

# IIFL WEALTH & ASSET MANAGEMENT

Q2 FY22

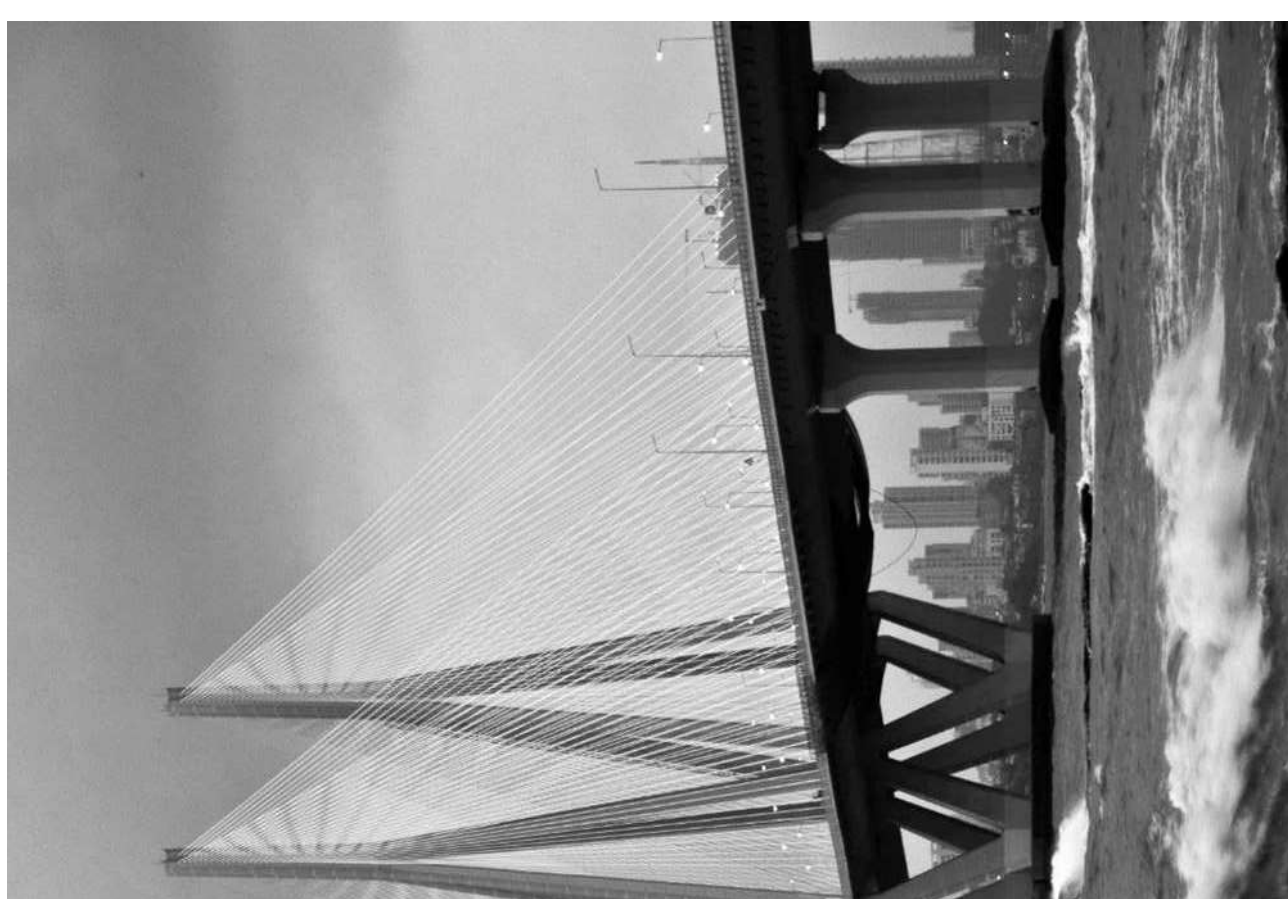
Performance Update



**IIFL**  
WEALTH & ASSET  
MANAGEMENT

# CONSOLIDATED BUSINESS SUMMARY

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## SUSTAINED MOMENTUM FOR DELIVERING HIGHER RETURNS

### GROWTH & VALUE DELIVERY

Another record quarter - Highest all-time Revenues, Operating profit and PAT

Cost to Income at sub-50% – continued focus on productivity & efficiency

RoE Ex Goodwill & Intangibles in Q2 at 24%, continued Dividend pay-out driving capital efficiency & shareholder value

### RELENTLESS FOCUS ON CORE DRIVERS

Key milestones achieved - Total AUM crosses 250k crs  
Wealth AUM crosses 200k crs  
AMC AUM crosses 50k crs

Continued acceleration in ARR AUM growth at 12.4% QoQ and ARR Revenue growth at 15.6% QoQ

Steady Net Flows for H1 – at ~18k crs; well-poised to exceed annual guidance

### BUILDING ON STRATEGIC ENABLERS

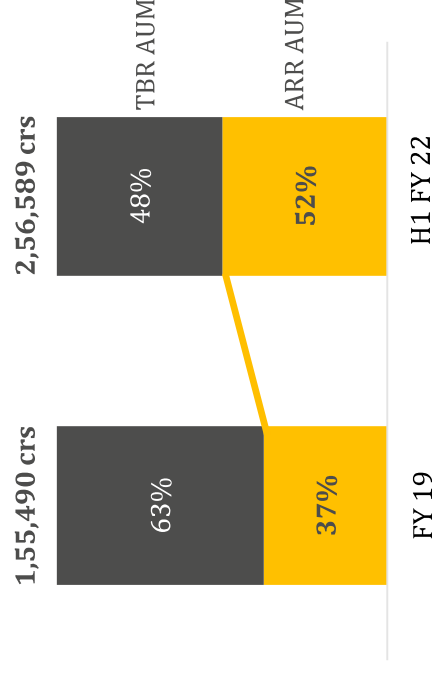
Continued focus on Digital – ‘New age’ re-imagining of client journeys; tech-enabled propositions

