

October 22, 2019

<p>The Manager, Listing Department, BSE Limited, Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai 400 001. Tel no.: 22721233 BSE Scrip Code: 542772</p>	<p>The Manager, Listing Department, The National Stock Exchange of India Ltd., Exchange Plaza, 5 Floor, Plot C/1, G Block, Bandra - Kurla Complex, Bandra (E), Mumbai 400 051. Tel No.: 2659 8235 NSE Symbol: IIFLWAM</p>
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Sub: - Investor Presentation of IIFL Wealth Management Limited (the Company) for the quarter ended September 30, 2019

With reference to our intimation dated October 15, 2019, please find enclosed the Investor Presentation for the quarter ended September 30, 2019 of the Company.

Kindly take the same on record and oblige.

Thanking you,

Yours Faithfully,

For IIFL Wealth Management Limited



Ashutosh Naik
Company Secretary

Encl: as above

IIFL WEALTH MANAGEMENT LIMITED

Corporate & Registered Office:
IIFL Centre, Kamala City, Senapati Bapat Marg,
Lower Parel, Mumbai – 400 013
TEL: (91-22) 4876 5600 | FAX: (91-22) 4875 5606

(An IIFL Group Company)

www.iiflwealth.com

CIN: U74140MH2008PLC177884

IIFL WEALTH AND ASSET MANAGEMENT

Quarterly Performance Review - Q2 FY 20
October 2019



A LEADER IN WEALTH MANAGEMENT & ALTERNATES

#1 Wealth Manager in India

WEALTH MANAGEMENT

- Discretionary
- Non Discretionary
- Broking and Distribution Services
- Corporate Advisory & Custody Services

AUM: Rs. 136,021 Cr.



**26
OFFICES**



**FY 20 Q2
PAT at
70 Crs**



**950+
Employees**

**Consolidated AUM
Incl Custody Assets
Rs 1,72,763 Cr.**



#1 Manager of Alternates in India

ASSET MANAGEMENT

- Alternate Investment Funds
- Discretionary Portfolio Management
- Mutual Funds
- Global Asset Management

AUM: Rs. 23,420 Cr.



**5,500+
RELEVANT
FAMILIES¹**



**66
Teams
with 290+ RMs**

KEY BUSINESS HIGHLIGHTS

1

While overall client sentiment for new investments remains weak, our continuing philosophy of wealth preservation positions us well with clients

- Industry continues to grow with wealth creation due to monetization and corporate action events
 - New client acquisition remains strong with 100+ relevant families added in the last quarter
-

2

Stable revenues with Q2 FY20 PAT at Rs. 70 crs; Net new money at over Rs. 7,000 crs for H1 FY 20

- Annual Recurring Revenues (ARR) remain strong, growing 21% YoY; Advisory (incl. IIFL One) continues to be our key focus area, with revenues increasing by 19% QoQ.
 - Reduction in net revenues (QoQ) is due to one-time provisioning of Rs 18 Crs (~62% of holding value) as a write down on exposure to Reliance Capital
 - Improvement in PAT QoQ includes benefit of reduction in effective tax rate to 16% in Q2FY20 (32% in Q1)
 - Interim dividend of Rs 10 declared – expected to maintain a dividend policy reflecting 50-75% of yearly PAT
-

3

Wealth business focus continues towards strengthening advisory platform and building sustainable, long-term relationships and assets

- Focus on geographical expansion – increased client traction across non-metro cities (tier 1 / tier 2); 4 new offices in this financial year
- Industry continues to see consolidation trends, providing potential client and talent acquisition opportunities
- Launch of pooled Discretionary PMS product – will provide strong growth push to driving our ARR revenue over next 12-18 months

KEY BUSINESS HIGHLIGHTS

4

Strong momentum in Asset Management business – expected to continue

- Total Assets Under Management grew more than 43% on a YoY basis and have now crossed Rs 23,420 crores. AUM grew by 5% on a QOQ basis
 - Continued focus on scaling up AUM across existing products and selectively adding new strategies
 - Maintaining industry leading market share of 13% in AIFs
 - Well placed to become largest player in listed equity PMS over next 2-3 years
-

5

Other key highlights from the quarter

- Successful completion of demerger of IIFL Wealth from Parent and listing on BSE & NSE
- IIFL Wealth has entered into an agreement to acquire the wealth management business of L&T Finance (subject to regulatory approvals)
- Continued focus on maintaining industry leadership position on adoption of technology
 - Implementation of Salesforce as the preferred CRM solution
 - Digitally-enabling key processes and deployment of analytics to drive superior client experience and improve internal efficiency
- Ongoing focus on cost optimization and productivity enhancement to improve overall cost-to-income ratio across all business segments

QUARTERLY PERFORMANCE HIGHLIGHTS



BUSINESS SUMMARY

INR Cr	FY 20 H1	FY 20 Q2	FY 20 Q1	FY 19 H1	FY 19 Q2	FY 19 Q1
Closing AUM						
Recurring Revenue Assets	64,016	64,016	63,530	45,561	45,561	45,021
Transactional / Brokerage Assets	99,276	99,276	97,930	94,197	94,197	88,179
Total AUM	163,292	163,292	161,460	139,758	139,758	133,200
Less: Double counted Assets	19,436	19,436	19,149	19,541	19,541	18,674
Net Total AUM	143,856	143,856	142,312	120,217	120,217	114,527
Revenues	429	212	217	589	295	294
Recurring Revenues	253	125	129	203	103	100
Transactional / Brokerage Income	189	106	82	356	165	191
Other Income	-13	-19 ¹	6	29	27	3
Retention	0.61%	0.59%	0.62%	1.01%	1.01%	1.03%
Recurring Revenue Earning Assets basis avg AUM	0.83%	0.78%	0.84%	0.90%	0.91%	0.88%
Transactional / Brokerage Assets basis Gross Flows	0.53%	0.56%	0.49%	0.84%	0.78%	0.90%
Costs	257	130	127	283	140	143
Employee Costs	163	83	81	198	94	104
Fixed Employee Costs	155	76	78	143	69	74
Variable Employee Costs	8	6	2	55	25	30
Admin and Other Expenses	94	48	46	85	46	39
Profit Metrics						
Profit before Taxes (PBT)	172	82	90	306	155	151
Profit After Tax (PAT)	131	70	61	223	106	117
Effective Tax Rates	24%	16%	32%	26%	35%	28%
Cost to Income Ratio	59.92%	61.40%	58.47%	48.07%	47.56%	48.58%
RoE	8.78%	9.27%	8.32%	19.27%	15.88%	20.96%
RoE Ex Goodwill & Intangibles	9.60%	10.13%	9.20%	19.27%	15.88%	20.98%
Earning Per Share- Basic (Rs)		7.88	7.23		11.87	
Earning Per Share- Diluted (Rs)		7.77	7.03		11.50	

1. Includes the provisioning of 18 crs (representing 62% of the market value) on account of the Reliance Capital exposure

