

# IIFL WEALTH & ASSET MANAGEMENT

Q3 FY22

Performance Update



# CONSOLIDATED BUSINESS SUMMARY

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## Q3 FY22 - KEY FINANCIAL HIGHLIGHTS

### AUM

- Total AUM<sup>2</sup> is up 2.4% QoQ and up 31.1% YoY to Rs 2,62,780 Crs
- Continued focus on ARR assets – Increase of 5.3% QoQ and 53.5% YoY to Rs 1,38,946 Crs
- Net flows<sup>2</sup> are Rs 6,390 Crs for Q3 FY22 and Rs 24,385 Crs for 9M FY22

### Revenues

- Total Revenues up 16.1% QoQ and up 50.1% YoY to Rs 420 Crs
- Revenue from Operations up 20.2% QoQ and up 57.9% YoY to Rs 378 Crs
- ARR Revenues up 10.3% QoQ and up 58.9% YoY to 245 Crs

### Cost

- Total Cost up 28.0% QoQ and 46.4% YoY to Rs 222 Crs
- Total Employee Costs up 26.5% QoQ to 171 Crs. Higher variable costs are driven by the business model transition which is expected to conclude in March 22. From FY 23 onwards, we expect the overall employee cost to stabilize around 32-33% of Total Revenues
- Administrative Costs are up 33.1% QoQ to Rs 51 Crs. on account of increase in technology; client engagement and marketing spends
- Cost to income Ratio is at 52.9% in Q3 FY22 vs 48.0% in Q2 FY22 and 54.3% in Q3 FY2

