



IIFL Group's Quarterly Results for Q4 FY13

May 11, 2013



I: IIFL Group Performance review FY13

II: IIFL Group Performance review Q4FY13

III: IIFL (NBFC) Performance review

Annexure I: Corporate overview

Annexure II: Industry update



Highlights of FY13 performance

Profit more than double, income up 41% yoy

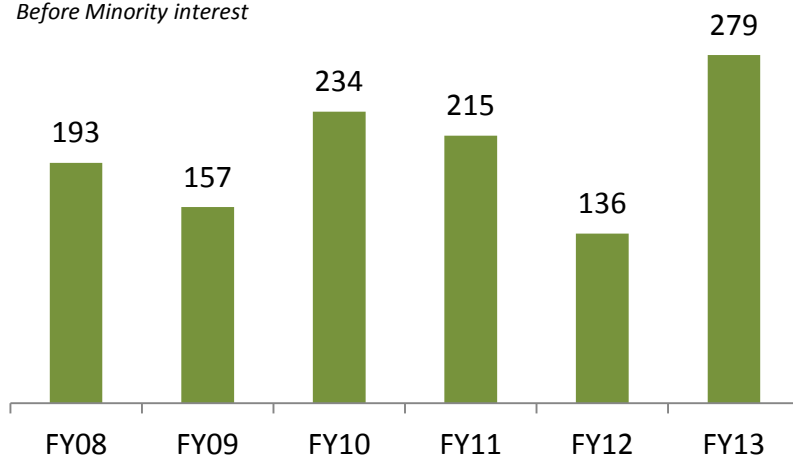
- Highest ever yearly income and Profit after Tax* at Rs 2,665 Cr and Rs 279 Cr respectively
- Income growth 41% yoy, drives net profit growth 105% yoy
- Consolidated group RoE improves to 15%
- Loan book grows steadily to Rs 9,375 Cr in FY13 from Rs 6,747 Cr in FY12
- Loan assets predominantly retail, are fully secured with low NPA of 0.17%
- IIFL Wealth continues steady growth and has assets under advice of over Rs 40,000 Cr
- Equities trading volumes down 4% yoy but commodities volumes up 18% yoy
- Insurance and mutual fund distribution witness healthy growth
- IIFL won 'Best Customer Service in Financial Markets' award organised by FranchiseIndia

**Before providing for Minority interest, PAT after Minority interest is Rs 272 Cr*

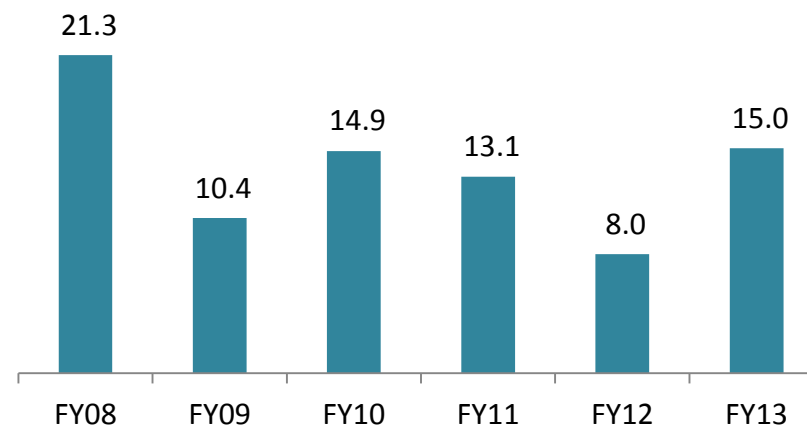
IIFL Group income and PAT at all time high in FY13

Profit after Tax (Rs Cr)

Before Minority interest

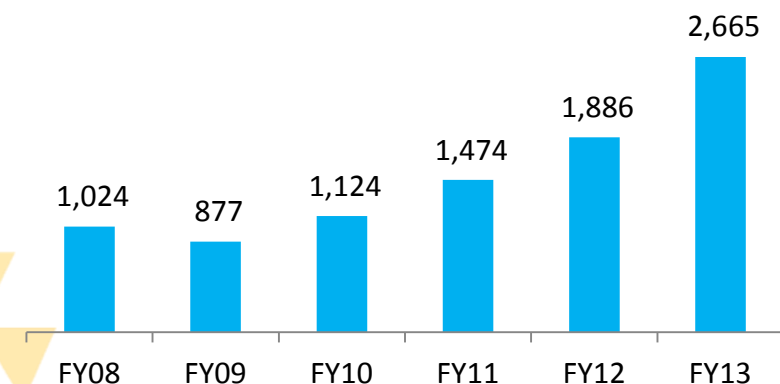


Return on Equity (%)



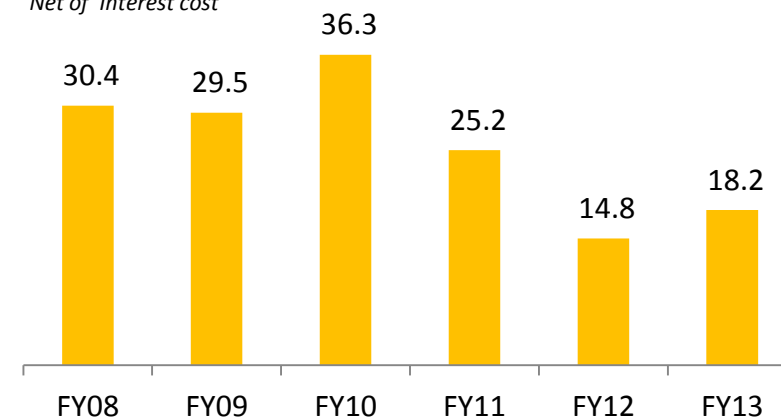
Total Income (Rs Cr)

Net of Intergroup



EBDTA Margin (%)

Net of Interest cost



IIFL Group consolidated results for year ended Mar'13

Rs Cr	FY13	FY12	YoY
Broking and related income	552.5	545.8	1.2%
Financing and Investing income	1,816.7	1,090.5	66.6%
Marketing and Distribution income	288.9	243.1	18.8%
Other income	7.2	7.2	-0.5%
Total Income	2,665.3	1,886.6	41.3%
A. Operating cost	333.6	258.3	29.1%
B. Employee cost	533.5	491.7	8.5%
C. Other expenses	444.5	352.3	26.2%
EBITDA	1,353.6	784.3	72.6%
Interest	869.2	504.3	72.4%
Depreciation and amortization	83.9	80.2	4.6%
Profit / (Loss) before tax	400.4	199.8	100.7%
Provision for taxation	121.1	63.5	90.7%
Profit/(Loss) after tax before minority	279.3	136.3	105.3%
Minority Interest	7.1	4.0	78.3%
Profit/(Loss) after tax	272.2	132.3	106.1%

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Mar '13 quarter profits up 73% yoy, income up 15% yoy

