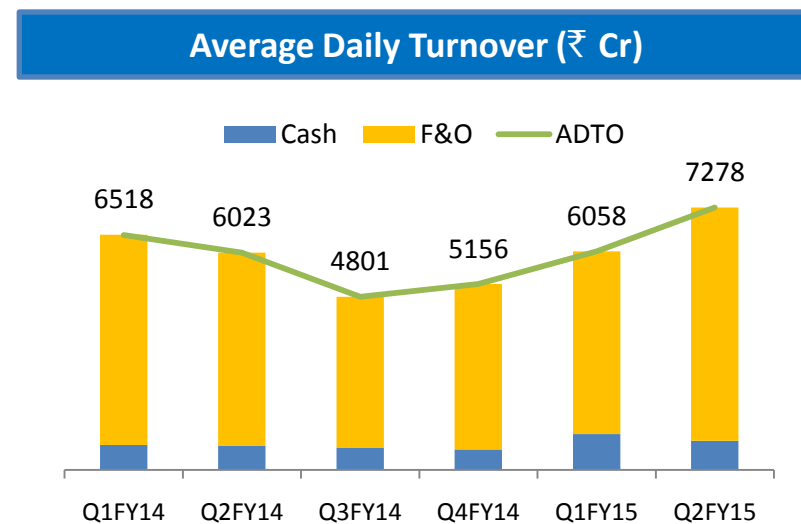
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Capital market – potential for growth

- Income for the quarter was ₹112 Cr, up 31% yoy
- IIFL's average daily equities turnover was at ₹7,278 Cr in Q2FY15 up 20% qoq
- IIFL's average daily commodities turnover was at ₹767 Cr in Q2FY15
- Investment banking completed a QIP of ₹750 Cr for Info Edge, the issue received an overwhelming response



Research reports

The Winning Dozen: 12 stocks showing stellar performance and exceptional track records

A detailed assessment of threat from digital platforms on TV and print and provides ad spend growth outlook.

The report showcases the likely cement stars in the upcycle for the next 3-4 years

The report argues that household consumption will sharply slow in the next 1-2 years

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

Research published during the quarter

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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 meritorious 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	Amit Mehendale
Investment Banking	Nipun Goel	Compliance	R. Mohan
Consumer Finance	Rajashree Nambiar	Operations & Customer Service	Narendra Jain
PMS & Retail Broking	Prasanth Prabhakaran	Audit	Upendra Jaiswal
Wealth Management	Karan Bhagat	Risk	Priya Kashyap
International Operations	Bharat Parajia	Technology	Tejas Mehta
Offshore Asset Management	Amit Shah	Human Resources	Pallab Mukherji
Financial Products Distribution	Mukesh Singh	Treasury	B.S Amarnath
Housing Finance	Monu Ratra		

Verticals

Corporate Functions

IIFL Holdings- Board members

IIFL Group Board members (other than IIFL Holdings)



Nirmal Jain
Executive Director
Chairman, IIFL Holdings Ltd



R Venkataraman
Executive Director
Managing Director, IIFI Holdings Ltd



Nilesh Vikamsey
Independent Director
Partner of M/s Khimji Kunverji & Co.



A K Purwar
Independent Director
Former Chairman, State Bank of India



Geeta Mathur
Independent Director
CFO, Helpage India



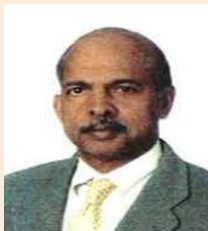
Sunil Kaul
Non Executive Director
Operating Partner, Carlyle Group



Dr S Narayan
Independent Director
IAS (Retd), Former Finance Secretary



Kranti Sinha
Independent Director
Former CEO of LIC Housing Finance



C Ratnaswami
Non Executive Director
MD, Hamblin Watsa (Fairfax Group, Canada)



V K Chopra
Chairman, IIFL Finance
Former Chairman & Managing Director of Corporation Bank



