

Indiabulls Housing Finance Limited Announces its Q4 and FY 17-18 Financial Results. Quarter PAT of ₹ 1,030 Cr., up by 23%

For Immediate Use

Mumbai, 20th April 2018: The Board of Directors of Indiabulls Housing Finance Ltd (IBHFL), India's second largest housing finance company, announced its unaudited financial results for the year ended March 31, 2018.

IBHFL's Profit After Tax (PAT):

FY 18 (₹ Cr)	FY 17 (₹ Cr)	Growth %	Q4 FY18 (₹ Cr)	Q4 FY17 (₹ Cr)	Growth %
3,847.4	2,906.4	32.4%	1,030.4	840.5	22.6%

An interim dividend of ₹ 10 per share of face value ₹ 2, amounting to 500% declared.

Highlights FY17-18

Financial Highlights:

- PAT for FY 18 is at ₹ 3,847.4 Cr up 32.4% from FY 17 PAT of ₹ 2,906.4 Cr
- Balance sheet size stands at ₹ 1,31,902.8 Cr, growing by 27.2% from last year
- NII up by 21.3% to ₹ 5,785.2 Cr
- Cost to income steadily reduced to 12.5%, as compared to 13.3% in FY 17
- NPAs continue to be at their lowest levels with Gross NPA at 0.77% and Net NPA at 0.34% as compared to 0.85% and 0.36% respectively, in FY 17
- Highest ever loan sell down in a year of ₹ 10,103.9 Cr compared with ₹ 4,221.8 Cr in FY 17

Business Update:

- During the year IBHFL was upgraded to the highest long term credit rating of AAA by both CRISIL, an S&P Company, and ICRA, a Moody's Investor Services Company. IBHFL is only the second private non-bank lender on standalone strength to be rated AAA by CRISIL and ICRA; and is now rated at the highest AAA by CRISIL, ICRA, CARE and Brickworks
- Sold one-third of its holding in OakNorth Bank Ltd., i.e. ~10% of the bank to Government of Singapore owned investment arm GIC for ₹ 770 Cr. With this partial divestment, IBHFL has recovered its entire investment in OakNorth Bank made 2 years ago
- Issued India's 1st Social Affordable Housing Bond of ₹1,000 Cr, with the proceeds being used towards financing the Affordable Housing sector.
- During the year, received approval to raise USD 750 Mn of Masala Bonds. IBHFL has set up a USD 1.5 Bn MTN program to tap the offshore market time-to-time. This will help optimally diversify funding sources and increase funding efficiencies

Highlights Q4 FY 17-18

- NII up by 22.2% to ₹ 1,661.5 Cr
- PAT up 22.6% to ₹ 1,030.4 Cr
- Spread on loan book for Q4 FY 17-18 stood at 311 bps and remains sustained within the guided range of 300-325 bps. Post this, from April 01, 2018, IBHFL PLR has been increased by 20 bps and will add to the Q4 spread of 311 bps

Key Financials:

<i>Particulars</i> (₹ Crs)	Q4 FY 18	Q4 FY 17	Y-o-Y Growth (%)	FY 18	FY 17	Y-o-Y Growth (%)
Balance Sheet	1,31,902.8	1,03,705.4	27.2%			
Total Loan Asset	1,22,577.8	91,301.3	34.3%			
Total Revenues	3,967.2	3,224.9	23.0%	14,640.4	11,701.7	25.1%
PAT	1,030.4	840.5	22.6%	3,847.4	2,906.4	32.4%
EPS (INR)	24.16	19.83		90.51	68.80	
Gross NPA (%)	0.77%	0.85%				
Net NPA (%)	0.34%	0.36%				

Macro update on housing

Affordable housing continues to gain momentum supported by favorable regulatory measures and developers tailoring their launches to meet the requirements of mid-income affordable housing segment. According to Liases Foras Report, affordable housing sales registered huge momentum in top 8 cities of the country. Residential sales in sub ₹ 30 lakh category increased by 33% YoY in H2CY17. Mumbai and NCR-Delhi market registered strong traction in affordable housing market and grew by 32% and 28% YoY, respectively in H2CY17. 44% of launches in CY17 were in the affordable housing category with houses priced under ₹ 40 lakh.

