IIFL Finance Limited

Press Release
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IIFL Finance Q2FY25 Results update

IIFL Finance Q2FY25 standalone net loss at Rs. 441Cr, consolidated net loss at Rs. 93Cr

For the quarter ended September 30, 2024, the Company reported net loss after tax of Rs. 93 Cr (before non-controlling interest) down 118% y-o-y. Loss before tax (LBT) for the quarter was Rs. 140 Cr down 120% y-o-y. Among core products, home loans grew by 21% and loan against property AUM grew by 18%. Microfinance was stagnant on YoY basis while digital loans grew by 53% y-o-y. Gold loans de-grew by 54% y-o-y. Overall loan AUM de-grew by 8% y-o-y to Rs 66,964 Cr.

IIFL Finance Limited Consolidated Results Quarterly – Q2FY25

Rs Crore	Quarter ended Sept 30, 2024	Quarter ended Sept 30, 2023	Y-O-Y	Quarter ended June 30, 2024	Q-O-Q
Loan growth					
Loan AUM	66,964	73,066	(8%)	69,610	(4%)
On-book assets	44,527	44,061	1%	45,470	(2%)
Off-book assets	22,437	29,005	(23%)	24,140	(7%)
Profitability					
Total Income (Net)*	1,464.6	1,599.3	(8%)	1,393.4	5%
Pre-provision operating profit*	731.6	922.1	(21%)	647.4	13%
Profit before tax & exceptional items	446.8	683.5	(35%)	436.2	2%
Exceptional items[1]	(586.5)	-		-	
Profit before tax	(139.7)	683.5	(120%)	436.2	(132%)
Profit after tax (pre-NCI[2])	(93.1)	525.5	(118%)	338.2	(128%)
Profit after tax (post-NCI[2])	(157.7)	474.3	(133%)	288.1	(155%)
Return ratios					
Return on assets	(0.7%)	3.9%		2.3%	
Return on equity	(5.2%)	20.1%		10.3%	
Per share					
Earnings per share (EPS)	(3.7)	12.5	(130%)	7.2	(151%)
Book value per share (BVPS)	279.7	252.9	11%	282.3	(1%)
Asset quality					

Gross NPA	2.4%	1.8%		2.2%	
Net NPA	1.1%	1.0%		1.1%	

*excluding net gain/(loss) on fair value changes

[1] The Company had certain AIF investments, due to mature in June 2024, for which it preferred in-specie distribution of assets (i.e.: debentures of underlying companies) in lieu of its AIF investment. Subsequently, these debentures were assigned to an ARC. The book value of Security Receipts (SRs), with the same underlying assets as of September 30, 2024, was ₹ 586.50 crores. The RBI Circular of December 19, 2023, on "Investments in AIFs" required a 100% provision of AIF investments if not liquidated within 30 days of the circular. To comply with the spirit of this circular, a provision equivalent to 100% of the book value of these SRs is made. The same being exceptional and not expected to recur, is disclosed under exceptional items.

[2]NCI is Non-controlling interest

Mr. Nirmal Jain, Managing Director, IIFL Finance Ltd.*, commented on the results: "This past quarter has been one of our most challenging, primarily due to the regulatory embargo on our gold loan business. We have taken corrective actions that have satisfied the regulatory authorities, and I'm pleased to announce that the embargo has now been lifted. Although this quarter has seen our lowest financial performance, I believe the worst is behind us. We are committed to not only restoring these standards but also strengthening them moving forward. I am proud of the dedication and resilience shown by our teams, who have remained steadfast in their commitment to our long-term success during these difficult times. Our fortified compliance framework, robust distribution network, combined with our advanced technology platforms, positions us well to recover and grow stronger than ever."*

Mr. Kapish Jain, President & Group Chief Financial Officer, IIFL Finance Ltd.*, commented on the results: "With the lifting of the embargo in the gold loan business we are back to business normalcy across all our businesses. During this challenging phase we were well supported by all our stakeholders more particularly our lenders, rating agencies, our loyal customers, our employee and last but not the least our Board of Directors. We are also immensely grateful to the Reserve Bank of India for guiding us during this period and help us getting our house back in order."*

The Reserve Bank of India, on March 04, 2024, had directed the company to cease and desist, with immediate effect, from sanctioning, disbursing, or assigning/ securitizing/ selling any of our gold loans. Based on remedial actions taken by the company, on September 19, 2024, RBI lifted the said restrictions and permitted to resume sanctioning, disbursing, or assigning/ securitizing/ selling any of our gold loans

Financial performance review

The company's annualized ROE and ROA for Q2FY25 stood at (5.3%) and (0.7%) respectively. Pre-provision operating profit stood at Rs.732 Cr. for the quarter down 21% y-o-y. Average borrowing costs for the quarter increased 12 bps y-o-y and 3 bps q-o-q to 9.15%.