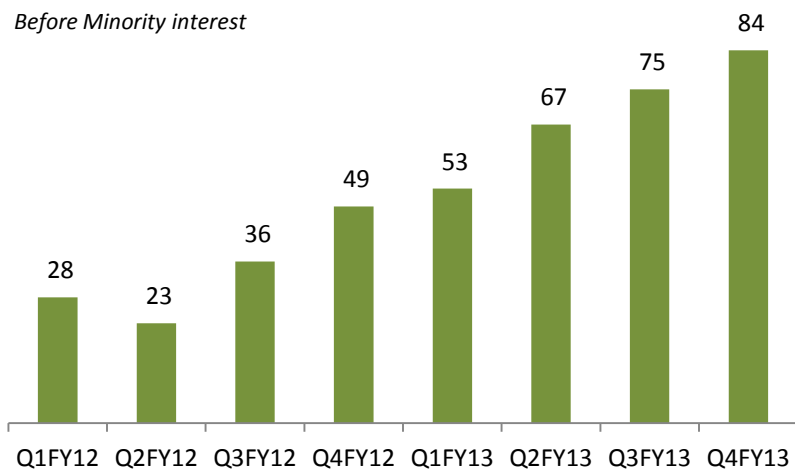
- Consistent profit growth, highest ever quarterly profits
- Income at Rs 734 Cr, up 5% qoq, up 15% yoy
- Profit after Tax* at Rs 84 Cr, up 12% qoq , up 73% yoy
- RoE stood at 17.2% for the quarter, annualized
- Loan book up 5% qoq from Rs 8,936 Cr in Q3FY13 and up 39% yoy from Rs 6,747 in Q4FY12
- IIFL equity volumes up 6% qoq at Rs 5,477 Cr per day
- Commodities market volumes remained flat for the quarter
- Marketing and distribution income up 25% qoq and 8% yoy
- Operating efficiency improved; cost to income trending down



IIFL Group's net profit rising consistently for last 7 quarters

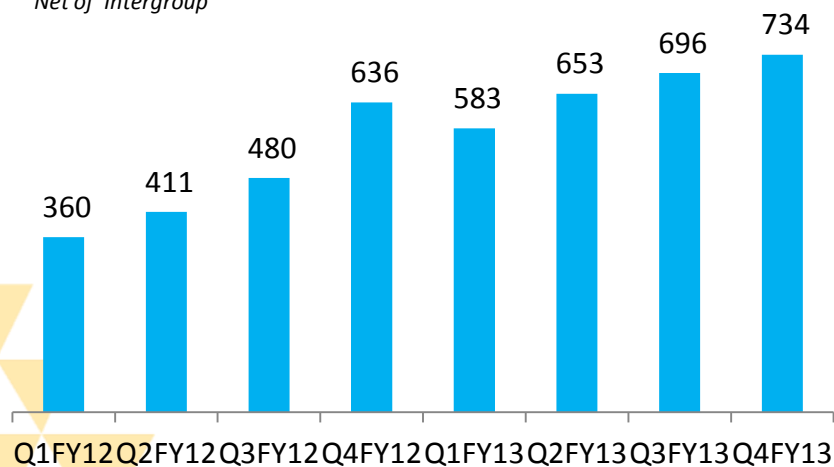
Profit after Tax (Rs Cr)

Before Minority interest



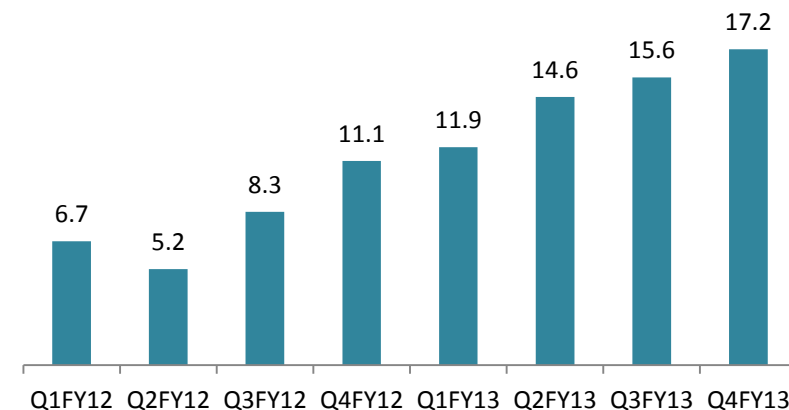
Total Income (Rs Cr)

Net of Intergroup



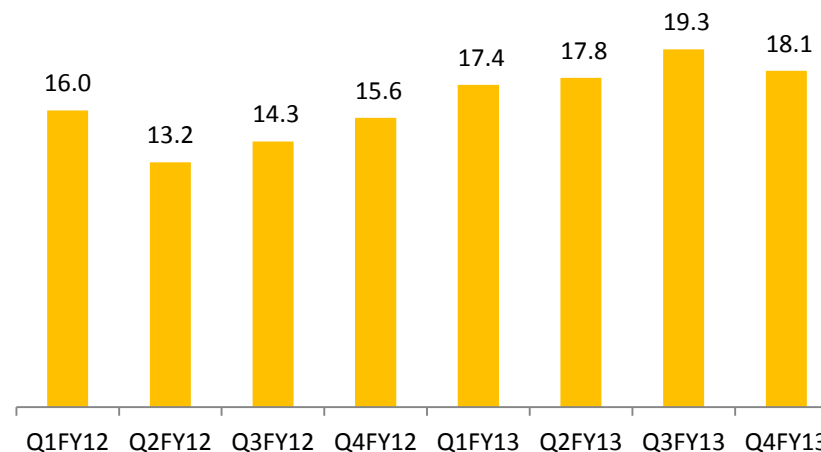
Return on Equity (%)

Quarterly annualised



EBDTA Margin (%)

Net of Interest cost



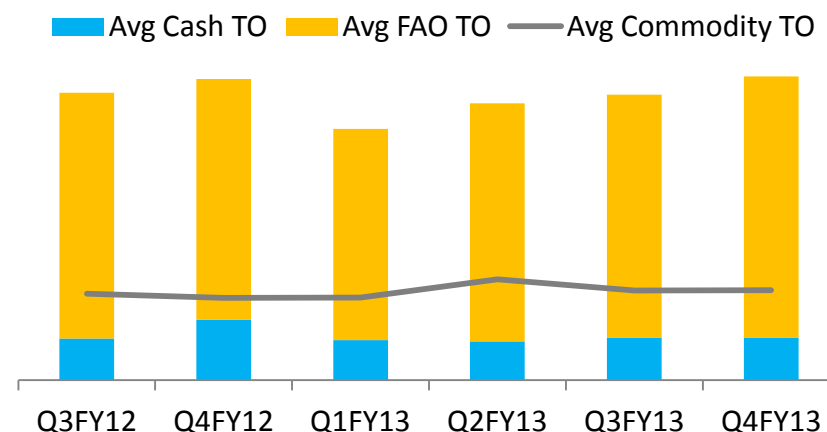
IIFL Group consolidated quarterly results for Mar'13 compared qoq and yoy

Rs Cr	Q4FY13	Q3FY13	Q4FY12	QoQ	YoY
Broking and related income	150.1	143.5	146.7	4.6%	2.3%
Financing and Investing income	481.0	469.6	391.7	2.4%	22.8%
Marketing and Distribution income	101.1	80.6	93.6	25.5%	8.0%
Other income	1.6	2.1	3.7	-23.1%	-55.5%
Total Income	733.7	695.7	635.6	5.5%	15.4%
A. Operating cost	91.1	85.1	91.8	7.1%	-0.8%
B. Employee cost	133.9	135.7	157.5	-1.3%	-15.0%
C. Other expenses	116.1	118.6	107.9	-2.2%	7.6%
EBITDA	392.7	356.3	278.4	10.2%	41.1%
Interest	259.6	222.2	179.2	16.8%	44.9%
Depreciation and amortization	17.1	27.6	26.6	-38.2%	-35.9%
Profit / (Loss) before tax	116.0	106.6	72.5	8.9%	59.9%
Provision for taxation	31.8	31.4	23.7	-	34.2%
Profit/(Loss) after tax before minority	84.2	75.1	48.8	12.0%	72.5%
Minority Interest	3.2	2.0	1.9	60.4%	66.4%
Profit/(Loss) after tax	81.0	73.2	46.9	10.7%	72.7%