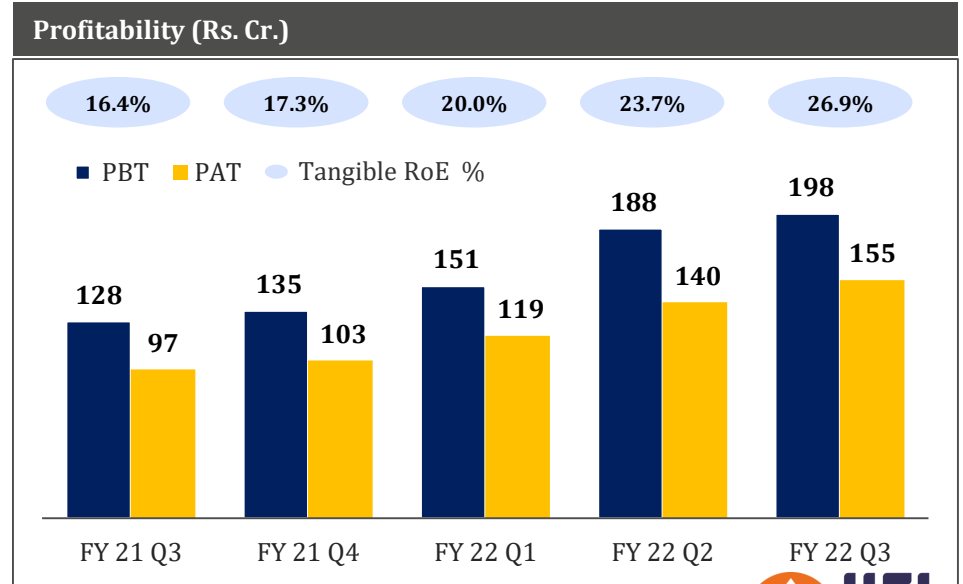
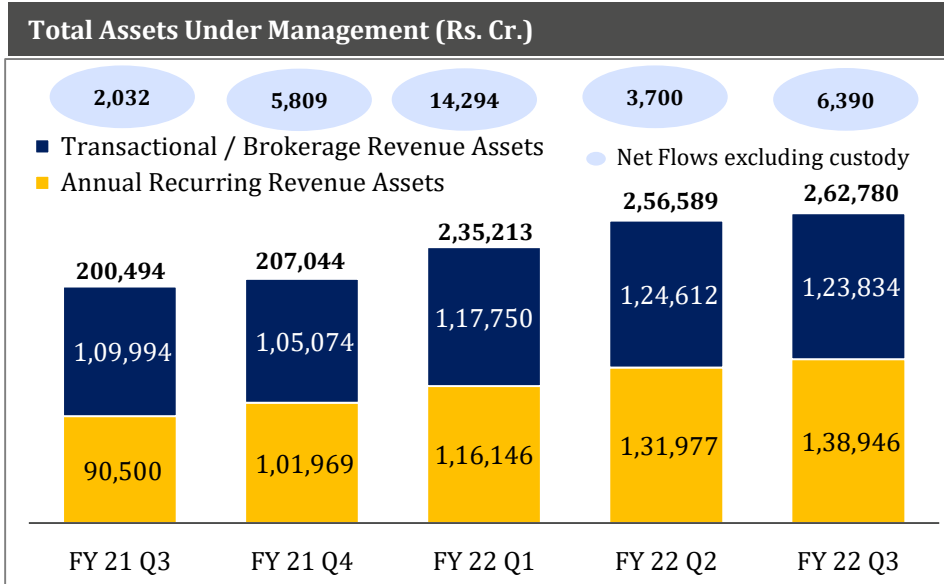
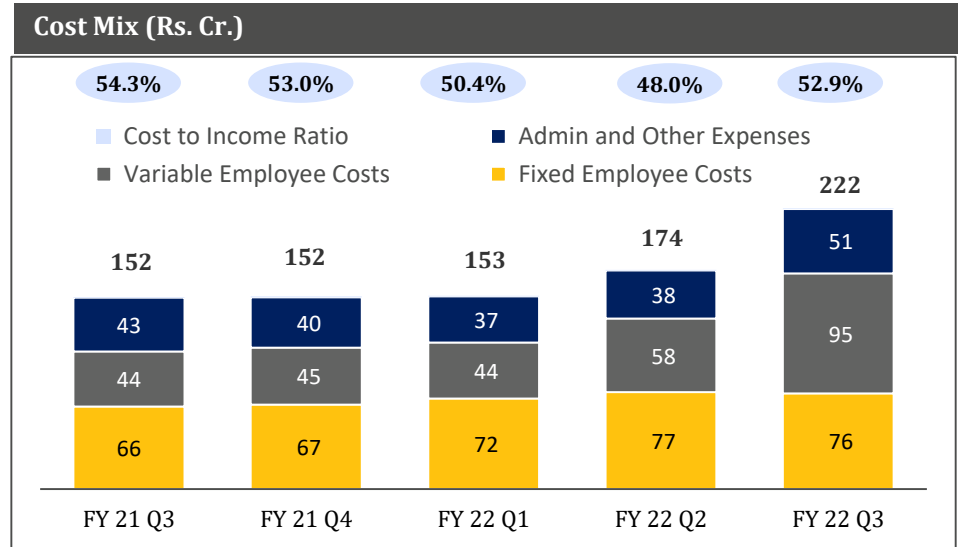
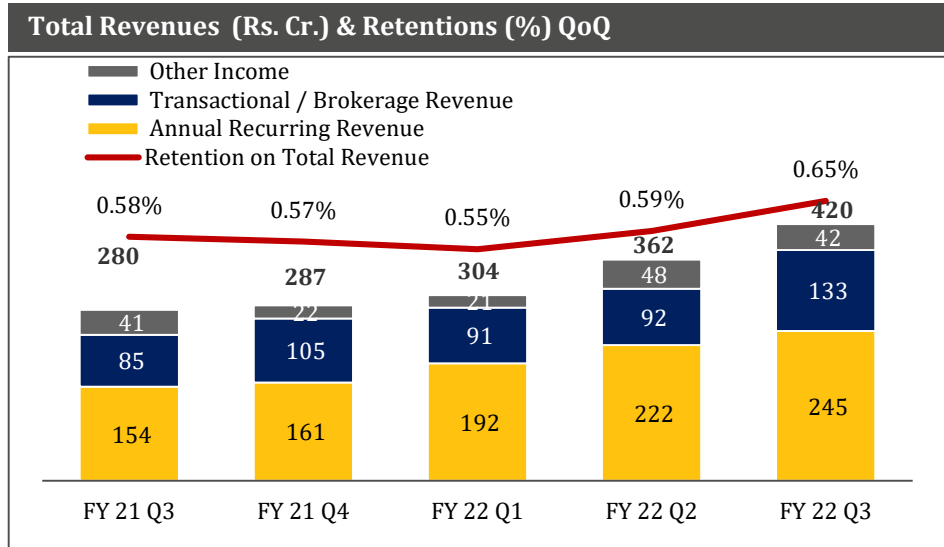
### Profitability

