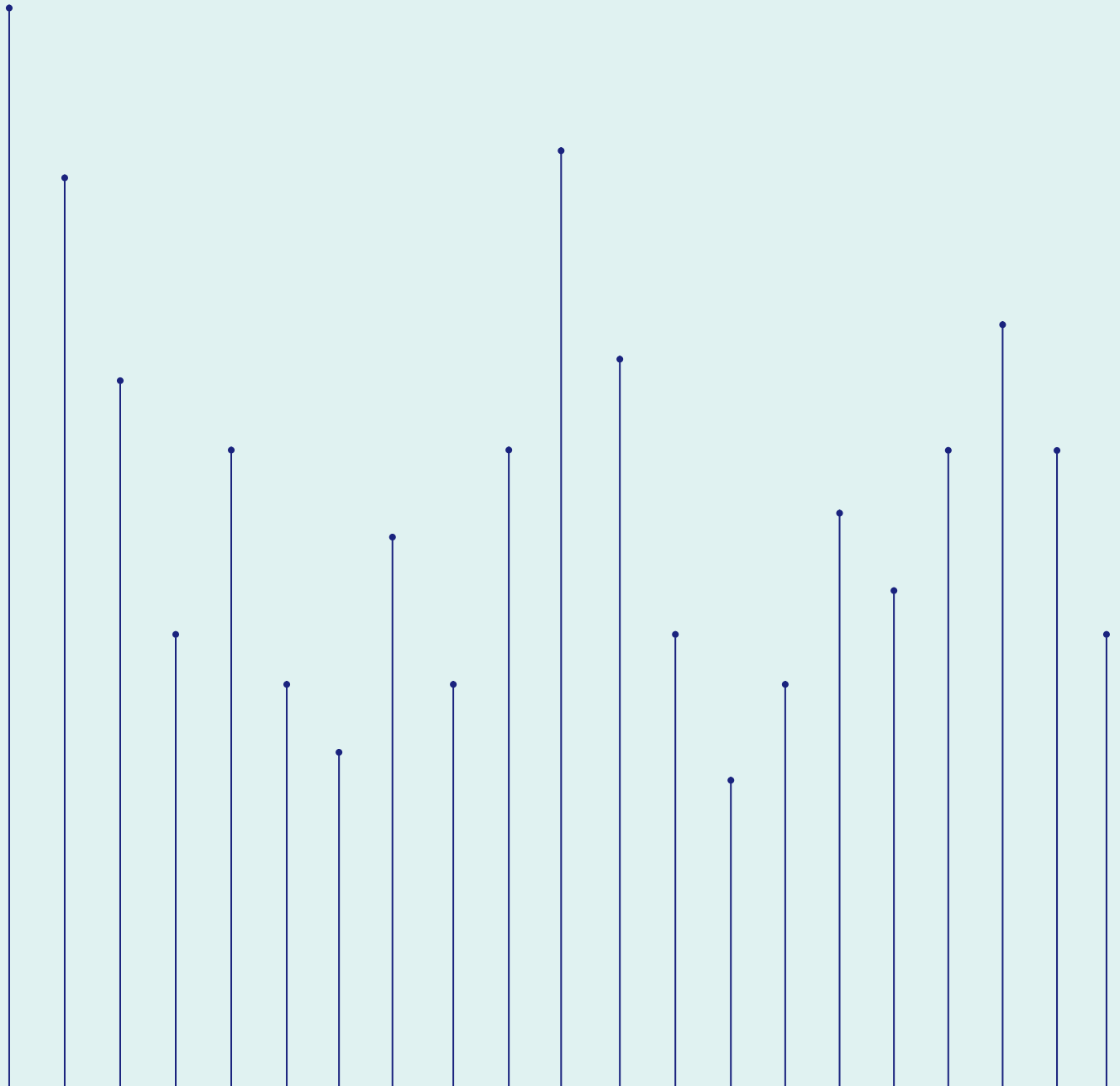




Finance & Economics Club
IIT Guwahati

IIFL SECURITIES

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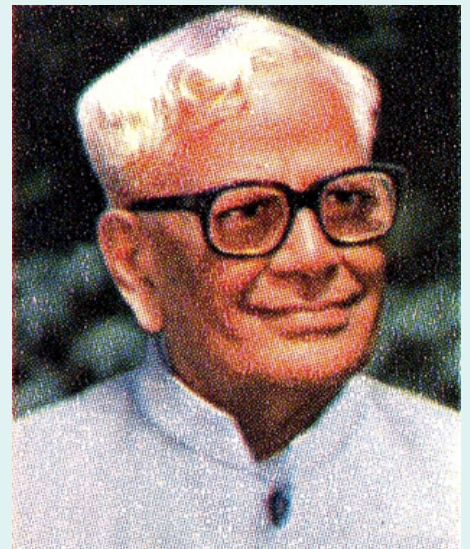


COMPANY INTRO

IIFL Securities Limited is a prominent **financial services provider** in India, offering a wide range of services including **equity, commodity, and currency broking**, as well as **research, advisory, and wealth management services**. Known for leveraging cutting-edge technology platforms, IIFL Securities serves **retail, institutional, and corporate** clients across India. The company also manages assets through its **advisory and wealth management businesses**, with a Total Assets Under Management (AUM) of INR 8,607 crores. With a strong commitment to financial inclusion and customer satisfaction, IIFL Securities has established itself as a leader in India's financial sector.

CHAIRMAN : MR. R. VENKATARAMAN

Mr. Venkataraman holds an engineering degree from the Indian Institute of Technology (IIT), Kharagpur, and an MBA from the Indian Institute of Management (IIM), Bangalore. He has over 25 years of experience in the financial services industry. He has led multiple strategic initiatives at IIFL Securities and was instrumental in the company's expansion and diversification in financial markets. Mr. Venkataraman's leadership has been pivotal in establishing IIFL Securities as a top player in India's financial services sector.



CHIEF FINANCIAL OFFICER: MR. RONAK GANDHI

Mr. Gandhi holds a Chartered Accountant degree and has over 15 years of experience in financial management. He has been recognized as the 'CFO of the Year' at the Asian Leadership Awards. As CFO of IIFL Securities, Mr. Gandhi has successfully steered the company's financial strategy, ensuring its resilience and profitability even during market fluctuations.

SECTOR ANALYSIS

CONTRIBUTION TO GDP

- Financial services account for about 5.37% of **India's Gross Value Added (GVA)**, while the overall services sector contributes 22.66%.
