India Infoline Group

IIFL Group's Quarterly Results for Q3 FY13

January 30, 2013

Dec '12 Quarter profits more than double yoy, driven by 45% yoy income growth

- Six quarters of consistent profit growth, highest ever quarterly profits
- Income at ₹ 696 Cr, up 7% qoq, up 45% yoy
- PAT* at ₹ 75 Cr, up 12% qoq , up 106% yoy
- RoE stood at 15.6% for the quarter, annualized
- Interim dividend declared at ₹ 3 per share i.e. 150% of par value

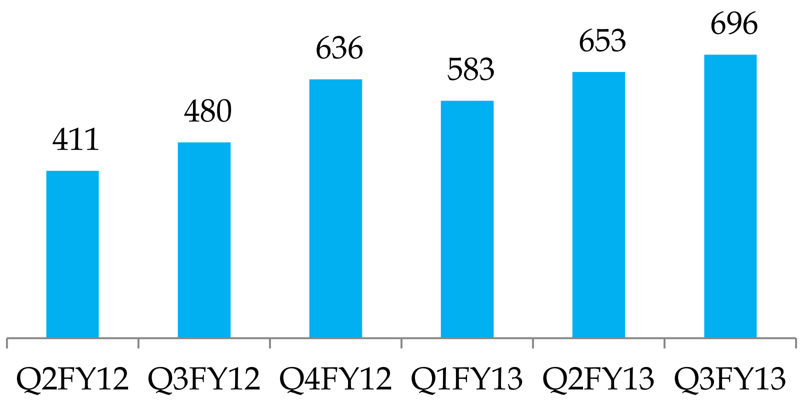
- Loan book grows steadily to ₹ 8,936 Cr in Q3FY13 from ₹ 7,849 Cr in Q2FY13
- Loan assets predominantly retail, are fully secured
- Loan assets exhibit high quality with net NPAs of 0.25%
- IIFL Wealth continues steady growth and has assets under advice of over ₹ 36,000 Cr
- Equities market volumes remain subdued, IIFL volumes flattish at ₹ 5,184 Cr per day
- Commodities market volumes witness decline amid low volatility
- Insurance and mutual fund distribution witness healthy growth

**Before providing for Minority interest, PAT after Minority interest is ₹ 73 Cr*

IIFL Group's income and PAT rising consistently for last 6 quarters

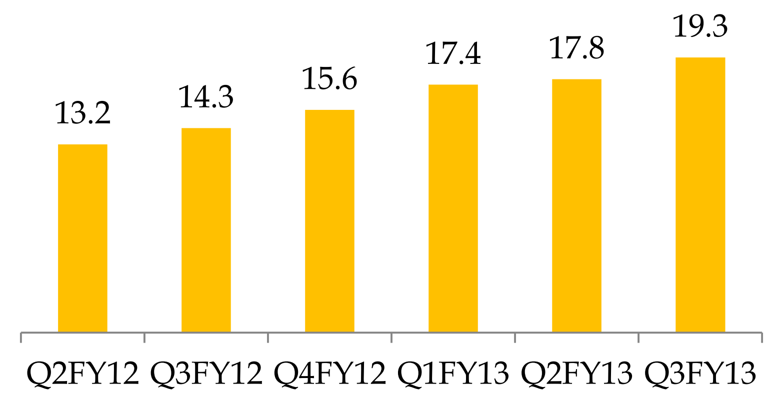
Total Income(₹ Cr)

Net of Intergroup



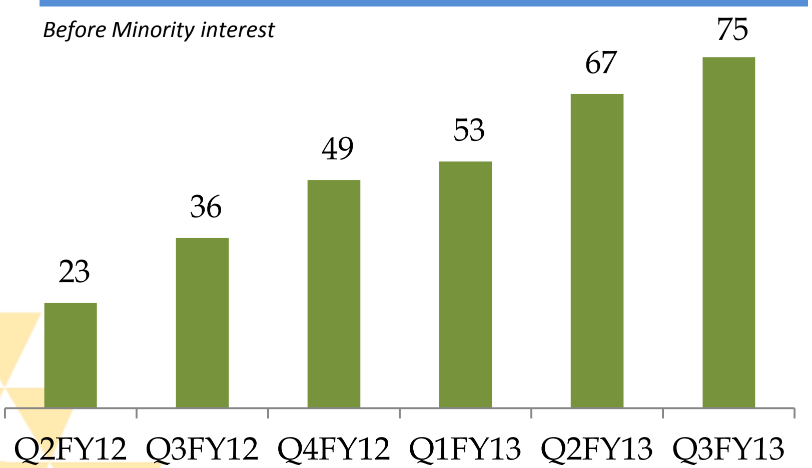
EBDTA Margin (%)

Net of Interest cost



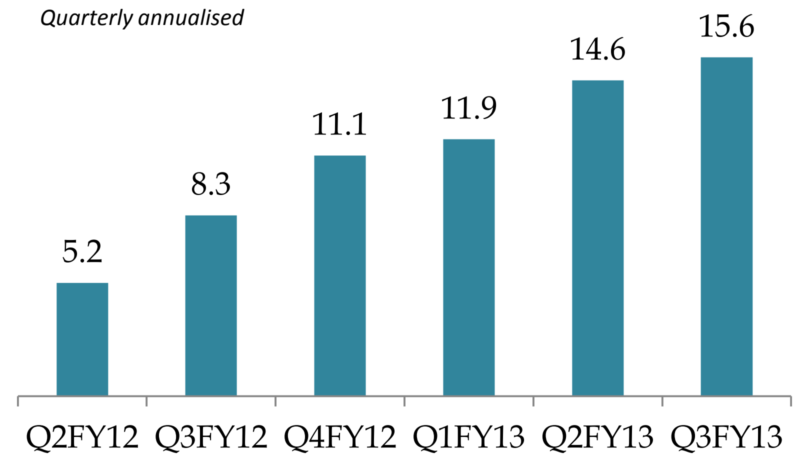
Profit after Tax (₹ Cr)

Before Minority interest



Return on Equity (%)

Quarterly annualised



IIFL Group Consolidated Quarterly Results for Dec'12 compared qoq and yoy

₹ Cr	Q3FY13	Q2FY13	Q3FY12	QoQ	YoY
Broking and related income	143.5	134.0	126.2	7.1%	13.6%
Financing and Investing income	469.5	457.9	287.5	2.6%	63.3%
Marketing and Distribution income	80.6	59.3	65.5	35.9%	23.0%
Other income	2.1	2.0	1.2	3.9%	74.4%
Total Income	**695.7**	**653.2**	**480.4**	**6.5%**	**44.8%**
A. Operating cost	85.1	84.4	53.7	0.8%	58.5%
B. Employee cost	135.7	139.2	130.3	(2.5%)	4.2%
C. Other expenses	118.6	117.1	91.3	1.3%	30.0%
EBITDA	**356.3**	**312.5**	**205.2**	**14.0%**	**73.6%**
Interest	222.2	196.5	136.4	13.1%	62.9%
Depreciation and amortization	27.6	20.2	19.5	36.6%	41.1%
Profit / (Loss) before tax	**106.6**	**95.8**	**49.3**	**11.2%**	**116.3%**
Provision for taxation	31.4	28.6	12.9	10.0%	144.2%
Profit/(Loss) after tax before minority	**75.1**	**67.2**	**36.4**	**11.7%**	**106.4%**
Minority Interest	**2.0**	1.4	0.6	40.0%	226.7%
Profit/(Loss) after tax	**73.2**	**65.8**	**35.8**	**11.1%**	**104.4%**