The premium market has started showing signs of recovery. Bengaluru witnessed a ~45% jump in demand for premium residential living space. Uptick in high income group sales was led by Mumbai and NCR regions with each registering 20%+ Y-o-Y growth in H2CY17.

With property prices stable for the last 3 years, average price of housing units in most cities are now inching closer or below the Knight Frank Affordability Benchmark of 4.5 times the annual household income. Commercial office space absorption, which is a lead indicator of housing demand, recorded highest traction of over 10 Mn sq. ft. in Q1CY18, which is a growth of 25% Y-o-Y.

Huge market opportunity for housing finance

Structural factors, favorable demographics, increasing urbanisation, nuclearisation and tax incentives on home loans have boosted the housing industry. Low mortgage penetration in India in comparison with advanced and emerging economies implies vast opportunity for growth. China's individual mortgage loan market at \$3.5 Tn is 14x that of India's at \$ 245 Bn. Contrasted with respective GDPs, where China's GDP is 5x that of India's. With an economic growth rate that is higher than that of China's, near term growth potential for the Indian housing loan market is immense.

According to ICRA's December 2017 Report, housing finance market is set to double over the next 5 years, pushing mortgage penetration levels up by around 300-500 bps. As per the report, banks are likely to grow by 16-18% and HFCs to grow at near 25% levels.

Indiabulls Integrated Home Loan Technology Platform



The next phase of evolution for IBHFL, and indeed for the industry, is technology. IBHFL were first movers here with eHome Loans platform that was launched nearly two years ago. Already 27% of the incremental home loans are sourced through eHome Loans. IBHFL has continued to make considerable investments in IT and has now launched a comprehensive “Indiabulls Integrated Home Loan Technology Platform”

eHome Loans has been integrated into this platform and IBHFL’s analytics engine drawing from credit bureau history, banking information and tax filings will now decision loans on real-time basis. The platform will also tie-up access to GST filing database providing credit teams with authentic revenue information on small businesses for LAP underwriting. Today’s deliberate and long-drawn self-employed customer segment credit appraisal process will be considerably quicker without any compromise in credit rigor. This will help IBHFL maintain the proportion of self-employed loans even as it grows upwards of 25% in the near to mid-term. This will help IBHFL sustain spread at 3%+ levels. Analytics and social media integration will give IBHFL a means to stay engaged with customers helping better anticipate their needs, opening up cross-sell and resultant fee generation opportunities.

Another big change that the platform will bring about is in its ability to also link with developers and channel partners like DSAs. IBHFL will have ability to process home loans on construction sites as the buyer concludes his purchase and will be able to immediately disburse to developers, crunching developer working capital cycles. Developers can also raise demand for subsequent tranches on the platform and with customer consent, again real-time on the platform, the tranche can be disbursed to the developer. IBHFL aims to be preferred financiers significantly increasing number of loans per project.

The “Indiabulls Integrated Home Loan Technology Platform” will help comprehensively address the mid income affordable housing loan market. IBHFL will have multiple touch points to reach our target customers spanning digital channels, 3,500 strong feet-on-street on rolls direct sales team, nearly 300 pan-India brick-and-mortar branches and a strong set of DSA channel partners. IBHFL technology and analytics driven processing capacity is elastic with a digital channel that can underwrite loans on a real-time basis at one end to the traditional pen-and-paper application form route.

Mr. Gagan Banga, Vice Chairman and MD, IBHFL commented that, “I firmly believe that Technology will drive the next phase of growth. We have a first mover advantage here. The Indiabulls Integrated Home Loans Technology Platform will be analytics driven; will automate many human-intensive processes and will also bring developers onto our platform. This technology thrust is already translating into tangible operational benefits and improved financial metrics”

About Indiabulls Housing Finance Limited

IBHFL is India’s 2nd largest Housing Finance Company. IBHFL enjoys the highest long-term credit rating of AAA from all of the four leading rating agencies in India. IBHFL has a balance sheet size of ₹ 1,31,902.8 Cr. and provides quick, convenient and competitively priced home loans in the affordable housing segment.