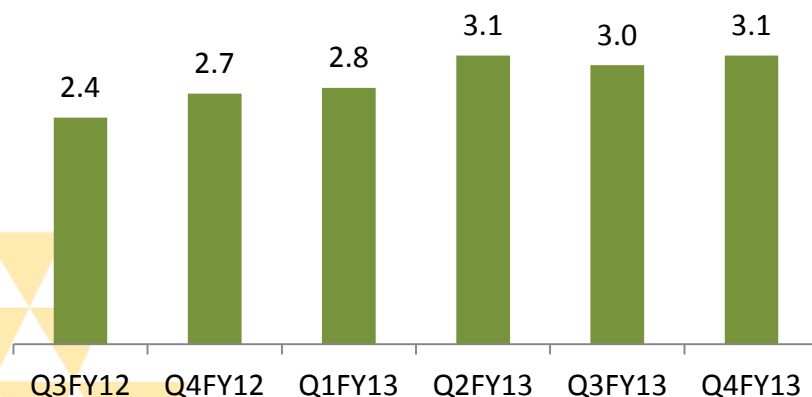
Despite equity markets upsurge, retail participation still low, IIFL strives to maintain market share

- Average daily turnover was at Rs 5,477 Cr in Q4FY13 up 6% qoq, marginally up yoy
- Market share on NSE was at 3.6% in Q4FY13 as compared to 3.7% in Q3FY13
- Average daily commodities turnover was at Rs 1,621 Cr in Q4FY13, marginally up qoq and up 9% yoy
- Commodities market share was 3.1% in Q4FY13

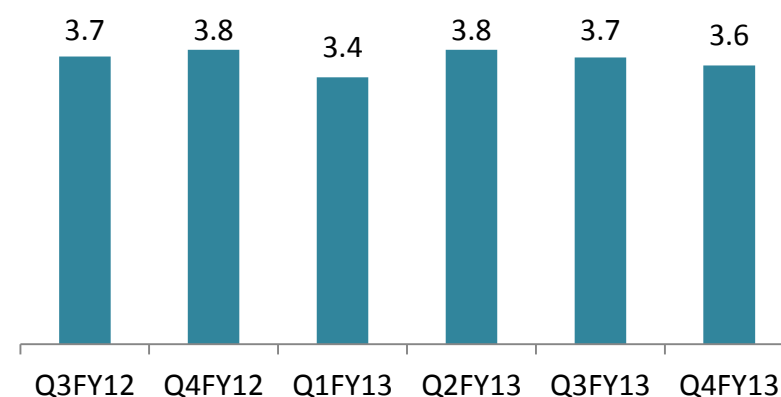
Average daily turnover (Rs Cr)



Commodity market share (%)



Equity market share on NSE (%)



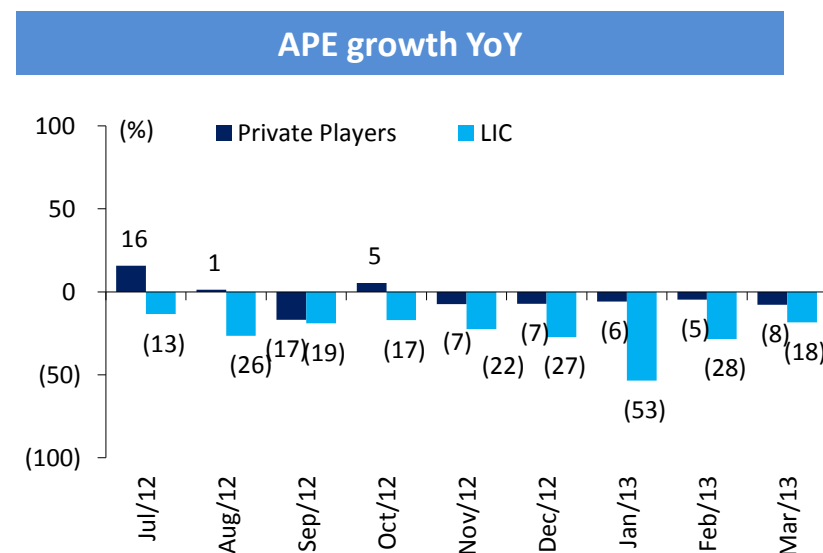
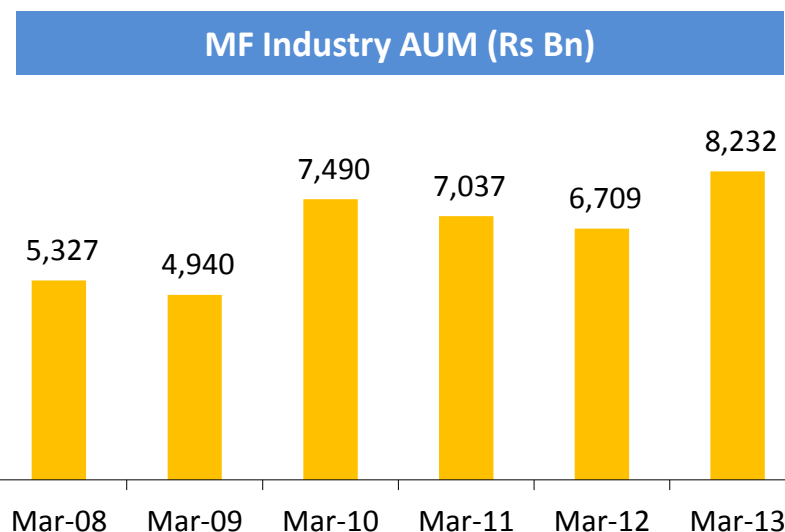
IIFL Research remains port of first call for fund managers, coverage further expanded

- Over 250 stocks under coverage
- Our in-depth, thematic research published during the quarter include
 - India - Media: Assesses the progress of digitisation and highlights key risks to its timely and effective implementation
 - The Winning Dozen: 12 stocks showing stellar performance
 - India – UID: Report shows how AADHAR has the right ingredients to reform India's entitlements regime in the long term



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

- Assets under advice are over Rs 40,000 Cr
- Weighted annualized insurance premium income mobilization was Rs 324 Cr for FY13
- IIFL distributes mutual fund on open architecture. IIFL Clients MF AUM is close to Rs 12,000 Cr
- Launched the first of its kind Category II Alternative Investment Fund (AIF) and collected Rs 627 Cr
- 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



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NBFC's FY13 performance highlight

Income up 82% yoy; PAT* up 79% yoy

- Income from Operations at Rs 1,653 Cr, up 82% yoy
- Profit before tax at Rs 274 Cr, up 82% yoy
- Profit after tax* at Rs 189 Cr, up 79% yoy
- Capital adequacy has improved to 21.6%, boosted by infusion of Tier-II capital
- Loan book grows steadily to Rs 9,375 Cr as on Q4FY13 from Rs 8,936 Cr in Q3FY13
- Book exhibits high quality assets, with low net NPAs at 0.17%
- Net interest margin and spread remain healthy, driven by retail nature of book
- Borrowing profile gets more diversified; cost of funds trending down
- During the last four quarters, share of gold loan in financial assets has fallen from 41% to 35%



