

Indiabulls Housing Finance

BSE SENSEX	S&P CNX
34,465	10,564
Bloomberg	IHFL IN
Equity Shares (m)	421.3
M.Cap.(INRb)/(USD\$)	570.9/8.6
52-Week Range (INR)	1439 / 957
1, 6, 12 Rel. Per (%)	9/-/7/22
Avg Val, INRm	2144.0
Free float (%)	76.5

CMP: INR1,356 TP: INR1,650 (+22%) Buy

Growth surprises positively; asset quality stable

- Indiabulls Housing Finance's (IHFL) core operating performance was robust. AUM grew strongly by 34% YoY to INR1.23t v/s our expectation of INR1.17t. A decline in reported spreads (-13bp YoY), an increase in leverage, and moderation in liquid money-related income led to 22% NII growth. Tax rate was at 18% for the quarter.
- Disbursements for the quarter were up 30% YoY to INR195b, driven by 50%+ YoY growth in core home loans. This drove 34% AUM growth. Management cited strong traction in affordable housing finance. We expect IHFL to continue delivering 25-30% AUM growth over the medium term.
- Loan mix and borrowing mix both were steady. Yield on loans was down ~80bp YoY, while CoF was down ~65bp. IHFL increased its PLR by 20bp on 1st April 2018. Hence, we expect the impact of rising GSec yields to be somewhat mitigated.
- Management targets to gradually increase the share of securitization in its loan book from 10% currently to 20% over the medium-to-long term.
- Asset quality was stable, with GNPL ratio of 77bp and NNPL ratio of 34bp. Credit costs are guided to decline to 50bp over the medium-to-long term.
- **Valuation 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. Asset quality trend is likely to remain stable. We increase our FY19/20E EPS estimates by 3-4% to factor in higher growth. Maintain **Buy** with a TP of INR1,650 (4.0x FY20E book).

Financials & Valuations (INR b)

Y/E March	2018	2019E	2020E
Net Fin inc	54.1	66.5	82.2
PPP	61.0	72.8	88.0
PAT	38.5	46.4	56.1
EPS (INR)	90.2	108.8	131.5
EPS Gr. (%)	31.5	20.6	20.9
BV/Sh. (INR)	303	353	413
RoA on AUM (%)	3.5	3.3	3.1
RoE (%)	30.7	33.2	34.3
Payout (%)	46.6	45.0	45.0
Valuations			
P/E (x)	15.0	12.5	10.3
P/BV (x)	4.5	3.8	3.3
P/ABV (x)	4.5	3.8	3.3
Div. Yield (%)	3.1	3.6	4.4

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	33,492	36,897	103,990	130,619
Other Income	2,255	3,651	4,186	2,935	2,690	2,755	7,565	2,775	13,027	15,785
Total income	25,975	28,749	30,045	32,249	32,250	33,425	41,057	39,672	117,017	146,404
Y-o-Y Growth (%)	28.3	28.0	30.2	21.8	24.2	16.3	36.7	23.0	26.8	25.1
Interest expenses	14,109	16,279	16,329	17,391	17,722	18,355	19,531	20,930	64,108	76,539
Net Income	11,866	12,470	13,716	14,858	14,528	15,070	21,525	18,742	52,910	69,865
Y-o-Y Growth (%)	33.9	24.6	26.8	15.6	22.4	20.8	56.9	26.1	24.4	32.0
Operating Expenses	3,116	3,258	3,658	5,160	3,928	3,935	5,932	6,315	15,192	20,110
Profit before tax	8,750	9,212	10,058	9,698	10,600	11,135	15,594	12,427	37,718	49,756
Y-o-Y Growth (%)	26.4	24.3	24.9	9.0	21.1	20.9	55.0	28.1	20.5	31.9
Tax Provisions	2,401	2,352	2,555	1,325	2,764	2,615	3,939	2,182	8,633	11,501
Net Profit	6,349	6,861	7,502	8,373	7,836	8,520	11,655	10,245	29,085	38,255
Minority Int	-49	-18	13	32	46	91	23	59	-22	219
Net Profit after MI	6,301	6,843	7,515	8,405	7,882	8,611	11,677	10,304	29,064	38,036
Y-o-Y Growth (%)	23.2	23.2	24.7	24.4	25.1	25.8	55.4	22.6	24.0	30.9
AUM Growth (%)	31.5	29.3	30.8	32.9	33.0	33.1	31.8	34.3	32.9	28.1
C/I Ratio incl provisions (%)	26.3	26.1	26.7	34.7	27.0	26.1	27.6	33.7		
Tax Rate (%)	27.4	25.5	25.4	13.7	26.1	23.5	25.3	17.6	22.9	25.0

