

IIFL WEALTH & ASSET MANAGEMENT

Q1 FY22

Performance Update



CONSOLIDATED BUSINESS SUMMARY

STRONG MOMENTUM FOR GROWTH AND VALUE CREATION

EXCELLENT QUARTER

Highest quarterly profit in the company's history

Robust, all-round growth in net new flows

Continued progress on capital efficiency

STRONG MOMENTUM, UNIQUE POSITION

Unique, integrated and complementary business platform

Continued strengthening of recurring revenue model and AUM base

Sustained focus on innovative products and solutions

SUSTAINED FOCUS ON ALL STAKEHOLDERS

'New age' re-imagining of entire client journey and associated services

Continued focus on enhancing shareholder value- revenue, cost, capital

People & Culture – strengthen position as 'employer of choice'

CONTINUED LEADERSHIP IN WEALTH AND ALTERNATE ASSET MANAGEMENT

WEALTH

High quality, resilient business model – strong client adoption

Continuous sharpening of value proposition – IIFL One, Advisory

Smart asset growth – geographic coverage, strategic hiring, deep interface segment wise, increased client wallet share

Digital push – working towards enhanced end-to-end client experience, operational efficiency & productivity increase



ALTERNATE ASSET

Differentiated offerings driving growth, performance and scale

High agility & innovation on new funds / offerings – tremendous success reflected in client response

Continued momentum with UHNI / HNI clients; Increased traction on institutional mandates

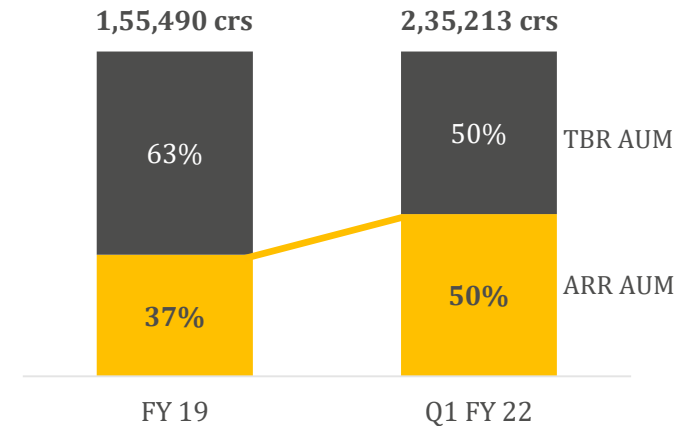
Strengthening of investment teams across key strategies – Unlisted Equities; Real Estate; Structured Credit and Listed Equities as well as Multi Asset Class strategies

MUTUAL FUNDS

Strategic evaluation of proposition and offerings through innovative 'digital-first' approach

SUSTAINED PROGRESS ON BUSINESS MODEL CHANGE – KEY MILESTONES CROSSED

- In 2019 we initiated the change in our business model, moving towards recurring revenues across all our business lines
- The plan was to move towards 70-75% of revenues from ARR over 3 years – its safe to say we are well headed towards the same
- At 27 months, we have achieved a key milestone – ARR assets account for 50% of our total AUM and recurring revenues share is 67% for Q1 FY22 (of revenue from operations)
- ARR Net Flows over last 5 quarters have been strong at ~36k Crs



IIFL ONE AND ADVISORY

- **30k crs AUM** – adding 22k crs since start of transition in FY20, primarily in DPMS / NDPMS
- **IIFL One & Advisory** proposition further sharpened and rolled out
- Gradual increase in **retentions to 33bps** – DPMS towards 50bps

SHIFT TO TRAIL – DISTRIBUTION

- **Industry leader** on transition to trail earning model on distribution
- **AUM doubled** over 5 quarters to 40k crs; Cumulative net flows of 14k crs in trail earning distr. assets
- **Strong retentions** at over 50bps, driven by managed accounts

DIVERSIFICATION OF AMC STRATEGIES

- Over **2x growth in AUM** to 44k crs (5 quarters); Net flows of 13k crs
- **Listed & Unlisted Equities at scale** (>17k Crs each); **RE and Credit emerging** (~2.5k-3.5k Crs each)
- **Inst. mandates AUM** at ~10k crs
- Focus on **high retentions** (~70 bps)