CONSOLIDATED FINANCIALS - RECLASSIFIED RESULT TABLE

Particulars	Quarter ended			Half year ended	
	Sept 30, 2019	Jun 30, 2019	Sept 30, 2018	Sept 30, 2019	Sept 30, 2018
1. Income	375	362	435	737	864
(i) Interest Income	192	184	177	376	346
(ii) Dividend & Distribution income on investments	0	1	1	1	27
(iii) Fees and commission Income	177	124	234	301	465
(iv) Net gain on fair value changes	-	24	14	24	6
(v) Sale of products	-	20	-	20	-
(I) Total Revenue from operations	369	354	426	723	844
(II) Other Income	6	8	9	13	21
2. Expenses (Direct Cost)	163	145	140	308	275
(i) Finance Costs	142	107	116	248	239
(ii) Fees and commission expense	20	20	16	40	27
(iii) Net loss on fair value changes	1	-	-	1	-
(iv) Impairment on financial instruments	(2)	(3)	3	(5)	(2)
(vi) Changes in Inventories of finished goods, stock-in-trade and work-in-progress	-	20	-	20	-
(ix) Others expenses (Reclassified)	2	1	5	3	11
3. Net Revenue (1-2)	212	217	295	429	589
2. Expenses (Indirect Cost)	130	127	140	257	283
(vii) Employee Benefits Expenses	80	78	92	158	195
(viii) Depreciation, amortization and impairment	10	10	4	21	8
(ix) Others expenses	39	39	44	78	80
4. Profit before tax	82	90	155	172	306
5. Profit After Tax	70	61	106	131	222

CONSOLIDATED BALANCE SHEET

Rs in Crs.

ASSETS		As at Sep 30, 2019	LIABILITIES AND EQUITY		As at Sep 30, 2019
1	Financial Assets		1	Financial Liabilities	
(a)	Cash and cash equivalents	696	(a)	Derivative financial instruments	249
(b)	Bank Balance other than (a) above	111	(b)	Payables	411
(c)	Derivative financial instruments	100	(c)	Debt Securities	4,299
(d)	Receivables		(d)	Borrowings (Other than Debt Securities)	2,360
	(I) Trade Receivables	386			
	(II) Other Receivables	270			
(e)	Loans	3,937	(e)	Subordinated Liabilities	570
(f)	Investments	5,161	(f)	Other financial liabilities	360
(g)	Other Financial assets	89		Finance Lease Obligation	41
2	Non-Financial Assets		2	Non-Financial Liabilities	
(a)	Inventories	9	(a)	Current tax liabilities (Net)	28
(b)	Current tax assets (Net)	50	(b)	Provisions	10
(c)	Deferred tax Assets (Net)	18	(c)	Deferred tax liabilities (Net)	20
(d)	Investment Property	-	(d)	Other non-financial liabilities	84
(e)	Property, Plant and Equipment	299	3	Equity	
(f)	Capital work-in-progress	4	(a)	Equity Share capital	17
(g)	Intangible assets under development	-	(b)	Other Equity	3,042
(h)	Goodwill	188	(c)	Non-controlling interest	-
(i)	Other Intangible assets	91			
	Right to use	40			
	Other non-financial assets	42			
Total Assets		11,491	Total Liabilities and Equity		11,491

BREAKDOWN OF INVESTMENTS

	Sep 30, 2019	June 30, 2019
Investments	5261.81	4,371.64
Derivative financial instruments [1c]	100.48	115.47
Investments [1f]	5161.32	4,256.17
Investments split as	5261.81	4371.64
Hedged Investments*	3938.25	3,158.35
Liquid Investments	430.23	291.30
In-transit Investments (Available for Sale)	244.66	317.27
Investment in AIF		
<i>Sponsor</i>	423.94	423.05
<i>Non-Sponsor</i>	224.73	181.67



	Sep 30, 2019	June 30, 2019
Borrowings	7478.41	7,305.35
Derivative Financial Instruments [1a]	249.30	226.70
Debt Securities [1c]	4298.80	3,814.71
Borrowings (Other than Debt Securities) [1d]	2360.18	2,693.81
Subordinated debt [1e]	570.13	570.13
Borrowings split as	7478.41	7305.35
Hedged Borrowing	3938.25	3,158.35
Net Borrowings for business	3540.17	4,147.00

* Hedged Investments consist of products structured for clients on

1. Government of India Securities (Gsec) – 69%
2. Perpetual Bonds issued by Nationalized & Private Banks – 25%
3. Market linked debentures basis Nifty Performance – 6%
(Includes Derivative financial instruments – 100.48)

Total Capital used for Hedged Investments: 85 Crs. *This allows for a 25-30 bps reduction in cost of borrowing without any MTM risk on the capital deployed*

BREAK DOWN OF INVESTMENTS

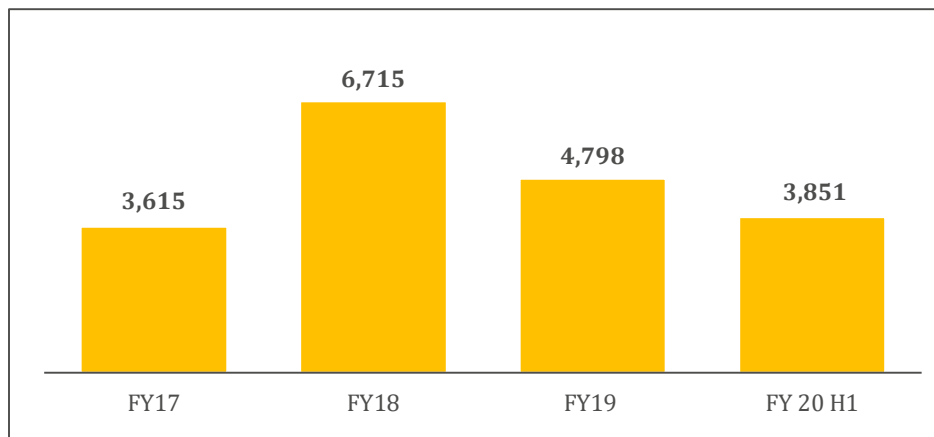
Investment Type	Category	Description	Amt(inCr)	% of total
Hedged Investments – Price movement of these investments has no impact on the P/L statements and are invested to create structured products for clients	Govt Securities	Govt Securities	2,705	51%
	PSU Bank Perpetuals	State Bank of India	288	5%
		Punjab National Bank	270	5%
		Syndicate Bank	140	3%
		Union Bank	48	1%
		Bank of Baroda	5	0%
		ICICI Bank	142	3%
	Private Bank Perpetuals	Indusind Bank	74	1%
		Axis Bank	5	0%
		HDFC bank	3	0%
	Market Linked Debentures	Reliance Finance Limited ¹	156	3%
Nifty Linked Option	Exchange Traded	100	2%	
Hedged Investments			3,938	75%
Liquid Investments	Mutual Funds	Liquid Fund	337	6%
		HDFC FMP	31	1%
		HDFC Short Term Debt Fund	29	1%
		IDFC Equity Fund	17	0%
		HDFC HOF	13	0%
		Other Funds	3	0%
Liquid Investments			430	8%
In Transit Investments - held for short term	Bonds	Embassy Office Park Reit – CRISISL AAA	93	2%
		Tax Free Bonds	44	1%
		Hinduja Leyland Finance Ltd	33	1%
		IRB Units	33	1%
		Reliance Capital ²	11	0%
		HDFC, HDB	10	0%
		Axis Finance	5	0%
		Indigrd	5	0%
Other Bonds	10	0%		
In Transit Investments			245	5%
AIF	AIF	Sponsor	424	8%
		Non Sponsor	225	4%
AIF			649	12%
Total Investment			5,262	100%

