

IIFL WEALTH & ASSET MANAGEMENT

Q2 FY22

Performance Update



CONSOLIDATED BUSINESS SUMMARY

SUSTAINED MOMENTUM FOR DELIVERING HIGHER RETURNS

GROWTH & VALUE DELIVERY

Another record quarter -
Highest all-time Revenues,
Operating profit and PAT

Cost to Income at sub-50%
– continued focus on
productivity & efficiency

RoE Ex Goodwill &
Intangibles in Q2 at 24%,
continued Dividend pay-out
driving capital efficiency &
shareholder value

RELENTLESS FOCUS ON CORE DRIVERS

Key milestones achieved -
Total AUM crosses 250k crs
Wealth AUM crosses 200k crs
AMC AUM crosses 50k crs

Continued acceleration in ARR
AUM growth at 12.4% QoQ
and ARR Revenue growth at
15.6% QoQ

Steady Net Flows for H1 – at
~18k crs; well-poised to
exceed annual guidance

BUILDING ON STRATEGIC ENABLERS

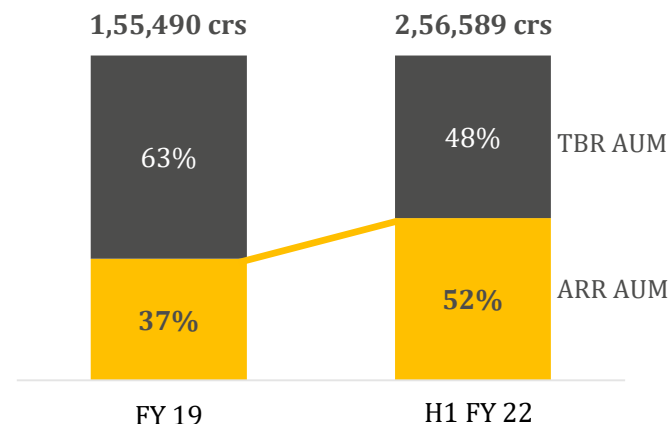
Continued focus on Digital –
‘New age’ re-imagining of
client journeys; tech-
enabled propositions

Market & regulatory
developments providing
exciting tailwinds – across
products & segments

People & Culture – engage,
learn & grow

BUSINESS MODEL CHANGE AT STEADY STATE – SUSTAINED FOCUS ON EXECUTION

- 30 months into our journey on change in business model, we have achieved further key milestones – Recurring revenues as a % of Revenue from Operations has crossed 70% in Q2 FY22, while ARR assets continue to grow as a % of our total AUM
- More than 95% of Net Flows have been in ARR Assets over the last 6 quarters
- Going into H2 FY22, key metrics on business model are at steady state thresholds – organization focus on execution continues



IIFL ONE AND ADVISORY

- **~32k crs AUM** – added 25k crs since start of transition in FY20, primarily in DPMS / NDPMS
- **Advisory** proposition gaining momentum for H2 FY22
- Continued sustenance in **retentions at 33bps** – DPMS towards ~50bps

SHIFT TO TRAIL – DISTRIBUTION

- **Industry leader** in transition to trail earning model on distribution
- **Steady growth in** trail earning distr. **AUM** to ~45k crs; Net flows of 17k crs over 6 quarters
- **Sustained retentions** at over 50bps

DIVERSIFICATION OF AMC STRATEGIES

- **Strong growth in AUM** to ~52k crs; Net flows of over 15k crs
- **Listed & Unlisted Equities** continue to see strong momentum – AUM at >22k Crs for each strategy
- Further **improvement in retentions** to over 70 bps

Q2 FY 22 – KEY FINANCIAL HIGHLIGHTS

AUM

- Total AUM is up 9.1% QoQ and up 37.1% YoY to Rs 2,56,589² Crs
- Continued focus on ARR assets – Increase of 12.4 % QoQ and 66.8% YoY to Rs 1,31,977 Crs
- Net flows are Rs 3,700³ Crs for Q2 FY22 and Rs 17,995 Crs for H1 FY22

