

Indiabulls Housing Finance

BSE SENSEX	S&P CNX
32,507	10,185
Bloomberg	IHFL IN
Equity Shares (m)	421.3
M.Cap.(INRb)/(USDb)	486.6/7.6
52-Week Range (INR)	1375 / 616
1, 6, 12 Rel. Per (%)	6/24/37
Avg Val, INRm	1872
Free float (%)	76.4

Financials & Valuations (INR b)

Y/E March	2017	2018E	2019E
Net Fin inc	35.3	52.9	65.9
PPP	45.5	55.9	71.0
EPS (INR)	68.6	83.6	105.1
EPS Gr. (%)	23.2	21.9	25.8
BV/Sh. (INR)	286	321	364
RoA on AUM (%)	3.1	2.9	2.8
RoE (%)	25.5	27.6	30.7
Payout (%)	39.3	50.0	50.0

Valuations

P/E (x)	19.6	16.1	12.8
P/BV (x)	4.7	4.2	3.7
P/ABV (x)	4.7	4.2	3.7
Div. Yield (%)	2.0	3.1	3.9

CMP: INR1,343 TP: INR1,550 (+15%)
Buy

Strong growth, stable performance overall

- Indiabulls Housing Finance's (IHFL) PAT grew 26% YoY to INR8.6b (4% above our estimate). Core operating performance was robust, with strong AUM growth (+33% YoY) and stable spreads. However, other income (income from the liquid investment book) remains subdued due to lower incremental yields. Note that IHFL had generated a good spread on its investment book above cost of funds in FY16 and FY17 - that is beginning to vanish now.
- AUM growth was in line with trend at 33% YoY to reach INR1t. This was driven by 36% YoY growth in disbursements to INR95b. Management is bullish on pick-up in supply in the affordable housing space.
- Despite competitive pressures, IHFL managed to hold spreads steady at 3.25%. Management continues to guide for incremental spreads in the range of 2.75-3% and book spreads of 3-3.25%. Incremental cost of funds is around 7.3-7.5%.
- The share of home loans in the overall book inched up 100bp to 58%. With the share continuously inching up (to the target of 66% by FY20), we believe spread pressure will continue.
- **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 25%+ over the next three years. IHFL is among the lowest-levered HFCs. Asset quality trend is likely to remain stable. We keep our EPS estimates largely unchanged. Maintain **Buy** with a TP of INR1,550 (4x Sep19E 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	30,670	32,511	35,952	103,990	128,693
Other Income	2,255	3,651	4,186	2,935	2,690	2,755	3,100	3,274	13,027	11,819
Total income	25,975	28,749	30,045	32,249	32,250	33,425	35,611	39,227	117,017	140,512
Y-o-Y Growth (%)	28.3	28.0	30.2	21.8	24.2	16.3	18.5	21.6	26.8	20.1
Interest expenses	14,109	16,279	16,329	17,391	17,722	18,355	19,273	20,434	64,108	75,783
Net Income	11,866	12,470	13,716	14,858	14,528	15,070	16,338	18,793	52,910	64,729
Y-o-Y Growth (%)	33.9	24.6	26.8	15.6	22.4	20.8	19.1	26.5	24.4	22.3
Operating Expenses	3,116	3,258	3,658	5,160	3,928	3,935	4,083	5,360	15,192	17,305
Profit before tax	8,750	9,212	10,058	9,698	10,600	11,135	12,255	13,433	37,718	47,423
Y-o-Y Growth (%)	26.4	24.3	24.9	9.0	21.1	20.9	21.9	38.5	20.5	25.7
Tax Provisions	2,401	2,352	2,555	1,325	2,764	2,615	3,186	3,527	8,633	12,093
Net Profit	6,349	6,861	7,502	8,373	7,836	8,520	9,069	9,906	29,085	35,330
Minority Int	-49	-18	13	32	46	91	100	130	-22	367
Net Profit after MI	6,301	6,843	7,515	8,405	7,882	8,611	9,169	10,036	29,064	34,963
Y-o-Y Growth (%)	23.2	23.2	24.7	24.4	25.1	25.8	22.0	19.4	24.0	20.3

