IIFL CAPITAL

August 12, 2025

The Manager, Listing Department, BSE Limited, Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai 400 001 Tel No.: 22721233 Fax No.: 22723719/22723121/22722037 BSE Scrip Code: 542773	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 Fax No.: 26598237/ 26598238 NSE Symbol: IIFLCAPS

Dear Sir/Madam,

Sub: - Revised Earnings conference call transcript

This is a continuation of the Earnings Conference Call transcript submitted on August 4, 2025, for the call held on Tuesday, July 29, 2025.

We wish to inform you that the revenue from the new wealth management team was inadvertently stated only for a month as ₹8 Crores whereas revenue for the Q1FY26 was ₹28 Crores.

Accordingly, we are enclosing herewith the revised transcript. The same is available on the Company's website and can be accessed at the following link:

https://files.iiflcapital.com/assets/Revised_IIFL_Cap_Earnings_Jul29_2025_clean_3726809f58.pdf

Kindly take the same on record and oblige.

Yours faithfully,

For IIFL Capital Services Limited
(Formerly IIFL Securities Limited)

Meghal Abhishek Shah
Digitally signed by Meghal Abhishek Shah
Date: 2025.08.12 19:53:29 +05'30'

Meghal Shah
Company Secretary

Encl: As above

"IIFL Capital Services Limited Q1 FY'26 Earnings Conference Call"

July 29, 2025

MANAGEMENT: MR. R. VENKATARAMAN – MANAGING DIRECTOR, IIFL CAPITAL SERVICES LIMITED
MR. RONAK GANDHI – CHIEF FINANCIAL OFFICER, IIFL CAPITAL SERVICES LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to IIFL Capital Services Limited Q1 FY26 Earnings Conference Call.

As a reminder, all participants' lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*'then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. R. Venkataraman – Managing Director, IIFL Capital Services. Thank you, and over to you, sir.

R. Venkataraman: Thank you and good afternoon, everyone. Welcome to the Q1 FY26 Analyst Call of IIFL Capital. I am accompanied with Ronak Gandhi, who is our CFO.

India's macroeconomic outlook remains strong, which is supported by easing inflation, which has resulted in a lower interest rate scenario, healthy monsoon, and benign oil prices. Our economy is showing signs of improving consumption once the interest rate benefits start trickling down.

As you might be aware, we have two broad segments – Institutional Equities and Investment Banking and the Legacy Retail Broking Segment. We are trying and transforming our retail broking segment into a full wealth management and financial planning practice. We believe that we are well-placed to succeed in this transformation given the fact that we have a suitable networth, we have a pan-India distribution reach, a critical mass of customers, technology as well as research credentials.

Coming to the "1st Quarter Results":

Revenue for the quarter consolidated was Rs.680 crores, up 19% quarter-on-quarter, up 6% year-on-year.

Let me give you the "Color of the Quarter-on-Quarter Analysis":

Institutional and investment banking revenue virtually doubled from previous quarter, which is Q4 FY25 versus 1st Quarter of FY26.

Retail brokerage also increased 15%. Distribution income, which is financial product distribution income, has decreased 24% because of the insurance effect, which sees a spike in the last quarter of year because of March effect.

Other income has increased 73%, Rs.63 crores in this quarter versus Rs.36 crores in the previous quarter. That is mainly due to mark-to-market on investments, especially the BSE shares which we have.

Employee costs increased from Rs.163 crores to Rs.176 crores in the 1st Quarter of FY26, mainly because of increase in headcount and some provisions for variable pay.

Depreciation has increased marginally. Fees and commission ~~income on~~ expense side has increased 24% because of payouts.

Admin expenses increased marginally by 7% from Rs.80 crores to Rs.86 crores. As a result, PAT has increased 37% from Rs.128 crores in the previous quarter to Rs.176 crores in this quarter.

Coming to "Year-on-Year Analysis:

We have seen a virtual flat impact on institutional and banking income, which is virtually flat from Q1 of FY25 to Q1 of FY26.

Retail brokerage has declined 28% and that is mainly because of regulatory changes that came into effect in December 2024 and that is primarily to do with the reduction in the number of expiry dates.

Distribution income:

FPD distribution income has increased 37% to Rs.145 crores in this quarter, basically because of increased focus on asset gathering.

Other income has increased dramatically from virtually Rs.4 crores to Rs.63 crores, again because of mark-to-market gains in investment, especially BSE shares.

Employee costs have increased 36% from Rs.130 crores to Rs.176 crores, basically due to an increase in headcount and because of wealth build-up. As you know that we have started building out a wealth franchise and have recruited wealth RMs.

Depreciation has increased 38% from Rs.12 crores to Rs.16 crores because of the increase in investments in technology as well as office.

Fees and commission expenses have increased 5% from Rs.128 crores to Rs.134 crores.

Admin expense is flat, virtually in the same Rs.83-86 crores range and as a result PAT has fallen 4% from Rs.182 crores in 1st Quarter to Rs.176 crores in the current quarter.