1. As on 21st October, Reliance Finance exposure has been fully realised and we have no further exposure

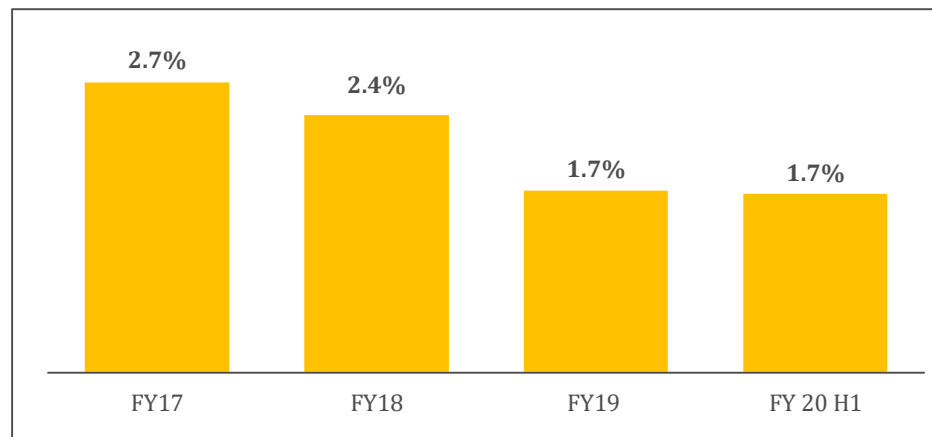
2. As on date market value of Bonds held which are issued by Reliance Capital stood at Rs 29 Crs. Provision of Rs 18 Crs (representing 62% of the market value) has been taken and the residual exposure of Rs 11 Crs is now shown in the books.

BREAK DOWN OF LOAN BOOK

Loan Book



Net Interest Margin



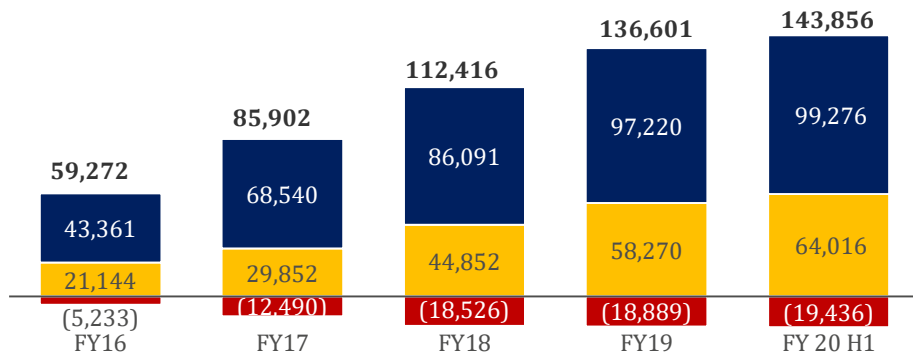
- NBFC is an enabler for Wealth Management Business. No Sales / Distribution Cost as all loans sourced by the Wealth RM's
- Loan book on 30th Sept 2019 at INR 3,851 cr was ~7% lower than Q1 FY20 loan book of INR 4,159 cr
- Borrowing book (~80%+ on average) remains in the form of market linked, long dated liabilities – median cost and stable source of money
- The book has had zero credit losses since inception

H1 FY 20	INR cr
Loans Disbursed	3662
Loans Repaid	4610
Net Movement	-948

CONSOLIDATED METRICS YOY

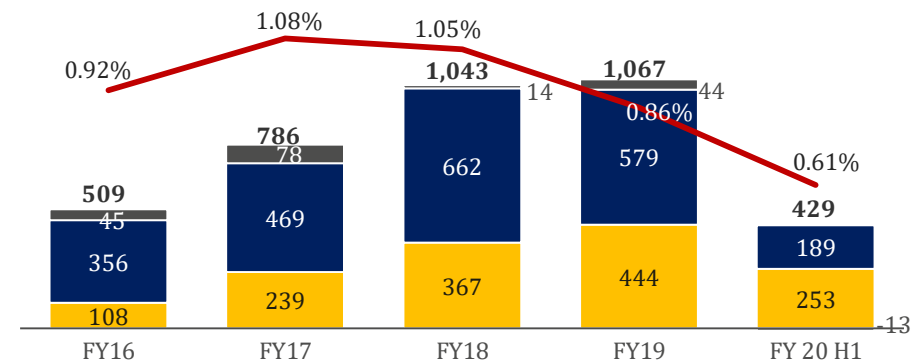
Assets Under Management (Rs. Cr.) Excluding Custody

- Transactional / Brokerage Assets
- Annual Recurring Revenue Assets
- Less: AMC Assets distributed by wealth + Loan Assets double counted



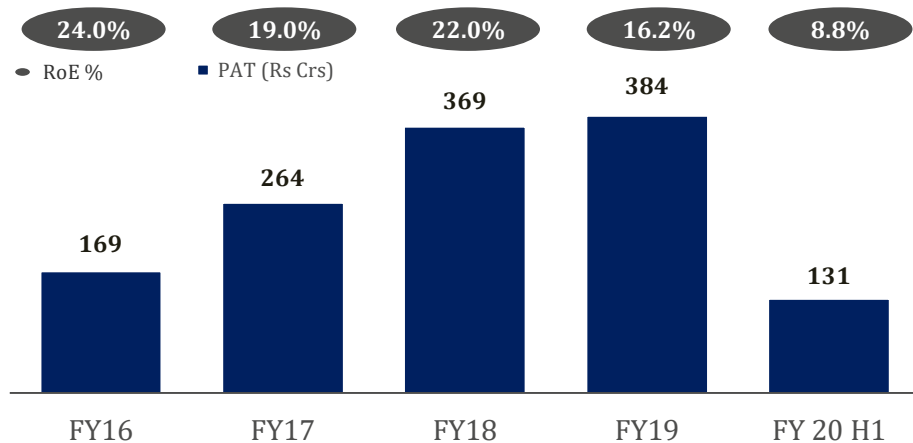
Net Revenues (Rs. Cr.) & Yields (%)

- Annual Recurring Revenue
- Transactional / Brokerage Income
- Other Income
- Overall Yield



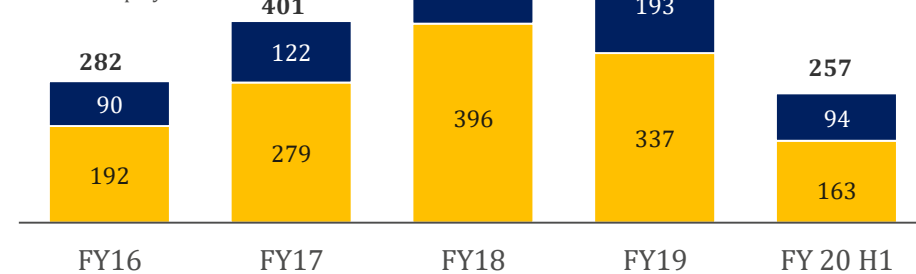
Profitability (Rs. Cr.)

