

Market statistics as on May 31, 2019

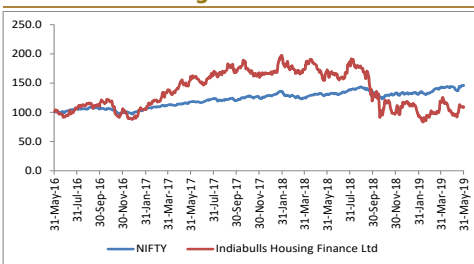
Current stock price (Rs.)	810.8
Shares O/S (Bn)	0.43
Market Cap (Rs. Bn)	346.5
P/E (x)	8.47
52W H (Rs.)	1397.0
52W L (Rs.)	575.3
Price/Book	2.10

Shareholding pattern as on March 31, 2019

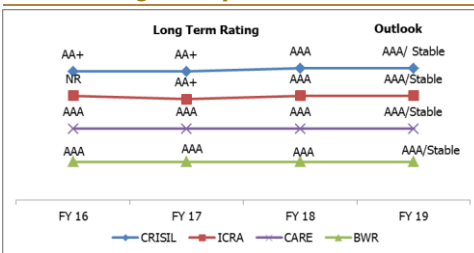
Promoters*	21.6%
Domestic Institution	13.1%
Foreign Institution	56.2%
Non-institution	9.1%

*12.7% of promoter shareholding pledged

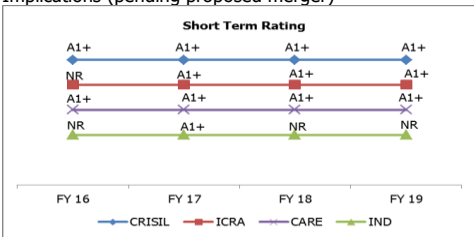
Indiabulls Housing vs. NIFTY



Credit Rating History



*LT ratings currently under Rating Watch with Developing Implications (pending proposed merger)



Consolidated Financials

Rs. Bn

Particulars	FY19	FY18	% chg.
Interest Income	155.3	128.1	21.2
Interest Expense	97.3	80.1	21.4
Other Income	15.0	21.6	(30.7)
Operating Exp (excl Interest)	17.0	20.7	(18.0)
PAT	40.9	39.0	5.0
Networth	164.8	142.3	15.8
Total Debt*	1,049.9	1,102.6	(4.8)
Cost to income (%)	12.70	12.50	-
ROA (%)	3.00	3.30	-
RONW (%)	24.00	30.00	-
CAR (%)	26.29	20.68	-
Tier I (%)	19.66	14.96	-
GNPA (%)	0.88	0.77	-
NNPA (%)	0.69	0.31	-

*Source: Company Reports, As per Ind-AS

*Does not include securitization debt

Credit Drivers:

- **Well established franchise in mortgage business:** Indiabulls Housing Finance Ltd (IBHFL) is amongst the top three housing finance companies in India with assets under management (AUM) of Rs.1, 205 billion as on Mar 31, 2019.
- **Healthy asset quality:** IBHFL has exhibited healthy asset quality over the years supported by its strong underwriting norms and appraisal process; gross non-performing assets (GNPA) and net NPA stood at 0.88% and 0.69% respectively as on Mar 31, 2019. However, the company remains susceptible to asset quality risks emanating from its corporate mortgage portfolio.
- **Diversified resource-mix:** IBHFL has a well-diversified funding profile with a balanced share of bank loans and capital market borrowings, further, supported by alternative means of funding access in the form of securitization.
- **Robust capitalization level** IBHFL has robust capitalization level as reflected in Capital adequacy ratio (CAR) of 26.3% (FY19, adjusted for mutual fund investments) as against 20.7% (18.6% without MF adjustment).
- **Resilient profitability indicators:** IBHFL's profitability remains robust with return on average assets (ROA) of over 3.0% and return on average net worth (RONW) of more than 24% over the past 5 years.
- **Comfortable liquidity profile:** The company maintains sufficient liquidity in the form of cash and cash equivalents (investments in liquid mutual funds) and unutilized sanctioned bank lines. IBHFL follows a prudent operating principle of not allowing 3-months commercial papers to exceed 5% of overall borrowings.