Market & regulatory developments providing exciting tailwinds – across products & segments

People & Culture – engage, learn & grow

## BUSINESS MODEL CHANGE AT STEADY STATE - SUSTAINED FOCUS ON EXECUTION

- 30 months into our journey on change in business model, we have achieved further key milestones – Recurring revenues as a % of Revenue from Operations has crossed 70% in Q2 FY22, while ARR assets continue to grow as a % of our total AUM
- More than 95% of Net Flows have been in ARR Assets over the last 6 quarters
- Going into H2 FY22, key metrics on business model are at steady state thresholds – organization focus on execution continues



### IIFL ONE AND ADVISORY

- **~32k crs AUM** – added 25k crs since start of transition in FY20, primarily in DPMS / NDPMS
- **Advisory** proposition gaining momentum for H2 FY22
- Continued sustenance in **retentions at 33bps** – DPMS towards ~50bps

### SHIFT TO TRAIL - DISTRIBUTION

- **Industry leader** in transition to trail earning model on distribution
- **Steady growth** in trail earning distr: **AUM** to ~45k crs; Net flows of 17k crs over 6 quarters
- **Sustained retentions** at over 50bps

### DIVERSIFICATION OF AMC STRATEGIES

- **Strong growth in AUM** to ~52k crs; Net flows of over 15k crs
- **Listed & Unlisted Equities** continue to see strong momentum – AUM at >22k Crs for each strategy
- Further **improvement in retentions** to over 70 bps

## Q2 FY 22 - KEY FINANCIAL HIGHLIGHTS

### AUM

- Total AUM is up 9.1% QoQ and up 37.1% YoY to Rs 2,56,589<sup>2</sup> Crs
- Continued focus on ARR assets – Increase of 12.4 % QoQ and 66.8% YoY to Rs 1,31,977 Crs
- Net flows are Rs 3,700<sup>3</sup> Crs for Q2 FY22 and Rs 17,995 Crs for H1 FY22

### Revenues

- Total Revenues up 19.1% QoQ and up 46.7% YoY to Rs 362 Crs.
- Revenue from Operations up 10.9% QoQ and up 48.3% YoY to Rs 314 Crs.
- ARR Revenues up 15.6% QoQ and up 58.6% YoY to 222 Crs

### Cost

- Total Cost up 13.5% QoQ and 29.7% YoY to Rs 174 Crs.
- Total Employee Costs up 16.3% QoQ and 37.2% YoY to 135 Crs.
- Administrative Cost up 4.3% QoQ and 8.8% YoY to Rs 38 Crs.
- Cost to income Ratio decreased to 48.0% from 50.3% in the previous quarter

### Profitability

- Operating Profits (OPBT) up 7.9% QoQ and 80.1% YoY to Rs 141 Crs.
- PAT increased 18.5% QoQ and 63.5% YoY to Rs 140 Crs.
- Tangible RoE<sup>1</sup> for Q2 FY22 is at 23.7%, up from 20.0% in Q1 FY22

1. RoE Ex Goodwill & Intangibles

2. Debt – Equity split of overall AUM excl. Lending Assets is 40:60 as on 30 Sep 2021

3. Corporate Treasuries had positive net flows of Rs 5,200 Crs in Q1 FY22, and corresponding negative net flows of Rs 2,500 Crs in Q2 FY22