Q1 FY 22 - KEY FINANCIAL HIGHLIGHTS

AUM

- Total AUM is up 33.1% YoY for Q1 FY22 and up 13.6% QoQ to Rs 2,35,213³ Crs
- Continued focus on ARR assets – Increase of 15.2 % QoQ to Rs 1,17,463 Crs
- Net flows remained strong at Rs 14,294 Crs ¹ for Q1 FY22, up 146.1% QoQ

Revenues

- Total Revenues are up 27.1% YoY and up 5.9% QoQ to Rs 304 Crs
- Revenue from Operations increased 6.7% QoQ to Rs 283 Crs;
- ARR Revenues increased 19.5% QoQ to 192 Crs

Cost

- Total Cost remained flat at Rs 153Crs
- Total Employee Costs was up 3.7% QoQ at Rs 116 Crs
- Administrative Cost decreased 8.4% QoQ to Rs 37 Crs
- Cost to income Ratio decreased to 50.4% from 53.0% in the previous quarter

Profitability

- Operating Profits (OPBT) increased 15.1% QoQ to Rs 130 Crs
- PAT increased 15.6% QoQ to Rs 119 Crs
- Tangible RoE² for Q1 FY22 is at 20.0%, up from the 17.3% in Q4 FY21

1. Includes ~Rs. 5,200 Crs of Net flows from Corporate Treasuries

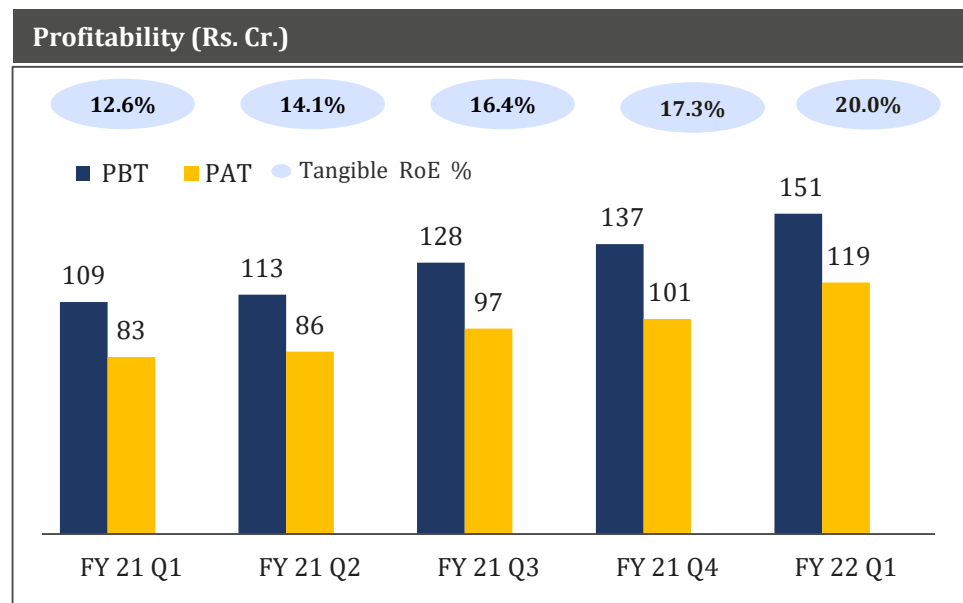
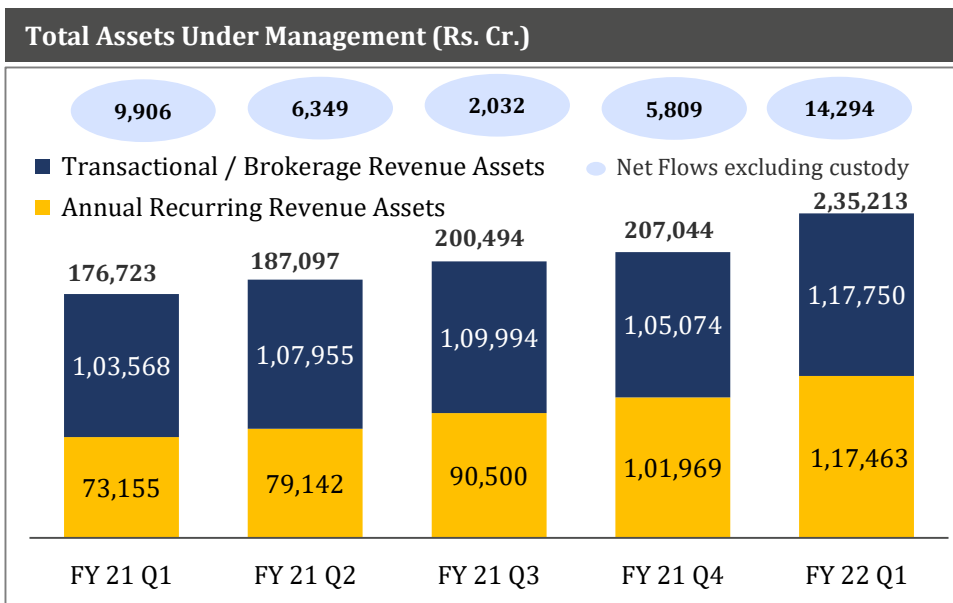
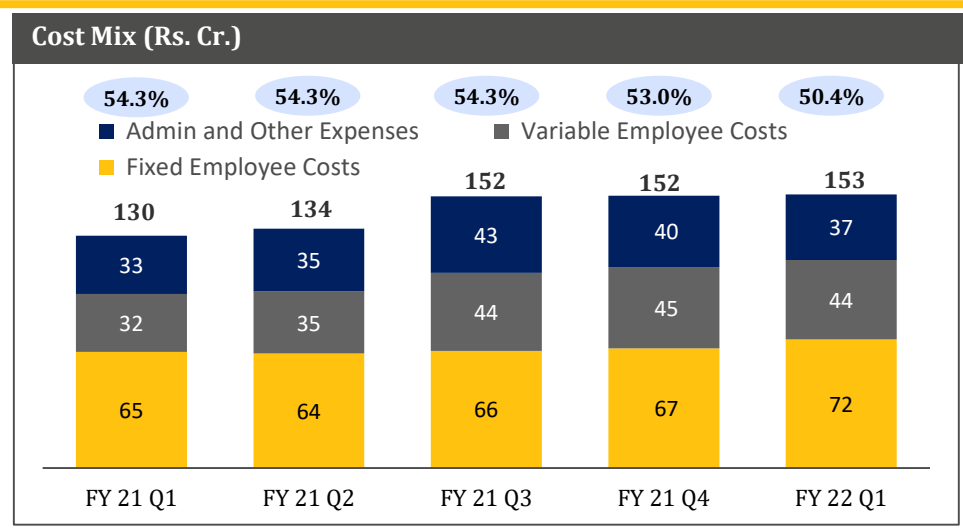
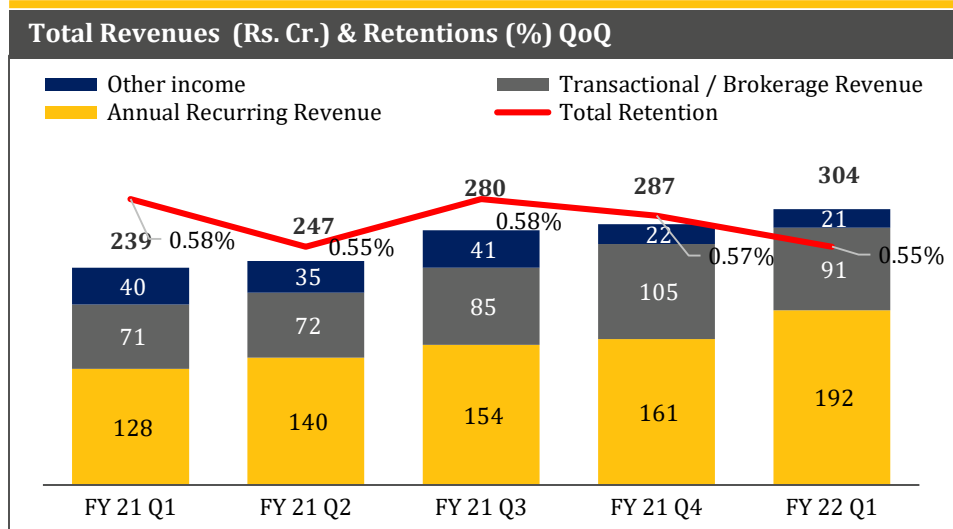
2. RoE Ex Goodwill & Intangibles