About the Company:

IBHFL is a housing finance company, which was incorporated in 2005, and is registered with National Housing Bank (NHB). It is a flagship company of the Indiabulls group. IBHFL was reverse merged with Indiabulls Financial services Ltd, effective from April 01, 2012. The process of reverse merger completed on March 08, 2013. The company focuses primarily on the mortgage and home loan business. On April 05, 2019, the respective boards of IBHFL & Chennai based Lakhmi Vilas Bank (LVB) has approved the merger of IBHFL and IndiaBulls Commercial Credit (ICC, 100% subsidiary) into LVB in a share-swap deal. As per the share swap, the shareholders of LVB will get 14 shares of IBHFL for every 100 equity shares held in the bank. The merger is subject to regulatory approvals.

About Indiabulls Group:

Indiabulls group is a diversified financial services group primarily engaged in housing finance, consumer finance and personal wealth. The Group also has a presence in real estate, pharmaceuticals, lighting and infrastructure & construction equipment leasing. The group has a net worth of around Rs.257 billion as on September 30, 2018.

Industry Outlook:

After reporting strong credit growth of 17% in the first half of the FY 2019, the HFC credit growth has crimped in second half on account of tight liquidity situation and asset quality pressures. The HFCs growth is expected to moderate to 13-15% in FY20 given the continued liquidity crisis and competitive pressure, especially from private banks and potentially from large PSU banks. Aggravating the difficulties will be a likely pressure on the asset quality front due to the weak operating environment (slowdown in the real estate sector), with overall NPAs expected to shoot up to 1.8% in the medium term as against present 1.4%. From a funding mix perspective HFCs have relied heavily on securitisation as their preferred source of financing following the liquidity squeeze, along with raising long-term funds from banks and capital markets at higher cost to maintain ALM. Relatively lower reliance on short-term borrowings while maintaining on-balance sheet liquidity is expected to impact the profitability of the sector. Increase in cost of funds and asset quality pressure will result in margins declining and moderation of profit levels to 14 per cent levels in FY19 and FY 20, from 18 per cent in the year-ago period. However, the proposed National Housing Bank amendments in capital adequacy, deposit mobilisation and leverage norms are positives for HFCs over the medium term.

Key Credit Drivers:

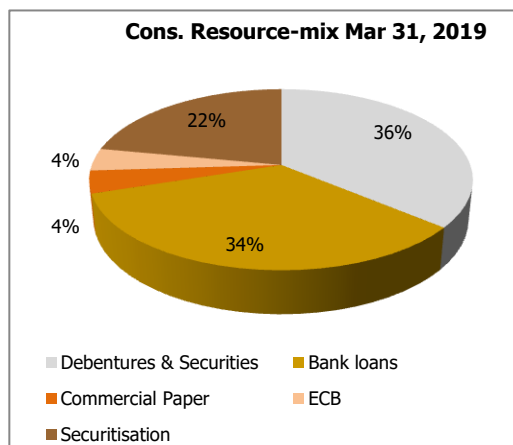
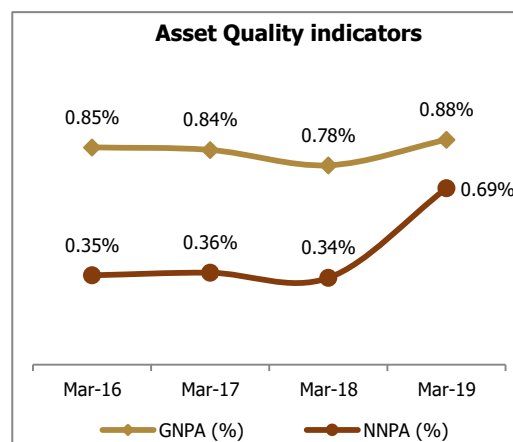
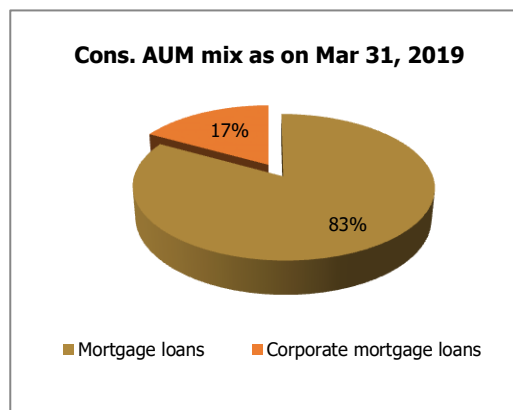
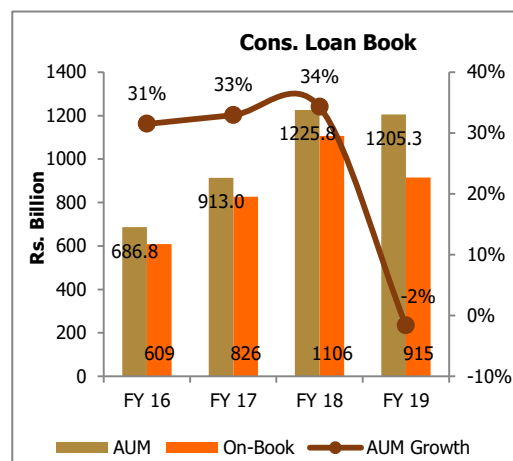
Well established market position in mortgage business: IBHFL is amongst the top three housing finance companies in India with AUM of Rs.1,205 billion as on Mar 31, 2019. The cumulative loans disbursed by the company till Mar 31, 2019 stood at Rs.2.47 trillion. The AUM had a mix of mortgage loans (including home loans and loan against property (LAP)) constituting 83% of and corporate mortgage loans constituting 17% of AUM. IBHFL accounted for 84.5% of the consolidated net assets (FY19) with ICC accounting for another 10.4%. IBHFL demonstrated a robust 7-year CAGR of 23% till FY19 to reach its current AUM. The corporate mortgage loan book comprises lease rental discounting (LRD), loans to builders and construction finance. For mortgage loans, the company primarily focuses on the low to middle income segment of the market especially salaried customers in Tier-II cities, and in suburbs of metros and Tier-I cities, with ticket size of Rs 1.5-4.0 million and a maximum loan term of 20 years in the housing segment. On the LAP segment, the average ticket size (ATS) is 7.3 million with an average loan term of 7 years. The company's presence in low to middle income segment, encouraging prospect for affordable housing in the country and the various policy initiatives of the Government, augurs well for its growth.

Healthy asset quality: IBHFL has exhibited healthy asset quality over the years supported by its strong underwriting norms and appraisal process. IBHFL follows strong underwriting standards coupled with prudent risk-mitigating measures, in the form of conservative loan to value ratios (average LTV of 49%) in the LAP segment. Further, company's emphasis on collateral with sufficient cover in the corporate mortgage portfolio helped in demonstrating the stable asset quality in this segment. However, given the chunkiness of loans (ATS – Rs. 1.50 billion) and vulnerability to weak economic environment potentially exposes this portfolio to concentration risks. Further, stress in even a few large accounts in this segment could potentially impair the asset quality.

Diversified resource-mix: IBHFL has a well-diversified funding profile with debentures constituting ~36% (42% in FY18), bank loans 34%, commercial paper 4% (12% external commercial borrowings (ECBs) 4% and securitization/assignment of loans forming 22% (10%) of overall borrowings as on Mar 31, 2019. Over the years, the company has established strong relationship with 622 diverse set of lenders, including public sector banks (21), private and foreign banks (26), and other 575 investors such as mutual funds, provident funds, pension funds, insurance companies and corporates. The company demonstrated the depth of its diversified liabilities franchise by raising different type of instruments such as retail bonds, masala bonds, ECBs etc. based on macro conditions, liquidity and interest rates. Further, the company demonstrated its ability to raise funds by resorting to securitization/assignment as an alternative means of funding whenever required; company sold down assets worth Rs.258 billion during the first nine months of FY19. It recently raised \$350 Mln 3 year USD funding though at an elevated cost of 6.375% (before hedging cost). The incremental cost of borrowings during the FY19 stood at 8.77%, however, on-book average cost of borrowings stood at 8.73%.