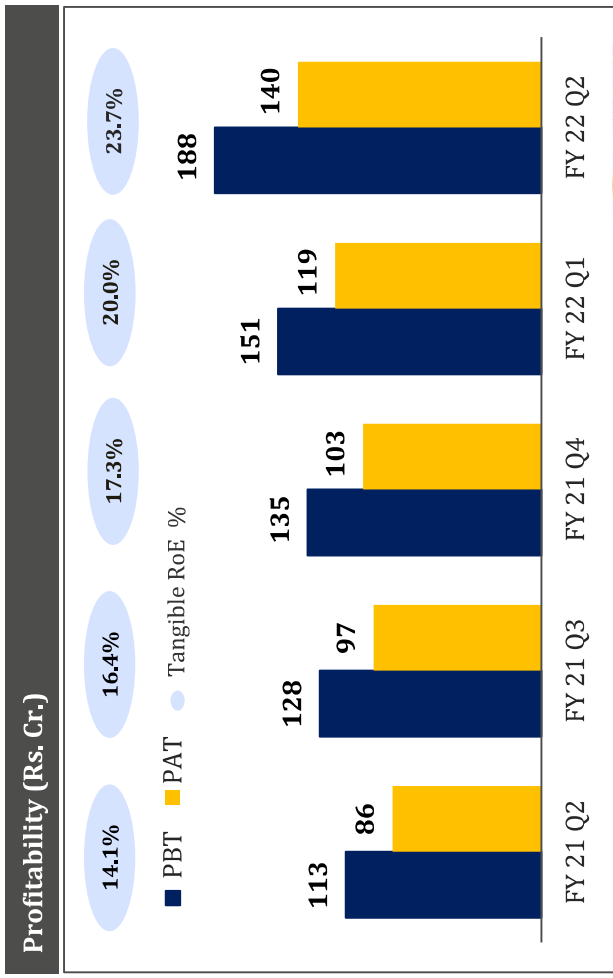
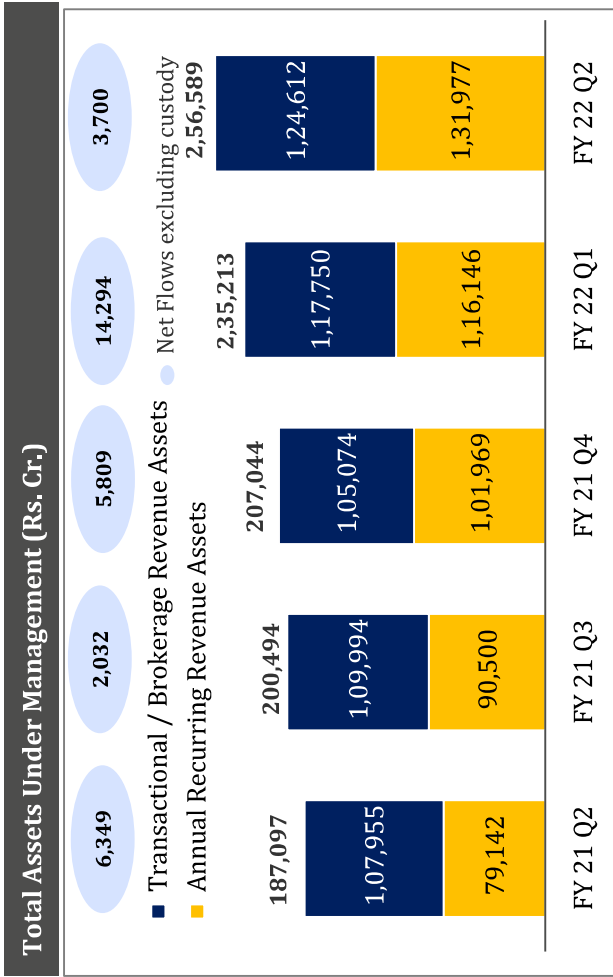
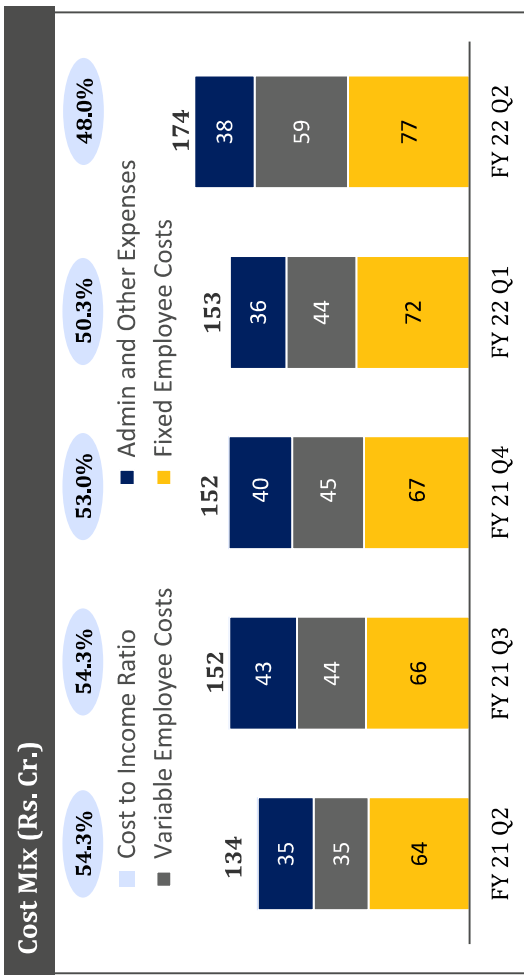
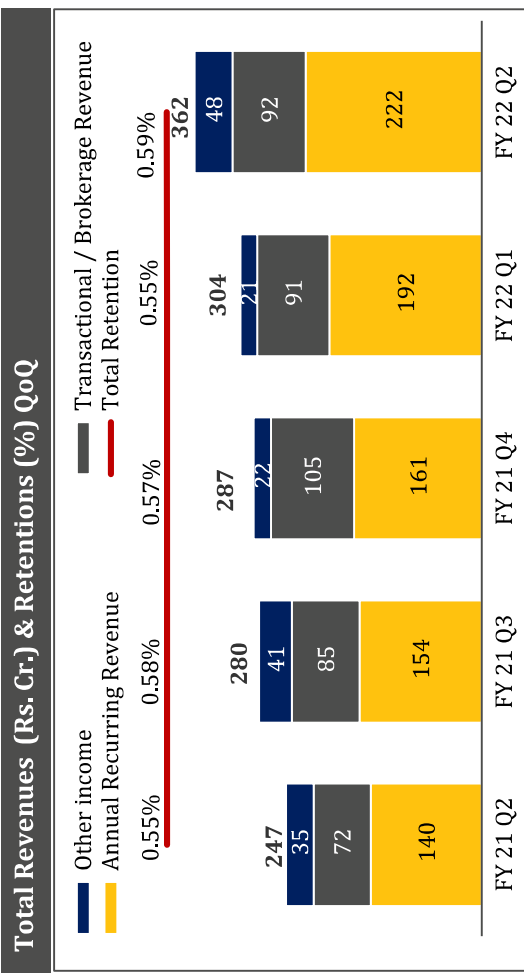


