

BUY

TP: Rs 2,206 | ▲ 22%

IIFL WEALTH

| Diversified Financials

| 20 October 2022

Guidance maintained despite slower flows

- Q2 AUM grew 5% YoY to Rs 2.7tn with flows muted at Rs 61bn; however, earlier profit guidance remains intact
- Focused on expanding trail-based ARR model; recurring revenue formed 68% share in Q2 and recurring AUM 58%
- FY23/FY24/FY25 net flow estimates pared 8%/2%/2% and TP revised to Rs 2,206 (vs. Rs 2,277); retain BUY

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Net flows low; official guidance maintained: IIFL Wealth's AUM grew 5% YoY and 6% QoQ to Rs 2.7tn in Q2FY23, 9% below our estimates. The company garnered net flows of only ~Rs 61bn during the quarter but put out upbeat H2 guidance of at least Rs 200bn in recurring net flows on the back of (i) a sum of Rs 40bn-45bn unlocked from the maturity of existing assets (not earning any trail fees), and (ii) better marketing efforts. We pare our FY23/FY24/FY25 net flow (net new money) estimates by 8%/2%/2% to Rs 314bn/Rs 398bn/Rs 444bn, and lower AUM estimates by ~2% across these years to Rs 4.4tn by FY25 from Rs 4.5tn earlier.

Yields steady: IIFL Wealth clocked yields of 59bps on a blended basis with recurring (ARR) yield at 70bps. The company earned Rs 142mn as carry income in Q2 (Rs 356mn in H1FY23), which is calculated on the non-ARR yields. Over FY23-FY25, we expect ARR yield to sustain at >65bps and overall yield at >50bps.

Return ratios expand: ROAE stood at 22.9% in Q2, expanding ~350bps YoY and 150bps QoQ. Net profit rose 23% YoY and 8% QoQ to Rs 1.7bn (missing estimates by 3%). The cost-to-income (C/I) ratio declined to 44.3% vs. 48.0% in Q2FY22 and 45.4% in Q1FY23. Our C/I estimate remains unchanged at 45% vs. official guidance of 44% for FY23. We forecast a net profit CAGR of 17% over FY22-FY25 to Rs 9.4bn, down 2.5-3% from our previous projection. We expect ~28% ROAE and ~7% ROAA by FY25.

Mid-market segment to be operational start FY24: The mid-market segment (Rs 50mn-250mn) that the company has been espousing over the last few quarters is expected to take shape by end-FY23 with client acquisition likely in early-FY24 in the UHNI and HNI segment, not retail.

Maintain BUY: IIFL Wealth is trading at 21x FY24E EPS and appears undervalued, in our view. Following our estimate revisions, we have a new TP of Rs 2,206 (22% upside) vs. Rs 2,277 earlier, set at an unchanged 25x FY24E EPS – a 10% premium to the 3Y average given a robust model and strong fundamentals. BUY.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	IIFLWAM IN/Rs 1,809
Market cap	US\$ 2.0bn
Free float	77%
3M ADV	US\$ 0.8mn
52wk high/low	Rs 1,945/Rs 1,236
Promoter/FPI/DII	23%/23%/3%

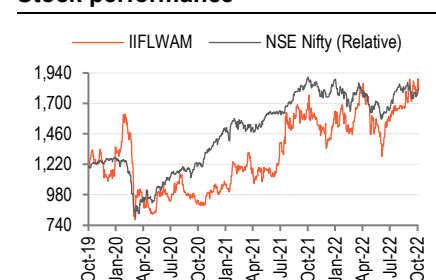
Source: NSE | Price as of 20 Oct 2022

Key financials

Y/E 31 Mar (Rs mn)	FY22A	FY23E	FY24E
PBT (Rs mn)	7,513	9,014	10,664
PBT growth (%)	54.9	20.0	18.3
Adj. net profit (Rs mn)	5,818	6,761	7,998
EPS (Rs)	64.1	74.6	88.2
Consensus EPS (Rs)	64.1	78.0	91.1
P/E (x)	28.2	24.2	20.5
MCap/AUM (%)	6.3	5.4	4.4
ROE (%)	20.0	22.1	24.9

