



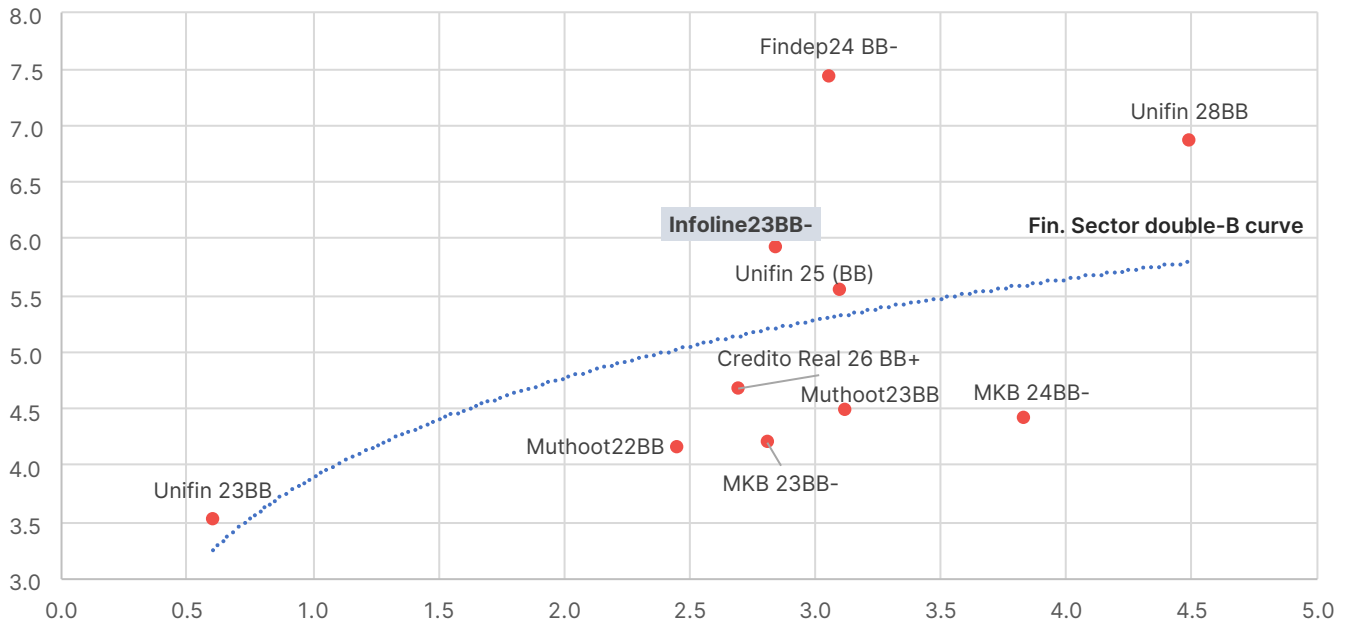
India Infoline (Ba3/-/BB-): attractive primary market offering

We recommend to consider buying debut eurobonds of India Infoline (Ba3/-/BB-), India's diversified financial conglomerate. Bids for \$400 mln three-year IIFL 23 notes were collected on February 12. During the book-building the indicative yield dropped from 6.2% to 5.95%, still the level looks attractive in terms of "risk/return" ratio and leaves room for further revaluation. We estimate that the low end of the fair yield range stands at 5%, which implies price upside to 103% in the near term.

IIFL, ranked among the top seven financial conglomerates in India, provides services to both retail and major institutional clients. IIFL was founded by Indian billionaire businessman Nirmal Jain in 1995 as an equity research company. IIFL has developed diverse operating businesses, mainly investment banking, insurance, mutual funds, broking and other financial services. The group provides cash, mortgage and microloans to retail customers. IIFL had over \$4 bln of assets under management (AUM) as of 9M19. IIFL has global presence in Canada, U.S., UK, Singapore, etc. The group's network consists of 2,250 business locations in India. IIFL is a public company (free-float stands at approximately 28%). IIFL is traded on the local exchange (NSE), market cap is \$880 mln.

India Infoline assets amounted to \$376 mln, capital — \$128 mln as of 9M19 under IFRS. Margin measured as return on equity (ROE) is estimated as high as 27%. Credit profile strengths include assets' high quality (NPL ratio stands at 2.3%), decent liquidity ratios due to access to public debt market, and a developed technological platform. The key risks include India's operating environment deterioration and relatively low scope of business compared to global peers.

FINANCIAL INSTITUTIONS DOUBLE-B RATING BOND MAP



Source: Bloomberg, ITI Capital

CONTACT LIST:

Trading

Alexey Saltykov | Head of Trading | Alexey.Saltykov@iticapital.com

Mikhail Durov | Fixed Income Trader | Mikhail.Durov@iticapital.com

Sales

Alexander Panfilov | Head of Fixed Income Sales | Aleksandr.Panfilov@iticapital.com

Research

Iskander Lutsko | Head of Research, Chief Investment Strategist | Iskander.Lutsko@iticapital.com

Olga Nikolaeva | Senior Fixed Income Research Analyst | Olga.Nikolaeva@iticapital.com

Anna Kupriyanova | Head of Equity Research | Anna.Kupriyanova@iticapital.com

Irina Fomkina | Research Analyst | Irina.Fomkina@iticapital.com

Kirill Sosov | Research Analyst | Kirill.Sosov@iticapital.com

Nikita Kosykh | Research Analyst | Nikita.Kosykh@iticapital.com

Oleg Makarov | Chief Editor | Oleg.Makarov@iticapital.ru

CONTACT DETAILS:

ITI Capital Limited
Level 33 Tower 42,
25 Old Broad Street,
London EC2N 1HQ,
United Kingdom

PHONE:

+44 (0) 20 3889 8333

+44 (0) 20 3889 8331

WEB:

iticapital.com

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