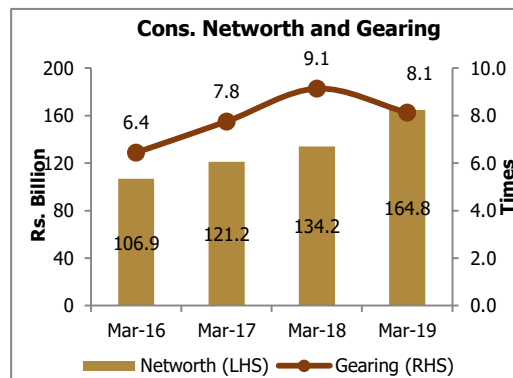
Robust capitalization level: On a consolidated basis, IBHFL has a robust capitalisation level with a sizeable net worth of Rs.164.8 billion as on Mar 30, 2019 (FY18 networth of Rs 134.2 billion under IGAAP re-stated to Rs 142.3 under IndAS). The stand-alone networth has increased by Rs. 18 Bln (fair value accounting of Oak North holding), this is not yet reflected in consolidated network. IBHFL's capitalisation profile remains comfortable with CAR of 26.3%, Tier I ratio of 19.6% (adjusted for mutual fund investments) as on Mar 31, 2019, providing adequate cushion for growth. The flexibility and demonstrated ability to securitise a part of the loan portfolio provides the company with an alternate avenue for raising capital as and when required. IBHFL also has demonstrated its ability to raise funds from the market in the past.

Resilient profitability indicators: IBHFL's competitive borrowing costs, low credit costs and improving operating efficiency supports its robust profitability metrics. The company reported a healthy interest margin (NIM) of 3.42% (3.11% in FY18) with average yield on advances of 12.15% (10.86%) during FY19. NIM for the company is supported by larger share of higher-yield non-housing portfolio, as compared with peers.



On a stand-alone basis, IBHFL reported net profit after tax of Rs.37.3 billion (Ind-AS) in FY19 compared to Rs.31.85 billion in FY18 (Ind-AS). FY18 PAT under IGAAP was Rs 35.66 billion (the difference is because profit on sale of part of Oak North holding re-classified under Other Comprehensive Income).

Comfortable liquidity position: The company has a prudent liquidity and asset-liability management policy. As a policy, the company maintains sufficient liquidity in the form of unutilised sanctioned bank lines, liquid investments in the form of fixed deposits and investments in liquid mutual funds to cover the targeted business for next six months and debt related payments. Besides, IBHFL has a strong resource raising ability which further provides comfort. On a consolidated basis, the company had cash, cash equivalents and investments in liquid debt instruments of Rs.311.65 billion as of March 2019. (Rs. 210.9 billion Dec '18).



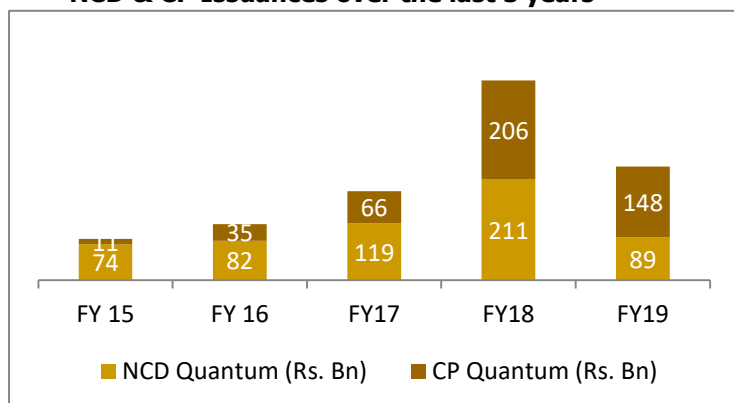
*For computing gearing, we have included securitization debt. If it is excluded, FY19 gearing

ALM Position (consolidated basis) as on Mar 31, 2019

Particulars (Rs. Billion)	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21
Cash & Cash Equivalents	311.7	285.0	274.7	246.5	264.4	241.8	222.8	220.4
Customer Repayments	47.4	48.7	46.3	57.1	47.4	46.3	40.8	36.9
Total Inflows (A)	359.0	333.7	321.0	303.6	311.8	288.1	263.6	257.3
Cumulative Total Inflows	359.0	407.8	454.0	511.2	558.6	604.9	645.7	682.6
Repayments	74.1	59.0	74.5	39.3	70.0	65.3	43.2	41.5
Total Outflows (B)	74.1	59.0	74.5	39.3	70.0	65.3	43.2	41.5
Cumulative Total Outflows	74.1	133.0	207.5	246.8	316.8	382.1	425.3	466.8
Net Cash (A) – (B)	285.0	274.7	246.5	264.4	241.8	222.8	220.4	215.7