Source: Company, Bloomberg, BOBCAPS Research

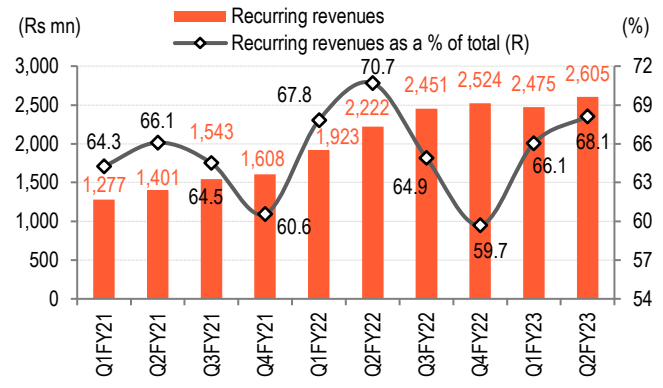
Stock performance



Source: NSE

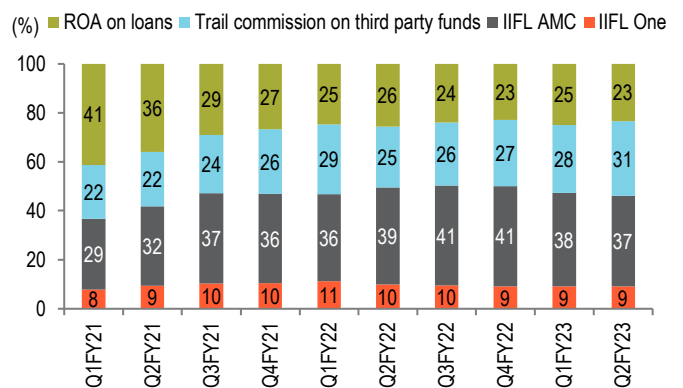


Fig 1 – Recurring revenue gaining traction...



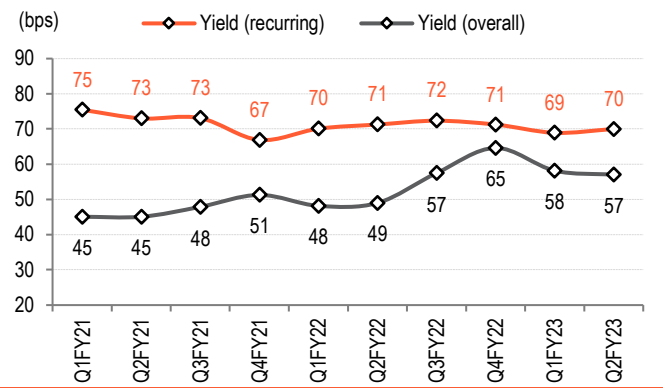
Source: Company, BOBCAPS Research

Fig 2 – ...with focus on IIFL One and AMC segments



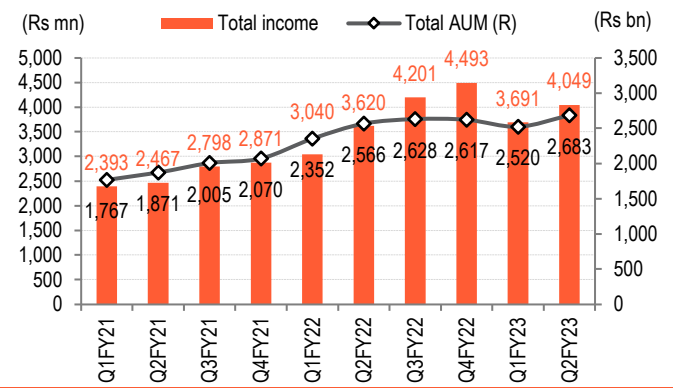
Source: Company, BOBCAPS Research

Fig 3 – ARR yield remained steady at 70bps



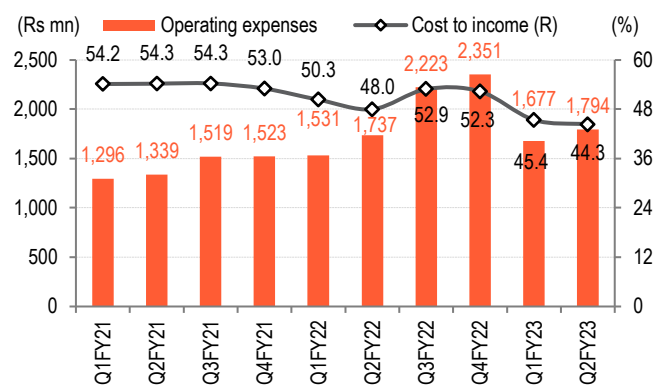
Source: Company, BOBCAPS Research Note: The above yields are calculated