- RoE %
- PAT (Rs Crs)



Cost Mix (Rs. Cr.)

- Cost to income ratio
- Admin and Other Expenses
- Employee Costs

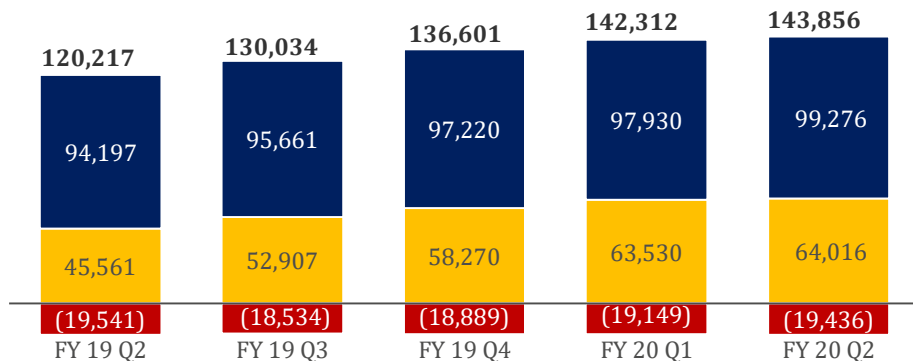


1. Net Revenues are calculated after setting of all direct operating and financing costs
2. Cost to income ratios have been calculated basis Net Revenues
3. Yield = Current year Net Revenue / Avg. of current year Assets and Previous year assets (Excluding custody Assets)

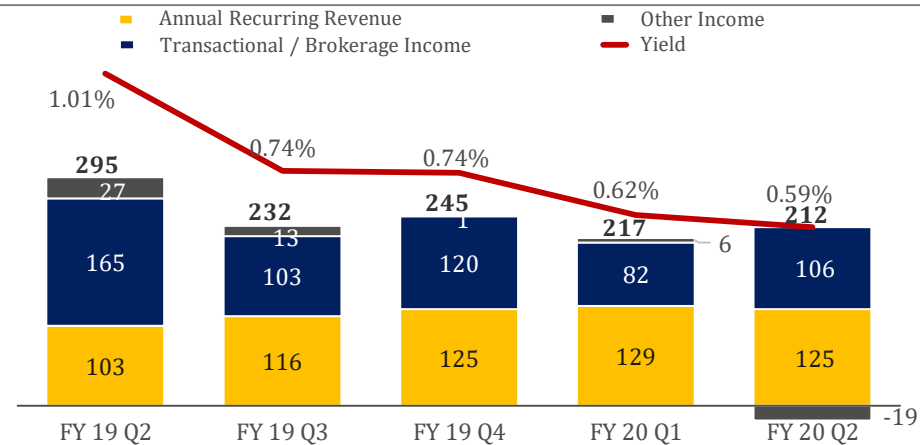
CONSOLIDATED METRICS QoQ

Assets Under Management (Rs. Cr.) Excluding Custody

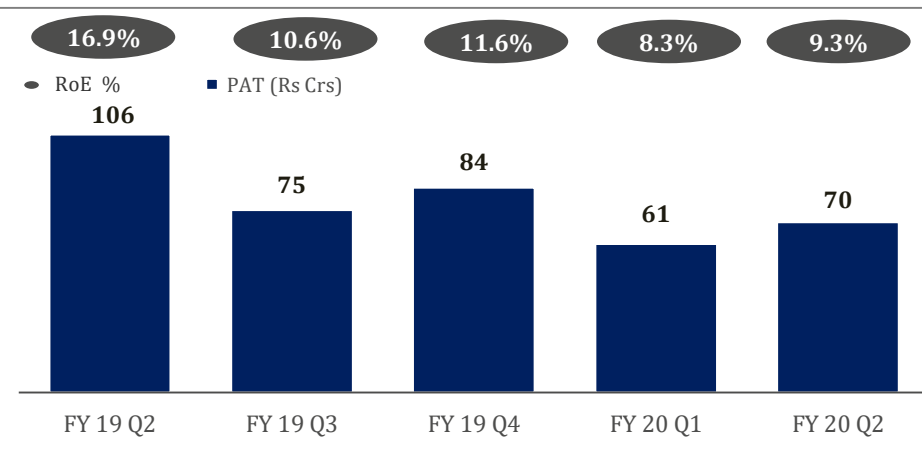
- Transactional / Brokerage Assets
- Annual Recurring Revenue Assets
- Less: AMC Assets distributed by wealth + Loan Assets double counted



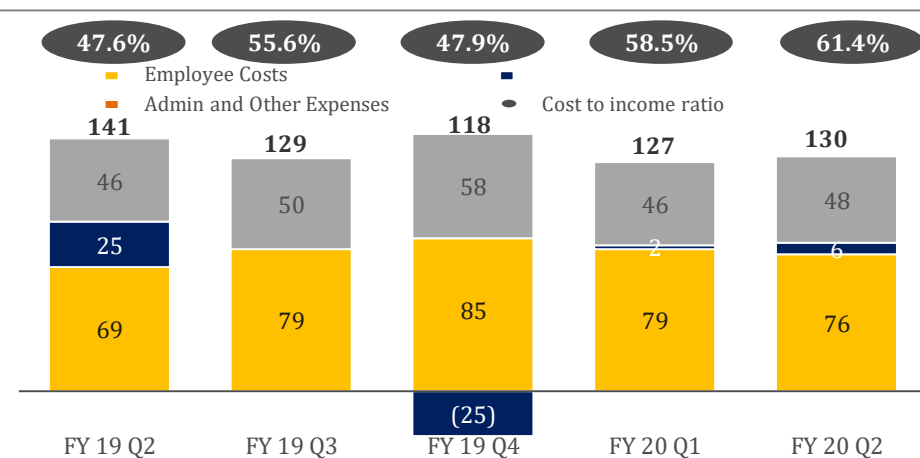
Net Revenues (Rs. Cr.) & Yields (%)



Profitability (Rs. Cr.)



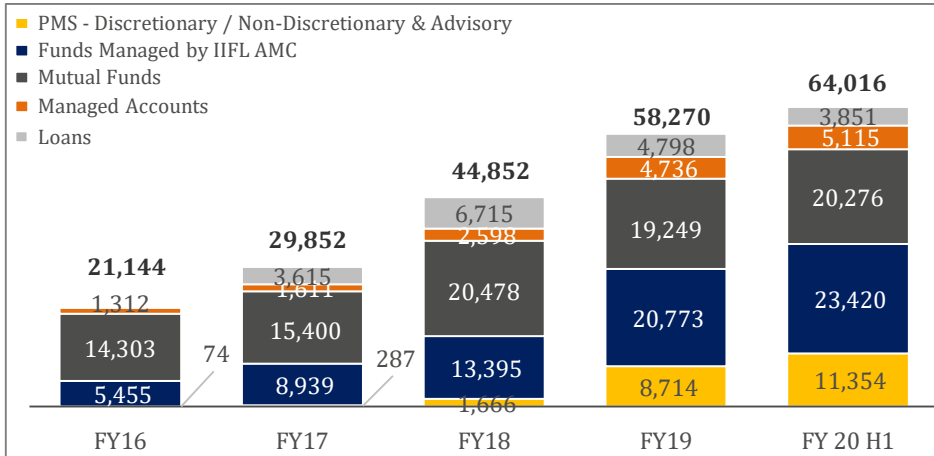
Cost Mix (Rs. Cr.)