S Sridhar
Chairman, IIFL HFC
Former Chairman & MD of National Housing Bank



A K Shukla
Independent Director
Former Chairman of LIC



M N Singh
Independent Director
IPS (Retd), Former Commissioner of Police, Mumbai



J H Mehta
Independent Director
Management Consultant, former Executive Director of Hindustan Lever



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



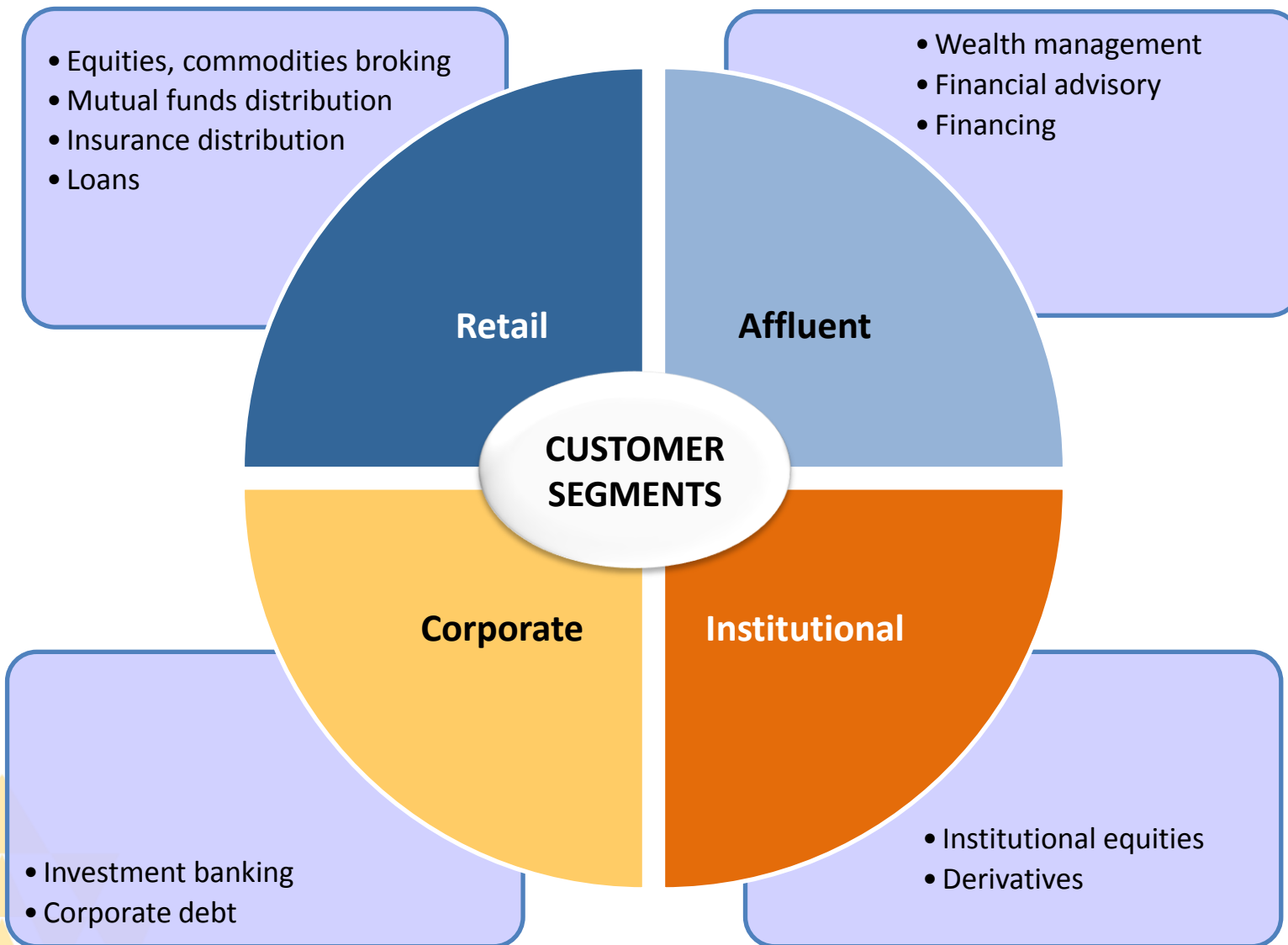
Sat Pal Khattar
Singapore based eminent Lawyer and Investor