Fig 4 – Income growth strong; AUM below expectation



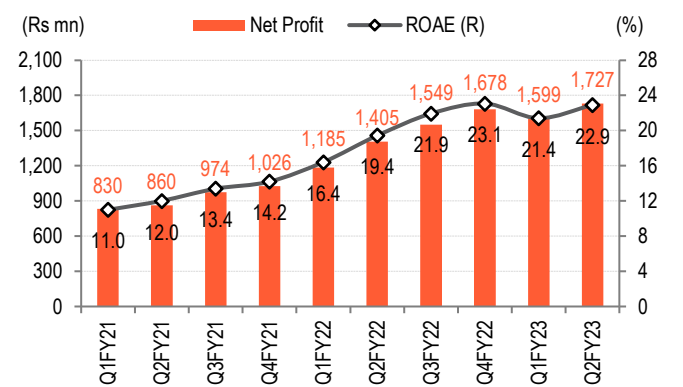
Source: Company, BOBCAPS Research

Fig 5 – Operating leverage kicking in



Source: Company, BOBCAPS Research

Fig 6 – Net profit grew 23% YoY; ROAE at 22.9%



Source: Company, BOBCAPS Research

Fig 7 – AUM breakup – Soft quarter on lower flows

(Rs mn)	Q2FY23	Q2FY22	YoY (%)	Q1FY23	QoQ (%)	FY22	FY21	YoY (%)
Recurring AUM	15,49,645	13,19,766	17.4	14,28,798	8.5	14,44,315	10,19,694	41.6
IIFL One Assets	3,65,528	3,15,232	16.0	3,22,817	13.2	3,27,242	2,79,397	17.1
Funds managed by IIFL AMC	5,57,656	5,19,199	7.4	5,31,950	4.8	5,55,742	3,73,718	48.7
Trail commissions managed by third party funds	5,83,622	4,49,754	29.8	5,32,402	9.6	5,18,151	3,30,376	56.8
Loans	42,840	35,580	20.4	41,630	2.9	43,180	36,203	19.3
Non-Recurring AUM	11,33,212	12,46,120	(9.1)	10,91,587	3.8	11,73,131	10,50,741	11.6
Brokerage	10,19,827	10,22,070	(0.2)	9,37,026	8.8	9,98,555	8,24,216	21.2
Direct Stocks	5,84,581	5,11,000	14.4	4,96,664	17.7	5,35,270	3,29,560	62.4
Debt Instruments & Bonds	2,70,119	2,95,127	(8.5)	2,82,577	(4.4)	2,91,976	2,73,036	6.9
Mutual Funds - Direct Code / Feeders	1,65,127	2,15,943	(23.5)	1,57,785	4.7	1,71,309	2,21,620	(22.7)
Distribution Assets Not Earning Trail Fees	1,13,385	2,24,050	(49.4)	1,54,560	(26.6)	1,74,576	2,26,525	(22.9)
Mutual Fund where upfront fees received earlier	-	18,318	(100.0)	-	NA	-	25,032	(100.0)
Managed Accounts where upfront fees received earlier	1,13,385	2,05,733	(44.9)	1,54,560	(26.6)	1,74,576	2,01,494	(13.4)
Total AUM	26,82,857	25,65,886	4.6	25,20,384	6.4	26,17,447	20,70,436	26.4

Source: Company, BOBCAPS Research

Fig 8 – Recurring revenue gaining traction

(Rs mn)	Q2FY23	Q2FY22	YoY (%)	Q1FY23	QoQ (%)	FY22	FY21	YoY (%)
Recurring Revenues	2,605	2,222	17.3	2,475	5.3	9,120	5,830	56.4
Fees on PMS- Discretionary/Non- Discretionary (IIFL One)	238	221	8.0	224	6.6	899	553	62.6
Management Fees on funds managed by IIFL AMC	960	877	9.5	946	1.5	3,588	1,977	81.5
Trail commission on third party funds	797	554	43.9	689	15.7	2,425	1,386	74.9
ROA on loans	610	570	7.0	617	(1.1)	2,208	1,914	15.4
Non-recurring revenues	1,219	921	32.4	1,192	2.3	4,862	3,325	46.2