- The sector is growing due to increased financial inclusion and digital adoption.
- Generates **employment** and **tax revenues**. Additionally, the sector supports **financial market stability**.

TAXATION AND GOVERNMENT POLICIES

- The government introduced 100% tax exemptions for **offshore funds**, a 15% tax on **Market Linked Debentures (MLDs)**, and capped **capital gains surcharge** at 15%.
- SEBI's FY23 reforms focused on transparency, digital trading, and investor protection, **strengthening market confidence** and benefiting firms like IIFL Securities.
- The PMJDY initiative has expanded financial inclusion with **47 crore bank accounts**, increasing the retail investor base.
- Union Budget 2024 is expected to promote **fintech growth, digital payments**, and **financial technology** infrastructure, further boosting the **online trading segment**.

MARKET OVERVIEW

- Growth Outlook:** The Indian **financial services** sector is projected to grow at a CAGR of 9-10%, driven by **banking, capital markets** and **fintech**.
- Banking:** Growth in retail and **MSME** credit, with public banks focusing on **digitalisation**.
- Capital Markets:** Strong retail investor participation, **mutual fund** AUM to exceed ₹60 lakh crore.
- Fintech:** Expanding at 20%+ CAGR, led by **digital payment**, online **lending** and wealth management
- Government **Initiatives:** Digital India and **financial literacy programs** driving financial inclusion.

IMPORTANT TRENDS

- Digital Growth: Over **7 million** new Demat accounts were opened in FY23
- Wealth Management:** Rising demand for **personalized investment solutions** from HNIs, contributing 23% of IIFL's revenue
- ESG Investing:** \$7.5 billion invested in ESG funds in 2022, expected to grow at **28% CAGR** by 2025. IIFL offers **ESG-compliant portfolios**.
- Market Resilience: **Retail participation** in equities rose 42% (2020-2023).
- Regulatory Impact: Stable Securities Transaction Tax (STT) and **liquidity-boosting** measures in FY24 budget **support market-friendly trading**.

