

# Indiabulls

Indiabulls Housing Finance Limited

Date: October 28, 2016

Scrip Code - 535789  
BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
MUMBAI - 400 001

IBULHSGFIN/EQ  
National Stock Exchange of India Limited  
"Exchange Plaza", Bandra-Kurla Complex,  
Bandra (East),  
MUMBAI - 400 051

Subject: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sirs,

Pursuant to the above-mentioned Regulation, we wish to inform you that the Company met the following investors:

Date	Investor	Type of Meeting	Location
October 28, 2016	British Columbia	Investor meeting	Mumbai

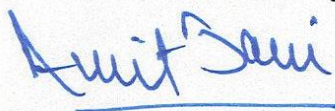
A copy of the investor presentation is enclosed hereto and is also placed on the Company's website.

We request you to kindly take the same on record and acknowledge receipt.

Thank You,

Yours faithfully,

For Indiabulls Housing Finance Limited



Amit Jain  
Company Secretary



**Indiabulls Housing Finance Limited**

CIN : L65922DL2005PLC136029

**156946**

Corporate Office: "Indiabulls House" 448-451, Udyog Vihar, Phase-V, Gurgaon - 122016, Telephone No. : 18002007777 (Toll Free) Fax: (0124) 6681111

Registered Office: M-62 & 63, First Floor, Connaught Place, New Delhi - 110001. Tel.: (011) 30252900, Fax: (011) 30252901

E-mail : [homeloans@indiabulls.com](mailto:homeloans@indiabulls.com), Website: [www.financial.indiabulls.com](http://www.financial.indiabulls.com)



**Indiabulls Housing Finance Limited**

# Safe Harbour Statement



*This document contains certain forward-looking statements based on current expectations of Indiabulls Housing Finance Ltd. (CIN: L65922DL2005PLC136029) management. Actual results may vary significantly from the forward-looking statements in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, and outside India, volatility in interest rates and in Securities markets, new regulations and government policies that might impact the business of Indiabulls Housing Finance, the general state of the Indian economy and the management's ability to implement the company's strategy. Indiabulls Housing Finance doesn't undertake any obligation to update these forward-looking statements.*

*This document does not constitute an offer or recommendation to buy or sell any securities of Indiabulls Housing Finance or any of its subsidiaries or associate companies. This document also doesn't constitute an offer or recommendation to buy or sell any financial products offered by Indiabulls Housing Finance Ltd.*

## **Investor Contact**

Ramnath Shenoy

[investor.relations@indiabulls.com](mailto:investor.relations@indiabulls.com)

+91 22 6189 1444

## **Media Contact**

Rahat Ahmed

[mediaquery@indiabulls.com](mailto:mediaquery@indiabulls.com)

+91 22 6189 1155

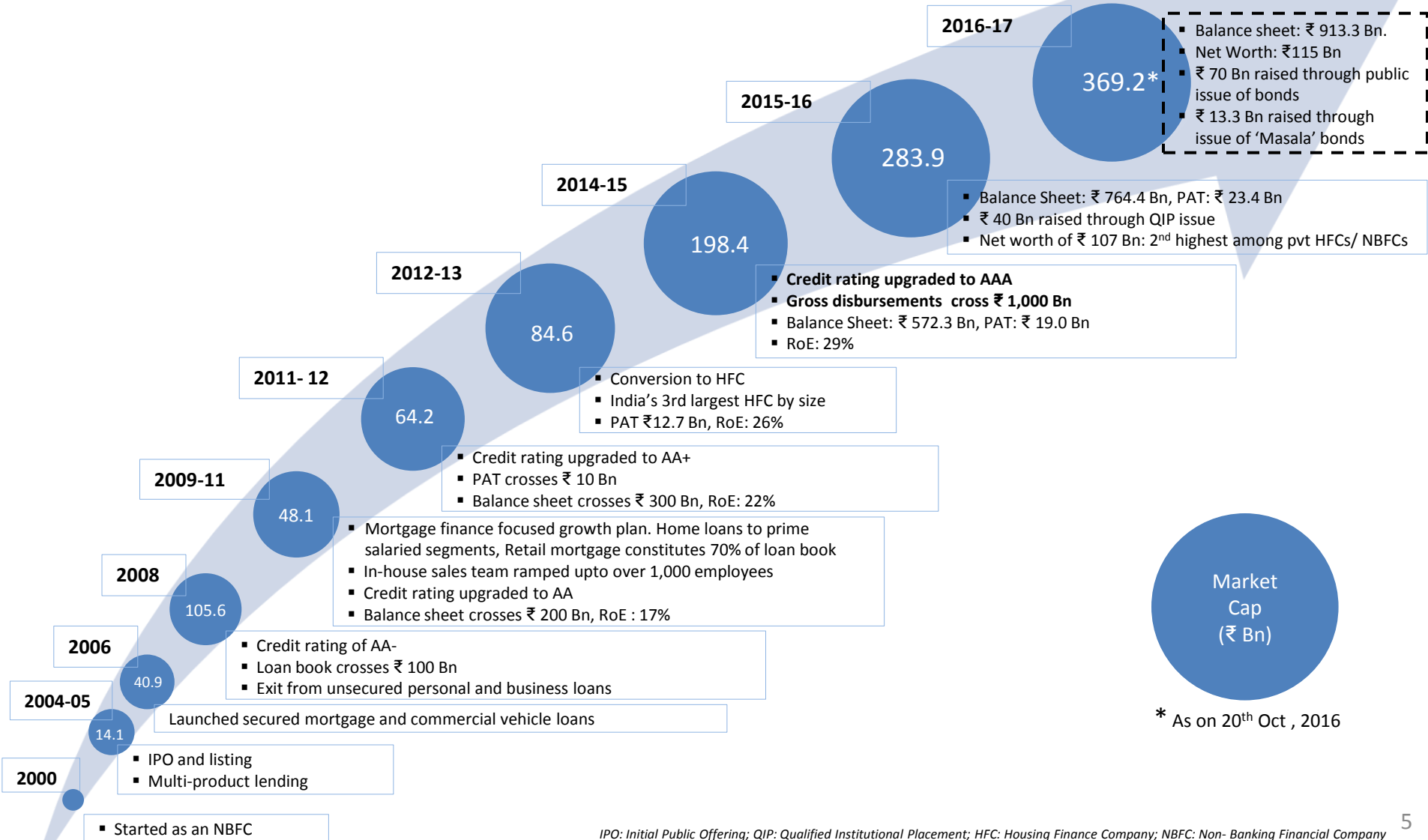
# Contents

---

	<u>Pg. No.</u>
1. Business Update	04
2. Operational Update	13
3. Indian Mortgage Market	18
4. Financial and Operational Highlights	27
5. LAP Grading	36
6. Liabilities Profile	42
7. Corporate Social Responsibility	48
8. Key Ratios, Valuations and Shareholding	50
9. Detailed Financials	55

# Business Update

# Our Journey



Market Cap (₹ Bn)

\* As on 20<sup>th</sup> Oct , 2016

# Business Update

Key Financial Highlights : H1 FY 16-17

(ending September 30, 2016)

	H1 FY 16-17	H1 FY 15-16	Y-o-Y Growth (%)
Total Revenues (₹ Bn)	54.72	42.71	28.1%
NII (₹ Bn)	21.46	17.06	25.8%
PBT (₹ Bn)	17.96	14.34	25.3%
PAT (₹ Bn)	13.14	10.67	23.2%

Year-on-Year (Y-o-Y) Comparison : Q2 FY16-17 vs Q2 FY15-16

	Q2 FY16-17	Q2 FY15-16	Y-o-Y Growth (%)
Balance Sheet (₹ Bn)	913.30	667.99	36.7%
Loan Assets (₹ Bn)	753.13	582.25	29.3%
Total Revenues (₹ Bn)	28.75	22.46	28.0%
NII (₹ Bn)	10.93	8.85	23.6%
PBT (₹ Bn)	9.21	7.41	24.3%
PAT (₹ Bn)	6.84	5.56	23.2%

- **Business goal of reducing funding from bank term loans to under 40% by FY 2018 has been achieved 1.5 years in advance**
- ₹ 194.5 Bn of bonds raised in H1 2016-17 was greater than ₹ 173.3 Bn of bonds raised in the two years of FY 2014-15 and FY 2015-16 combined

# Growth Driver: Core Home Loans Business

## Increased Focus on Affordable Housing

- Launching Smart City Home Loans
  - Expanding reach into emerging smart cities
  - Technology led, low-cost, lean distribution
  - Average ticket size of ₹ 15 Lacs
- Increasing Home Loans penetration
  - Target ticket size range increased upto ₹ 50 Lacs, with average ticket size of ₹ 28 Lacs
  - Caters to a large segment of prime, mass-market affordable housing loans
- e-Home Loans: Technology leveraged loan fulfillment
  - Expansion of reach without proportional increase in branches and manpower
  - Customer Convenience + Increased Thoroughness of loan appraisal
  - Enhanced distribution without negative impact on cost-to-income ratio

## Strong Momentum in Affordable Housing Sector

- Strong pick up in sales
  - Mumbai and Bangalore residential sales up y-o-y by 23% and 18% respectively in the first half of CY 2016
  - 57% y-o-y growth in home loan disbursements in Gujarat
- Launches of affordable housing units have doubled year on year (H1 2015 to H1 2016)
- Sharpest decline in unsold inventory in last two years
- Across the country, projects involving 728,840 affordable housing units have received all approvals



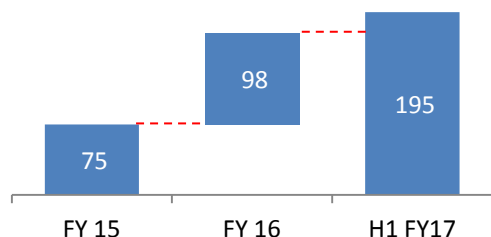
# Growth Driver: Core Home Loans Business

Enabler: Changing Liability Profile Driving Fall in Cost of Funds



## Bonds raised in H1 FY17 > Bonds Raised in FY15+FY16

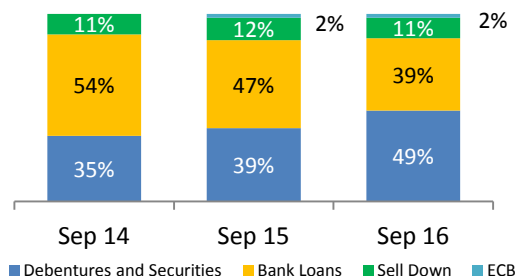
Bonds Issued (₹ Bn)



- Diversified and sustainable bond franchise: first time issues open up a large and hitherto untapped investor class
  - Masala bonds: Access to a vast international investor class
  - Public issue of bonds: opens up investment from individual investors

## For the First Time, Bank Borrowings < 40%

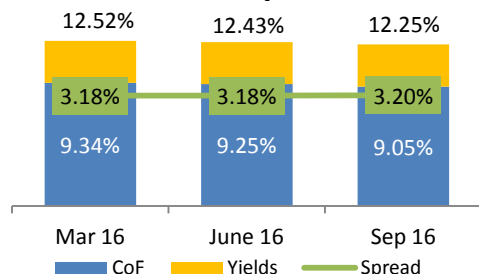
Funding Mix



- 83% of the incremental funding in the last 12 months was from debentures & securities and sell downs
- Demonstrated flexibility to optimise funding mix
- Diversified funding profile and an established franchise across all funding sources

## Bonds Cost 80-100 bps Lower than Term Loans

Stable Spreads



- Despite increasing home loans, spread has marginally expanded due to a drop in cost of funds
- Increased negotiating leverage from broad-based diversification of funding

