

Indiabulls Housing Finance

BSE SENSEX
32,246

S&P CNX
9,966

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Bloomberg	IHFL IN
Equity Shares (m)	421.3
M.Cap. (INR b) / (USD b)	486.6/7.6
52-Week Range (INR)	1187 / 616
1, 6, 12 Rel. Per (%)	1/36/41
12M Avg. Val (INR M)	1838
Free float (%)	76.4

Financials & Valuations (INR b)

Y/E March	2017	2018E	2019E
Net Fin inc	39.9	54.4	67.3
PPP	45.5	57.4	72.4
EPS (INR)	69.0	86.3	108.4
EPS Gr. (%)	24.0	25.0	25.6
BV/Sh. (INR)	288	324	368
RoA on AUM (%)	3.1	3.0	3.0
RoE (%)	25.5	28.2	31.3
Payout (%)	52.5	50.0	50.0
Valuations			
P/E (x)	16.7	13.4	10.7
P/BV (x)	4.0	3.6	3.1
P/ABV (x)	4.0	3.6	3.1
Div. Yield (%)	3.1	3.7	4.7

CMP: INR1,155 TP: INR1,350 (+17%) Buy

Strong growth, stable performance overall

- Indiabulls Housing Finance's (IHFL) PAT grew 23% YoY to INR7.8b (8% below our estimate), mainly driven by lower-than-estimated income on investments. Core operating performance was robust, with strong AUM growth (+33% YoY), stable spreads and a decline in C/I ratio.
- Management alluded to strong growth witnessed in the home loan segment, especially the mass housing segment. Disbursements were up 39% YoY in home loans. Yields continue to remain under pressure (down 14bp QoQ and 94bp YoY to 11.49%). However, due to the sharp decline in cost of funds, reported spreads remained intact at 3.24%. Management continues to guide for incremental spreads in the range of 2.75-3% and book spreads of 3-3.25%. We believe the company will continue delivering at the higher end of its guided range over the foreseeable future.
- The share of home loans in the overall book inched up 100bp to 57%. Management reiterated its guidance of 66% share of home loans by FY20.
- The liability mix continued to evolve in favor of NCDs. Management plans to raise bulk of incremental funding from NCDs, taking the share of NCDs to 60% by FY20 (currently 52%).
- Valuation and view:** IHFL's transformation from a diversified lender to a focused mortgage player has yielded returns, with RoE/RoA improving from 3%/0.8% in FY09 to 26%/3.4% in FY17. Focus on core mortgage loans and market share gains should drive AUM growth of 29% over the next three years. Also, capital consumption will be lower, with a gradual shift toward individual home loans and increased sell-downs. IHFL is among the lowest-levered HFCs. Asset quality trend is likely to remain stable. While we marginally increase our AUM growth estimates, we cut overall EPS estimates for FY18/19 by 4%/5% to factor in lower investment income. Maintain **Buy** with a TP of INR1,350 (3.7x FY19E P/B).

Quarterly Performance

Y/E March	FY17				FY18				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY17	FY18
Income from operations	23,720	25,098	25,859	29,314	29,560	30,742	32,894	36,378	103,990	129,575
Other Income	2,255	3,651	4,186	2,935	2,690	2,900	2,900	3,237	13,027	11,727
Total income	25,975	28,749	30,045	32,249	32,250	33,642	35,794	39,615	117,017	141,302
Y-o-Y Growth (%)	28.3	28.0	30.2	21.8	24.2	17.0	19.1	22.8	26.8	20.8
Interest expenses	14,109	16,279	16,329	17,391	17,722	18,165	18,801	20,478	64,108	75,166
Net Income	11,866	12,470	13,716	14,858	14,528	15,477	16,993	19,137	52,910	66,136
Y-o-Y Growth (%)	33.9	24.6	26.8	15.6	22.4	24.1	23.9	28.8	24.4	25.0
Operating Expenses	3,116	3,258	3,658	5,160	3,928	4,086	3,929	5,207	15,192	17,150
Profit before tax	8,750	9,212	10,058	9,698	10,600	11,391	13,064	13,931	37,718	48,986
Y-o-Y Growth (%)	26.4	24.3	24.9	9.0	21.1	23.7	29.9	43.6	20.5	29.9
Tax Provisions	2,401	2,352	2,555	1,325	2,764	2,962	3,397	3,614	8,633	12,736
Net Profit	6,349	6,861	7,502	8,373	7,836	8,429	9,667	10,316	29,085	36,249
Minority Int	-49	-18	13	32	46	40	40	40	-22	166
Net Profit after MI	6,301	6,843	7,515	8,405	7,882	8,469	9,707	10,356	29,064	36,083
Y-o-Y Growth (%)	23.2	23.2	24.7	24.4	25.1	23.8	29.2	23.2	24.0	24.2