Revenues

- Total Revenues up 19.1% QoQ and up 46.7% YoY to Rs 362 Crs.
- Revenue from Operations up 10.9% QoQ and up 48.3% YoY to Rs 314 Crs.
- ARR Revenues up 15.6% QoQ and up 58.6% YoY to 222 Crs

Cost

- Total Cost up 13.5% QoQ and 29.7% YoY to Rs 174 Crs.
- Total Employee Costs up 16.3% QoQ and 37.2% YoY to 135 Crs.
- Administrative Cost up 4.3% QoQ and 8.8% YoY to Rs 38 Crs.
- Cost to income Ratio decreased to 48.0% from 50.3% in the previous quarter

Profitability

- Operating Profits (OPBT) up 7.9% QoQ and 80.1% YoY to Rs 141 Crs.
- PAT increased 18.5% QoQ and 63.5% YoY to Rs 140 Crs.
- Tangible RoE¹ for Q2 FY22 is at 23.7%, up from 20.0% in Q1 FY22

1. RoE Ex Goodwill & Intangibles

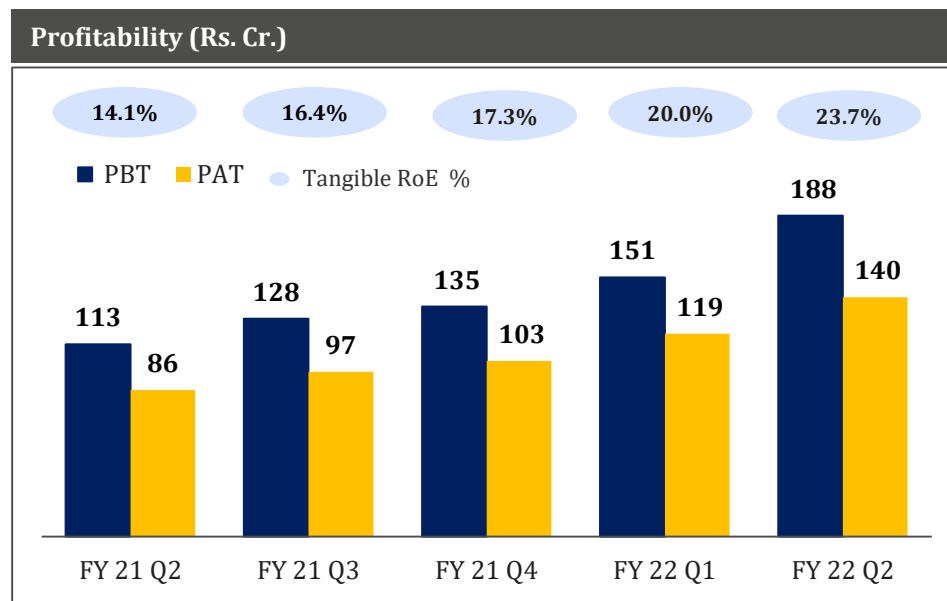
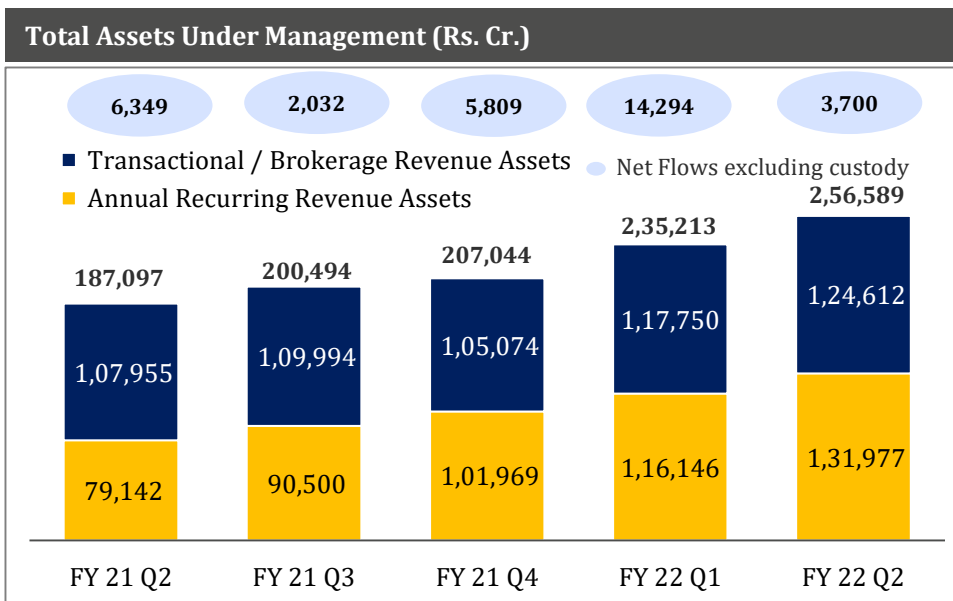
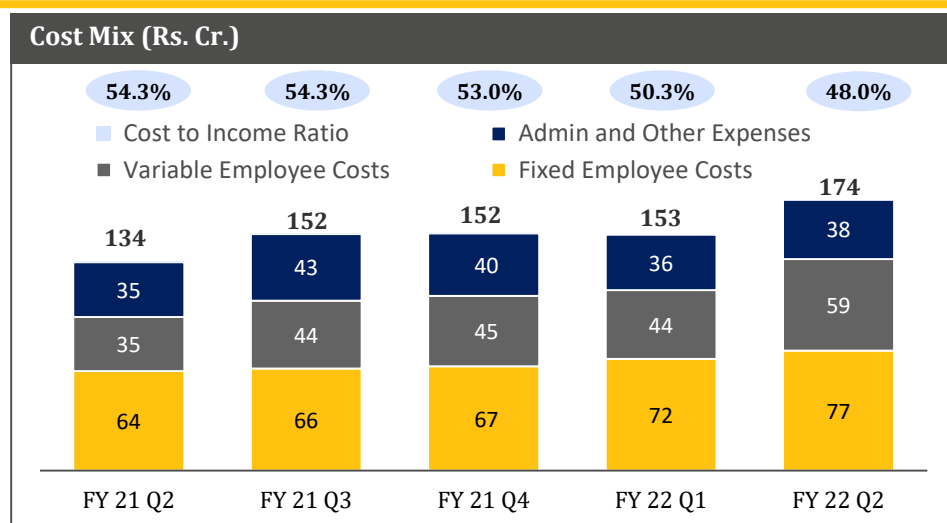
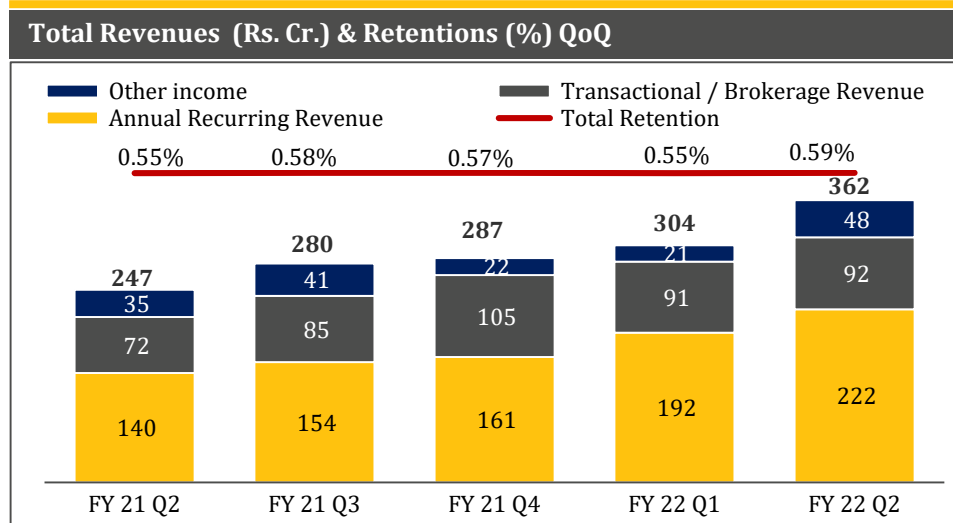
2. Debt – Equity split of overall AUM excl. Lending Assets is 40:60 as on 30 Sep 2021