"Some Housekeeping Numbers":

Average daily turnover was Rs.2,23,232 crores which was broken down into Rs.2,20,263 crores in derivative and cash was Rs.2,968 crores in this quarter which was in the previous Q4 FY25 was Rs.1,92,871 crores which was broken into Rs.1,90,336 crores in derivative and cash was Rs.2,535 crores. And if you remember the 1st Quarter of FY25, which was a bumper quarter which was Rs.3,22,782 crores broken into derivatives of Rs.3,19,455 crores and cash of Rs.3,327 crores which was down almost 30%. And as I mentioned earlier because of changes in this regulatory norms because of fall and decline in the number of expiry days we have.

Consequently, I think people ask about market share on a consolidated basis overall market share basis, we have taken the full extended denominator. We are at an F&O market share of 0.62% which is broadly in the same range and for cash market share it is 2.57%, which was in the previous quarter 2.51% and again that is broadly hovering around the same range.

So, with this I have come to the end of my comments, and we are open to answer any questions that you may have. Thank you so much.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question comes from the line of Prayesh Jain from Motilal Oswal. Please go ahead.

Prayesh Jain: Good afternoon, sir. How are you?

R. Venkataraman: All well, Prayesh. How are you?

Prayesh Jain: I am good, sir. Sir, just on this approach towards wealth management, right, so firstly, can you tell us to how many RMs we have added and whether this is the quality of RMs would be like the ultra HNI RMs which would have average salaries of 50 lakhs and above, what are the kind of RMs that we have hired for the wealth management business?

R. Venkataraman: Okay. As I mentioned earlier also, we have broadly added about 50 RMs and they are a mix of both HNI, ultra HNI as well as mass afloat RMs. Broadly speaking, the salary range will be in the number which you have said and we have a higher proportion of HNI, ultra HNI RMs but the build-out is happening as we speak.

Prayesh Jain: Okay. Sir, as this kind of scales up, would you segment your customers into two different buckets and the wealth management would be reported separately with respect to clients, AUM base, everything, how would the business shape up from here on?

R. Venkataraman: As you rightly pointed out and you are rightly articulating, we have to segment our customers because we have a large base of customers with less than 1 crore network and the segment which we are targeting will be say maybe in the 5 to 25, greater than 25 crores. So, we have to differentiate, but as we speak, the business is in a built-out phase and as business reaches a critical mass and we will be inclined to report and whatever feedback people like you who track markets closely give, we will listen and report accordingly.

Prayesh Jain: Sure. Sir, generally to scale up wealth management practices, you need people, you need products, and you need processes, right? People you are hiring, what are the kind of products that are we getting into manufacturing of PMS, AIFs, and in terms of processes, how would be the approach, whether a figital approach or what kind of approach we will have in terms of processes as well?

R. Venkataraman: See, that is a very valid point you have made because it is a combination of all three products, process, people and so at this point in time, the people part of it is being built out. On the process part of it, obviously, if you know, we have been doing working and distribution for a very long time. So, we believe that we have the necessary processes and technology in place. But having said that we have also recruited specialists for wealth because the entire business is more distribution and less broking and so we have invested in the necessary software as well as people for support for the operations part of it. And coming to products, as of now, we are depending a lot on our external manufacturers because the bulk of the new asset which we have gathered has come on the mutual fund side and the AIF and PMS we are distributing. But having said that, we are also trying to build our own manufacturing practice and if you remember we have a small AIF and PMS business which we have recruited people to scale it up. So, we will be manufacturing also. But having said that, we believe that manufacturing is one of the products we have and as a house, genetically and generically speaking, we are more open for open architecture model.

Prayesh Jain: Okay. And sir, my last question would be on how should we see your cost-to-income at least for this year and possibly as you build out wealth and your basic themes of investments on AIFs and PMS, should we think that the cost-to-income will be elevated this year and then only probably from next year onwards some benefits will start trickling down?

R. Venkataraman: So, if you look at our business, we have two broad segments; one is institutional equities and investment banking and the other is the legacy broking which we are transferring to wealth including the build out of wealth team. So, if you look at the new business which we call as for the transformation of the business which was the erstwhile retail, so we will see an elevated cost-to-income ratio for sure and I will just give you some broad numbers, in the sense that, so basically we will, as we speak, I think the broad cost-to-income ratio for the retail or the non-institutional side will be in the range of 75% and I think this year it will be elevated and we hope to see benefits of scale trickling in next year. So, this year we will be seeing elevated numbers.

Prayesh Jain: All right, sir. Wish you all the best. I will come back in the queue. Thanks.

R. Venkataraman: Thank you so much, Prayesh.

Moderator: The next question comes from the line of Chetan from Mahindra Mutual Fund. Please go ahead.

Chetan: Yes. I just wanted to understand the revenue breakup. So, we have Rs.617 crores of revenue this quarter, out of which our retail, institutional broking and the financial product distribution is roughly Rs.483 crores. So, this other segment that remains is Rs.134 crores I think roughly. So, what all is included in this and I think this segment has declined for us on YoY basis. So, can you explain that because if I see the rest of the segments are doing well but still revenue trajectory compared to the first half of last year is a decline?