IIFL Group Consolidated YTD Results for 9 months ended Dec'12 compared yoy

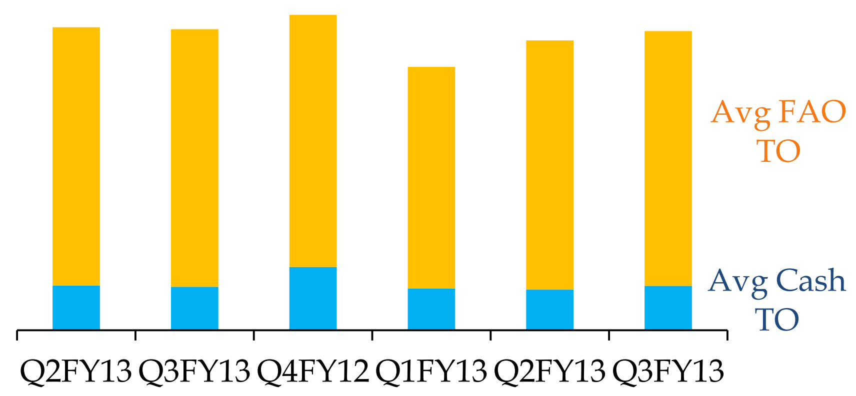
₹ Cr	9MFY13	9MFY12	YoY	FY12
Broking and related income	402.5	399.1	0.8%	545.8
Financing and Investing income	1,335.7	698.8	91.2%	1,090.5
Marketing and Distribution income	187.8	149.5	25.6%	243.1
Other income	5.5	3.5	56.7%	7.2
Total Income	**1,931.5**	**1,250.9**	**54.4%**	**1,886.6**
A. Operating cost	242.5	166.5	45.7%	258.3
B. Employee cost	399.7	334.2	19.6%	491.7
C. Other expenses	328.4	244.5	34.3%	352.3
EBITDA	960.9	**505.7**	**90.0%**	**784.3**
Interest	609.6	325.1	87.5%	504.3
Depreciation and amortization	66.9	53.6	24.8%	80.2
Profit / (Loss) before tax	**284.4**	**127.0**	**124.0%**	**199.8**
Provision for taxation	89.3	39.7	124.8%	63.5
Profit/(Loss) after tax before minority	**195.1**	**87.3**	**123.6%**	**136.3**
Minority Interest	3.9	2.1	88.0%	4.0
Profit/(Loss) after tax	**191.2**	**85.2**	**124.5%**	**132.3**

**Before providing for Minority interest*

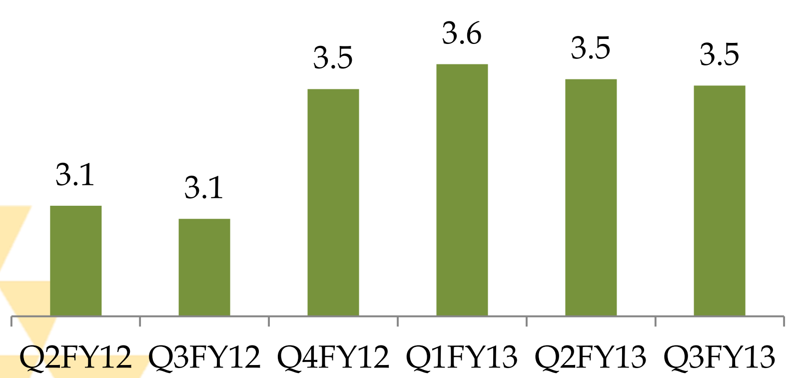
Despite equity markets upsurge, retail participation still low, IIFL strives to maintain market share

- Average daily turnover was at ₹ 5,148 Cr in Q3FY13 up 3% qoq, down 0.6% yoy
- Market share on NSE was at 3.7% in Q3FY13 as compared to 3.8% in Q2FY13
- Present in over 2,000 business locations through branches and sub-brokers
- Brokerage yield remains abysmally low in the hyper competitive industry

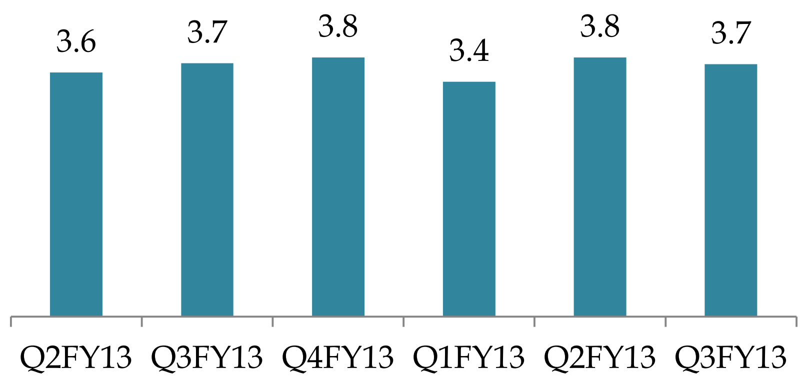
Average daily turnover (₹ Cr)



Brokerage yield (Bps)

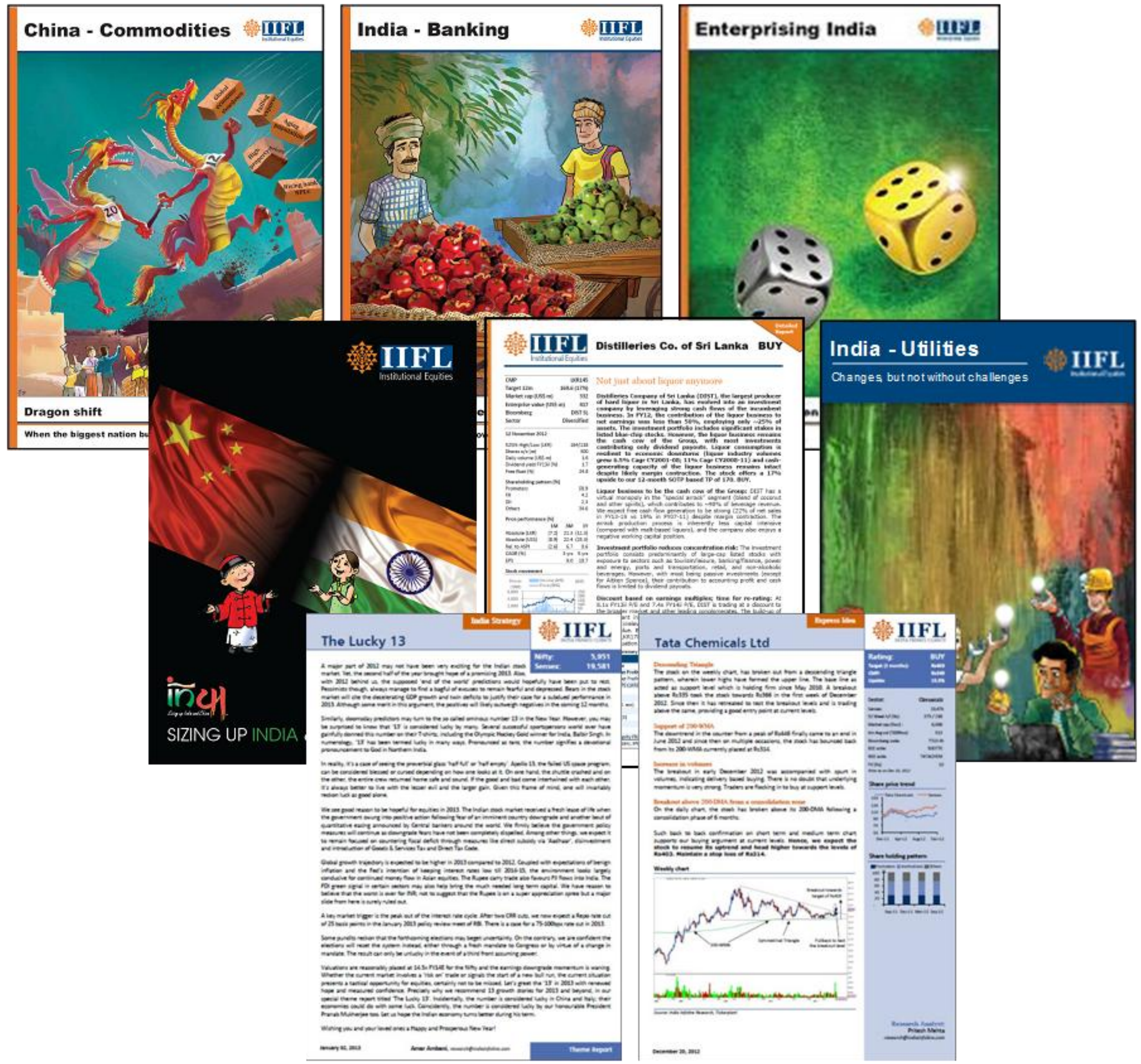


Market share on NSE (%)



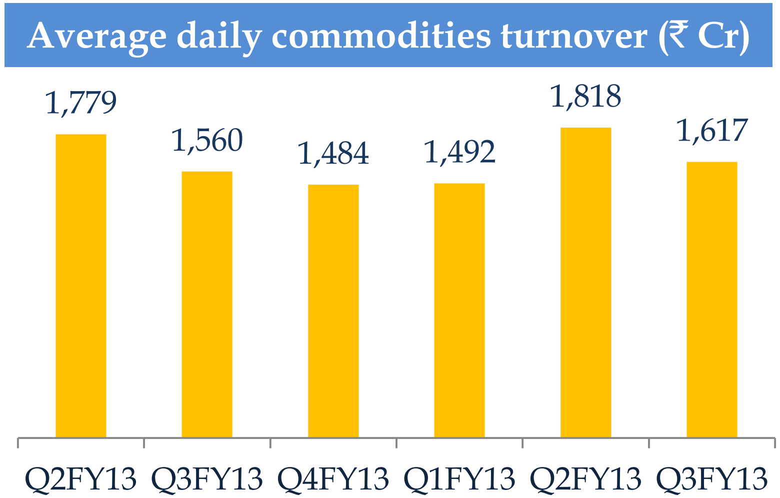
IIFL Research remains port of first call for fund managers, coverage further expanded

