

# Corporate Presentation

---

IIFL Securities Limited



October 22 , 2019

NSE : IIFLSEC

BSE : 542773

[indiainfoline.com](http://indiainfoline.com) | [iiflcap.com](http://iiflcap.com)

# Table of Contents



Section	Contents	Slide reference
1	Financial Highlights	4 – 5
2	Business Overview	7 – 20
3	Other Updates	22 – 23
4	Appendix	25 – 25

Section 1:

# **Financial Highlights**

# Consolidated Results (as per IND AS)

Quarter ended September 30, 2019



₹ Mn	Q2FY20	Q1FY20	Q-o-Q	Q2FY19	Y-o-Y
Revenue from Operations	1,736.8	1,641.3	6%	2,308.5	(25%)
Other income	111.8	209.0	(47%)	132.0	(15%)
<b>Total income</b>	<b>1,848.6</b>	<b>1,850.3</b>	<b>0%</b>	<b>2,440.5</b>	<b>(24%)</b>
Employee cost	562.2	577.7	(3%)	665.9	(16%)
Finance Cost	188.2	260.0	(28%)	417.2	(55%)
Depreciation and amortisation	139.3	148.7	(6%)	104.2	34%
Administration and other expense	472.9	491.9	(4%)	530.0	(11%)
<b>Total Expenses</b>	<b>1,362.6</b>	<b>1,478.3</b>	<b>(8%)</b>	<b>1,717.3</b>	<b>(21%)</b>
<b>Profit before tax</b>	<b>486.0</b>	<b>372.0</b>	<b>31%</b>	<b>723.2</b>	<b>(33%)</b>
Provision for tax	92.0	135.5	(32%)	245.5	(63%)
<b>Profit after tax</b>	<b>394.0</b>	<b>236.5</b>	<b>67%</b>	<b>477.7</b>	<b>(18%)</b>
Other Comprehensive Income	(11.7)	0.4		(4.7)	
<b>Total Comprehensive Income</b>	<b>382.3</b>	<b>236.9</b>	<b>61%</b>	<b>473.0</b>	<b>(19%)</b>

H1FY20	H1FY19	Y-o-Y	FY19
3,378.1	4,367.7	(23%)	8,351.3
320.8	198.5	62%	404.3
<b>3,698.9</b>	<b>4,566.2</b>	<b>(19%)</b>	<b>8,755.6</b>
1,139.9	1,255.5	(9%)	2,566.4
448.2	689.5	(35%)	1,145.0
288.0	203.6	41%	419.0
964.8	961.6	0%	2,044.5
<b>2,840.9</b>	<b>3,110.2</b>	<b>(9%)</b>	<b>6,174.9</b>
<b>858.0</b>	<b>1,456.0</b>	<b>(41%)</b>	<b>2,580.7</b>
227.5	458.6	(50%)	866.5
<b>630.5</b>	<b>997.4</b>	<b>(37%)</b>	<b>1,714.2</b>
(11.3)	9.9		6.7
<b>619.2</b>	<b>1,007.3</b>	<b>(39%)</b>	<b>1,720.9</b>

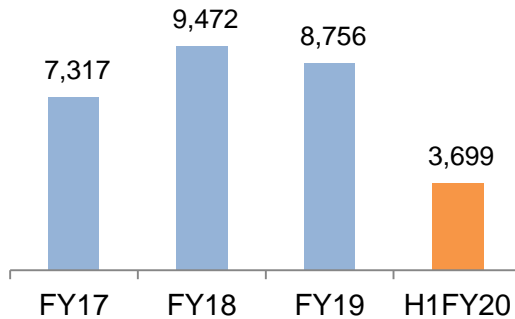
Exceptional Items	(145.5)	1,017.1	(114%)	-	
<b>Total Comprehensive Income including exceptional items</b>	<b>236.8</b>	<b>1,254.0</b>	<b>(81%)</b>	<b>473.0</b>	<b>(50%)</b>

871.6	-		-
<b>1,490.8</b>	<b>1,007.3</b>	<b>48%</b>	<b>1,720.9</b>

Note: Exceptional item in the quarter ended Sep 30, 2019, is on account of write-down of deferred tax assets and MAT credit due to reduction in corporate tax rate. Exceptional item in the quarter ended June 30, 2019, pertains to profit on sale of office property at Kamala Mills by IIFL Facilities Services Limited, a wholly owned subsidiary of the company.

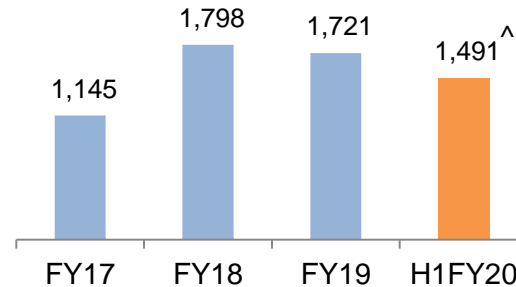
## Total Revenue (₹ Mn)\*

CAGR: 9%

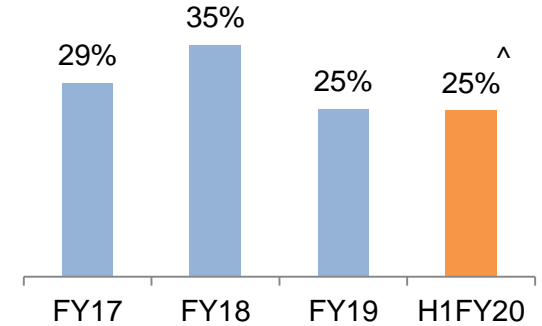


## TCI (₹ Mn)\*

CAGR: 23%



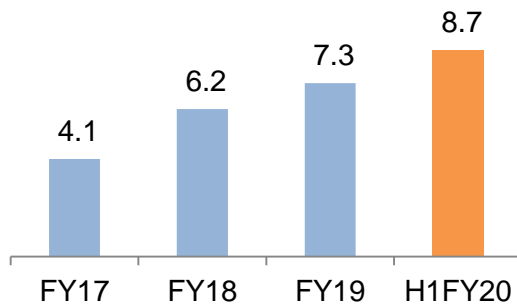
## Return on Equity (%)\*



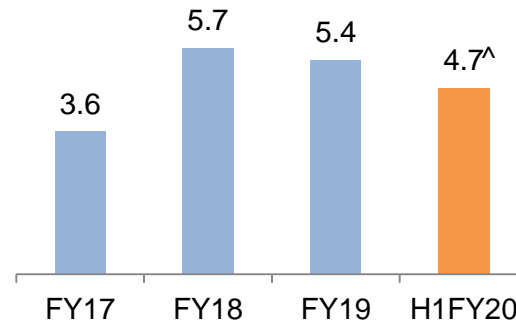
## Net Worth (₹ Bn)\*

Book Value Per Share (₹)