- Operating Profits (OPBT) up 10.5% QoQ and 78.0% YoY to Rs 155 Crs.
- PAT increased 10.3% QoQ and 59.0% YoY to Rs 155 Crs.
- Tangible RoE<sup>1</sup> for Q3 FY22 is at 26.9%, up from 23.7% in Q2 FY22

# CONSOLIDATED BUSINESS SUMMARY

INR Cr	Q2 FY 22	Q3 FY 22	QoQ	Q3 FY 21	YoY	9M FY 21	9M FY 22	%
<b>Closing AUM</b>								
<i>Annual Recurring Revenue Assets</i>	1,31,977	1,38,946	5.3%	90,500	53.5%	90,500	1,38,946	53.5%
<i>Transactional / Brkg Revenue Assets</i>	1,24,612	1,23,834	-0.6%	1,09,994	12.6%	1,09,994	1,23,834	12.6%
<b>Total AUM</b>	<b>2,56,589</b>	<b>2,62,780</b>	2.4%	<b>2,00,494</b>	31.1%	<b>2,00,494</b>	<b>2,62,780</b>	31.1%
<b>Revenues &amp; Retention</b>								
<i>Annual Recurring Revenues</i>	222	245	10.3%	154	58.9%	422	660	56.3%
<i>Transactional / Brokerage Revenue</i>	92	133	43.9%	85	56.1%	228	316	38.6%
<b>Total Revenue from Operations</b>	<b>314</b>	<b>378</b>	20.2%	<b>239</b>	57.9%	<b>650</b>	<b>975</b>	50.1%
<i>Other Income</i>	48	42	-11.0%	41		116	111	-4.5%
<b>Total Revenue</b>	<b>362</b>	<b>420</b>	<b>16.1%</b>	<b>280</b>	<b>50.1%</b>	<b>766</b>	<b>1,086</b>	<b>41.8%</b>
<i>Average Annual Recurring Assets</i>	1,24,012	1,32,714	7.0%	84,095	57.8%	74,474	1,21,499	63.1%
<b>Total Average Assets</b>	<b>2,45,193</b>	<b>2,56,937</b>	4.8%	<b>1,93,069</b>	33.1%	<b>1,79,031</b>	2,40,437	34.3%
<i>Retention on ARR Assets</i>	0.72%	0.74%		0.73%		0.76%	0.72%	
<b>Total Retention</b>	0.59%	0.65%		0.58%		0.57%	0.60%	
<b>Costs</b>	<b>174</b>	<b>222</b>	<b>28.0%</b>	<b>152</b>	<b>46.4%</b>	<b>416</b>	<b>549</b>	<b>32.1%</b>
<i>Employee Costs</i>	135	171	26.5%	109	56.9%	305	423	38.6%
<i>Fixed Employee Costs</i>	77	76	-1.4%	66	15.9%	194	225	15.6%
<i>Variable Employee Costs</i>	48	89	84.5%	33	168.9%	72	174	143.0%
<i>Employee ESOP Costs</i>	10	6	-37.1%	11	-39.7%	39	24	-38.4%
<i>Admin and Other Expenses</i>	38	51	33.1%	43	19.4%	110	126	14.0%
<b>Profit Metrics</b>								
<i>Operating Profit before Taxes (OPBT)</i>	141	155	10.5%	87	78.0%	234	426	82.0%
<i>Profit before Taxes (PBT)</i>	188	198	5.1%	128	54.6%	350	537	53.4%
<i>Profit After Tax (PAT)</i>	140	155	10.3%	97	59.0%	267	414	55.2%
Cost to Income Ratio	48.0%	52.9%		54.3%		54.3%	50.5%	
ROE	19.4%	21.9%		13.4%		12.0%	19.2%	
ROE Ex Goodwill & Intangibles	23.7%	26.9%		16.4%		14.3%	23.5%	

# KEY METRICS SUMMARY



# SEGMENTAL BUSINESS SUMMARY

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## SEGMENTAL BUSINESS SNAPSHOT