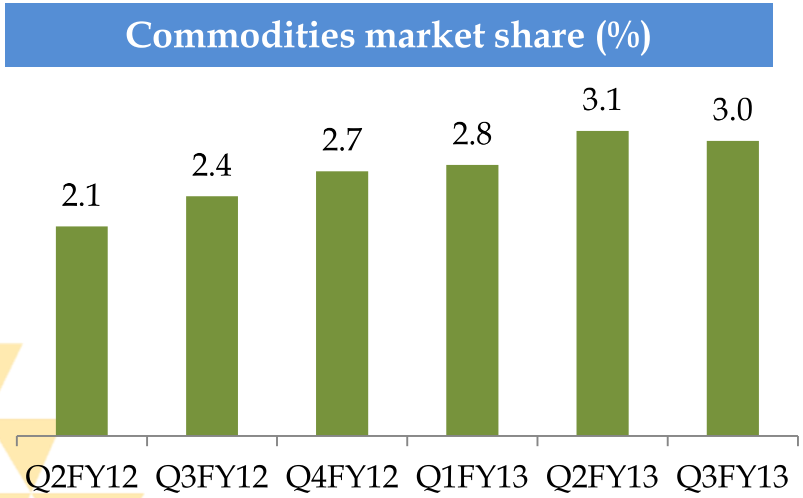
- Over 250 stocks under coverage
- Our in-depth, thematic research published during the quarter include
  - China – Commodities: China braces for a change as the country enters a slower growth phase
  - The Winning Dozen: 12 stocks showing stellar performance
  - India – Utilities: Report summarizing key reforms that would improve Power sector prospects

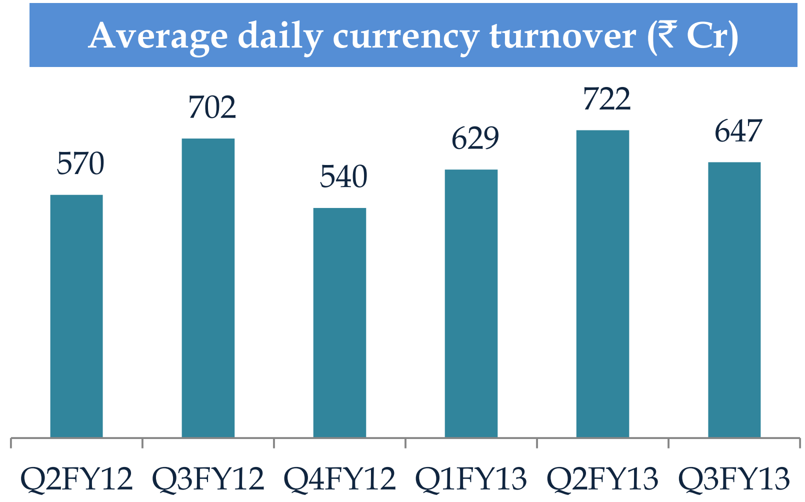


Amid lower volatility, commodity volumes were down, in line with the market

- Average daily commodities turnover was at ₹ 1,617 Cr in Q3FY13, down 11% qoq and up 4% yoy
- Commodities market share was 3.0% in Q3FY13
- Average daily currency turnover was ₹647 Cr in Q3FY13



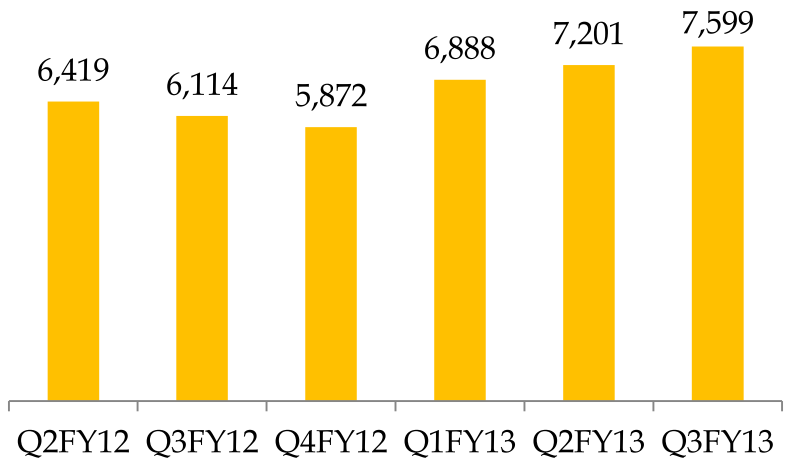




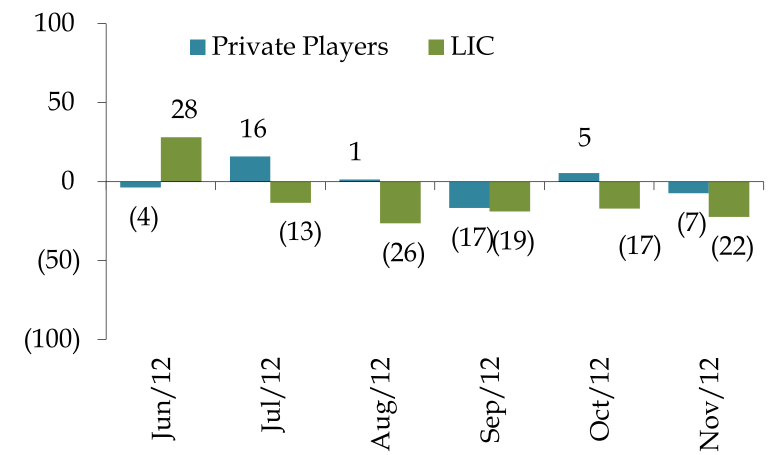
IIFL emerges as one of the leading player in wealth management and financial products distribution

- Assets under advice are over ₹ 36,000 Cr
- Weighted Annualized insurance premium income mobilization was ₹ 217 Cr for 9MFY13
- IIFL distributes mutual fund on open architecture. IIFL Clients MF AUM is over ₹ 12,000 Cr
- Launched the first of its kind Category II Alternative Investment Fund (AIF)
- Closed the largest QFI transaction in India till date of US $110mn in Oct '12
- With unprecedented tightening of regulatory framework on disclosure, commission etc, industry is undergoing consolidation; we remain sanguine for long term prospects

MF Industry AUM (₹ Bn)



APE growth YoY



IIFL Investment Banking acted as the sole advisor for one of the largest cross border deals

- IIFL was sole financial advisor to Cox & Kings for Citi Venture Capital International (CVCI) investment in its UK subsidiary
- IIFL was book runner for the Qualified Institutions Placement (QIP) of Talwalkars Better Value Fitness Ltd
- Repeat business reflects strong client satisfaction with IIFL and our ability to work across client's life cycle
- A good pipeline of mandates under execution, across capital markets, private equity and structured finance deals

US$137.75 Mn
Prometheon Holdings (UK) Ltd.
(Subsidiary of Cox & Kings Ltd.)
Sole Advisor

Private Equity Funding by CVCI

INR 424 Mn
Talwalkars Better Value Fitness Ltd.