# Growth Driver: Core Home Loans Business

Enabler: Technology Leveraged Cost-Effective Growth

## Reduction in Processing Cost per File



- Technology-enabled lean distribution, reduction in cost-to-income
- Within 3 months of launch, 11% of incremental home loans sourced through 'e-Home Loans'
- Manpower and branches need not grow in proportion to business
- End-to-end IT enabled loan fulfillment
  - Application form filled in 15 minutes
  - Credit processes that run in parallel: Appraisal, technical check, legal verification and fraud control

## Greater Credit Control



Unique Identification Authority of India  
Government of India



- Increased customer convenience **AND** increased thoroughness of credit appraisal
- Reduced scope for fraud and vastly improved information quality
  - UIDAI (Aadhar)\*: eSign and eKYC – Government database
  - NSDL\*\*: Tax filings, salary and income – Tax authority database
  - Bank statements directly from banks
- Elimination of human and data entry errors
- Credit focus on appraisal and underwriting, free from time-consuming data entry

\*UIDAI (Aadhar): Government of India's secured, biometric and demographic database for Indian citizens

\*\*National Securities Depository Limited (NSDL): National electronic repository containing tax related information

# Growth Driver: Core Home Loans Business

Enabler: Sell Down of Home Loans without Capital Consumption



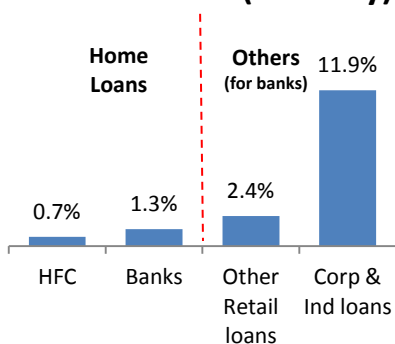
## Capital Conservation

Loan Product	Risk Weight
Home Loans	35%
Resi. Construction Finance	75%
LAP and Other Loans	100%

- At 35%, home loans have the lowest risk weight
  - Capital consumption at slower pace than book growth
- Strengthened securitization programme:
  - Sub ₹ 28 Lacs priority sector home loans have highest demand
  - Presently, an equivalent of 27% of incremental loan assets are sold down

## Improved Risk Profile: Reduced Cost of Credit

### NPA Levels (Industry)



Standard Asset Provisioning	
Home Loans	0.40%
Other Loans	1.00%

- Across banks and HFCs, home loans have the lowest NPAs and credit costs
- Standard asset provisioning requirement for home loans (40 bps) is substantially lower than the 100 bps for other loans
- Terminal loss for home loans is less than 5 bps
  - SARFAESI: Strong legal recovery framework
  - High marketability of affordable residential property

## Impact on Earnings

**Sustained Spreads**

**With falling cost of debt despite increasing share of home loans**

**Stable RoA**

**From reducing cost-to-income ratio and lower credit costs**

**Stable RoE**

**Due to capital efficient home loans**

# Regulatory Impetus in the Last 90 days

---

Government focus and mission of 'Housing For All' has prompted all financial regulators to increase flow of funds to housing finance companies

- RBI has reduced risk weights on bank lending to AAA rated housing finance companies to 20% from 100%
- SEBI has increased limit for mutual funds for investment in the housing finance sector
  - Cap on additional exposure in securities of HFCs rated AA and above increased from 5% to 10% (over and above the 25% sectoral limits)
- IRDA has also increased limit for insurance companies for investment in the housing finance sector
  - Investment in AAA rated bonds of HFCs to be exempt from the sectoral cap of 25%
  - An aggregate of 15% of the investable corpus should be invested in HFC or infrastructure securities, as against the earlier requirement of 5% in HFCs and 10% in infrastructure securities

# First Time Issuances : Masala Bonds and Public Issue of Bonds



## Masala Bonds

- US\$ 200 Mn (₹ 13.3 Bn) of rupee-denominated, Singapore listed issue
- Marquee global investors: AllianceBernstein, BlackRock, Jupiter, BlueBay, BFAM Partners
- Taps into a new and vast international investor class, leading to true, broad-based diversification of funding profile

## Public Issue of Bonds and Private Placement

- ₹ 70 Bn (US\$ 1.05 Bn) of AAA rated public issue of bonds
  - Increased duration: 91% of the bonds placed were in the 5 and 10 year tenure buckets
  - Greater diversification: Over 37% of the issue (₹ 25.9 Bn) subscribed by individuals
- ₹ 111.2 Bn (US \$ 1.66 Bn) of bonds placed through private placement with various domestic investors including mutual funds, insurance companies and banks

**Business goal of reducing funding from bank term loans to under 40% by FY 2018 has been achieved 1.5 years in advance**

# Operational Update

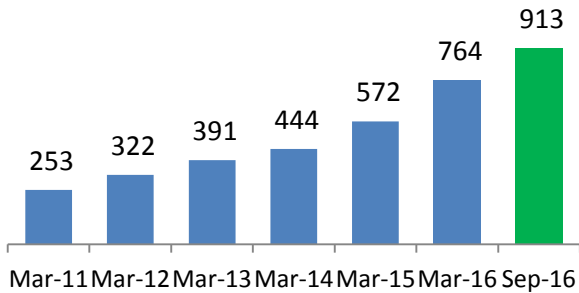
# Business Summary

• Loans Outstanding (September 30, 2016)	:	₹ 753.13 Bn (US\$ 11.24 Bn)
• Loan Assets CAGR (5 years)	:	26 %
• Cumulative Loans given to retail Customers	:	8,66,785
• Cumulative Loans Disbursed till date	:	₹ 1,447.2 Bn (US\$ 21.60 Bn)
• Cost to Income Ratio (H1 FY 17)	:	14.1%
• Profit After Tax CAGR (5 years)	:	24%

# Growth Track Record

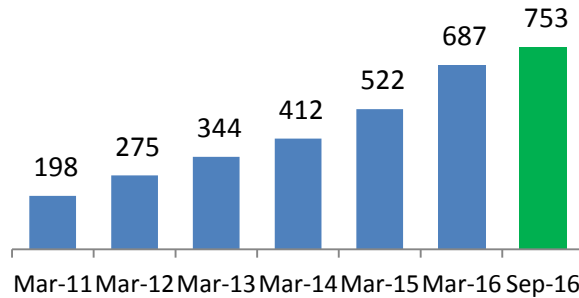
## Balance Sheet

CAGR: 26%



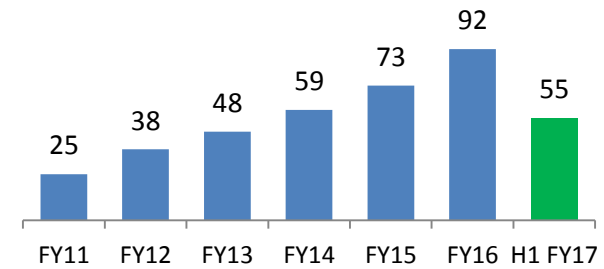
## Loan Assets

CAGR: 27%



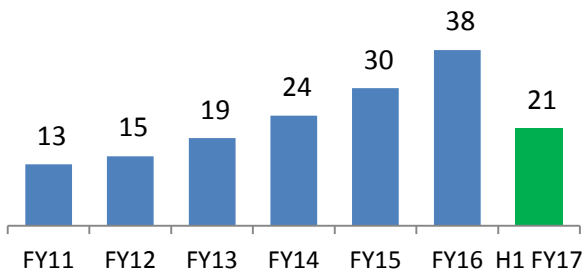
## Revenue

CAGR: 30%



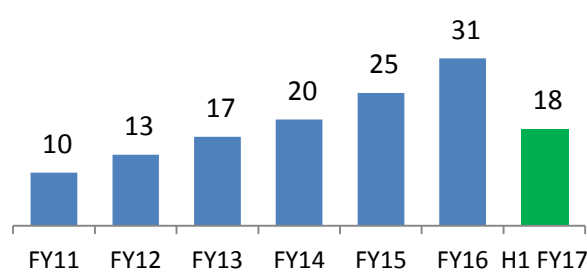
## NII

CAGR: 23%



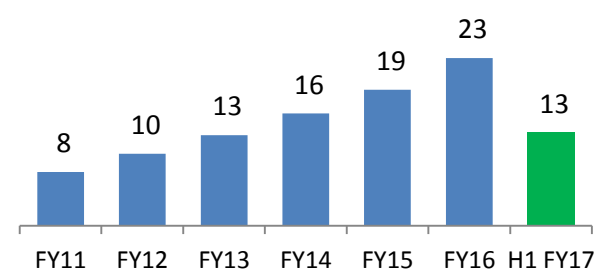
## PBT

CAGR: 26%



## PAT

CAGR: 26%



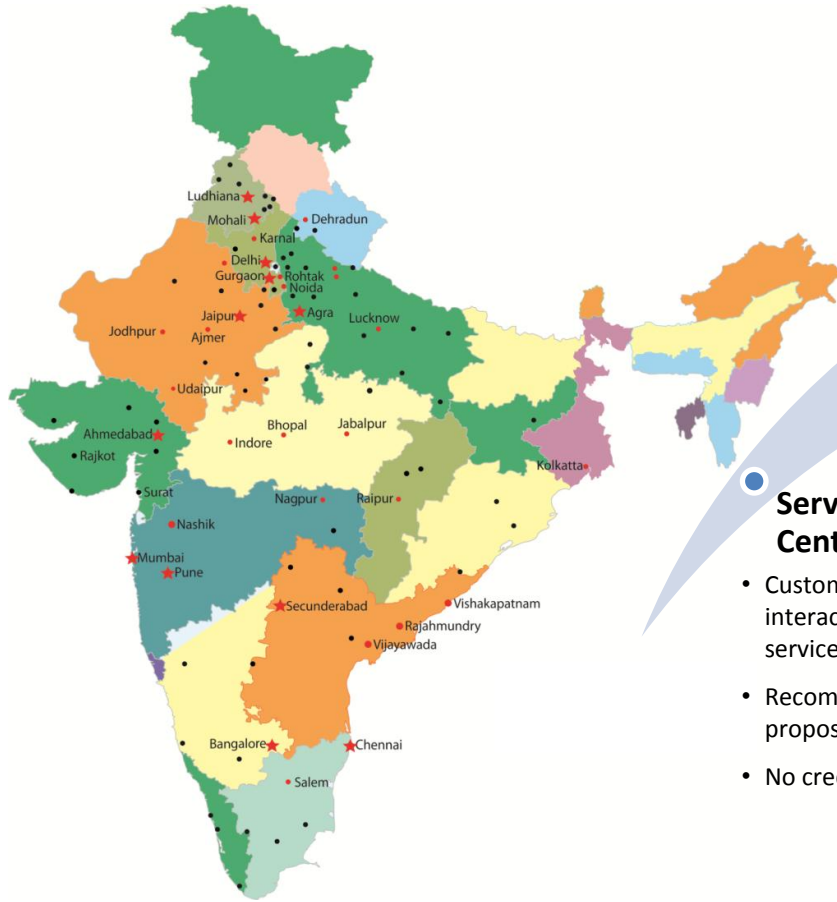


# Credit Ratings

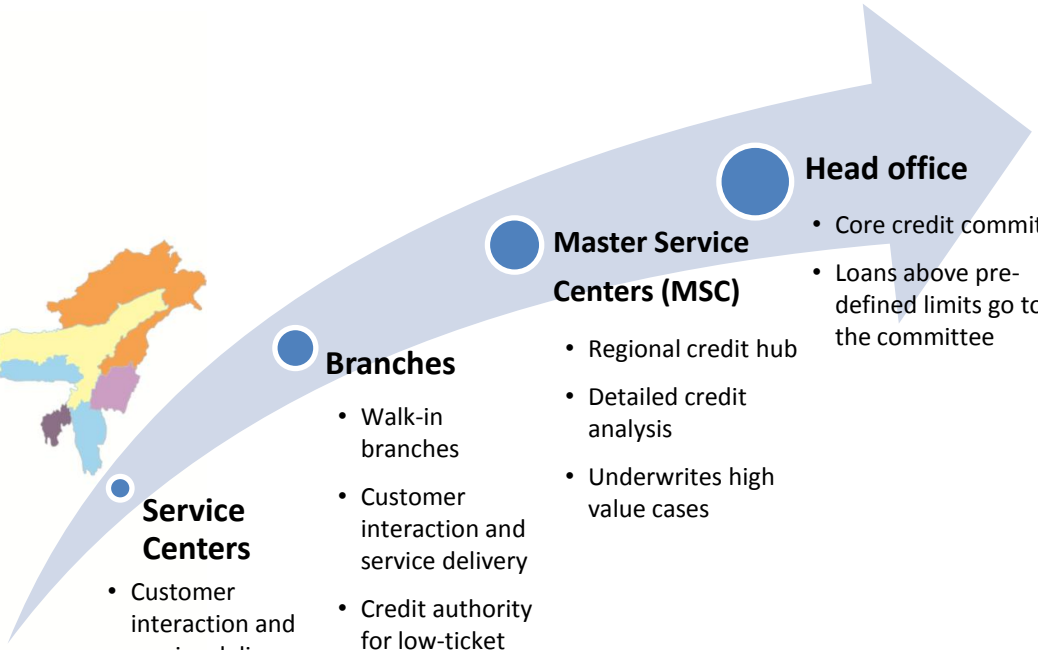
	Long Term Rating	Short Term Rating
CARE Ratings	AAA	A1+
Brickwork Ratings	AAA	
CRISIL (a Standard & Poor's Company)	AA+	A1+
ICRA (an Associate of Moody's Investor Service)	AA+	A1+
India Ratings & Research (a Fitch Group Company)		A1+