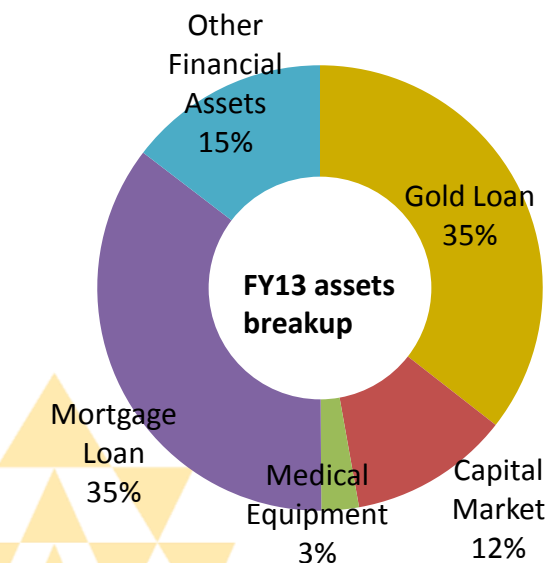
IIFL Finance consolidated results for year ended Mar'13

Rs Cr	FY13	FY12	YoY
Income from operations	1,653.4	908.5	82.0%
Other income	83.8	45.1	85.6%
Total Income	1,737.2	953.6	82.2%
A. Operating cost	170.7	62.2	174.3%
B. Employee cost	179.5	109.3	64.2%
C. Other expenses	201.7	137.1	47.1%
EBITDA	1,185.4	645.0	83.8%
Interest	877.6	479.8	82.9%
Depreciation and amortization	34.0	15.0	127.2%
Profit / (Loss) before tax	273.8	150.2	82.3%
Provision for taxation	85.0	44.8	89.9%
Profit/(Loss) after tax	188.7	105.4	79.1%

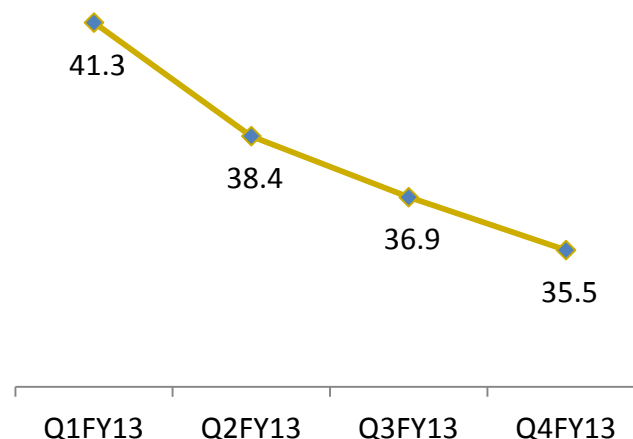
Loan book is diversified and growing steadily, relative share of Gold Loan has fallen

- Loan portfolio in Q4FY13 steadily increased to Rs 9,375 Cr as against Rs 8,936 Cr in Q3FY13
- 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



Gold loan as a % of financial assets



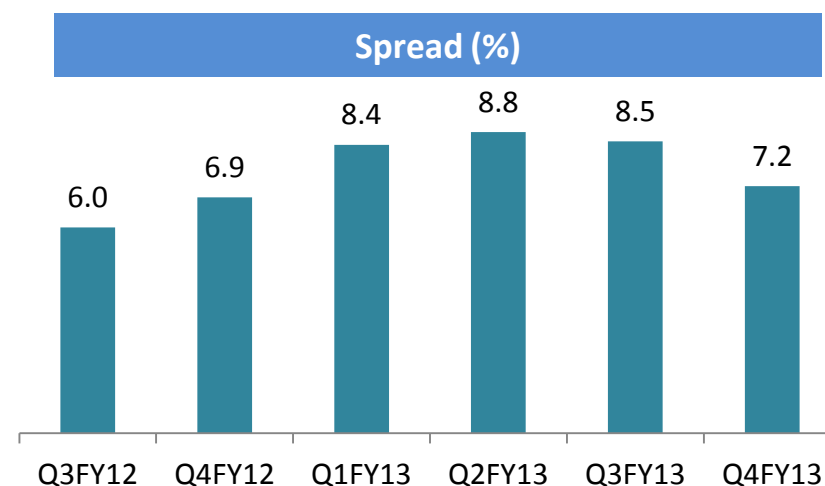
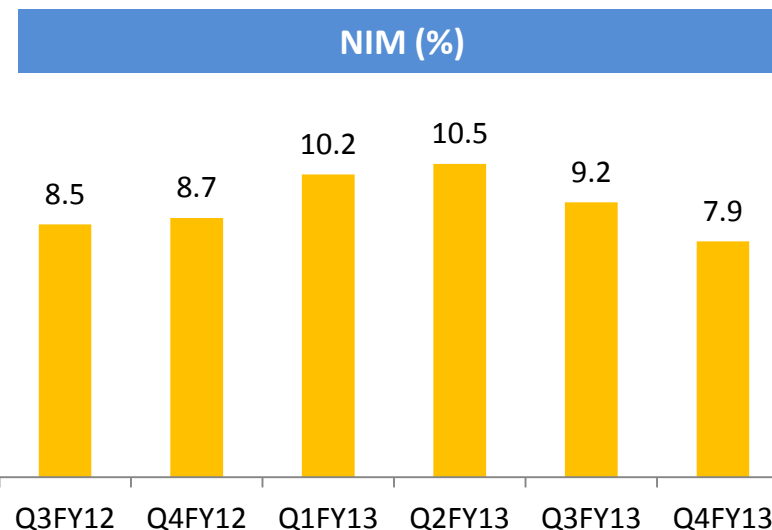
Financial assets as on Mar 31, 2013

Rs Cr		
A	Loan Book	9,375
B	Securitized /assigned portfolio/ NCD	655
C	Other Financial Assets	1,513
D	AUM (A+B)	10,030
E	Total Financial Assets (A+C)	10,888

