

IIFL Holdings Limited

Press Release
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IIFL Consolidated Net Profit* for Q1FY18 at ₹252 Cr (up 59% y-o-y) Income at ₹907 Cr (up 57% y-o-y)

For the quarter ended June 30, 2017 (Q1FY18)

- Net profit was ₹252 Cr, up 59% year-on-year (y-o-y)
- Consolidated income stood at ₹907 Cr, up 57% y-o-y
- Loan assets under management in NBFC business at ₹23,330 Cr, up 26% y-o-y
- Wealth assets are at ₹126,908 Cr, up 60% y-o-y

Summary: Consolidated – Q1FY18

₹ Crore (Cr)	Quarter ended June 30, 2017	Quarter ended June 30, 2016	Y-O-Y	Quarter ended March 31, 2017	Q-O-Q
Income [#]	907.0	576.6	57%	843.4	8%
Profit Before Tax	375.3	234.6	60%	363.1	3%
Net Profit (Pre-Minority)	251.9	158.2	59%	234.5	7%
Net Profit (Post-Minority)	198.1	137.5	44%	186.4	6%

Mr Nirmal Jain, Chairman, IIFL Holdings Ltd., commented on the financial results, “In the first quarter of current financial year, all our businesses have grown well. Successful implementation of major reforms like GST¹ and RERA² has buoyed the confidence of investors, foreign and domestic alike. For last 18 months, we have emerged as No. 1 Investment Banker for equity issuance. Wealth management business is going from strength to strength; Loan book also has seen robust growth, while maintaining high quality. We look forward to the rest of year with a renewed optimism.”

* Net Profit is pre-minority

[#] Income is net of interest expenses

¹ Goods and Services Tax

² Real Estate (Regulation and Development) Act, 2016

Loans and Mortgages

This comprises the NBFC, HFC and Micro-finance businesses.

Q1FY18 PAT was ₹116 Cr, up 31% y-o-y, while total income was ₹407 Cr, up 40% y-o-y. NBFC's ROE¹ for Q1FY18 stood at 13.2% and ROA was 1.9%. NIM has expanded by 50bps y-o-y to 6.6% largely due to sharp fall in funding costs. Average borrowing costs declined 20bps q-o-q and 140bps y-o-y to 8.6%. The availability and incremental cost of funding continues to remain favourable to us.

Loan assets under management (AUM), predominantly retail, showed a steady growth of 26% y-o-y to ₹23,330 Cr. At the end of the quarter, low risk retail home loan assets grew to ₹5,952 Cr, up 82% y-o-y. In Construction and Real Estate loans, the mix is changing towards construction finance for small-ticket housing projects.

The securitized loan book currently at ₹2,949 Cr is 13% of AUM, up from 9% a year back. There exists significant opportunity for securitization, which will positively impact profitability and CAR.

Asset quality: Despite adoption of 90-day NPA recognition norm, the NPA ratios were only a shade higher than the previous period. Overall asset quality remains sound with GNPA of 2.04% and NNPA of 0.94% as on June 30, 2017. Against gross NPA of ₹416 Cr, specific provisions stand at ₹224 Cr, giving provision coverage of 54%.

Besides this, provision of ₹87 Cr has been made for standard assets as per statutory requirements. Total provision coverage (including standard asset provision) stands at 75% of Gross NPAs.

IIFL Finance has long-term credit rating by CRISIL AA/Stable, [ICRA] AA (Stable), CARE AA (Positive).

Capital adequacy: Total CAR stood at 20.6% including Tier I capital of 18.1% as at June 30, 2017 as against statutory requirement of 15%

Micro-Finance Business: MFI presents a new and promising opportunity for growing our business into this niche segment of providing loans to under-served segments and further to develop cross-sell opportunities. During the quarter, newly acquired MFI, namely Samasta Microfinance, has ramped up its operations with its branch network growing in eastern part of the country. The loan assets for quarter ended June 30, 2017 stood at ₹284 Cr, up 19% q-o-q and MFI base increased to over 180,000 customers, up 15% q-o-q.

¹ Figures are annualized.