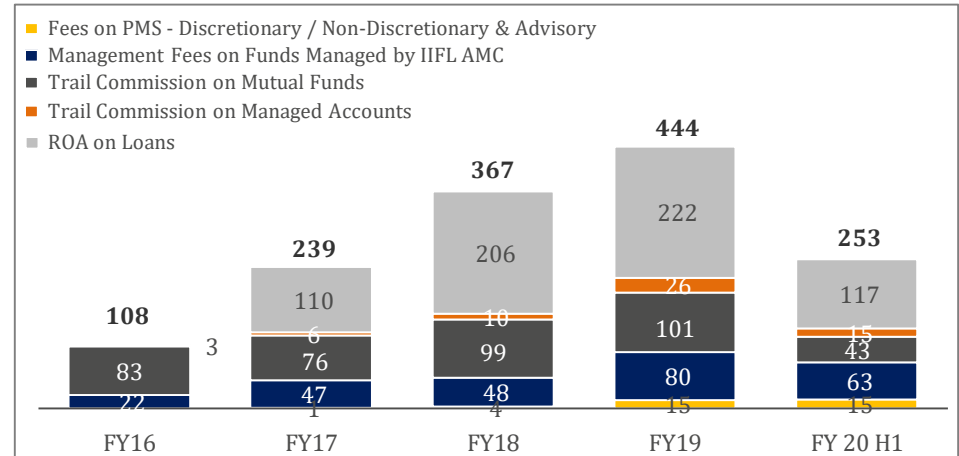
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CONSOLIDATED METRICS YoY

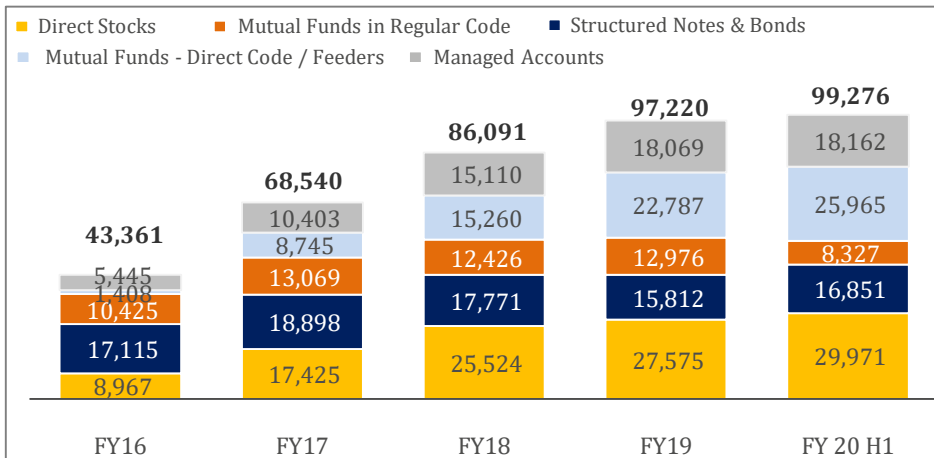
Recurring Revenue Assets (Rs. Cr.)



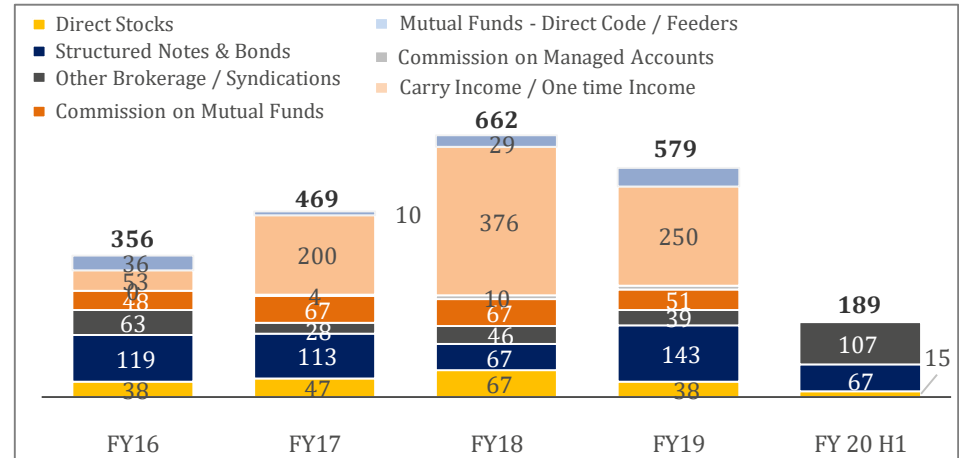
Recurring Revenues (Rs. Cr.)



Transactional / Brokerage Assets (Rs. Cr.)