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

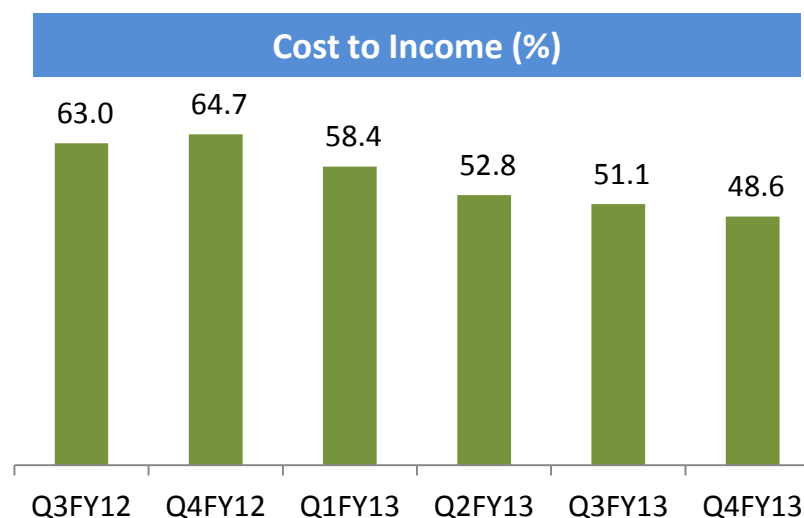
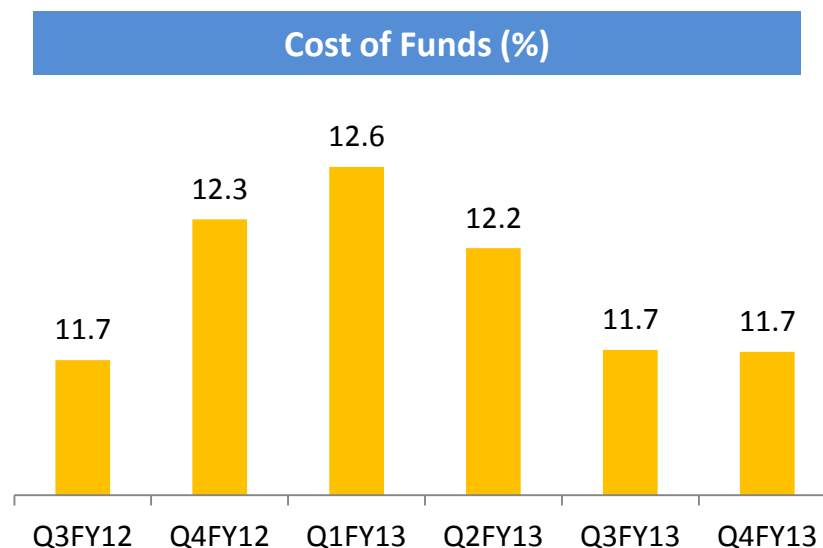
NIM and spread maintained at healthy levels, supported by retail lending

- 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

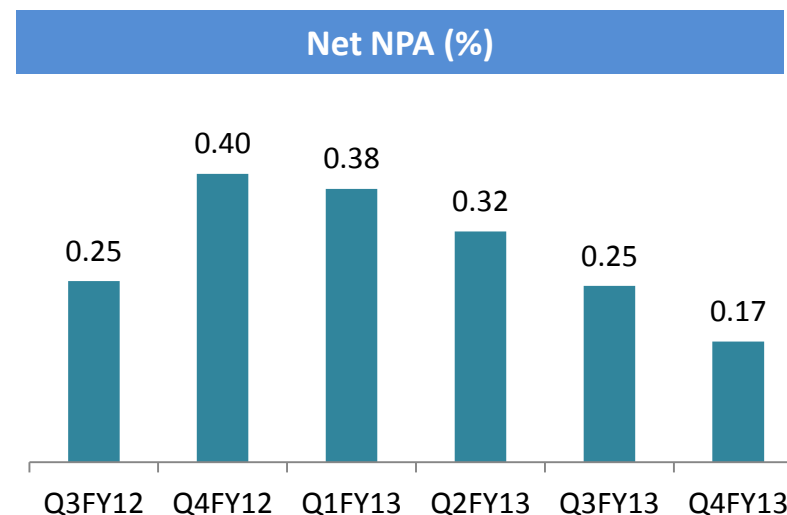
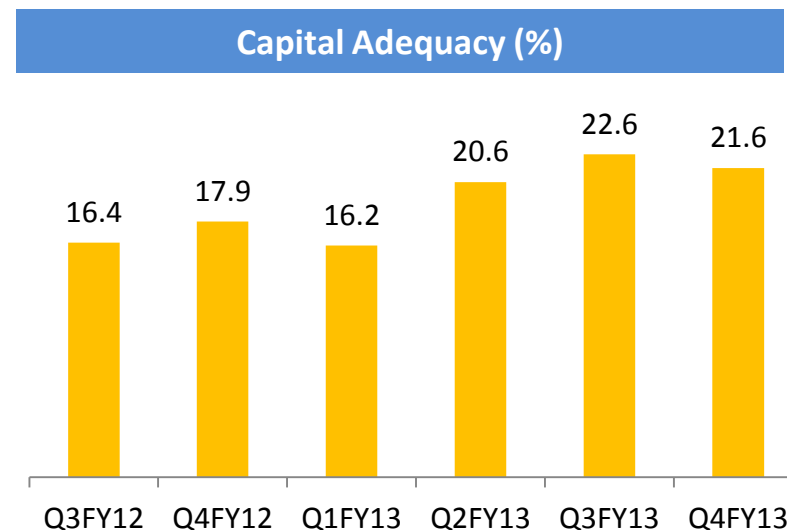
- IIFL has been successfully bringing down cost of funds with improving credit acceptability and expanding lenders' base
- Cost to Income has been falling on the back of higher productivity from branches
- IIFL focus is to take branches to optimum asset level, before embarking upon next phase of expansion



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

- IIFL'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

Provision for the quarter		Rs Cr	%
A	Gross NPA	45.9	0.49%
B	Non Standard Asset Provision	30.1	0.32%
C	Net NPA (A-B)	15.8	0.17%
D	Standard Asset Provision	22.9	0.25%
E	Total Provision (B+E)	52.9	



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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 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	Mukesh Kumar Singh	Operations	Narendra Jain
PMS & Retail Broking	Prasanth Prabhakaran	Audit	Kamal Ahuja
Wealth Management	Karan Bhagat	Risk	Upendra Jaiswal
International Operations	Bharat Parajia	Human Resources	Pallab Mukherji
Offshore Asset Management	Amit Shah	Technology	Tejas Mehta
Insurance Distribution	Mohammad Kantawala	Corporate Compliance	Sunil Lotke

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



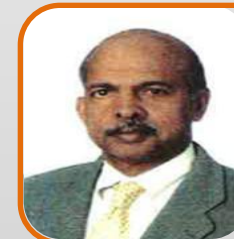
A K Shukla
Independent Director
Former Chairman of LIC