E: MOSL Estimates

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

Particulars	2QFY18A	2QFY18E	Var. (%)	Comments
Income from operations	30,670	30,151	2	
Other Income	2,755	3,200	-14	
Total income	33,425	33,351	0	In-line
Interest expenses	18,355	18,342	0	
Net Income	15,070	15,009	0	In-line
Operating Expenses	3,935	3,843	2	In-line
Profit before Tax	11,135	11,166	0	
Tax Provisions	2,615	2,903	-10	Lower-than-estimated
Net Profit	8,520	8,263	3	In-line
Minority Int	91	40	128	
Net Profit (after minority interest)	8,611	8,303	4	Marginally above estimate
Int Exp/ operating inc (%)	59.8	60.8		
Other Income / Total Income (%)	8.2	9.6		
Tax Rate (%)	23.5	26.0		

E: MOST Estimates

AUM growth was robust at
33% YoY

Continued robust AUM growth at 33% YoY

- Disbursements were up 36% YoY to INR95b, manifesting AUM growth of 33% YoY to INR1t.
- Share of home loans increased 100bp to 58%.

Management has guided for
incremental spreads of 275-
300bp

Reported spreads stable

- Calculated yield on AUM declined 170bp YoY and 10bp QoQ to 13.2%, driven by yields pressure as well as migration to retail home loans.
- Yet, reported spreads remained largely stable at 3.25%.
- Incremental cost of funds declined 53bp QoQ to 7.3%.
- Incremental yields for different segments in 1QFY18 were: Home Loan – 9.6%; LAP – 13%; Construction finance – 16%

Asset quality stable

- Asset quality was stable, with GNPL ratio at 0.78% v/s 0.83% in 2QFY17.
- Provisions made during the quarter amounted to INR1.87b, as against INR1.45b in 2QFY17.

Others

- In Oct 2017, Oak North Bank raised an investment of USD203m at a valuation of USD1.27b (280% more than at the time of IHFL's investment in Oak North Bank).

Valuation and view

- IHFL seems adequately equipped to gain market share from PSU banks, given its low cost structure. We think IHFL will gain meaningfully from the government's impetus to affordable housing.
- We believe the focus on mortgage and market share gains will drive AUM growth of 25%+ for the next three years. As individual home loans have lower risk weight than corporate loans, capital consumption will be lower with gradual shift toward individual home loans. At the same time, increased sell-downs will also help improve return ratios.
- 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 ~3% dividend yield.

- We keep our estimates largely unchanged. We use RI model with Rf of 7%, CoE of 14% and terminal growth rate of 5%. Maintain **Buy** with a target price of INR1,550 (4x Sep 2019E P/B).

Exhibit 2: We marginally cut our estimates

INR B	Old Est			New Est			% Change		
	FY18	FY19	FY20	FY18	FY19	FY20	FY18	FY19	FY20
Net Financing income	51.9	64.0	80.6	52.9	65.9	80.7	2.0	2.9	0.1
Other Income	13.0	16.9	22.0	11.8	15.4	20.0	-9.3	-9.3	-9.3
Net Income	64.9	81.0	102.7	64.7	81.2	100.7	-0.3	0.3	-1.9
Opex	8.7	10.1	11.7	8.9	10.3	11.9	1.8	1.7	1.7
PBT	47.8	60.0	77.1	47.4	60.1	74.9	-0.7	0.2	-2.8
Tax	12.4	15.6	20.0	12.1	15.6	19.5	-2.6	0.2	-2.8
PAT	35.5	44.5	57.2	35.4	44.6	55.6	-0.1	0.2	-2.8
AUM	1,194	1,536	1,938	1,194	1,536	1,938	0.0	0.0	0.0
Loans	1,075	1,382	1,744	1,075	1,382	1,744	0.0	0.0	0.0
Borrowings	1,101	1,423	1,805	1,128	1,465	1,866	2.4	2.9	3.4
Credit Cost	0.80	0.80	0.80	0.80	0.80	0.80			
RoA on AUM	2.9	2.9	2.9	2.9	2.8	2.8			