Qualified Institutions Placement

I: IIFL Group Performance review

II: IIFL (NBFC) Performance review

Annexure I: Corporate overview

Annexure II: Industry update

Strong growth in YTD income and PAT*; Income up 111% yoy; PAT* up 81% yoy

For 9 months of current financial year ended Dec'12,

- Income from Operations at ₹ 1,217 Cr, up 111% yoy
- PBT at ₹ 199 Cr, up 89% yoy
- PAT* at ₹ 138 Cr, up 81% yoy

- Capital adequacy has improved to 22.6%, boosted by infusion of Tier-II capital
- Loan book grows steadily to ₹ 8,936 Cr as on Q3FY13 from ₹ 7,849 Cr in Q2FY13
- Book exhibits high quality assets, with low net NPAs at 0.25%
- Net interest margin and spread remain healthy, driven by retail nature of book
- Borrowing profile gets more diversified; cost of funds trending down
- Relative share of gold loan has been on decline post tightening of norms by RBI

*Before providing for Minority interest

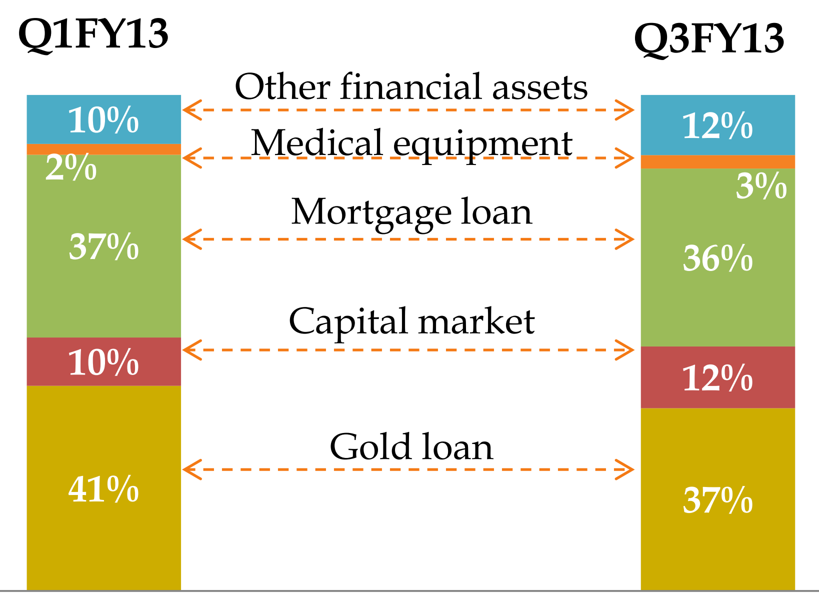
IIFL Finance Consolidated YTD Results for 9 months ended Dec'12 compared yoy

₹ Cr	9MFY13	9MFY12	YoY	FY12
Income from operations	1,216.7	577.8	110.6%	908.5
Other income	39.7	34.4	15.5%	45.1
Total Income	**1,256.4**	**612.2**	**105.2%**	**953.6**
A. Operating cost	118.3	39.5	199.4%	62.2
B. Employee cost	131.5	68.0	93.4%	109.3
C. Other expenses	155.7	84.5	84.3%	137.1
EBITDA	**851.0**	**420.2**	**102.5%**	**645.0**
Interest	627.9	304.8	106.0%	479.8
Depreciation and amortization	23.8	9.8	143.3%	15.0
Profit / (Loss) before tax	**199.3**	**105.6**	**88.7%**	**150.2**
Provision for taxation	61.6	29.5	109.1%	44.8
Profit/(Loss) after tax	**137.7**	**76.1**	**80.8%**	**105.4**

Loan book is diversified and growing steadily, relative share of Gold Loan has fallen

- Loan portfolio in Q3FY13 steadily increased to ₹ 8,936 Cr as against ₹ 7,849 Cr in Q2FY13
- Predominantly retail book, wholesale lending accounts for only 9% of total financial assets
- Loan book comprises entirely secured lending against tangible collaterals
- Gold loan product's relative share is being brought down consciously, post RBI's tightening of norms
- Diversifying risk with multiple products against collaterals of mortgage, property, gold jewellery, medical equipment, shares etc

Changing mix of financial assets



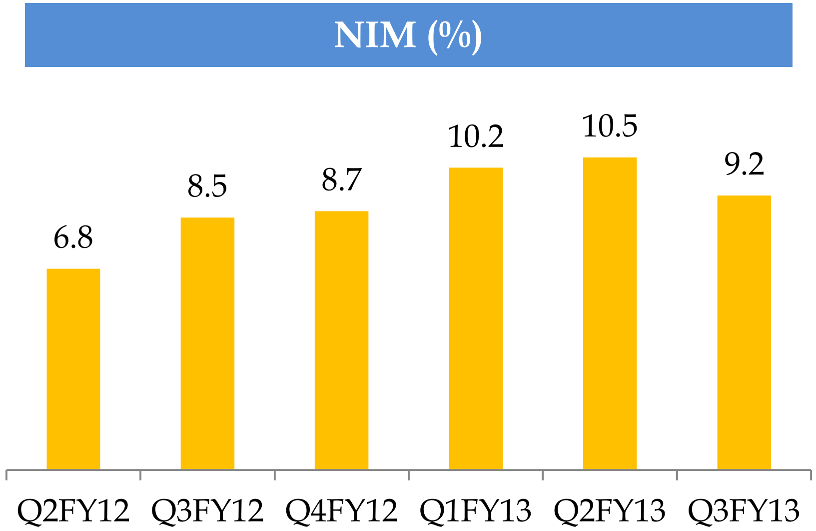
Financial assets as on Dec 31, 2012

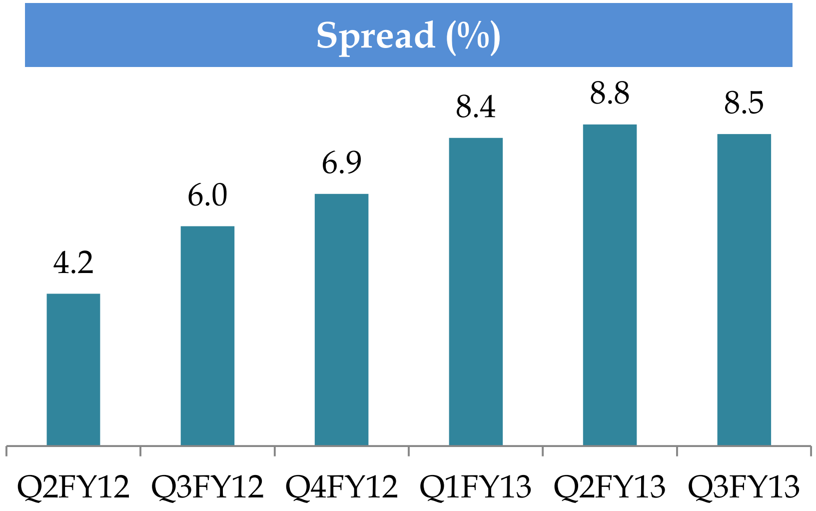
	₹ Cr	
A	Loan Book	8,936
B	Securitised / assigned portfolio	427
C	Other Financial Assets	1,234
D	AUM (A+B)	9,363
E	Total Financial Assets (A+C)	10,170

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

NIM and spread maintained at healthy levels, supported by retail lending

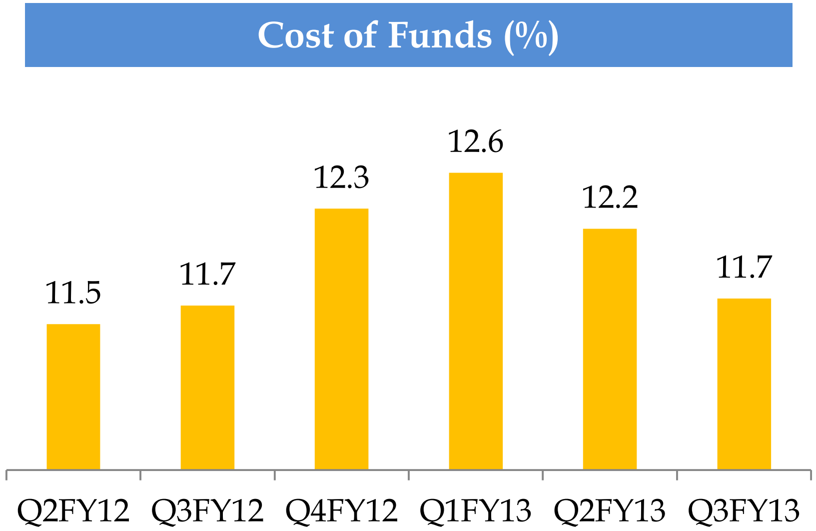
- Retail book enjoys high spread and NIM with concomitant high operations cost
- NIM has tapered off in last quarter, with decline in share of Gold Loans
- With increasing leverage, divergence between spread and NIM is reducing
- IIFL plans to remain focussed on retail business and maintain healthy NIM