SWOT ANALYSIS

STRENGTHS

- Diverse Services:** Equity, commodity, currency broking, advisory, and wealth management.
- Technology-Driven: Advanced trading platforms driving **digital adoption**.

WEAKNESSES

- Earnings **Volatility:** **EPS** fluctuates due to **market conditions**.
- High **Borrowings:** Debt over **₹1,000 crore** affects profitability.

- Strong **Market Position**: AUM of ₹8,607 crore and established brand reputation.
- Experienced Leadership: Proven expertise in **scaling operations**.
- **Growing Client Base**: Increased retail participation through digital platforms.

- Limited **Global Presence**: Dependence on Indian markets increases risk.
- Declining **Promoter Holdings**: Potential concerns over long-term confidence.

OPPORTUNITIES

- **Financial Inclusion**: PMJDY and government policies expanding the **retail investor base**.
- **Wealth Management Boom**: Rising demand from **HNI**s and **affluent investors**.
- **ESG Investments**: Growing interest in sustainable investing.
- Digital **Expansion**: Increasing **fintech adoption** presents new growth avenues.

THREATS

- Regulatory Risks: **Changing tax** and **market regulations** impacting profits.
- **Intense Competition**: Brokerage and wealth management sectors are highly competitive.
- **Economic Downturns**: Slowdowns can reduce trading volumes.
- **Market Saturation**: Fintech startups increasing competition.

RISK ANALYSIS

EARNINGS VOLATILITY

- **Risk**: Fluctuations in earnings due to dependency on market conditions.
- **Mitigation**: Diversify revenue streams and strengthen advisory and wealth management offerings.

CYBERSECURITY

- **Risk**: Increased reliance on digital platforms exposes vulnerabilities to cyber threats.
- **Mitigation**: Invest in advanced cybersecurity measures and ensure data protection compliance.

HIGH BORROWINGS

- **Risk**: Fluctuations in earnings due to dependency on market conditions.
- **Mitigation**: Diversify revenue streams and strengthen advisory and wealth management offerings.

INTEREST RATE SENSITIVITY

- **Risk**: High borrowings expose the company to rising interest rates.
- **Mitigation**: Optimize the capital structure and focus on cost-efficient debt management.

COMPETITIVE PRESSURES

- **Risk**: Price wars and innovation by competitors may erode profitability.
- **Mitigation**: Invest in technology and customer-centric innovations to maintain a competitive edge.

SHAREHOLDING CHANGES

The company has seen a **decline** in **promoter holdings**, coupled with **fluctuating foreign institutional investor (FII)** stakes. This could indicate varying levels of institutional confidence

COMPANY ANALYSIS

PRODUCTS

- IIFL Finance Limited is one of the leading players in the financial services space in India. Together with its subsidiaries – IIFL Home Finance Limited, IIFL Samasta Finance Limited and IIFL Open Fintech Private Limited, it provides a diverse range of loans and mortgages. These include **home loans**, **gold loans**, **business loans** including loans against property and medium & small enterprise financing, **micro finance**, **developer & construction finance** and **capital market finance**; catering to both **retail** and **corporate clients**.

BUISNESS MODEL

Customer Segmentation

- **Retail Customers** – Personal loans, home loans, gold loans, and small business loans.
- **MSMEs** – Working capital, equipment financing, and business loans.
- **Corporate Clients** – Structured financing and commercial loans.
- **Agricultural & Rural Customers** – Microfinance and rural financing.
- **Real Estate Developers** – Structured finance for real estate and infrastructure projects.

Value Propogation

- **Diverse Loan Products** – Offers personal, business, gold, and microfinance loans to meet various financial needs.
- **Quick Loan Disbursal** – Tech-enabled processes ensure fast approvals and disbursements.
- **Digital Access** – Customers can easily apply, track, and manage loans via a robust online platform and mobile app.
- **Flexible Repayment Options** – Customised repayment plans suited to customer cash flows.
- **Trust & Transparency** – As a publicly listed and regulated company, IIFL upholds ethical financial practices.