3. Debt 48%, Equity 52%

CONSOLIDATED BUSINESS SUMMARY

INR Cr	Q1 FY 22	Q4 FY 21	QoQ	Q1 FY 21	YoY	FY 21
Closing AUM						
<i>Annual Recurring Revenue Assets</i>	1,17,463	1,01,969	15.2%	73,155	60.6%	1,01,969
<i>Transactional / Brokerage Revenue Assets</i>	1,17,750	1,05,074	12.1%	1,03,568	13.7%	1,05,074
Total AUM	2,35,213	2,07,044	13.6%	1,76,723	33.1%	2,07,044
Revenues & Retention						
<i>Annual Recurring Revenues</i>	192	161	19.5%	128	50.5%	583
<i>Transactional / Brokerage Revenue</i>	91	105	-12.9%	71	28.3%	333
Total Revenue from Operations	283	266	6.7%	199	42.6%	915
<i>Other Income</i>	21	22	-4.4%	40		137
Total Revenue	304	287	5.9%	239	27.1%	1053
<i>Average Annual Recurring Assets</i>	1,07,771	95,745	12.6%	65,057	65.7%	79,792
Total Average Assets	2,19,183	2,01,510	8.8%	1,63,992	33.7%	1,84,650
Retention on ARR Assets	0.71%	0.67%		0.79%		0.73%
Total Retention	0.55%	0.57%		0.58%		0.57%
Costs	153	152	0.5%	130	17.8%	568
<i>Employee Costs</i>	116	112	3.7%	97	19.6%	417
<i>Fixed Employee Costs</i>	72	67	7.6%	65	10.7%	261
<i>Variable Employee Costs</i>	37	39	-5.5%	18	101.9%	111
<i>Employee ESOP Costs</i>	8	6	19.3%	14	-46.4%	45
<i>Admin and Other Expenses</i>	37	40	-8.4%	33	12.6%	150
Profit Metrics						
<i>Operating Profit before Taxes (OPBT)</i>	130	113	15.1%	69	89.3%	348
<i>Profit before Taxes (PBT)</i>	151	135	12.0%	109	38.0%	485
<i>Profit After Tax (PAT) including OCI and FCTR</i>	119*	103	15.6%	83		369
<i>Effective Tax Rates</i>	23%	24%		24%		
<i>Cost to Income Ratio</i>	50.4%	53.0%		54.3%		53.9%
<i>ROE</i>	16.4%	14.2%		11.0%		12.5%
<i>Tangible RoE</i>	20.0%	17.3%		12.6%		15.0%

KEY METRICS SUMMARY



SEGMENTAL BUSINESS SUMMARY

SEGMENTAL BUSINESS SNAPSHOT

Particulars	AUM		NET FLOWS			REVENUE FROM OPERATIONS			RETENTION		
	Q1 FY 22	Q4 FY 21	Q1 FY 22	Q4 FY 21	Q1 FY 21	Q1 FY 22	Q4 FY 21	Q1 FY 21	Q1 FY 22	Q4 FY 21	Q1 FY 21
Wealth Management	1,90,909	1,69,672	9,681	1,060	9,569	214	207	162	0.48%	0.49%	0.46%
Asset Management	44,304	37,372	4,613	4,748	337	70	59	37	0.68%	0.69%	0.62%
Totals	2,35,213	2,07,044	14,294	5,809	9,906	283	266	199	0.52%	0.53%	0.49%
Custody : Promoter Holding	47,357	39,039				-	-	-			
Grand Total	2,82,570	2,46,083				283	266	915			

WEALTH MANAGEMENT	Q1 FY 22	Q4 FY21	Q1 FY 21
Revenue from Operations	214	207	162
<i>ARR Revenue</i>	<i>124</i>	<i>102</i>	<i>91</i>
<i>TBR Revenue</i>	<i>90</i>	<i>105</i>	<i>71</i>
Other Income	17	18	34
Cost	117	117	104
Profit before tax	114	108	93

ASSET MANAGEMENT	Q1 FY 22	Q4 FY21	Q1 FY21
Revenue from Operations	70	59	37
Other Income	3	3	6
Cost	36	36	26
Profit before tax	36	26	17