## CONSOLIDATED BUSINESS SUMMARY

INR Cr	Q1 FY 22	Q2 FY 22	QoQ	Q2 FY 21	YoY	H1 FY 21	H1 FY 22	%
<b>Closing AUM</b>								
Annual Recurring Revenue Assets	1,17,463	1,31,977	12.4%	79,142	66.8%	79,142	1,31,977	66.8%
Transactional / Brkg Revenue Assets	1,17,750	1,24,612	5.8%	1,07,955	15.4%	1,07,955	1,24,612	15.4%
<b>Total AUM</b>	<b>2,35,213</b>	<b>2,56,589</b>	<b>9.1%</b>	<b>1,87,097</b>	<b>37.1%</b>	<b>1,87,097</b>	<b>2,56,589</b>	<b>37.1%</b>
<b>Revenues &amp; Retention</b>								
Annual Recurring Revenues	192	222	15.6%	140	58.6%	268	414	54.7%
Transactional / Brokerage Revenue	91	92	1.0%	72	28.2%	143	183	28.2%
<b>Total Revenue from Operations</b>	<b>283</b>	<b>314</b>	<b>10.9%</b>	<b>212</b>	<b>48.3%</b>	<b>411</b>	<b>597</b>	<b>45.5%</b>
Other Income	21	48	131.7%	35	37.2%	75	69	-9.2%
<b>Total Revenue</b>	<b>304</b>	<b>362</b>	<b>19.1%</b>	<b>247</b>	<b>46.7%</b>	<b>486</b>	<b>666</b>	<b>37.0%</b>
Average Annual Recurring Assets	1,07,771	1,24,012	15.1%	74,268	67.0%	69,663	1,15,891	66.4%
<b>Total Average Assets</b>	<b>2,19,183</b>	<b>2,45,193</b>	<b>11.9%</b>	<b>1,80,030</b>	<b>36.2%</b>	<b>1,72,011</b>	<b>2,32,188</b>	<b>35.0%</b>
<b>Retention on ARR Assets</b>	0.71%	0.72%		0.75%		0.77%	0.72%	
<b>Total Retention</b>	0.55%	0.59%		0.55%		0.57%	0.57%	
<b>Costs</b>	<b>153</b>	<b>174</b>	<b>13.5%</b>	<b>134</b>	<b>29.7%</b>	<b>264</b>	<b>327</b>	<b>23.9%</b>
Employee Costs	116	135	16.3%	99	37.2%	196	252	28.4%
Fixed Employee Costs	72	77	7.1%	64	20.4%	129	149	15.5%
Variable Employee Costs	37	48	30.7%	20	137.8%	39	85	120.8%
Employee ESOP Costs	8	10	34.0%	14	-29.8%	28	18	-38.0%
Admin and Other Expenses	37	38	4.3%	35	8.8%	68	75	10.6%
<b>Profit Metrics</b>								
Operating Profit before Taxes (OPBT)	130	141	7.9%	78	80.0%	147	271	84.4%
Profit before Taxes (PBT)	151	188	24.8%	113	66.9%	222	339	52.7%
Profit After Tax (PAT) including OCI and FCTR	119	140	18.5%	86	63.5%	169	259	52.9%
Effective Tax Rates	23%	24%		24%		24%	24%	
Cost to Income Ratio	50.4%	48.0%		54.3%		54.3%	49.1%	
ROE	16.4%	19.4%		11.6%		11.3%	17.9%	
ROE Ex Goodwill & Intangibles	20.0%	23.7%		14.1%		13.3%	21.9%	