In Q1 FY17 IBHFL's subordinate debt credit rating was upgraded to the highest AAA rating. IBHFL is now amongst a select few financial services companies that enjoy AAA on both senior and subordinate debt

# Country Wide Reach



- ★ Denotes cities with 3 or more offices
- Denotes cities with 2 offices
- Offices



- Branches**
- Walk-in branches
  - Customer interaction and service delivery
  - Credit authority for low-ticket sizes
- Service Centers**
- Customer interaction and service delivery
  - Recommends proposals
  - No credit authority

- Master Service Centers (MSC)**
- Regional credit hub
  - Detailed credit analysis
  - Underwrites high value cases

- Head office**
- Core credit committee
  - Loans above pre-defined limits go to the committee

## Awards and Accolades

Housing Finance Company of the Year FY15-16



Accommodation Times

Business Superbrand



Superbrands India 2016

Most Promising Brand of the Year



ZEE Business

# Indian Mortgage Market

# Growth Momentum: Trends in Residential Real Estate

- Boost in supply of affordable, mid-ranged housing units:
  - Twice<sup>1</sup> as many launches of affordable housing projects during H1 CY 2016 as compared to the same period last year
  - Across the country, projects involving 728,840 affordable housing units have received all approvals
  - Within affordable housing, mid-ranged housing units witnessed highest number of launches in the H1 CY 2016
- Strong pick up in sales:
  - Mumbai and Bangalore residential sales up y-o-y by 23%<sup>2</sup> and 18% respectively in the first half of CY 2016
  - 57%<sup>3</sup> y-o-y growth in home loan disbursals in Gujarat
- ‘Smart city’ plan (covering 100 cities) is expected to boost quality infrastructure, which in turn will increase demand for new apartments in these cities:
  - Backed by funding of ~ ₹ 500 Cr by Government of India and a matching contribution by the states
  - Smart city plan is expected to drive economic growth resulting in a worthwhile gain in housing demand
- H1 CY 2016 witnessed private equity inflow of ₹ 191 Bn<sup>4</sup> (64% increase over last year)
  - CY 2016 could record highest ever private equity investment in real estate sector, as per estimates

**Budget housing launches  
double in H1, says report**

Business Standard, Aug 19, 2016



Tue, 8 Mar 2016-08:05pm , Mumbai , PTI

DNA, Mar 8, 2016

**‘2016 could record highest  
ever private equity  
investments in real estate’**

The year 2016 could record the highest Private Equity investments in real estate (PERE) since 2008 which is estimated to be Rs 436 billion, estimate Cushman & Wakefield

Indian Express, Oct 1, 2016

# Growth Momentum: Trends in Commercial Real Estate

- Office space demand in the first half of CY 2016 grew by 12%<sup>1</sup> y-o-y across top 6 Indian cities
- Increase in office space pre-commitments (reservation of property before it is ready)
  - Retail and technology sectors among forerunners
  - Pune recorded a jump to 53% from 26% pre-commitments in 2015<sup>2</sup>
- Office space leasing in the top 7 cities was up 18% y-o-y in CY2015<sup>3</sup>
- Absorption of 17 Mn sqft in H1 CY 2016
  - Mumbai Metropolitan Region experienced growth of 50%<sup>1</sup> y-o-y in commercial space leasing in H1 CY 2016
  - Mumbai office leasing witnessed 21% growth (Q-o-Q) during Q2 CY 2016
  - Hyderabad reported the highest growth of 91%<sup>1</sup> in commercial space leasing
- Office space vacancy is at a 5-year low. Office space vacancy in metros has slipped below 10%
  - Bangalore topped the list with only 3% <sup>4</sup>office space vacancy and also saw highest leasing volumes in the Asia-Pacific region
  - Pune and Hyderabad recorded 6% and 9%<sup>4</sup> levels of office vacancy space respectively
- Office leasing is a forerunner of housing demand
- Leasing activity is the highest in suburban and peripheral localities, which coincide with supply of affordable housing

# Accelerators of Housing

## First 3 Months of CY2016: Boost to the Housing Sector

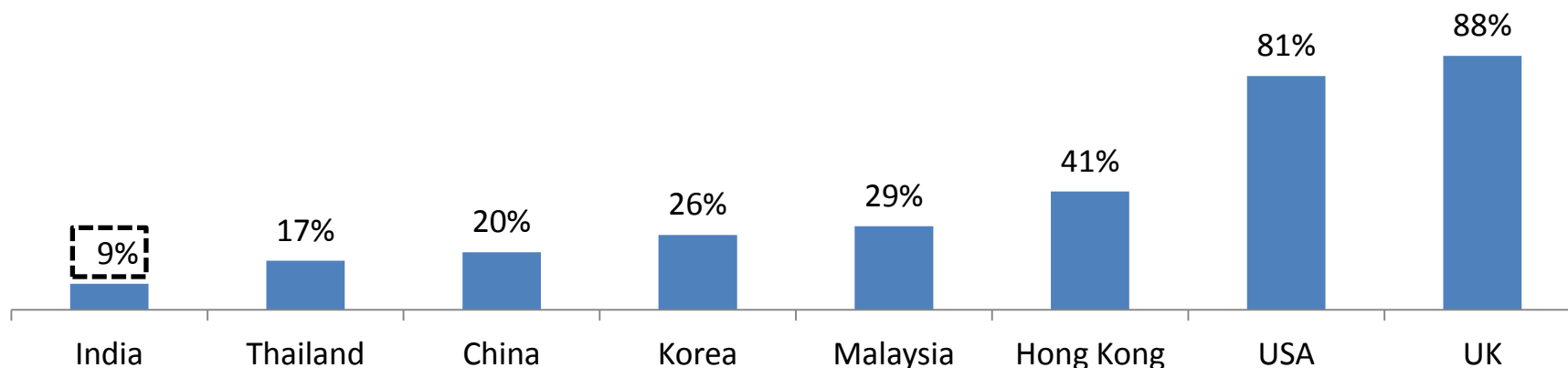
Regulator	Real Estate (Regulatory & Development) Act, 2016 will lead to a structured, transparent and disciplined sector
Tax Incentives	Increased tax incentive reduces effective home loan yields to 4.0% for a 9.4% home loan for first-time home buyers buying affordable houses
Budget 2016-17	100% tax exemption on profits from construction of affordable housing will attract organized developers and increase supply
Fiscal Incentives	Service tax exemption on construction of affordable housing will lead to reduction in prices, increasing affordability
7 <sup>th</sup> Pay Commission	Annual payout to 10 Mn government employees to go up by ₹ 1 Tn per annum. Increased disposable income will have positive impact on the housing sector

## Key Structural Drivers of Housing Growth

Favorable Demographics	66% of India's population is below 35 years of age. Urban housing requirement estimated to grow to 45 million units by 2022
Accelerating Urbanization	Urbanisation to rise to 40% of population by 2030 from the present 31%
Improving Affordability	Rising disposable income, affordable housing loan interest rates and tepid property price inflation resulting in rapidly increasing affordability
Government Policy Thrust	Housing for all by 2022; Smart cities plan; Atal Mission for Rejuvenation and Urban Transformation
Funding Drivers	RBI focus on long-term liquidity; Distribution tax on securitization abolished; Insurance companies, provident & pension funds to invest 15% of corpus in affordable housing and infra

# Housing Potential: Driven by Favourable Demographics

- Urban housing requirement: estimated at 45 million units by 2022<sup>1</sup>
- Demand continues to increase due to rapid urbanization, which is expected to rise to 40% by 2030, and growing trend of nuclear families



- Low mortgage penetration compared to advanced and emerging economies implies huge opportunity for growth
- Indian mortgage industry at an inflection point and is expected to grow five-fold in the next 10 years

# Tax Incentive for Affordable Housing

Particular	2016	2010	2000
Loan amount	2,400,000	2,400,000	2,400,000
<b>Nominal interest rate(%)</b>	<b>9.40%</b>	<b>9.25%</b>	<b>13.25%</b>
Deduction allowed on interest repayment*	250,000	150,000	75,000
Deduction allowed on principal repayment#	150,000	100,000	20,000
<b>Tax rate applicable</b>	<b>34.61%</b>	<b>30.90%</b>	<b>34.50%</b>
Tenure (yrs)	15	15	15
Total amount paid per year	372,354	318,763	369,140
Interest component	222,354	218,763	314,777
Principal component	150,000	100,000	54,363
Tax amount saved	128,864	77,250	32,775
Effective interest paid on home loan	93,489	141,513	282,002
<b>Effective interest rate on home loan</b>	<b>4.02%</b>	<b>6.02%</b>	<b>11.88%</b>

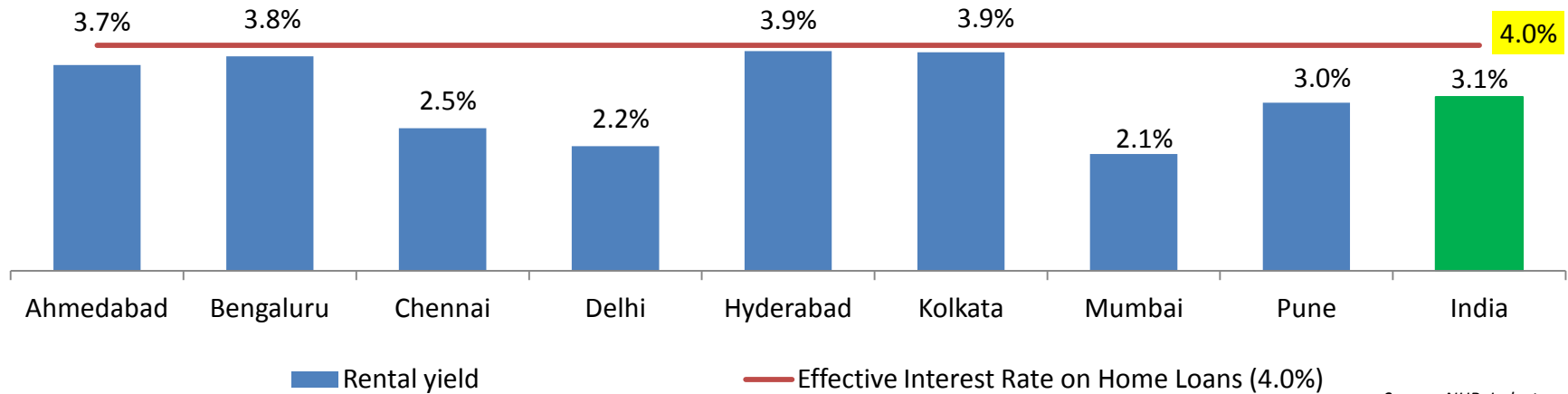
**Amount in ₹**

\* Interest Repayment Tax Break: Section 24 of the Income Tax Act  
# Principal Repayment Tax Break: Section 80C of the Income Tax Act