E: MOSL Estimates

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Exhibit 1: Quarterly performance v/s expectations and deviations for the same

Particulars	1QFY18A	1QFY18E	Var. (%)	Comments
Income from operations	29,560	29,754	-1	
Other Income	2,690	4,072	-34	Lower investment income
Total income	32,250	33,826	-5	Lower other income led to miss
Interest expenses	17,722	17,826	-1	
Net Income	14,528	16,000	-9	Lower other income led to
Operating Expenses (incl. provisions)	3,928	4,331	-9	Provisions lower-than-expected
Profit before Tax	10,600	11,668	-9	
Tax Provisions	2,764	3,034	-9	
Net Profit	7,836	8,635	-9	PAT miss due to lower investment income
Minority Int	46	25	84	
Net Profit (after minority interest)	7,882	8,610	-8	
Int Exp/ operating inc (%)	60.0	59.9		
Other Income / Total Income (%)	8.3	12.0		
Tax Rate (%)	26.1	26.0		

E: MOSt Estimates

AUM growth was robust
at 33% YoY

Continued robust AUM growth at 33% YoY

- n Disbursements were up 33% YoY to INR70b, driven by 39% YoY growth in home loan disbursements.
- n As a result, AUM growth in the quarter was 33% YoY
- n Share of home loans increased 100bps to 57%

Management has guided
to incremental spreads
between 275-300bp

Stable spreads despite yield pressure

- n Reported spreads remained largely stable at 3.24%.
- n Incremental cost of NCDs is down 65bp v/s 4Q due to 20bp decline in GSec yields coupled with ICRA rating upgrade. Yet, IHFL's incremental cost is 35bp above other AAA-rated entities, by management's estimate. Management expects this spread to narrow down to 20bp.
- n Incremental yields for different segments in 1QFY18 were: Home Loan – 8.9%; LAP – 11.25-11.50%; Corporate – 13-13.5%

Asset quality stable

- n Asset quality was stable with GNPL ratio at 0.8% v/s 0.84% in 1QFY17.
- n Provisions made during the quarter amounted to INR1.93b, as against INR1.26b in 1QFY17.

Valuation and view

- n Indiabulls Housing Finance Ltd (IHFL) has transformed from a diversified lender to a focused mortgage player. Mortgage focus has yielded returns, with RoE/RoA improving from 3%/0.8% in FY09 to +26%/3.4% in FY17.
- n We believe the focus on mortgage and market share gains will drive AUM growth of ~29% for the next three years. As individual home loans have lower risk weight than corporate loans, capital consumption will be lower with gradual shift towards individual home loans. At the same time, increased sell-downs will also help improve return ratios.
- n One of the lowest levered HFCs, IHFL would need no further dilution over the next couple of years.

- n IHFL has consistently outperformed peers on key parameters. Average three-year RoE at 26% is the best among the peer group. The company offers superior return ratios with a 3-4% dividend yield.
- n While we marginally increase our AUM growth estimates, we cut overall EPS estimates for FY18/19 by 4%/5% to factor in lower investment income. We use RI model with Rf of 7%, CoE of 14% and terminal growth rate of 5%. Maintain **Buy** with a target price of INR1,350 (3.7x FY19E P/B).

Exhibit 2: We marginally cut our estimates

INR B	Old Est.			New Est.			% Change		
	FY18	FY19	FY20	FY18	FY19	FY20	FY18	FY19	FY19
Net Financing income	52.6	66.5	79.5	54.4	67.3	83.2	3.4	1.3	4.6
Other Income	16.3	20.4	25.4	11.7	15.2	19.8	-28.0	-25.1	-22.1
Net Income	68.9	86.8	105.0	66.1	82.5	103.0	-4.0	-4.9	-1.9
Opex	8.8	10.5	12.6	8.7	10.1	11.7	-0.6	-3.8	-7.0
PBT	50.7	65.0	78.2	49.0	61.5	77.4	-3.5	-5.3	-1.0
Tax	13.2	16.9	20.3	12.7	16.0	20.1	-3.5	-5.3	-1.0
PAT	37.5	48.0	57.7	36.3	45.6	57.4	-2.9	-4.9	-0.5
AUM	1,177	1,487	1,857	1,194	1,536	1,938	1.5	3.2	4.4
Loans	1,059	1,339	1,671	1,075	1,382	1,744	1.5	3.2	4.4
Borrowings	1,091	1,385	1,738	1,101	1,423	1,805	1.0	2.7	3.9
Credit Cost	0.90	0.85	0.85	0.80	0.80	0.80			
RoA on AUM	3.1	3.2	3.0	3.0	3.0	2.9			