Particulars	AUM		NET FLOWS			REVENUE FROM OPERATIONS			RETENTION		
	Q2 FY 22	Q3 FY 22	Q2 FY 22	Q3 FY 22	9M FY 22	Q2 FY 22	Q3 FY 22	9M FY 22	Q2 FY 22	Q3 FY 22	9M FY 22
Wealth Management	2,04,669	2,07,032	1,691	2,829	14,202	226	278	718	0.46%	0.54%	0.50%
Asset Management	51,920	55,748	2,009	3,562	10,184	88	100	257	0.72%	0.76%	0.73%
<b>Totals</b>	<b>2,56,589</b>	<b>2,62,780</b>	<b>3,700</b>	<b>6,390</b>	<b>24,385</b>	<b>314</b>	<b>378</b>	<b>975</b>	<b>0.51%</b>	<b>0.59%</b>	<b>0.54%</b>
Custody : Promoter Holding	58,561	66,041	2,189	441	4,299	-	-	-			
<b>Grand Total</b>	<b>3,15,150</b>	<b>3,28,821</b>	<b>5,890</b>	<b>6,832</b>	<b>28,684</b>	<b>314</b>	<b>378</b>	<b>975</b>			

WEALTH MANAGEMENT	Q2 FY 22	Q3 FY 22	9M FY 22
Revenue from Operations	226	278	718
<i>ARR Revenue</i>	<i>134</i>	<i>145</i>	<i>404</i>
<i>TBR Revenue</i>	<i>92</i>	<i>133</i>	<i>314</i>
Other Income	39	34	90
Cost	132	176	425
Profit before tax	133	136	384

ASSET MANAGEMENT	Q2 FY 22	Q3 FY 22	9M FY 22
Revenue from Operations	88	100	257
<i>ARR Revenue</i>	<i>88</i>	<i>100</i>	<i>256</i>
<i>TBR Revenue</i>	<i>-</i>	<i>-</i>	<i>1</i>
Other Income	9	8	20
Cost	42	46	124
Profit before tax	55	62	153

## SEGMENTAL SNAPSHOT - WEALTH MANAGEMENT (PRODUCTS)

WEALTH MANAGEMENT	AUM		NET FLOWS			REVENUE FROM OPERATIONS			RETENTION		
	Q2 FY 22	Q3 FY 22	Q2 FY 22	Q3 FY 22	9M FY 22	Q2 FY 22	Q3 FY 22	9M FY 22	Q2 FY 22	Q3 FY 22	9M FY 22
<b>TOTAL</b>	<b>2,04,669</b>	<b>2,07,032</b>	<b>1,691</b>	<b>2,829</b>	<b>14,202</b>	<b>226</b>	<b>278</b>	<b>718</b>	<b>0.46%</b>	<b>0.54%</b>	<b>0.50%</b>
<b>IIFL One</b>	<b>31,523</b>	<b>31,282</b>	<b>423</b>	<b>82</b>	<b>1,944</b>	<b>22</b>	<b>23</b>	<b>67</b>	<b>0.33%</b>	<b>0.34%</b>	<b>0.33%</b>
<i>Discretionary PMS</i>	10,752	10,090				13	13	38	0.49%	0.51%	0.50%
<i>Non Discretionary PMS</i>	15,183	14,875				8	9	26	0.32%	0.32%	0.32%
<i>Advisory</i>	5,588	6,318				1	1	3	0.06%	0.08%	0.07%
<b>Distribution Assets Earning Trail Fees</b>	<b>44,975</b>	<b>47,766</b>	<b>2,935</b>	<b>3,274</b>	<b>9,843</b>	<b>55</b>	<b>63</b>	<b>174</b>	<b>0.50%</b>	<b>0.52%</b>	<b>0.53%</b>
<i>Mutual Funds</i>	30,504	32,338				31	34	92	0.39%	0.41%	0.39%
<i>Managed Accounts</i>	14,472	15,428				25	30	82	0.79%	0.79%	0.91%
<b>Net Interest Margin on Loans<sup>1</sup></b>	<b>3,558</b>	<b>4,151</b>		<b>593</b>	<b>593</b>	<b>57</b>	<b>59</b>	<b>163</b>	<b>5.14%</b>	<b>5.01%</b>	<b>5.14%</b>
<b>Brokerage Income</b>	<b>1,02,207</b>	<b>1,02,596</b>	<b>-1,501</b>	<b>-142</b>	<b>5,839</b>	<b>92</b>	<b>133</b>	<b>314</b>	<b>0.37%</b>	<b>0.52%</b>	<b>0.43%</b>
<i>Direct Stocks</i>	51,100	53,874									
<i>Debt Instruments &amp; Bonds</i>	29,513	29,890									
<i>Mutual Funds Direct</i>	21,594	18,832									
<b>Distribution Assets Not Earning Trail Fees</b>	<b>22,405</b>	<b>21,237</b>	<b>-165</b>	<b>-977</b>	<b>-4,016</b>						
<i>Mutual Fund where upfront fees received earlier</i>	1,832	911									
<i>Managed Accounts where upfront fees received earlier</i>	20,573	20,327									