Wealth and Asset Management operations

IIFL Wealth is one of the leading wealth management companies in India offering advisory, wealth structuring solutions, asset management, credit solutions and distribution services. IIFL Wealth Management offers comprehensive suite of products and services to high net-worth families in India. An in-house asset management business allows the company to launch innovative products; IIFL Wealth is the first and largest manufacturer and distributor of AIFs in India.

To the rising number of discerning high net-worth families in India, IIFL Wealth has positioned itself to participate in a larger share of wallet by offering family office, estate planning, asset management and offshore advisory services, enabling a stronger penetration into this market.

Total assets under management, distribution and advice witnessed 60% y-o-y growth to reach ₹126,908 Cr in Q1FY18. The PAT was at ₹87 Cr, up 64% y-o-y.

IIFL Wealth Finance, a wholly-owned NBFC subsidiary of IIFL Wealth, commenced operations in Q4FY16. IIFL Wealth Finance is focused on providing loan against securities and properties to HNI clients. The loan book grew to ₹4,305 Cr in Q1FY18, up 195% y-o-y.

Under Wealth Management, a separate Alternative Investment Fund (AIF) with a separate in-house Asset Management Company (AMC) was launched this year for providing customized AIFs with due approval of SEBI. During the quarter, more than ₹3,000 Cr were collected in Focussed Equity AIF products.

Capital Market and others

IIFL is a key player in both retail and institutional segments of the capital market, and category I merchant banker. We have over 1,200 service locations comprising a wide branch and sub-broker network and providing unparalleled research coverage on over 500 companies. At the back of strong domestic inflows, the business has recorded a robust performance. During the quarter, the average daily equity market turnover for the broking business was ₹11,063 Cr, up 53% y-o-y with the cash market turnover at ₹1,112 Cr, up 34% y-o-y.

Our mobile trading app, 'IIFL Markets' continues to be the highest rated on Android and IOS amongst peers (4.4) with over 10 lakh downloads. There has been a steady increase in number of clients trading through the mobile platform; during the quarter, over 35% of retail customers have traded through the app. In line with our focus on mutual funds, the number of SIPs from retail customers increased 34x to 49,000 with a monthly SIP book of over ₹12 Cr. IIFL's Mutual Fund App crossed 1 lakh downloads and is steadily building on its customer base.

Investment Banking: IIFL's investment banking franchise enjoys a pre-eminent position in India with a strong execution track record a robust pipeline across capital markets and advisory.

Q1FY18 has been another stellar quarter for IIFL in investment banking. During the quarter, IIFL has executed transactions involving capital raising for marquee issues in excess of ₹22,500 Cr.

IIFL has been ranked #1 in equity issuances for calendar years 2016 and 2017 year-to-date covering IPOs, FPOs, QIPs and InvITs (*Source: Prime database, for the period Jan 1, 2016 to June 30, 2017 on full credit basis covering IPOs, QIPs, FPOs and InvIT offerings).

5 Paisa demerger

With a view to giving a segregated focus on the digital way of trading and distribution services, which is emerging as a new segment and possesses the potential to grow exponentially in the coming years, 5Paisa Capital Limited was incubated in IIFL and is proposed to be demerged as a separately listed company. With the spread of internet and mobile penetration and 3G/4G data services across the country, the DIY (do-it-yourself) model will cater to the new generation investors. The Board of Directors of the Company and 5paisa Capital Limited, a wholly owned subsidiary of the Company, approved a draft Scheme of Arrangement under Section 391-394 of the Companies Act, 1956 ("the Scheme") between IIFL Holdings Limited and 5paisa Capital Limited and their respective shareholders to demerge 5paisa digital undertaking of the Company into 5paisa Capital Limited. As per the proposed Scheme, the shareholders of IIFL Holdings Limited will get 1 (One) equity share of Rs. 10/- each fully paid up of 5Paisa Capital Limited for every 25 (Twenty Five) equity shares of IIFL Holdings Limited held by the shareholders.

Further to the "no objection" received from SEBI, BSE and NSE, the draft Scheme of Arrangement was filed with the National Company Law Tribunal (NCLT) and the shareholders of the Company on May 11, 2017 have approved the Scheme of Arrangement. The next hearing date is scheduled for July 27, 2017. The above financial results of IIFL Holdings Limited are without considering the effect of the proposed demerger.