Source: Company, MOSL

Conference call highlights

Business updates

- Management has guided for 30% AUM growth for FY18. AUM is likely to reach ~INR2t by FY20.
- Reiterated guidance of 66% share of retail home loans by FY20 (currently 58%).
- Incremental spreads = 2.99% (compared to guided range of 2.75-3%).
- Presently, 70% HLs are sourced from top-20 cities. In next two years, half of the home loan sourcing will come from the non-Top 10 cities.
- Management targets INR75b worth of insurance premiums sold in FY18. Hence, fee income growth to be more than loan book growth.
- Disbursements in 2QFY18 – Total: INR95b; HL: INR58b, LAP: INR18b, Corp: INR19b.
- According to management, IHFL would be raising bonds at 10-50bp higher than AAA rated entities like HDFC and LICHF. About 12 months back, it was 40-110bp higher.
- INR60b worth of liabilities will come up for refinancing in 2HFY18. Incremental cost of funds likely to be around 7.3-7.5% in 2HFY18.
- Fee income in 2QFY18 – INR1.85b.
- HL book breakup – New construction – 70-75%; Self-construction – 10%; Resale – 5%; Balance transfer 5%.
- On-book yields: HL – 9.63%, LAP – 11%, CF – 16%, LRD – 11%.

Asset Quality

- Provisions made during the quarter – INR1.87b (INR1.45b YoY).

Others

- LAP constitutes 21% of total AUM.
- Management expects the spread of home loans above GSec yields for the industry to be in the range of 150-200bp.

- Growth in mass housing for the industry should be 35-40% going forward, according to management.
- Management plans to raise USD750m in 2HFY18 via masala bonds/ECB route.
- Delhi NCR contributes to 25% of HL book.
- The company has changed its auditor from Deloitte to Ernst and Young.
- Issued INR10b of Tier II Bonds in 2QFY18. Guidance to keep CAR above 20%.
- In Oct 2017, Oak North Bank raised an investment of USD203m at a valuation of USD1.27b (280% more than at the time of IHFL's investment in Oak North Bank).