3. Corporate Treasuries had positive net flows of Rs 5,200 Crs in Q1 FY22, and corresponding negative net flows of Rs 2,500 Crs in Q2 FY22

CONSOLIDATED BUSINESS SUMMARY

INR Cr	Q1 FY 22	Q2 FY 22	QoQ	Q2 FY 21	YoY	H1 FY 21	H1 FY 22	%
Closing AUM								
<i>Annual Recurring Revenue Assets</i>	1,17,463	1,31,977	12.4%	79,142	66.8%	79,142	1,31,977	66.8%
<i>Transactional / Brkg Revenue Assets</i>	1,17,750	1,24,612	5.8%	1,07,955	15.4%	1,07,955	1,24,612	15.4%
Total AUM	2,35,213	2,56,589	9.1%	1,87,097	37.1%	1,87,097	2,56,589	37.1%
Revenues & Retention								
<i>Annual Recurring Revenues</i>	192	222	15.6%	140	58.6%	268	414	54.7%
<i>Transactional / Brokerage Revenue</i>	91	92	1.0%	72	28.2%	143	183	28.2%
Total Revenue from Operations	283	314	10.9%	212	48.3%	411	597	45.5%
<i>Other Income</i>	21	48	131.7%	35	37.2%	75	69	-9.2%
Total Revenue	304	362	19.1%	247	46.7%	486	666	37.0%
<i>Average Annual Recurring Assets</i>	1,07,771	1,24,012	15.1%	74,268	67.0%	69,663	1,15,891	66.4%
Total Average Assets	2,19,183	2,45,193	11.9%	1,80,030	36.2%	1,72,011	2,32,188	35.0%
<i>Retention on ARR Assets</i>	0.71%	0.72%		0.75%		0.77%	0.72%	
Total Retention	0.55%	0.59%		0.55%		0.57%	0.57%	
Costs	153	174	13.5%	134	29.7%	264	327	23.9%
<i>Employee Costs</i>	116	135	16.3%	99	37.2%	196	252	28.4%
<i>Fixed Employee Costs</i>	72	77	7.1%	64	20.4%	129	149	15.5%
<i>Variable Employee Costs</i>	37	48	30.7%	20	137.8%	39	85	120.8%
<i>Employee ESOP Costs</i>	8	10	34.0%	14	-29.8%	28	18	-38.0%
<i>Admin and Other Expenses</i>	37	38	4.3%	35	8.8%	68	75	10.6%
Profit Metrics								
<i>Operating Profit before Taxes (OPBT)</i>	130	141	7.9%	78	80.0%	147	271	84.4%
<i>Profit before Taxes (PBT)</i>	151	188	24.8%	113	66.9%	222	339	52.7%
<i>Profit After Tax (PAT) including OCI and FCTR</i>	119	140	18.5%	86	63.5%	169	259	52.9%
<i>Effective Tax Rates</i>	23%	24%		24%		24%	24%	
<i>Cost to Income Ratio</i>	50.4%	48.0%		54.3%		54.3%	49.1%	
<i>ROE</i>	16.4%	19.4%		11.6%		11.3%	17.9%	
<i>ROE Ex Goodwill & Intangibles</i>	20.0%	23.7%		14.1%		13.3%	21.9%	