Demerger of Real Estate Advisory Services from IIFL Real Estate Limited

The National Company Law Tribunal (NCLT) has approved the Scheme of Arrangement for demerger of Real Estate Advisory Services undertaking from IIFL Real Estate Limited into another wholly-owned-sub subsidiary namely India Infoline Insurance Services Limited in terms of the provisions of Companies Act, 2013. The appointed date of the proposed Scheme of Arrangement is April 01, 2017. The Certified True Copy of the order of NCLT is awaited. The proposed demerger will not impact the capital structure of the company and its subsidiary. The transfer will be accounted as and when the order is filled with Ministry of Corporate Affairs (MCA) and the demerger is effected.

Awards and Accolades received in Q1FY18:



- Asset Management Company of the Year - Rising Star, India at The Asset Triple A Asset Servicing, Fund Management and Investors Awards 2017
- Best Customer Centric Company of the Year – Financial Sector at World Quality Congress & Awards, 2017
- ET Now Dealing Room Heroes, 2017
- Proactive Fraud detection Analytical Model - Suraksha shortlisted for Skoch Financial Technology Award

Corporate Social Responsibility (CSR) activities undertaken during Q1FY18:



Education - Girl Child Literacy Program

- After successfully running 100 schools in Kumbhalgarh and Railmagra blocks of Rajasthan since past one year, more than 100 schools were added during the quarter. The total number of girls positively impacted and brought back into the fold of education is 6,000.
- University of Pennsylvania, Philadelphia, United States visited IIFL's community school in Kotoda block of Udaipur – which is one of the toughest areas to work in, with single digit female literacy rate and rampant child marriages. IIFL Foundation has managed to bring back over 3,500 girls back into the fold of education through its 100 community schools spread across the block.

Financial Literacy

- After successfully working in one district, IIFL Foundation launched its Financial Literacy program in 5 districts of West Bengal.
- Chit Funds and Lottery systems are prevalent in rural West Bengal, which makes IIFL Foundation's program extremely pertinent for the region.

Health Camp at Pandharpur

- For the past 5 years, IIFL Foundation has been supporting the health camps at Pandharpur in Maharashtra.
- Over 58,000 pilgrims with various medical needs such as severe injuries, wounds, fever, respiratory diseases, gastro-intestinal diseases, eye infection were treated at the camp this year. The patients were provided with free OPD/ indoor treatment and medicines.
- Besides medical services, free food was also offered to over 115,000 pilgrims.

About IIFL

IIFL Holdings Ltd (NSE: IIFL, BSE: 532636) is a leading player in the Indian financial services space. IIFL is engaged in the business of financing, asset and wealth management, capital markets and financial products distribution, investment banking, institutional equities and realty services through its various subsidiaries.

IIFL Holdings Ltd is headquartered in Mumbai with overseas offices in London, New York, Geneva, Hong Kong, Dubai, Singapore and Mauritius. Started as a research firm in 1995, IIFL is a first generation venture. Today, IIFL is a diversified financial services group with a consolidated net-worth of ₹4,581 Cr as on June 30, 2017, offering gamut of services to more than 40 lakh customers across various business segments and is continuously building on its strengths to deliver excellent service to its expanding customer base.

IIFL is recognized as '**India's Most Trusted Financial Service Brand (Non-Bank)**' by the Brand Trust Report India Study, 2016. IIFL received '**Best Technological Innovation**' Award in capital markets space at the Zee Business Market Excellence Awards 2016 for IIFL Markets Application. IIFL won '**The Best Private Banking Services Overall, India**' award at Euromoney Private Banking and Wealth Management Survey, 2017. IIFL Group bagged **Best Customer Service in Financial Sector** by World Quality Congress - service quality awards in 2015. IIFL received **India's Most Promising Brand** 2014 award at WCRC Global India Excellence Summit in London.

This document may contain certain forward looking statements based on management expectations. Actual results may vary significantly from these forward looking statements. This document does not constitute an offer to buy or sell IIFL products, services or securities. The press release, results and presentation for analysts/press for the quarter ended June 30, 2017, are available under the 'Investor Relations' section on our website www.iifl.com.

IIFL/ India Infoline refer to IIFL Holdings Ltd and its group companies.

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