Source: Company, BOBCAPS Research

Fig 9 – Yields remained broadly stable

Yields (calculated) (bps)	Q2FY23	Q2FY22	YoY (%)	Q1FY23	QoQ (%)	FY22	FY21	YoY (%)
Recurring	70	71	(1bps)	69	1bps	74	71	3bps
Fees on PMS- Discretionary/Non- Discretionary (IIFL One)	28	28	(1bps)	28	0bps	30	24	5bps
Management Fees on funds managed by IIFL AMC	70	73	(2bps)	70	1bps	77	67	11bps
Trail commission on third party funds	57	53	5bps	52	5bps	57	53	4bps
ROA on loans	578	662	(84bps)	582	(4bps)	556	535	22bps
Non-recurring	44	30	13bps	42	2bps	44	33	10bps
Yield on AUM (Overall excluding double counting)	57	55	2bps	58	(1bps)	66	56	10bps

Source: Company, BOBCAPS Research

Earnings call highlights

Net flows

- IIFL Wealth's net flows stood at Rs 61bn in Q2FY23, with wealth management constituting Rs 60.5bn and asset management (AMC) bringing in the balance. The quarter saw two planned distribution outflows from the AMC segment totaling ~Rs 7bn (Rs 4bn in an older AIF scheme and Rs 3bn in a liquid fund), which explains the lower flows. The AMC segment's credit strategy saw good traction.
- IIFL One remained the silver line during the quarter with Rs 34.5bn in net flows (vs. Rs 34.8bn in FY22).
- Two-third of net inflows in a typical quarter comes from new clients and a third from existing clients.
- Management remained confident of annual recurring revenue or ARR net flows of Rs 200bn in H2FY23 (Rs 100bn-105bn in H1FY23), thus totaling Rs 300bn for FY23. This is based on:
 - the company's ability to retain a higher proportion of assets that are maturing – of the Rs 50bn-60bn maturing in the next six months, 70-75% (Rs 40bn-45bn) is expected to flow to the ARR stream of business, and
 - marketing/sales efforts accounting for the remaining Rs 150bn-160bn.

Market volatility

- With the Rs 50bn in assets maturing over the next six months, IIFL Wealth expects to comfortably tide over market volatility.
- The company indicated that it has exited all listed positions 14-15 months ago. In the unlisted space, 60% is held in NSE and some portion in Bikaji, Northern Arc and NSDL which remain solid names.

NRI client base

- The proportion of non-resident Indians (NRI) in IIFL Wealth's client base remains in single digits. Of these, often only a few members of the client's family have shifted abroad.
- The risk of money outflow among NRI clientele can be broadly classified into two parts: (i) capital and (ii) current. The capital flow is subject to an annual cap of US\$ 1mn after the client has been classified as an NRI. Current flow (i.e. dividend, interest or rental income) is the money that moves out after a person shifts to another country. Put together, it will take a fairly long time for the aggregate amount to transition to the new country, per management.
- Return on investment expectations for NRI clientele are 8-9% in dollar terms as compared to 9-10% in rupee terms, as global bonds have corrected substantially.

Carry income

- Per management, carry income of Rs 750mn (combined) in the current and next two financial years remains fairly predictable, with the potential addition of some lumpy income next year.

IIFL One

- Corporate treasury advisory income is a drag on yields because such activities attract a nominal fixed fee for the company. Excluding this income, the company is targeting yield in the region of 40-45bps.
- Discretionary and non-discretionary PMS are expected to form one-third and two-third of portfolio management AUM respectively. The company indicated that it is seeing good acceptance of discretionary PMS, which is branded as IIFL One Mandate.

Other updates

- Other income is guided to remain in the range of Rs 600mn-1,000bn per year. There could be quarterly fluctuations but annual numbers should remain rangebound.
- For FY23, the company believes it can meet its ARR flow guidance of ~Rs 300bn whereas overall net flows may be Rs 50bn short of earlier expectations. However, the outlook on profit and other variables remains intact.
- Advisory is gaining traction at an industry level, especially for the top wealth management firms. IIFL Wealth, with its extensive platform and advisory solutions, intends to leverage on this opportunity and grow its business.
- The company has made two acquisitions in the last five years, i.e. Wealth Advisors and L&T Capital Markets. Although both acquisitions stack up number-wise, the company remains dissatisfied on the L&T Capital acquisition in terms of poorer scale-up benefits and also higher attrition as compared to the first, though it believes the worst is behind us in terms of churn. Per management, integration could have been better if not for Covid-19.
- The MAVM Angels Network (MANPL) acquisition is expected to be completed by the end of Q3FY23.
- The mid-market segment (Rs 50mn-250mn) that the company has been espousing over the last few quarters is expected to take shape by end-FY23 with client acquisition likely in early-FY24 (in the ultra-high net worth and high net worth segments, not retail). Competitors would be large banks who cater to these segments. The company is not changing its core services but rather the delivery platform.
- IIFL Wealth announced a third interim dividend of Rs 17/sh, taking its FY23 YTD total to Rs 52. Dividend payout is proposed to continue at 70-80% of PAT.