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

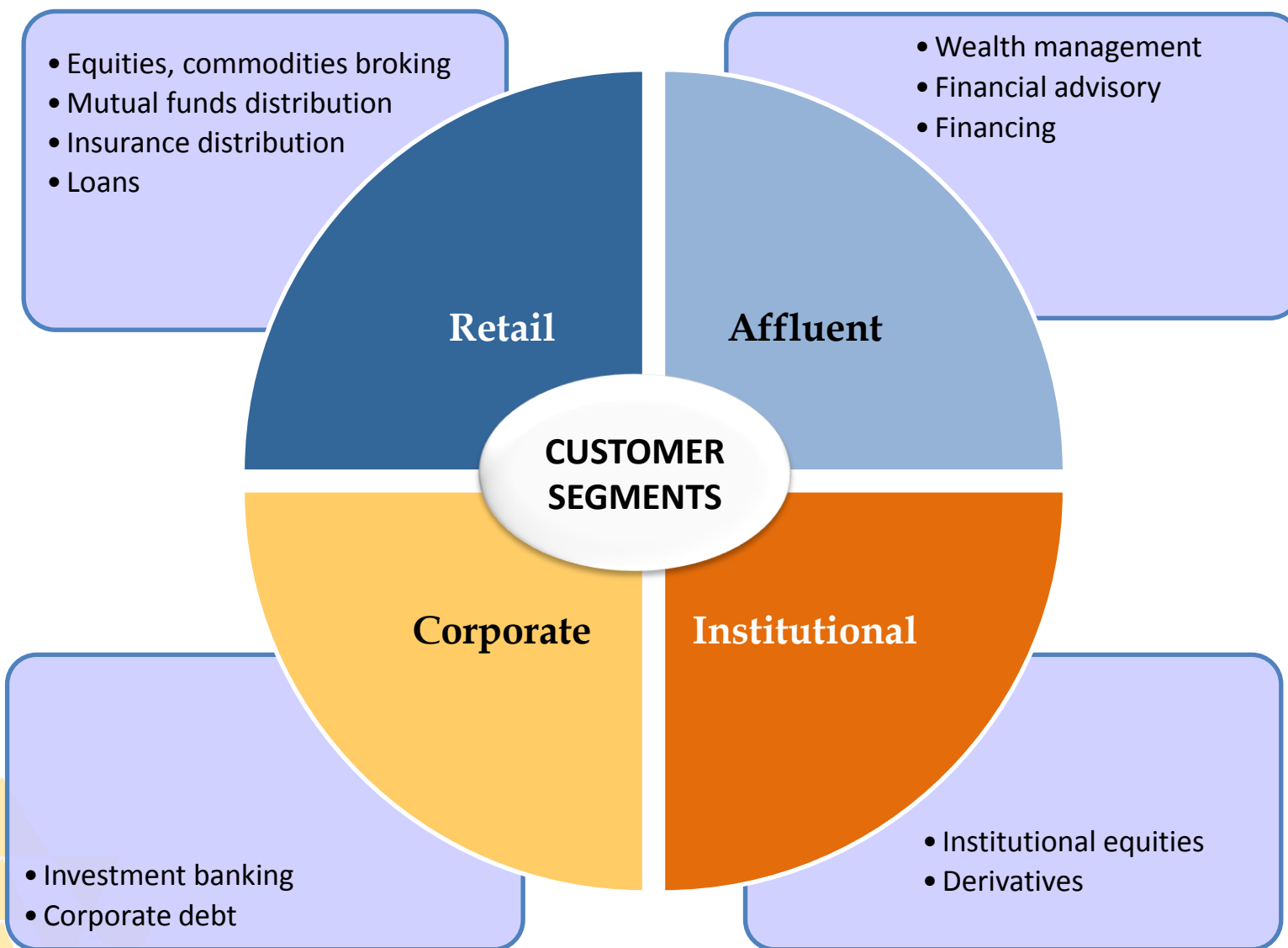


Homai Daruwala
Independent Director
Former Chairperson &
Managing Director of
Central Bank of India



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

Business model



Our service offerings



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 Rs 2,000 Cr
- Significant unutilized capacity to leverage

Distribution reach

- Present at close to 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



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



FLAME (IIFL's Financial Literacy Campaign) update



Over 53,000 school students enrolled from over 200 schools across India for 2012-13 batch in the FLAME education programme



FLAME meet being conducted at Kerala

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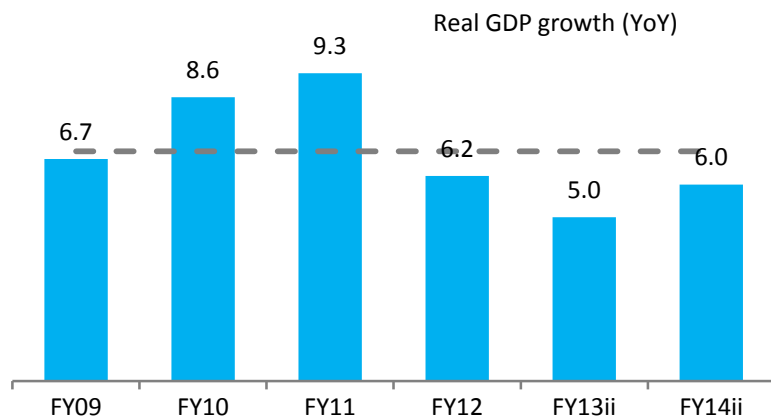
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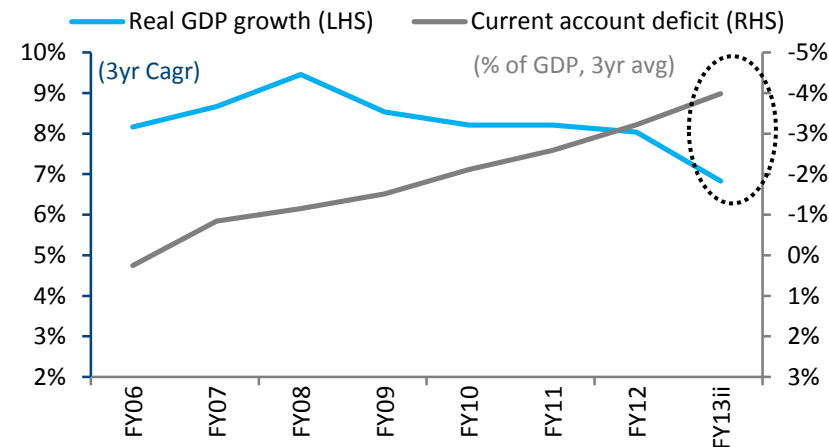


Macro economy

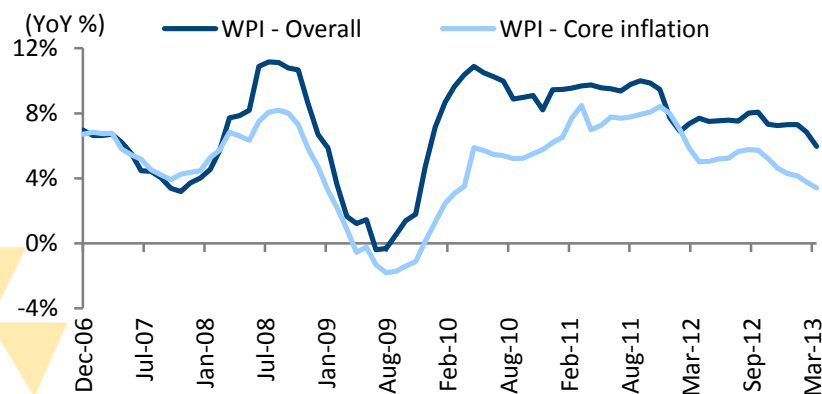
Growth may remain below trend



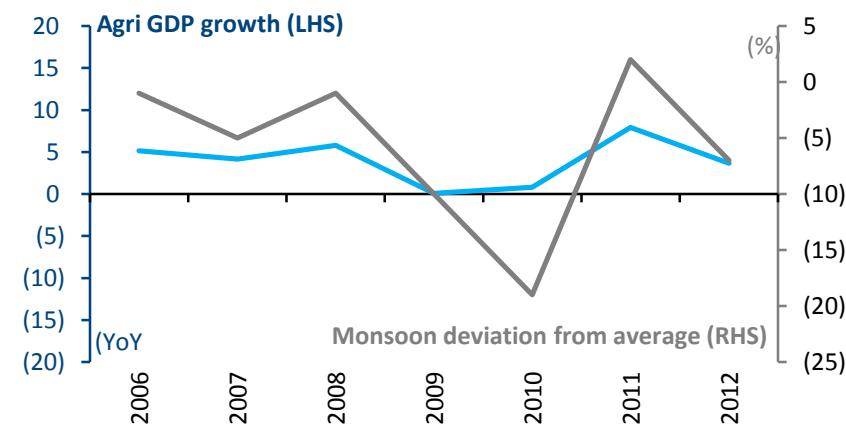
Until recently, widening current account deficit has generally meant faster growth



