

India Infoline Limited

Instrument	Amount	Rating Action (November 2016)
IPO Financing Programme	Rs. 500 crore	[ICRA]A1+ Assigned

The rating of [ICRA]A1+ (pronounced ICRA A one plus) has been assigned to Rs. 500 crore of IPO financing Programme of India Infoline Limited (IIL). IIL also has rating of [ICRA]AA (stable) (pronounced ICRA double A with stable outlook) for its various long term debt programmes.

While arriving at the ratings, ICRA has taken a consolidated view on credit profile of all key India Infoline group companies (collectively referred to as IIFL Group) owing to common promoters and senior management team, shared brand name, and strong financial and operation synergies shared across the group companies. The ratings factor in IIFL Group's diversified business revenues constituted by its financing, distribution and broking operations, group's robust risk management systems, healthy capitalisation profile backed by strong network of Rs. 4,096 crore as on March 31, 2016 for IIFL Group consolidated (including minority interest). The capitalisation was further bolstered by the Rs 1000 cr equity infusion in IIFL (NBFC) from CDC Plc. ICRA also notes the good profitability indicators (ROE of 13.55% for FY2016, for IIFL Group consolidated). However, the rating strengths are partially offset by the moderate seasoning of the financing businesses, which constitute the largest proportion of the total revenues of the group (72% for FY2016), and where steady performance through business cycles is yet to be demonstrated. Large part of the balance sheet consists of the mortgage business which has consistently increased over the past few years from 45% as on March 31, 2012 to 53% as on March 31, 2016. ICRA also takes note of comfortable asset quality indicators of the group diversification of the lending portfolio through steady growth in new business lines like Commercial Vehicle (CV) loans and SME loans, with Gross NPAs remaining consistently below 1.5% over the last few years. Although the dependence on capital market related businesses is coming down, the group's revenue and profitability indicators may get impacted by the cyclical nature of domestic capital markets. Going forward, ICRA expects full financial, managerial and operational support would continue to be available to all the group companies of IIFL Group. The ratings would be sensitive to IIFL's ability to profitably manage its relatively new lines of business, along with maintaining superior asset quality through the business cycle.

Company Profile **India Infoline Ltd**

India Infoline Limited is the equity broking entity of the IIFL Group. It is a fully owned IIFL Group company, with IIFL Holdings Limited holding 99.9999% stake, and 0.0001% stake held by IIFL Wealth Management Limited as on March 31, 2016.

IIFL Holdings Limited (formerly known as India Infoline Ltd.)

India Infoline Limited (IIL) was founded in 1995 by two professionals as an independent financial research provider. The name of the company got changed to IIFL Holdings Limited in FY14 as it became a operating holding company. The group is engaged in equity broking, portfolio management services, depository services, investment banking, distribution of mutual funds and other financial products, commodity broking, margin funding, consumer loan funding and wealth management. IIFL Group's consolidated net worth strengthened to Rs 4,096 crore as on March 31, 2016 consolidated (including minority interest).

Recent results:

IIFL Group reported a PAT of Rs 365.4 crore in H1FY17 on a total income of Rs 2,246.71 crore compared to a PAT of Rs 267.6 crore on a total income of Rs 1,877.87 crore in the corresponding period last fiscal.

November 2016

Please refer to ICRA's release for India Infoline Limited published in October 2016 for a detailed rationale



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