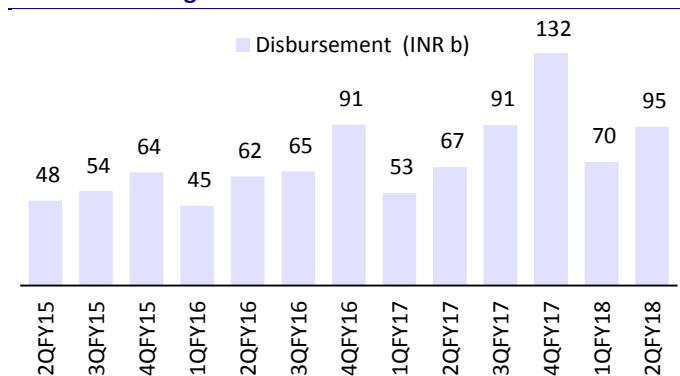
Exhibit 3: Quarterly Snapshot

	FY16				FY17				FY18		Variation (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	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	30,670	4	22
Interest Expenses	11,390	12,450	12,258	13,616	14,109	16,279	16,329	17,391	17,722	18,355	4	13
Net Interest Income	6,900	7,400	8,493	10,392	9,611	8,819	9,530	11,923	11,838	12,315	4	40
Other Income	1,960	2,607	2,326	2,463	2,255	3,651	4,186	2,935	2,690	2,755	2	(25)
Total Income	8,859	10,007	10,820	12,855	11,866	12,470	13,716	14,858	14,528	15,070	4	21
Operating Expenses	1,937	2,594	2,765	3,957	3,116	3,258	3,658	5,160	3,928	3,935	0	21
Employee	914	1,059	1,012	1,147	1,185	1,358	1,318	1,136	1,332	1,531	15	13
Others	1,023	1,535	1,753	2,811	1,931	1,900	2,340	4,024	2,596	2,404	(7)	27
PBT	6,922	7,413	8,055	8,898	8,750	9,212	10,058	9,698	10,600	11,135	5	21
Taxes	1,810	1,858	2,010	2,083	2,401	2,352	2,555	1,325	2,764	2,615	(5)	11
PAT	5,113	5,555	6,045	6,815	6,349	6,861	7,502	8,373	7,836	8,520	9	24
Minority Interest	0	0	-21	-60	-49	-18	13	32	46	91		
PAT Post Minority Interest	5,113	5,555	6,024	6,754	6,301	6,843	7,515	8,405	7,882	8,611	9	26
Asset Quality												
GNPA (INR m)	4,071	4,309	4,553	5,116	5,430	5,686	6,557	7,062	6,775	6,319	(7)	11
NNPA (INR m)	1,935	2,028	2,169	2,393	2,545	2,548	2,917	3,271	2,914	3,093	6	21
Gross NPA (%)	0.85	0.84	0.83	0.84	0.84	0.83	0.85	0.85	0.80	0.78		
Net NPA (%)	0.36	0.35	0.35	0.35	0.36	0.34	0.36	0.36	0.31	0.31		
Provisions on AUM (%)	0.49	0.49	0.48	0.49	0.48	0.49	0.49	0.49	0.49	0.47		
Margins (%) - (calculated)												
Yield on loans	13.3	13.3	13.0	13.6	12.8	12.9	12.6	13.0	12.2	12.1		
Cost of funds	9.3	9.6	9.0	9.3	8.9	9.3	8.3	8.3	8.2	7.9		
Spreads	4.0	3.7	4.0	4.3	4.0	3.6	4.3	4.7	4.0	4.2		
NIMs	5.2	5.2	5.2	5.6	5.0	4.8	5.0	5.0	4.7	4.7		
Ratios (%)												
Cost to Income	21.9	25.9	25.6	30.8	26.3	26.1	26.7	34.7	27.0	26.1		
Tax Rate	26.1	25.1	25.0	23.4	27.4	25.5	25.4	13.7	26.1	23.5		
RoE (Calc.)	30.7	26.1	23.1	25.5	22.9	24.0	25.8	28.1	26.0	28.0		
RoA (Calc.)	3.5	3.5	3.5	3.7	3.2	3.2	3.1	3.3	3.0	3.1		
Business Details												
Disbursements-Quarterly (INR b)	45	62	65	91	53	67	91	132	70	90	29	34
AUM (INR b)	540	582	623	687	710	753	814	913	945	1,003	6	33
Borrowings (INR b)	509	528	636	689	745	832	919	940	978	1,071	10	29
Total AUM Mix (%)												
Mortgages	76	76	76	77	77	78	79	78	78	78		
Corporate	22	23	23	22	23	22	21	22	22	22		
Liability Mix (%)												
Bank Loans	55	47	49	49	47	39	37	37	35	33		
CP	7	6	6	0	0	0	0	0	0	0		
NCD	35	33	31	38	40	49	50	51	52	54		
ECB	3	2	2	2	2	2	3	3	3	3		
Other Details												
Dividend (INR/sh)	9	9	9	9	9	9	9	9	9	9		