SEGMENTAL SNAPSHOT - WEALTH MANAGEMENT

WEALTH MANAGEMENT	AUM		NET FLOWS			REVENUE FROM OPERATIONS			RETENTION		
	Q1 FY 22	Q4 FY 21	Q1 FY 22	Q4 FY 21	Q1 FY 21	Q1 FY 22	Q4 FY 21	Q1 FY 21	Q1 FY 22	Q4 FY 21	Q1 FY 21
TOTAL	1,90,909	1,69,672	9,681	1,060	9,569	214	207	162	0.48%	0.49%	0.46%
IIFL One	30,510	27,940	1,439	2,190	1,250	21	17	10	0.33%	0.28%	0.26%
<i>Discretionary PMS</i>	10,689	8,753				12	9	4	0.50%	0.39%	0.49%
<i>Non Discretionary PMS</i>	13,915	13,391				8	8	5	0.33%	0.34%	0.31%
<i>Advisory</i>	5,906	5,795				1	0	1	0.06%	0.00%	0.05%
Distribution Assets Earning Trail Fees	39,317	33,038	3,634	3,548	5,735	55	43	28	0.58%	0.49%	0.49%
<i>Mutual Funds</i>	28,730	26,435				28	26	19	0.38%	0.37%	0.41%
<i>Managed Accounts</i>	10,587	6,603				27	16	9	1.28%	1.06%	0.79%
Net Interest Margin on Loans¹	3,332	3,620	-	-	-	48	43	53	5.32%	4.71%	6.92%
Brokerage Income	97,270	82,422	7,483	-573	4,314	90	105	71	0.19%	0.30%	0.20%
<i>Direct Stocks</i>	42,672	32,956				10	14	15	0.11%	0.18%	0.25%
<i>Debt Instruments & Bonds</i>	28,009	27,304				32	30	10	0.47%	0.45%	0.15%
<i>Mutual Funds Direct</i>	26,590	22,162				-	-	-	-	-	-
<i>IB/ Syndication Income</i>	-	-				48	60	46	-	-	-
Distribution Assets Not Earning Trail Fees	20,480	22,653	-2,875	-4,105	-1,731	-	-	-	-	-	-
<i>Mutual Fund where upfront fees received earlier</i>	2,207	2,503				-	-	-	-	-	-
<i>Managed Accounts where upfront fees received earlier</i>	18,273	20,149				-	-	-	-	-	-

SEGMENTAL SNAPSHOT - ASSET MANAGEMENT

ASSET MANAGEMENT	AUM		NET FLOWS			REVENUE FROM OPERATIONS			RETENTION		
	Q1 FY 22	Q4 FY 21	Q1 FY 22	Q4 FY 21	Q1 FY 21	Q1 FY 22	Q4 FY 21	Q1 FY 21	Q1 FY 22	Q4 FY 21	Q1 FY 21
TOTAL	44,304	37,372	4,613	4,748	337	70	59	198	0.68%	0.69%	0.62%
Portfolio Manager	14,456	11,196	2,005	3,976	40	15	15	39	0.50%	0.63%	0.51%
<i>Discretionary Standardized Strategies</i>	4,728	4,013				9	10	25	0.85%	0.95%	0.52%
<i>Discretionary - Institutional Mandates</i>	9,728	7,183				6	5	14	0.31%	0.38%	0.50%
Alternate Investment Manager	27,090	23,700	2,508	600	121	50	40	149	0.77%	0.72%	0.68%
<i>Listed Equity</i>	3,677	3,455				8	10	27	0.92%	1.08%	0.51%
<i>Private Equity</i>	17,050	13,616				33	23	88	0.83%	0.75%	0.77%
<i>Credit & Real Estate Strategies</i>	4,817	5,076				6	5	27	0.54%	0.43%	0.60%
<i>Long Short Strategies</i>	1,546	1,553				2	2	7	0.58%	0.61%	0.60%
Mutual Fund Manager	2,758	2476	100	173	176	3	4	10	0.44%	0.66%	0.39%
<i>Listed Equity</i>	1,955	1623				3	3	7	0.58%	0.85%	0.57%
<i>Debt</i>	693	731				0	1	2	0.16%	0.37%	0.50%
<i>Liquid Funds</i>	110	122				0	0	0	0.11%	0.07%	0.10%
Performance Fee						1					