Exhibit 1: Quarterly performance v/s expectations and deviations for the same (adjusted for one-off items)

Particulars	4QFY18A	4QFY18E	Var. (%)	Comments
Income from operations	36,897	35,871	3	
Other Income	2,775	3,024	-8	
Total income	39,672	38,895	2	In-line
Interest expenses	20,930	20,419	3	
Net Income	18,742	18,475	1	
Operating Expenses	6,315	4,556	39	Higher contingency provisions
Profit before Tax	12,427	13,919	-11	
Tax Provisions	2,182	3,494	-38	
Net Profit	10,245	10,425	-2	In-line
Minority Int	59	50	18	
Net Profit (after minority interest)	10,304	10,475	-2	In-line
Int Exp/ operating inc (%)	56.7	56.9		
Other Income / Total Income (%)	7.0	7.8		
Tax Rate (%)	17.6	25.1		

AUM growth was robust at
34% YoY

Continued robust AUM growth at 34% YoY

- Disbursements were up 35% YoY to INR195b, manifesting AUM growth of 34% YoY to INR1.2t.
- Disbursement mix: New sales 65%, Resale 25% and Balance transfer 10-15%.
- Disbursements for FY18 were INR480b (+40% YoY). The breakup of disbursements was: HL of INR 260b, LAP of INR 80b and CF of INR140b.
- Share of home loans increased 100bp QoQ to 60% of total loans.

11bp sequential contraction
in spreads

Cumulative reported spreads declined 11bp QoQ (FY v/s 9M)

- Calculated yield on AUM increased 10bp YoY and 10bp QoQ to 13.1%, driven by higher-yielding products like LAP and corporate loans.
- Reported spreads declined marginally to 3.11% (vs. 3.22% in 3QFY18).
- Incremental cost of funds increased 15bp QoQ to 7.65% (vs. 7.5% in 3QFY18).
- On-book yields for different segments in 4QFY18 were: Home Loan – 9.4%; LAP –12.5%; LRD – 10.2% and Construction finance – 15%.

Asset quality stable

- Asset quality was stable, with GNPL ratio at 0.77% v/s 0.85% in 4QFY17.
- Provisions made during the quarter amounted to INR4.12b, as against INR3.11b in 4QFY17. The provisioning break-up is as follows: NPL provisions – INR1.8b, Contingency provisions – INR1.45b and standard asset provisions – INR860m.
- Management targets to build a contingency buffer of ~100bp of loans (currently, it stands at ~80bp).

Valuation and view

- IHFL seems adequately equipped to gain market share from PSU banks, given its low cost structure. We believe IHFL will gain meaningfully from the government's impetus on 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 increase our FY19/20E EPS estimates by 3-4% to factor in higher growth. Maintain **Buy** with a TP of INR1,650 (4.0x FY20E book).

Exhibit 2: We upgrade our estimates to factor in higher growth

INR B	Old Est		New Est		% Change	
	FY19	FY20	FY19	FY20	FY19	FY20
Net Financing income	61.1	76.4	66.5	82.2	8.8	7.6
Other Income	18.9	21.8	17.0	18.5	-10.0	-15.0
Net Income	80.1	98.1	83.5	100.7	4.3	2.6
Opex	10.7	12.7	10.7	12.6	0.5	-0.8
PBT	59.2	72.3	61.5	75.4	3.9	4.3
Tax	14.8	18.1	15.4	19.6	3.9	8.5
PAT	44.5	54.4	46.4	56.1	4.2	3.2
AUM	1,531	1,964	1,591	2,019	3.9	2.8
Loans	1,378	1,768	1,432	1,817	3.9	2.8
Borrowings	1,529	1,998	1,432	1,808		
Credit Cost	0.75	0.75	0.80	0.70		
RoA on AUM	3.0	2.8	3.3	3.1		

Source: MOSL, Company



Conference call highlights

Guidance

- FY20 - PAT INR55b | AUM INR2t (AUM CAGR of ~27%) | CI ratio at 10% | Spreads at 3% | Credit cost of 0.5%.
- FY23 - PAT INR100b | AUM INR4t (AUM CAGR of 25%) | CI at ratio 8% | spreads at 3% | Credit cost of 0.5%.
- Looking at increasing fee income as % of disbursement to 2% from 1.6% now.
- Loans sell-down will be at least 1/3rd of the book on an incremental basis.
- Portfolio sell-downs should contribute 20% to total AUM in the near to medium term compared to 10% currently.
- Sustainable tax rate will be 25% depending upon liquidity and other income.

