

Results Update – Q1 FY 23

IIFL Wealth Management Ltd reported a Consolidated Profit After Tax of Rs 160 Crs for the quarter, up 35% YoY and down 5% QoQ. The company reported its highest ever Operating Profit Before Tax (OPBT), which stood at Rs 207 Crs for the quarter, up 59% YoY and 10% QoQ. Total Revenues stood at Rs 369 Crs, up 21% YoY and down 18% QoQ. Revenue from Operations stood at Rs 375 Crs, up 32% YoY and down 11% QoQ. Annual Recurring Revenues stood at Rs 256 Crs up 33% YoY and up 1% QoQ.

Quarterly Update					
<i>Rs in Crs.</i>	Q4 FY 22	Q1 FY 23	Q-o-Q %	Q1 FY 22	Y-o-Y %
Revenue from Operations	423	375	(11%)	283	32%
<i>Annual Recurring Revenue</i>	<i>252</i>	<i>256</i>	<i>1%</i>	<i>192</i>	<i>33%</i>
<i>Transactional / Brokerage Income</i>	<i>170</i>	<i>119</i>	<i>(30%)</i>	<i>91</i>	<i>31%</i>
Other Income	27	(6)		21	
Total Revenues	449	369	(18%)	304	21%
Total Expenses	235	168	(29%)	153	10%
Operating Profit Before Tax (OPBT)	188	207	10%	130	59%
Profit before Tax (PBT)	214	201	(6%)	151	33%
Profit After Tax including OCI (PAT)	168	160	(5%)	119	35%

Mr. Karan Bhagat, MD & CEO, IIFL Wealth & Asset Management:

- The stresses in the current global macro have had negative Mark to Market (MTM) impacts on our AUM. The negative impact has been partially offset by strong net flows and a prudent asset diversification strategy in both our businesses. A strong focus on process-based investment plans for our clients and investment strategies, as well as a strong recurring revenue base, has put us in a strong position for growth, along with an opportunity to improve our market share. We continue to be cautious over the next couple of quarters given the global uncertainties while remaining alert to take advantage of dislocations both - in the market and the overall industry.
- The current Quarter has seen more than Rs 6,000 Crs of net new flows and the highest ever Operating Profit Before Tax of Rs 207 Crs, growing 10% QoQ. ARR Revenues are steady at Rs. 256 Crs for the quarter, up 1% QoQ and continue to grow - with more than 69% of Total Revenues being recurring in nature. Our retentions hold steady with wealth management Retention at 53 bps, asset management Retention at 86 bps and aggregate retention at 59 bps. Our cost to income in the current quarter has dipped to 45%, from 52% on account of a 30% QoQ reduction in employee costs, primarily because of the absorption of one-time costs, completed in FY 22.
- In Wealth Management, we continue to see key tenets of the business, including new clients, deeper wallet share with existing clients, expansion of our senior relationship and product teams, becoming stronger. On the alternates focused Asset Management business our expansion on strategies to include Credit and Multi-Asset class gives us a lot of strength to raise new flows even in tough capital market conditions.
- This year, our Tangible ROE has reached 26%. In addition, we are happy to report our second interim dividend of Rs. 15 and remain committed to our dividend pay-out strategy.
- We continue to focus on new areas of growth – both horizontally and vertically. The wealth management business is expanding horizontally through geographical expansion across India and select key NRI Markets; vertically by going deeper in the mid-market segment. The alternates business is expanding horizontally by going deeper into existing strategies / asset classes, and vertically by expanding into different strategies, along with strengthening the sales and investment teams.

For further information, please contact:

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IIFLWAM Q1 FY 23 Analyst Conference call is scheduled for Tuesday, 26th July, 2:00 PM IST