## SEGMENTAL SNAPSHOT - WEALTH MANAGEMENT (ASSET CLASS)

WEALTH MANAGEMENT	AUM		NET FLOWS	
	Q2 FY 22	Q3 FY 22	Q2 FY 22	Q3 FY 22
<b>TOTAL</b>	<b>2,01,111</b>	<b>2,02,881<sup>1</sup></b>	<b>1,691</b>	<b>2,236<sup>1</sup></b>
<i>Equity</i>	1,06,175	1,10,343	4,303	4,560
<i>Debt</i>	94,935	92,538	-2,612	-2,324
<i>- Long Term</i>	62,466	63,067	-108	564
<i>- Short Term</i>	13,614	13,159	-2,106	-362
<i>- Liquid and Cash Equivalentents</i>	18,855	16,312	-398	-2,526

## SEGMENTAL SNAPSHOT - ASSET MANAGEMENT

ASSET MANAGEMENT	AUM		NET FLOWS			REVENUE FROM OPERATIONS			RETENTION		
	Q2 FY 22	Q3 FY 22	Q2 FY 22	Q3 FY 22	9M FY 22	Q2 FY 22	Q3 FY 22	9M FY 22	Q2 FY 22	Q3 FY 22	9M FY 22
<b>TOTAL</b>	<b>51,920</b>	<b>55,748</b>	<b>2,009</b>	<b>3,562</b>	<b>10,184</b>	<b>88</b>	<b>100</b>	<b>257</b>	<b>0.72%</b>	<b>0.76%</b>	<b>0.73%</b>
<b>Discretionary Portfolio Manager</b>	<b>16,508</b>	<b>18,786</b>	<b>415</b>	<b>2,205</b>	<b>4,625</b>	<b>19</b>	<b>20</b>	<b>55</b>	<b>0.48%</b>	<b>0.49%</b>	<b>0.49%</b>
<i>Listed Equity - Standardized Strategies</i>	5,384	5,442				12	14	36	0.96%	1.02%	0.95%
<i>Listed Equity - Institutional Mandates</i>	11,123	13,344				7	6	19	0.25%	0.23%	0.26%
<b>Alternate Investment Manager</b>	<b>32,005</b>	<b>32,666</b>	<b>1,221</b>	<b>571</b>	<b>4,300</b>	<b>65</b>	<b>75</b>	<b>191</b>	<b>0.87%</b>	<b>0.95%</b>	<b>0.87%</b>
<i>Listed Equity</i>	3,958	3,709				10	10	28	1.03%	1.04%	1.00%
<i>Private Equity</i>	21,811	22,307				42	54	130	0.87%	1.01%	0.91%
<i>Credit &amp; Real Estate Strategies</i>	4,682	5,071				7	8	22	0.59%	0.62%	0.58%
<i>Long Short Strategies</i>	1,554	1,579				5	4	11	1.39%	0.92%	0.96%
<b>Mutual Fund Manager</b>	<b>3,407</b>	<b>4,295</b>	<b>372</b>	<b>786</b>	<b>1,258</b>	<b>4</b>	<b>4</b>	<b>10</b>	<b>0.45%</b>	<b>0.43%</b>	<b>0.44%</b>
<i>Listed Equity</i>	2,367	2,739				3	4	9	0.58%	0.56%	0.57%
<i>Debt</i>	746	722				0	0	1	0.16%	0.16%	0.16%
<i>Liquid Funds</i>	295	835				0	0	0	0.11%	0.11%	0.11%
<b>Performance Fee</b>						<b>0</b>	<b>0</b>	<b>1</b>			

## GUIDANCE

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*Guidance is based on Management estimates and an assumption of continuing prevailing market conditions. Significant fluctuations in markets can have adverse mark to market impacts on AUM and projected net flows and therefore impact overall projected incomes.*



## GUIDANCE (1/2)

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### AUM & Net Flows

- Strong momentum going into FY23 – **AUM expected to sustain growth at 17-20%**, with Recurring Revenue (ARR) assets expected to grow faster at 25-30% YoY
- **Net flows expected to remain strong at Rs. 35-40k Crs**, with both Wealth and Alternates showing robust growth; Approximately 90% of net flows are expected to be ARR in nature