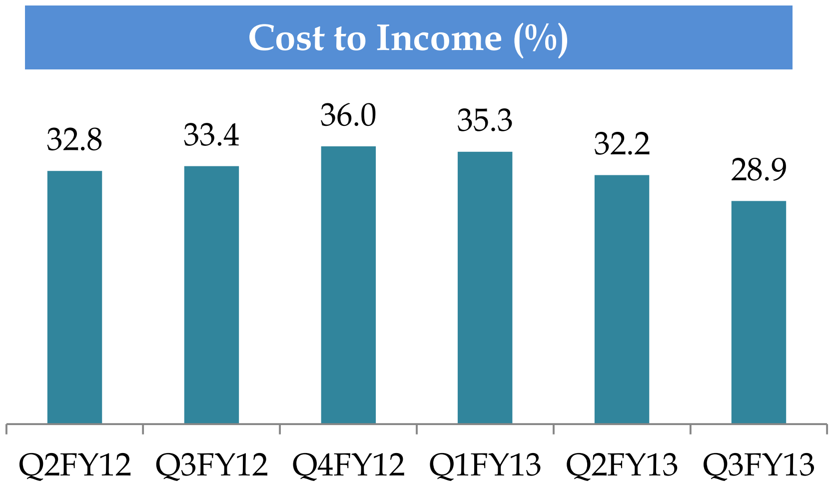




Cost of funds and cost to income are trending down

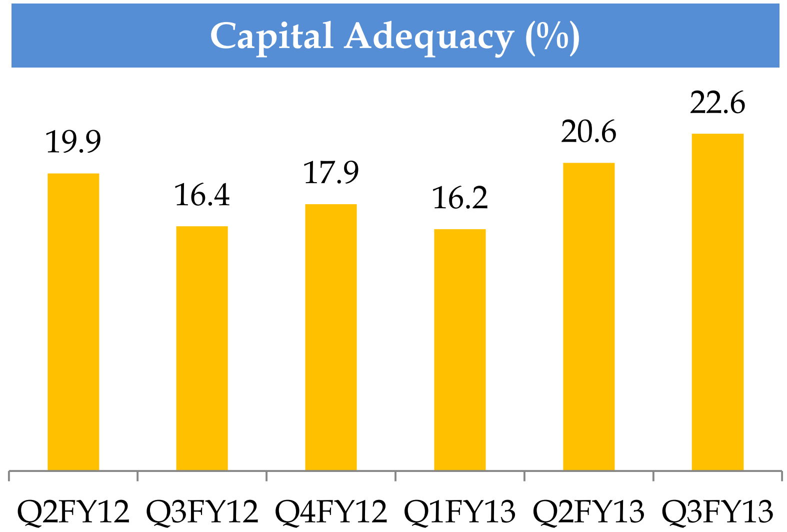
- IIFL has been successfully bringing down cost of funds with improving credit acceptability and expanding lenders' base
- Cost to Income has been falling on the back of higher productivity from branches
- IIFL focus is to take branches to optimum asset level, before embarking upon next phase of expansion

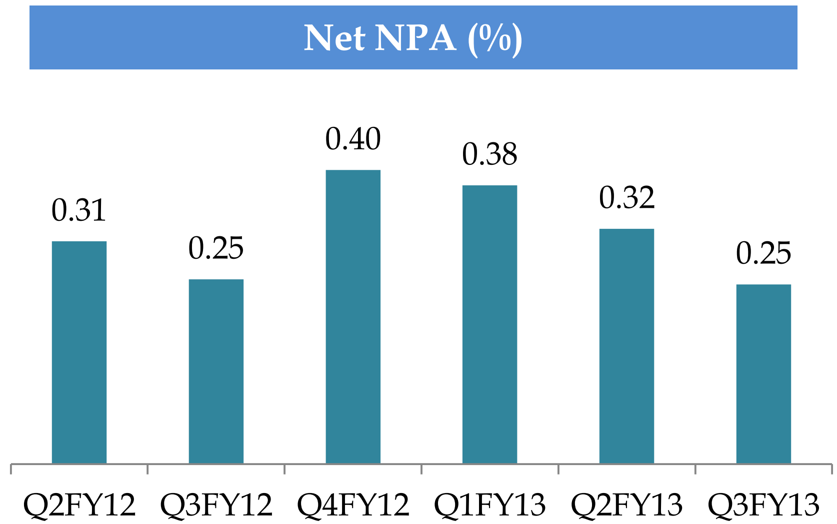




IIFL's high asset quality is reflected in low NPAs and strong financials in robust capital adequacy

- IIFL boosted its capital adequacy by raising ₹ 500 Cr through a public issue of sub-ordinated bonds in Q2FY13
- Further improvement in capital adequacy in Q3FY13, was with elimination of inter group exposures
- IIFL's steadfast commitment to maintain high asset quality through superior credit processes is reflected in low NPA levels
- IIFL provisioning is more conservative than statutory requirements





A ROBUST strategy in place

Steadily grow high quality, diversified retail assets focusing on under-banked segments, keeping cost and risk under control through well defined processes, leveraging technology

Retail focus	Operations excellence	Bouquet of products	Under-banked niches	Secured lending	Technology driven
Focus on high growth, dispersed risk-retail lending where IIFL can leverage its distribution strength	Build a process driven organization with a culture of compliance and audit	Diversify risk through multiple products catering to different profile of borrowers	Face minimal competition with banks in their core businesses to ensure NIM and ROA at desired levels	Build primarily a secured portfolio with adequate margin of safety in collateral value	Leverage technology for risk monitoring, cost control and enhancing customer experience

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

KNOWLEDE IS THE EDGE

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
Retail Broking	Prasanth Prabhakaran	Audit	Kamal Ahuja
Wealth Management	Karan Bhagat	Risk	Upendra Jaiswal
International Operations	Bharat Parajia	Human Resources	Pallab Mukherji
Offshore Advisory	Amit Shah		
Insurance Distribution	Mukesh Kumar Singh		

Verticals

Corporate Functions

IIFL has attracted luminaries from the Indian financial world to guide the management

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

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

A K Shukla
Independent Director
Former Chairman of LIC

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

Sunil Kaul
Non Executive Director
Operating Partner, Carlyle Group

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

V K Chopra
Independent Director
Former Chairman & Managing Director of Corporation Bank

Nilesh Vikamsey
Independent Director
Central Council Member, ICAI & Partner of M/s Khimji Kunverji & Co.

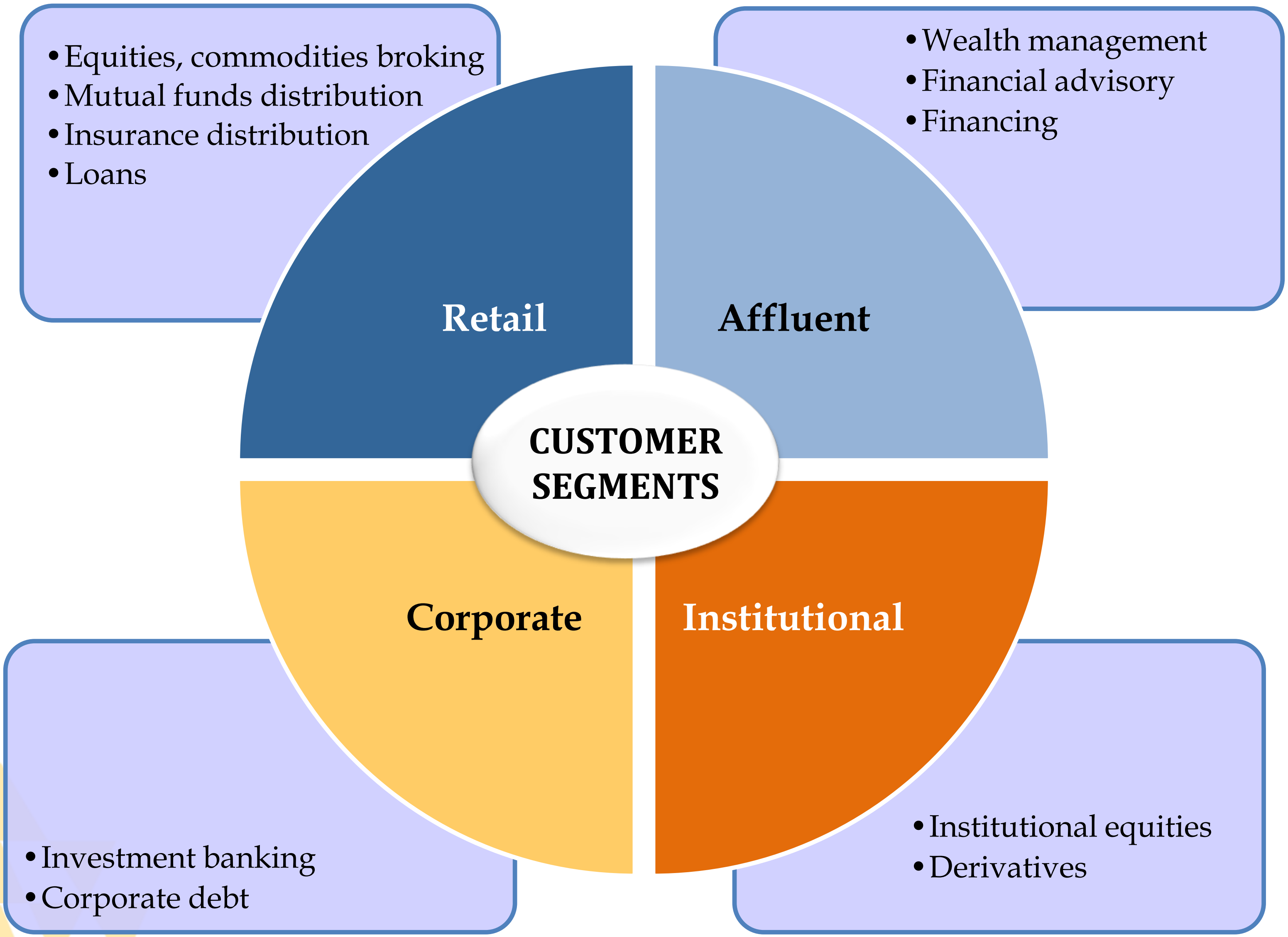
R S Loona
Independent Director
Former Executive Director (Law) of SEBI