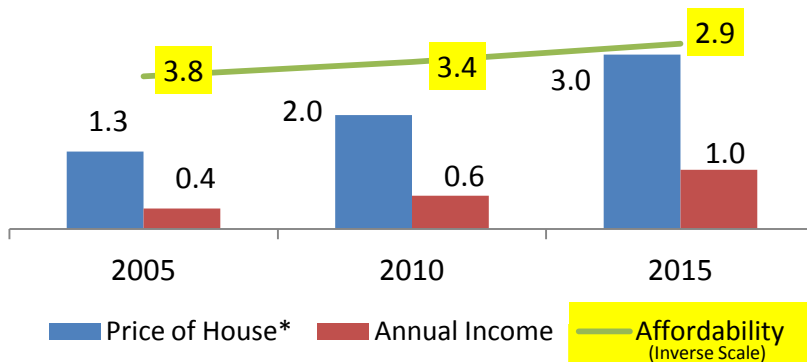
# Buying a House: Prudent Financial Investment

## Rental Yield v/s Home Loan Cost



Source: NHB; Industry reports

## Increasing Affordability



Amount in ₹ Mn

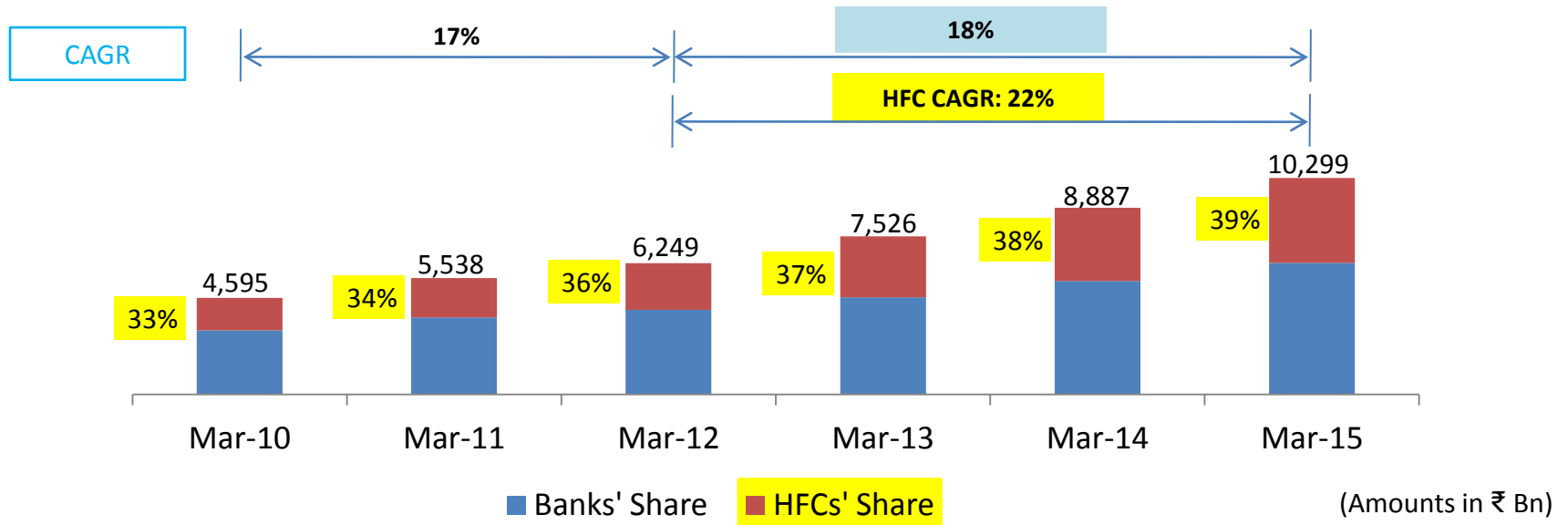
US \$ amounts are converted based on the exchange rate of US \$1 = ₹ 67  
 Affordability is defined as "Price of House" divided by the "Annual Income"

- Difference between rental yield and effective home loan interest rate is only 0.9%
- For only ₹ 1,800 (US \$ 27) per month more, a house costing ₹ 3 Mn can be purchased instead of renting it – a tremendous incentive to own a house and create real assets
- Effective home loan rate expected to slip below rental yield by FY18 spurring demand
- Tepid property price appreciation combined with wage inflation pushing up affordability

\* Source: NHB; Industry reports

# Mortgage Market Growth

## Growing HFC Market Share in a Steadily Expanding Home Loans Market



- Home loan market is concentrated in the ₹ 1.5 Mn to ₹ 7.5 Mn range, demand in this segment is sustained and disbursements have grown YoY at 15<sup>1</sup>%
- HFCs which are particularly focused on sub - ₹ 7.5 Mn loans have out-paced industry growth at a CAGR of 22% between FY12 and FY15

### High demand growth driven by:

- Reducing interest rates compressing the gap between effective home loan rates (after tax benefits), and rental yields, make house purchase increasingly compelling in comparison to renting
- Rising disposable incomes coupled with low effective interest rates (after tax benefits) is resulting in steadily increasing affordability

# No Regulatory Arbitrage: Regulatory Regime for Housing Finance Co's at par with Banks



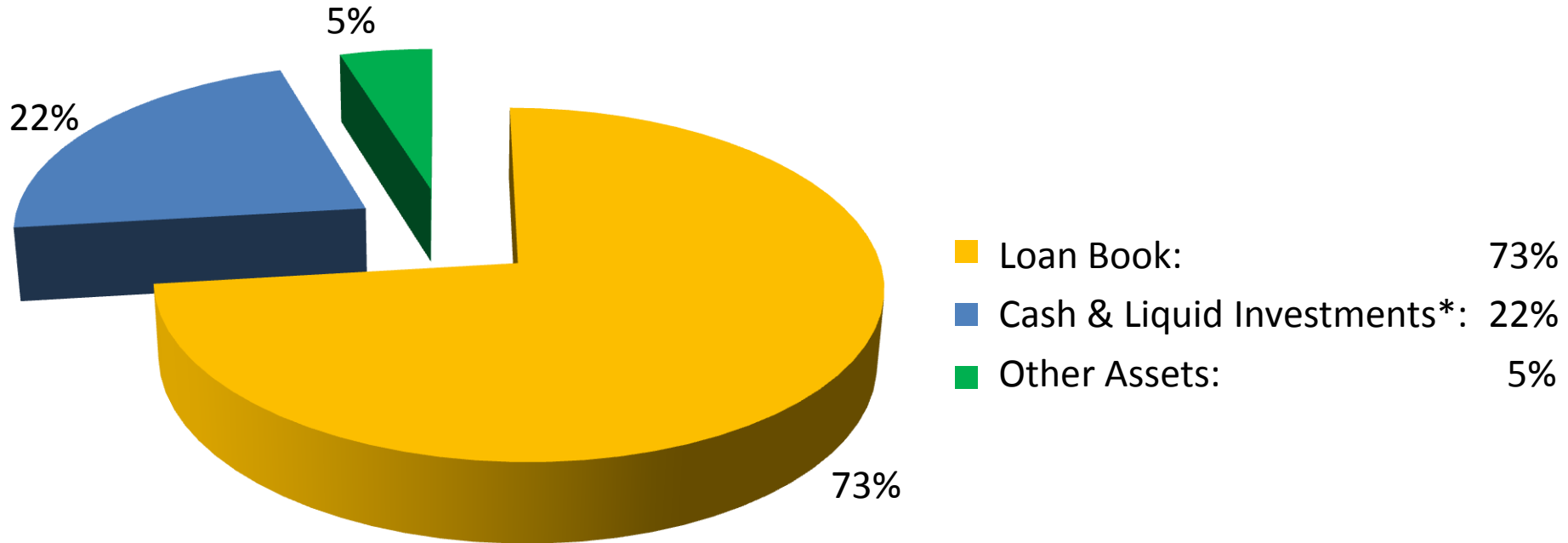
Parameters		HFCs	Banks	NBFCs
NPA Recognition		90 dpd	90 dpd	120 dpd
CRAR		12%	9%	15%
- Tier 1		6%	6%	7.5%
Standard Asset Provisions	Housing Loans	0.4%	0.4%	0.25%
	Others	1%	0.25-1%	0.25%
SARFAESI Coverage		Yes	Yes	Yes

- HFCs are regulated by National Housing Bank (NHB), a wholly owned subsidiary of the Reserve Bank of India (RBI)
- New regulatory guidelines are uniformly applied to both banks and HFCs

Regulations	Imposed for Banks	Imposed for HFCs
Waiver of pre-payment penalties on home loans	7 May 2014	18 Oct 2010
Deferred tax liability creation for profit appropriation towards regulatory reserves	30 May 2014	27 May 2014
Waiver of pre-payment penalties on all other individual loans	27 May 2014	14 Aug 2014
Individual housing loans: Rationalization of risk weights and LTV ratios	8 Oct 2015	9 Oct 2015

# Financial and Operational Highlights

# Balance Sheet Assets



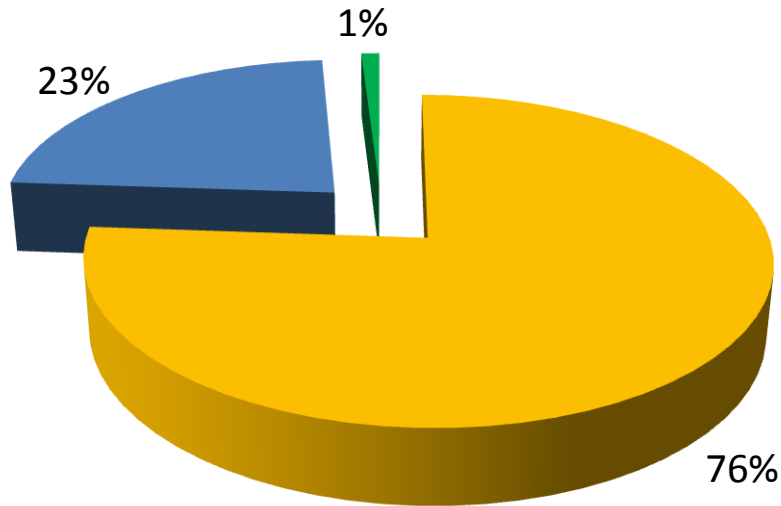
Total Assets	
As at September 30, 2016	₹ 913.3 Bn (US\$ 13.63 Bn)
As at September 30, 2015	₹ 668.0 Bn (US\$ 9.97 Bn)