Financial snapshot

Fig 10 – P&L

(Rs mn)	Q2FY23	Q2FY22	YoY (%)	Q1FY23	QoQ (%)	FY22	FY21	YoY (%)
P&L								
Total income	4,049	3,620	11.9	3,691	9.7	15,354	10,529	45.8
Recurring Revenues	2,605	2,222	17.3	2,475	5.3	9,120	5,830	56.4
Transactional / Brokerage Assets	1,219	921	32.4	1,272	(4.1)	4,862	3,325	46.2
Other income	225	477	(52.9)	(56)	NA	1,372	1,374	(0.1)
Costs	1,794	1,737	3.3	1,677	7.0	7,841	5,679	38.1
Employee Costs	1,313	1,354	(3.1)	1,249	5.1	6,016	4,175	44.1
Admin and Other expenses	481	383	25.8	428	12.5	1,825	1,505	21.3
Profit before Taxes (PBT)	2,255	1,883	19.8	2,015	11.9	7,513	4,849	54.9
Taxes	528	478	10.3	415	27.2	1,696	1,156	46.7
Profit after Tax (PAT)	1,727	1,405	23.0	1,599	8.0	5,818	3,693	57.5

Source: Company, BOBCAPS Research

Fig 11 – Balance sheet

(Rs mn)	Q2FY23	Q2FY22	YoY (%)	Q1FY23	QoQ (%)	FY22	FY21	YoY (%)
Financial assets	85,669	73,069	17.2	85,751	(0.1)	97,133	76,829	26.4
Cash and cash equivalents	2,622	3,701	(29.2)	5,179	(49.4)	4,886	3,867	26.3
Bank Balance	2,257	3,431	(34.2)	3,435	(34.3)	5,336	4,014	32.9
Derivative financial instruments	5	1,465	(99.7)	1	451.0	1	1,665	(99.9)
Receivables	4,182	3,669	14.0	4,842	(13.6)	5,132	3,418	50.1
Loans	40,069	31,757	26.2	42,409	(5.5)	39,169	37,206	5.3
Investment	32,710	27,074	20.8	26,078	25.4	40,724	25,129	62.1
Other financial assets	3,825	1,972	94.0	3,807	0.5	1,885	1,530	23.2
Non- Financial assets	10,783	11,034	(2.3)	10,749	0.3	10,262	10,570	(2.9)
Current tax assets	1,475	810	82.1	1,698	(13.1)	1,368	747	83.1
Deferred tax assets	12	14	(15.0)	19	(36.6)	2	11	(84.2)
Property plant and equipment	2,769	2,828	(2.1)	2,756	0.5	2,778	2,879	(3.5)
Capital work in progress	129	0	NA	35	265.4	3	24	(88.9)
Goodwill	3,734	3,734	(0.0)	3,734	(0.0)	3,734	3,734	0.0
Other Intangible assets	1,431	1,562	(8.4)	1,469	(2.6)	1,499	1,516	(1.1)
Right-of-use Assets	352	187	88.3	236	48.9	149	243	(38.7)
Other non-financial assets	882	1,899	(53.5)	802	10.0	730	1,416	(48.5)
Total Assets	96,452	84,103	14.7	96,501	(0.1)	1,07,395	87,399	22.9
Financial liabilities	64,172	54,314	18.1	64,122	0.1	75,623	57,585	31.3
Derivative financial instruments	569	2,712	(79.0)	413	37.6	1,406	2,207	(36.3)
Payables	5,356	3,641	47.1	6,477	(17.3)	6,741	3,916	72.1
Debt Securities	53,490	40,044	33.6	50,746	5.4	54,533	44,079	23.7
Borrowings	1,904	500	280.7	502	278.9	1,001	1,042	(3.9)
Subordinated Liabilities	831	1,835	(54.7)	957	(13.2)	2,542	1,996	27.4
Finance Lease obligation	385	213	80.7	263	46.4	174	269	(35.2)
Other financial liabilities	1,638	5,369	(69.5)	4,764	(65.6)	9,227	4,077	126.3
Non-Financial liabilities	1,900	1,501	26.6	2,481	(23.4)	1,797	1,537	16.9
Current Tax liabilities	791	661	19.6	1,103	(28.3)	286	588	(51.4)
Provisions	103	141	(27.0)	72	42.6	75	118	(36.6)
Deferred Tax liabilities	681	464	46.7	678	0.4	955	341	180.0
Other non-financial liabilities	325	235	38.5	628	(48.2)	481	490	(1.8)
Total Liabilities	66,071	55,815	18.4	66,604	(0.8)	77,419	59,122	30.9