Capital and dividend policy

- Post upgrade by rating agency, comfortable at leverage of 7.5-8x v/s 7x earlier; should take care of 1.5yrs of growth; will raise capital in next 18mts.
- Will follow 50% dividend payout policy (including tax).
- RWA to loan book 78% in FY18 v/s 83% a year ago.

Loans and AUM related

- Disbursements in 4Q - INR195b (HL INR99B, LAP INR26b and CL INR70b); FY18 - INR480b (HL INR260b, LAP INR80b and CF INR140b).
- Home loan 44% YoY; HL is almost 60% of book.
- New sales 65%, balance transfer 15% and resale will be 20%.
- INR16.5b of subordinated bonds issued in the quarter.
- Insurance fees on home loan at ~1.5% of disbursement; Target 85%+ attachment rate.
- 25% of incremental home loans are sourced through e-Home loan platform.
- 95% of the construction finance is from Top 6 cities; INR2-3b average ticket size sanctions; Number of transaction done 60 v/s 50 last year.
- Of the commercial loans, construction finance and LRD is 50:50 v/s 60:40 earlier.

- Repayment rate for home loans at 75bp of amortisation on a monthly basis.
- Assets side hardly any fixed rate loan.
- 30% of HL and 100% LAP are to self-employed customers.

Margins related

- Yield on loans at 10.86%.
- Cost of funds at 7.75% and on the incremental basis is 7.65%.
- Spreads at 3.11% on book basis and incremental basis at 4Q at 2.77%.
- Yields – HL 9.4%, LAP 12.5%, LRD 10.2% , CF 15%+.
- Sell down – PSL loans between 7-7.5%; Non PSL 7.5-8%; Securitisation 7.5% or lower; FY19 expects loans to be sold down 7-7.25%.
- 1st April 2018, PLR rates increased by 20bp.

Industry updates

- Real estate has picked up in FY18.
- Bangalore witnessed a 45% uptick in luxury housing.
- Commercial office space absorption is high ~90%, commercial rentals are likely to increase in FY18 by ~5%.
- RERA has led to consolidation of real estate players, hence increasing the market for construction finance.
- Ind-AS implementation still needs clarity from regulator.
- LRD rates moved up in 4QFY18 because competition from banks slowed down. FY19 bodes well for CF and LRD spreads.

Other Items

- Front loaded employee hiring in this quarter.
- ECB bond cost of 7.5%; masala bonds at 7.8% (7.45% on a monthly basis).
- Policy – 20% of liability in cash (may come down to 15-20%) and 1% of loans as a floating prov.
- LRD normal tenure is 9-10 years (Typically phased out in 3-4 years).
- ZCB – INR20b; (INR2.85b interest cost+fees vs INR2.61b earlier).
- Bonds more than 3yrs – company swaps out (currently 30-35% of bonds are swapped).