Distribution Channel

- **B2C** (Business-to-Consumer): Directly **serves retail consumers** through branches, mobile apps, and online platforms, focusing on personal, gold, and home loans.
- **B2B** (Business-to-Business): Partners with **MSMEs** and **corporate clients**, providing financing solutions through **direct sales teams** and **partnerships**.
- **D2C** (Digital-to-Consumer): **Expanding digital access** via apps and online portals, enabling customers to engage and avail services without visiting branches.

INVESTMENTS

Insights and Innovation

- **Technology-Driven Solutions:** Uses AI-based risk assessment, automated loan processing, and digital channels to enhance customer experience.
- **Product Innovation:** Develops specialized loan products for different customer segments, including microloans, short-term business loans, and flexible gold loans.
- **Customer Experience Enhancements:** Focuses on improving digital services, mobile app usability, and personalized customer journeys.

Service Locations / Providers

- **Physical Branches:** Extensive network across urban and rural India for in-person loan services and financial consulting.
- **Digital Platforms:** Mobile app and website for online loan applications, account management, and customer support.
- **Allied Partners:** Collaborates with fintechs, digital payment providers, and financial intermediaries to expand reach and simplify loan applications.

Product Strategy

- **Diverse Loan Portfolio:** Offers personal, home, business, and gold loans for both retail and corporate clients.
- **Customized Products:** Tailors financial solutions based on customer needs, including microloans for rural areas, flexi-loans for MSMEs, and long-term housing loans.
- **Digital Product Offerings:** Provides online and mobile-based access to loans, including pre-approved options for existing customers.

Supply Chains

- **Funding Sources:** Raises capital from banks, financial institutions, and capital markets via debt and equity offerings.
- **Technology Providers:** Partners with IT vendors for infrastructure support, including data analytics, cybersecurity, and cloud services.
- **Allied Partners:** Collaborates with payment platforms, fintech companies, and digital wallets to expand customer reach and enhance service offerings.

MANUFACTURING/SERVICES :

Service Locations / Providers

- Loan Application & Approval
 - Efficient process using **digital** and **in-person** channels.
 - Automated **risk assessment** for faster approvals.
 - **KYC** and **credit checks** integrated with advanced data analysis.
- Digital Lending
 - Mobile app and website streamline smaller-ticket loans.
 - AI-driven real-time **credit assessment**.
 - **Digital signatures** and **e-document** submission enhance speed and convenience.
- Customer Support & Post-Loan Services
 - **Multichannel support** via branches, phone
 - Online account **management** for payments, restructuring, and queries.

Cost Structure

- **Capital Expenditure:** Investments in branch expansion, IT infrastructure, digital transformation, data security, and cloud computing.
- **Human Capital:** Hiring and training skilled professionals, including relationship managers, loan officers, and data scientists.
- **Operational Costs:** Includes loan disbursement, customer support, compliance, marketing, and interest costs on borrowed funds.

Pricing Strategy and Marketing Channels

- **Competitive Pricing:** Offers market-aligned interest rates and processing fees, with flexible pricing
- **Promotional Offers:** Provides seasonal discounts, reduced interest rates for specific segments, and loyalty benefits for repeat customers.
- **Marketing Channels:**
 - **Digital Marketing:** Uses social media
 - **Direct Sales:** Engages customers through branch teams and telemarketing.
 - **Partnerships:** Collaborates with fintech firms and payment platforms

Focus on Quality

- Rigorous Compliance & Standards
 - Adheres to **RBI regulations** with strong **internal audits** for transparency.
 - Regular employee training on compliance, customer handling, and fraud prevention.
- Customer-Centric Approach
 - Uses **customer feedback** to enhance service quality and resolve grievances.
 - Ensures timely **loan disbursements**, minimising errors and delays to build trust.
- Advanced Risk Management
 - AI & ML models **predict risks** and reduce loans.
 - Continuously **updates** risk assessment procedures to maintain a strong loan portfolio.