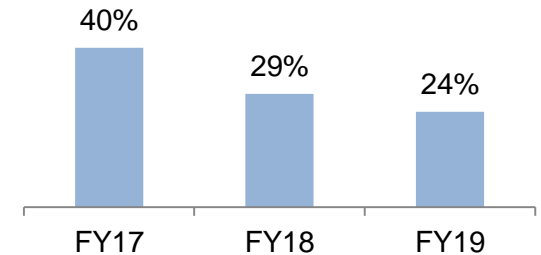
13.0    19.5    22.9    27.3



## EPS (₹)\*



## Dividend Payout Ratio\* (%)



\*FY17 and FY18 figures are based on Proforma Accounts;

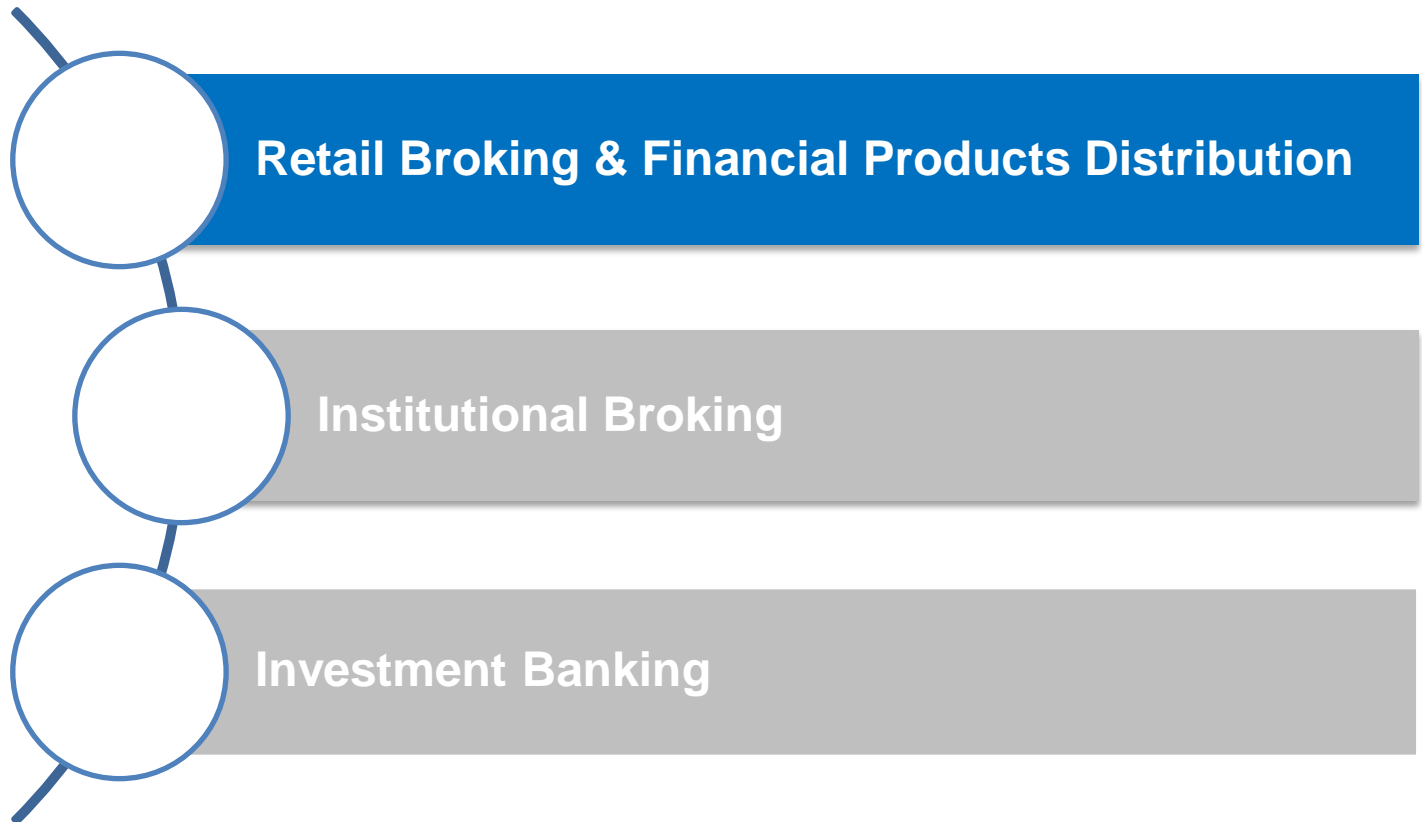
<sup>^</sup>Including exceptional items

Half Yearly ROE is annualised

\*DPR – FY19 includes dividend paid by subsidiaries

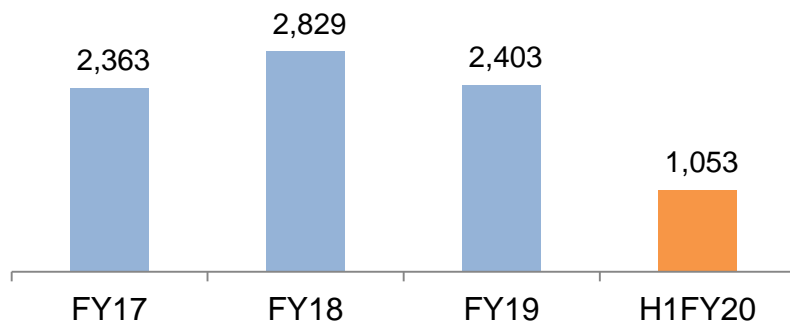
Section 2:

# **Business Overview**

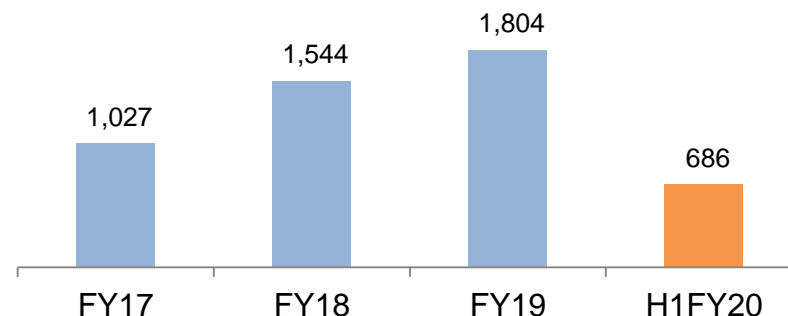


- Presence in about 2,500 locations covering branches and business partners over 500 cities in India
- Business offerings comprise equity, commodities and currency broking, DP services portfolio advisory, distribution of mutual funds, bonds, portfolio management services, alternative investment funds and other investment products
- The RM serviced segment has had stable cash market share , but has seen an erosion in F&O market share due to discount brokers
- Strong online presence with industry leading mobile apps and web trading platform. Investing on platform targeting High Value Traders to gain market share.