APPROXIMATE CAPITAL ALLOCATION AND DIVIDEND

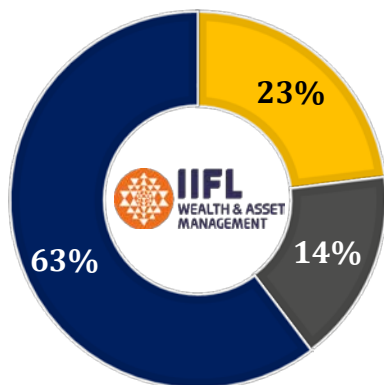
Tangible Net Worth	Dividend	Revised Tangible Net Worth				
2,435 Crs	<table border="1"> <thead> <tr> <th data-bbox="733 294 1141 468">Date</th> <th data-bbox="1141 294 1355 468">INR per share</th> </tr> </thead> <tbody> <tr> <td data-bbox="733 468 1141 739">Proposed Special Dividend in - August 2021</td> <td data-bbox="1141 468 1355 739">35</td> </tr> </tbody> </table>	Date	INR per share	Proposed Special Dividend in - August 2021	35	2,125 Crs*
Date	INR per share					
Proposed Special Dividend in - August 2021	35					
Wealth Management 765 Crs	Proposed Special Dividend of approximately Rs 310 Crs will reduce Net Worth to ~ Rs. 2,125 Crs	Wealth Management 560 Crs				
NBFC 1,260 Crs		NBFC 1,230 Crs				
Asset Management 410 Crs		Asset Management 335 Crs				
+		+				
Goodwill + Intangibles 525 Crs		Goodwill + Intangibles 525 Crs				
2,960 Crs		2,650 Crs				

*Notes - Tangible Net Worth post payment of Dividend and release of excess capital
- Value of Fixed Assets have been Allocated between Wealth & AMC

MARQUEE INSTITUTIONAL SHAREHOLDING AND EXPERIENCED BOARD

Shareholding Split¹












- Promoters
- Public
- Institutions



Details of Key Shareholders

Promoters ²	22.9%
Public Shareholding	13.7%
Institutional Shareholding ³	63.4%
<i>General Atlantic</i>	21.2%
<i>Fairfax</i>	18.4%
<i>Others</i>	23.8%

Board of Directors

Name & Designation	Previous Experience
 Nilesh Vikamsey Independent Director, Chairman	 Khimji Kunverji & Co Chartered Accountants (Registered) 30+ years of experience
 Nirmal Jain Non-Executive Director & Promoter	 Mundeston Univeror Limited 30+ years of experience
 R. Venkataraman Non-Executive Director & Promoter	  ICICI Bank GE Capital 20+ years of experience
 Karan Bhagat Managing Director & Promoter	 IIFL WEALTH & ASSET MANAGEMENT 20+ years of experience
 Yatin Shah Non-Executive Director & Promoter	 IIFL WEALTH & ASSET MANAGEMENT 20+ years of experience

Name & Designation	Previous Experience
 Sandeep Naik Nominee Director	 GENERAL ATLANTIC Apax PARTNERS 20+ years of experience
 Shantanu Rastogi Nominee Director	 GENERAL ATLANTIC Apax McKissey & Company 20+ years of experience
 Geeta Mathur Independent Director	  ICICI Bank IIFL 25+ years of experience
 S Narayanan Independent Director	Former Fin. Secy, Former Economic Advisor to PM
 Mr. Pankaj Vaish Independent Director	 accenture 34+ years of experience
 Mr. G Soundarajan Non-Executive Director	Hamblin Watsa Investment Counsel Ltd.  ICICI Lombard Nibhaye Vaade

1. Share holding Pattern is represented as on the record date – 30th June 2021
2. Promoters have 8.8% shares in lock till September 2022
3. Institutions Holding less than 1 lakh shares are classified under Public

DATA BOOK



LINK TO DOWNLOAD DATA BOOK

Data reported across previous quarters is now continued to be reported in a Data Book, maintained in an excel format on our website . The Link for the data book is hosted below.

Contents of the Data Book:

1. Re-classified Result Table
2. Consolidated Data
3. Segmental – Wealth Management
4. Segmental – Asset Management
5. Balance Sheet
6. PPT Data Tables

Link for the Data Book: <https://www.iiflwealth.com/Investor-Relations>

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