(Rs mn)	Q2FY23	Q2FY22	YoY (%)	Q1FY23	QoQ (%)	FY22	FY21	YoY (%)
Equity	30,381	28,288	7.4	29,897	1.6	29,976	28,278	6.0
Equity share capital	178	177	0.4	178	0.1	177	176	0.9
Other equity	30,204	28,111	7.4	29,720	1.6	29,798	28,102	6.0
Total Liabilities and Equity	96,452	84,103	14.7	96,501	(0.1)	1,07,395	87,400	22.9

Source: Company, BOBCAPS Research

Fig 12 – Ratio analysis

(%)	Q2FY23	Q2FY22	YoY (%)	Q1FY23	QoQ (%)	FY22	FY21	YoY (%)
Recurring Revenues as a % of total revenue from operations	68.1	70.7	(257bps)	66.1	206bps	59.4	55.4	403bps
Non -Recurring Revenues as a % of total revenue from operations	31.9	29.3	257bps	33.9	(206bps)	40.6	44.6	(403bps)
Other income as a % of total revenue	5.5	13.2	(762bps)	(1.5)	NA	8.9	13.0	(411bps)
Recurring AUM as a % of total AUM	57.8	51.4	633bps	56.7	107bps	55.2	49.3	593bps
Non-Recurring AUM as a % of total AUM	42.2	48.6	(633bps)	43.3	(107bps)	44.8	42.7	210bps
Cost to Income Ratio (%)	44.3	48.0	(367bps)	45.4	(112bps)	51.1	53.9	(287bps)
ROE	22.9	19.4	348bps	21.4	150bps	20.0	12.7	728bps

Source: Company, BOBCAPS Research

Valuation methodology

Based on the Q2FY23 performance, we pare our FY23/FY24/FY25 net flow (net new money) estimates by 8%/2%/2% to Rs 314bn/Rs 398bn/Rs 444bn, and cut AUM estimates by ~2% in each of these years to Rs 4.4tn by FY25 from Rs 4.5tn earlier. We do believe net flows will pick up over H2FY23 but have lowered forecasts on a conservative basis. We now model for a net profit CAGR of 17% over FY22-FY25 to Rs 9.4bn, down 2.5-3% from our previous projection.

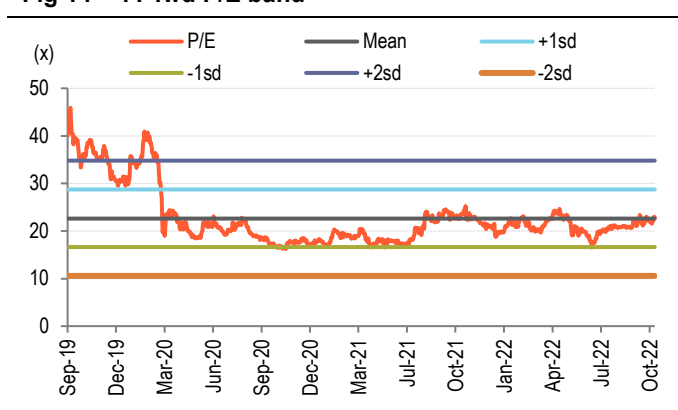
IIFL Wealth is trading at 21x FY24E EPS and appears undervalued, in our view. We reiterate our BUY rating with a revised TP of Rs 2,206 (vs, Rs 2,277 earlier), signifying 22% upside, based on 25x FY24E EPS – a 10% premium to the stock's three-year average given a robust model, strong fundamentals and supportive macro factors. The company has maintained a niche position in the under-penetrated wealth management business, enjoys a track record of innovative products and has a strong team leader (TL)-driven model that boasts of low attrition at both, the client and TL level.