Kranti Sinha
Independent Director
Former Chief Executive Officer of LIC Housing Finance

Homai Daruwala
Independent Director
Former Chairperson & Managing Director of Central Bank of India

P Pattanayak
Independent Director
Former Managing Director of State Bank of Mysore

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 net worth of around ₹1,965 Cr • Significant unutilized capacity to leverage
Distribution reach	• Present at over 4,000 business locations across more than 900 cities in India • Global footprint covers Colombo, Dubai, New York, Mauritius and Singapore
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

Recent awards and accolades received by IIFL

ENTREPRENEUR OF THE YEAR (MR NIRMAL JAIN) - 2012

TOP PERFORMER – EQUITY – FI CATEGORY – 2012

BEST BROKING HOUSE WITH GLOBAL PRESENCE 2011 & 2012

BEST WEALTH MANAGEMENT HOUSE – INDIA 2011 & 2012

BEST MARKET ANALYST 2009 & 2012

IIFL Analyst receives "Best Analyst" award from then Finance Minister, Shri Pranab Mukherjee

Mr R Venkataraman received the award on behalf of IIFL at the D&B Equity Broking Awards, 2012

BEST COMMODITIES INVESTMENT 2012

FLAME (IIFL's Financial Literacy Campaign) update

Over 50,000 school students enrolled from over 190 schools across India for 2012-13 batch in the FLAME education programme

IIFL Holds Financial Literacy Workshops in Mumbai

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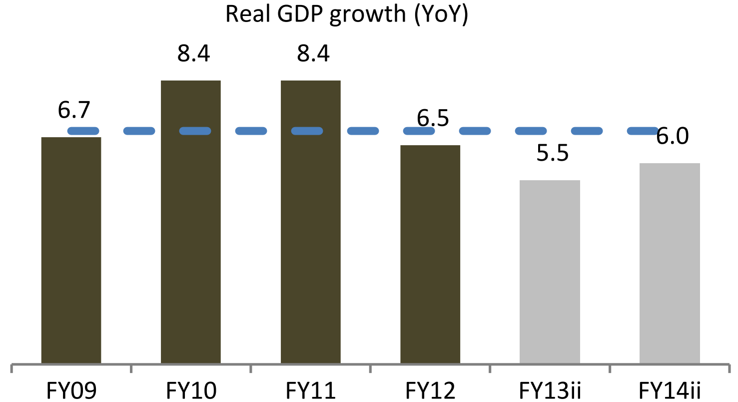
II: IIFL (NBFC) Performance review

Annexure I: Corporate overview

Annexure II: Industry update

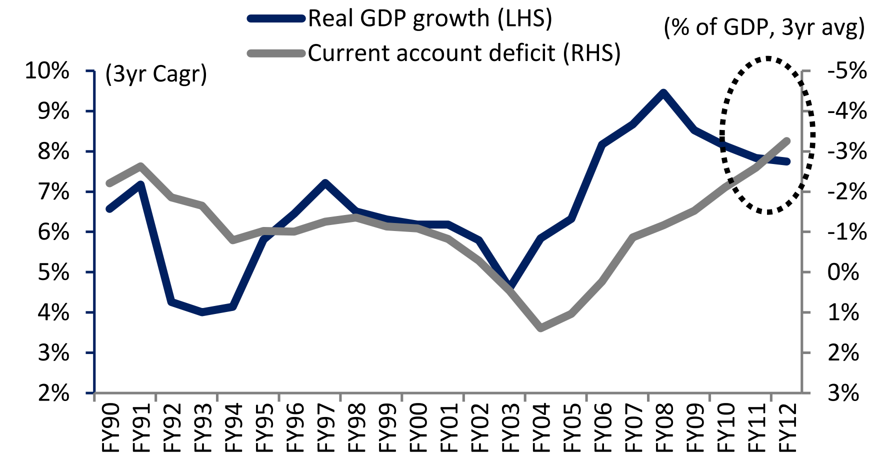
Macro economy

Growth may remain below trend



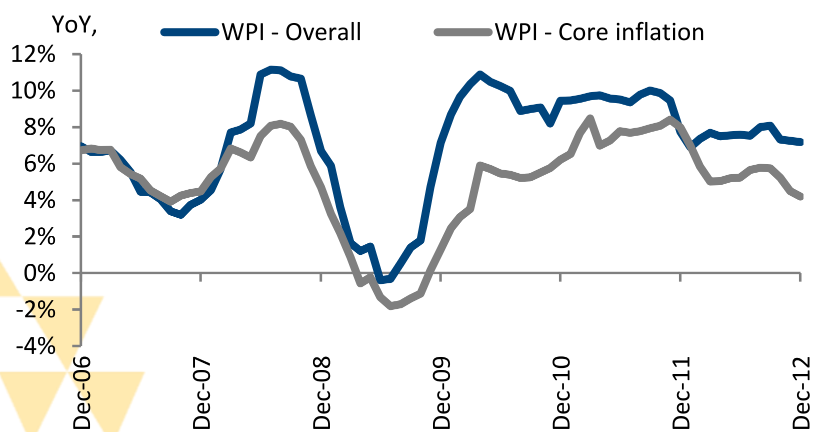
Source: CMIE, IIFL Research, FY13 GDP data is Advance Estimate

Until recently, widening current account deficit has generally meant faster growth



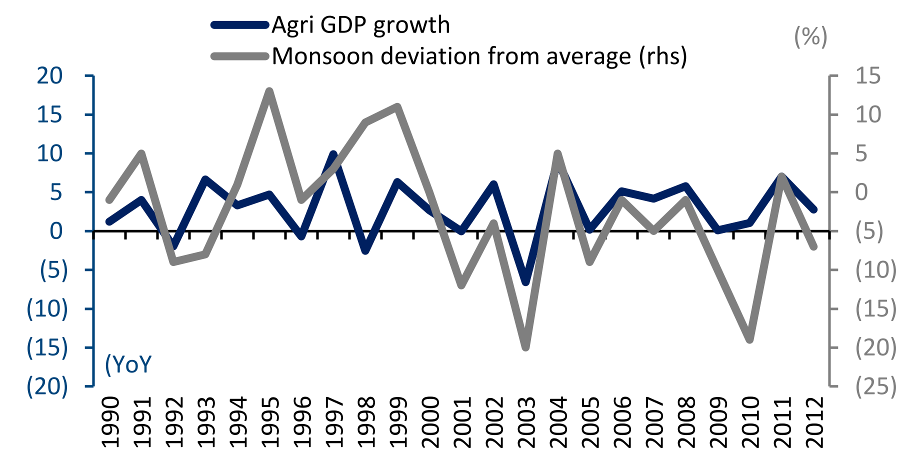
Source: CMIE, IIFL Research

Near term Inflation is coming off due to base effect



Source: Bloomberg, IIFL Research

Monsoon is the key driver of near term growth

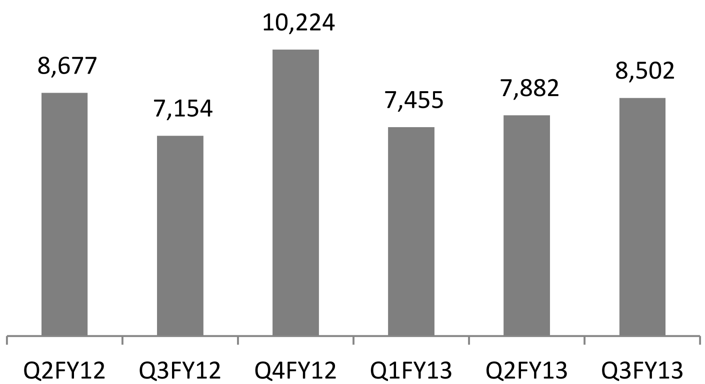


Source: CMIE, FAO, Govt of India, NDDB, IMD, IIFL Research

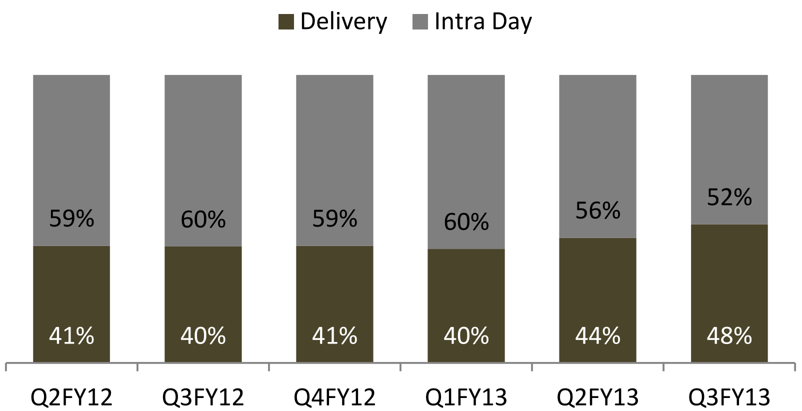
Equities

Cash market volumes picking up again

(₹ bn)