## Retail Brokerage Income (₹ Mn)



## Financial Products Distribution Income(₹ Mn)





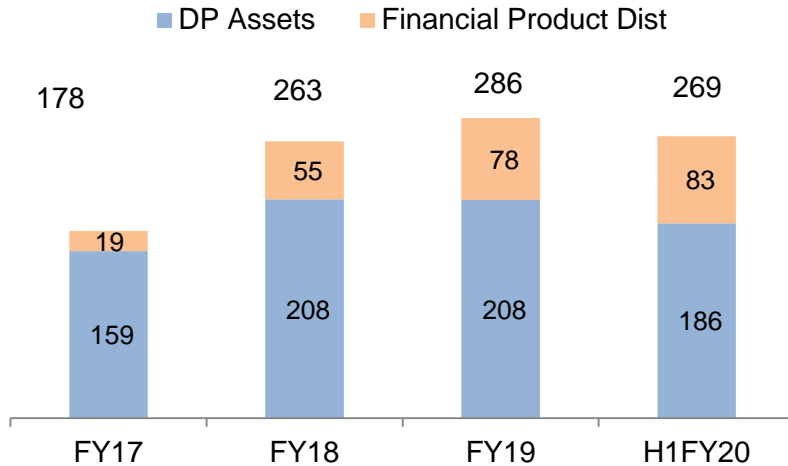
	RETAIL		
	RM Serviced	Self- Serviced	Partner Serviced
Primary customer segments	Mass Affluent, High Value Traders	Millenials, Do-it-yourself clients	Retail clients in smaller centres
Channels	Branch / Internet / Mobile	Internet / Mobile	Branch / Mobile
Customers #	~ 175,000	~ 400,000	~ 250,000
AUM*	~ ₹165 Bn	₹8 Bn	₹93 Bn
Revenue *	~ ₹800 Mn	~ ₹100 Mn	~ ₹200 Mn

\*For the half year ended September 30 , 2019

# Building Holistic Relationship with Customers through multiple products

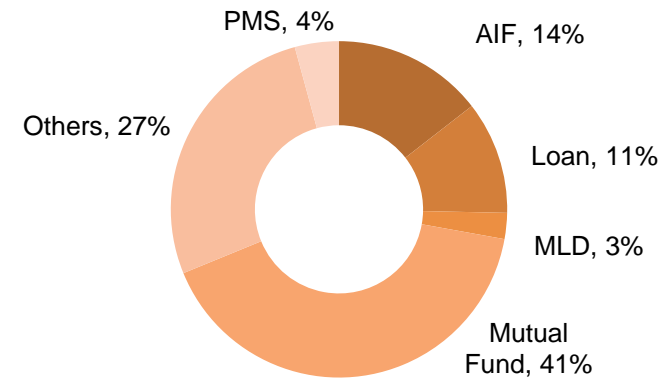


## Assets Under Management (₹ Bn)



## FPD AUM (₹ Bn)

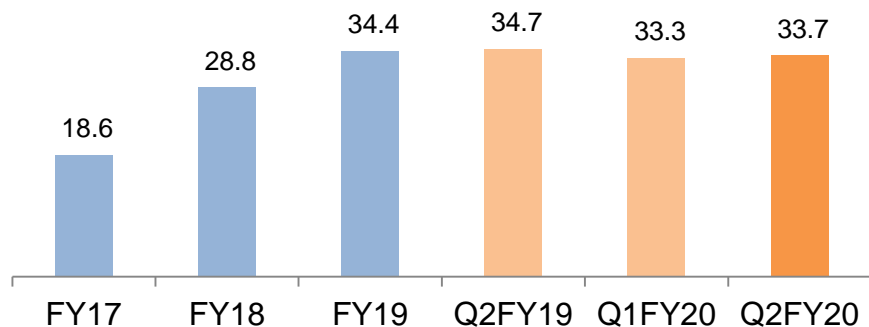
Rs 83 Bn as at September 30, 2019



- RM serviced segment has a high cross sell focus , especially on Insurance and Mutual Funds
- MF and Insurance are retail focus products with good growth prospects
- FPD revenue has grown consistently over the last three years , constituting ~20% of total income

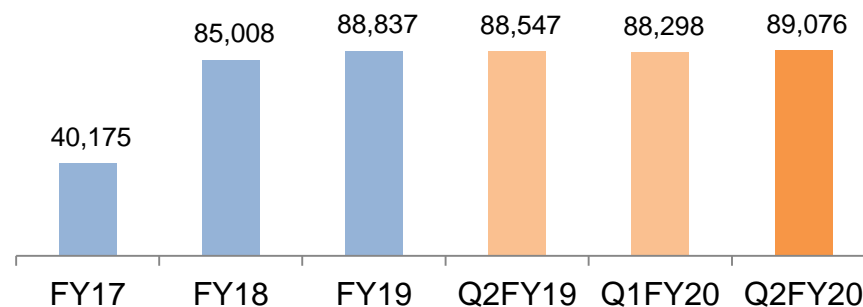
^ AUM consists of clients' assets in Depository Participant and distribution assets

## Mutual Fund AUM (₹ Bn)

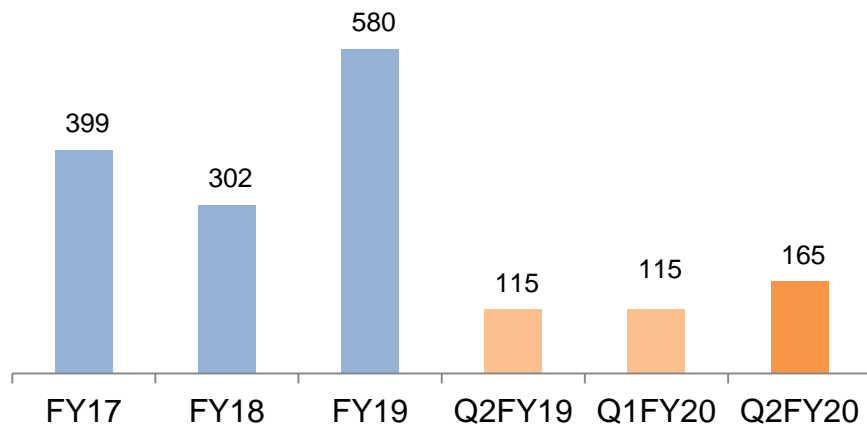


## SIP Transactions (Count)

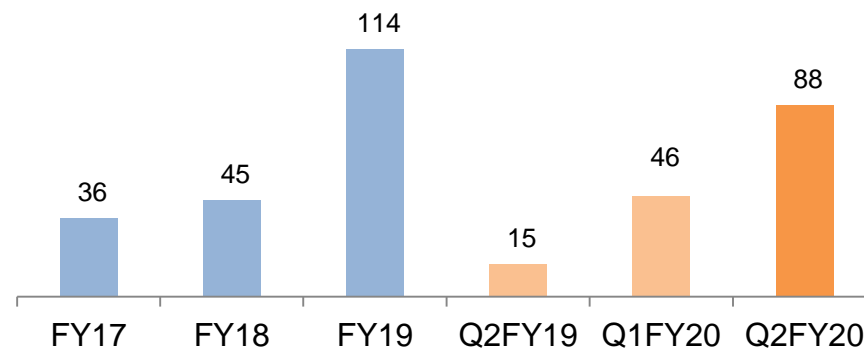
SIP AUM as of September 30, 2019 is ₹6.5Bn, up 34% y-o-y