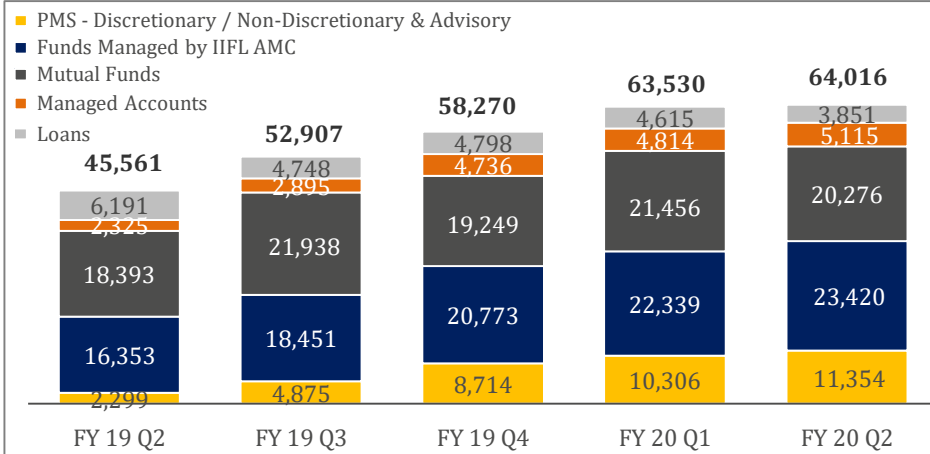


Transactional / Brokerage Revenues

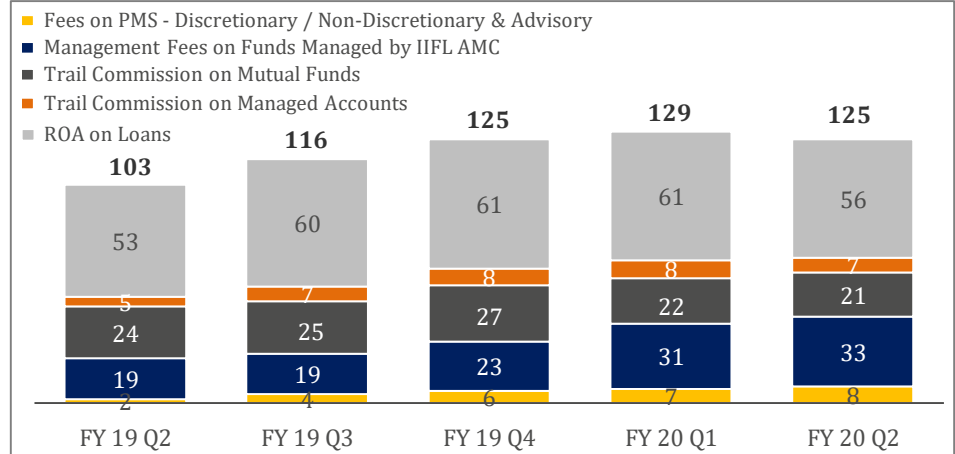


CONSOLIDATED METRICS QoQ

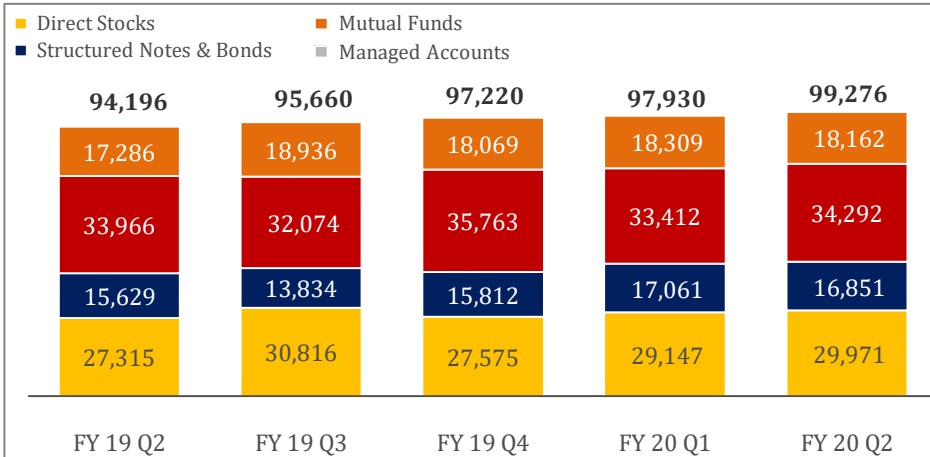
Recurring Revenue Assets (Rs. Cr.)



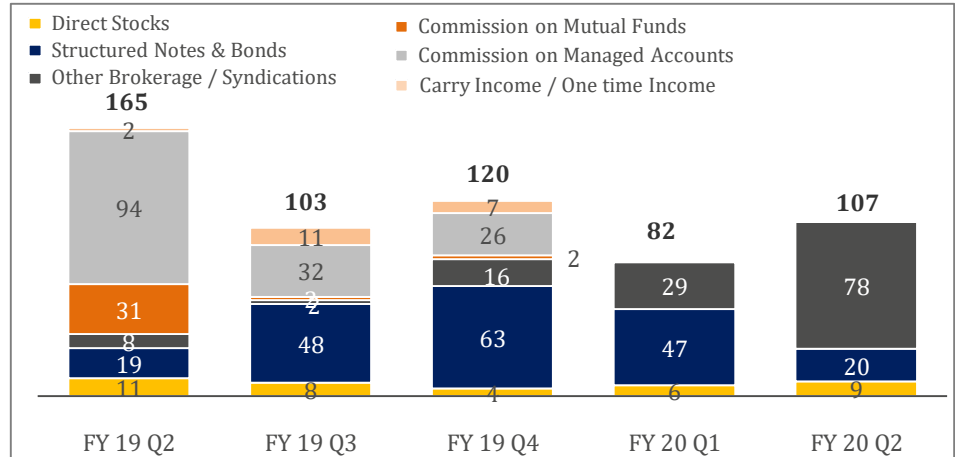
Recurring Revenues (Rs. Cr.)



Transactional / Brokerage Assets (Rs. Cr.)



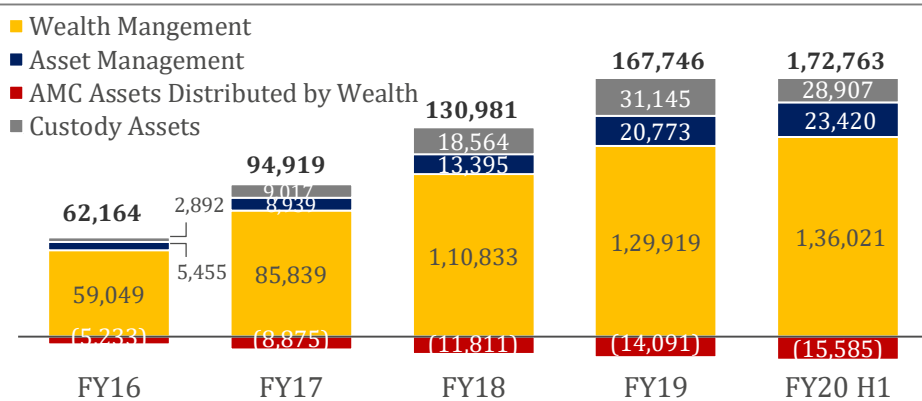
Transactional / Brokerage Revenues



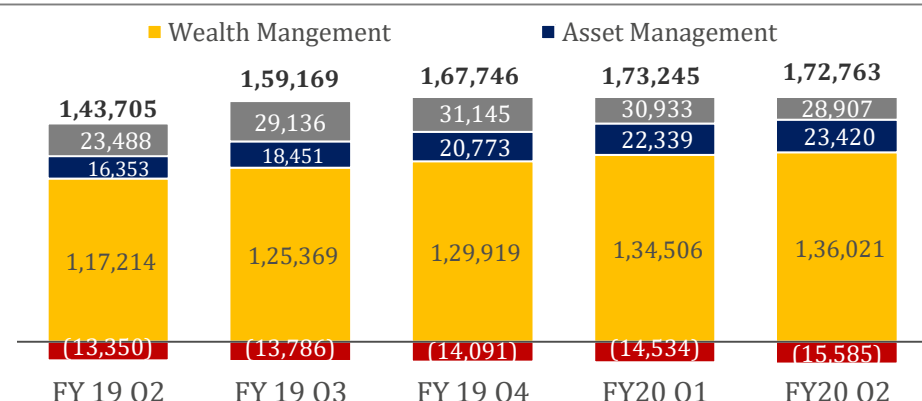
1. Recurring Revenues for FY 20 Q1 already reflect a Rs 5 crs reduction in Mutual fund revenues due to TER reduction.

CONSOLIDATED METRICS BY BUSINESS SEGMENT

Assets Under Management - YoY (Rs. Cr.)