98% of our loans are retail in nature and 69% of our retail loans (excluding gold loans which are not classified as PSL loans but are still zero risk weights for the banks on a net exposure basis) are PSL compliant. The assigned loan book, is currently at Rs 13,948 Cr. Besides the co-lending book* is at Rs 8,489 Cr.

GNPA stood at 2.4% up by 51 bps y-o-y and NNPA stood at 1.1% up 3 bps y-o-y, as at September 30, 2024. With implementation of Expected Credit Loss under Ind AS, provision coverage on NPAs stands at 136%.

Total CRAR[2] stood at 26.3% as at September 30, 2024, as against minimum regulatory requirement of 15% supported by the capital raised during the quarter. The total presence of branches stood at 4,810 as at the end of Q2FY25 compared to 4,774 branches last quarter, spanning the length and breadth of the country.

Business segment review

Home Loans: At the end of the quarter, retail home loan assets grew by 21% y-o-y and 4% q-o-q to Rs 29,116 Cr. The primary focus in this segment is on affordable and non-metro housing loans. We operate out of 387 dedicated home loan branches PAN India. IIFL Home finance is also India's No 1 housing finance company in the sub 20 lakhs ticket size.

Gold Loans: As of September 30, 2024, the gold loan AUM was Rs. 10,797 Cr, down 54% y-o-y and down 27% q-o-q. Gold loans are provided through our widespread presence in 2,745 branches across 25 states and 4 Union territories to salaried, self-employed and MSME customer segments.

Microfinance: The microfinance loan AUM stood at Rs. 11,311 Cr, stagnant on y-o-y and down 6% q-o-q, as at September 30, 2024. The microfinance customer base stood at 29.7 lakh customers operating out of 1,645 dedicated microfinance branches across India.

Loan against property: Loan against property AUM grew by 18% y-o-y and was up 1% q-o-q to Rs. 8,502 as at September 30, 2024.

Digital loans: Digital loans AUM grew by 53% y-o-y and 18% q-o-q to Rs. 5,419 as at September 30, 2024.

Construction and Real Estate: Construction and real estate AUM stood at Rs. 1,440 Cr, as at September 30, 2024.

Liquidity position

Cash and cash equivalents and committed credit lines from banks and institutions of Rs. 3,882 Cr were available as on September 30, 2024. During the quarter, we raised Rs 3,216 Cr through term loans, bonds, commercial paper including Rs 1,882 Cr which was raised through direct assignment of loans.

[2]CRAR is Capital adequacy ratio

*Co-lending includes Business Correspondence and Co-origination

About IIFL

IIFL Group is one of the leading players in the Indian financial services space. Prior to the Composite Scheme of Arrangement (effective May 2019), IIFL Finance Limited (Erstwhile "IIFL Holdings Limited") (Bloomberg Code: IIFL IN, NSE: IIFL, BSE: IIFL) was engaged in the business of financing, asset and wealth management, retail and institutional broking, financial products distribution and investment banking through its various subsidiaries.

IIFL Finance Ltd is one of the leading retail focused diversified NBFC in India, engaged in the business of loans and mortgages along with its subsidiaries - IIFL Home Finance Limited and IIFL Samasta Finance Limited. IIFL Finance, through its subsidiaries, offers a wide spectrum of products such as Home loan, Gold loan, Business loan, Microfinance, Capital Market finance and Developer & Construction finance to a vast customer base of over 8 million+ customers. IIFL Finance has widened its pan-India reach through extensive network of branches spread across the country and various digital channels.

IIFL Securities Limited is one of the largest independent full-service retail and institutional broking house along with being a leading investment advisory firm in India providing diversified financial services and products to corporate, institutional investors, foreign portfolio investors, mutual funds, insurance companies, alternative investment funds, trusts, high net worth individuals and retail clients.

This document may contain certain forward looking statements based on management expectations. Actual results may vary significantly from these forward looking statements. This document does not constitute an offer to buy or sell IIFL products, services or securities. The press release, results and presentation for analysts/press for the quarter ended September 30, 2024, are available under the 'Financials' section on our website www.iifl.com.

IIFL Group refers to IIFL Finance Ltd and its group companies.

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