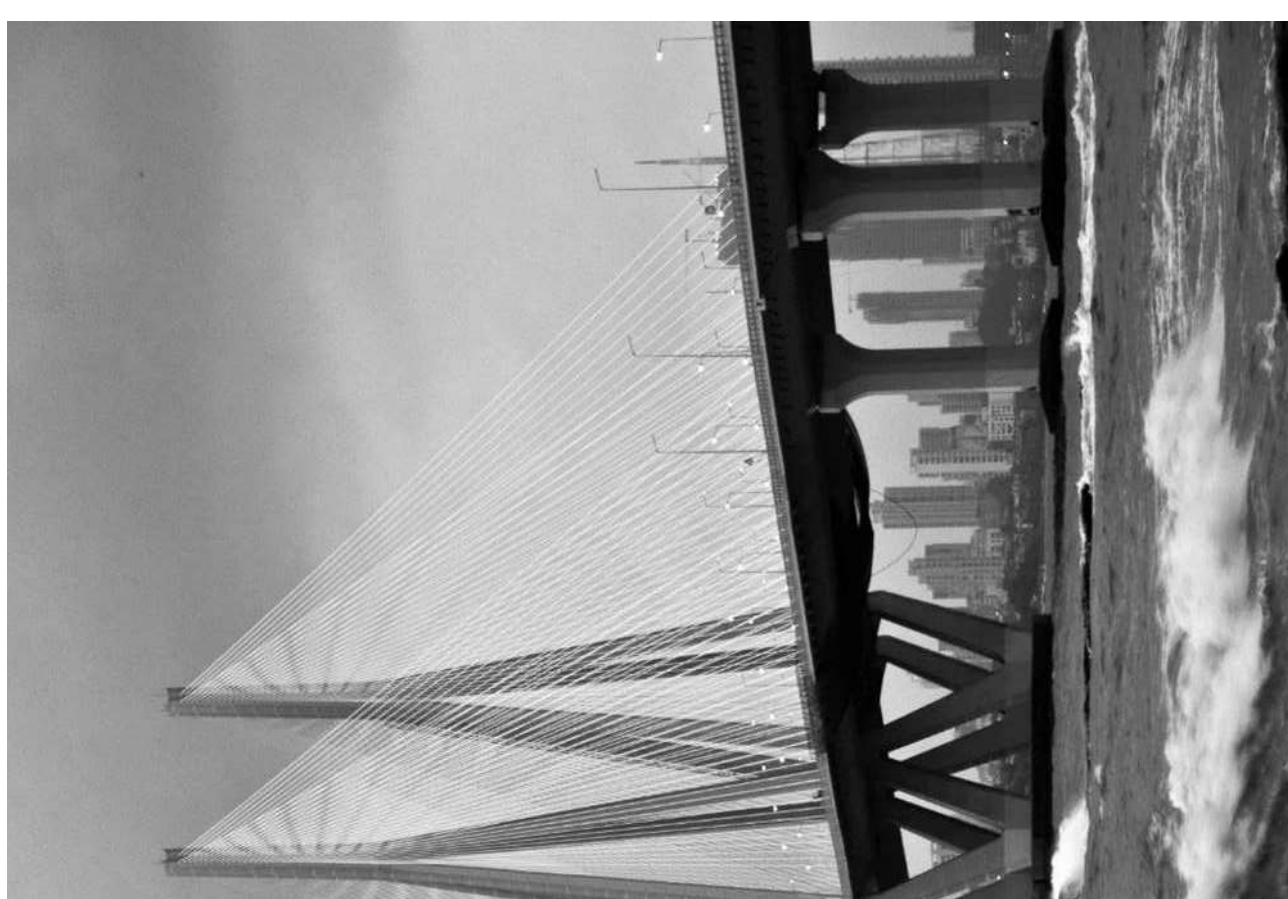


# KEY METRICS SUMMARY



# SEGMENTAL BUSINESS SUMMARY

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## SEGMENTAL BUSINESS SNAPSHOT

Particulars	AUM		NET FLOWS		REVENUE FROM OPERATIONS		RETENTION	
	Q1 FY 22	Q2 FY 22	Q1 FY 22	Q2 FY 22	Q1 FY 22	Q2 FY 22	Q1 FY 22	Q2 FY 22
Wealth Management	1,90,909	2,04,669	9,681	1,691	214	226	0.48%	0.46%
Asset Management	44,304	51,920	4,613	2,009	70	88	0.68%	0.72%
<b>Totals</b>	<b>2,35,213</b>	<b>2,56,589</b>	<b>14,294</b>	<b>3,700</b>	<b>283</b>	<b>314</b>	<b>0.52%</b>	<b>0.51%</b>
Custody : Promoter Holding	47,357	58,561			-	-		
<b>Grand Total</b>	<b>2,82,570</b>	<b>3,15,150</b>			<b>283</b>	<b>314</b>		

Particulars	WEALTH MANAGEMENT		ASSET MANAGEMENT	
	Q1 FY 22	Q2 FY 22	Q1 FY 22	Q2 FY 22
Revenue from Operations	213	226	70	88
ARR Revenue	123	134	69	88
TBR Revenue	90	92	1	-
Other Income	18	39	3	9
Cost	117	132	36	42
Profit before tax	114	133	37	55



**IIFL**  
WEALTH & ASSET  
MANAGEMENT

## SEGMENTAL SNAPSHOT - WEALTH MANAGEMENT (PRODUCTS)

WEALTH MANAGEMENT	AUM		NET FLOWS		REVENUE FROM OPERATIONS		RETENTION		
	Q1 FY 22	Q2 FY 22	Q1 FY 22	Q2 FY 22	Q1 FY 22	Q2 FY 22	Q1 FY 22	Q2 FY 22	
<b>TOTAL</b>	<b>1,90,909</b>	<b>2,04,669</b>	<b>9,681</b>	<b>1,691</b>	<b>11,373</b>	<b>213</b>	<b>226</b>	<b>439</b>	<b>0.46%</b>
<b>IIFL One</b>	<b>30,510</b>	<b>31,523</b>	<b>1,439</b>	<b>423</b>	<b>1,862</b>	<b>21</b>	<b>22</b>	<b>43</b>	<b>0.33%</b>
Discretionary PMS	10,689	10,752				12	13	25	0.49%
Non Discretionary PMS	13,915	15,183				8	8	16	0.32%
Advisory	5,906	5,588				1	1	2	0.06%
<b>Distribution Assets Earning Trail Fees</b>	<b>39,317</b>	<b>44,975</b>	<b>3,634</b>	<b>2,935</b>	<b>6,569</b>	<b>55</b>	<b>55</b>	<b>110</b>	<b>0.58%</b>
Mutual Funds	28,730	30,504				28	31	58	0.38%
Managed Accounts	10,587	14,472				27	25	52	1.28%
<b>Net Interest Margin on Loans</b>	<b>3,332</b>	<b>3,558</b>				<b>48</b>	<b>57</b>	<b>105</b>	<b>5.32%</b>
<b>Brokerage Income</b>	<b>97,270</b>	<b>1,02,207</b>	<b>7,483</b>	<b>-1,501</b>	<b>5,981</b>	<b>90</b>	<b>92</b>	<b>182</b>	<b>0.40%</b>
Direct Stocks	42,672	51,100							
Debt Instruments & Bonds	28,009	29,513							
Mutual Funds Direct	26,590	21,594							
<b>Distribution Assets Not Earning Trail Fees</b>	<b>20,480</b>	<b>22,405</b>	<b>-2,875</b>	<b>-165</b>	<b>-3,039</b>				
Mutual Fund where upfront fees received earlier	2,207	1,832							
Managed Accounts where upfront fees received earlier	18,273	20,573							