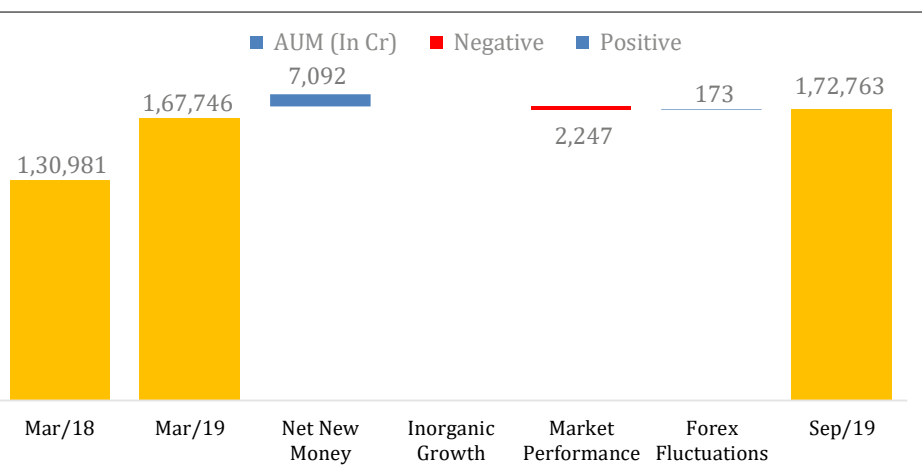


Assets Under Management - QoQ (Rs. Cr.)



Profitability	FY16	FY17	FY18	FY19	FY 20 H1
Wealth Management					
Revenue	451	691	930	919	352
Costs	240	338	474	427	204
PBT	211	353	456	492	148
Asset Management					
Revenue	58	95	113	148	78
Costs	43	63	92	103	54
PBT	15	32	21	45	24

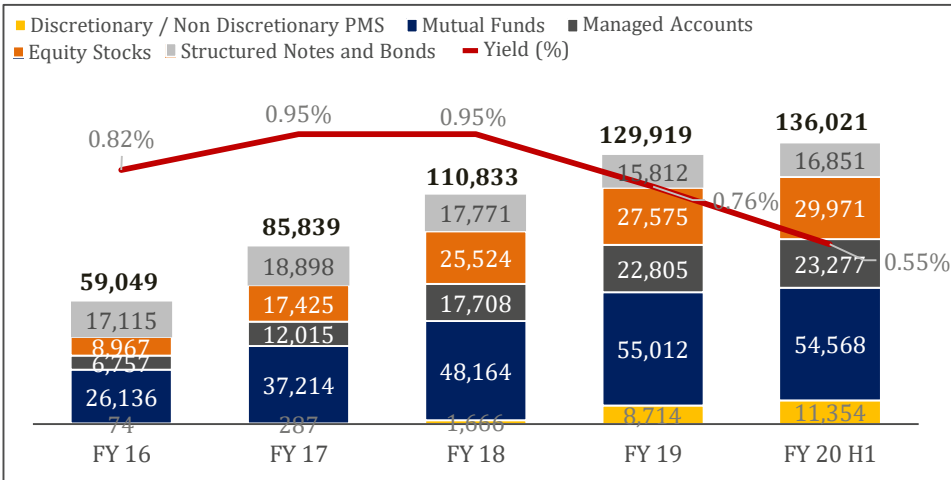
Net Flows



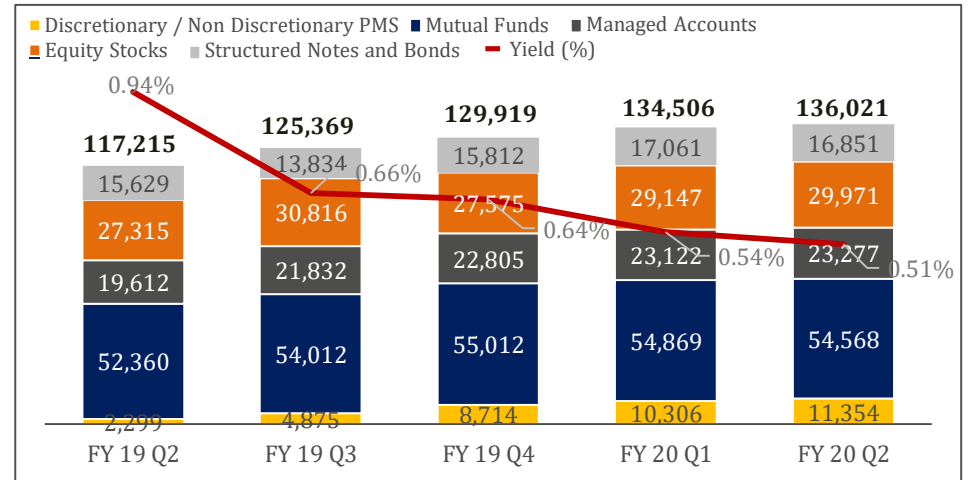
1. Costs include allocated costs that have been split between the Wealth and Asset Management verticals on the basis of a formula that gives 50% weightage to Net Revenues & 50% weightage to Employee Costs
2. AUM split for Q2 FY20: Debt 55%, Equity 45%,

WEALTH MANAGEMENT

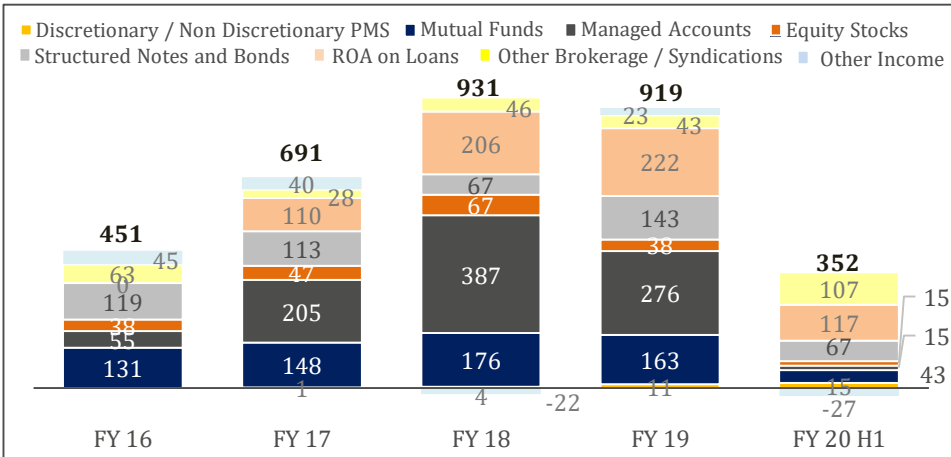
AUM by Products YoY (Rs. Cr.)



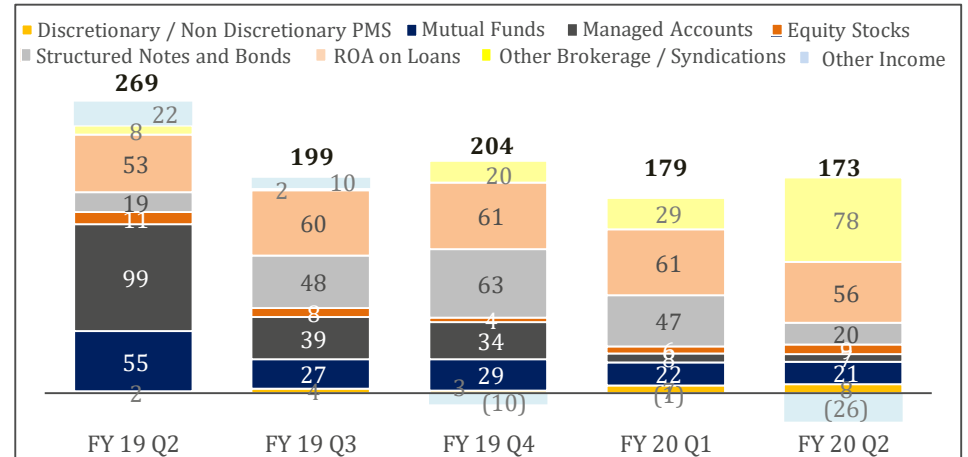
AUM by Products QoQ (Rs. Cr.)