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 ₹2,279 Cr
- Significant unutilized capacity to leverage

Distribution reach

- Present at over 2,900 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



Mr Nirmal Jain and Mr R Venkataraman receiving India's Most Promising Brand award from Lord Swaraj Paul



IIFL Wealth receiving Best Wealth Manager – India and Best Wealth Management Specialist – Asia at The Asset Triple A Private Banking



Best Private Banking Services Overall – India 2014



Best Equity Portfolio Management - 2013



Best Wealth Management Company In India (>50 Employees) - 2013



Best Wealth Management House – India 2011, 2012 & 2013



Best Performing Individual Financial Advisor - 2013



Best Market Analyst – 2013, 2012 & 2009



Best Customer Service in Financial Markets - 2013



Top Performer – Equity – FI Category - 2012



Best Performing National Financial Advisor Wealth Distributor

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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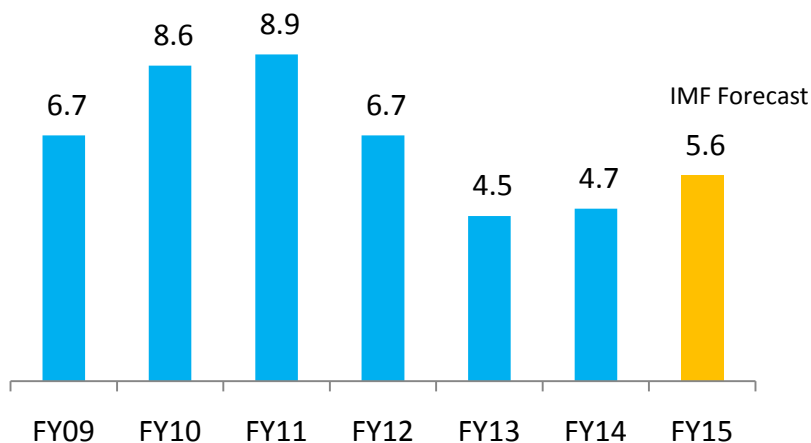
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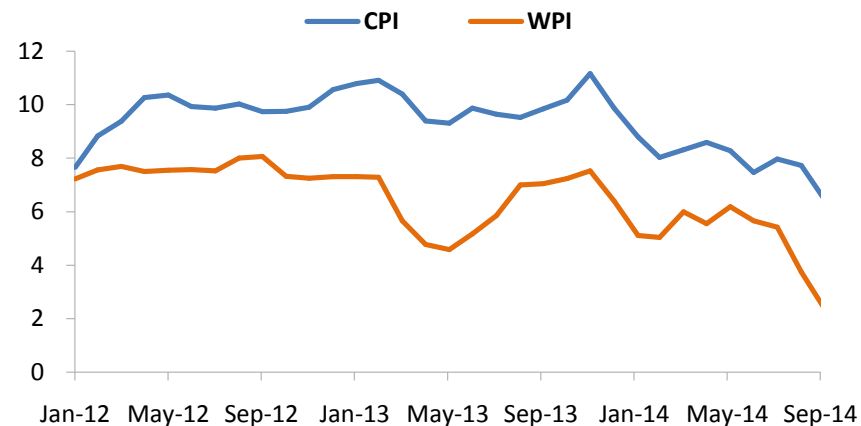
Macro economy