\*Cash, Cash Equivalents and Investments in Liquid Debt Instruments

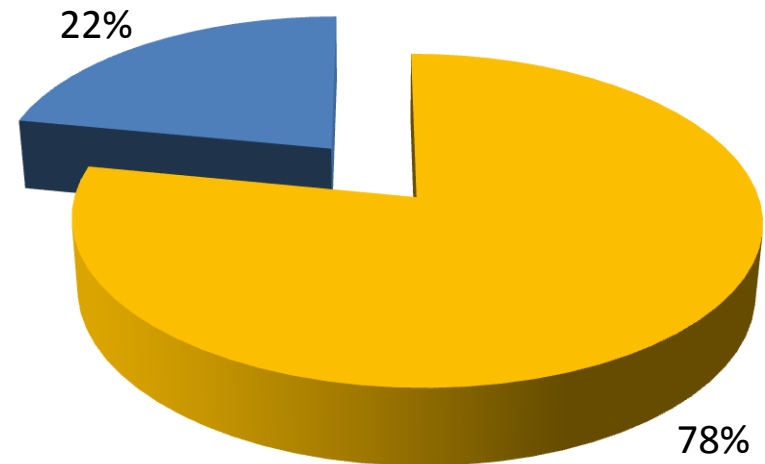
US \$ amounts are converted based on the exchange rate of US \$1 = ₹ 67

# Asset Composition

**Q2FY 15-16**



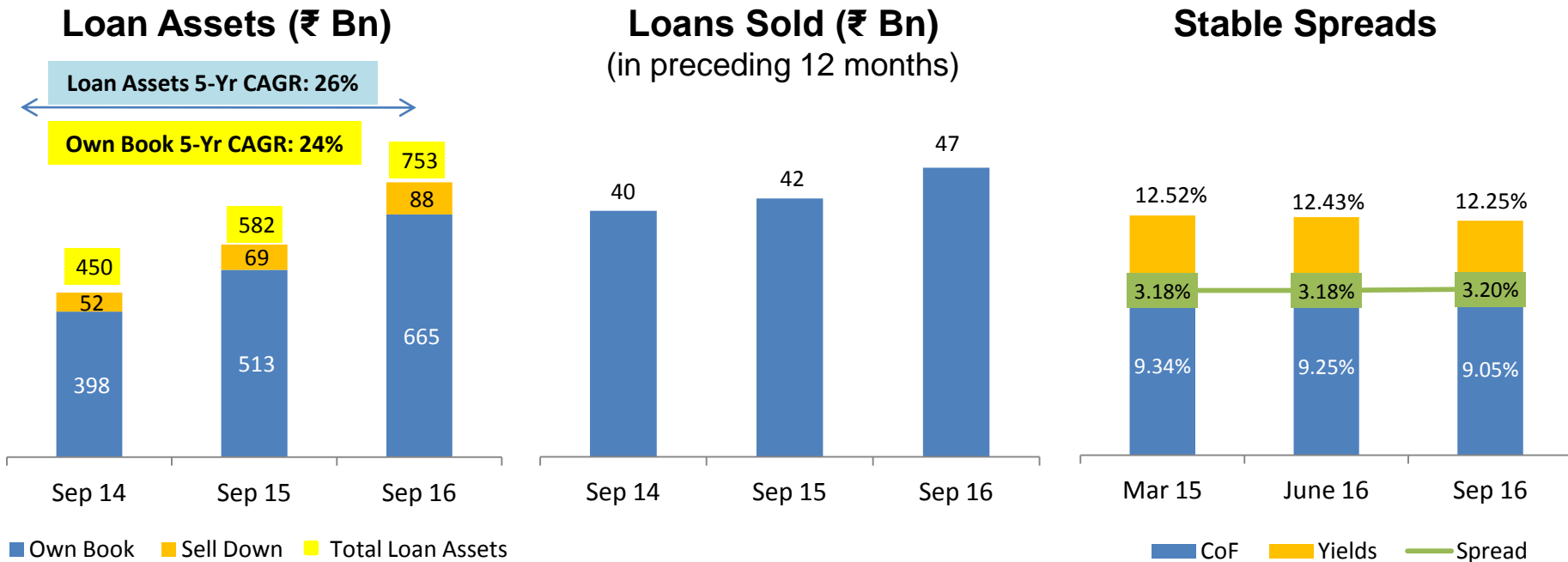
**Q2FY 16-17**



■ Mortgage Loans   
 ■ Corporate Mortgage Loans   
 ■ Commercial Vehicle Loans

- Home loans, which form the majority of incremental disbursements, are disbursed at an average ticket size of ₹ 2.5 Mn; average LTV of 71% (at origination)

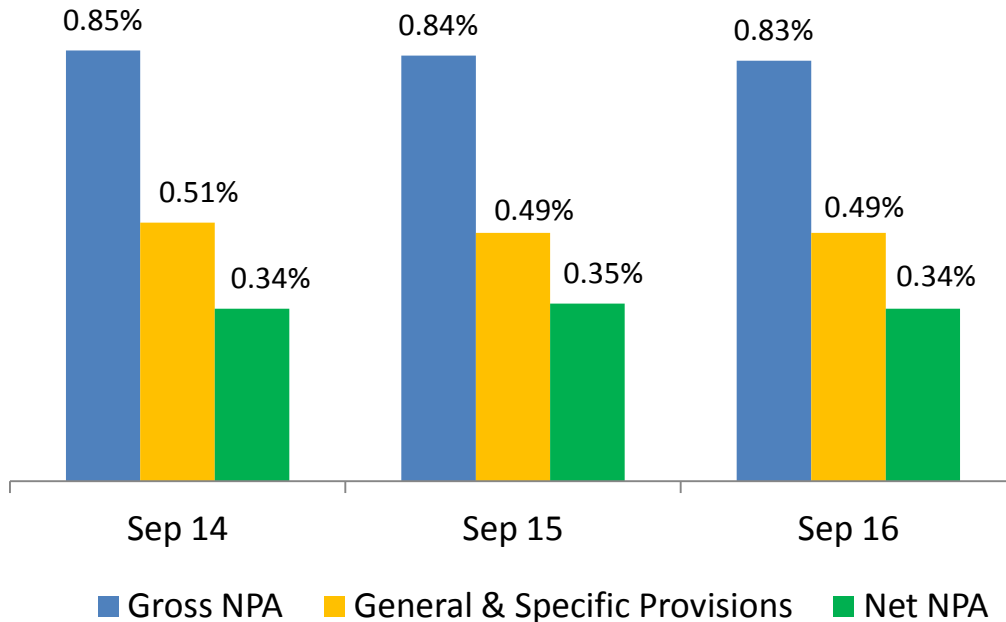
# RoE Maximization through Capital Conservation



- Total of ₹ 47 Bn loans sold down in preceding 12 months, equivalent to 27% of incremental loan assets
- 12% of total loan assets are sold down and growth of on-balance sheet loan assets (5-year CAGR: 24%) is slower than growth in total loan assets (5-year CAGR: 26%)
- While profits are driven by the spread on total loan assets, capital is required only for on-balance sheet book\*

\*Minimal capital is required for sold down portfolio as it is required only for the retained part of the pool or for the credit enhancement offered

# Asset Quality



(as % of Total Loan Assets)

**As at September 30, 2016**

	(in ₹ Bn)
NPA (90+ dpd):	6.24
Provisions for Contingencies:	9.54
<i>Of which</i>	
<i>NPAs:</i>	3.70
<i>Other provisioning:</i>	5.84
Regulatory Provisioning:	6.18
Excess Provisioning Over Regulatory Provisioning:	3.36

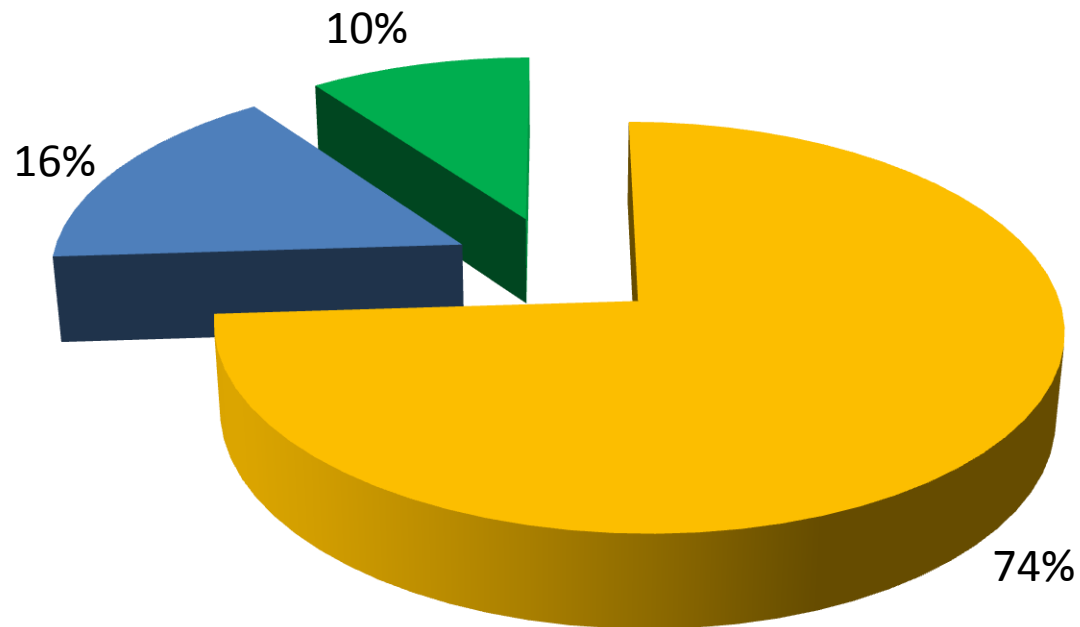
**Provisioning Cover : 153% of GNPA**

- Total provisioning cover is over the 150% target level
- NPAs have remained within target range for the last 20 quarters
- Standard Asset Provisions and Counter-cyclical Provisions are over and above General and Specific Provision pool and are not netted off against Gross NPAs in calculation of Net NPAs
- ₹ 3.36 Bn of excess provisioning over and above regulatory requirements
- Standard asset provisioning rates are 0.4% for home loans and 1.0% for other loans



# Retail Mortgage Loans' Sourcing

84% of Mortgage loans are sourced in-house



■ Direct Sales Team\*   ■ External Channels   ■ Branch Walk-ins

- Nearly 85% of the incremental sourcing is done in-house by on-rolls employees

*\*Direct Sales Team: on-rolls sales employees*

## New Initiative: Smart City Home Loan

Minimum Loan Size	₹ 1.0 Mn
Average Loan Size	₹ 1.5 Mn
Maximum Loan Size	₹ 4.0 Mn
Maximum Loan to Value	80% (at origination)
Maximum Loan Term	20 years
Primary Security	Mortgage of property financed
Repayment Type	Monthly amortizing

- RBI defines affordable housing finance as home loans to individuals up to ₹ 4 Mn for houses of value up to ₹ 5 Mn in non-metro towns / cities

# Home Loan Profile: Focus on Affordable Housing

Average Loan Size	₹ 2.5 Mn
Maximum Loan to Value	80%
Average Loan to Value	71% (at origination)
Average Loan Term	15 years
Primary Security	Mortgage of property financed
Repayment Type	Monthly amortizing

- RBI defines affordable housing finance as housing loans to individuals up to ₹ 5 Mn for houses of value up to ₹ 6.5 Mn in the six metros and housing loans up to ₹ 4 Mn for houses of value up to ₹ 5 Mn in other towns / cities

# Conservative Loan Against Property Profile

Average Loan Size	₹ 7.3 Mn
Maximum Loan to Value	65%
Average Loan to Value	49% (at origination)
Average Loan Term	7 years
Primary Security	Mortgage of property financed
Repayment Type	Monthly amortizing
Basis of Credit Appraisal	Business cash flow analysis based