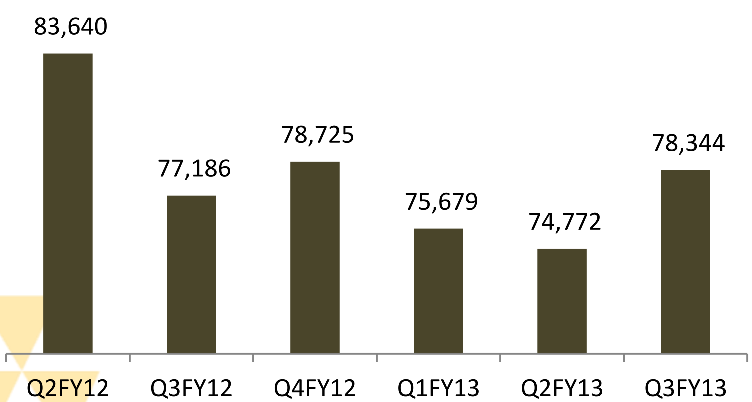


Constant share of delivery and intra day

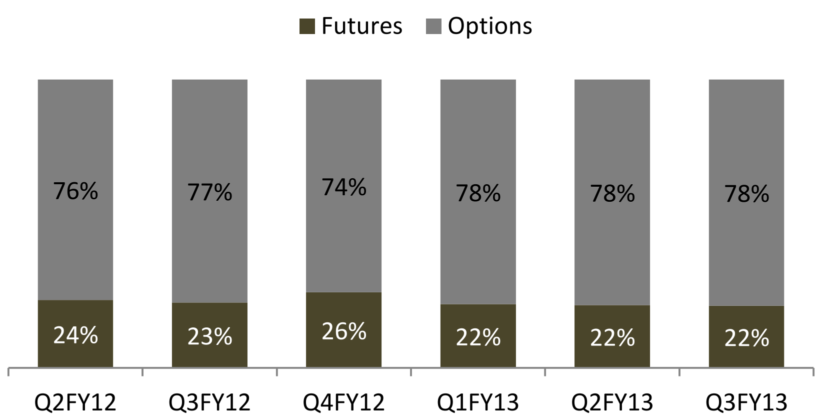


FAO market volumes*

(₹ bn)



Steady share of options *

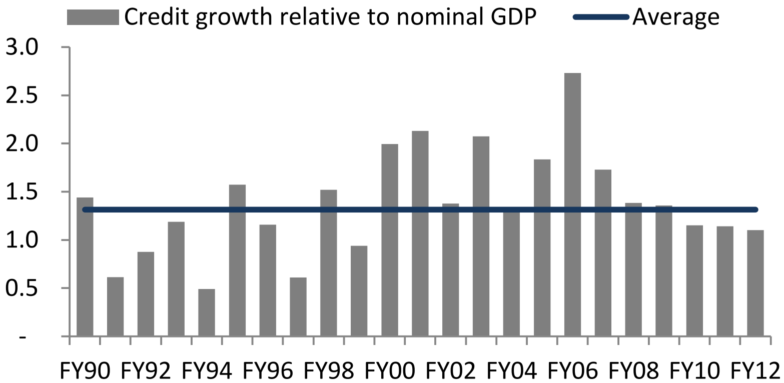


*Doesnot include BSE volumes

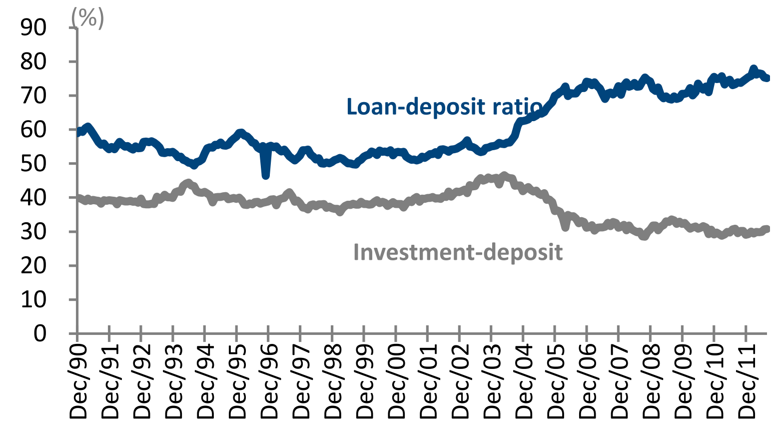
Source: Exchange website, IIFL Research

Credit and Finance

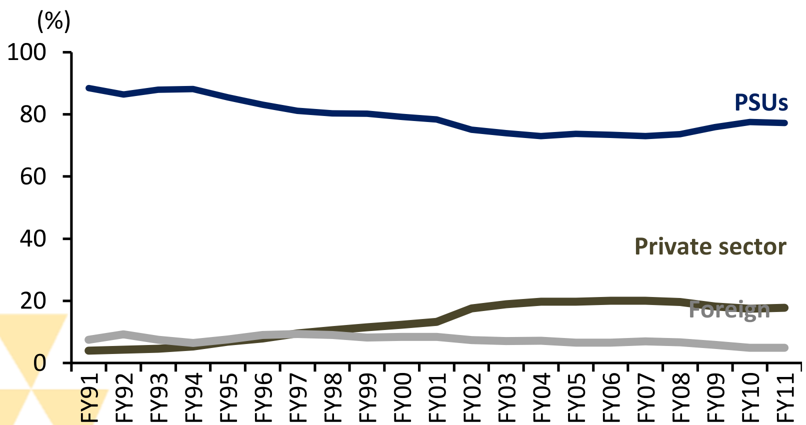
Credit growth to nominal GDP has been relatively sluggish



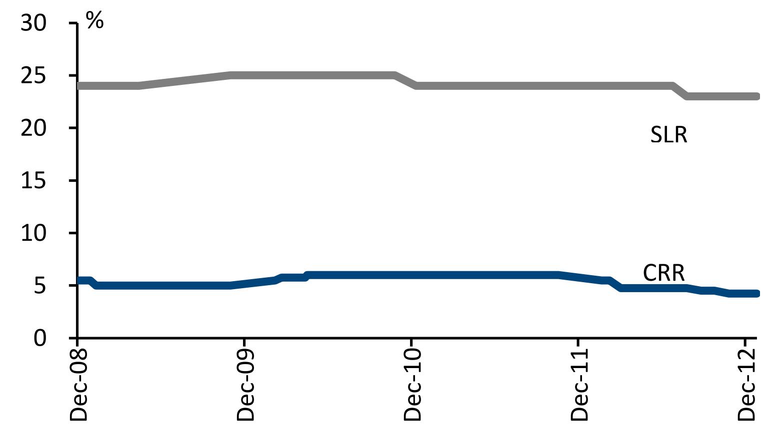
Loan–deposit ratio has structurally moved up