Source: Company, MOSL

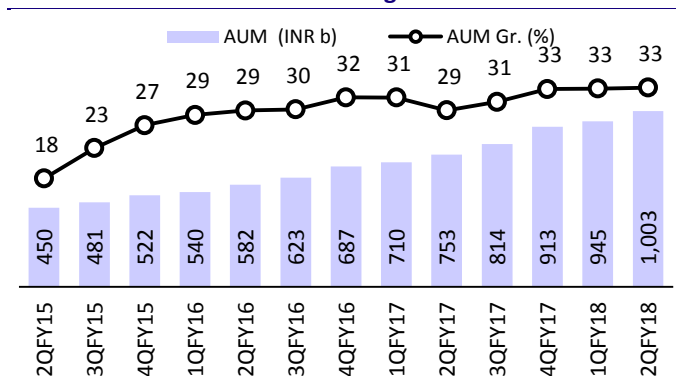
Story in charts

Exhibit 4: Disb. growth of 34% YoY



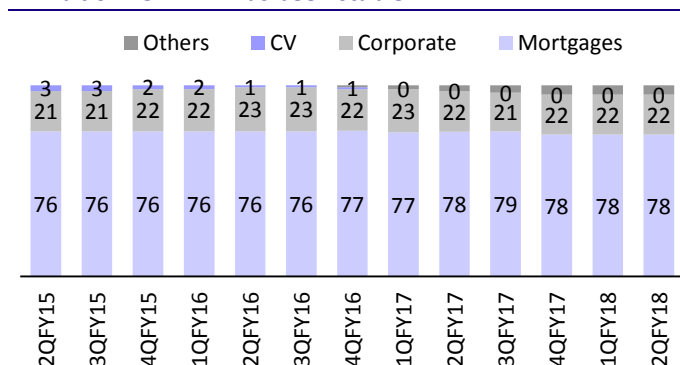
Source: Company, MOSL

Exhibit 5: Continued robust AUM growth at +33%



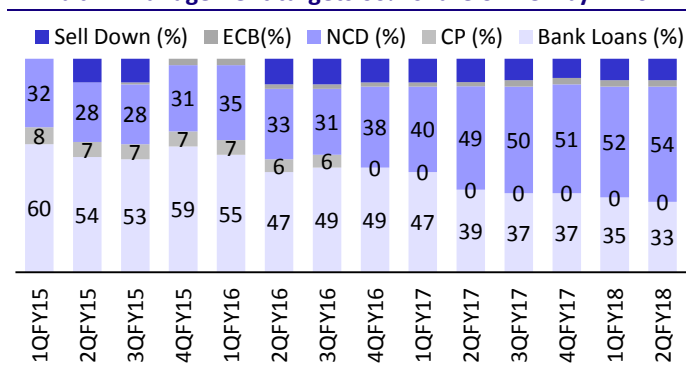
Source: Company, MOSL

Exhibit 6: AUM mix has been stable



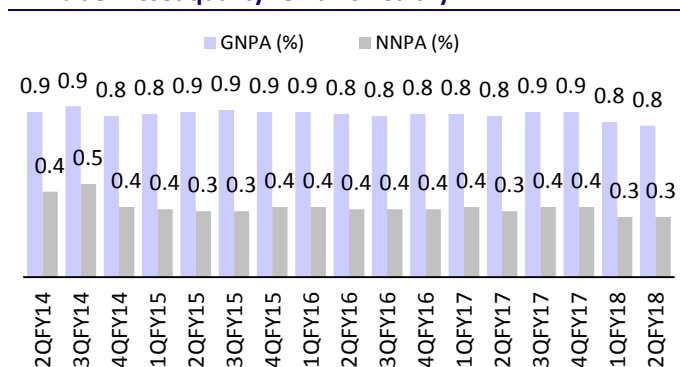
Source: Company, MOSL

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



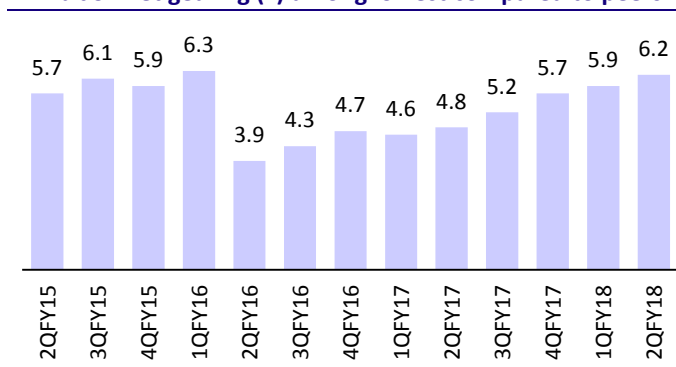
Source: Company, MOSL

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 (INR)	Mcap (USDb)										
				FY18E	FY19E	FY18E	FY19E	FY18E	FY19E	FY18E	FY19E	FY18E	FY19E
ICICI* [*]	Buy	263	25.4	14.5	16.6	12.0	9.6	1.19	1.01	1.14	1.15	8.6	9.3
HDFCB	Buy	1,863	73.0	68.2	82.6	27.3	22.6	4.80	4.13	1.84	1.85	18.8	19.7
AXSB	Neutral	450	17.0	18.1	29.9	24.8	15.0	1.83	1.66	0.67	0.97	7.6	11.6
KMB*	Buy	1,062	30.5	32.4	41.0	32.7	25.9	4.57	3.90	1.84	1.99	15.0	16.3
YES	Buy	354	12.6	18.5	22.9	19.2	15.5	3.27	2.80	1.78	1.80	18.3	19.5
IIB	Buy	1,696	15.6	60.9	78.6	27.8	21.6	4.39	3.74	1.82	1.89	16.9	19.0
IDFC Bk	Neutral	56	2.9	2.8	3.2	20.3	17.4	1.24	1.18	0.74	0.71	6.3	6.9
FB	Buy	125	3.3	5.5	6.6	22.5	18.7	1.96	1.80	0.81	0.86	9.6	10.0
DCBB	Neutral	182	0.8	8.5	10.5	21.4	17.4	2.18	1.94	0.98	1.00	11.5	11.8
JKBK	Neutral	73	0.6	3.9	8.3	18.9	8.9	0.65	0.62	0.23	0.44	3.5	7.2
SIB	Buy	32	0.7	1.9	3.8	17.2	8.5	1.18	1.06	0.42	0.75	6.7	12.6
Equitas	Buy	152	0.8	1.7	6.1	89.3	25.1	2.25	2.08	0.58	1.65	2.5	8.6
RBL	Buy	528	3.0	17.2	22.5	30.7	23.5	3.31	2.96	1.28	1.28	13.0	13.3
Private Aggregate													
SBIN (cons)*	Buy	246	32.2	14.6	26.8	14.7	7.8	0.94	0.85	0.36	0.60	7.0	11.4
PNB	Buy	131	4.2	5.8	11.0	22.4	11.9	0.71	0.68	0.17	0.30	3.2	5.9
BOI	Neutral	135	2.2	-11.2	6.6	-12.0	20.4	0.62	0.62	-0.19	0.10	-5.2	3.0
BOB	Buy	138	4.8	9.5	20.8	14.5	6.6	0.87	0.79	0.31	0.61	6.1	12.4
CBK	Neutral	306	2.5	30.1	47.0	10.2	6.5	0.61	0.57	0.29	0.41	6.2	9.1
UNBK	Neutral	127	1.3	9.0	19.1	14.0	6.6	0.42	0.40	0.14	0.27	3.0	6.1
OBC	Neutral	114	0.6	17.1	21.4	6.7	5.3	0.30	0.28	0.22	0.26	4.6	5.4
INBK	Buy	264	1.9	34.4	38.3	7.7	6.9	0.81	0.74	0.73	0.72	10.9	11.2
Public Aggregate													
Banks Aggregate													
HDFC*	Buy	1,721	42.3	39.9	45.4	24.6	19.2	4.31	3.04	1.79	1.81	18.6	17.8
LICHF	Neutral	652	5.1	41.6	48.9	15.7	13.3	2.66	2.29	1.44	1.51	18.2	18.5