# LAP Grading

A Pioneering Initiative for Improved Risk Management  
and Greater Transparency

# Loan Against Property Grading from CRISIL and ICRA

---

- LAP grading engagement with CRISIL (a Standard and Poor's Company) and ICRA (a Moody's Investors Service Company)
  - CRISIL grades the loans on aspects such as past payment track record; nature of business and financial performance; nature of property; and loan attributes like ticket size, lending scheme, loan tenure, etc.
  - ICRA grades the loans on aspects such as financial strength; business and management; collateral strength, quality and enforceability; and attributes of the loan itself
  - Engagement with CRISIL was initiated in Q1FY16 and with ICRA in Q2FY16
- Concurrent grading by multiple rating agencies
  - Offers IBHFL a broader and deeper perspective and means to further improve loan portfolio
  - Rating agencies are important stakeholders: exercise will increase comfort and transparency on the asset class
- Grading exercise will build into a comprehensive risk model
  - Portfolio performance and delinquency is being tracked against loan grades
  - Proactive customer management: retention, upsell/ cross-sell, delinquency management
  - Learning is being fed back to improve loan underwriting and continuously upgrade lending policy

# CRISIL LAP Grading Methodology

Detailed assessment of key factors determining quality of LAP loans

Financial Strength	Business Management
<ul style="list-style-type: none"> <li>• Interest and debt service cover</li> <li>• Revenues, margin and profitability</li> <li>• Networth and leverage</li> <li>• Growth track of key financial parameters</li> </ul>	<ul style="list-style-type: none"> <li>• Business sector and sectoral prospects</li> <li>• Business duration and track record</li> <li>• Debt service track record</li> <li>• Experience and qualification of promoters and proprietors</li> <li>• Management strength and experience</li> </ul>
Collateral Quality	Underwriting Process Adherence
<ul style="list-style-type: none"> <li>• Property type and location</li> <li>• Valuation of property</li> <li>• Ownership and title chain of property</li> <li>• Adherence to local zoning and planning permissions</li> </ul>	<ul style="list-style-type: none"> <li>• Independent verification and valuation</li> <li>• Third party database checks               <ul style="list-style-type: none"> <li>– CERSAI</li> <li>– Registrar of companies</li> <li>– Credit bureau checks</li> <li>– CIBIL mortgage checks</li> <li>– RBI willful defaulter list</li> <li>– Experian Hunter fraud check</li> </ul> </li> </ul>

Grading			Segment Characteristics			
Grading Scale	Quality of LAP Loans <sup>#</sup>	Disbursals Apr 15 – Sep 16	Interest Service Coverage Ratio (ISCR)	Total Outstanding Liabilities/ Total Networth	Loan to Value (LTV)	EBITDA Margins
LAP1	Highest	8.90%	11.3 – 13.8	1.4 – 1.6	48%	14% – 17%
LAP2	High	80.96%	11.0 – 13.6	2.2 – 2.4	48%	12% – 15%
LAP3	Average	9.48%	12.6 – 15.7	2.9 – 3.1	52%	9% – 12%
LAP4	Below Average	0.27%	13.4 – 15.3	1.1 – 1.2	47%	14% – 17%
LAP5	Poor	0.39%	8.4 – 9.7	1.7 – 1.9	45%	14% - 16%

99% of incremental LAP loans are within the top three grades

- Incremental LAP loans from FY16 onwards are graded by CRISIL Ratings
- Grading is based on customized scale developed by CRISIL Ratings for IBHFL's LAP loans to small business owners
- CRISIL grades the loans on aspects such as financial strength; business and management; collateral; and underwriting process

*\*CRISIL LAP grading engagement began in Q1FY16 and up till the publication of this earnings update, CRISIL had graded 74% of the disbursals from Apr 15 to Sep 16*

*# Adjudged by CRISIL in relation to other LAP loans extended to other borrowers*



# ICRA LAP Grading Methodology

## (2<sup>nd</sup> rating agency to grade LAP loans)

- In Q2 FY 2015-16, IBHFL tied up with rating agency ICRA to grade its incremental LAP loans
- ICRA LAP Grading reflects ICRA's assessment of the credit quality of the loan on a ICRA developed customised scale

### Grading Assessment Parameters

Business and Business Owner	Collateral Quality and Enforceability	Loan Attributes
<ul style="list-style-type: none"> <li>• Fixed obligation to income ratio (FOIR)</li> <li>• Past payment track record</li> <li>• Credit bureau check</li> <li>• Nature of business and financial parameters</li> <li>• Due diligence checks                             <ul style="list-style-type: none"> <li>– Field credit investigation</li> <li>– Personal discussion</li> <li>– Reference checks</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Loan to value ratio (LTV)</li> <li>• Nature of property                             <ul style="list-style-type: none"> <li>– Residential</li> <li>– Commercial</li> </ul> </li> <li>• Usage of property                             <ul style="list-style-type: none"> <li>– Self occupied</li> <li>– Rented</li> <li>– Vacant</li> </ul> </li> <li>• Property location</li> <li>• Quality of construction</li> <li>• Adherence to sanction plans</li> </ul>	<ul style="list-style-type: none"> <li>• Ticket Size</li> <li>• Sourcing channel</li> <li>• Lending scheme</li> <li>• Loan tenure</li> </ul>

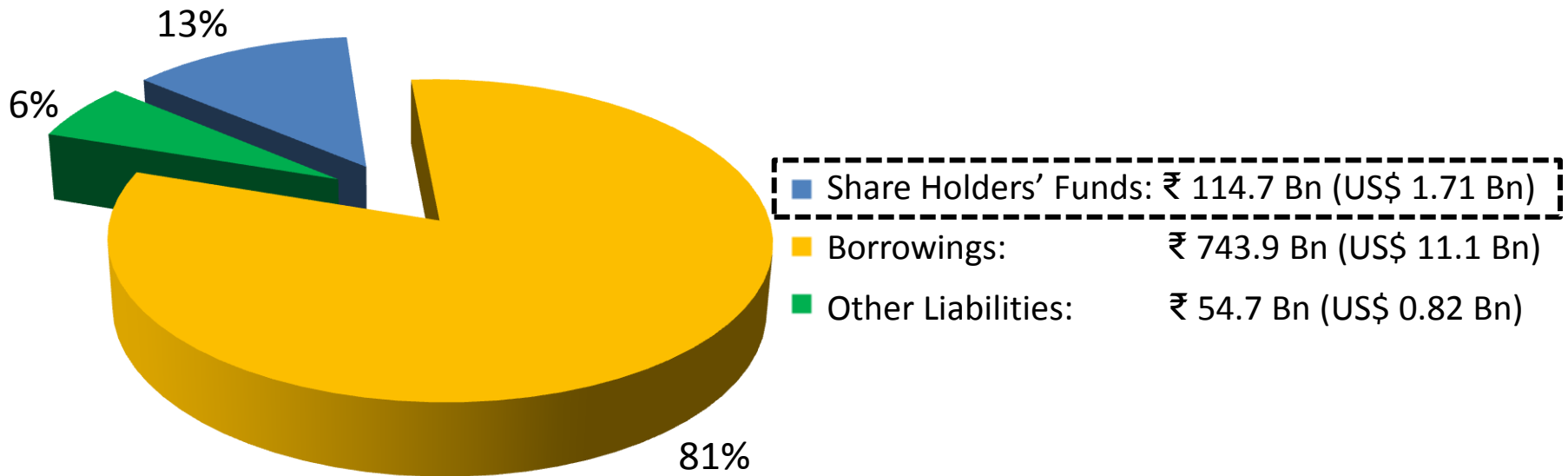
Grading			Characteristics	
Grading Scale	Level of credit worthiness	Grading Distribution	Median LTV	Median FOIR
LAP1	Excellent	14.8%	25%	33%
LAP2	Good	67.3%	49%	48%
LAP3	Average	17.7%	62%	59%
LAP4	Below Average	0.2%	61%	66%
LAP5	Inadequate	-	-	-

Over 99% of incremental LAP loans are within the top three grades

- Incremental LAP loans from FY16 onwards are graded by ICRA
- Grading is based on customized scale developed by ICRA for IBHFL's LAP loans to small business owners
- ICRA grades the loans on aspects such as business and business owner quality; collateral quality enforceability; and loan strengths

# Liabilities Profile

# Liabilities

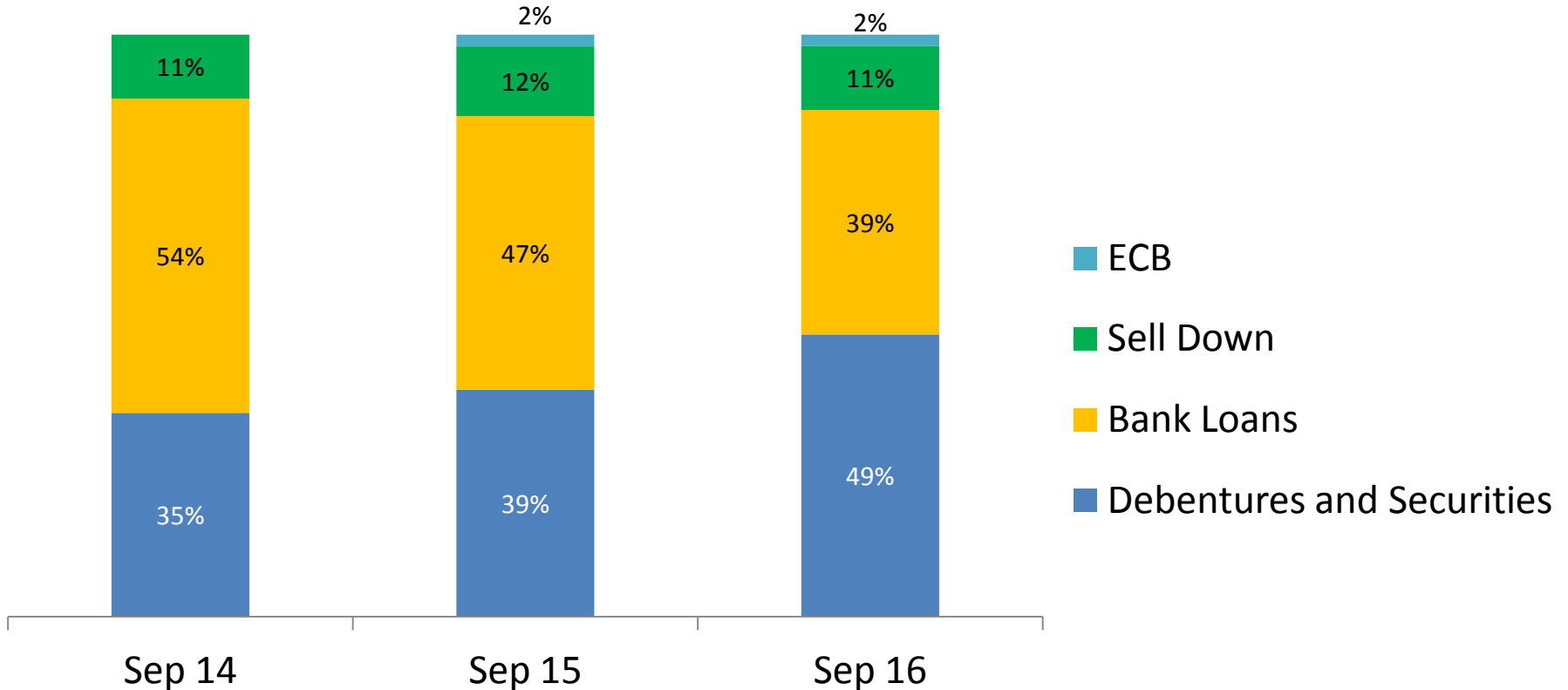


## Total Liabilities:

As of September 30, 2016: ₹ 913.3 Bn (US\$ 13.63 Bn)

As of September 30, 2015: ₹ 668.0 Bn (US\$ 9.97 Bn)

