

IIFL Holdings Limited

Press Release

For immediate publication

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IIFL Consolidated Net Profit* for Q2FY18 at ₹291 Cr (up 40% y-o-y) Income at ₹944 Cr (up 42% y-o-y)

For the quarter ended September 30, 2017 (Q2FY18)

- Net profit was ₹291 Cr, up 40% year-on-year (y-o-y)
- Consolidated income stood at ₹944 Cr, up 42% y-o-y
- Loan assets under management in NBFC business at ₹26,033 Cr, up 27% y-o-y
- Wealth assets at ₹1,33,217 Cr, up 47% y-o-y

Summary: Consolidated – Q2FY18

₹ Crore (Cr)	Quarter ended September 30, 2017	Quarter ended September 30, 2016	Y-O-Y	Quarter ended June 30, 2017	Q-O-Q
Income [#]	944.4	666.4	42%	841.1	12%
Profit Before Tax	414.0	297.4	39%	375.3	10%
Net Profit (Pre-Minority)	290.9	207.2	40%	251.9	15%
Net Profit (Post-Minority)	229.1	183.1	25%	198.1	16%

Mr Nirmal Jain, Chairman, IIFL Holdings Ltd., commented on the financial results, “We are pleased to report continued robust growth in all our core businesses. Our performance reinforces our confidence in our strategy to make earnings durable and de-risked. The PSU banks’ recapitalization is the bold and timely initiative to reinvigorate the economy. Our loans and mortgages business strategy of focussing on retail lending and digital delivery, makes it largely immune from banks’ competition. Wealth and asset management continues to grow on the back of innovative products with customer centricity. Capital market business is founded on the basis of cutting edge research. We are excited about the imminent listing of 5paisa, a company demerged with mirror shareholding. 5paisa business model aims to offer financial products at lowest cost digitally, as the company plans no branches, no relationship managers and little investment in research.”

* Net Profit is pre-minority

[#] Income is net of interest expenses

Loans and Mortgages

The Loans and Mortgages business is carried out by a non-banking finance company and its two subsidiaries, housing finance company and micro finance company; conducted through 1100+ branches spanning the length and breadth of the country.

The Profit after tax for Q2FY18 was ₹132 Cr, up 30% y-o-y, while total income was ₹467 Cr, up 40% y-o-y. NBFC's ROE¹ for Q2FY18 stood at 14.5% and ROA was 2.1%. NIM has expanded by 56bps q-o-q to 7.2% largely due to sharp fall in funding costs. Average borrowing costs declined 12bps q-o-q and 110bps y-o-y to 8.5%. 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 27% y-o-y to ₹26,033Cr. At the end of the quarter, low risk retail home loan assets grew to ₹6,686 Cr, up 64% 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 ₹3,012 Cr is 12% of AUM, up from 10% a year back. There exists significant opportunity for securitization, which will positively impact profitability and CAR.

Asset quality remains sound with GNPA of 1.95% and NNPA of 1.09% as on September 30, 2017. Against gross NPA of ₹448 Cr, specific provisions stand at ₹197 Cr, giving provision coverage of 44%.

Besides this, provision of ₹95 Cr has been made for standard assets as per statutory requirements. Total provision coverage (including standard asset provision) stands at 65% 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 18.4% including Tier I capital of 17% as at September 30, 2017 as against statutory requirement of 15%

Housing Finance Business : The housing finance arm has benefitted over 5,000 customers with a subsidy of more than ₹111 Cr under the Pradhan Mantri Awas Yojana – Credit Linked Subsidy Scheme, till September, 2017. The loan book grew 42% y-o-y to ₹9,893 Cr.

Micro-Finance Business: During the quarter, the microfinance arm -Samasta Microfinance, has ramped up its operations with its branch network growing in eastern part of the country. The loan assets for quarter ended September 30, 2017 stood at ₹404 Cr, up 42% q-o-q and MFI base increased to over 2,00,000 customers, up 18% 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 a comprehensive suite of products and services to high net-worth families in India including advisory, wealth structuring solutions, credit solutions and distribution services. An in-house asset management business allows the company to launch innovative products; IIFL Wealth is one of the 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 47% y-o-y growth to reach ₹1,33,217Cr in Q2FY18. The PAT was at ₹95 Cr, up 67% y-o-y.

IIFL Wealth Finance, a wholly-owned NBFC subsidiary of IIFL Wealth focused on providing loan against securities to wealth clients had a loan book of ₹4,852 Cr in Q2FY18, up 13% q-o-q.

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 ₹13,269 Cr, up 47% y-o-y with the cash market turnover at ₹1,220 Cr, up 14% 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 11 lakh downloads. There has been a steady increase in number of clients trading through the mobile platform; during the quarter, over 37% of retail customers have traded through the app. IIFL's Mutual Fund App crossed 1.5 lakh downloads and is steadily building on its customer base.

Investment Banking: Q2FY18 has been a very strong quarter in investment banking. During the quarter, IIFL has completed 4 IPOs and a number of other capital markets and advisory transactions for marquee clients.

IIFL has been ranked #3 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 September 30, 2017 on full credit basis covering IPOs, QIPs, FPOs and InvIT offerings).

IIFL's investment banking franchise continues to enjoy a pre-eminent position in India with a strong execution track record a robust pipeline across capital markets and advisory, which are in various stages of execution.