KEY METRICS SUMMARY



SEGMENTAL BUSINESS SUMMARY

SEGMENTAL BUSINESS SNAPSHOT

Particulars	AUM		NET FLOWS			REVENUE FROM OPERATIONS			RETENTION		
	Q1 FY 22	Q2 FY 22	Q1 FY 22	Q2 FY 22	H1 FY 22	Q1 FY 22	Q2 FY 22	H1 FY 22	Q1 FY 22	Q2 FY 22	H1 FY 22
Wealth Management	1,90,909	2,04,669	9,681	1,691	11,373	214	226	440	0.48%	0.46%	0.47%
Asset Management	44,304	51,920	4,613	2,009	6,622	70	88	157	0.68%	0.72%	0.70%
Totals	2,35,213	2,56,589	14,294	3,700	17,995	283	314	597	0.52%	0.51%	0.51%
Custody : Promoter Holding	47,357	58,561				-	-	-			
Grand Total	2,82,570	3,15,150				283	314	597			

WEALTH MANAGEMENT	Q1 FY 22	Q2 FY 22	H1 FY 22
Revenue from Operations	213	226	439
<i>ARR Revenue</i>	<i>123</i>	<i>134</i>	<i>257</i>
<i>TBR Revenue</i>	<i>90</i>	<i>92</i>	<i>182</i>
Other Income	18	39	57
Cost	117	132	249
Profit before tax	114	133	247

ASSET MANAGEMENT	Q1 FY 22	Q2 FY 22	H1 FY 22
Revenue from Operations	70	88	158
<i>ARR Revenue</i>	<i>69</i>	<i>88</i>	<i>157</i>
<i>TBR Revenue</i>	<i>1</i>	<i>-</i>	<i>1</i>
Other Income	3	9	12
Cost	36	42	78
Profit before tax	37	55	92

SEGMENTAL SNAPSHOT - WEALTH MANAGEMENT (PRODUCTS)

WEALTH MANAGEMENT	AUM		NET FLOWS			REVENUE FROM OPERATIONS			RETENTION		
	Q1 FY 22	Q2 FY 22	Q1 FY 22	Q2 FY 22	H1 FY 22	Q1 FY 22	Q2 FY 22	H1 FY 22	Q1 FY 22	Q2 FY 22	H1 FY 22
TOTAL	1,90,909	2,04,669	9,681	1,691	11,373	213	226	439	0.48%	0.46%	0.47%
IIFL One	30,510	31,523	1,439	423	1,862	21	22	43	0.33%	0.33%	0.33%
<i>Discretionary PMS</i>	10,689	10,752				12	13	25	0.50%	0.49%	0.50%
<i>Non Discretionary PMS</i>	13,915	15,183				8	8	16	0.33%	0.32%	0.32%
<i>Advisory</i>	5,906	5,588				1	1	2	0.06%	0.06%	0.06%
Distribution Assets Earning Trail Fees	39,317	44,975	3,634	2,935	6,569	55	55	110	0.58%	0.50%	0.54%
<i>Mutual Funds</i>	28,730	30,504				28	31	58	0.38%	0.39%	0.38%
<i>Managed Accounts</i>	10,587	14,472				27	25	52	1.28%	0.79%	0.99%
Net Interest Margin on Loans	3,332	3,558				48	57	105	5.32%	5.14%	5.22%
Brokerage Income	97,270	1,02,207	7,483	-1,501	5,981	90	92	182	0.40%	0.37%	0.38%
<i>Direct Stocks</i>	42,672	51,100									
<i>Debt Instruments & Bonds</i>	28,009	29,513									
<i>Mutual Funds Direct</i>	26,590	21,594									
Distribution Assets Not Earning Trail Fees	20,480	22,405	-2,875	-165	-3,039						
<i>Mutual Fund where upfront fees received earlier</i>	2,207	1,832									
<i>Managed Accounts where upfront fees received earlier</i>	18,273	20,573									