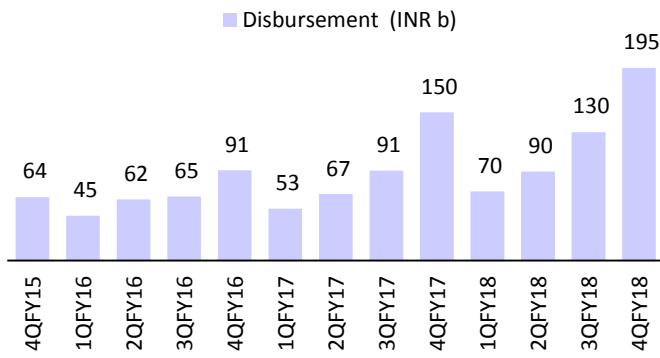
Exhibit 3: Quarterly Snapshot

	FY17				FY18				Variation (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	QoQ	YoY
Profit and Loss (INR m)										
Income from operations	23,720	25,098	25,859	29,314	29,560	30,670	33,492	36,897	10	26
Interest Expenses	14,109	16,279	16,329	17,391	17,722	18,355	19,531	20,930	7	20
Net Interest Income	9,611	8,819	9,530	11,923	11,838	12,315	13,960	15,967	14	34
Other Income	2,255	3,651	4,186	2,935	2,690	2,755	7,565	2,775	(63)	(5)
Total Income	11,866	12,470	13,716	14,858	14,528	15,070	21,525	18,742	(13)	26
Operating Expenses	3,116	3,258	3,658	5,160	3,928	3,935	5,932	6,315	6	22
Employee	1,185	1,358	1,318	1,136	1,332	1,531	1,560	1,388	(11)	22
Others	1,931	1,900	2,340	4,024	2,596	2,404	4,372	4,927	13	22
PBT	8,750	9,212	10,058	9,698	10,600	11,135	15,594	12,427	(20)	28
Taxes	2,401	2,352	2,555	1,325	2,764	2,615	3,939	2,182	(45)	65
PAT	6,349	6,861	7,502	8,373	7,836	8,520	11,655	10,245	(12)	22
Minority Interest	-49	-18	13	32	46	91	23	59		
PAT Post Minority Interest	6,301	6,843	7,515	8,405	7,882	8,611	11,677	10,304	(12)	23
Asset Quality										
GNPA (INR m)	5,966	6,251	6,921	7,761	7,556	7,820	8,264	9,439	14	22
NNPA (INR m)	2,545	2,548	2,917	3,271	2,914	3,093	3,312	4,150	25	27
Gross NPA (%)	0.84	0.83	0.85	0.85	0.80	0.78	0.77	0.77		
Net NPA (%)	0.36	0.34	0.36	0.36	0.31	0.31	0.31	0.34		
Provisions on AUM (%)	0.48	0.49	0.49	0.49	0.49	0.47	0.46	0.43		
Margins (%) - (calculated)										
Yield on loans	12.8	12.9	12.6	13.0	12.2	12.1	13.0	13.1		
Cost of funds	8.9	9.3	8.3	8.3	8.2	7.9	7.9	7.9		
Spreads	4.0	3.6	4.3	4.7	4.0	4.2	5.1	5.2		
NIMs	5.0	4.8	5.0	5.0	4.7	4.7	4.4	4.9		
Ratios (%)										
Tax Rate	27.4	25.5	25.4	13.7	26.1	23.5	25.3	17.6		
RoE (Calc.)	22.9	24.0	25.8	28.1	26.0	28.0	31.0	31.0		
RoA (Calc.)	3.2	3.2	3.1	3.3	3.0	3.1	3.2	3.2		
Business Details										
Disbursements-Quarterly (INR b)	53	67	91	150	70	90	130	195	50	30
AUM (INR b)	710	753	814	913	945	1,003	1,073	1,226	14	34
Borrowings (INR b)	745	832	919	940	978	1,071	1,132	1,227	8	31
Total AUM Mix (%)										
Mortgages	77	78	79	78	78	78	79	79		
Corporate	23	22	21	22	22	22	21	21		
Liability Mix (%)										
Bank Loans	47	39	37	37	35	33	34	34		
CP	0	0	0	0	0	0	0	0		
NCD	40	49	50	51	52	54	53	53		
ECB	2	2	3	3	3	3	3	2		
Other Details										
Dividend (INR/sh)	9	9	9	9	9	9	14	10		