Fig 13 – Revised estimates

(Rs mn)	New			Old			Change		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
AUM	30,62,412	37,05,519	44,46,622	31,14,761	37,68,861	45,22,633	(1.7)	(1.7)	(1.7)
Recurring AUM	17,63,346	22,07,760	27,38,244	17,84,145	22,37,961	27,76,006	(1.2)	(1.3)	(1.4)
Non-recurring AUM	12,99,066	14,97,759	17,08,378	13,30,616	15,30,900	17,46,627	(2.4)	(2.2)	(2.2)
Net flows	3,14,094	3,98,114	4,44,662	3,40,268	4,04,919	4,52,263	(7.7)	(1.7)	(1.7)
Revenue	16,390	19,042	22,297	16,857	19,547	22,888	(2.8)	(2.6)	(2.6)
Cost to income	45.0	44.0	44.0	45.0	44.0	44.0	0bps	0bps	0bps
PAT	6,761	7,998	9,365	6,954	8,210	9,613	(2.8)	(2.6)	(2.6)
ROAE (%)	22.1	24.9	27.7	22.7	25.5	28.3	(61bps)	(61bps)	(64bps)

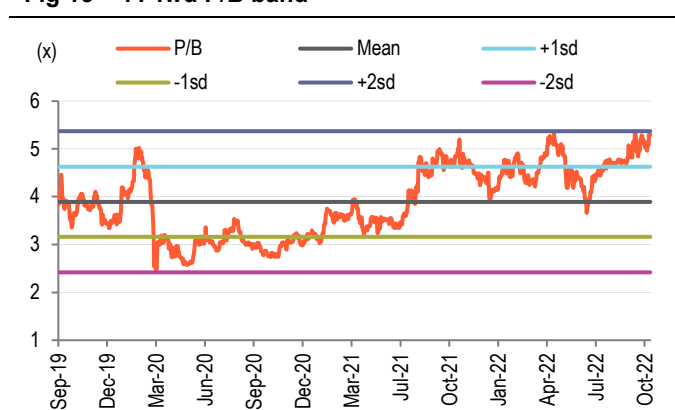
Source: BOBCAPS Research

Fig 14 – 1Y fwd P/E band



Source: Bloomberg, BOBCAPS Research

Fig 15 – 1Y fwd P/B band



Source: Bloomberg, BOBCAPS Research

Key risks

Key downside risks to our estimates are:

- **Goodwill risk:** IIFL Wealth's business is built on the goodwill of existing clients with new clients being acquired by word of mouth. Any change in the company's reputation due to a customer's bad experience can result in loss of goodwill, thereby hampering its ability to acquire new customers or even leading to attrition among existing clients.
- **Volatile capital markets:** Volatility in capital markets persists, especially after the uncertainty due to Covid-19 and recent geopolitical tensions. This could lead to abnormal losses/profits in client portfolios. Coupled with a drop in new wealth creation, this may slow the pace of estimated growth in the wealth industry, which may result in slower AUM growth for IIFL Wealth. As per management, a 20% fall in the benchmark can result in an 8-12% decline in AUM.
- **Growth in IIFL One assets may be slower than anticipated:** IIFL Wealth has been a pioneer in pushing for the shift to a recurring revenue model, spearheaded by the IIFL One proposition where revenue is earned as fees from clients rather than commissions from mutual funds. However, the speed of client conversion to this proposition may be slower than expected. Also, pricing pressures may arise as other competitors move to similar models.
- **High dependence on senior team leaders:** IIFL Wealth is dependent on senior TLs, bankers and RMs to retain and expand the client base over the long term. Any substantial TL attrition may lead to a corresponding increase in client attrition or may even slow AUM growth.
- **Regulatory issues:** Many regulatory changes have been introduced in the last few years, altering the dynamics of the business (for example, change in commission earned from upfront to trail). Any further changes can affect the income earned by the company.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Recurring revenue	5,830	9,120	10,790	13,642	16,697
Non-recurring revenue	3,325	4,862	4,800	4,600	4,800
Other income	1,374	1,372	800	800	800
Total income	10,529	15,354	16,390	19,042	22,297
Operating expenses	5,679	7,841	7,375	8,379	9,811
PBT	4,849	7,513	9,014	10,664	12,486
PBT growth (%)	69.3	54.9	20.0	18.3	17.1
Tax	1,156	1,696	2,254	2,666	3,122
Tax rate (%)	23.8	22.6	25.0	25.0	25.0
Reported PAT	3,693	5,818	6,761	7,998	9,365

Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Equity capital	176	177	177	177	177
Reserves & surplus	28,102	29,798	31,150	32,750	34,623
Net worth	28,278	29,976	31,328	32,927	34,800
Total debt	51,036	58,250	68,152	78,759	90,064
Other liab. & provisions	36,365	49,145	48,719	52,699	56,376
Total liabilities & equities	87,401	1,07,395	1,16,871	1,31,458	1,46,440
Cash & bank balance	8,383	10,222	12,794	14,974	15,781
Fixed & Other assets	79,018	97,173	1,04,077	1,16,484	1,30,659
Total assets	87,401	1,07,395	1,16,871	1,31,458	1,46,440

Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23E	FY24E	FY25E
EPS	41.8	64.1	74.6	88.2	103.3
Dividend per share	70.0	55.0	59.7	70.6	82.7
Book value per share	319.9	332.6	345.7	363.3	384.0

Valuations Ratios

Y/E 31 Mar (x)	FY21A	FY22A	FY23E	FY24E	FY25E
P/E	43.3	28.2	24.2	20.5	17.5
P/BV	5.7	5.4	5.2	5.0	4.7
Dividend yield (%)	3.9	3.0	3.3	3.9	4.6

DuPont Analysis

Y/E 31 Mar (bps of AAAUM)	FY21A	FY22A	FY23E	FY24E	FY25E
Operating income	50.3	59.7	54.9	53.9	52.7
Operating expenses	31.2	33.5	26.0	24.8	24.1
Other income	7.5	5.9	2.8	2.4	2.0
PBT	26.6	32.1	31.7	31.5	30.6
Tax	6.4	7.2	7.9	7.9	7.7

Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23E	FY24E	FY25E
YoY growth (%)					
PBT	69.3	54.9	20.0	18.3	17.1
EPS	82.9	53.5	16.4	18.3	17.1
Profitability & Return ratios (%)					
Operating to Total income	87.0	91.1	95.1	95.8	96.4
Cost to Income ratio	53.9	51.1	45.0	44.0	44.0
PBT margin	46.1	48.9	55.0	56.0	56.0
ROE	12.7	20.0	22.1	24.9	27.7
Dividend payout ratio	167.6	85.8	80.0	80.0	80.0

Source: Company, BOBCAPS Research

Disclaimer

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

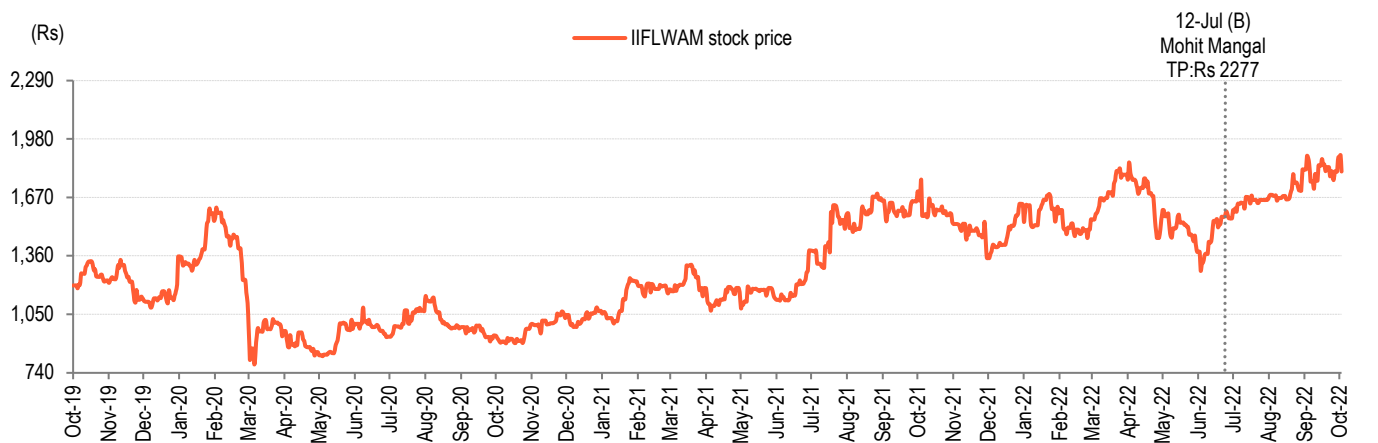
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): IIFL WEALTH (IIFLWAM IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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