# Funding Mix



## Total Borrowings:

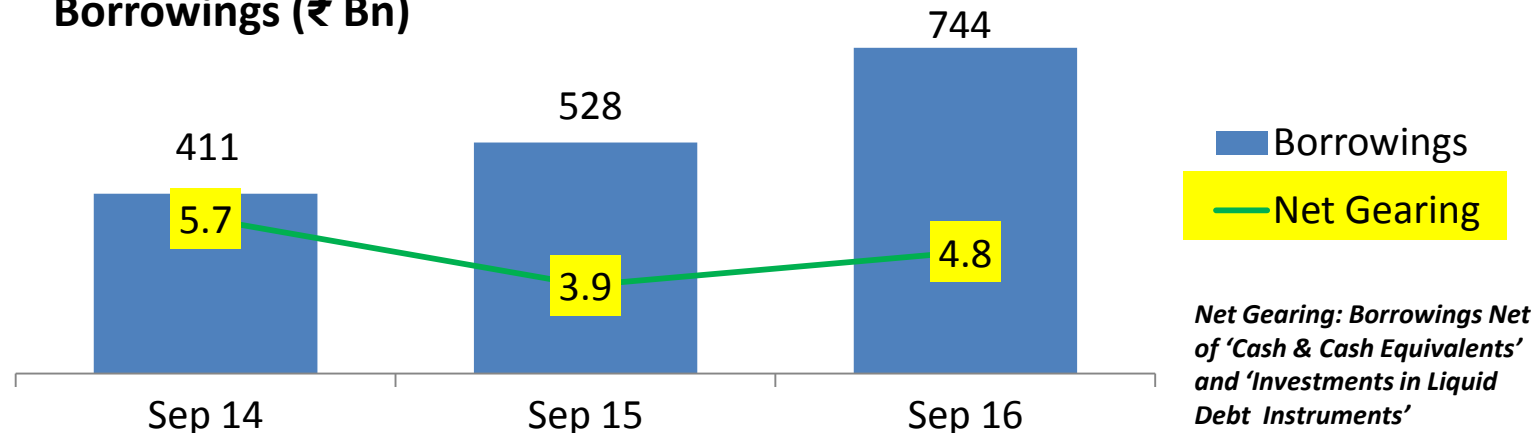
As of September 30, 2016: ₹ 743.9 Bn (US\$ 11.10 Bn)

As of September 30, 2015: ₹ 527.61 Bn (US\$ 7.87 Bn)

- For the first time, bank borrowings are less than 40% of the funding mix
- IBHFL now has a very well diversified funding profile with established franchise across all funding sources

# Strengthening Liability Profile

## Borrowings (₹ Bn)



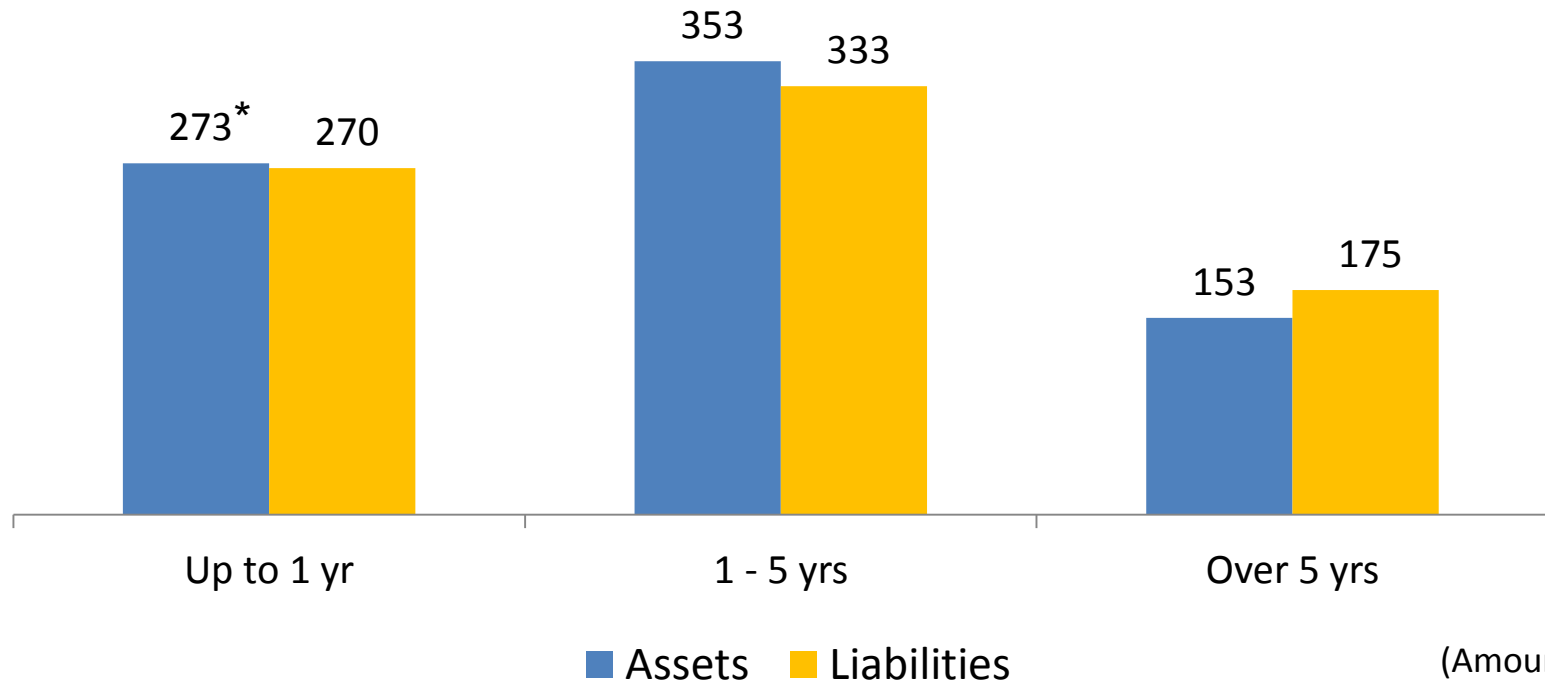
	Total Funding (₹ Bn)		Net Incremental in 6M	Contribution to Incremental Borrowings in last 6 Months
	Sep 16	Mar 16		
Bank Loans	322.6	335.7	(13.1)	(9.2%)
Debentures and Securities	408.0	261.9	146.1	102.2%
ECB	13.3	13.3	0.0	-
<b>Total Borrowing</b>	<b>743.9</b>	<b>610.9</b>	<b>132.9</b>	<b>93.0%</b>
Sell Down	88.1	78.2	9.9	7.0%
<b>Total</b>	<b>832.0</b>	<b>689.1</b>	<b>142.9</b>	<b>100%</b>

- ₹ 194.5 Bn of bonds raised in H1 2016-17 was greater than ₹ 173.3 Bn of bonds raised in the two years of FY 2014-15 and FY 2015-16 combined
- For the first time, bank borrowings are less than 40% of the funding mix
- All of our incremental funding needs in H1 FY 2016-17 have been met from capital market securities and loan sell downs

# Optimally Matched Balance Sheet

## Maturity Profile

(As of March 31, 2016)



- \* Assets in the 'Up to 1 Yr' bucket includes ₹ 128.7 Bn (as of March 31, 2016) of Cash, Cash equivalents and investments in liquid debt instruments
- The maturity profile reflects adjustments for prepayments and renewals in accordance with the guidelines issued by the National Housing Bank

*The company had cash, cash equivalents and investments in liquid debt instruments of ₹ 205.92 Bn as at 30<sup>th</sup> Sep, 2016. The company receives income from its cash, cash equivalents and investments in liquid debt instruments through the quarter, most of which appears in 'Other Income'*

# Eminent and Experienced Board of Directors

## Board of Directors with pre-eminence and experience in diverse fields

- Mr. Sameer Gehlaut : Executive Chairman
- Mr. Gagan Banga : Vice Chairman and Managing Director
- Dr. K.C. Chakrabarty : Former Deputy Governor, The Reserve Bank of India
- Justice Gyan Sudha Misra : Retired Justice, Supreme Court of India [New Inductee]
- Justice Bisheshwar Prasad Singh : Retired Justice, Supreme Court of India
- Mrs. Manjari Kacker : Former member of CBDT (Central Board of Direct Taxes)
- Brig. Labh Singh Sitara : Honoured with the Dhyan Chand Award by the President of India
- Mr. Samsher Singh Ahlawat : 20 years of banking experience in senior management positions
- Mr. Prem Prakash Mirdha : Business background with expertise in SME sector
- Mr. Ashwini Kumar Hooda : Deputy Managing Director
- Mr. Ajit Kumar Mittal : Executive Director, Ex-Reserve Bank of India
- Mr. Sachin Chaudhary : Executive Director, Mortgage Business Head [New Inductee]

**Underlining focus on Home Loans as the cornerstone of our business, Mr. Sachin Chaudhary, Business Head of Retail Mortgages, has been elevated to the Board of Directors**



Sachin Chaudhary

- Sachin launched the home loans and LAP vertical for IBHFL 11 years ago in 2005
- Sachin has a total of 20 years of mortgage industry experience spanning all operational functions. Sachin has complete operational responsibility for retail mortgage P&L
- Across businesses and functions IBHFL has very stable senior and mid-management teams
  - Key business and function leaders have been with IBHFL since launch of respective loans products
  - Home loans and LAP to self-employed customers is a key area of competency built on processes, tools and an underwriting approach that leads to a thorough but prompt credit appraisal



# Corporate Social Responsibility

# Indiabulls Foundation: Corporate Social Responsibility

## Health

### Jan Swastha Kalyan Vahika (mobile medical vans):

- Free check-up
- 13 mobile medical vans
- More than 4,50,000 patients

### Free Medical Clinic:

- 4 free medical clinics
- More than 90,000 treated

### Cleft / Palate deformation surgery:

- 1,500 children across 6 states



## Rainwater harvesting:

- At schools during the Latur drought
- Benefitted over 350 students

## Nutritional Packets Distribution:

- Nepal earthquake: 10,000 packets
- Chennai floods: 5kg packets to 1,500 families
- Kashmir floods: 10,000 packets

## Disaster Relief



## Rahat:

- Water project at 3 tribal ashram schools
- Over 2,500 children will benefit every year

## Rural Empowerment

## Sanitation

### Green soles:

- Footwear distribution

### Kumud:

- Sanitary napkin distribution
- Hygiene for underprivileged rural women



## Scholarship:

- To over 500 meritorious students

## Computer Literacy Program:

- 1,000 computers to tribal ashram schools, shelter homes and night schools

## Education



## Tie-up with ESHA foundation:

- Create awareness about online library of ESHA, helped 35,000 visually challenged

## Nutrition

### Paushtik Aahar:

- Free nutrition supplements to the underprivileged and malnourished
- 5,000 individuals per month
- Over 85,000 children to date



## Renewable Energy Plants:

- Free of cost round-the-clock seamless electricity to 5 tribal ashram schools

## Renewable Energy

# Key Ratios, Valuations and Shareholding

## Rising Productivity Ratios

	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
No. of Employees	5,453	4,840	4,099	4,072	4,243
Profit per employee (₹ Mn)	4.3	3.9	3.8	3.1	2.4
Asset per employee (₹ Mn)	140.2	118.2	108.4	80.9	58.5
Cost-to-Income Ratio	14.3%	16.4%	17.1%	18.0%	18.7%

# Key Financial Metrics

	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
Pre Tax RoAA (%)	4.9%	4.9%	4.8%	4.9%	4.9%
Post Tax RoAA (%)	3.7%	3.7%	3.8%	3.8%	3.7%
RoE (%) <sup>^</sup>	26%	29%	27%	26%	22%
Capital Adequacy (%) <sup>#</sup>	23.38%	19.60%	20.47%	18.58%	19.96%
- Tier I <sup>#</sup>	20.36%	16.28%	16.10%	15.05%	19.27%
- Tier II <sup>#</sup>	3.02%	3.32%	4.37%	3.53%	0.69 %

<sup>^</sup> ₹ 40 Bn of equity was raised through a QIP in September, 2015  
<sup>#</sup> Adjusted for mutual fund investments