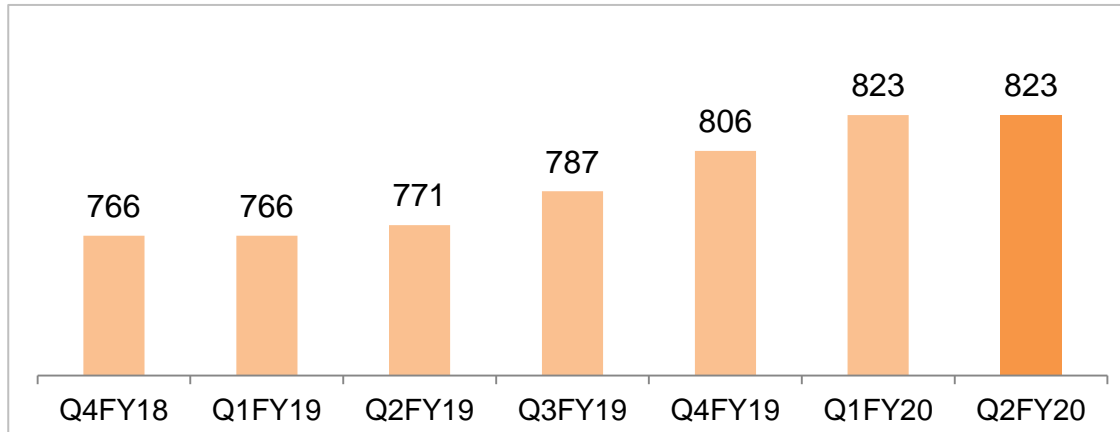
## Life Insurance Premium (₹ Mn)



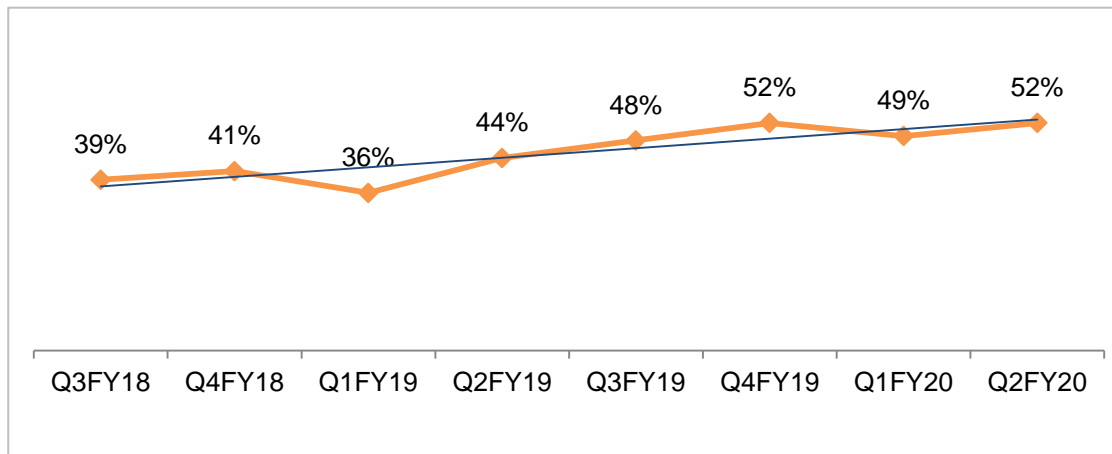
## Non-life Insurance Premium (₹ Mn)



## Retail Customers (# in '000)



## Mobile Trading Retail Clients (% of total)



- The self-served segment is catered to with a Digital, Mobile First strategy. Our mobile applications IIFL Markets and IIFL Mutual Funds are widely used for mobile trading
- Mobile trading constitutes 52% of number of retail clients and 39% of retail broking revenue
- Partner serviced channel is also enhanced with use of AAA tablet based proprietary software

Note : Customers include Trading and FPD clients

Technology has been the cornerstone for IIFL's strong presence in the broking industry

- Our technology based platforms play a key role in facilitating business from self-serviced and partner serviced segments
- Significant investment has been made in the AAA platform to offer a comprehensive office for partners. AAA enhances our capability to reach investors in smaller towns and cities where other channels are not available or effective



## IIFL Markets

3.2Mn downloads



Highest rated (4.2)  
and

Most downloaded stock trading  
App amongst peers

- 1000+ market and stock related news notifications
- Advanced Research in partnership with MarketSmith
- **First in industry** to launch M-Pin (mobile PIN) login