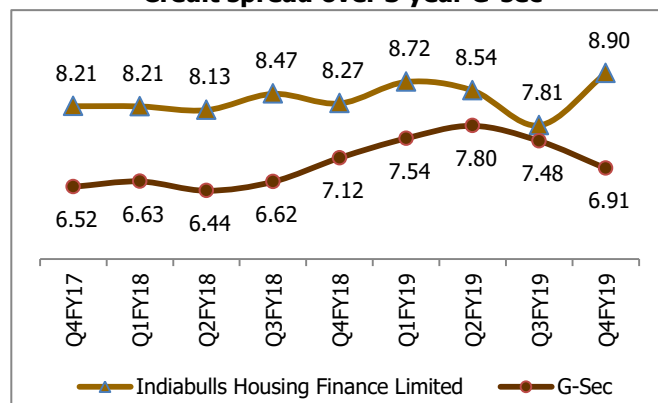
Note: Brief ALM statement on quarterly basis till Q4FY21

NCD & CP Issuances over the last 5 years



Source: NSDL, Prime Database

Credit spread over 3 year G-sec



Source: Reuters

Latest Issuances

Name	Type	Date	Tenor	Coupon (%)	Quantum (Rs. Bn)
IBHFL (Primary)	Secured	May 9, 2019	1 year, 2 months	9.0 p.a.	1.20
IBHFL (Primary)	Secured	Jan 15, 2019	10 years	9.10 p.a.	7.00

Source: NSDL

Other Information: Key Management Personnel

Name	Designation	Name	Designation
Mr. Gagan Banga	Vice Chairman & MD	Mr. Mukesh Garg	Chief Financial Officer
Mr. Ashwini Kumar Hooda	Deputy MD	Mr. M S Walia	National Sales Head
Mr. Ajit Mittal	Executive Director	Mr. Ripudaman Bandral	National Business Manager
Mr. Sachin Chaudhary	Chief Operating Officer	Mr. Ashwin Mallick	Head, Liabilities & Treasury

Auditor	S.R. Batliboi & Co. LLP
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Financials: (Standalone as per IGAAP)

Profit & Loss Statement

Particulars (in Bn.)	FY16	FY17	FY18
Operating Income	80.07	101.25	123.53
Other Income	9.09	12.74	15.68
Total Income	89.16	113.99	139.21
Employee Cost	3.69	4.54	5.27
Operating & Establishment Expenses	1.17	1.41	2.02
Administrations & Other Expenses	0.69	0.69	0.82
Provisions and Contingencies	3.90	6.54	10.48
Miscellaneous Expenses	4.43	7.13	11.28
Total Expenditure	10.01	13.83	19.49
Operating Profit	79.15	100.16	119.72
Interest	48.42	63.15	73.55
Depreciation	0.19	0.21	0.27
Profit Before Taxation & Exceptional Items	30.53	36.81	45.90
Profit Before Tax	30.53	36.81	45.90
Provision for Tax	7.59	8.38	10.24
Profit After Tax	22.94	28.42	35.67

Key Ratios

Particulars	FY16	FY17	FY18
Spread Analysis			
Interest Earned/ Avg. Assets (%)	11.69	11.12	10.52
Interest Expended/ Avg. Assets (%)	7.48	7.23	6.55
Net Interest Margin (NIM (%))	4.21	3.89	3.97
Operational & Financial Ratios			
Earnings Per Share (Rs)	54.45	67.06	83.62
DPS(Rs)	45.00	27.00	41.00
Book Value (Rs)	249.25	279.97	297.29
Performance Ratios			
ROA (%)	3.46	3.17	3.09
ROE (%)	27.01	25.42	29.06
Financial Stability Ratios			
Total Debt/Equity(x)	5.71	6.95	8.16