### Revenue & Retentions

- Continued tailwinds on our transition towards Recurring Revenues, **with ARR Revenue expected to stabilize at approximately 80% share of Revenue from Operations by FY24**
- **Total Retention expected to be around 0.55 bps** – FY 22 has seen higher retentions due to stronger transactional & other incomes, which will should normalize in FY23 and FY 24

### Cost

- **Total cost to income ratio expected to reduce, to be around 45% in FY23** – and trend towards the steady state 41-43% level by FY24, demonstrating benefits of operating leverage
- With higher employee costs due to business model change being absorbed over FY22, **employee expenses expected to stabilize around 32-33% of Total Revenues in FY23**
- Other costs to sustain at around 12% due to increase in technology & marketing spends

### Profitability & ROE

- **PAT expected to grow at 20%+ YoY**, reaching Rs. 700 Crs in FY23 and Rs. 840 Crs in FY24
- Continued focus on prudent capital management and dividend payouts – **Tangible ROE is expected to improve to over 25% in FY23** and trend towards 30% in FY24

## GUIDANCE (2/2)

Rs. In Crs	Actuals	Revised Guidance <sup>1</sup>		Guidance
	9M FY 22	FY 22	FY23	FY24
Closing AUM	2,62,780	2,74,500	3,25,500	3,84,000
Net Flows	24,385	30,000	37,500	45,000
Total Retention	0.60%	0.62%	0.56%	0.55%
Total Revenue	1,086	1,520	1,660	1,940
Expenses	549	770	740	835
Profit Before Tax	537	750	920	1,105
<b>Profit After Tax</b>	<b>414</b>	<b>570</b>	<b>700</b>	<b>840</b>
Cost to Income	51%	51%	44%	43%
Employee Expenses/Total Revenue	39%	39%	32%- 33%	31%- 33%
Tangible RoE (ex Goodwill & Intangibles)	23.5%	24.5%	26.8%	29.4%

## DATA BOOK AND OTHER UPDATES

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**THIS ONE IS FOR YOU,  
THANK YOU FOR  
HAVING FAITH IN US**

**IIFL WEALTH MANAGEMENT  
RECOGNIZED AS ET BEST BRANDS 2021**



As a 13-year-old homegrown company, we hold our roots dearly. What we hold dearer is the trust you have placed in us and our services.

This is what makes our brand special.

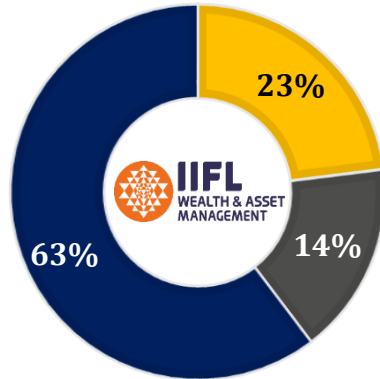
You are a big part of our success. Here's to you!



# MARQUEE INSTITUTIONAL SHAREHOLDING AND EXPERIENCED BOARD

## Shareholding Split<sup>1</sup>









- Promoters
- Public
- Institutions



## Details of Key Shareholders

Promoters <sup>2</sup>	23%
Public Shareholding	14%
Institutional Shareholding <sup>3</sup>	63%
<i>General Atlantic</i>	21%
<i>Fairfax</i>	14%
<i>Others</i>	28%

## Board of Directors

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

Name & Designation	Previous Experience
 <b>Sandeep Naik</b> Nominee Director	  General Atlantic Apax Partners 20+ years of experience
 <b>Shantanu Rastogi</b> Nominee Director	   General Atlantic Apax Partners McKiesey & Company 20+ years of experience
 <b>Geeta Mathur</b> Independent Director	  ICICI Bank Hindustan Unilever Limited 25+ years of experience
 <b>S Narayanan</b> Independent Director	Former Fin. Secy, Former Economic Advisor to PM
 <b>Mr. Pankaj Vaish</b> Independent Director	 accenture 34+ years of experience
 <b>Mr. G Soundarajan</b> Non-Executive Director	Hamblin Watsa Investment Counsel Ltd.  ICICI Lombard Nibhaye Vaade

1. Share holding Pattern is represented as on the record date – 31<sup>st</sup> December 2021
2. Promoters have 8.8% shares in lock till September 2022
3. Institutions Holding less than 1 lakh shares are classified under Public



## LINK TO DOWNLOAD DATA BOOK

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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>**

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# THANK YOU

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