Positive growth outlook

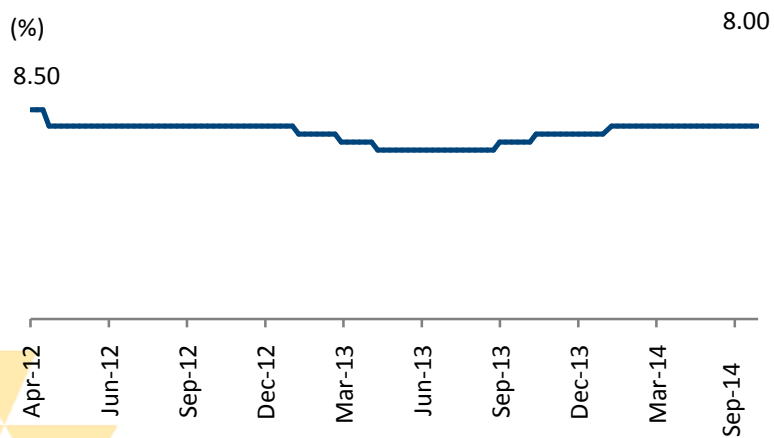


Source: CMIE, IIFL Research, IMF

Declining inflation

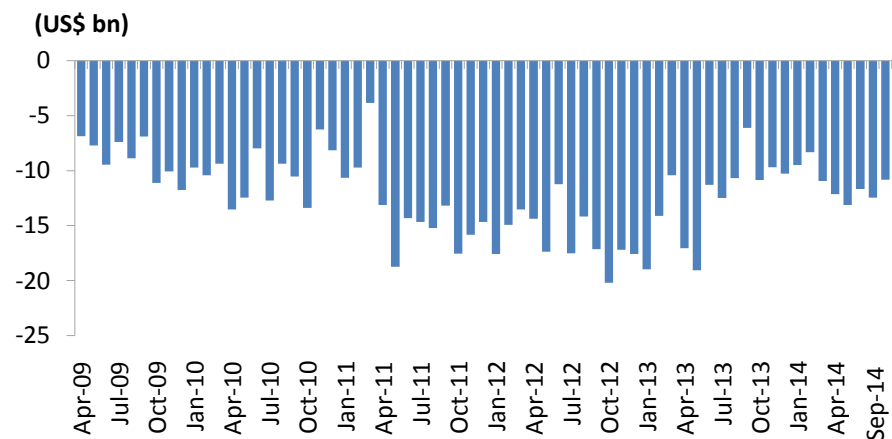


Policy rate near peak



Source: Bloomberg, IIFL Research

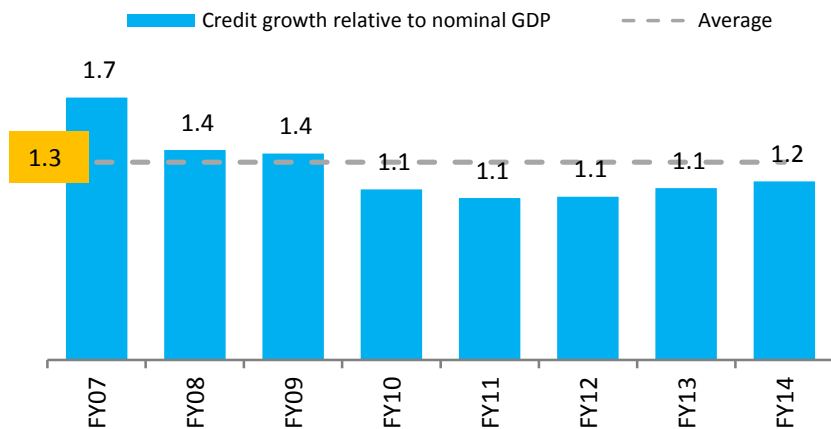
Trade deficit narrowed in recent months