Peer Comparison as on March 31, 2018

Particulars (in Bn.)	Indiabulls Housing	HDFC Ltd	LIC Housing
Total Income	139.21	352.30	151.89
NII	44.58	108.42	37.01
PAT	35.67	121.64	19.90
Equity	128.91	614.03	126.91
Debt	1034.14	3199.12	1453.31
CRAR (%)	18.61	19.20	16.00
GNPA (%)	0.85	1.10	0.80
NNPA (%)	0.34	0.80	0.40
ROE (%)	29.06	24.10	16.74
ROA (%)	3.09	3.29	1.23
Leverage (x)	8.16	5.21	11.45

Source: Company Reports, ACE Equity, Figures are on standalone basis, *Equity is adjusted for any miscellaneous expenditure written off and revaluation reserves and hence, there would be difference in reported networth and equity capital. Debt does not include securitization debt

Information Source: Ace Equity, Company Reports, IBEF, NSDL, Prime Database, Bloomberg, Thomson Reuters, Rating Agencies, CRISIL

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Balance Sheet

Particulars (in Bn.)	FY16	FY17	FY18
EQUITY AND LIABILITIES			
Share Capital	0.84	0.85	0.85
Shareholder's Funds	105.04	118.69	128.91
Long-Term Borrowings	351.38	529.89	653.57
Other Non-Current Liabilities	19.52	10.47	15.77
Total Non-Current Liabilities	370.90	540.36	669.34
Other Current Liabilities	150.91	204.37	256.83
Short Term Borrowings	136.61	165.83	221.08
Total Current Liabilities	287.51	370.20	477.90
Total Liabilities	763.46	1029.25	1276.16
ASSETS			
Net Block	0.65	0.84	0.97
Capital Work in Progress	0.00	0.00	0.00
Other fixed assets	0.00	0.00	0.00
Non-Current Investments	14.57	15.30	41.16
Long Term Loans & Advances	533.52	732.47	951.14
Other Non-Current Assets	3.94	2.68	2.03
Total Non-Current Assets	552.68	751.28	995.29
Cash and Bank	27.12	54.44	43.48
Other Current Assets	104.70	136.30	128.15
Short Term Loans and Advances	78.95	87.23	107.14
Total Current Assets	210.78	277.97	278.77
Miscellaneous Expenses not written off	0.00	0.00	2.10
Total Assets	763.46	1029.25	1276.16

Cash flow Statement

Particulars (in Bn.)	FY16	FY17	FY18
Profit Before Tax	30.53	36.81	45.90
Adjustment	-26.18	-37.38	-51.06
Depreciation	0.19	0.21	0.27
Dividend Received	-1.52	-7.28	-12.54
Interest Income	-75.60	-97.08	-118.13
Provision & Written Off	3.59	6.99	11.51
Bad debts irrecoverable written off	0.95	0.00	0.00
Provision for doubtful debts & advances	0.00	0.00	0.00
Other Adjustments	46.20	59.79	67.84
	-	-	-
Changes in working Capital	152.78	-196.78	230.11
Cash Flow after changes in Working Capital	148.43	-197.36	235.26
Tax Paid	-7.83	-8.38	-9.81
Extra & Other Item	32.43	42.67	48.22
	-	-	-
Cash From Operating Activities	123.84	-163.07	196.85
Cash Flow from Investing Activities	-49.68	-21.46	1.86
Purchase of Fixed Assets	-0.33	-0.40	-0.44
Sale of Fixed Assets	0.00	0.00	0.03
Purchase of Investment	-43.84	-26.15	0.00
Sale of Investments	0.45	0.00	7.35
Investment in Subsidiaries	-7.08	-0.58	-19.58
Dividend Income	0.00	7.28	12.54
Interest Income	0.00	0.00	0.00
Other Investment Activities	1.12	-1.61	1.96
Cash from Financing Activities	160.80	210.30	184.67
Net proceeds from borrowings & pref. shares	138.21	254.21	167.95
Net proceeds Equity Share Capital	2.21	0.80	0.89
Other Financial Activities	20.38	-44.71	15.83
Net Cash Inflow / Outflow	-12.72	25.77	-10.32
Opening Cash & Cash Equivalents	61.91	23.38	49.15
Closing Cash & Cash Equivalent	49.19	49.15	38.83