Source: Company, MOSL

Conference call highlights**Business updates**

- n Management continues to guide to 3-3.25% book spreads and 2.75-3% incremental spreads.
- n 39% YoY growth in home loan disbursements in the quarter.
- n Incremental cost of NCDs is down 65bp v/s 4Q due to 20bp decline in GSec yields, coupled with ICRA rating upgrade. Yet, IHFL's incremental cost is 35bp above other AAA-rated entities. Management expects this spread to narrow to 20bp.
- n Bulk of incremental funding will come from NCDs and sell-downs. Share of NCDs will increase to 60% by FY20, as per management.
- n 62bp prepayment rate in home loans for the company.
- n Incremental yields: HL – 8.9%; LAP – 11.25-11.50%; Corp – 13-13.5%.
- n Some front-ending of demand in June due to GST, especially in premium housing. No front-ending witnessed due to RERA.

Others

- n LAP constitutes 21% of the total AUM.
- n Management expects the spread of home loans above GSec yields for the industry to be in the range of 150-200bp.
- n Growth in mass housing for the industry should be 35-40% going forward, according to management.
- n Average ticket size of builder loans is INR2-3b.
- n ZCBs outstanding as of 1QFY18 - INR10.6b.

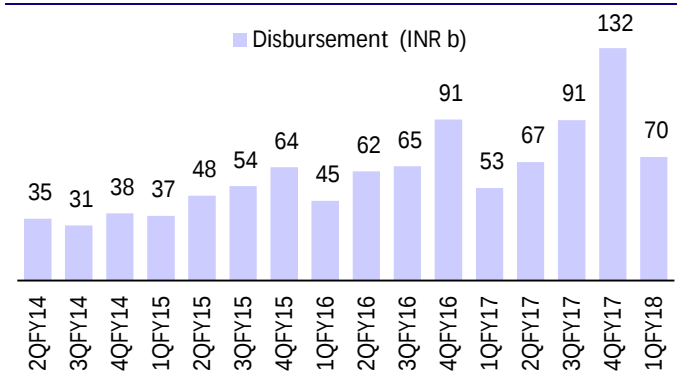
Exhibit 3: Quarterly Snapshot

	FY16				FY17				FY18	Variation (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	QoQ	YoY
Profit and Loss (INR m)											
Income from operations	18,290	19,850	20,751	24,009	23,720	25,098	25,859	29,314	29,560	1	25
Interest Expenses	11,390	12,450	12,258	13,616	14,109	16,279	16,329	17,391	17,722	2	26
Net Interest Income	6,900	7,400	8,493	10,392	9,611	8,819	9,530	11,923	11,838	(1)	23
Other Income	1,960	2,607	2,326	2,463	2,255	3,651	4,186	2,935	2,690	(8)	19
Total Income	8,859	10,007	10,820	12,855	11,866	12,470	13,716	14,858	14,528	(2)	22
Operating Expenses	1,937	2,594	2,765	3,957	3,116	3,258	3,658	5,160	3,928	(24)	26
Employee	914	1,059	1,012	1,147	1,185	1,358	1,318	1,136	1,332	17	12
Others	1,023	1,535	1,753	2,811	1,931	1,900	2,340	4,024	2,596	(35)	34
PBT	6,922	7,413	8,055	8,898	8,750	9,212	10,058	9,698	10,600	9	21
Taxes	1,810	1,858	2,010	2,083	2,401	2,352	2,555	1,325	2,764	109	15
PAT	5,113	5,555	6,045	6,815	6,349	6,861	7,502	8,373	7,836	(6)	23
Minority Interest	0	0	-21	-60	-49	-18	13	32	46		
PAT Post Minority Interest	5,113	5,555	6,024	6,754	6,301	6,843	7,515	8,405	7,882	(6)	25
Asset Quality											
GNPA (INR m)	4,071	4,309	4,553	5,116	5,430	5,686	6,557	7,062	6,850	(3)	26
NNPA (INR m)	1,935	2,028	2,169	2,393	2,545	2,548	2,917	3,271	2,914	(11)	14
Gross NPA (%)	0.85	0.84	0.83	0.84	0.84	0.83	0.85	0.85	0.80		
Net NPA (%)	0.36	0.35	0.35	0.35	0.36	0.34	0.36	0.36	0.31		
Provisions on AUM (%)	0.49	0.49	0.48	0.49	0.48	0.49	0.49	0.49	0.49		
Margins (%) - (calculated)											
Yield on loans	13.2	13.6	13.2	14.1	13.0	13.2	12.7	13.0	12.2		
Cost of funds	9.3	9.6	9.0	9.3	8.9	9.3	8.3	8.3	8.2		
Spreads	4.0	4.0	4.2	4.8	4.2	3.9	4.4	4.8	4.1		
NIMs	5.2	5.2	5.2	5.6	5.0	4.8	5.0	5.0	4.7		
Ratios (%)											
Cost to Income	21.9	25.9	25.6	30.8	26.3	26.1	26.7	34.7	27.0		
Tax Rate	26.1	25.1	25.0	23.4	27.4	25.5	25.4	13.7	26.1		
RoE (Calc.)	26.07	23.08	25.47	0.00	23.97	25.85	28.13	0.00	0.00		
RoA (Calc.)	3.51	3.49	3.66	0.00	3.16	3.10	3.26	0.00	0.00		
Business Details											
Disbursements-Quarterly (INR m)	45,250	61,900	64,740	91,370	52,500	67,200	91,000	131,800	70,000	(47)	33
AUM (INR m)	540,215	582,246	622,650	687,000	710,260	753,130	814,220	913,000	944,510	3	33
Borrowings (INR m)	508,630	527,620	636,290	689,100	744,800	832,000	919,200	939,900	977,800	4	31
Total AUM Mix (%)											
Mortgages	76	76	76	77	77	78	79	78	78		
Corporate	22	23	23	22	23	22	21	22	22		
Liability Mix (%)											
Bank Loans	55	47	49	49	47	39	37	37	35		
CP	7	6	6	0	0	0	0	0	0		
NCD	35	33	31	38	40	49	50	51	52		
ECB	3	2	2	2	2	2	3	3	3		
Other Details											
Dividend (INR/sh)	9	9	9	9	9	9	9	9			