Net Revenues by Products YoY (Rs. Cr.)

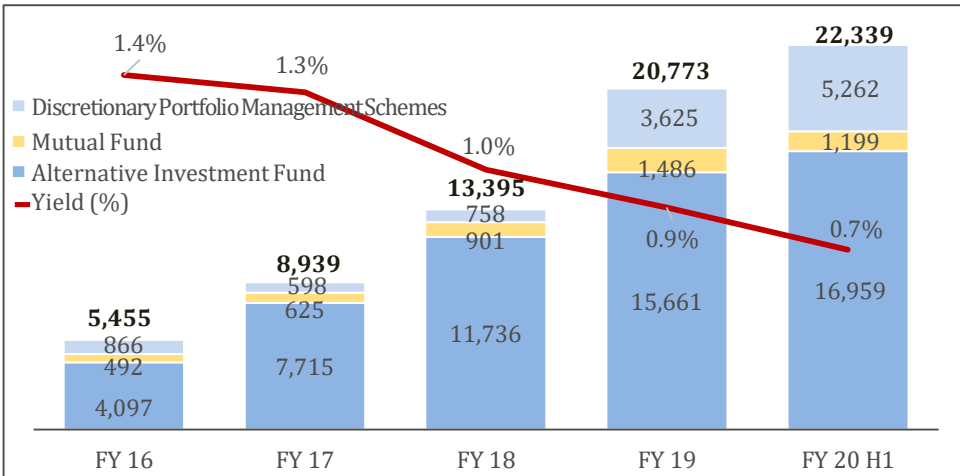


Net Revenues by Products QoQ (Rs. Cr.)

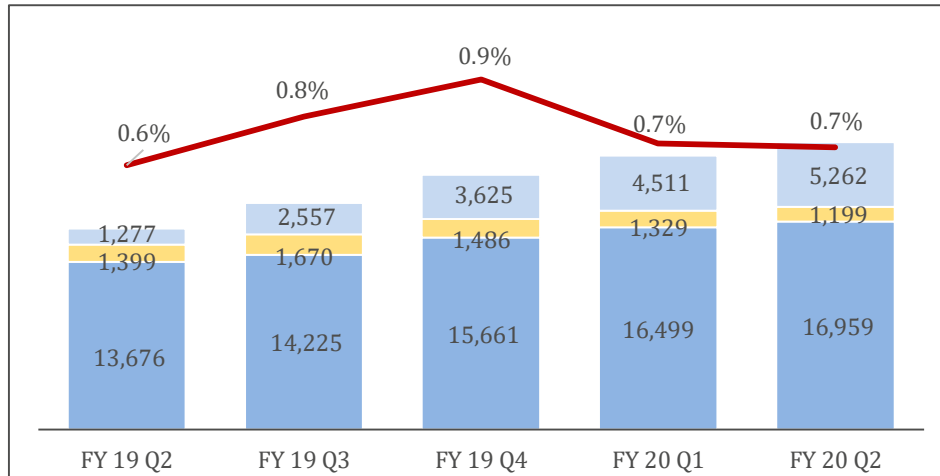


ASSET MANAGEMENT

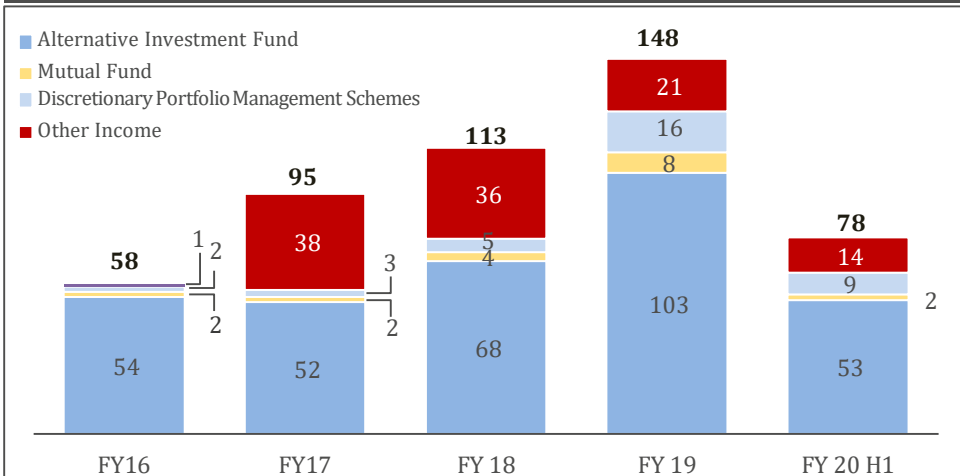
AUM by Products YoY (Rs. Cr.) and Yield %



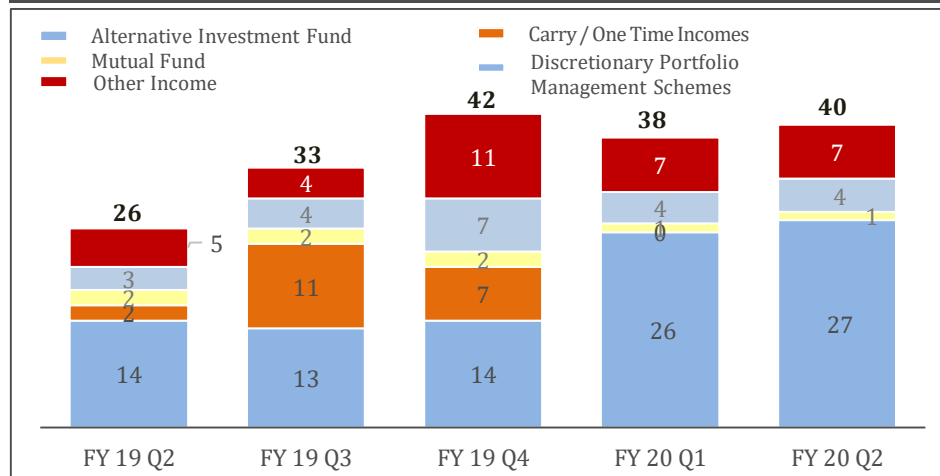
AUM by Products QoQ (Rs. Cr.) and Yield %



Net Revenues by Products YoY (Rs. Cr.)



Net Revenues by Products QoQ (Rs. Cr.)



MULTIPLE AWARDS & ACCOLADES



EUROMONEY
PRIVATE BANKING SURVEY
2018

BEST FAMILY OFFICE SERVICES
BEST SUCCESSION PLANNING
ADVICE AND TRUSTS



BEST PRIVATE BANK AWARD 2018
GLOBAL FINANCE

BEST PRIVATE BANK,
INDIA 2018



90
AWARDS
IN 11 YEARS



ASSET ASIAN AWARDS 2016
TRIPLE A

BEST DIGITAL WEALTH
MANAGEMENT EXPERIENCE -
2017



THE ECONOMIC TIMES
BEST BRANDS
2018

BFSI BEST BRANDS 2017
PRIDE OF ASIA



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