Source: Company, MOSL

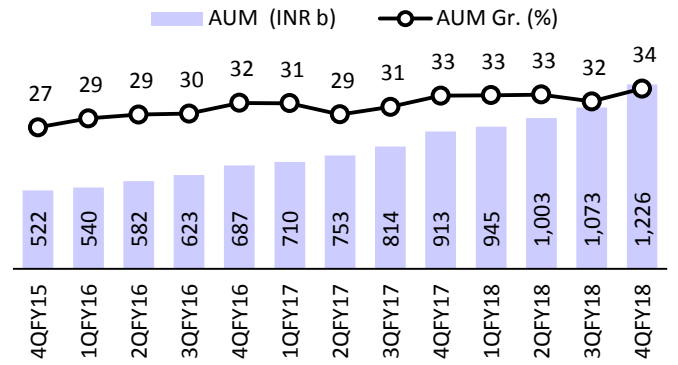
Story in charts

Exhibit 4: Strong disb. growth led by home loans



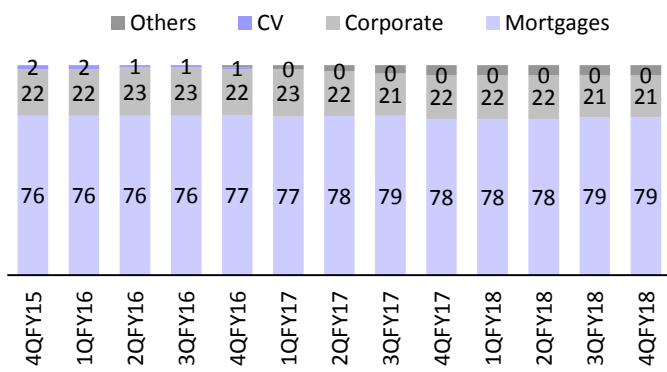
Source: Company, MOSL

Exhibit 5: Continued robust AUM growth at +34% YoY



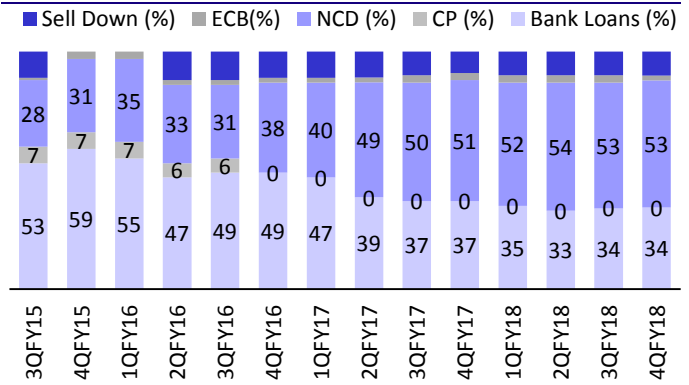
Source: Company, MOSL

Exhibit 6: AUM mix has been stable



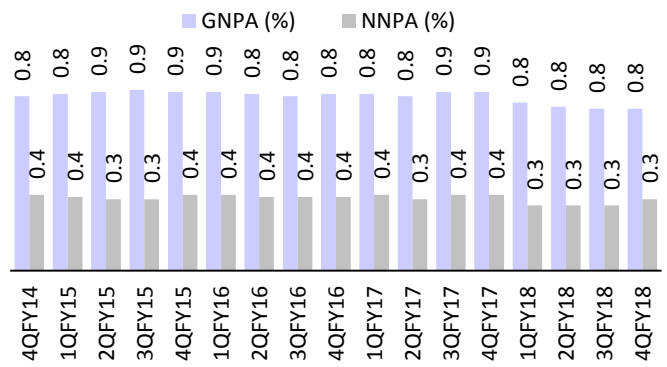
Source: Company, MOSL

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



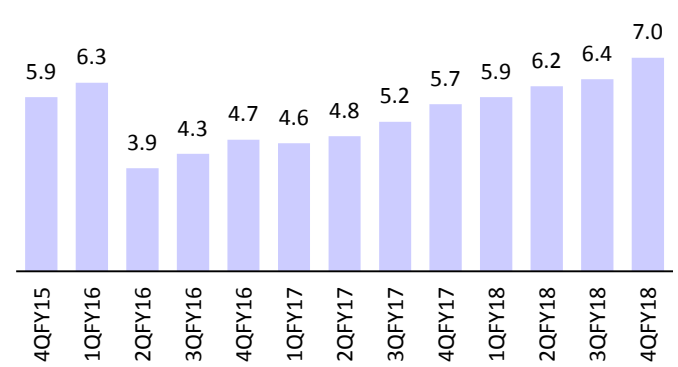
Source: Company, MOSL

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)	P/E (x)			P/BV (x)			RoA (%)			RoE (%)		
				FY18E	FY19E	FY20E	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E
ICICIBC*	Buy	362	35.3	20.1	15.2	11.9	2.1	1.9	1.6	1.1	1.2	1.4	8.8	10.5	12.4
HDFCB	Buy	1,951	78.9	29.1	24.2	19.3	4.3	3.8	3.3	1.8	1.9	2.0	16.7	16.6	18.1
AXSB	Buy	619	22.9	42.2	19.9	13.9	2.3	2.1	1.8	0.6	1.1	1.3	5.9	11.1	14.1
KMB*	Buy	1,074	30.9	32.8	25.9	19.8	4.3	3.7	3.1	1.6	1.7	1.8	13.2	14.3	15.8
YES	Buy	359	12.7	19.7	15.0	11.7	3.3	2.8	2.3	1.7	1.7	1.8	17.6	19.9	21.5
IIB	Buy	1,723	15.8	28.2	21.8	17.0	4.5	3.8	3.2	1.8	1.9	1.9	17.0	19.1	20.7
IDFC Bk	Neutral	59	3.2	19.7	18.4	15.1	1.3	1.2	1.2	0.8	0.8	0.9	6.8	6.9	7.9
FB	Buy	103	2.7	18.9	15.9	12.6	1.6	1.5	1.4	0.8	0.8	0.9	9.4	9.8	11.3
DCBB	Neutral	185	0.9	25.2	20.6	17.0	2.2	2.0	1.8	0.8	0.9	0.9	10.1	10.4	11.3
JKBK	Buy	76	0.6	9.1	5.7	4.4	0.7	0.7	0.6	0.5	0.7	0.7	8.4	12.3	14.2
SIB	Buy	32	0.9	16.8	8.5	6.5	1.2	1.1	0.9	0.4	0.8	0.9	6.9	12.7	14.8
Equitas	Buy	153	0.8	88.1	26.6	15.4	2.3	2.1	1.9	0.6	1.6	2.0	2.6	8.2	12.8
RBL	Buy	537	3.1	33.4	23.7	17.8	3.4	3.1	2.7	1.2	1.3	1.3	12.4	13.7	16.1
Private Aggregate															