## SEGMENTAL SNAPSHOT - WEALTH MANAGEMENT BY ASSET CLASS

WEALTH MANAGEMENT	AUM			NET FLOWS		
	Q4 FY 21	Q1 FY 22	Q2 FY 22	Q1 FY 22	Q2 FY 22	H1 FY 22
<b>TOTAL</b>	1,66,051	1,87,577	2,01,111	9,681	1,691	11,373
<b>Equity</b>	74,114	90,531	1,06,175	5,306	4,303	9,609
<b>Debt</b>	91,937	97,046	94,935	4,375	(2,612)	1,763
- Long Term	62,229	62,292	62,466	(376)	(108)	(484)
- Short Term	11,999	15,598	13,614	3,502	(1,906)	1,597
- Liquid and Cash Equivalents	17,709	19,155	18,855	1,249	(598)	651

1. Wealth Management AUM depicted above does not include AUM from Lending Activities
2. Majority of flows in Debt Short-term and Liquid comprise of Corporate Treasury flows

## SEGMENTAL SNAPSHOT - ASSET MANAGEMENT

ASSET MANAGEMENT	AUM		NET FLOWS		REVENUE FROM OPERATIONS			RETENTION			
	Q1 FY 22	Q2 FY 22	Q1 FY 22	Q2 FY 22	Q1 FY 22	Q2 FY 22	H1 FY 22	Q1 FY 22	Q2 FY 22		
<b>TOTAL</b>	<b>44,304</b>	<b>51,920</b>	<b>4,613</b>	<b>2,009</b>	<b>6,622</b>	<b>70</b>	<b>88</b>	<b>158</b>	<b>0.68%</b>	<b>0.72%</b>	<b>0.70%</b>
<b>Discretionary Portfolio Manager</b>	<b>14,456</b>	<b>16,508</b>	<b>2,005</b>	<b>415</b>	<b>2,420</b>	<b>15</b>	<b>19</b>	<b>34</b>	<b>0.50%</b>	<b>0.48%</b>	<b>0.49%</b>
Listed Equity - Standardized Strategies	4,728	5,384				9	12	21	0.85%	0.96%	0.91%
Listed Equity - Institutional Mandates	9,728	11,123				6	7	13	0.31%	0.25%	0.27%
<b>Alternate Investment Manager</b>	<b>27,090</b>	<b>32,005</b>	<b>2,508</b>	<b>1,221</b>	<b>3,729</b>	<b>50</b>	<b>65</b>	<b>115</b>	<b>0.77%</b>	<b>0.87%</b>	<b>0.83%</b>
Listed Equity	3,677	3,958				8	10	18	0.92%	1.03%	0.98%
Private Equity	17,050	21,811				33	42	76	0.83%	0.87%	0.85%
Credit & Real Estate Strategies	4,817	4,682				6	7	14	0.54%	0.59%	0.57%
Long Short Strategies	1,546	1,554				2	5	8	0.58%	1.39%	0.98%
<b>Mutual Fund Manager</b>	<b>2,758</b>	<b>3,407</b>	<b>100</b>	<b>372</b>	<b>473</b>	<b>3</b>	<b>4</b>	<b>7</b>	<b>0.44%</b>	<b>0.45%</b>	<b>0.44%</b>
Listed Equity	1,955	2,367				3	3	6	0.58%	0.58%	0.58%
Debt	693	746				0	0	1	0.16%	0.16%	0.16%
Liquid Funds	110	295				0	0	0	0.11%	0.11%	0.11%
<b>Performance Fee</b>						<b>1</b>	<b>0</b>	<b>1</b>			



## APPROXIMATE CAPITAL ALLOCATION AND DIVIDEND

### Tangible Net Worth

**2,300 Crs**

**Wealth Management  
590 Crs**

**NBFC 1,230 Crs**

**Asset Management  
480 Crs**



**Goodwill + Intangibles  
530 Crs**

**2,830 Crs**

### Dividend

Date	INR per share
Proposed Interim Dividend in - October 2021	20
Proposed Interim Dividend of approximately Rs 175 Crs will reduce Net Worth to ~ Rs. 2,125 Crs	