Service Locations / Providers

- Digital Transformation
 - Focuses on **digital loans** to reduce paperwork and environmental impact.
 - Encourages digital payments and online statements to promote **eco-friendly** practices.
- Socially Inclusive Financial Products
 - Provides **microloans** and **rural loans** to support underserved communities.
 - Enhances financial inclusion by expanding services to **rural areas**, fostering economic growth.
- Corporate Social Responsibility (CSR)
 - Invests in **education**, **healthcare**, and community development projects.
 - Conducts **financial literacy programs** to promote responsible borrowing and financial awareness.

Cost Structure

- Automation in Processes
 - Utilizes **AI**-driven tools for loan processing, risk assessment, and customer service.
 - **Automates** routine tasks like loan disbursement and document verification, reducing manual efforts and improving speed.
- Cost Optimization
 - Focuses on digital lending to reduce dependence on physical branches and lower operational costs.
 - Uses **centralized** operations and shared services to optimize resource utilization.
- Data-Driven Decision Making
 - Leverages **data analytics** for customer insights, portfolio performance tracking, and strategic decision-making.
 - Employs **predictive models** for efficient risk management and maintaining low default rates.

FUNDAMENTALS

- market cap -₹ 18,830.96 Cr.
- Volume: 9,44,994
- No. of Shares - 42.45 Cr. Face Value - ₹ 2

Shareholder Type	Percentage
Promoter and Promoter Group	49.56%
Public and Others	50.44%
Foreign Institutional Investors (FII)	17.2%
Domestic Institutional Investors (DII)	5.4%

Metric	2024	2023
Net Cash Flow	-1,162.26	-2,580.97

Dividend Yield	0.90
Sector PE	29.34

ANNUAL	FY 2024	FY 2023	FY 2022	FY 2021
Return on Equity (%)	16.58	16.68	18.37	14.10
Return on Capital Employed (%)	52.09	24.42	26.48	22.18
Return on Assets (%)	2.82	2.83	2.58	1.86
Interest Coverage Ratio (x)	1.71	1.70	1.55	1.38
Asset Turnover Ratio (x)	0.18	0.12	0.13	14.36
Price to Earnings (x)	7.36	12.39	9.12	14.01
Price to Book	1.22	2.07	1.67	1.98
EV/EBITDA (x)	8.57	9.76	8.26	10.20
EBITDA Margin (%)	64.74	66.43	67.99	63.97

ANNUAL	FY 2024	FY 2023	FY 2022	FY 2021
Total Assets	62,421.16	53,001.32	45,910.18	40,666.92
Total Assets Growth (%)	17.77	15.45	12.89	18.42
Total Liabilities	50,364.72	42,799.18	39,440.45	35,273.49
Total Liabilities Growth (%)	17.68	8.52	11.81	19.27
Total Equity	12,056.44	10,202.14	6,469.73	5,393.42
Total Equity Growth (%)	18.18	57.69	19.96	13.17
Current Ratio (x)	1.22	1.65	1.54	1.61
Total Debt to Equity (x)	4.39	4.40	5.53	5.99

COMPETITOR ANALYSIS

Company	Market Cap (₹ Cr)	Strengths	Challenges
Zerodha	Private	User-friendly trading platforms, low brokerage fees, high brand recognition	Limited product diversification
HDFC Securities	5,000+	Strong brand backing of HDFC, wide financial services range	High brokerage charges compared to discount brokers
ICICI Direct	9,000+	Extensive branch network, trusted banking parent	Struggles to attract tech-savvy retail investors
Upstox	Private	Low-cost brokerage, robust digital-first strategy	Reliance on heavy discounts for customer retention
Angel One	8,500+	AI-driven advisory services, strong retail presence	Stiff competition from other discount brokers
Motilal Oswal	12,000+	Strong research capabilities, diverse portfolio offerings	Highly dependent on equity markets

CONCLUSION

IIFL Securities is a leading **financial services provider** with strong digital platforms, expert leadership, and diverse offerings in **broking, wealth management**, and **advisory**. Its focus on **innovation** and **financial inclusion** drives sustained growth.

With the **financial sector** projected to grow at **9–10% CAGR**, IIFL leverages cutting-edge technology, personalised wealth solutions, and ESG investments to stay competitive. Despite risks like **earnings volatility** and **high borrowings**, its **strategic diversification** and **cost optimization** ensure resilience and long-term potential.