## IIFL Mutual Funds

840,000+ downloads

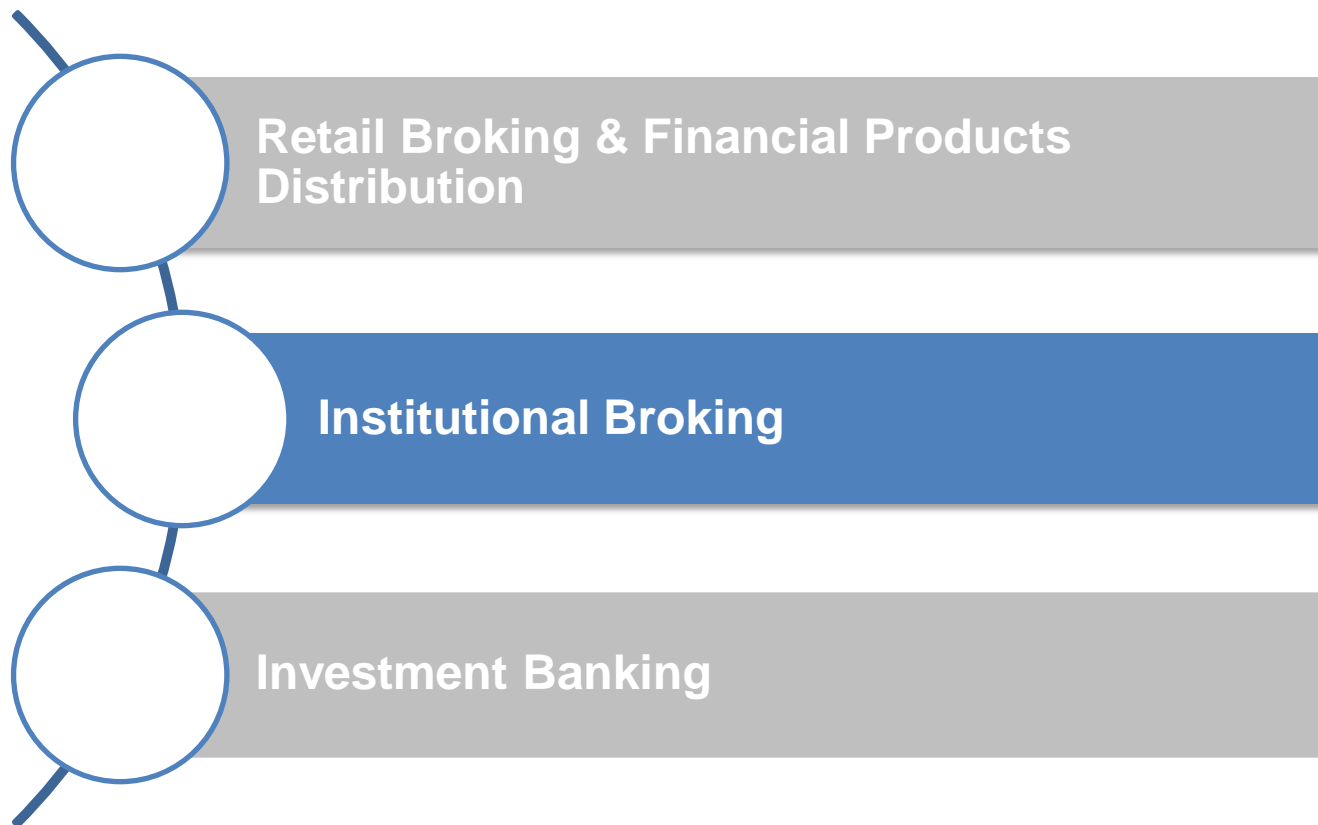


Consistently highly rated (4.0)

- Financial Plan 360 - Goal based advisory and investment solution
- Single view of all MF holdings within industry
- First in industry – Video based In-Person Verification (Video IPV) during on-boarding

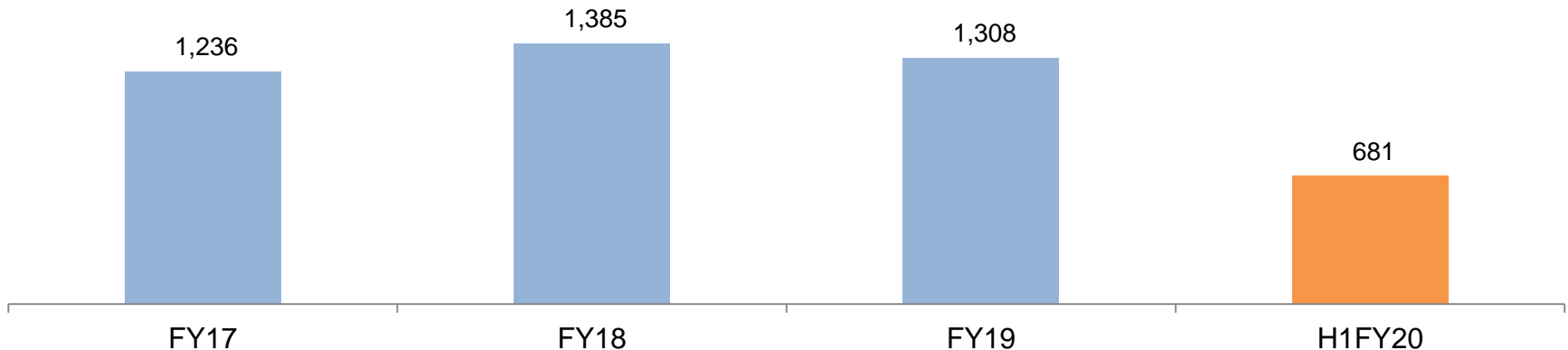


- Advisor Anytime Anywhere (AAA) is a mobile office solution empowering aspiring entrepreneurs in the capital market
- AAA provides execution, reporting, monitoring and learning capabilities in a single tab-based platform with zero investment and freedom to operate at anytime from anywhere



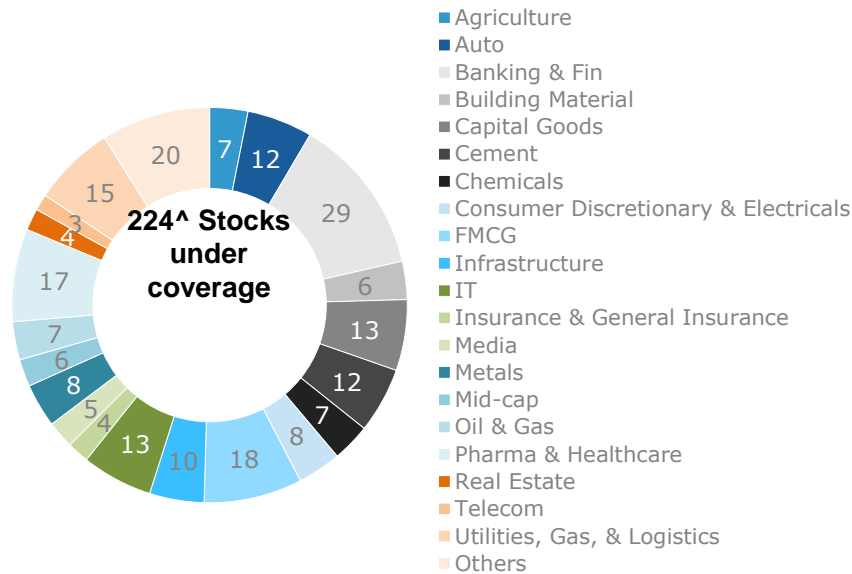
- Among the top franchises on the street, 75 member team with offices in Mumbai, New York and London
- 600+ institutional (domestic and foreign) clients
- Wide customer base covering sovereign wealth funds, foreign portfolio investors, mutual funds, insurance companies, banks, pension funds and alternate investment funds
- c.250 stocks under research coverage accounting for over 80% of India's market capitalization
- Market leader in block placements – placed over US\$15 billion in blocks over the past 5 years, with about US\$1.5 billion of blocks executed in Q2FY20

## Institutional Broking Revenues (₹Mn)



## Comprehensive Research Coverage across Sectors

### Sector-wise break up of stocks under coverage



### Market Cap<sup>^</sup> break up of stocks under coverage

Market Cap bracket	IIFL Research Universe
Above US\$ 10 bn	38
Between US\$ 5 bn and US\$ 10 bn	32
Between US\$ 3 bn and US\$ 5 bn	26
Between US\$ 1 bn and US\$ 3 bn	63
Between US\$ 500 mn and US\$ 1 bn	27
Below US\$ 500mn	38
<b>Total</b>	<b>224</b>