SBIN (cons)*	Buy	318	41.4	25.0	14.5	8.4	1.1	1.0	1.0	0.3	0.5	0.8	5.3	8.0	13.1
PNB	Buy	186	5.9	17.6	9.8	7.7	1.0	0.9	0.8	0.3	0.5	0.5	5.3	9.0	10.4
BOI	Neutral	169	2.7	-143.0	34.4	16.5	0.7	0.7	0.7	0.0	0.1	0.2	-0.4	1.8	3.6
BOB	Buy	173	6.0	9.7	7.6	5.8	1.0	0.9	0.9	0.4	0.5	0.6	6.4	9.4	10.9
CBK	Neutral	375	3.1	13.2	5.5	3.8	0.8	0.7	0.6	0.3	0.6	0.8	5.0	11.3	14.7
UNBK	Neutral	145	1.5	7.9	4.9	3.2	0.5	0.4	0.4	0.3	0.4	0.6	5.9	9.1	12.6
INBK	Buy	398	2.9	11.6	10.4	9.4	1.2	1.1	1.0	0.7	0.7	0.7	10.9	11.2	11.3
Public Aggregate															
Banks Aggregate															
HDFC*	Buy	1,882	46.3	27.7	21.3	18.1	4.8	3.5	3.1	1.9	1.9	1.9	19.1	18.3	18.0
LICHF	Neutral	573	4.5	14.4	12.6	10.6	2.3	2.0	1.7	1.4	1.4	1.5	16.9	16.9	17.4
IHFL	Buy	1,379	8.9	16.5	13.0	10.4	4.3	3.8	3.3	3.2	3.1	3.1	27.6	31.0	33.8
PNBHF	Buy	1,301	3.4	24.8	19.6	14.6	3.5	3.1	2.6	1.7	1.5	1.5	15.0	16.7	19.4
GRHF	Neutral	592	3.4	60.0	50.4	40.5	17.9	14.7	12.1	2.4	2.4	2.4	32.7	32.1	32.7
REPCO	Buy	687	0.7	19.1	16.4	13.7	3.2	2.7	2.3	2.3	2.3	2.3	18.1	17.9	18.0
DEWH	Buy	614	3.1	16.5	13.5	10.9	2.2	1.9	1.7	1.2	1.2	1.2	13.9	15.2	16.5
Housing Finance															
SHTF	Buy	1,469	5.2	18.2	13.8	11.5	2.6	2.3	1.9	2.7	3.1	3.3	15.1	17.4	18.3
MMFS	Buy	508	4.7	37.6	27.2	22.0	3.4	3.2	2.9	1.8	2.1	2.2	10.7	12.2	13.9
BAF	Buy	1,707	15.3	37.3	26.8	19.6	6.0	5.0	4.1	3.5	3.6	3.7	20.2	20.4	23.1
CIFC	Buy	1,311	3.2	22.2	19.1	15.6	4.0	3.4	2.8	3.0	3.0	3.1	19.6	19.2	19.8
SCUF	Buy	2,047	2.1	17.7	14.1	11.8	2.4	2.1	1.8	3.3	3.6	3.7	14.3	15.9	16.6
LTFH	Buy	180	5.1	24.2	16.4	13.3	3.5	3.0	2.5	1.7	2.2	2.3	15.8	19.6	20.4
MUTH	Neutral	436	2.7	10.2	10.4	9.1	2.2	1.9	1.7	5.4	5.0	5.1	23.8	19.9	19.6
CAFL	Buy	778	1.2	23.7	17.8	13.8	3.0	2.6	2.2	1.7	1.8	1.9	13.2	15.4	17.2
Asset Finance															
NBFC Aggregate															