### Revised Tangible Net Worth

**2,125 Crs\***

**Wealth Management  
415 Crs**

**NBFC 1,230 Crs**

**Asset Management  
480 Crs**



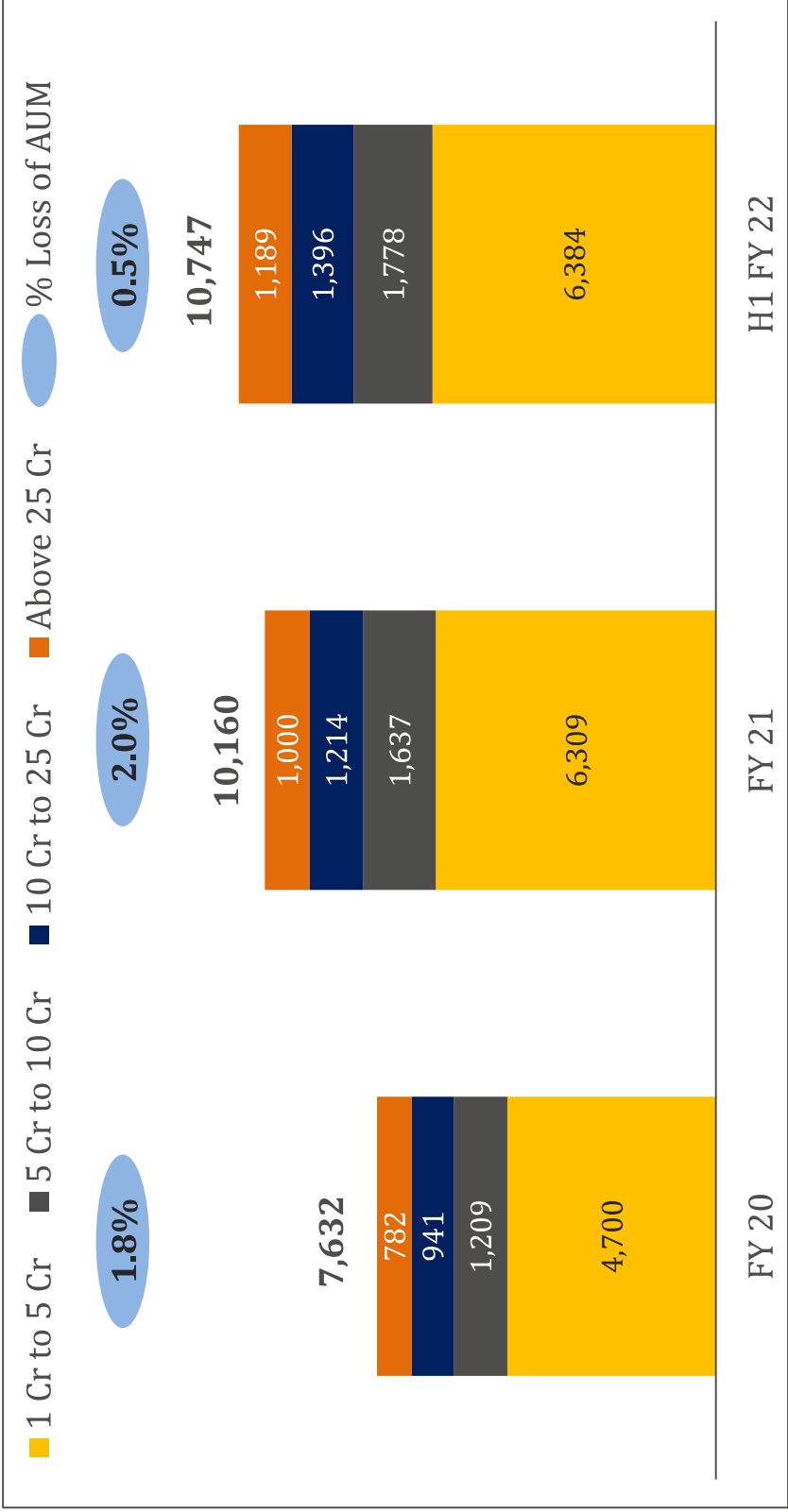
**Goodwill + Intangibles  
530 Crs**

**2,655 Crs**

**\*Notes** - Tangible Net Worth post payment of Dividend  
- Value of Fixed Assets has been Allocated



# RELEVANT CLIENT'S SNAPSHOT



- Relevant Clients<sup>1</sup> account for over 95% of Wealth Management AUM
- Client retention continues to remain strong with high stickiness of AUM

1. Relevant Clients are Clients with an AUM of Rs 1 Cr and above as on 30 Sep 2021

## EMPLOYEE'S SNAPSHOT

Senior Management – Classified as Partner and above	FY 20		FY 21		H1 FY22	
	Closing Count					
Wealth Management	63		97		125	
Asset Management	47		75		97	
Corporate Functions	4		10		15	
	12		12		13	
<b>Exits during the year</b>						
Wealth Management	5		8		2	
Asset Management	2		5		2	
Corporate Functions	1		1		0	
	2		2		0	
<b>Total Employee Count</b>	<b>887</b>		<b>861</b>		<b>894</b>	

- Senior Management attrition continues to remain extremely low – at less than 2% for H1 FY22
- Overall employee retention continues to be high – attrition at ~8% for H1 FY22

# MARQUEE INSTITUTIONAL SHAREHOLDING AND EXPERIENCED BOARD











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



## Details of Key Shareholders

Promoters <sup>2</sup>	22.8%
Public Shareholding	13.2%
Institutional Shareholding <sup>3</sup>	64.0%
<i>General Atlantic</i>	21.1%
<i>Fairfax</i>	18.3%
<i>Others</i>	24.6%