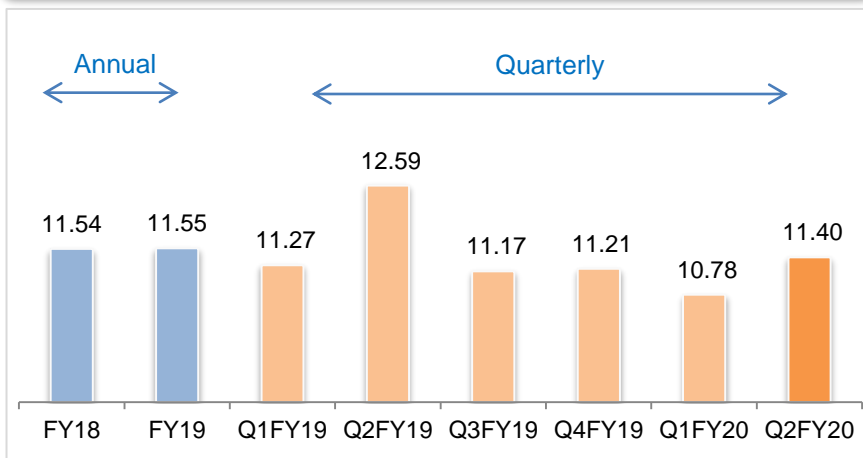
- Pedigreed institutional equities team comprising 25 analysts covering 200+ stocks across 20+ sectors
- Top-tier rankings with most large long-only / domestic mutual funds
- Published over 1,000 reports in FY19 including sector reports, company reports, macro and thematic reports



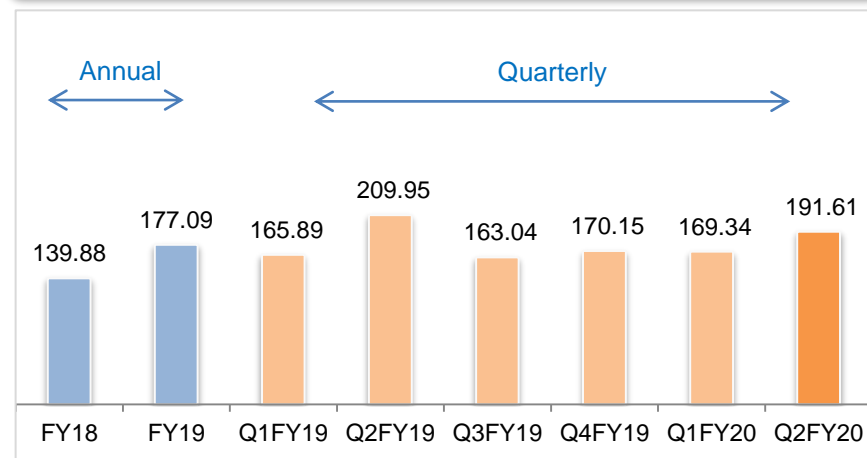
# Turnover and Market Share – Retail & Institutional Broking



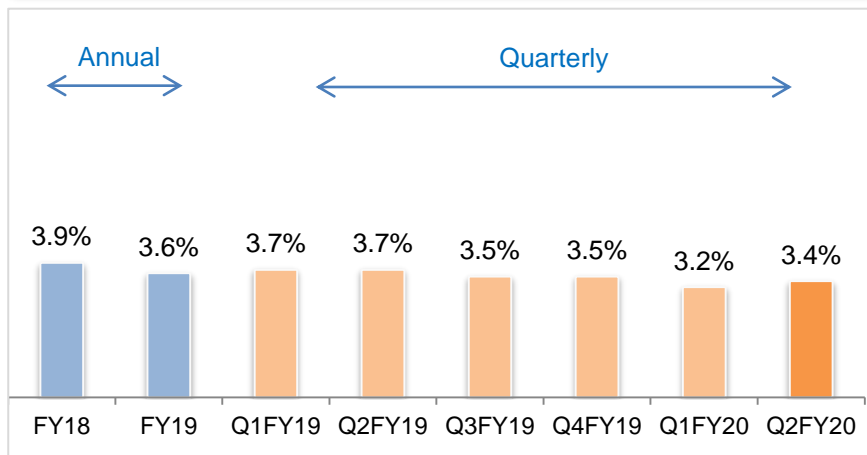
## IIFL Average Daily Turnover – Cash (₹ Bn)\*



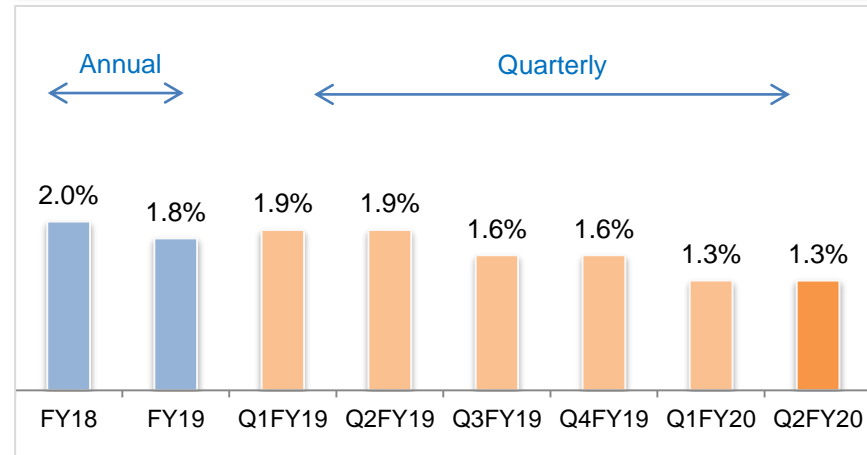
## IIFL Average Daily Turnover – Total (₹ Bn)\*