5 Paisa Capital Limited

During the quarter ended September 30, 2017, the Company has received the approval of NCLT for the Scheme of Arrangement under Section 230-232 of the Companies Act, 1956 ("the Scheme") between IIFL Holdings Limited and 5paisa Capital Limited (5PCL) and their respective shareholders to demerge 5paisa digital undertaking of the Company into 5PCL. The said order has been filed with MCA on September 30, 2017 and Demerger is effected w.e.f. the Appointed Date i.e. October 01, 2016 in the books of accounts of the Company. Accordingly, the aforesaid results for the quarter and half year ended September 30, 2017 is after giving effect to the Scheme. As per the Scheme, the shareholders of the Company as on the record date i.e. October 18, 2017, have been allotted 1 equity share of Rs. 10/- each fully paid up of 5PCL for every 25 equity shares of Rs. 2/- each held in the Company. In view of above, 5PCL ceased to be a subsidiary of the Company. Listing of shares of 5PCL at NSE and BSE is under process.

5paisa Capital Limited is engaged in providing an online technology platform through internet terminals and mobile apps for trading of securities on National Stock Exchange of India Limited & BSE Limited, Depository Participant of CDSL, AMFI, and providing a wider basket of financial services including distribution of mutual funds, bonds, debentures etc. The digital way of doing trading in securities is emerging as a new segment with potential to achieve critical mass and grow exponentially in the near future with the spread of internet and mobile penetration, as also 3G/4G telecommunication and data services throughout the country. 5paisa will acquire service and grow the new emerging DIY (Do-it-yourself) customer segment that prefers least intermediation cost for various financial products. Such service providers operate with cutting edge technology with minimal physical infrastructure and manpower; and the organizations require a different structure and culture. This proposition will not only enhance business focus but will also enable investors to invest seamlessly from anywhere on their own. With this objective, the effecting of the demerger of 5paisa digital undertaking is completed.

Demerger of Real Estate Advisory Services from IIFL Real Estate Limited

During the quarter ended September 30, 2017, the NCLT has approved the Scheme of Arrangement ("Scheme") for demerger of Real Estate Advisory services undertaking from IIFL Facilities Services Limited, a wholly-owned-subsiidiary of the Company, into another wholly-owned-subsiidiary namely IIFL Management Services Limited (Erstwhile India Infoline Insurance Services Limited) in terms of the provisions of Companies Act, 2013. The said order has been filed with MCA on September 29, 2017 and Demerger is effected w.e.f. the Appointed Date i.e. April 01, 2017 in the books of accounts of the Company. The demerger will not impact the capital structure of the company and its subsidiary.

IIFL has also filed an application with SEBI for registration of IIFL Real Estate Investment Trust and will initiate REIT issue in due course. This will enable partial release of the investment in commercial real estate by IIFL Holdings Limited. Post the registration by SEBI, IIFL will file the necessary draft offer documents for REIT issue in due course.

Awards and Accolades received in Q2FY18:



- IIFL featured in Forbes' '**India's Super 50 Companies**'
- IIFL is among the '**Outlook Business Outperformers**' list – titled Prudent Financier by Outlook Magazine
- Awarded Best IPO Bidding Member – Retail at the **NSE Market Achievers Awards**
- Asset Management Company of the Year - Rising Star, India at The Asset Triple A Asset Servicing, Fund Management and Investors Awards 2017

Corporate Social Responsibility (CSR) activities undertaken during Q2FY18:



Education

- **Sakhiyon ki Baadi**

IIFL Foundation chose Udaipur district in south Rajasthan to initiate its flagship program 'Sakhiyon ki Baadi'. 306 new learning centres were initiated in 6 blocks viz. Peepal Kunth, Choti Sadri, Sarada, Dhariwad, Bali and Pindwara. The work has extended beyond Udaipur district by venturing 8 new districts viz. Pratapgarh, Bali, Pindwara, Jalore, Ajmer, Banswada, Jodhpur and Bhilwara. About 459 new centres have been established with an overall enrolment of 13,773 girls

Financial Literacy Programs

- **Mumbai**

Workshops were conducted for women at MAVIM and Brightstar Charitable Trust. The workshops witnessed an overall participation of 390 women.

Certification programs in Financial Literacy were conducted for school and college students at 11 locations in Mumbai Suburban, garnering a participation of 1,821 pupils.

- **West Bengal**

A total of 293 - Community Awareness Sensitization Programs for Women were conducted covering 5 districts and saw an overall participation of 10,849 women.

Over 40 Financial Literacy Workshop were conducted for school students covering 5 districts, 11 blocks and garnering 2,960 participants.

7 sessions on Youth Leadership Program for Digital Financial Services conducted in 3 districts, 6 blocks with an overall participation of 200 young adults.

Flood Relief

IIFL Foundation contributed to relieve the flood victims in the state of Rajasthan and Gujarat through supply of essentials - food and clothing.

IIFL Foundation was able to support over 80 families during this natural calamity, as connect to resources was significantly broken down for the community.

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 loans and mortgages, 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 ₹4,740 Cr as on September 30, 2017, offering a 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 featured in the prestigious **Forbes list of 'India's Super 50 Companies'** in 2017, a benchmark to identify Indian companies that exhibit high growth in profitability, sales and shareholder returns. IIFL is also among the **'Outlook Business Outperformers'** - a prestigious list of eight companies which have beaten the Sensex over a five-year period. IIFL is ranked as the **#1 Investment Banker** in Equity Issuances for CY2016 and CY2017 YTD* by PRIME Database. IIFL won **'The Best Private Banking Services Overall, India'** award at Euromoney Private Banking and Wealth Management Survey, 2017. IIFL was recognized as **'India's Most Trusted Financial Service Brand (Non-Bank)'** by the Brand Trust Report India Study, 2016. IIFL Group bagged **'Best Customer Service in the 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, in 2014.

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 September 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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