*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	2018	2019E	2020E
Financing Income	42,634	51,865	61,210	78,418	99,377	130,619	164,683	211,733
Financing Charges	25,991	32,824	39,442	49,714	64,108	76,539	98,203	129,581
Net Financing income	16,643	19,041	21,768	28,704	35,270	54,081	66,480	82,151
Change (%)	27.7	14.4	14.3	31.9	22.9	53.3	22.9	23.6
Non interest Income	5,145	7,181	11,494	13,837	17,640	15,785	17,043	18,504
Net Income	21,788	26,222	33,262	42,541	52,910	69,865	83,523	100,655
Change (%)	17.0	20.4	26.8	27.9	24.4	32.0	19.5	20.5
Employee Cost	2,245	2,637	3,249	4,131	4,997	5,812	6,974	8,020
Other Operating Exp.	1,761	1,470	2,285	2,053	2,366	3,084	3,774	4,618
Operating profits	17,782	22,115	27,728	36,357	45,547	60,969	72,774	88,017
Change (%)	19.1	24.4	25.4	31.1	25.3	33.9	19.4	20.9
Total Provisions	1,231	2,297	3,003	5,069	7,829	11,213	11,266	12,634
% of operating profit	6.9	10.4	10.8	13.9	17.2	18.4	15.5	14.4
PBT	16,551	19,818	24,725	31,289	37,718	49,756	61,508	75,383
Tax	3,891	4,133	5,713	7,760	8,633	11,501	15,377	19,600
Tax Rate (%)	23.5	20.9	23.1	24.8	22.9	23.1	25.0	26.0
PAT	12,660	15,685	19,012	23,529	29,086	38,255	46,131	55,784
Change (%)	34.4	23.9	21.2	23.8	23.6	31.5	20.6	20.9
Minority Interest	76	44	1	81	22	-219	-262	-315
PAT	12,584	15,642	19,011	23,448	29,064	38,474	46,394	56,099
Change (%)	34.8	24.3	21.5	23.3	24.0	32.4	20.6	20.9
Dividend (including tax)	7,277	11,298	10,531	21,459	13,746	21,498	25,053	30,293
Balance Sheet								
Y/E March	2013	2014	2015	2016	2017	2018	2019E	2020E
Equity Share Capital	625	668	711	843	848	853	853	853
Reserves & Surplus	51,061	56,387	65,606	106,097	120,373	128,264	149,605	175,410
Net Worth	51,686	57,055	66,317	106,939	121,221	129,117	150,458	176,263
Equity Net worth	51,686	57,055	66,317	106,939	121,221	129,117	150,458	176,263
Borrowings	312,858	355,395	474,874	610,853	853,011	1,102,600	1,431,666	1,807,870
Change (%)	23.7	13.6	33.6	28.6	39.6	29.3	29.8	26.3
Deferred Tax Liability	-1,641	-1,847	-26	760	1,103	1,230	1,230	1,230
Total Liabilities	364,351	410,622	541,186	718,552	975,335	1,232,946	1,583,353	1,985,363
Cash and bank balance	48,882	44,190	34,903	29,017	56,825	47,478	63,454	71,350
Investments	23,079	29,470	61,638	106,928	136,166	148,709	171,015	196,668
Change (%)	28.4	27.7	109.2	73.5	27.3	9.2	15.0	15.0
Loans	307,824	354,446	460,396	608,643	826,139	1,105,600	1,431,666	1,816,955
Change (%)	20.9	15.1	29.9	32.2	35.7	33.8	29.5	26.9
Net Current Assets	-15,889	-18,639	-16,978	-27,393	-45,377	-70,530	-84,635	-101,562
Net Fixed Assets	456	469	541	686	903	1,110	1,275	1,374
Total Assets	364,351	410,622	541,186	718,552	975,335	1,232,946	1,583,353	1,985,363

