

Indiabulls Housing Finance Limited announces its Q3 FY20 Financial Results; PAT of ₹ 552 Cr.

For Immediate Use

Mumbai, 5th February 2020: The Board of Directors of Indiabulls Housing Finance Ltd. (IBH) announced its unaudited financial results for the quarter ended December 31st 2019.

The numbers are reported under Indian Accounting Standards (Ind AS).

IBH's Profit :

<i>Particulars (₹ Cr.)</i>	<i>9M FY20</i>	<i>9M FY19</i>	<i>Q3 FY20</i>	<i>Q2 FY20</i>
PAT	2,063	3,084	552	710

An interim dividend of ₹ 6.0 per share of face value ₹ 2/-, amounting to 300%, has been declared in the board meeting held on February 5th, 2020.

Highlights:

- Balance sheet size at the end of Q3 FY20 is at ₹ 1,04,558 Cr., and the on balance sheet loan book [without sold down loan book] stands at ₹ 78,253 Cr.
- Net worth stands at ₹ 19,019 Cr
- PAT for 9M FY20 is ₹ 2,063 Cr. and for Q3 FY20 is ₹ 552 Cr.
- Gross NPA at end of Q3 FY20 stood at 1.94% of total loan assets.
- Net NPA stood at 1.39%,
- Capital adequacy stands at 28.98%
- ALM is fully matched. Liquidity is at ₹ 16,567 Cr at the end of Dec 2019. Even at the end of one more year the company will have positive cash of ₹ 18,980 Cr.
- As the company resumes growth from FY21 onwards,
 - AUM will grow by ~20%
 - PAT growth will be 15%+
 - Balance sheet growth will be in single digits

Key Financials:

Particulars (₹ Cr.)	Q3 FY20	9M FY20
Balance Sheet	1,04,558	
NII	987	3,763
PAT	552	2,063
EPS (₹)	13	48
GNPA (%)	1.94%	
NNPA (%)	1.39%	
CRAR	28.98%	

Cyclical Shift in HFC Business

The HFC business has gone through a cyclical shift. Even as the liquidity situation normalizes, the fundamental realization is that the business model has to be a lot more ALM matched and conducive to generating a sustainable RoA without borrowing short via CPs. The earlier model where we would get approval from banks for specific transactions has changed to getting securitization lines that allow us to not resort to any short-term borrowing, even intra quarter.

In our view, HFCs will have to collaborate with banks and build a model around securitization and co-origination rather than compete with banks. Over the course of the next 24 to 36 months we expect certain important changes will happen for the HFC industry and for IBH such as:

- IBH's book will comprise of over 90 – 95% granular loans
- Securitization market will see participation of insurance/ PF monies
- More players will enter the 5 – 10 year bond market
- CDS market will evolve

Access to funding normalising

In Q3FY20, we received sanctions to the tune of ₹ 16,540 Cr across instruments, of which we drew down ₹ 8,040 Cr and have undrawn available sanctions of ₹ 8,500 Cr. We have further proposals of ₹ 2,650 Cr in the pipeline. Draw down under the PCG scheme of the Government too has taken place. In Q3FY20, we sold down loans of ₹ 1,995 Cr compared with ₹ 750 Cr in Q2FY20.

Refinance of Developer Loan Book

We continue to run down the developer book. In the 12 months from Oct-18 to Sep-19, nearly ₹ 10,000 Cr of large ticket loan book was either refinanced or was repaid. A further ₹ 2,150 Cr was refinanced/repaid in between Oct-19 and Jan-20.