Source: Company, MOSL

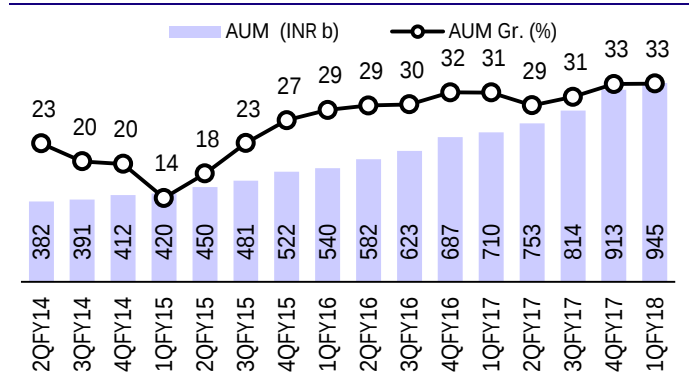
Story in charts

Exhibit 4: Disb. growth of 33%+ YoY



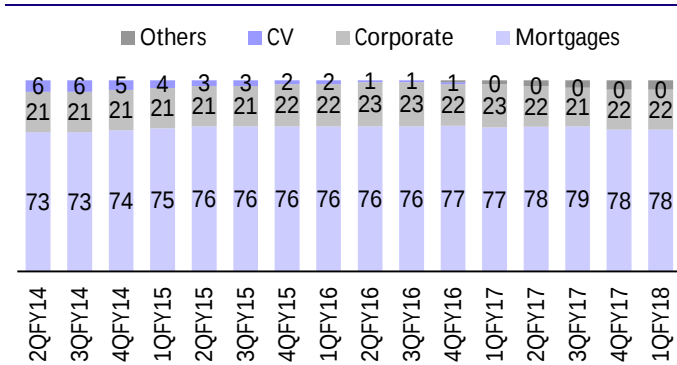
Source: Company, MOSL

Exhibit 5: Continued robust AUM growth at +33%



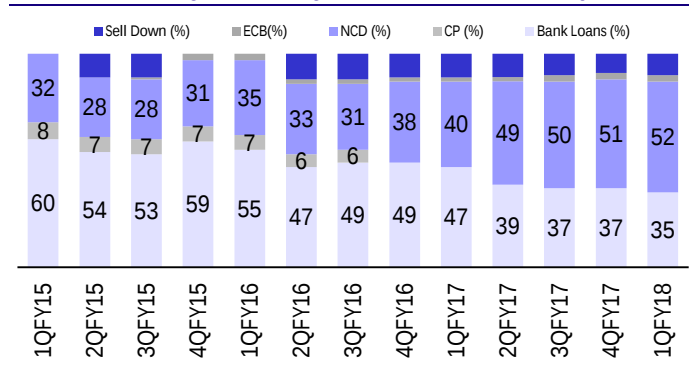
Source: Company, MOSL

Exhibit 6: AUM mix has been stable



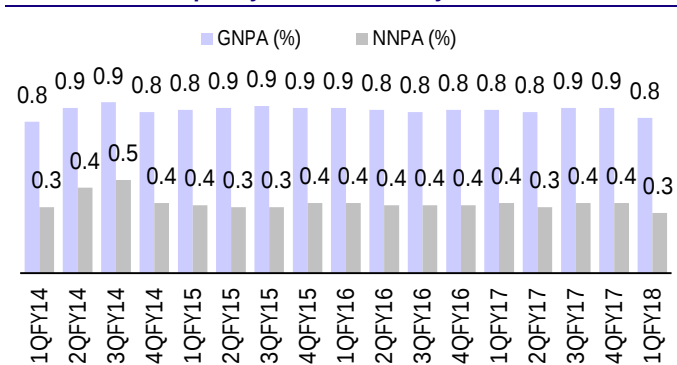
Source: Company, MOSL

Exhibit 7: Management targets 60% share of NCD by FY20



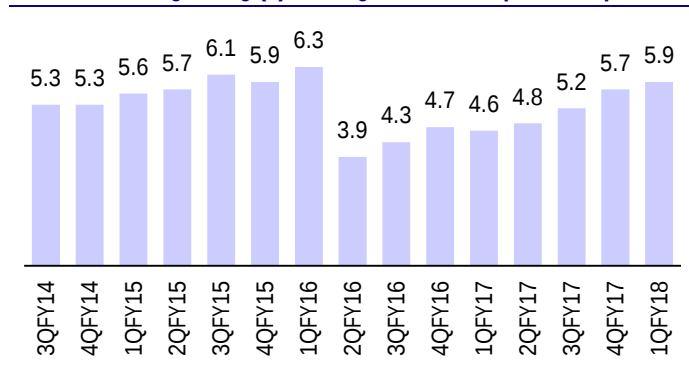
Source: Company, MOSL

Exhibit 8: Asset quality remains healthy



Source: Company, MOSL

Exhibit 9: Net gearing (x) among lowest compared to peers



Source: Company, MOSL

Exhibit 10: Financials: Valuation metrics

	Rating	CMP	Mcap	EPS (INR)		P/E (x)		BV (INR)		P/BV (x)		RoA (%)		RoE (%)	
		(INR)	(USDb)	FY18E	FY19E	FY18E	FY19E	FY18E	FY19E	FY18E	FY19E	FY18E	FY19E	FY18E	FY19E
ICICI* [*]	Buy	303	30.0	15.6	17.9	13.7	11.1	146.6	159.2	1.46	1.25	1.23	1.23	9.4	10.1
HDFCB	Buy	1,735	67.9	67.1	79.4	25.8	21.9	387	448	4.48	3.87	1.81	1.78	18.2	19.0
AXSB	Neutral	534	20.1	23.8	40.3	22.5	13.3	245	278	2.18	1.92	0.87	1.23	10.1	15.4
KMB*	Buy	992	28.5	32.4	41.0	30.6	24.2	232	272	4.27	3.64	1.84	1.99	15.0	16.3
YES	Buy	1,593	11.2	90.7	114.6	17.6	13.9	541	632	2.94	2.52	1.75	1.80	18.0	19.5
IIB	Buy	1,553	14.5	61.9	76.8	25.1	20.2	383	446	4.06	3.48	1.90	1.95	17.3	18.5
