

September 01, 2020

<b>The Manager, Listing Department, BSE Limited, Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai 400 001. Tel no.: 22721233 Fax No.: 22723719/ 22723121/ 22722037 BSE Scrip Code: 542773</b>	<b>The Manager, Listing Department, The National Stock Exchange of India Ltd., Exchange Plaza, 5 Floor, Plot C/1, G Block, Bandra - Kurla Complex, Bandra (E), Mumbai 400 051. Tel No.: 2659 8235 Fax No.: 26598237/ 26598238 NSE Symbol: IIFLSEC</b>
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Dear Sir/Madam,

**Sub.: Intimation under Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015**

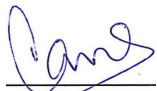
Pursuant to Regulation 30 read with Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulation**"), we hereby inform you that CRISIL Limited ("**CRISIL**"), the credit rating agency, has reaffirmed its 'CRISIL A1+' rating on Rs. 1050 crore commercial paper.

CRISIL credit rating report is attached as enclosure for the rating rationale.

We request you to kindly take the aforesaid on records.

Thanking you,  
Yours faithfully,

**For IIFL Securities Limited**



**Roshan Dave  
Company Secretary**



## Rating Rationale

August 31, 2020 | Mumbai

### IIFL Securities Limited

Rating Reaffirmed

#### Rating Action

<b>Rs.1050 Crore Commercial Paper</b>	<b>CRISIL A1+ (Reaffirmed)</b>
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1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

#### Detailed Rationale

CRISIL has reaffirmed its 'CRISIL A1+' rating on the commercial paper of IIFL Securities Limited (IIFL Securities).

The rating factors in the leading presence of IIFL Securities in broking and investment banking business and its adequate capitalisation. These strengths are partially offset by exposure to uncertainties inherent in capital-market-related businesses.

#### Analytical Approach

For arriving at the ratings, CRISIL has consolidated the business and financial risk profiles of IIFL Securities and its subsidiaries. CRISIL has also factored in the business synergies that IIFL Securities will have with IIFL Finance and IIFL Wealth, given their common promoters and shared brand name.

Please refer Annexure - List of entities consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

#### Key Rating Drivers & Detailed Description

##### Strengths:

##### \* Leading presence in retail broking and investment banking business

IIFL Securities is among the large players in the retail broking segment. The company has a pan-India presence with more than a million clients, and had a market share of 0.7% of the aggregate volumes (cash and derivatives segments) of the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) for fiscal 2020 (0.9% in fiscal 2019). It also has a presence in the institutional, currency, and commodity broking segments. Additionally, it distributes mutual funds and insurance products through its website and branch network. The company caters to over 2.4 million customers through a network of about 2,500 points of presence covering the branches and the business partners across 500 cities in India. Risk management and monitoring systems are adequate to mitigate risks arising from uncertainties inherent in the retail-broking business.

Moreover, IIFL Securities has emerged as a leading domestic investment banker, participating in some of the marquee initial public offerings (IPOs) and qualified institutional placements in the last few years.

##### \* Adequate capitalisation

Capitalisation is adequate, with a consolidated networth of Rs 880 crore as on March 31, 2020 (Rs 731 crore as on March 31, 2019). Gearing stood at 0.5 time as on March 31, 2020 (1.0 times as on March 31, 2019). The borrowings in the real estate segment are backed by fixed assets of the entity, however, the same has reduced over the past few years as the company has been focusing on deleveraging the balance sheet by disposing of non-core assets. Other borrowings at broking entity are largely to meet the margin requirements at exchanges. Networth is adequate for current and planned scale of operations.

##### Weakness:

##### \* Exposure to uncertainties inherent in capital-market-related businesses

The company's main businesses remain exposed to economic, political, and social factors that drive investor sentiments. Given the cyclical nature of the business, the brokerage volumes and earnings are highly dependent on the level of trading activity in the capital markets. However, the impact on earnings is partially offset by the high share of business originated through franchisees, resulting in a more variable cost structure compared with that of peers.

##### Liquidity Adequate

IIFL Securities, at a consolidated level, has adequate liquidity supported by the agency nature of its business. As on June 30, 2020, IIFL Securities (consolidated) had total liquidity of Rs 490 crore in the form of cash and cash equivalents of Rs 30 crore, investment of Rs 291 crore and unutilized bank lines of Rs 169 crore as against upcoming debt repayments of Rs 76 crore till September 30, 2020, The debt repayments for all subsidiaries of IIFL Securities is managed at a consolidated level.