RoAA: Return on Average Assets  
 RoE: Return on Equity

# Valuations and Returns

	Sep -16	Mar-16	Mar-15	Mar-14	Mar-13	Mar-12
Market Price per Share (₹)	875*	674.0	557.9	285.6	271.8	207.1
Market Capitalisation (₹ Bn)	369.2	284.0	198.4	95.4	84.9	64.5
PE Ratio (times)	14.2	11.3	10.2	6.0	6.8	6.5
Dividend per Share (₹) #	18	36	35	29	20	13
Dividend Yield	4.1%	5.3%	6.3%	10.2%	7.4%	6.3%
Foreign Institutional Shareholding (%)	62.3%	58.9%	51.8%	41.1%	45.2%	38.7%

- IBHFL is a part of Nifty Next 50, Nifty 100, Nifty 200 and Nifty 500 indices
- Nifty Next 50 is an index of the 50 top companies after those covered by the benchmark Nifty 50
  - At 4.02%, IBHFL has the second highest weightage on Nifty Next 50 index

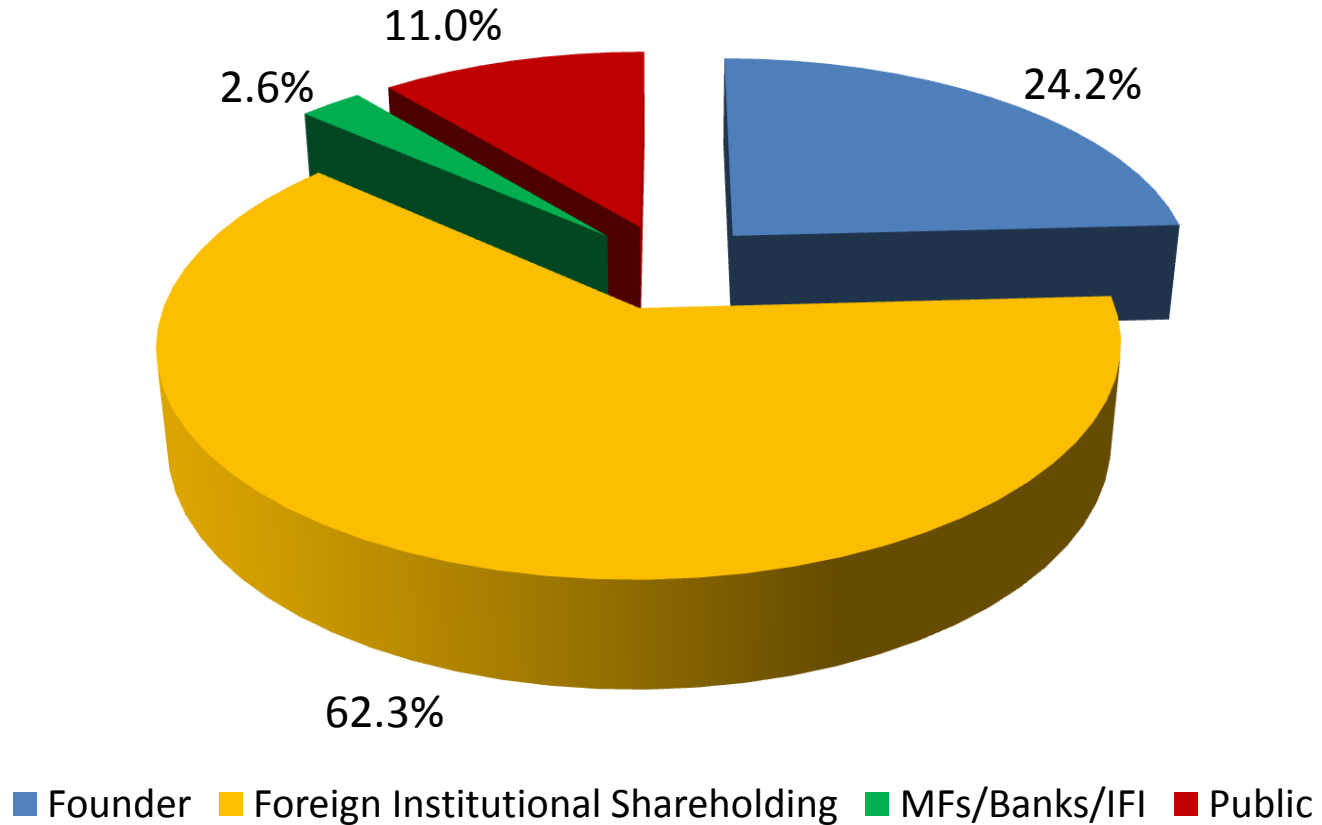
**NIFTY**Next50  
**NIFTY**100  
**NIFTY**200  
**NIFTY**500

# Normalized to reflect periods the dividends pertain to  
 PE: Price to Earnings (12 months trailing)

US \$ amounts are converted based on the exchange rate of US \$1 = ₹ 67

\*As on 20<sup>th</sup> Oct , 2016

# Shareholding Pattern



As on 30<sup>th</sup> September, 2016

# Detailed Financials



# Consolidated Balance Sheet

Statement of Assets and Liabilities Particulars	(Rupees in Billion)	
	As at	
	30.09.16 (Unaudited)	31.03.16 (Audited)
<b>I. EQUITY AND LIABILITIES</b>		
<b>(1) Shareholder's Funds</b>		
(a) Share Capital	0.84	0.84
(b) Reserves and Surplus	113.89	106.10
<b>(2) Share application money pending allotment</b>	0.01	-
<b>(3) Non-Current Liabilities</b>		
(a) Long-term borrowings	530.77	355.21
(b) Deferred tax Liabilities (net)	1.04	0.81
(c) Other Long term liabilities	14.81	1.54
(d) Long term provisions	7.74	6.81
<b>(4) Current Liabilities</b>		
(a) Short-term borrowings	107.83	143.11
(b) Trade payables	0.05	0.09
(c) Other current liabilities	134.26	147.74
(d) Short-term provisions	2.06	2.11
<b>Total</b>	<b>913.30</b>	<b>764.36</b>
<b>II. ASSETS</b>		
<b>(5) Goodwill on Consolidation</b>	0.67	0.67
<b>(6) Non-current assets</b>		
(a) Fixed assets	0.70	0.69
(b) Non-current investments	7.78	7.24
(c) Deferred tax assets (net)	0.05	0.05
(d) Long term loans and advances	598.44	535.23
(e) Other non-current assets	3.88	4.14
<b>(7) Current assets</b>		
(a) Current investments	179.25	99.69
(b) Trade receivables	0.03	0.03
(c) Cash and cash equivalents	26.67	29.02
(d) Short-term loans and advances	86.60	80.95
(e) Other current assets	9.23	6.66
<b>Total</b>	<b>913.30</b>	<b>764.36</b>

**₹ 205.92 Bn of  
Cash & Cash  
Equivalents and  
Investments in  
Liquid Debt  
Instruments**

The company had cash, cash equivalents and investments in liquid debt instruments of ₹ 205.92 Bn as at 30<sup>th</sup> Sept, 2016. The company receives income from its cash, cash equivalents and investments in liquid debt instruments through the quarter, most of which appears in 'Other Income'

# Consolidated Income Statement

		(Rupees in Billion)					
Particulars	Quarter ended			Six Months ended		Year ended	
	30.09.16 (Unaudited)	30.06.16 (Unaudited)	30.09.15 (Unaudited)	30.09.16 (Unaudited)	30.09.15 (Unaudited)	31.03.16 (Audited)	
<b>1</b>	<b>Income from Operations</b>						
	a) Income from Operations	23.95	22.61	18.77	46.56	36.43	78.42
	b) Other Operating Income	1.15	1.11	1.08	2.26	1.71	4.48
	<b>Total Income from operations (net)</b>	<b>25.10</b>	<b>23.72</b>	<b>19.85</b>	<b>48.82</b>	<b>38.14</b>	<b>82.90</b>
<b>2</b>	<b>Expenses</b>						
	a) Employee Benefits Expense	1.36	1.18	1.06	2.54	1.97	4.13
	b) Depreciation and Amortisation Expense	0.05	0.05	0.05	0.10	0.10	0.20
	c) Other Expenses	1.85	1.88	1.48	3.73	2.46	6.92
	<b>Total Expenses</b>	<b>3.26</b>	<b>3.12</b>	<b>2.59</b>	<b>6.37</b>	<b>4.53</b>	<b>11.25</b>
3	Profit from Operations before Other Income, Finance costs & Exceptional Items (1-2)	21.84	20.60	17.26	42.44	33.61	71.65
4	Other Income	3.65	2.25	2.61	5.91	4.57	9.36
5	Profit from ordinary activities before Finance costs & Exceptional Items (3+4)	25.49	22.86	19.86	48.35	38.18	81.00
6	Finance Costs	16.28	14.11	12.45	30.39	23.84	49.71
7	Profit from ordinary activities after Finance costs but before Exceptional Items (5-6)	9.21	8.75	7.41	17.96	14.34	31.29
8	Exceptional Items	-	-	-	-	-	-
9	<b>Profit from Ordinary Activities before Tax (7-8)</b>	<b>9.21</b>	<b>8.75</b>	<b>7.41</b>	<b>17.96</b>	<b>14.34</b>	<b>31.29</b>
10	Tax Expense (including Deferred Tax and MAT credit entitlement)	2.35	2.40	1.86	4.75	3.67	7.76
11	<b>Net Profit from Ordinary Activities after Tax (9-10)</b>	<b>6.86</b>	<b>6.35</b>	<b>5.56</b>	<b>13.21</b>	<b>10.67</b>	<b>23.53</b>
12	Extraordinary Items (net of tax expenses Rs. NIL)	-	-	-	-	-	-
13	<b>Net Profit for the period / year (11-12)</b>	<b>6.86</b>	<b>6.35</b>	<b>5.56</b>	<b>13.21</b>	<b>10.67</b>	<b>23.53</b>
14	Share of (Loss) of Associate	(0.02)	(0.05)	-	(0.07)	-	(0.08)
15	Minority Interest for the period / year	-	-	-	-	-	-
16	<b>Net Profit after Taxes, Minority Interest and Share of Profit / (Loss) of Associate (13+14-15)</b>	<b>6.84</b>	<b>6.30</b>	<b>5.56</b>	<b>13.14</b>	<b>10.67</b>	<b>23.45</b>
17	Paid-up Equity Share Capital	0.84	0.84	0.84	0.84	0.84	0.84
18	Reserves excluding Revaluation Reserves as per Balance Sheet as on March 31, 2016						106.10
19	Minority Interest	-	-	-	-	-	-
20	Earnings per Share (EPS) before extraordinary items <i>*(EPS for the quarters and six months are not annualised)</i>						
	-Basic (Amount in Rs.)	16.23*	14.95*	15.01*	31.18*	29.39*	59.84
	-Diluted (Amount in Rs.)	16.02*	14.77*	14.69*	30.79*	28.70*	58.75
	-Face Value (Amount in Rs.)	2.00	2.00	2.00	2.00	2.00	2.00
	Earnings per Share (EPS) after extraordinary items <i>*(EPS for the quarters and six months are not annualised)</i>						
	-Basic (Amount in Rs.)	16.23*	14.95*	15.01*	31.18*	29.39*	59.84
	-Diluted (Amount in Rs.)	16.02*	14.77*	14.69*	30.79*	28.70*	58.75
	-Face Value (Amount in Rs.)	2.00	2.00	2.00	2.00	2.00	2.00

The company had cash, cash equivalents and investments in liquid debt instruments of ₹ 205.92 Bn as at 30<sup>th</sup> Sept, 2016. The company receives income from its cash, cash equivalents and investments in liquid debt instruments through the quarter, most of which appears in 'Other Income'

Thank you