## IIFL Market Share – Cash\*

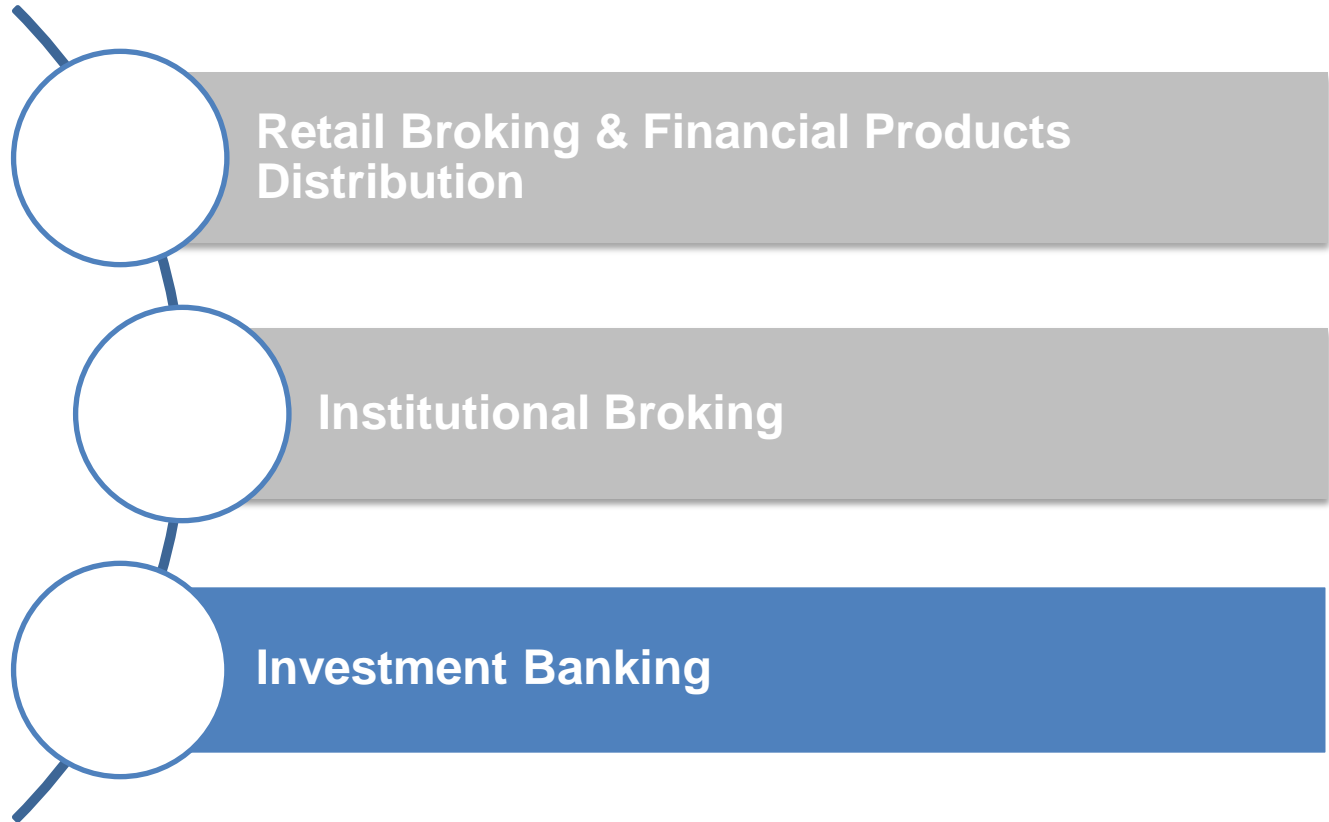


## IIFL Market Share – Total\*



Source: NSE

\*Turnover includes retail and institutional segments from NSE

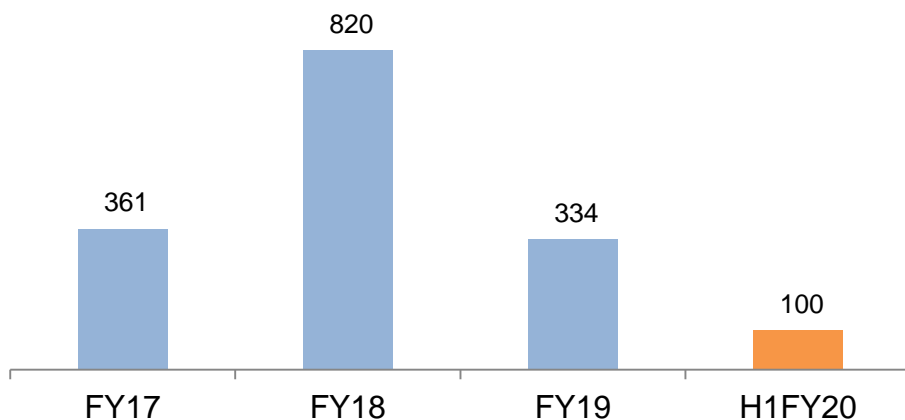




**IIFL ranks #1 Investment Banker  
in FY18 + FY19\***

- ❑ Rapidly growing franchise – ranked #1\* in the league tables in FY18 and FY19 in equity raising for private sector corporates
- ❑ Strong pipeline and product diversity with presence in ECM, Private Equity and DCM
- ❑ Advising a large number of corporates on private equity and advisory transactions

## Investment Banking Revenues (₹ Mn)



- Completed 6 transactions in H1FY2020 (including 3 in Q2) across capital markets and advisory despite volatile market conditions
- Revenues impacted owing to muted equity capital markets

\*Source: Prime Database; as per Investment Banking league tables of private sector issuers for aggregated equity IPOs, FPOs, QIPs, IPPs, ReIT and InvIT IPOs by issue amount on full credit basis for the period Apr 2017 - Mar 2019;

## Completed Transactions in FY19 and H1FY20

LoanTap



Rs.800Mn  
Private Equity  
Sep 2019

Sterling and Wilson



Rs.28,809Mn  
IPO  
Aug 2019

Spandana Sphoorty



Rs.12,009Mn  
IPO  
Aug 2019

Polycab India



Rs.13,453Mn  
IPO  
Apr 2019

Indian Energy  
Exchange



Rs.690Mn  
Buyback  
Apr 2019

Shree Digvijay  
Cement Company

On-market stake  
sale post open offer

Apr 2019

Aarti Industries



Rs.7,500Mn  
QIP  
Mar 2019

Embassy Office Parks  
ReIT



Rs.47,500Mn  
ReIT IPO  
Mar 2019

CreditAccess  
Grameen



Rs.11,312Mn  
IPO  
Aug 2018

HDFC Bank



Rs.27,750Mn  
QIP  
Aug 2018

ECL Finance



Rs.9,105Mn  
Public NCD Issuance  
Dec 2018

National Stock  
Exchange

**NSE**

Rs.5,037Mn  
Private Placements  
Sept-Dec 2018

HDFC Asset  
Management



Rs.28,003Mn  
IPO  
Jul 2018

Varroc Engineering



Rs.19,550Mn  
IPO  
Jun 2018

Magma Fincorp.



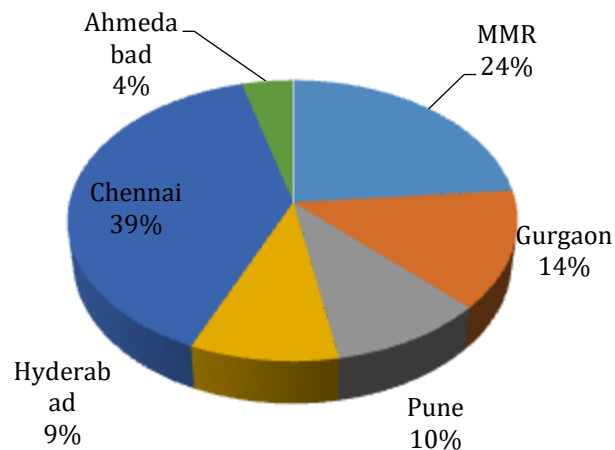
Rs.8,850Mn  
QIP + Block  
Apr 2018

Section 3:  
**Other Updates**

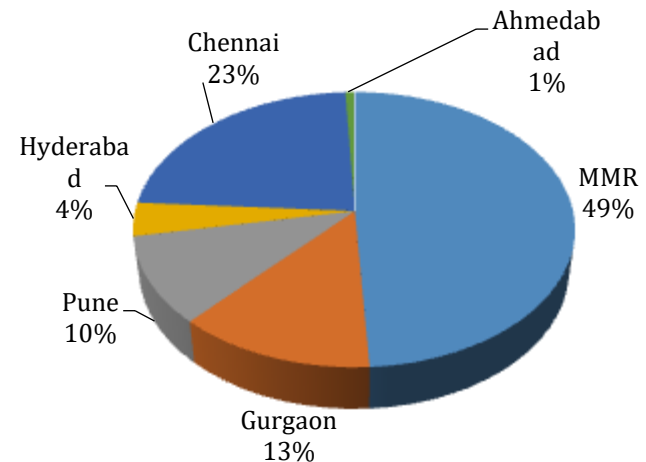
# High-quality Portfolio of Commercial Properties