SEGMENTAL SNAPSHOT - WEALTH MANAGEMENT BY ASSET CLASS

WEALTH MANAGEMENT	AUM			NET FLOWS		
	Q4 FY 21	Q1 FY 22	Q2 FY 22	Q1 FY 22	Q2 FY 22	H1 FY 22
TOTAL	1,66,051	1,87,577	2,01,111	9,681	1,691	11,373
Equity	74,114	90,531	1,06,175	5,306	4,303	9,609
Debt	91,937	97,046	94,935	4,375	(2,612)	1,763
- Long Term	62,229	62,292	62,466	(376)	(108)	(484)
- Short Term	11,999	15,598	13,614	3,502	(1,906)	1,597
- Liquid and Cash Equivalents	17,709	19,155	18,855	1,249	(598)	651

SEGMENTAL SNAPSHOT - ASSET MANAGEMENT

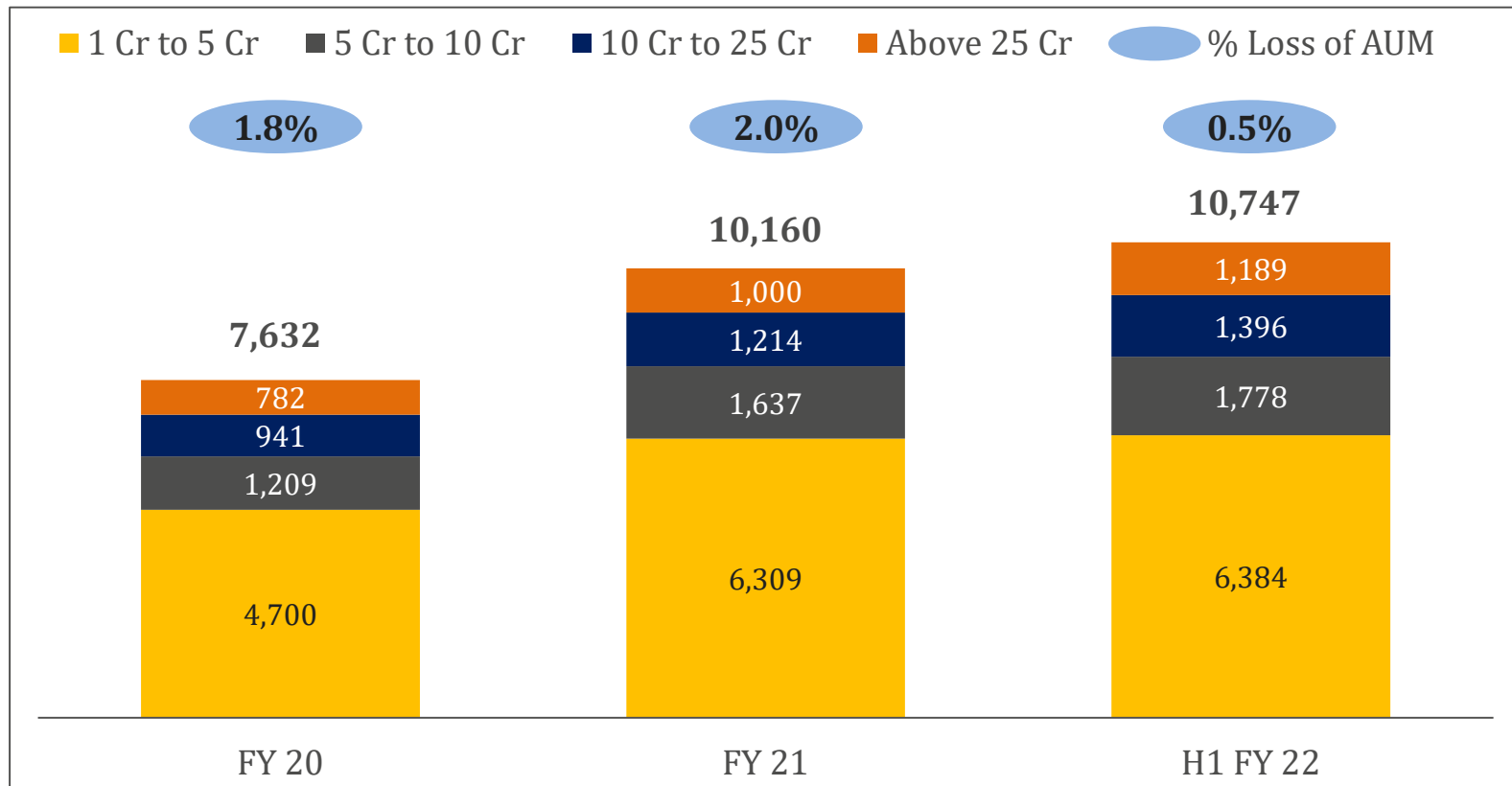
ASSET MANAGEMENT	AUM		NET FLOWS			REVENUE FROM OPERATIONS			RETENTION		
	Q1 FY 22	Q2 FY 22	Q1 FY 22	Q2 FY 22	H1 FY 22	Q1 FY 22	Q2 FY 22	H1 FY 22	Q1 FY 22	Q2 FY 22	H1 FY 22
TOTAL	44,304	51,920	4,613	2,009	6,622	70	88	158	0.68%	0.72%	0.70%
Discretionary Portfolio Manager	14,456	16,508	2,005	415	2,420	15	19	34	0.50%	0.48%	0.49%
<i>Listed Equity - Standardized Strategies</i>	4,728	5,384				9	12	21	0.85%	0.96%	0.91%
<i>Listed Equity - Institutional Mandates</i>	9,728	11,123				6	7	13	0.31%	0.25%	0.27%
Alternate Investment Manager	27,090	32,005	2,508	1,221	3,729	50	65	115	0.77%	0.87%	0.83%
<i>Listed Equity</i>	3,677	3,958				8	10	18	0.92%	1.03%	0.98%
<i>Private Equity</i>	17,050	21,811				33	42	76	0.83%	0.87%	0.85%
<i>Credit & Real Estate Strategies</i>	4,817	4,682				6	7	14	0.54%	0.59%	0.57%
<i>Long Short Strategies</i>	1,546	1,554				2	5	8	0.58%	1.39%	0.98%
Mutual Fund Manager	2,758	3,407	100	372	473	3	4	7	0.44%	0.45%	0.44%
<i>Listed Equity</i>	1,955	2,367				3	3	6	0.58%	0.58%	0.58%
<i>Debt</i>	693	746				0	0	1	0.16%	0.16%	0.16%
<i>Liquid Funds</i>	110	295				0	0	0	0.11%	0.11%	0.11%
Performance Fee						1	0	1			