Near term Inflation is coming off due to base effect

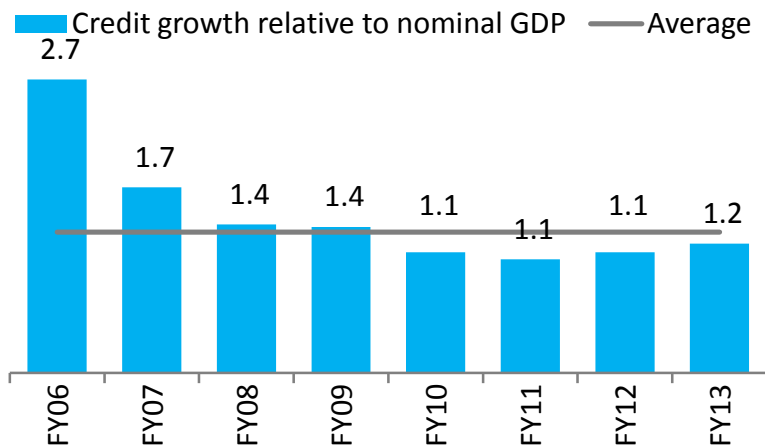


Monsoon is the key driver of near term growth

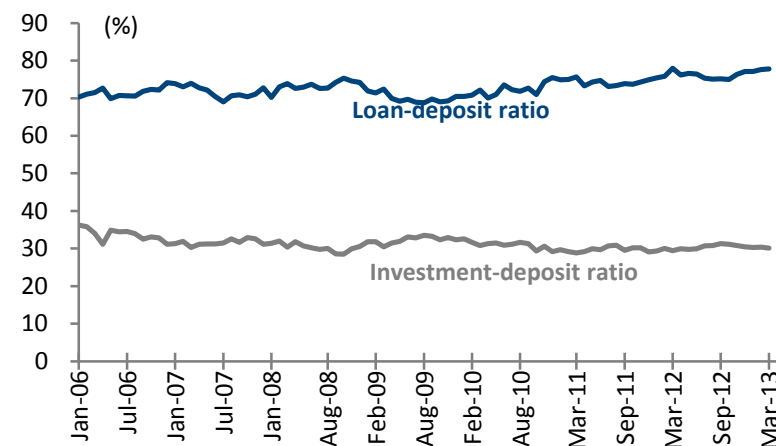


Credit and Finance

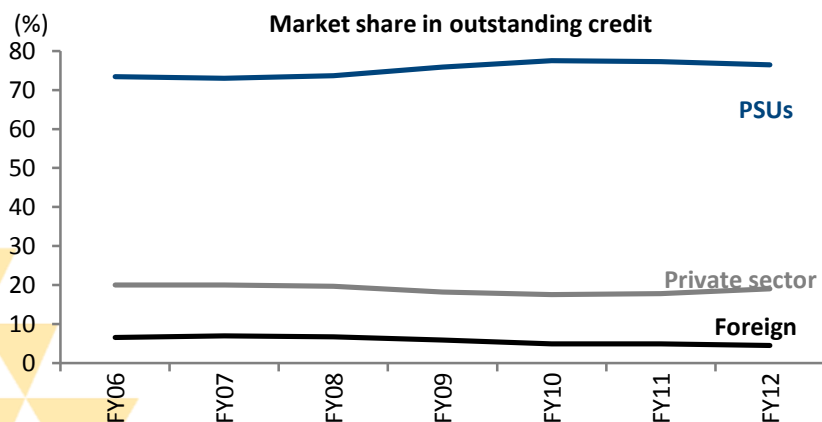
Credit growth to nominal GDP has been relatively sluggish



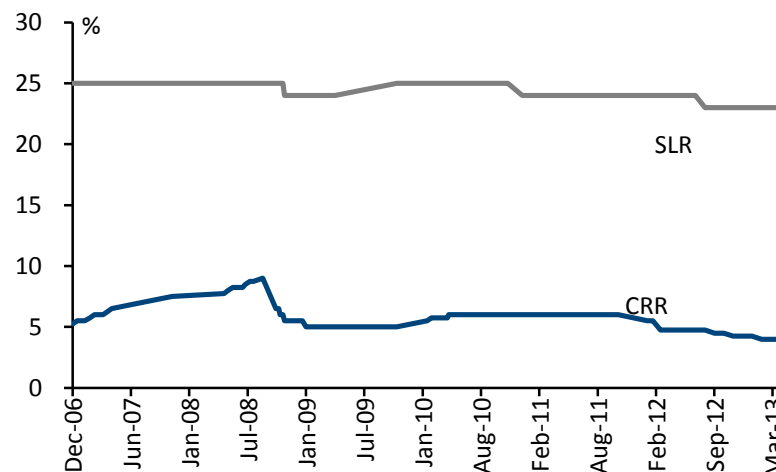
Loan-deposit ratio has structurally moved up



PSU banks steadily losing market share in the credit market

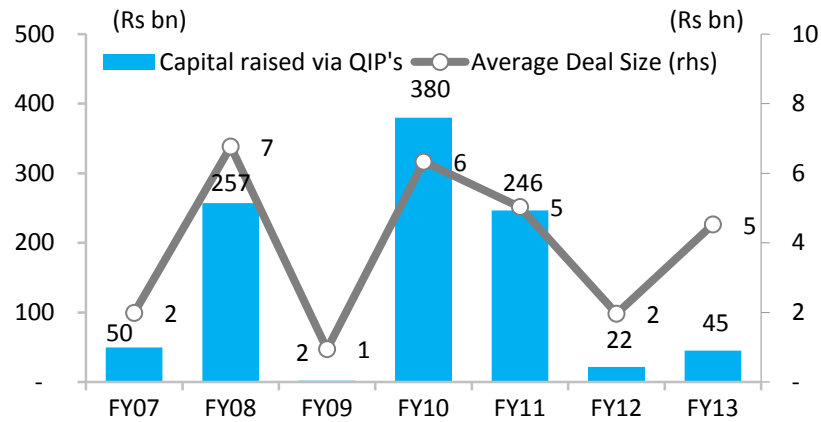


Reserve ratios - CRR and SLR trend

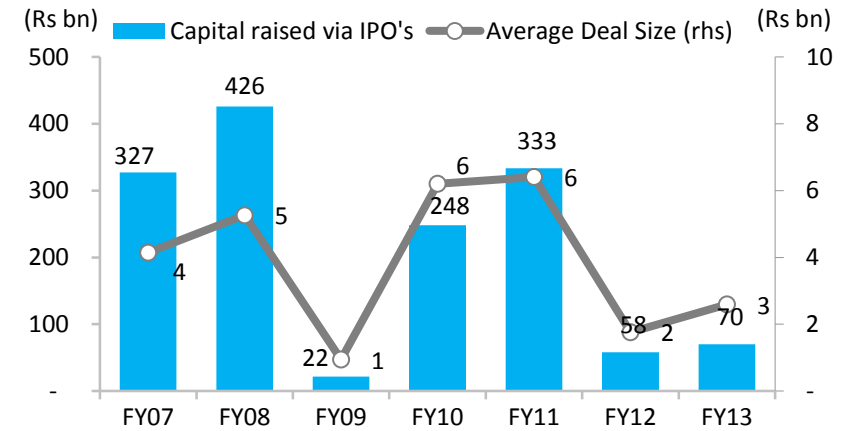


Capital raising and fund flows

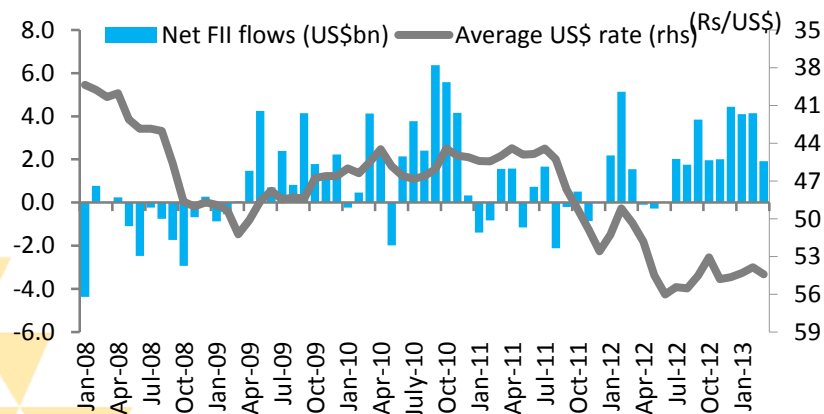
Capital raised through QIPs (Rs bn)