IDFC Bk	Neutral	60	3.2	3.5	4.2	17.2	14.5	46	49	1.32	1.23	0.93	0.91	7.9	8.8
FB	Buy	117	3.1	5.5	6.8	21.5	17.2	62	68	1.88	1.73	0.83	0.85	10.2	10.5
DCBB	Neutral	196	0.9	8.4	10.4	23.4	18.8	83	93	2.35	2.11	0.95	0.96	11.4	11.8
JKBK	Neutral	91	0.7	4.0	8.2	22.9	11.1	114	120	0.80	0.76	0.39	0.43	5.8	7.0
SIB	Buy	29	0.6	2.9	3.7	10.2	7.9	28	30	1.06	0.97	0.65	0.74	10.8	12.7
Equitas	Buy	168	0.9	4.8	7.4	34.7	22.6	70	77	2.38	2.17	1.66	2.16	7.1	10.1
RBL	Under Review	526	3.1	18.0	23.7	29.2	22.2	160	180	3.28	2.92	1.34	1.35	13.6	13.9
Private Aggregate															
SBIN (cons)*	Buy	294	39.0	17.9	23.3	14.7	11.1	230	249	1.14	1.04	0.44	0.50	8.7	10.0
PNB	Buy	161	5.2	10.3	14.5	15.7	11.1	187	199	0.86	0.81	0.29	0.37	5.6	7.5
BOI	Neutral	160	2.5	13.7	22.0	11.7	7.3	233	255	0.69	0.63	0.22	0.33	6.1	9.0
BOB	Buy	164	5.8	18.4	22.5	8.9	7.3	162	179	1.01	0.92	0.59	0.66	11.9	13.2
CBK	Neutral	353	3.0	30.1	47.0	11.7	7.5	498	540	0.71	0.65	0.29	0.41	6.2	9.1
UNBK	Neutral	157	1.7	24.6	34.5	6.4	4.6	315	345	0.50	0.46	0.37	0.47	8.1	10.5
OBC	Neutral	153	0.8	17.1	21.4	8.9	7.1	382	404	0.40	0.38	0.22	0.26	4.6	5.4
INBK	Buy	322	2.5	34.4	38.3	9.4	8.4	327	357	0.98	0.90	0.73	0.72	10.9	11.2
Public Aggregate															
Banks Aggregate															
HDFC*	Under Review	1,635	40.2	39.2	44.2	24.5	19.6	228	285	4.23	3.04	1.79	1.82	18.3	17.4