R. Venkataraman: I think there is a big component of interest income which is broadly about 100 crores. And that has been the same because previous year quarter also it was in the same ballpark number. I do not have the exact numbers in front of me but they were in the Rs.100 crores range interest income is there.

Chetan: Okay. And sir, secondly, this wealth management business that we are building out, so what sort of say the winning contribution has started coming in from specifically this new wealth business that we are building in and what sort of costs are associated directly with this, so, if you can quantify both the revenue and the cost on that?

R. Venkataraman: So, I will give you just broad numbers. So, revenues have started coming in. So, if you see, I will give you some broad estimates because last year we had a revenue of roughly about Rs.40 crores and cost was about Rs.70 crores. So, we had a hit of about Rs.30 crores and this quarter we have made revenues of about Rs. 28 crores and the cost data I do not have right now because we look at this on a full year basis.

Chetan: Okay. Sir, you said Rs.40 crores and Rs.70 crores that is for the previous quarter, 1st Quarter or for the full year?

R. Venkataraman: Yes, full year..

Chetan: Okay. Got it.

R. Venkataraman: Thank you.

Moderator: Thank you. The next question comes from the line of Keshav from White Pine Investment. Please go ahead.

Keshav: Yes. So, my first question is how many new RMs you have added this quarter in wealth management and what is the strategy of building the wealth management going forward? And my second question is could you please provide the breakup of investment banking revenue and institutional equities revenue?

R. Venkataraman: I do not have quarter-on-quarter exact addition of the people but we are broadly at about 50 RMs as we speak and we hope to increase this and if not double then definitely see 50% to 60% increase in the number of RMs in this space for the full year. And coming to institutional, see, we have roughly about Rs.200 crores of investment banking and institutional equities income and the rough numbers will be about Rs.150 crores is brokerage and Rs.50 crores is banking.

Keshav: Okay. Thank you.

Moderator: Thank you. The next question comes from the line of Aditya Bhatia from Electrum Capital. Please go ahead.

Aditya Bhatia: Yes. Hi. Thank you for the opportunity. So, number one is how should we see employee cost going up for the current year and can you please guide for how many more RMs that you are planning to add for the current year?

R. Venkataraman: See, as of now we have about 50. So, the 50 can go up to any number between 75, 100 in the full year. So, I do not have an exact number on that and I do not want to talk about precisely employee cost but it is better to look at the cost-to-income ratio. So, the cost-to-income ratio on a non-institutional business will be in the range of 75%. There might be some elevation if the manpower addition is higher, but I think that is a broad range.

Aditya Bhatia: Okay. And do we have any internal targets for how the distribution AUM is going? So, we crossed 35,700 crores as of this quarter. In FY27, 28 -

R. Venkataraman: Yes. Actually, I have a number but unfortunately, I cannot make any forward-looking statements but that is one segment which is I think a focus area. So, we are roughly at about Rs.35,700 crores and that is the number which we are targeting to grow.

Aditya Bhatia: Sure. And can you talk about how your deal pipeline is shaping up for Q2 and for the rest of the year?

R. Venkataraman: Yes. So, investment banking pipeline is quite strong and if you remember 1st Quarter of this year, which is Q4 FY25 was a lackluster quarter. So, now, when the market has revived, it picked up. Maybe given the current volatility, deal pipeline might again witness some slowdown. For the full year, I am quite optimistic about our deal pipeline and closure.

Aditya Bhatia: Sure. Okay. And finally, can you speak a little on your insurance business?

R. Venkataraman: I will just give you some numbers. So, if you see, we do both life and non-life and total premium collected for this first year for Q1 was about Rs.10 crores, which for the previous quarter was Rs.23 crores and 1st Quarter of FY25 was Rs.14 crores. So, there has been some dip in this and for general insurance was also in the rough range of Rs.30 crores. Apart from these two insurances, we also have investment in Livlong, which is like a wellness and affiliate business and that business is also doing well. I do not have the exact figure right in front of me. So, these are the three components of our insurance business.

Aditya Bhatia: Sure. And in your next presentations, would you be more open to do a more segmented split of the revenue mix, especially when it comes to IE/IB?

R. Venkataraman: No, see, IE/IB, the numbers we have given. So, we have been disclosing IE/IB numbers. So, I will do one thing. Prayesh also raised some issues of disclosure. Maybe I will take feedback from all of you and then decide what to show. Only point is that our retail business is going through a transformation. So, once it reaches scale, then maybe we can show some meaningful numbers.

Aditya Bhatia: Okay. And is there any guidance for the rest of the year for FY26?

R. Venkataraman: No, unfortunately, we have not given any guidance. I am sorry.

Aditya Bhatia: Okay. All right. That will be all. Thank you.

R. Venkataraman: So, actually, thank you so much for giving us a patient hearing and please feel free to reach out to us if you have any other questions or if you want any other data and we look forward to interacting with you so that our disclosures improve. Thank you so much and all of you have a nice day. Thank you.

Moderator: Thank you. On behalf of IIFL Capital Services Limited, that concludes this conference. Thank you all for joining us and you may now disconnect your lines.