- Historically strategic offices acquired by IIFL, leased primarily to Group companies
- Well-spread portfolio of commercial office space and shops
  - Self-occupied building area of 412,000 sq. ft.
  - Commercial office space and shop area of over 222,000 sq. ft.
- Spread across six business locations – MMR, Gurgaon, Chennai, Hyderabad, Pune and Ahmedabad
- Total area of over 634,000 sq. ft. with annual rental of Rs.527mn (excluding GST)
- Fair market value of over Rs7.5bn
- We are exploring monetizing these assets through REIT structure

Area-wise breakup



Rental breakup



# Awards & Recognitions



**‘Best Use of Digital Media/Platform in the share trading category’ Award**

**At  
INKSPELL for IIFL Markets App**



**‘Going The Extra Mile’ (for special initiatives & innovative approach adopted towards improving the penetration of the commodity derivatives market)**

**from MCX**



**“Leadership in Customer Service in Financial Services Sector”**

**At  
The 7th Edition of World Quality Congress & Awards**



**Best Social Media Marketing Campaign**

**At  
the BTVI Awards for Marketing Excellence**



**The Mobby’s Award for Best Financial Website**

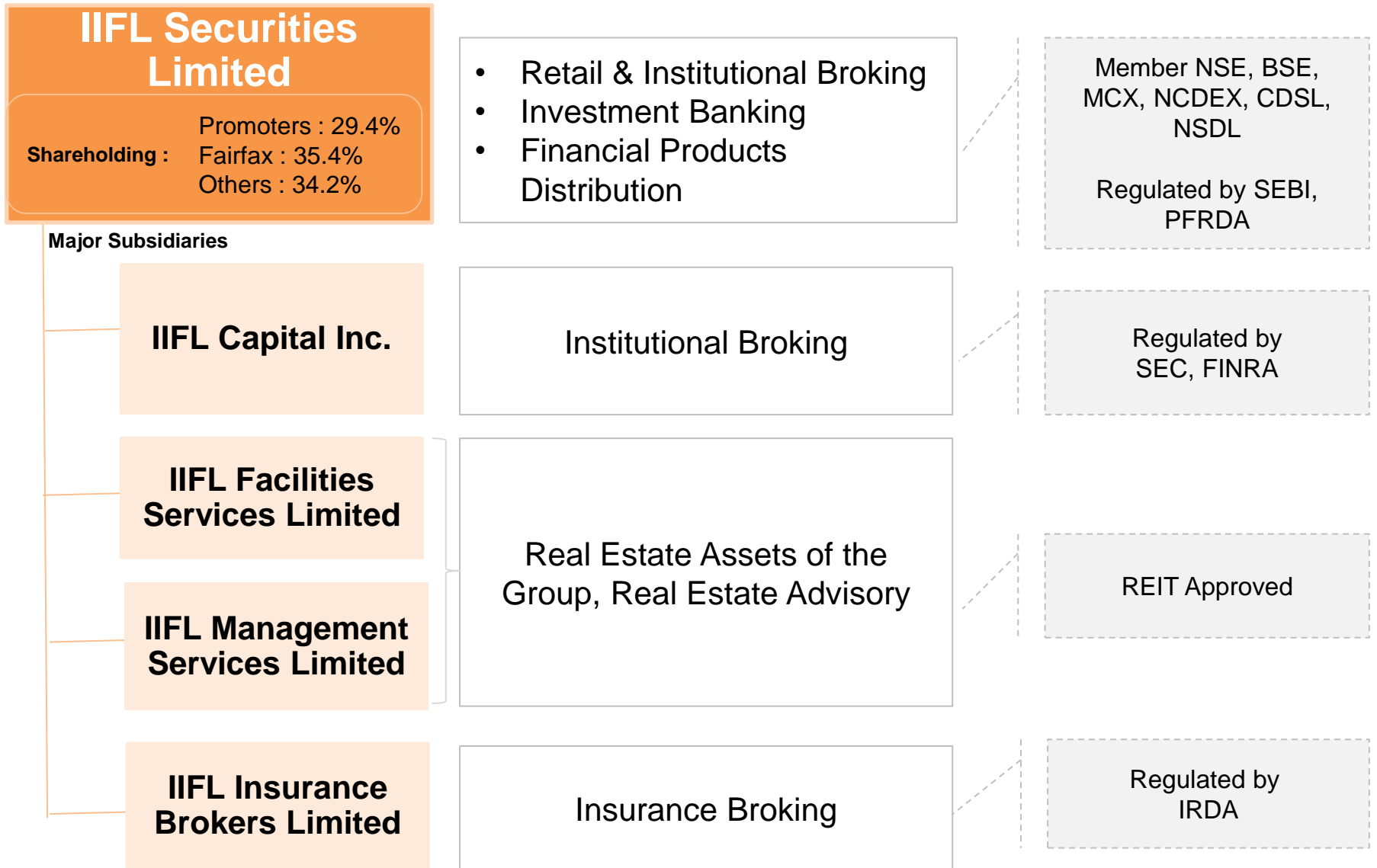
**At  
World Marketing Congress**



**IIFL Group awarded the ‘Great Place to Work’ Certification**

# Appendix





# Thank You

Published in October 2019

IIFL Securities Limited.

This report is for information purposes only and does not constitute any investment, legal or taxation advice. It is not intended as an offer or solicitation for the purchase and sale of any financial instrument. Any action taken by you on the basis of the information contained herein is your responsibility alone and IIFL Securities Ltd (hereinafter referred to as ISL) and its subsidiaries or its employees or directors, associates will not be liable in any manner for the consequences of such action taken by you. We have exercised due diligence in checking the correctness and authenticity of the information contained herein, but do not represent that it is accurate or complete. ISL or any of its subsidiaries or associates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this publication. The recipients of this report should rely on their own investigations. ISL and/or its subsidiaries and/or directors, employees or associates may have interests or positions, financial or otherwise in the securities mentioned in this report.