DEAR SHAREHOLDERS,

During FY2015-16, your Company’s total income was ₹ 4,000 crores and profit after tax crossed ₹ 500 crores to touch a new peak. Your Company has delivered a total shareholders’ return of over 31% CAGR since listing in 2005, and has an uninterrupted track record of rewarding shareholders. Your Company has steadily emerged as one of India’s leading financial services group. Our team’s experience and expertise, diversified product offerings, disciplined approach to capital, and robust risk governance have enabled us to win the trust of distinguished global investors, millions of customers, and a wide fraternity of stakeholders.

Your Company’s progress has been underpinned by a simple mantra – ‘Fast, Flexible, Focused’. A decade ago, your Company’s annual report theme was ‘Citius, Altius, Fortius’, when we committed to deliver faster, higher and stronger performance. However, when we look ahead, it is clear ‘what brought us here will not get us there.’ We are passing through extraordinary times when every industry, including financial services, is digitally disrupted and reinventing itself. The definition of ‘Fast, Flexible, Focused’ itself has changed radically.

We have come this far solely based on our core values serving as a moral compass in all our dealings. Fairness, Integrity and Transparency - FIT is the driving force behind all that we do here at IIFL.

Our team’s experience and expertise, diversified product offerings, disciplined approach to capital, and robust risk governance have enabled us to win the trust of distinguished global investors.

A global environment, characterised by tightening compliance standards, is in fact our competitive advantage. We are well placed to reap the benefits of industry growth, with our presence in about 2,500 business locations in India.
**HOW FAST IS FAST?**
A few years ago, customer KYC and on-boarding process in seven days would be considered as fast for most financial products. Today, even seven minutes would be slow for many products. India has quietly leapfrogged ahead of many developed countries on the digital highway. Mr. Nandan Nilekani’s Aadhaar project has literally been the foundation (means Aadhaar in Hindi) of a digital revolution in the country. The e-KYC along with e-signer enables instant account opening. As and when the government’s Digital Locker project goes live, there will hardly be any need to handle or verify documents as the DigiLocker facility will enable digital storage of PAN, passport, tax/ bank statements and important certificates.

Small investors can trade anywhere, anytime with a swipe of a finger on their mobile. They can access news, expert views, information, and a real-time updated portfolio on their hand-held devices. There are robo advisors, helping investors with their asset allocation and wealth management at the lowest cost. Your Company is investing enormous resources to keep pace and be in sync with the new world.

**FLEXIBLE FLEXIBILITY**
Millennials (those who started working after 2000) are far more discerning, impatient and demanding. They account for the dominant growing force among consumers and investors. They are mobile and social media savvy and their behaviour is quite different from the earlier generation. For instance, a courtesy call by your relationship manager, which would be treated as a gesture of warmth by the earlier generation, may be taken as an unwarranted intrusion on privacy by the new generation. As your Company’s customers straddle both generations, our approach calls for ‘flexible flexibility.’

One can digitally segregate every product and service not only for every individual customer, but also for the same customer at different times and in a different context. Also, digital and data analytics technology is advancing rapidly, presenting myriad opportunities to be flexible and innovative.

**FOCUS, NO HOCUS-POCUS!**
When one tries to be fast as well as flexible, it is very easy to lose focus. Your Company is in the service industry and is steadfastly focused on the customer. We endeavour to deliver the best experience and the best value for money. We never lose sight of our core objective of optimizing returns for investors and costs for borrowers. As every customer’s risk appetite is different, investment or borrowing solutions are different as well. It is our fiduciary responsibility to suggest financial products that suit a customer’s requirements and risk profile. Your Company has remained focused on financial services through the last two decades and intends to continue to do so in the foreseeable future.

**Faith Makes a Difference**
My colleagues and I are thankful to you our shareholders, or rather faith-holders, for your unflinching faith and confidence in the Company and its management. As you are aware, your Company enjoys the faith of over three million customers and more than ten thousand employees and their families. During the year under review, two of the most renowned global investors re-asserted their faith in your Company’s management and business model. Fairfax invested US$ 202 million by secondary purchase of shares of IIFL Holdings through an open offer. General Atlantic invested US$ 134 million in IIFL’s Wealth subsidiary.

At the same time, your Company has unwavering faith in the government as well as the society in which it operates. The same is well reciprocated. Your Company contributes close to ₹ 700 crores directly to the exchequer by way of taxes and duties. Your Company spent close to ₹ 10 crores in FY2015-16 on social and community initiatives such as integrated rural development, promoting education, financial literacy, healthcare programmes, empowering women at the grassroots and creating sustainable livelihoods.

**Future priorities**
Our agenda for growth is clearly defined: understand the financial needs of the empowered customer and address those requirements with a diversified services spectrum; leverage synergies across businesses and deepen integration; have a contemporary digital strategy that is scalable and sustainable with the help of best-in-class technology; and never compromise on core values namely fairness, integrity and transparency (FIT).

We believe that the financial services industry in India is poised for rapid growth, supported by accelerating economic prosperity and reforms. A global environment, characterised by tightening compliance standards, is in fact our competitive advantage. We are well placed to reap the benefits of industry growth, with our presence in about 2,500 business locations in India, and operations (duly registered and licensed) in seven major global financial centres.

To sum it up, the future is promising. And we are ready for it — fast, flexible and focused.

Yours sincerely,

**Mr. Nirmal Jain**
Chairman,
IIFL Holdings Ltd