#### Rating Sensitivity Factors

##### Downward Factors

- \* Impact on business profile marked by drop in market share thereby impacting broking income
- \* Deterioration in earnings profile or sustained increase in cost to income to over 80%

#### About IIFL Securities

IIFL Securities, the erstwhile flagship company of the India Infoline group, was set up as Probit Research and Services in

October 1995; the company's name was changed to India Infoline Ltd in March 2000, and to IIFL Securities in May 2018. The company is a member of the BSE and the NSE. IIFL Commodities Ltd (Formerly India Infoline Commodities Ltd; a 100% subsidiary of IIFL Securities) sold a major part of its business in a slump sale to IIFL Securities, effective July 01, 2018. As a part this, IIFL Securities now also provides a trading platform to its customers on two of India's leading commodity exchanges, the National Commodity and Derivatives Exchange Ltd, and the Multi-Commodity Exchange of India Ltd.

In January 2018, IIFL Finance Ltd (IIFL Finance; earlier IIFL Holdings Ltd) announced plans to reorganise its corporate structure, and list the three entities ' IIFL Finance (loans and mortgages business), IIFL Wealth (wealth and asset management business), and IIFL Securities (capital markets and other businesses). In May 2019, as part of this restructuring scheme, IIFL Securities and IIFL Wealth were demerged from IIFL Finance. Further, in September 2019, IIFL Securities was listed on the stock exchanges.

As of June 30, 2020, the promoters own 29.8% stake in IIFL Securities, The Fairfax Group owns 35.4% stake while the remaining is held by public.

On a consolidated basis, IIFL Securities reported a total income and profit after tax (PAT) of Rs 790 crore and Rs 234 crore (including exceptional item of around Rs 102 crore), respectively, in fiscal 2020 as against a total income and PAT of Rs 876 crore and Rs 171 crore, respectively, in fiscal 2019. For the first quarter of fiscal 2021, the consolidated total income and PAT was Rs 178 crore and Rs 41 crore, respectively, as against Rs 185 crore and Rs 24 crore (excluding exceptional item of Rs 102 crore), respectively, for the corresponding period of the previous fiscal.

On a standalone basis, IIFL Securities reported a total income and profit after tax (PAT) of Rs 644 crore and Rs 143 crore, respectively, in fiscal 2020 as against a total income and PAT of Rs 706 crore and Rs 145 crore, respectively, in fiscal 2019. For the first quarter of fiscal 2021, the total income and PAT was Rs 157 crore and Rs 39 crore, respectively, as against Rs 150 crore and Rs 25 crore, respectively, for the corresponding period of the previous fiscal.

#### Key Financial Indicators - IIFL Securities - Consolidated (CRISIL adjusted numbers)

As on/for the period ended March 31	Unit	2020	2019
Total Assets	Rs crore	2434	3050
Total income	Rs crore	790	876
Profit after tax	Rs crore	234	171
Return on Equity	%	29.1%	25.3%
Gearing	Times	0.5	1.0

**Any other information:** Not applicable

#### Note on complexity levels of the rated instrument:

CRISIL complexity levels are assigned to various types of financial instruments and are included (where applicable) in the Annexure -- Details of Instrument in this Rating Rationale. For more details on the CRISIL complexity levels, please visit [www.crisil.com/complexity-levels](http://www.crisil.com/complexity-levels).

#### Annexure - Details of Instrument(s)

ISIN	Name of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Crore)	Complexity Level	Outstanding rating with Outlook
NA	Commercial Paper	NA	NA	7 to 365 days	1050	Simple	CRISIL A1+

#### Annexure - List of Entities Consolidated

Entity consolidated	Extent of consolidation	Rational for consolidation
IIFL Facilities Services Limited (formerly known as IIFL Real Estate Limited)	Full	Subsidiary
IIFL Management Services Limited (formerly known as India Infoline Insurance Services Limited)	Full	Subsidiary
IIFL Insurance Brokers Limited (formerly known as India Infoline Insurance Broken Limited)	Full	Subsidiary
IIFL Commodities Limited (formerly known as India Infoline Commodities Limited)	Full	Subsidiary
IIFL Asset Reconstruction Limited	Full	Subsidiary
IIFL Securities Services IFSC Limited	Full	Subsidiary
IIFL Wealth (UK) Limited	Full	Subsidiary
IIFL Capital Inc	Full	Subsidiary
Shreyans Foundation LLP	Full	Subsidiary
Meenakshi Towers LLP	Full	Subsidiary

#### Annexure - Rating History for last 3 Years

	Current	2020 (History)	2019	2018	2017	Start of 2017

Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Commercial Paper	ST	1050.00	CRISIL A1+			20-08-19	CRISIL A1+	30-10-18	CRISIL A1+		--	--
								04-09-18	CRISIL A1+			
Non Convertible Debentures	LT											CRISIL AA-/Stable
Short Term Debt	ST											CRISIL A1+
Short Term Debt (Including Commercial Paper)	ST							13-08-18	CRISIL A1+	29-09-17	CRISIL A1+	--
								09-05-18	CRISIL A1+			
								09-02-18	CRISIL A1+			

All amounts are in Rs.Cr.

#### Links to related criteria

[Rating Criteria for Securities Companies](#)

[CRISILs Criteria for Consolidation](#)

[CRISILs Criteria for rating short term debt](#)

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