IHFL	Buy	1,343	8.8	84.2	105.6	16.0	12.7	4.16	3.66	3.20	3.16	27.6	30.6
PNBHF	Buy	1,460	3.8	48.1	65.1	30.3	22.4	3.97	3.48	1.52	1.48	13.8	16.6
GRHF	Neutral	503	2.9	9.9	12.0	51.0	41.8	15.20	12.47	2.40	2.40	32.8	32.8
REPCO	Buy	652	0.6	33.7	38.4	19.3	17.0	3.07	2.63	2.18	2.14	17.1	16.7
DEWH	Buy	583	2.9	37.6	46.0	15.5	12.7	2.07	1.82	1.23	1.28	14.1	15.3
Housing Finance													
SHTF	Buy	1,112	3.8	80.0	102.4	13.9	10.9	1.99	1.73	2.67	3.06	15.0	16.9
MMFS	Buy	423	3.7	13.9	17.8	30.5	23.8	3.52	3.24	1.73	1.90	12.0	14.2
BAF	Buy	1,834	16.3	45.7	63.7	40.1	28.8	6.44	5.40	3.45	3.55	20.2	20.4
CIFC	Buy	1,140	2.7	56.0	68.1	20.4	16.7	3.51	2.97	2.85	2.94	18.6	19.2
SCUF	Buy	2,137	2.1	118.3	155.3	18.1	13.8	2.49	2.16	3.34	3.84	14.6	16.8
LTFH	Buy	209	5.7	6.8	10.1	30.6	20.7	4.14	3.54	1.61	2.09	14.7	18.5
MUTH	Buy	498	3.1	38.7	44.4	12.9	11.2	2.59	2.20	4.82	4.94	21.8	21.2
CAFL	Buy	746	1.1	32.8	42.4	22.7	17.6	2.83	2.47	1.74	1.80	13.2	15.0
SKSM	Neutral	1,014	2.2	29.9	54.9	33.9	18.4	4.64	3.73	3.24	4.03	15.1	22.4
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	99,377	128,693	163,773	206,494
Financing Charges	25,991	32,824	39,442	49,714	64,108	75,783	97,893	125,761
Net Financing income	16,643	19,041	21,768	28,704	35,270	52,910	65,880	80,734
Change (%)	27.7	14.4	14.3	31.9	22.9	50.0	24.5	22.5
Non interest Income	5,145	7,181	11,494	13,837	17,640	11,819	15,365	19,974
Net Income	21,788	26,222	33,262	42,541	52,910	64,729	81,245	100,708
Change (%)	17.0	20.4	26.8	27.9	24.4	22.3	25.5	24.0
Employee Cost	2,245	2,637	3,249	4,131	4,997	5,996	6,895	7,930
Other Operating Exp.	1,761	1,470	2,285	2,053	2,366	2,882	3,378	3,962
Operating profits	17,782	22,115	27,728	36,357	45,547	55,851	70,971	88,816
Change (%)	19.1	24.4	25.4	31.1	25.3	22.6	27.1	25.1
Total Provisions	1,231	2,297	3,003	5,069	7,829	8,428	10,918	13,895
% of operating profit	6.9	10.4	10.8	13.9	17.2	15.1	15.4	15.6
PBT	16,551	19,818	24,725	31,289	37,718	47,423	60,053	74,921
Tax	3,891	4,133	5,713	7,760	8,633	12,093	15,614	19,479
Tax Rate (%)	23.5	20.9	23.1	24.8	22.9	25.5	26.0	26.0
PAT	12,660	15,685	19,012	23,529	29,086	35,330	44,439	55,442
Change (%)	34.4	23.9	21.2	23.8	23.6	21.5	25.8	24.8
Minority Interest	76	44	1	81	22	-100	-120	-144
PAT	12,584	15,642	19,011	23,448	29,064	35,430	44,559	55,586
Change (%)	34.8	24.3	21.5	23.3	24.0	21.9	25.8	24.7
Dividend (Including tax)	7,277	11,298	10,531	21,459	13,746	20,727	26,067	32,518