APPROXIMATE CAPITAL ALLOCATION AND DIVIDEND

Tangible Net Worth	Dividend	Revised Tangible Net Worth				
2,300 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 Interim Dividend in - October 2021</td> <td data-bbox="1141 468 1355 739">20</td> </tr> </tbody> </table>	Date	INR per share	Proposed Interim Dividend in - October 2021	20	2,125 Crs*
Date	INR per share					
Proposed Interim Dividend in - October 2021	20					
Wealth Management 590 Crs	Proposed Interim Dividend of approximately Rs 175 Crs will reduce Net Worth to ~ Rs. 2,125 Crs	Wealth Management 415 Crs				
NBFC 1,230 Crs		NBFC 1,230 Crs				
Asset Management 480 Crs		Asset Management 480 Crs				
 Goodwill + Intangibles 530 Crs		 Goodwill + Intangibles 530 Crs				
2,830 Crs		2,655 Crs				

*Notes - Tangible Net Worth post payment of Dividend
- Value of Fixed Assets has been Allocated

RELEVANT CLIENT'S SNAPSHOT



- Relevant Clients¹ account for over 95% of Wealth Management AUM
- Client retention continues to remain strong with high stickiness of AUM

EMPLOYEE'S SNAPSHOT

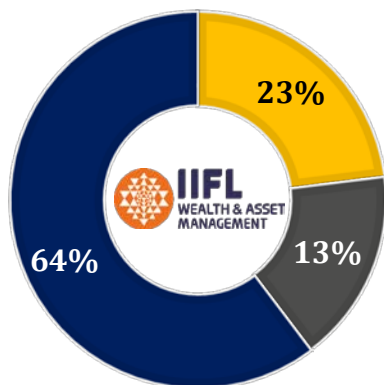
Senior Management – Classified as Partner and above	FY 20	FY 21	H1 FY22
Closing Count	63	97	125
Wealth Management	47	75	97
Asset Management	4	10	15
Corporate Functions	12	12	13
Exits during the year	5	8	2
Wealth Management	2	5	2
Asset Management	1	1	0
Corporate Functions	2	2	0
Total Employee Count	887	861	894

- Senior Management attrition continues to remain extremely low – at less than 2% for H1 FY22
- Overall employee retention continues to be high – attrition at ~8% for H1 FY22

MARQUEE INSTITUTIONAL SHAREHOLDING AND EXPERIENCED BOARD

Shareholding Split¹









- Promoters
- Public
- Institutions



Details of Key Shareholders

Promoters ²	22.8%
Public Shareholding	13.2%
Institutional Shareholding ³	64.0%
<i>General Atlantic</i>	21.1%
<i>Fairfax</i>	18.3%
<i>Others</i>	24.6%

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 Univerzor 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 McKuskey & 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 September 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
7. Details of Funds which may accrue Carry Income

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

DISCLAIMER

This document is for the personal information of the authorised recipient(s) and does not construe to be an offer or solicitation of an offer to buy/sell any securities. It does not construe to be any investment, legal or taxation advice or recommendation in relation to holding, purchasing or selling securities or other financial products or instruments in any jurisdiction. The documents is not for public distribution and should not be reproduced or redistributed to any other person or in any form without IIFL Wealth Management Limited (IIFLW) prior permission.

It is not directed to, or for any use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to local law, regulation or which would subject IIFLW to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restrictions.

Any action taken by you on the basis of the information contained herein is your responsibility alone and IIFLW and its subsidiaries and affiliates or their respective employees or directors will not be responsible or liable in any manner for the consequences of such action taken by you. IIFLW or any of its subsidiaries or associates or their respective directors or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error or omission in the information contained in this document. The recipients of this document should rely on their own investigations or advisors. IIFLW and/or its subsidiaries and/or its affiliates and their respective directors or employees may have interests or positions, financial or otherwise, in the securities mentioned in this document.

The information contained herein has been prepared to assist interested parties in making their own evaluation of IIFLW and while reasonable endeavours have been made to present reliable data so far as it relates to current and historical information does not purport to be complete or to contain all information that a prospective investor may desire or that may be required in order to properly evaluate the business, prospects or value of IIFLW. In all cases, interested parties should conduct their own investigation and analysis of IIFLW and the data set forth in this document. The information and opinions contained in this document are provided as at the date of this document and are subject to change without notice. We do not undertake responsibility to update any information contained herein. Securities investments are subject to market risks. As with any securities investment, the value of a security can go up or down depending on the factors and forces affecting the capital markets. In considering the prior performance information contained in this document, prospective investors are reminded that past performance is not necessarily indicative of future results, and there can be no assurance that IIFLW and its subsidiaries will achieve comparable results. Therefore, prospective investors should not place undue reliance on such prior performance information. By receiving a copy of this document, you agree to be bound by the provisions contained herein. Any industry data and statistics have been obtained or derived from IIFL Wealth Management Limited and published industry sources or publicly available information. Any forward looking statement or information given is based on management's current estimates and internal goals and is subject to change. The actual performance can be materially different. Therefore, the accuracy or completeness of these expectations cannot be guaranteed.