PSU banks steadily losing market share in the credit market



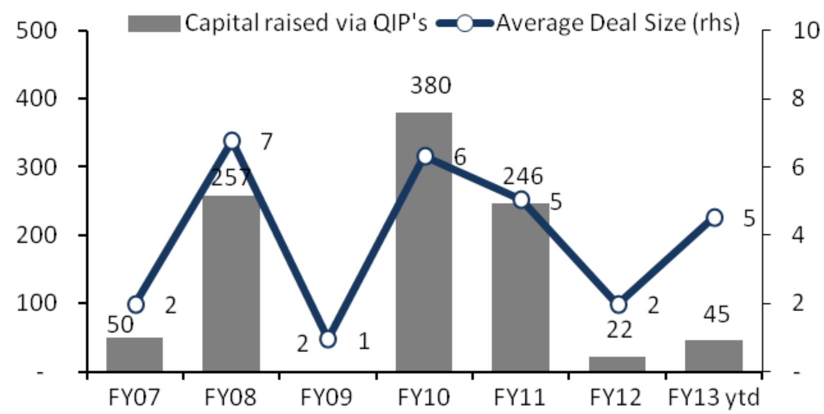
Reserve ratios - CRR and SLR trend



Source: CMIE, RBI, World Bank, Bloomberg, IIFL Research

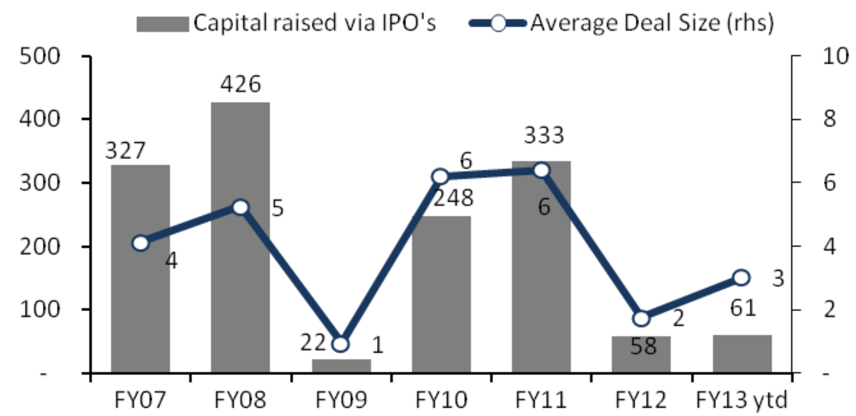
Capital raising and fund flows

Capital raised through QIPs
(₹ bn)



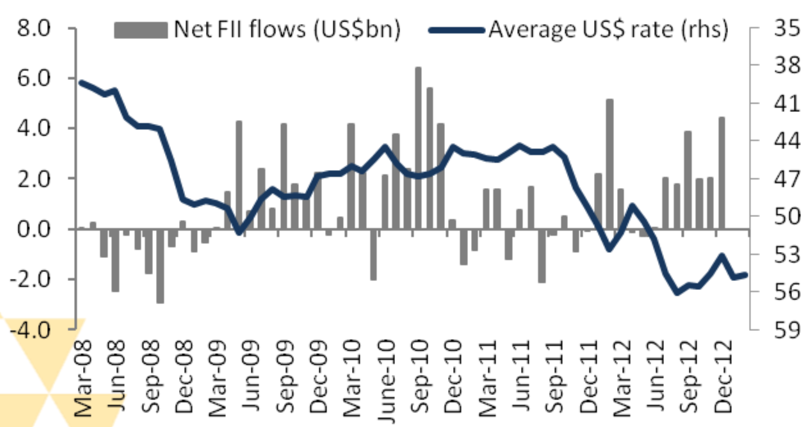
Source: Bloomberg, IIFL Research

Capital raised through IPOs
(₹ bn)



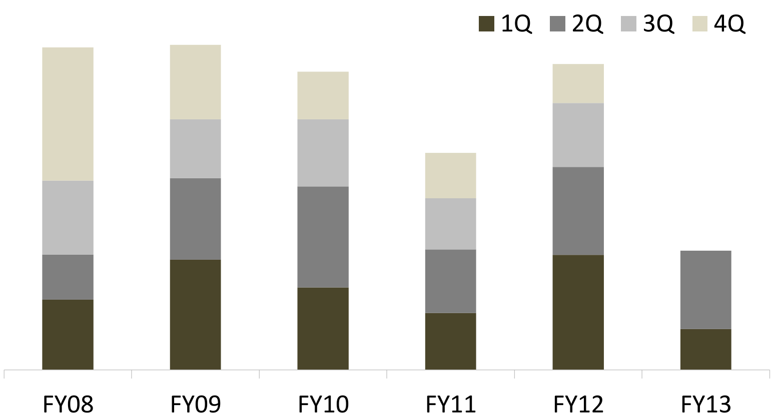
Source: Bloomberg, IIFL Research

Net FII flows
(US$bn)



Source: Bloomberg, IIFL Research

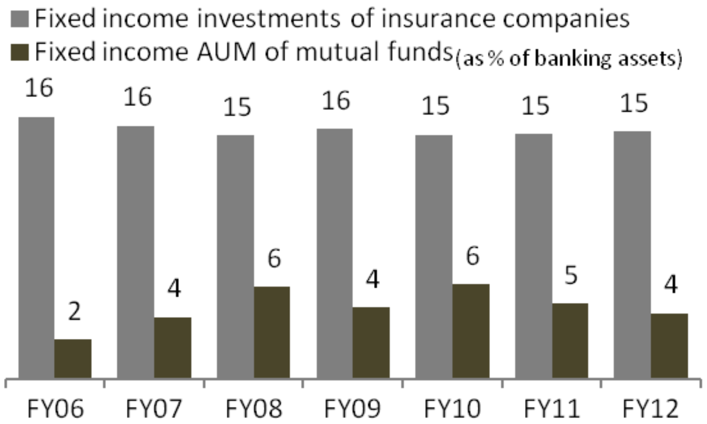
FDI inflows
(US$bn)



Source: RBI, CMIE, IIFL Research

Insurance and Mutual funds

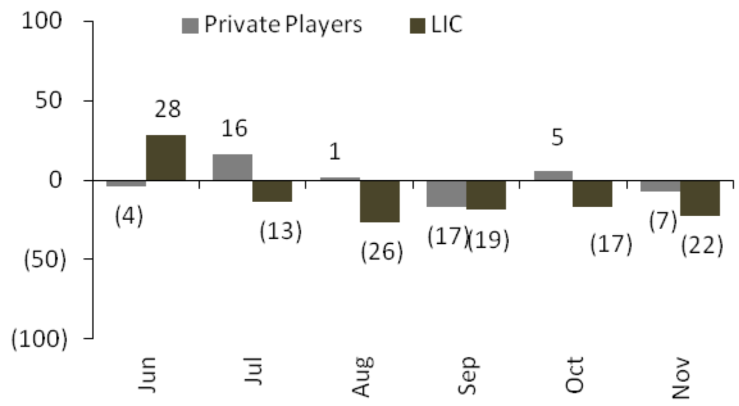
Modest increase in non banking system



Source: CMIE, RBI, World Bank, IIFL Research

APE growth yoy

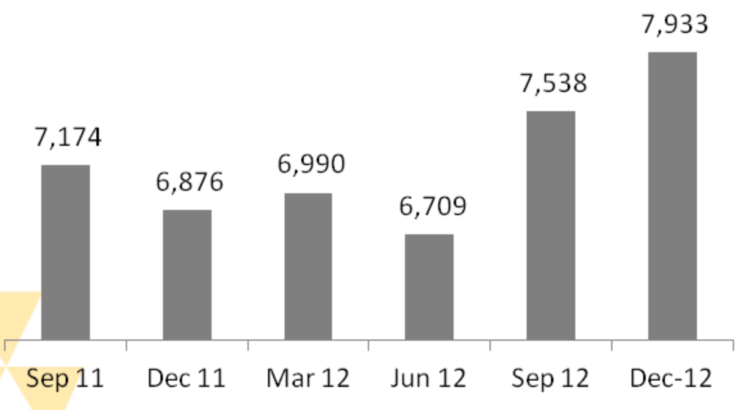
(%)



Source: IRDA

Average AUM for the Quarter

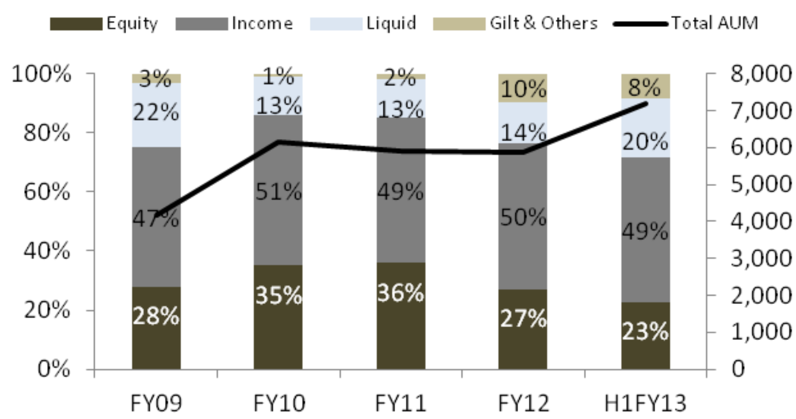
(₹ bn)



Source: AMFI

AUM by asset class

(₹ Bn)



Source: AMFI

Thank you