## Board of Directors

Name & Designation	Previous Experience
 <b>Nilesh Vikamsey</b> <i>Independent Director, Chairman</i>	 Khimji Kunverji & Co Chartered Accountants 30+ years of experience
 <b>Nirmal Jain</b> <i>Non-Executive Director &amp; Promoter</i>	 Harambee, United Arab Emirates 30+ years of experience
 <b>R. Venkataraman</b> <i>Non-Executive Director &amp; Promoter</i>	 ICI Bank GE Capital 20+ years of experience
 <b>Karan Bhagat</b> <i>Managing Director &amp; Promoter</i>	 IIFL WEALTH & ASSET MANAGEMENT 20+ years of experience
 <b>Yatin Shah</b> <i>Non-Executive Director &amp; Promoter</i>	 IIFL WEALTH & ASSET MANAGEMENT 20+ years of experience

## Name & Designation



**Sandeep Naik**  
*Nominee Director*

## Previous Experience



**Apax**  
GENERAL ATLANTIC PARTNERS  
20+ years of experience



**Shantanu Rastogi**  
*Nominee Director*



**Apax**  
McKinsey & Company  
20+ years of experience



**Geeta Mathur**  
*Independent Director*



**ICI Bank**  
25+ years of experience



**S Narayanan**  
*Independent Director*

Former Fin. Secy, Former  
Economic Advisor to PM



**Mr. Pankaj Vaish**  
*Independent Director*

**accenture**  
34+ years of experience



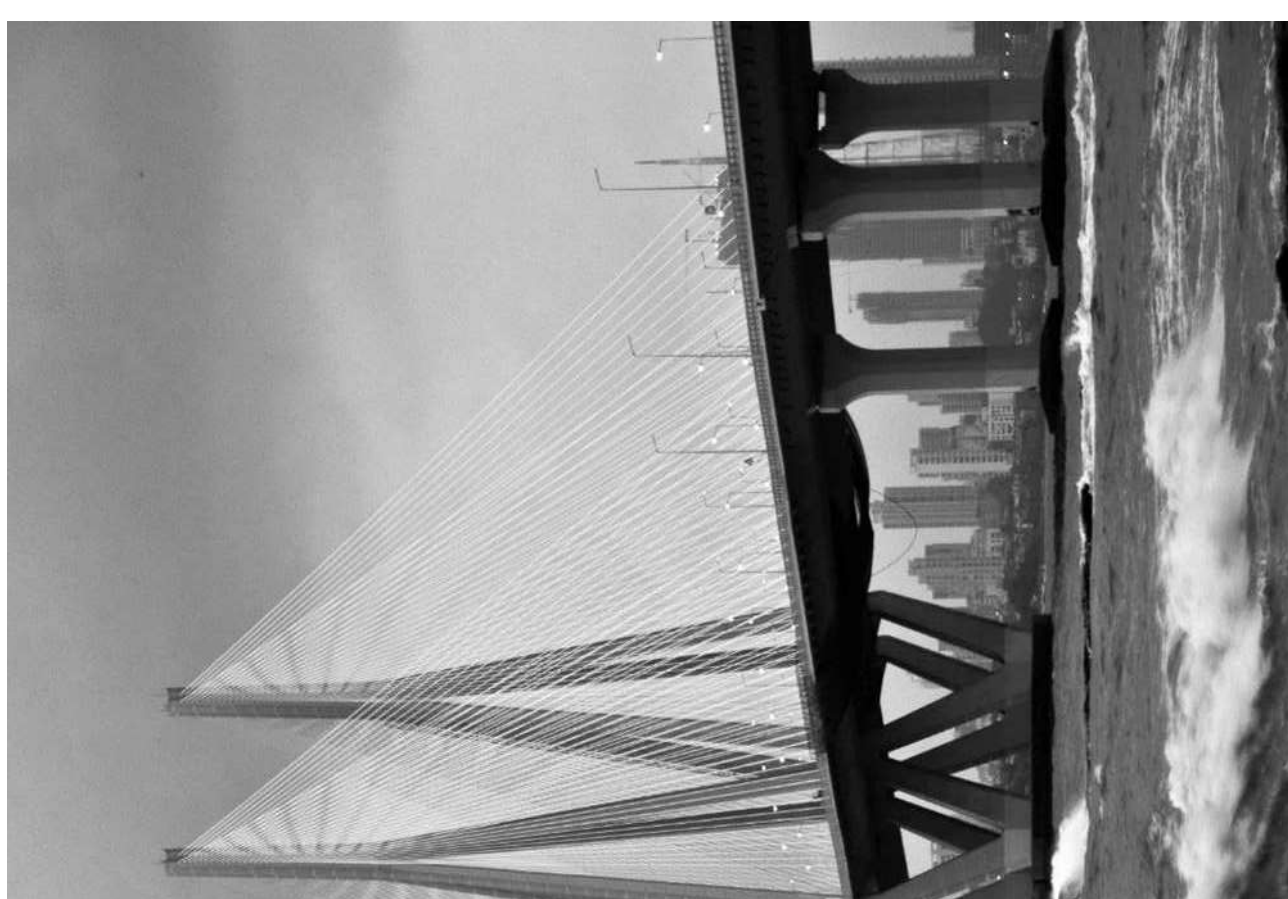
**Mr. G Soundarajan**  
*Non-Executive Director*

*Hambin Wass Investment Counsel Ltd.*  
**ICI Lombard**  
Nibhaye Vaade

1. Share holding Pattern is represented as on the record date – 30<sup>th</sup> September 2021
2. Promoters have 8.8% shares in lock till September 2022
3. Institutions Holding less than 1 lakh shares are classified under Public

# DATA BOOK

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## 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>**