LICHF	Neutral	742	5.8	47.9	53.8	15.5	13.8	252	295	2.95	2.52	1.64	1.63	20.6	19.7
IHFL	Buy	1,155	7.5	88.9	113.9	13.0	10.1	325	372	3.56	3.11	3.40	3.46	29.0	32.7
GRHF	Neutral	467	2.7	9.9	12.1	47.0	38.7	33	40	14.08	11.55	2.43	2.43	33.0	32.8
REPCO	Buy	781	0.8	35.8	42.5	21.8	18.4	214	253	3.64	3.09	2.25	2.21	18.1	18.2
DEWH	Buy	456	2.2	37.7	47.1	12.1	9.7	282	321	1.62	1.42	1.25	1.33	14.1	15.6
Housing Finance															
RECL	Neutral	181	5.6	35.0	40.4	5.2	4.5	196	227	0.92	0.80	3.10	3.12	19.1	19.1
POWF	Neutral	128	5.3	27.2	30.2	4.7	4.2	169	191	0.75	0.67	2.76	2.72	17.0	16.8
Infra Finance															
SHTF	Buy	964	3.4	78.5	98.5	12.3	9.8	564	646	1.71	1.49	2.60	2.91	14.7	16.3
MMFS	Buy	364	3.1	13.6	16.4	26.8	22.2	123	132	2.97	2.75	1.68	1.74	11.4	12.8
BAF	Buy	1,598	13.8	47.6	62.9	33.6	25.4	216	270	7.39	5.92	3.51	3.51	24.3	25.9
CIFC	Buy	1,129	2.8	55.0	66.4	20.5	17.0	322	380	3.51	2.97	2.74	2.78	18.5	18.9
SCUF	Buy	2,319	2.4	132.8	171.2	17.5	13.5	874	1,019	2.65	2.28	3.63	3.96	16.2	18.1
MUTH	Buy	462	2.8	41.0	43.3	11.3	10.7	189	217	2.44	2.13	4.99	4.61	23.2	21.4
SKSM	Neutral	785	1.7	41.3	53.0	19.0	14.8	219	272	3.59	2.89	4.49	4.26	20.9	21.6
Asset Finance															

*Multiples adj. for value of key ventures/Investments; For ICICI Bank and HDFC Ltd BV is adjusted for investments in subsidiaries