Financials and valuations

Ratios

Y/E March	2013	2014	2015	2016	2017	2018	2019E	2020E
Spreads Analysis (%)								
Avg. Yield - on Fin. Portfolio	13.5	13.1	12.7	12.6	12.2	12.0	11.5	11.6
Avg Cost of funds	10.1	10.1	9.7	9.2	8.8	7.8	7.8	8.0
Interest Spread on on books	3.4	3.0	3.0	3.4	3.4	4.2	3.8	3.6
Net Interest Margin on AUM	5.4	5.0	4.7	4.7	4.4	5.1	4.7	4.6

Profitability Ratios (%)

RoE	25.0	27.0	30.8	27.1	25.5	30.7	33.2	34.3
RoA (on AUM)	3.7	4.0	4.0	3.7	3.4	3.5	3.3	3.1
Int. Expended/Int.Earned	61.0	63.3	64.4	63.4	64.5	58.6	59.6	61.2
Cost/Income Ratio	18.0	17.1	16.6	14.5	13.9	12.7	12.9	12.6
Empl. Cost/Op. Exps.	56.1	64.2	58.7	66.8	67.9	65.3	64.9	63.5

Asset quality

GNPA (%)	0.79	0.83	0.85	0.84	0.85	0.77	0.85	0.90
NNPA (%)	0.33	0.36	0.36	0.35	0.36	0.34	0.36	0.36

Valuations

	2013	2014	2015	2016	2017	2018	2019E	2020E
Book Value (INR)	165.4	170.8	186.5	253.8	286.0	302.7	352.7	413.2
BV Growth (%)	5.1	3.3	9.2	36.1	12.7	5.8	16.5	17.2
Price-BV (x)						4.5	3.8	3.3
EPS (INR)	40.3	46.8	53.5	55.7	68.6	90.2	108.8	131.5
EPS Growth (%)	25.8	16.3	14.2	4.1	23.2	31.5	20.6	20.9
Price-Earnings (x)						15.0	12.5	10.3
DPS (INR)	20.0	29.0	35	45.0	36.0	42.0	48.9	59.2
Dividend Payout (%)	49.6	61.7	47.9	76.0	39.3	46.6	45.0	45.0
Dividend Yield (%)						3.1	3.6	4.4

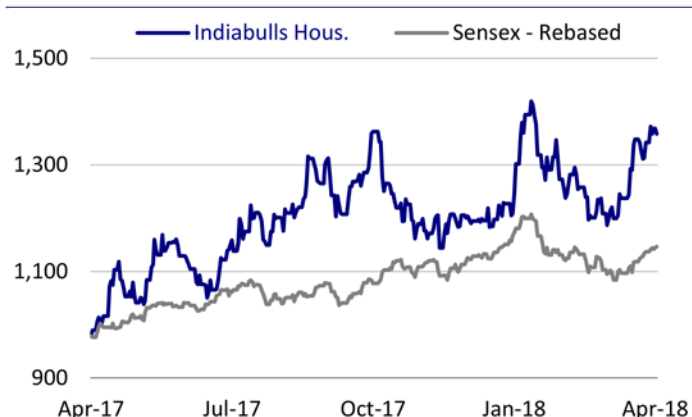
E: MOSL Estimates

Corporate profile

Company description

Indiabulls Housing Finance (IHFL) is the fourth largest housing finance company in India with AUM of over INR1.2t as of FY18. 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 (%)

	Dec-17	Sep-17	Dec-16
Promoter	23.5	23.6	24.1
DII	11.9	7.2	2.7
FII	55.7	60.4	60.9
Others	8.9	8.8	12.4

Note: FII Includes depository receipts

Source: Capitaline

Exhibit 3: Top holders

Holder Name	% Holding
LIFE INSURANCE CORPORATION OF INDIA	9.0
MERRILL LYNCH MARKETS SINGAPORE PTE. LTD	2.8
TUPELO CONSULTANCY LLP	2.2
EUROPACIFIC GROWTH FUND	1.7
NOMURA INDIA INVESTMENT FUND MOTHER FUND	1.6

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 Kherra*	Ashwini Omprakash Kumar
Ram Kumar Sheokand*	Kamalesh Shailesh Chandra Chakrabarty*
Prem Prakash Mirdha*	

*Independent

Exhibit 6: Auditors

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

Source: Capitaline

Exhibit 7: MOSL forecast v/s consensus

EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)
FY18	90.2	90.2	0.0
FY19	108.8	110.3	-1.3
FY20	131.5	131.2	0.2

Source: Bloomberg

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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