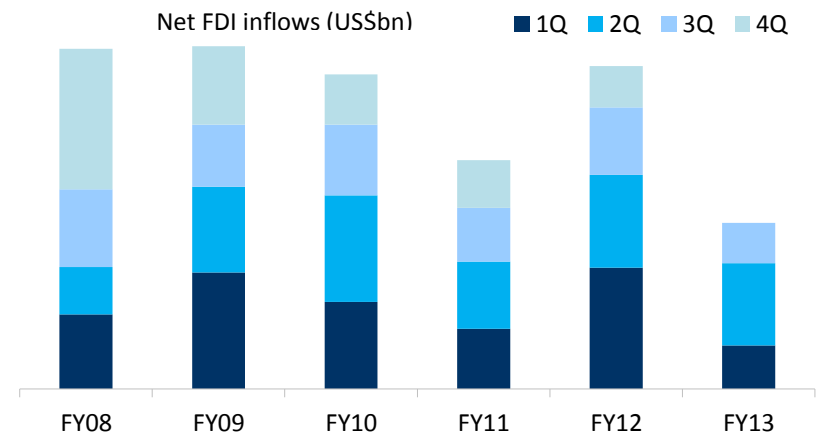
Capital raised through IPOs (Rs bn)



Net FII flows (US\$bn)

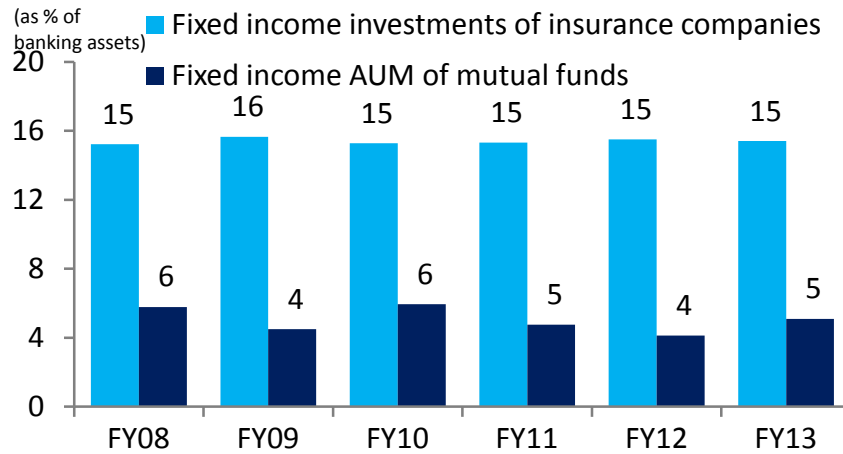


FDI inflows (US\$bn)

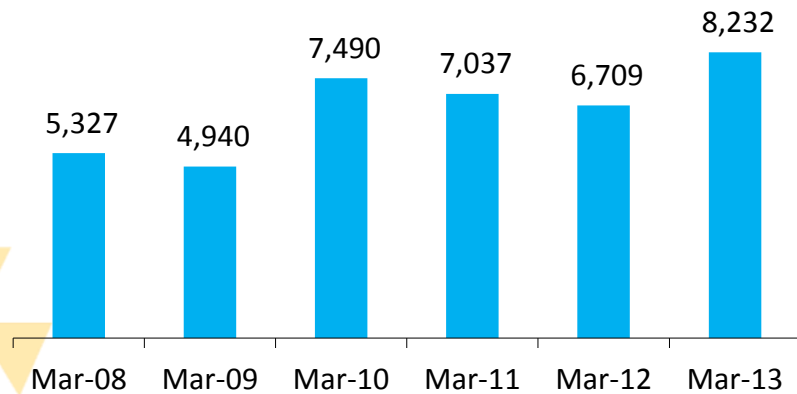


Insurance and Mutual funds

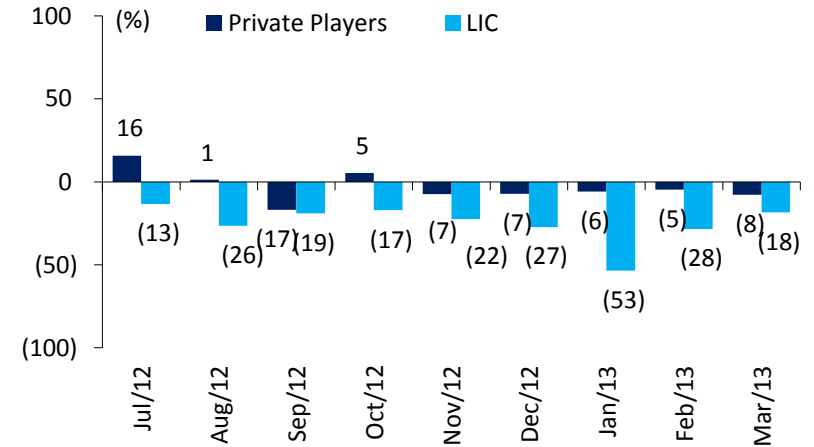
Modest increase in non banking system



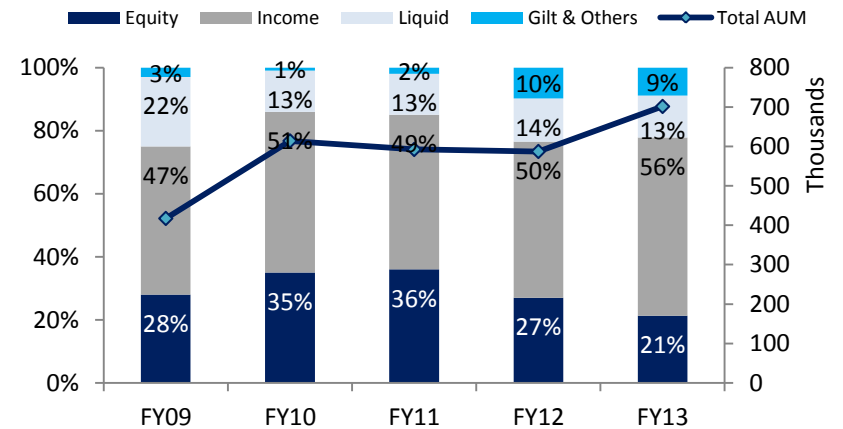
Average AUM for the Quarter (Rs bn)



APE growth yoy (%)



AUM by asset class (Rs Bn)



Thank you

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Tel.: +(91 22)4007 7000 Fax: 2685 0451.

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