Financials and valuations

Income Statement		(INR Million)						
Y/E March	2013	2014	2015	2016	2017	2018E	2019E	2020E
Financing Income	42,634	51,865	61,210	78,418	103,990	129,575	165,133	206,688
Financing Charges	25,991	32,824	39,442	49,714	64,110	75,166	97,838	123,505
Net Financing income	16,643	19,041	21,768	28,704	39,880	54,409	67,295	83,183
Change (%)	27.7	14.4	14.3	31.9	38.9	36.4	23.7	23.6
Non interest Income	5,145	7,181	11,494	13,837	13,030	11,727	15,245	19,819
Net Income	21,788	26,222	33,262	42,541	52,910	66,136	82,540	103,002
Change (%)	17.0	20.4	26.8	27.9	24.4	25.0	24.8	24.8
Employee Cost	2,245	2,637	3,249	4,131	4,997	5,746	6,608	7,599
Other Operating Exp.	1,761	1,470	2,285	2,053	2,443	2,976	3,490	4,094
Operating profits	17,782	22,115	27,728	36,357	45,470	57,413	72,443	91,309
Change (%)	19.1	24.4	25.4	31.1	25.1	26.3	26.2	26.0
Total Provisions	1,231	2,297	3,003	5,069	7,750	8,428	10,918	13,895
% of operating profit	6.9	10.4	10.8	13.9	17.0	14.7	15.1	15.2
PBT	16,551	19,818	24,725	31,289	37,720	48,986	61,525	77,414
Tax	3,891	4,133	5,713	7,760	8,630	12,736	15,996	20,128
Tax Rate (%)	23.5	20.9	23.1	24.8	22.9	26.0	26.0	26.0
PAT	12,660	15,685	19,012	23,529	29,090	36,249	45,528	57,286
Change (%)	34.4	23.9	21.2	23.8	23.6	24.6	25.6	25.8
Minority Interest	76	44	1	81	22	-100	-120	-144
PAT	12,584	15,642	19,011	23,448	29,068	36,349	45,648	57,430
Change (%)	34.8	24.3	21.5	23.3	24.0	25.0	25.6	25.8
Dividend (Including tax)	7,277	11,298	10,531	21,459	17,855	21,264	26,704	33,597

Balance Sheet								
Y/E March	2013	2014	2015	2016	2017	2018E	2019E	2020E
Equity Share Capital	625	668	711	843	843	843	843	843
Reserves & Surplus	51,061	56,387	65,606	106,097	120,370	135,455	154,399	178,233
Net Worth	51,686	57,055	66,317	106,939	121,213	136,298	155,242	179,075
Equity Net worth	51,686	57,055	66,317	106,939	121,213	136,298	155,242	179,075
Minority Interest	1,449	19	20	0	0	0	0	0
Borrowings	312,858	355,395	474,874	610,853	766,100	1,101,382	1,423,472	1,805,408
Change (%)	23.7	13.6	33.6	28.6	25.4	43.8	29.2	26.8
Deferred Tax Liability	-1,641	-1,848	-26	760	1,100	1,100	1,100	1,100
Total Liabilities	364,351	410,622	541,186	718,552	888,412	1,238,779	1,579,813	1,985,583
Cash and bank balance	48,882	44,190	34,903	29,017	56,830	32,834	39,693	51,641
Investments	23,079	29,470	61,638	106,928	136,170	190,638	228,766	274,519
Change (%)	28.4	27.7	109.2	73.5	27.3	40.0	20.0	20.0
Loans	307,824	354,446	460,396	608,643	830,880	1,074,519	1,382,012	1,744,355
Change (%)	20.9	15.1	29.9	32.2	36.5	29.3	28.6	26.2
Net Current Assets	-15,889	-18,639	-16,978	-27,393	-50,472	-60,566	-72,679	-87,215
Net Fixed Assets	456	469	541	686	900	690	1,359	1,618
Total Assets	364,351	410,622	541,186	718,552	974,980	1,238,787	1,579,821	1,985,590

Financials and valuations

Ratios

Y/E March	2013	2014	2015	2016	2017	2018E	2019E	2020E
Spreads Analysis (%)								
Avg. Yield - on Fin. Portfolio	13.5	13.1	12.7	12.6	13.0	12.3	12.1	11.9
Avg Cost of funds	10.1	10.1	9.7	9.2	9.3	8.1	7.8	7.7
Interest Spread on on books	3.4	3.0	3.0	3.4	3.7	4.3	4.4	4.3
Net Interest Margin on AUM	5.4	5.0	4.7	4.7	5.0	5.2	4.9	4.8