Balance Sheet								
Y/E March	2013	2014	2015	2016	2017	2018E	2019E	2020E
Equity Share Capital	625	668	711	843	848	848	848	848
Reserves & Surplus	51,061	56,387	65,606	106,097	120,373	135,077	153,569	176,637
Net Worth	51,686	57,055	66,317	106,939	121,221	135,924	154,416	177,484
Equity Net worth	51,686	57,055	66,317	106,939	121,221	135,924	154,416	177,484
Minority Interest	1,449	19	20	0	0	0	0	0
Borrowings	312,858	355,395	474,874	610,853	853,011	1,128,253	1,464,939	1,866,466
Change (%)	23.7	13.6	33.6	28.6	39.6	32.3	29.8	27.4
Deferred Tax Liability	-1,641	-1,848	-26	760	1,103	1,103	1,103	1,103
Total Liabilities	364,351	410,622	541,186	718,552	975,335	1,265,280	1,620,458	2,045,053
Cash and bank balance	48,882	44,190	34,903	29,017	56,825	32,780	48,564	73,016
Investments	23,079	29,470	61,638	106,928	136,166	211,058	253,269	303,923
Change (%)	28.4	27.7	109.2	73.5	27.3	55.0	20.0	20.0
Loans	307,824	354,446	460,396	608,643	826,139	1,074,526	1,382,018	1,744,360
Change (%)	20.9	15.1	29.9	32.2	35.7	30.1	28.6	26.2
Net Current Assets	-15,889	-18,639	-16,978	-27,393	-45,377	-54,452	-65,343	-78,411
Net Fixed Assets	456	469	541	686	903	690	1,272	1,487
Total Assets	364,351	410,622	541,186	718,552	975,335	1,265,280	1,620,458	2,045,053