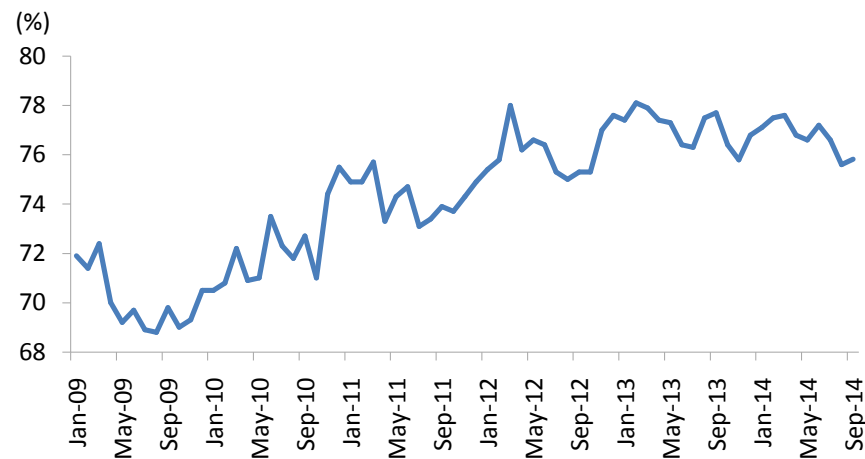
Source: CMIE, FAO, Govt of India, NDDB, IMD, IIFL Research

Credit and Finance

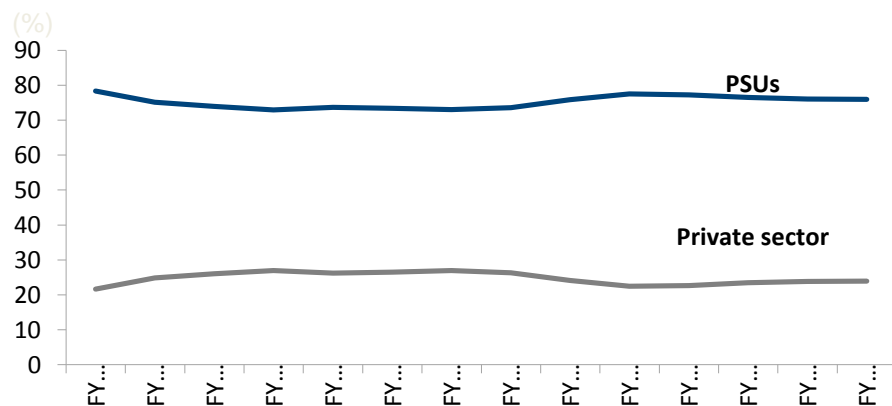
Credit growth/Nominal GDP growth stands at modest level



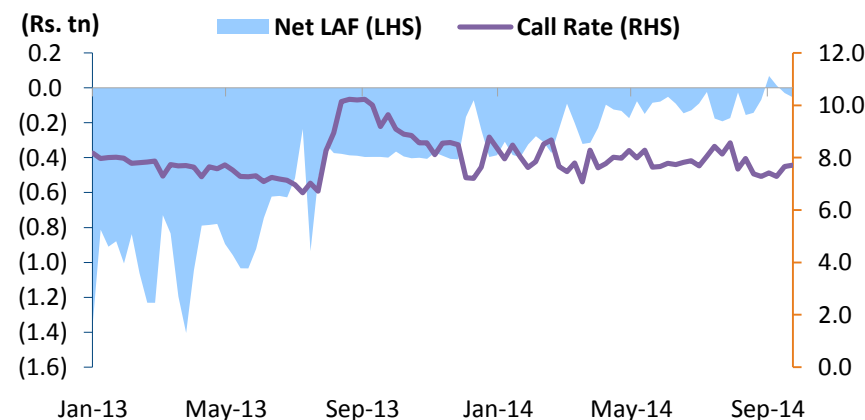
Loan/Deposit ratio declined compared to Q1FY15