Profitability Ratios (%)

RoE	25.0	27.0	30.8	27.1	25.5	28.2	31.3	34.4
RoA	3.8	4.0	4.0	3.7	3.4	3.3	3.2	3.2
RoA (on AUM)	3.5	3.6	3.6	3.3	3.1	3.0	3.0	2.9
Int. Expended/Int.Earned	61.0	63.3	64.4	63.4	61.7	58.0	59.2	59.8
Cost/Income Ratio	18.0	17.1	16.6	14.5	14.1	13.2	12.2	11.4
Empl. Cost/Op. Exps.	56.1	64.2	58.7	66.8	67.2	65.9	65.4	65.0

Asset quality

GNPA (%)	0.79	0.83	0.85	0.84	0.80	0.80	0.80	0.80
NNPA (%)	0.33	0.36	0.36	0.35	0.40	0.40	0.40	0.40

Valuations	2013	2014	2015	2016	2017	2018E	2019E	2020E
Book Value (INR)	165.4	170.8	186.5	253.8	287.7	323.5	368.5	425.1
BV Growth (%)	5.1	3.3	9.2	36.1	13.3	12.4	13.9	15.4
Price-BV (x)	7.0	6.8	6.2	4.6	4.0	3.6	3.1	2.7
EPS (INR)	40.3	46.8	53.5	55.7	69.0	86.3	108.4	136.3
EPS Growth (%)	25.8	16.3	14.2	4.1	24.0	25.0	25.6	25.8
Price-Earnings (x)	28.7	24.7	21.6	20.8	16.7	13.4	10.7	8.5
DPS (INR)	20.0	29.0	35	45.0	36.2	43.1	54.2	68.2
Dividend Payout (%)	49.6	61.7	47.9	76.0	52.5	50.0	50.0	50.0
Dividend Yield (%)	1.7	2.5	3.0	3.9	3.1	3.7	4.7	5.9

E: MOSL Estimates

Corporate profile

Company description

Indiabulls Housing Finance (IHFL) is the fourth largest housing finance company in India with AUM of over INR900b as of FY17. It was established as a wholly-owned subsidiary of Indiabulls Financial Services (IBFSL). In early 2013, keeping with IHFL's long-term commitment to the housing finance business, the company was reversed-merged into its housing finance subsidiary IHFL. IHFL offers home loans to target client base of middle and upper-middle income individuals and small and medium-sized enterprises, or SMEs.

Exhibit 10: Sensex rebased



Exhibit 1: Shareholding pattern (%)

	Jun-17	Mar-17	Jun-16
Promoter	23.6	23.6	24.2
DII	6.0	3.7	2.6
FII	61.7	63.5	59.4
Others	8.7	9.2	13.8

Note: FII Includes depository receipts

Exhibit 2: Top holders

Holder Name	% Holding
EUROPACIFIC GROWTH FUND	6.2
MERRILL LYNCH MARKETS SINGAPORE PTE. LTD	3.1
LIFE INSURANCE CORPORATION OF INDIA	2.8
TUPELO CONSULTANCY LLP	2.2
SMALLCAP WORLD FUND INC	1.7

Exhibit 3: Top management

Name	Designation
Sameer Gehlaut	Chairman
Gagan Banga	Vice Chairman and MD
Ashwini Kumar	Deputy Managing Director
Mukesh Garg	Chief Financial Officer
Pinank Shah	Head Treasury
Ramnath Shenoy	Executive Vice President, IR

Exhibit 4: Directors

Name	Name
Sameer Gehlaut	Shamsher Singh Ahlawat*
Gagan Banga	Aisharya Katoch
Rajiv Rattan	Joginder Singh Kataria
Saurabh Kumar Mittal	Ajit Kumar Mittal
Karan Singh Khera*	Ashwini Omprakash Kumar
Ram Kumar Sheokand*	Kamalesh Shailesh Chandra Chakrabarty*
Prem Prakash Mirdha*	

*Independent

Exhibit 5: Auditors

Name	Type
N D Kapur & Co	Internal
Jatin Gupta & Associates	Secretarial Audit
Deloitte Haskins & Sells LLP	Statutory

Exhibit 6: MOSL forecast v/s consensus

EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)
FY18	86.3	84.0	2.7
FY19	108.4	100.8	7.6
FY20	136.3	100.5	35.6

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