Financials and valuations

AUM Mix								(%)
Assets Under Management	344,250	411,690	522,350	686,830	913,010	1,193,918	1,535,575	1,938,178
Change (%)	25.1	19.6	26.9	31.5	32.9	30.8	28.6	26.2
On Books	307,824	354,446	460,396	608,643	826,139	1,074,526	1,382,018	1,744,360
% of AUM	89.4	86.1	88.1	88.6	90.5	90.0	90.0	90.0
Off books	36,426	57,244	61,954	78,187	86,871	119,392	153,558	193,818
% of AUM	10.6	13.9	11.9	11.4	9.5	10.0	10.0	10.0

E: MOSL Estimates

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	12.2	12.0	11.8	11.7
Avg Cost of funds	10.1	10.1	9.7	9.2	8.8	7.7	7.6	7.6
Interest Spread on on books	3.4	3.0	3.0	3.4	3.4	4.4	4.3	4.2
Net Interest Margin on AUM	5.4	5.0	4.7	4.7	4.4	5.0	4.8	4.6

Profitability Ratios (%)								
RoE	25.0	27.0	30.8	27.1	25.5	27.6	30.7	33.5
RoA	3.8	4.0	4.0	3.7	3.4	3.2	3.1	3.0
RoA (on AUM)	3.5	3.6	3.6	3.3	3.1	2.9	2.8	2.8
Int. Expended/Int.Earned	61.0	63.3	64.4	63.4	64.5	58.9	59.8	60.9
Cost/Income Ratio	18.0	17.1	16.6	14.5	13.9	13.7	12.6	11.8
Empl. Cost/Op. Exps.	56.1	64.2	58.7	66.8	67.9	67.5	67.1	66.7

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	286.0	320.7	364.3	418.7
BV Growth (%)	5.1	3.3	9.2	36.1	12.7	12.1	13.6	14.9
Price-BV (x)					4.7	4.2	3.7	3.2
Adjusted BV (INR)	165.4	170.8	186.5	253.8	286.0	320.7	364.3	418.7
Price-ABV (x)					4.7	4.2	3.7	3.2
EPS (INR)	40.3	46.8	53.5	55.7	68.6	83.6	105.1	131.1
EPS Growth (%)	25.8	16.3	14.2	4.1	23.2	21.9	25.8	24.7
Price-Earnings (x)					19.6	16.1	12.8	10.2
DPS (INR)	20.0	29.0	35	45.0	27.0	41.8	52.6	65.6
Dividend Payout (%)	49.6	61.7	47.9	76.0	39.3	50.0	50.0	50.0
Dividend Yield (%)					2.0	3.1	3.9	4.9

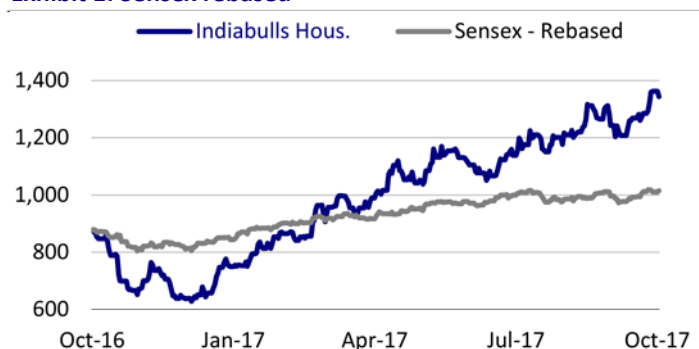
E: MOSL Estimates

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 1: Sensex rebased



Source: MOSL/Bloomberg

Exhibit 2: 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

Source: Capitaline

Exhibit 3: 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

Source: Capitaline

Exhibit 4: 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

Source: Capitaline

Exhibit 5: 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 Khara*	Ashwini Omprakash Kumar
Ram Kumar Sheokand*	Kamalesh Shailesh Chandra Chakrabarty*
Prem Prakash Mirdha*	

*Independent

Exhibit 6: Auditors

Name	Type
N D Kapur & Co	Internal
Jatin Gupta & Associates	Secretarial Audit
Ernst & Young	Statutory

Source: Capitaline

Exhibit 7: MOSL forecast v/s consensus

EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)
FY18	83.6	84.8	-1.4
FY19	105.1	104.1	0.9
FY20	131.1	132.7	-1.2

Source: Bloomberg

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