PSU Banks steadily losing market share to Private Banks



Banking system liquidity eased considerably

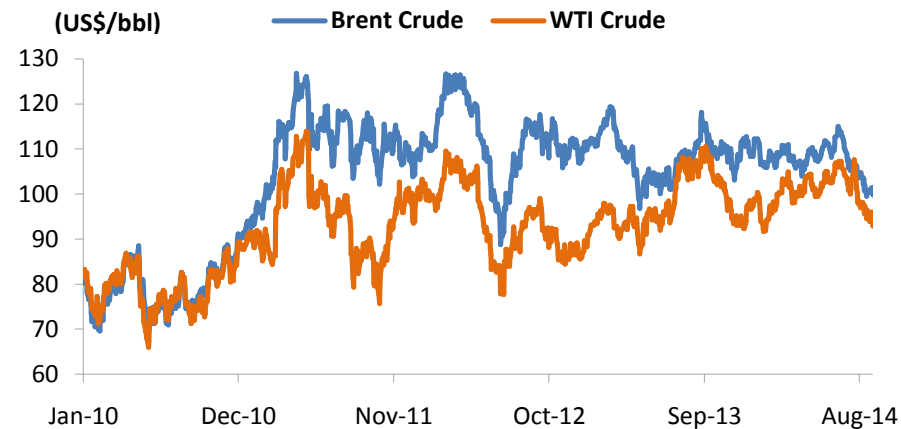


Capital raising and fund flows

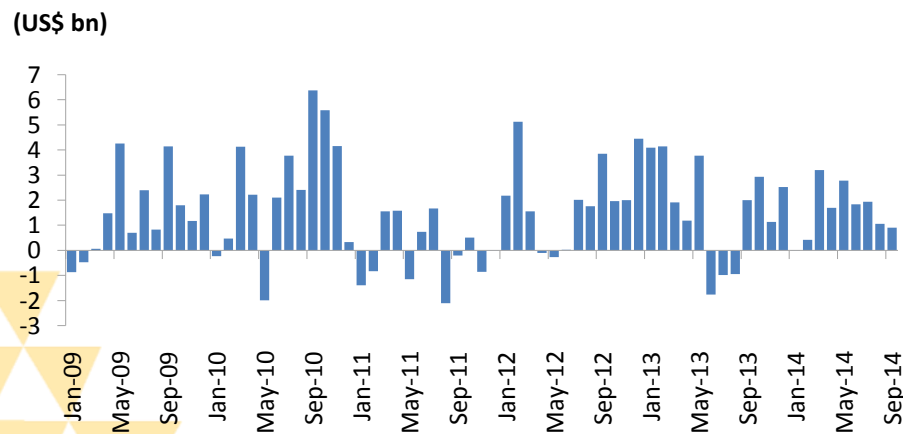
Rupee stabilizes at 61-62



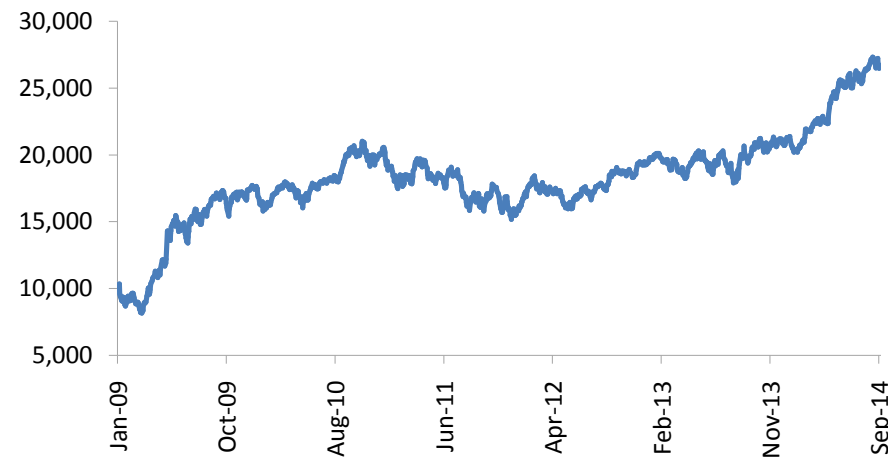
Crude prices declining



Global inflows declining



Sensex surges on hopes of better FY15



Thank you

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