IIFL Wealth Management Limited

February 14, 2018

Summary of rated instruments

Instrument*	Current Rated Amount (Rs. crore)	Rating Outstanding
Commercial paper programme (IPO financing)	2,000.00	[ICRA]A1+
Commercial Paper programme	500.00	[ICRA]A1+
Secured NCD programme	100.00	[ICRA]AA(stable);
Total	**2,600.00**	

Material event

On 31st January 2018, the Boards of Directors of IIFL Holdings and its subsidiary companies, have decided to reorganize the corporate structure. At present the group's business comprises three distinct business lines:

1. Loans and Mortgages (IIFL Finance);
2. Wealth and Asset Management (IIFL Wealth); and
3. Capital Markets (IIFL Securities, presently known as India Infoline Limited)

The reorganization will result in three listed entities, one for each of the above businesses. The reorganization, subject to necessary statutory and regulatory approvals including NCLT, will result in the owner of seven shares of IIFL Holdings' (the listed company) to own post reorganization:

a) Seven shares of IIFL Finance;
b) Seven shares of IIFL Securities; and
c) One share of IIFL Wealth

For arriving at the ratings of IIFL Holdings, and its subsidiaries, ICRA takes comfort on the consolidated financials, given a strong operational and financial linkages, common promoters, and senior management team between the subsidiaries. ICRA has taken a note of the announcement and will take an appropriate rating action, if required, subsequent to statutory and regulatory approvals.

Impact of the Material Event

The rating of the entity remains unchanged as ICRA is awaiting additional clarity, and regulatory approvals.

The previous detailed rating rationale can be accessed here

About the company

IIFL Wealth Management Limited

IIFL Wealth Management Limited (IWML) forms the wealth management and distribution arm of the IIFL Group. IIFL Holdings Limited holds the majority stake of 57.7% in IIFL Wealth Management Limited as on March 31, 2017. IIFL Wealth Management (Consolidated) earned a net profit of Rs. 250.5 crore on total income of Rs. 1,082.9 crore in FY2017 compared to a net profit of Rs. 169.4 crore on total income of Rs. 590.9 crore in FY2016. Further, the company earned a net profit of Rs. 100.1 crore on total income of Rs. 282.8 crore in Q3FY2018.

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

IIFL Holdings Limited (IIFL Holdings, formerly known as India Infoline Ltd.) was founded in 1995 by two professionals as an independent financial research provider. The name of the company was changed to IIFL Holdings Limited in FY2014 when it became a non-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 stood at Rs. 4,969 crore as on December 31, 2017. IIFL Holdings Limited (consolidated) reported a PAT of Rs. 822 crore (Rs 686 crore after minority interest) in FY2017 on a total income of Rs. 4,925 crore. Further, the company reported a PAT of Rs. 301.3 crore (Rs 235.8 crore after minority interest) in Q3 FY2018 on a total income of Rs. 1,672 crore.

Key Financial Indicators (Audited) (Consolidated for IIFL Holdings)

	FY2016	FY2017
Net Operating Income	2,283	2,833
Profit after tax	555	822
Networth	3,352	4,382
Loan Book (AUM)	19,615	25,896
Total assets	22,877	33,763
Return on assets	2.63%	2.90%
Return on equity	17.51%	15.66%
Gross NPA	1.44%	1.82%*
Net NPA	0.54%	0.58%*
Capital adequacy ratio	17.7%	20.7%
Gearing[1]	3.89	4.32

Amounts in Rs. crore

**NPA recognition at 120 days past due (dpd) compared with 150 dpd during FY2016*

[1] Including minority interest

ANALYST CONTACTS

Karthik Srinivasan
+91 22 61143444
karthiks@icraindia.com

Sahil Udani
+91 22 61143429
sahil.udani@icraindia.com

Ankur Verma
+91 22 61143427
ankur.verma@icraindia.com

Neha Parikh
+91 22 61143439
Neha.parikh@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
naznin.prodhani@icraindia.com

Helpline for business queries:

+91-124-2866928 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited

Corporate Office
Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002
Tel: +91 124 4545300
Email: info@icraindia.com
Website: www.icra.in

Registered Office
1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001
Tel: +91 11 23357940-50

Branches

Mumbai	+ (91 22) 24331046/53/62/74/86/87
Chennai	+ (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,
Kolkata	+ (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,
Bangalore	+ (91 80) 2559 7401/4049
Ahmedabad	+ (91 79) 2658 4924/5049/2008
Hyderabad	+ (91 40) 2373 5061/7251
Pune	+ (91 20) 6606 9999

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents