

# Indiabulls

Indiabulls Housing Finance Limited

January 20, 2017

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 (E).  
MUMBAI – 400 051

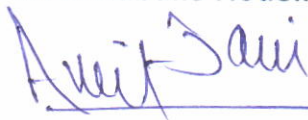
Sub: Earnings Update for the quarter ended December 31, 2016

Dear Sir,

Please find enclosed an Earnings Update of Indiabulls Housing Finance Limited for the quarter ended December 31, 2016, for your information and record.

Thanking you,

Yours truly,  
for Indiabulls Housing Finance Limited



Amit Jain  
Company Secretary



Enclosure: as above

CC:  
Luxembourg Stock Exchange, Luxembourg  
Singapore Exchange Securities Trading Limited, Singapore

**Indiabulls Housing Finance Limited**

**167498**

CIN : L65922DL2005PLC136029

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# Indiabulls Housing Finance Limited

*Unaudited Financial Results – Q3 2016-17  
January 20, 2017*

# 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.*

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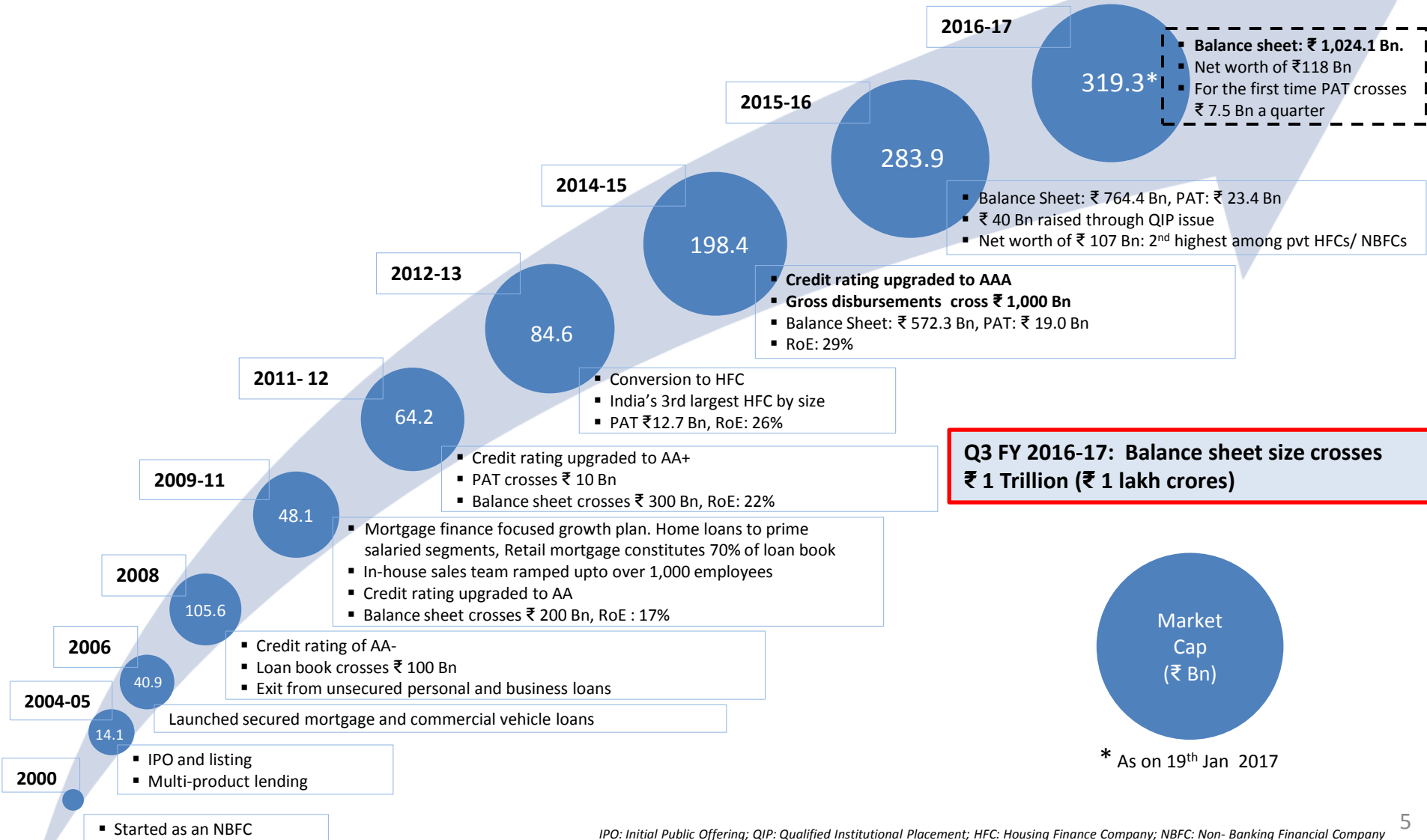
+91 22 6189 1155

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# Business Update

# Our Journey



# Business Update

Key Financial Highlights : 9M FY 16-17

(ending December 31, 2016)

Balance sheet size at ₹ 1,02,406.2 Crs (₹ 1.02 trillion)

	9M FY 16-17	9M FY 15-16	Y-o-Y Growth (%)
Loan Assets (₹ Bn)	814.22	622.65	30.8%
Total Revenues (₹ Bn)	84.77	65.78	28.9%
NII (₹ Bn)	34.08	26.77	27.3%
PBT (₹ Bn)	28.02	22.39	25.1%
PAT (₹ Bn)	20.66	16.69	23.8%

Year-on-Year (Y-o-Y) Comparison : Q3 FY16-17 vs Q3 FY15-16

	Q3 FY16-17	Q3 FY15-16	Y-o-Y Growth (%)
Total Revenues (₹ Bn)	30.04	23.08	30.2%
NII (₹ Bn)	12.61	9.71	29.9%
PBT (₹ Bn)	10.06	8.06	24.9%
PAT (₹ Bn)	7.51	6.02	24.7%

- A third interim dividend of ₹ 9 per share of face value ₹ 2/-, amounting to 450%, has been declared in the board meeting held on 20<sup>th</sup> January, 2017

# Growth Driver: Core Home Loans Business

## Favourable Macros Environment

- **Strong structural drivers and government focus: “Housing for All by 2022”**
  - Coordinated efforts by government agencies and regulators to align policies and fiscal incentives
  - Urban housing requirement estimated at 45 Mn units by 2022
- **RBI, SEBI and IRDA – regulatory focus on increasing funding avenues to HFCs**
  - RBI has reduced risk weights on bank lending to AAA rated HFCs to 20% from 100%
  - SEBI has increased cap on additional exposure to AA (and above) rated HFCs from 5% to 10% (over the 25% sectoral limit)
  - IRDA has exempted investments in AAA rated HFCs from sectoral caps
- **With PMAY, effective home loan interest rate at 2.4% for home loan of Rs. 2.4 Mn**
  - Home loan amount eligible for subsidy under the Pradhan Mantri Awas Yojana (PMAY) has been increased
  - For the first time EMI has dropped below rents across cities making home ownership more lucrative and cheaper than renting property



# Growth Driver: Core Home Loans Business

## IBHFL's Competitive Leverage from Operating Efficiencies and Funding Advantage

### Vast headroom for home loans' growth

- Home loans growth driven by eHome Loans and Smart City Home Loans
- Portfolio performance stable as home loan growth drives total loan asset growth

### Diversified and flexible funding mix

- Demonstrated flexibility to optimise mix between various funding sources
- Pricing leverage with over 60% floating rate liabilities – unique amongst HFC peers

### Home loans growth driven by Smart City Home Loans

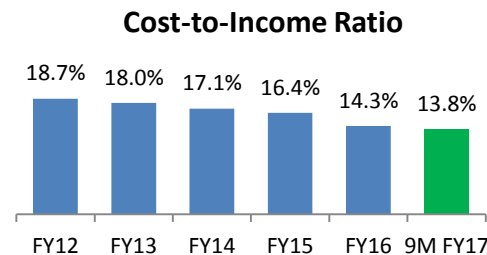
- Technology-led cost-effective expansion into tier-II towns with Smart City Home Loans
- 20 new 'Smart City Home Loan' branches opened in Q3
- Smart City Home Loans contributing **6%** of incremental disburseals

### Home loans growth driven through *e-Home Loans*

- eHome Loans contributing to **18%** of incremental disburseals
- Ver 2.0 with enhanced customer-convenient features has been launched
- 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 income – Tax authority database
  - Bank statements directly from banks
- Elimination of human and data entry error

### Continuing drop in cost-to-income ratio

- Cost-to-income ratio down to **13.8%** in 9M FY17 from 14.3% in FY16 and 18.7% in FY12
- Increasing scale and effective technology deployment driving cost efficiencies
- Annualised cost-to-income ratio down by 50 bps for 9M FY17



# Operational Update

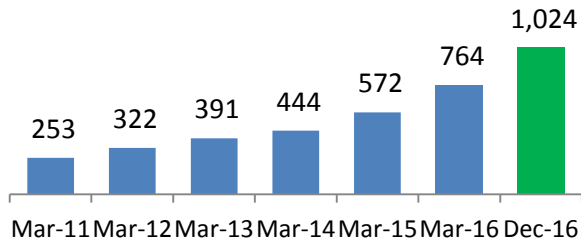
# Business Summary

• Balance Sheet	:	₹ 1.02 Trillion
• Loans Outstanding	:	₹ 814.22 Bn
(December 31, 2016)	:	(US\$ 11.97 Bn)
• Loan Assets CAGR (5 years)	:	27%
• Cumulative Loans given to retail Customers	:	8,89,070
• Cumulative Loans Disbursed till date	:	₹ 1,538.2 Bn
		(US\$ 22.62 Bn)
• Cost to Income Ratio (9M FY 17)	:	13.8%
• Profit After Tax CAGR (5 years)	:	24%

# Consistent Growth Track Record

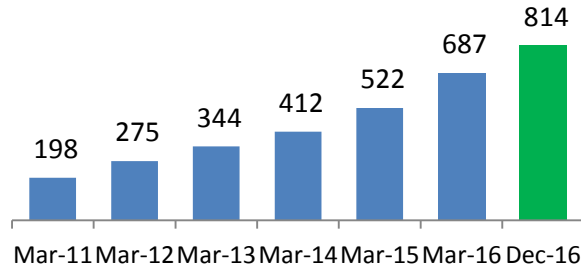
## Balance Sheet

CAGR: 28%



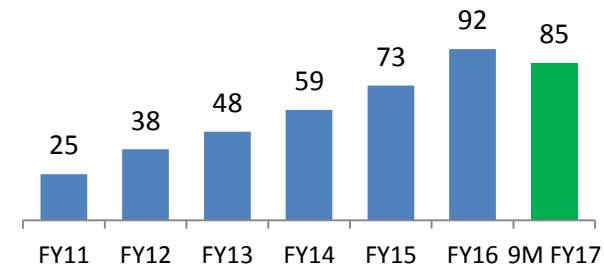
## Loan Assets

CAGR: 28%



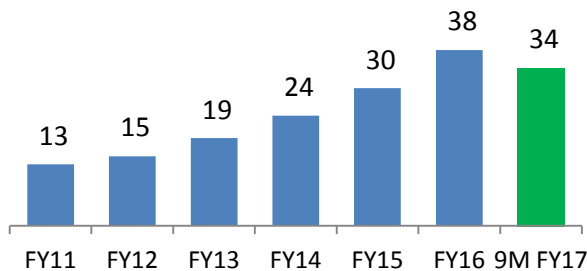
## Revenue

CAGR: 30%



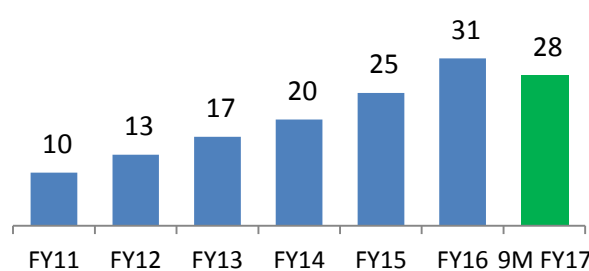
## NII

CAGR: 23%



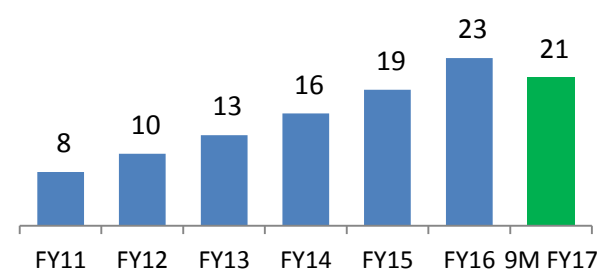
## PBT


CAGR: 26%



## PAT

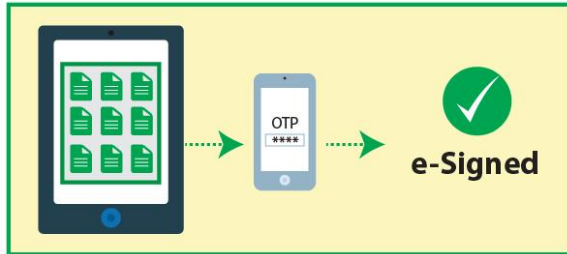
CAGR: 26%



Launching  *Home Loans*  
Ver2.0

# Launching *e-Home Loans* version 2.0: Continuous Focus on Enhancing Customer Experience and Convenience

## OneGO e-Sign



Single e-signature for multiple uploaded documents

Replaces 70+ signatures required on physical application form

## Unified Payment Interface



Money transfer as easy as sending a text message

UPI integration offers the easiest means of EMI payments

## Facebook Integration



Lead generation through Facebook

Application form filling through Facebook Chatbot

Customer servicing, account statement and transaction confirmation

## DigiLocker Integration



Customers increasingly store key documents in DigiLocker

Integration with DigiLocker enables one-click submission of documents

## Offline Application Form



Enables offline form filling

Solution to deal with poor internet connectivity

## Application Form Hand-Holding



Hand-holding for application form filling

Big step towards paper-less loan processing and fulfilment

# Technology Leveraged Cost-Effective Growth

## Reduction in Processing Cost per File and Greater Credit Control

### e-Home Loans



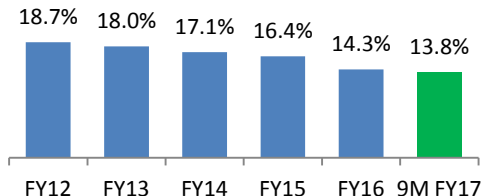
Home loans over a click [www.indiabullshomeloans.com](http://www.indiabullshomeloans.com)

- One Click Loan Approval
- One Click Application Tracker
- Easy Document Upload
- Mobile Loan A/C Management



- Smart city home loans driven through eHome loans led sourcing and credit appraisal
- Within 6 months of launch, 18% of incremental home loans sourced through 'e-Home Loans'
- End-to-end IT enabled loan fulfillment
  - Application form filled in 15 minutes
  - Parallel running credit processes: Appraisal, technical check, legal verification and fraud control
- 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 income – Tax authority database
  - Bank statements directly from banks
- Elimination of human and data entry error
- Credit focus on appraisal and underwriting, free from time-consuming data entry

## Declining Cost-to-Income Ratio



- Increasing scale and effective technology deployment driving cost efficiencies
- Annualised cost-to-income ratio down by 50 bps for 9M FY17
- Increasing share of home loans and cost-effective expansion into tier-II smart cities will lead to continuing decline in cost-to-income

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

\*\*NSDL: Online PAN verification by authorized entities

# Indian Mortgage Market



# Favourable Macro Environment for Affordable Housing

- Pg. 17 Strong structural drivers and government focus: “Housing for All by 2022”**
- Coordinated efforts by government agencies and regulators to align policies and fiscal incentives
  - Urban housing requirement estimated at 45 Mn units by 2022
- Pg. 18 RBI, SEBI and IRDA – regulatory focus on increasing funding avenues to HFCs**
- Pg. 19 With PMAY, effective home loan interest rate at 2.4% for home loans of Rs. 2.4 Mn**
- Home loan amount eligible for subsidy under the Pradhan Mantri Awas Yojana (PMAY) has been increased
  - For the first time EMI has dropped below rents across cities making home ownership more lucrative and cheaper than renting property
- Pg. 22 Commercial office space absorption highest ever at 43 Mn Sq. Ft. in CY 2016**
- Commercial leasing a lead indicator of housing demand

# Strong Structural Drivers and Government Focus

## 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 2.4% for a 8.65% home loan
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
Pradhan Mantri Awas Yojana (PMAY)	Subsidy eligibility under Pradhan Mantri Awas Yojana (PMAY) enhanced to cover up to ₹ 12 lakh of home loan – reduces effective home loan rates to 2.4% for affordable housing

## 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, SEBI and IRDA – regulatory focus on increasing funding avenues to HFCs; Distribution tax on securitization abolished

# RBI, SEBI and IRDA – Regulatory Focus on Increasing Funding Avenues to HFCs



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 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

# Pradhan Mantri Awas Yojana (PMAY)

- Tremendous boost from expansion of coverage under Pradhan Mantri Awas Yojana (PMAY)
  - Combined with tax deductions against home loan repayment, small ticket home loans effectively become interest free
  - Effective home loan rate for Smart City Home Loan of ₹ 1.5 Mn is 1.60%
  - Effective home loan rate for ₹ 2.4 Mn home loan, IBHFL’s average ticket size, is 2.35%

Home Loan Amount	Home Loan Rate	Effective Home Loan Rate after PMAY Subsidy*	Marginal Tax Rate	Effective Home Loan Rate after Tax Deduction
₹ 900,000	8.65%	2.75%	20%	<b>0.00%</b>
₹ 1,500,000	8.65%	4.65%	20%	<b>1.60%</b>
₹ 2,400,000	8.65%	6.20%	30%	<b>2.35%</b>

- **Across all above ticket sizes it is now cheaper to own a house than to rent it**
- PMAY subsidies are promptly processed through the NHB and payments are received within 45 days

# EMI Smaller than Rent Cheque: PMAY and Tax Incentive for Affordable Housing

- Steep cut in home loan interest rates have led to effective home loan rates converging with rental yields for the affordable housing segment

Particulars	2017	2016	2010	2000
Loan amount	2,400,000	2,400,000	2,400,000	2,400,000
<b>Nominal interest rate(%)</b>	<b>8.65%</b>	<b>9.10%</b>	<b>9.25%</b>	<b>13.25%</b>
Deduction allowed on interest repayment*	250,000	250,000	150,000	75,000
Deduction allowed on principal repayment#	150,000	150,000	100,000	20,000
<b>Tax rate applicable</b>	<b>30.90%</b>	<b>34.61%</b>	<b>30.90%</b>	<b>34.50%</b>
Tenure (yrs)	15	15	15	15
Subsidy received under PMAY^	3,33,029			
Total amount paid per year	2,96,333	365,173	318,763	369,140
Interest component	1,46,333	215,173	218,763	314,777
Principal component	1,50,000	150,000	100,000	54,363
Tax amount saved	91,567	126,379	77,250	32,775
Effective interest paid on home loan	54,766	88,794	141,513	282,002
<b>Effective interest rate on home loan</b>	<b>2.35%</b>	<b>3.82%</b>	<b>6.02%</b>	<b>11.88%</b>

PMAY: Pradhan Mantri Awas Yojana

^ Above calculation is based on the existing scheme. Details of the increased limit under the PMAY scheme is yet to be notified.

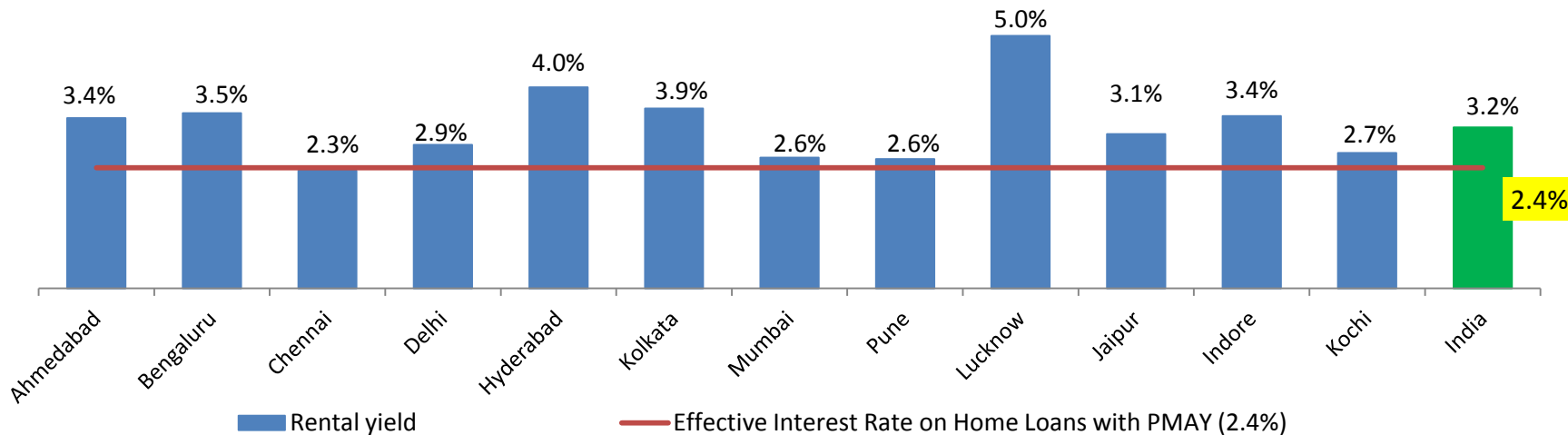
\* Interest Repayment Tax Break: Section 24 of the Income Tax Act

# Principal Repayment Tax Break: Section 80C of the Income Tax Act

**Amount in ₹**

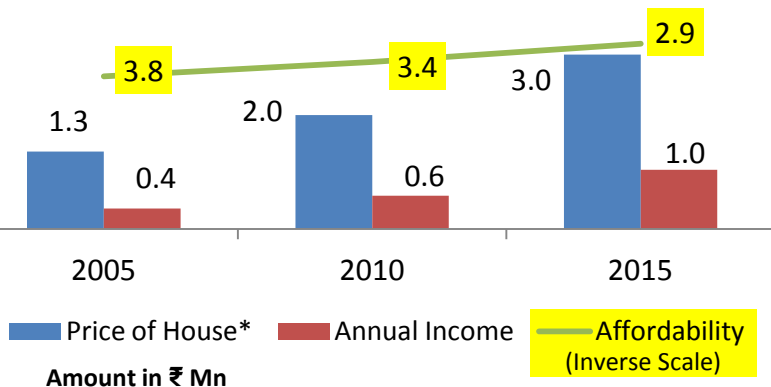
# EMI Smaller than Rent Cheque: PMAY and Tax Incentive for Affordable Housing

### Rental Yield v/s Home Loan Cost



Source: NHB; Industry reports

### Increasing Affordability



- The effective home loan rate is lower than rental yield making it cheaper to buy the house than renting it
- Tepid property price appreciation combined with wage inflation pushing up affordability

US \$ amounts are converted based on the exchange rate of US \$1 = ₹ 68  
Affordability is defined as "Price of House" divided by the "Annual Income"

\* Source: NHB; Industry reports

# Commercial Office Space Absorption

- 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
- Uptick in commercial office space absorption at an all time high of 43 million sq.ft. in CY2016<sup>1</sup>
  - Sustained leasing demand touched 13.9 mn. sq.ft. in Q4 CY 2016 – a 20% Q-o-Q growth
  - Demand is secular across key-micro markets of the country
  - Sectorally broad-based demand led by IT, ITES, BFSI, engineering and manufacturing
- Supply of retail space to double to 11 m. sq.ft. in CY 2017 up from 5.3 mn. sq.ft. in CY 2016<sup>2</sup>
  - Retail is a large employment generator
  - Leasing activity strong across top eight cities
- 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>3</sup> office space vacancy and it also saw highest leasing volumes in the Asia-Pacific region
  - Pune and Hyderabad recorded 6% and 9%<sup>3</sup> levels of office vacancy space respectively

## Office space absorption hits all-time high of 43 million sq ft in 2016: CBRE

*Bangalore and the NCR dominated the leasing activity, grabbing 47% share. Mumbai and Hyderabad witnessed an increase in space take-up, accounting for a share of 14% each in leasing activity in 2016.*

ET Realty, January 11, 2017

## 'Nearly 11 mn sq ft of new retail space supply in 2017'

*Rising disposable income, coupled with growing interest from institutional investors, is giving a boost to developers to take up retail malls space building which is expected to touch a round 11 million sqft in 2017 across top eight cities, according to a report by property consultant Cushman & Wakefield*

Indian Express, January 07, 2017

## Canadian pension fund manager CPPIB to invest in India's largest realty deal

*The entire deal is pegged at Rs 15,000 crore making it the largest commercial real estate transaction in the country, they added.*

ET Realty, December 13, 2016

# Growth Momentum: Trends in Residential Real Estate

- Boost to affordable housing
  - Home loan rates down to 8.6% levels – a drop of 50 bps
  - Effective home loan rates for a ₹ 2.4 mn. home loan is 2.4%, matching average rental yields in top-12 Indian cities
  - For the first time since 2004 effective home loan rates match rental yields - owning a home costs the same as renting it
- Subsidy eligibility under Pradhan Mantri Awas Yojana (PMAY) enhanced to cover up to ₹ 1.2 mn of home loan
  - Urban mid-income group now covered under the subsidy scheme
  - Effective home loan rates reduced to under 3%, tremendously improving affordability
- Focus on affordable housing
  - Demonetization has driven down land prices especially in smaller cities, new launches to be more affordable
  - Sluggish home sales in premium-segment has got organized developers to focus on affordable housing
- Demand estimates in affordable housing up till 2020
  - 4.2 mn housing units needed in top-8 cities<sup>1</sup>
  - Affordable housing market estimated at ₹ 6.25 trillion<sup>2</sup>

## 'Housing demand at 4.2 mn in top 8 cities in 5 years'

Total demand for urban housing is estimated at 4.2 million units during the period 2016-2020 across the top eight cities, according to a report by Cushman & Wakefield and GRI

Indian Express, December 03, 2016

## Affordable housing to become Rs 6.25 lakh crore market by 2022: ICRA

*Wide disparity in household income, end-user driven market and high home prices will aid the growth of this segment, the agency said.*

ET Realty, January 13, 2017

## Tata Housing, Macquarie form Rs 2,000 crore fund

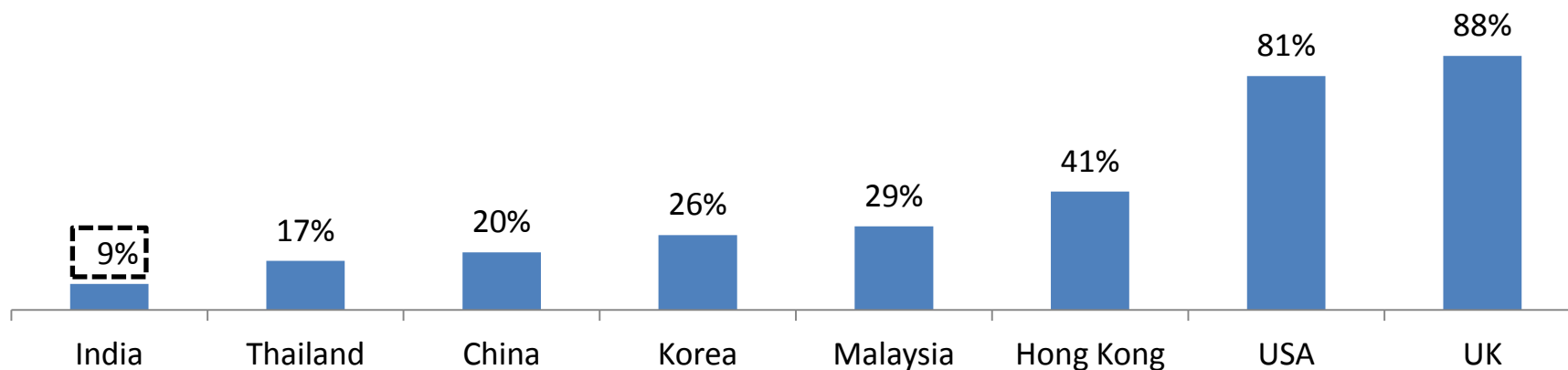
Tata and private equity firm Macquarie Group have jointly invested ₹ 2,000 Cr. in the Indian real estate market

Economic Times, December 25, 2016



# Housing Potential: Driven by Favourable Demographics

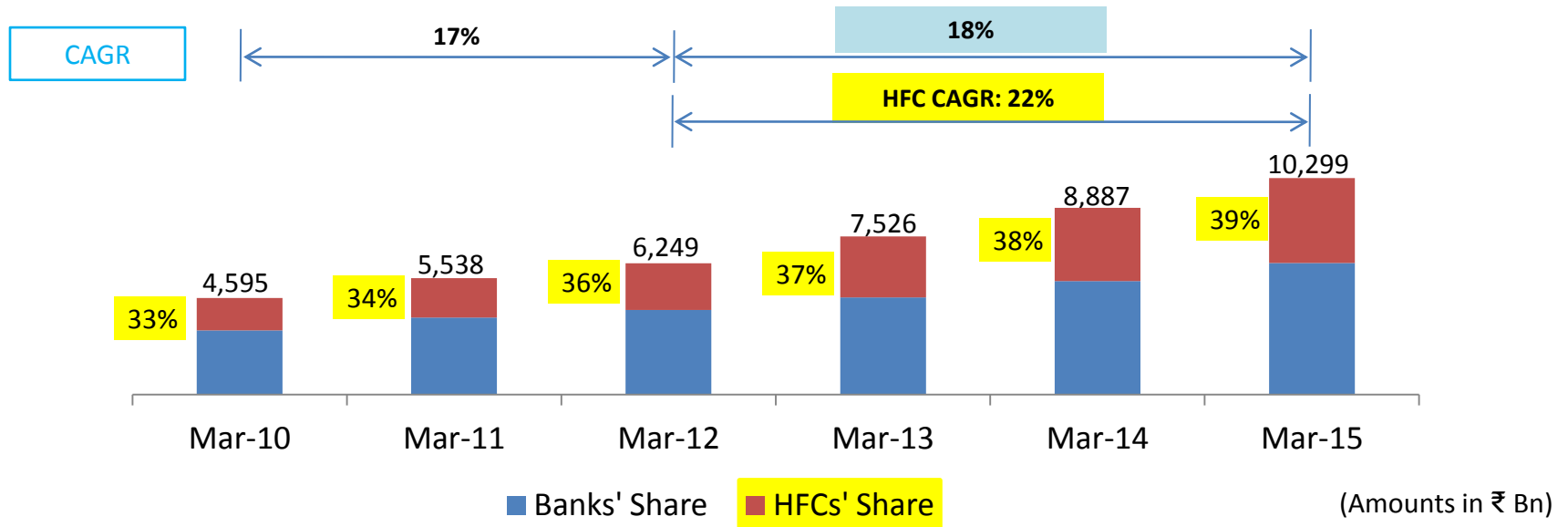
- Urban housing requirement: estimated at 45 million units by 2022<sup>1</sup>
- Demand continues to increase due to rapid urbanization, which is expected to rise to 40% by 2030, and growing trend of nuclear families



- 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

# 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 was unaffected through demonetization
- 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 – with home loan rates now at 8.6% levels, effective home loan rates for a ₹ 2.4 Mn house loan is down to 2.4%
- Rising disposable incomes coupled with low effective interest rates (after tax benefits) is resulting in steadily increasing affordability

Source: RBI Database, NHB Reports & Industry Estimates

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



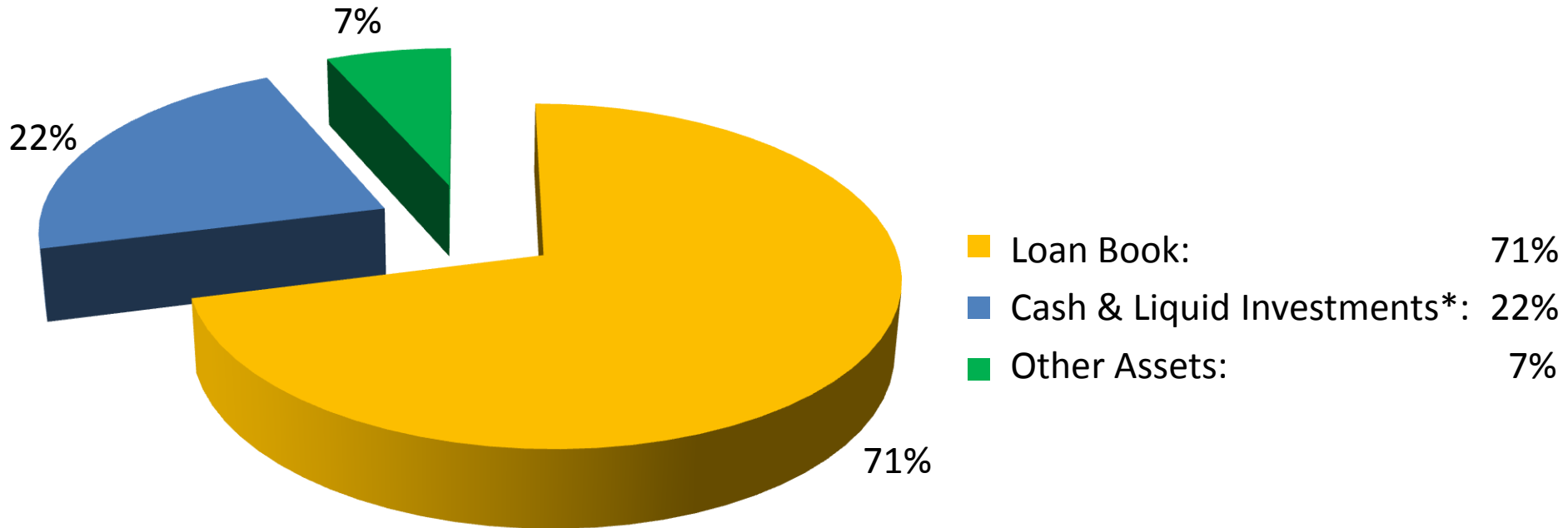
Parameters		HFCs	Banks	NBFCs
NPA Recognition		90 dpd	90 dpd	120 dpd
CRAR		12%	9%	15%
- Tier 1		6%	6%	7.5%
Standard Asset Provisions	Housing Loans	0.4%	0.4%	0.25%
	Others	1%	0.25-1%	0.25%
SARFAESI Coverage		Yes	Yes	Yes

- 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



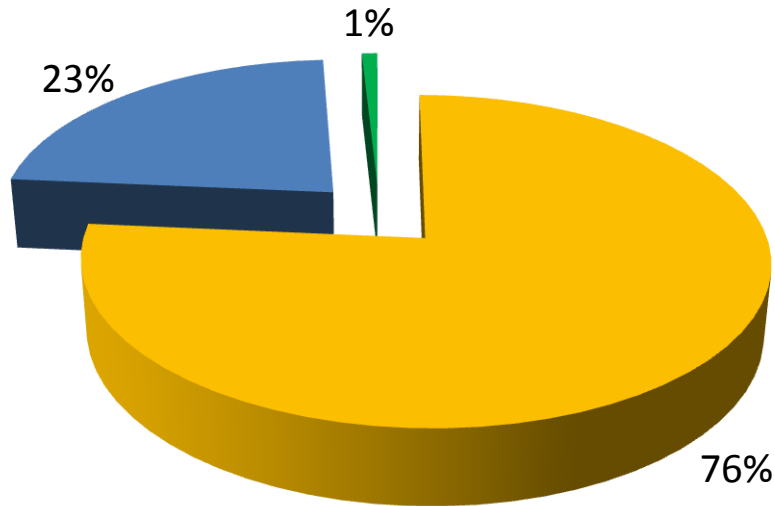
Total Assets	
As at December 31, 2016	₹ 1,024.1 Bn (US\$ 15.06 Bn)
As at December 31, 2015	₹ 712.0 Bn (US\$ 10.47 Bn)

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

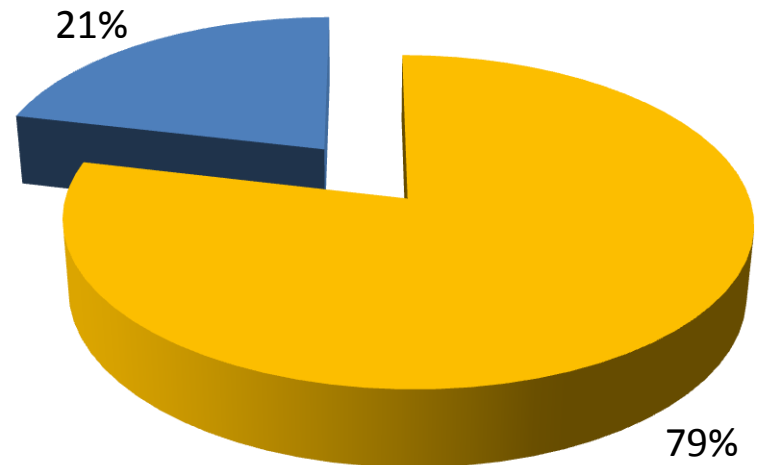
US \$ amounts are converted based on the exchange rate of US \$1 = ₹ 68

# Asset Composition

**Q3FY 15-16**



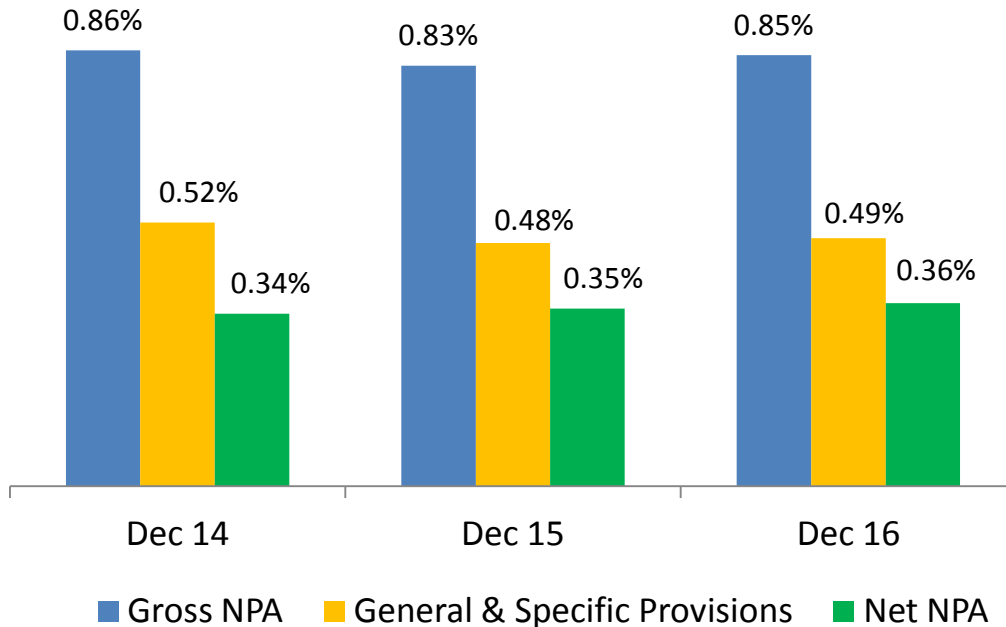
**Q3FY 16-17**



■ 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)

# Asset Quality



(as % of Total Loan Assets)

**As at December 31, 2016**

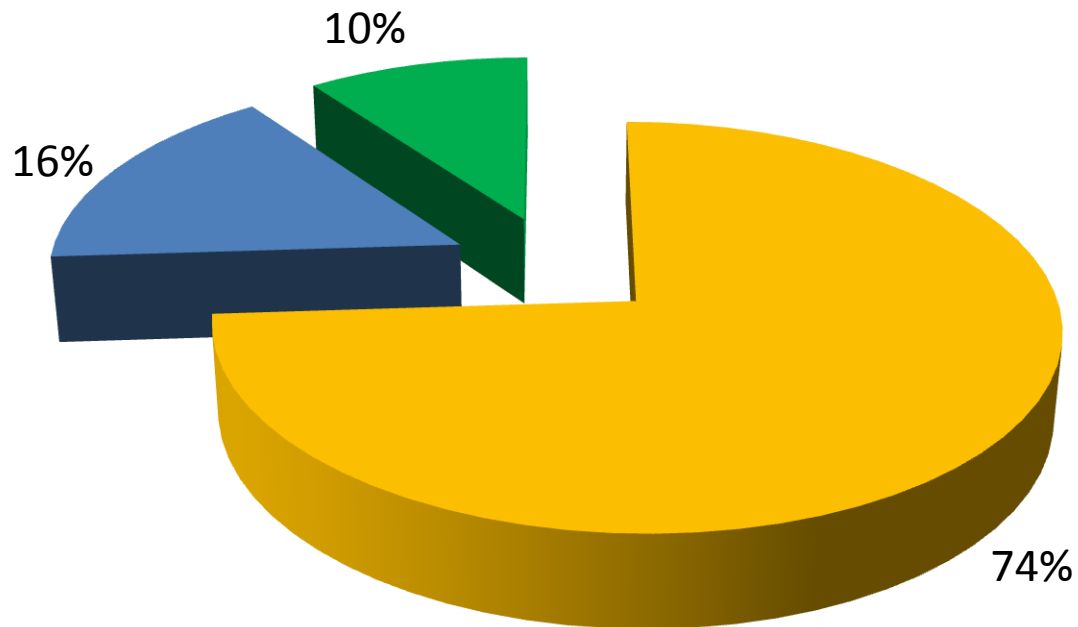
	(in ₹ Bn)
NPA (90+ dpd):	6.94
Provisions for Contingencies:	10.26
<i>Of which</i>	
<i>NPAs:</i>	3.98
<i>Other provisioning:</i>	6.28
Regulatory Provisioning:	7.11
Excess Provisioning Over Regulatory Provisioning:	3.15

**Provisioning Cover : 148% of GNPA**

- NPAs have remained within the target range for the last 21 quarters
- Standard Asset Provision 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
- ₹ 3.15 Bn of excess provisioning over and above regulatory requirements
- Standard asset provisioning rates are 0.4% for housing loans and 1.0% for non-housing 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*



# Smart City Home Loan

- 20 new Smart City Home Loan branches have been added in Q3 FY17
- ₹ 800 Mn of monthly incremental business is being sourced from these branches

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

# 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

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- 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

- Interest and debt service cover
- Revenues, margin and profitability
- Networth and leverage
- Growth track of key financial parameters

## Business Management

- Business sector and sectoral prospects
- Business duration and track record
- Debt service track record
- Experience and qualification of promoters and proprietors
- Management strength and experience

## Collateral Quality

- Property type and location
- Valuation of property
- Ownership and title chain of property
- Adherence to local zoning and planning permissions

## Underwriting Process Adherence

- Independent verification and valuation
- Third party database checks
  - CERSAI
  - Registrar of companies
  - Credit bureau checks
  - CIBIL mortgage checks
  - RBI willful defaulter list
  - Experian Hunter fraud check

Grading			Segment Characteristics			
Grading Scale	Quality of LAP Loans <sup>#</sup>	Disbursals Apr 15 – Dec16	Interest Service Coverage Ratio (ISCR)	Total Outstanding Liabilities/ Total Networth	Loan to Value (LTV)	EBITDA Margins
LAP1	Highest	8.96%	11.6 – 14.4	1.4 – 1.7	49%	14% – 17%
LAP2	High	81.13%	10.5 – 13.6	2.1 – 2.3	50%	11% – 14%
LAP3	Average	9.31%	10.6 – 13.5	2.9 – 3.0	54%	9% – 12%
LAP4	Below Average	0.26%	13.6 – 15.7	1.4 – 1.5	47%	12% – 16%
LAP5	Poor	0.34%	8.6 – 9.3	2.0 – 2.1	52%	12% - 15%

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 Dec16*

*# 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	17.9%	26%	32%
LAP2	Good	65.5%	52%	47%
LAP3	Average	16.4%	63%	56%
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

# 2<sup>nd</sup> Demonetization Update

# Demonetisation Led Tailwinds in Loan Spreads: Leverage from Reducing Funding Costs

	Mar-16	Jun-16	Sep-16	Dec-16	Jan-17
SBI Base Rate	9.30%	9.30%	9.30%	9.30%	9.25%
IBHFL CoF on Stock	9.34%	9.25%	9.05%	8.80%	8.44%
SBI 1-yr MCLR	9.15%	9.15%	9.10%	8.90%	8.00%
IBHFL CoF Incremental	8.82%	8.90%	8.40%	8.06%	7.70%
AAA Bond Yield	8.37%	8.31%	7.70%	7.63%	7.45%
10-yr G-Sec Yield	7.46%	7.45%	6.96%	6.51%	6.48%

61 bps reduction in funding costs for IBHFL on stock since Sep 2016

v/s

5 bps transmission by banks on stock of loans

70 bps reduction in incremental funding costs for IBHFL since Sep 2016

v/s

45 bps reduction in Home Loan rates

112 bps reduction in incremental funding costs for IBHFL since Mar 2016 largely in line with fall in AAA bond yields

- Drop in funding costs ahead of financial system gives IBHFL considerable leverage to cater to the prime mass-market affordable housing segment
- Falling interest rates will spur house sales and home loan off-take as effective home loan rates converge with rental yields
  - With savings from tax deductions against home loan repayment, the effective rate for a ₹ 2.4 Mn home loan (IBHFL's average ticket size) works out to 2.35% for a 8.65% home loan
  - For the first time EMI has dropped below rents across cities making home ownership more lucrative and cheaper than renting property

## 2<sup>nd</sup> Monthly Monitoring Report of ₹ 159.5 Bn of Sold Down Portfolio – from Rating Agencies CRISIL, ICRA and CARE

- CRISIL, a Standard & Poor’s Company, publishes pool performance parameters for 73 of 80 sold down pools
- ICRA, a Moody’s Investors Service Company, and CARE publishes pool performance of 7 PTC pools rated by them
- Pool collections monitored at an account level
- Typically done only for PTC transactions. The engagement with CRISIL will now ensure that all pools are monitored on a monthly basis
  - Number of live pools: 80
  - **Sold down principal of live pools: ₹ 159.5 Bn**
  - Current principal outstanding: ₹ 87.1 Bn

Rating Agency	Number of Pools	Sold Down Principal (₹ Bn)
CRISIL	73	142.9
ICRA	1	3.2
CARE	6	13.4
<b>Total</b>	<b>80</b>	<b>159.5</b>

# 2<sup>nd</sup> Monthly Monitoring Report of ₹ 159.5 Bn of Sold Down Portfolio – from Rating Agencies CRISIL, ICRA and CARE

Summary	Number of Pools	Initial Pool Details		Months on Book	Pool Principal (₹ Mn)	Amortisation	of Initial POS		CCR	MCR
		Disbursement (₹ Mn)	Sold Down Principal (₹ Mn)				90+ dpd %	180+ dpd %		
HL Pools	46	81,831.2	75,489.9	40	44,512.8	46%	0.03%	0.00%	99.9%	100.5%
LAP Pools	34	92,793.2	83,971.2	35	42,608.2	54%	0.05%	0.01%	99.5%	100.2%
<b>Total</b>	<b>80</b>	<b>174,624.4</b>	<b>159,461.1</b>	<b>38</b>	<b>87,121.0</b>	<b>50%</b>	<b>0.04%</b>	<b>0.01%</b>	<b>99.6%</b>	<b>100.3%</b>

## Home Loans

- Average vintage of sold down pools of ₹ 75,489.9 Mn of principal is 40 months
- The pools have amortised 46% since disbursal
- The cumulative collection ratio (CCR) is at 99.9%
- Monthly collection ratio (MCR) is in line with CCR at 100.5%

## Loan against Property (LAP)

- Average vintage of sold down pools of ₹ 83,971.2 Mn of principal is 35 months
- The pools have amortised 54% since disbursal
- The cumulative collection ratio (CCR) is at 99.5%
- Monthly collection ratio (MCR) is in line with CCR at 100.2%

# Home Loans Pool Performance Factsheet: CRISIL

## Direct Assignments (Sold Down)

Sr. No.	Investor	Initial Pool Details				of Initial POS					
		Sold Down Date	Disbursement (₹ Mn)	Sold Down Principal (₹ Mn)	MPS	Pool Principal (₹ Mn)	Amortisation	90+ dpd %	180+ dpd %	CCR	MCR
1	Bank 1	20-Mar-12	1,679.7	1,587.4	56	541.8	68%	0.00%	0.00%	99.9%	100.6%
2	Bank 2	21-Mar-12	1,427.4	1,371.8	56	403.6	72%	0.00%	0.00%	99.9%	100.2%
3	Bank 3	22-Mar-12	1,057.0	1,026.9	56	268.3	75%	0.00%	0.00%	99.9%	101.6%
4	Bank 4	29-Oct-13	1,654.5	1,501.5	37	410.5	75%	0.00%	0.00%	99.9%	99.5%
5	Bank 4	27-Dec-13	2,731.5	2,566.6	35	895.5	67%	0.00%	0.00%	99.3%	104.8%
6	Bank 3	31-Dec-13	857.1	796.7	35	420.6	51%	0.00%	0.00%	99.9%	99.3%
7	Bank 4	20-Mar-14	3,451.6	3,248.2	32	1,601.4	54%	0.11%	0.11%	99.8%	100.6%
8	Bank 5	28-Mar-14	2,119.7	1,873.7	32	702.7	67%	0.00%	0.00%	99.4%	98.9%
9	Bank 6	28-Mar-14	1,011.2	972.6	32	509.5	50%	0.00%	0.00%	99.9%	99.1%
10	Bank 5	27-Jun-14	1,072.1	1,000.4	29	408.9	62%	0.00%	0.00%	99.7%	102.7%
11	Bank 6	30-Jul-14	1,023.7	941.3	28	589.0	42%	0.00%	0.00%	99.9%	97.7%
12	Bank 5	30-Sep-14	1,299.1	1,073.0	26	354.2	73%	0.00%	0.00%	99.8%	100.9%
13	Bank 5	26-Dec-14	840.8	755.1	23	377.3	55%	0.00%	0.00%	99.9%	99.5%
14	Bank 4	30-Dec-14	2,345.9	2,203.2	23	1,307.4	44%	0.00%	0.00%	99.9%	101.8%
15	Bank 4	01-Mar-15	1,877.0	1,736.8	20	1,014.1	46%	0.10%	0.00%	99.9%	98.5%
16	Bank 4	11-Jun-15	1,000.3	950.3	17	699.2	30%	0.35%	0.00%	99.8%	99.5%
17	Bank 4	23-Jun-15	2,328.0	2,076.8	17	1,328.2	43%	0.18%	0.00%	99.9%	99.5%
18	Bank 7	29-Jun-15	999.8	939.2	17	596.4	40%	0.29%	0.00%	99.9%	100.0%
19	Bank 8	25-Aug-15	729.1	681.6	15	553.0	24%	0.00%	0.00%	100.0%	100.3%

# Home Loans Pool Performance Factsheet: CRISIL

## Direct Assignments (Sold Down)

Sr. No.	Investor	Initial Pool Details				of Initial POS					
		Sold Down Date	Disbursement (₹ Mn)	Sold Down Principal (₹ Mn)	MPS	Pool Principal (₹ Mn)	Amortisation	90+ dpd %	180+ dpd %	CCR	MCR
20	Bank 7	01-Sep-15	1,380.1	1,288.1	14	834.3	40%	0.39%	0.00%	99.9%	97.0%
21	Bank 8	24-Sep-15	1,164.0	1,112.7	14	977.9	16%	0.09%	0.00%	99.9%	99.7%
22	Bank 7	28-Sep-15	1,167.8	1,071.5	14	703.9	40%	0.00%	0.00%	100.0%	100.7%
23	Bank 7	23-Dec-15	528.5	501.6	11	382.6	28%	0.00%	0.00%	100.0%	100.0%
24	Bank 8	31-Dec-15	1,178.5	1,096.1	11	872.9	26%	0.00%	0.00%	99.9%	99.3%
25	Bank 9	31-Dec-15	4,496.4	4,158.1	11	3,704.5	18%	0.00%	0.00%	99.9%	99.9%
26	Bank 8	29-Feb-16	1,053.0	993.4	9	883.5	16%	0.00%	0.00%	100.0%	100.4%
27	Bank 6	21-Mar-16	2,818.3	2,605.9	8	2,110.9	25%	0.14%	0.00%	99.8%	99.7%
28	Bank 6	21-Mar-16	973.8	881.6	8	718.7	26%	0.00%	0.00%	99.7%	99.0%
29	Bank 9	23-Mar-16	1,341.8	1,250.2	8	1,020.6	24%	0.00%	0.00%	99.8%	100.0%
30	Bank 8	28-Mar-16	620.4	589.3	8	530.0	15%	0.00%	0.00%	99.9%	99.6%
31	Bank 8	31-Mar-16	597.8	562.7	8	485.1	19%	0.00%	0.00%	99.8%	100.0%
32	Bank 6	30-Jun-16	1,119.6	1,039.1	5	945.0	16%	0.00%	0.00%	99.9%	99.8%
33	Bank 8	30-Jun-16	1,864.9	1,749.4	5	1,631.0	13%	0.00%	0.00%	99.8%	99.4%
34	Bank 9	30-Jun-16	1,153.7	1,085.4	5	936.0	19%	0.00%	0.00%	99.9%	100.0%
35	Bank 10	30-Jun-16	1,358.3	1,253.7	5	1,111.1	18%	0.00%	0.00%	99.1%	99.8%
36	Bank 8	28-Sep-16	2,564.5	2,404.8	2	2,349.9	8%	0.00%	0.00%	99.8%	99.7%
37	Bank 9	28-Sep-16	1,189.4	1,114.6	2	981.1	18%	0.00%	0.00%	99.9%	100.0%
38	Bank 11	29-Sep-16	1,286.2	1,202.3	2	1,162.8	10%	0.00%	0.00%	100.0%	100.0%

# LAP Pool Performance Factsheet: CRISIL

## Direct Assignments (Sold Down)

Sr. No.	Investor	Initial Pool Details				of Initial POS					
		Sold Down Date	Disbursement (₹ Mn)	Sold Down Principal (₹ Mn)	MPS	Pool Principal (₹ Mn)	Amortisation	90+ dpd %	180+ dpd %	CCR	MCR
1	Bank 2	29-Sep-11	3,676.9	3,354.5	62	374.8	90%	0.00%	0.00%	99.8%	97.1%
2	Bank 2	28-Dec-11	2,674.5	2,502.9	59	311.7	88%	0.00%	0.00%	99.9%	99.7%
3	Bank 1	20-Mar-12	2,360.3	2,223.4	56	326.2	86%	0.00%	0.00%	99.7%	104.5%
4	Bank 2	22-Mar-12	2,852.1	2,596.1	56	285.5	90%	0.00%	0.00%	99.9%	93.5%
5	Bank 3	31-Dec-13	2,244.2	1,984.9	35	467.6	79%	0.00%	0.00%	100.0%	100.0%
6	Bank 10	07-Feb-14	4,298.2	3,664.8	33	899.4	79%	0.16%	0.16%	99.5%	97.3%
7	Bank 4	28-Mar-14	2,716.0	2,382.8	32	787.0	71%	0.00%	0.00%	99.8%	98.7%
8	Bank 4	20-Jun-14	2,310.9	2,104.1	29	574.1	75%	0.00%	0.00%	99.9%	107.7%
9	Bank 4	27-Jun-14	1,854.7	1,706.4	29	722.0	61%	0.12%	0.12%	99.3%	96.7%
10	Bank 10	29-Dec-14	4,540.4	4,129.0	23	1,786.5	61%	0.15%	0.00%	98.7%	99.4%
11	Bank 2	30-Mar-15	10,671.9	9,661.5	20	5,056.6	53%	0.19%	0.00%	99.4%	101.4%
12	Bank 4	30-Jun-15	1,450.6	1,253.0	17	715.8	51%	0.00%	0.00%	99.8%	100.9%
13	Bank 12	28-Sep-15	2,201.9	2,007.9	14	1,397.8	37%	0.00%	0.00%	99.2%	100.5%
14	Bank 12	28-Sep-15	2,345.4	2,225.4	14	1,515.0	35%	0.17%	0.17%	99.5%	97.9%
15	Bank 1	28-Sep-15	3,594.8	3,166.2	14	1,977.9	45%	0.00%	0.00%	99.1%	98.3%
16	Bank 8	29-Sep-15	4,302.8	4,045.8	14	2,619.4	39%	0.00%	0.00%	99.3%	100.4%
17	Bank 12	09-Dec-15	333.1	268.4	11	208.7	37%	0.00%	0.00%	99.3%	95.7%
18	Bank 12	09-Dec-15	506.3	483.2	11	434.4	14%	0.00%	0.00%	96.9%	98.5%
19	Bank 12	23-Dec-15	1,561.8	1,485.4	11	1,122.2	28%	0.00%	0.00%	99.9%	101.4%
20	Bank 1	31-Dec-15	1,203.8	1,108.6	11	860.5	29%	0.60%	0.00%	99.6%	98.8%
21	Bank 1	31-Dec-15	2,785.4	2,472.0	11	1,544.5	45%	0.00%	0.00%	99.2%	98.7%
22	Bank 1	03-Mar-16	956.7	860.5	8	631.6	34%	0.00%	0.00%	99.8%	98.2%
23	Bank 12	10-Mar-16	1,753.5	1,666.4	8	1,398.7	20%	0.00%	0.00%	99.8%	106.6%
24	Bank 9	30-Jun-16	2,503.4	2,326.7	5	1,893.5	24%	0.00%	0.00%	99.3%	99.9%
25	Bank 10	30-Jun-16	4,059.2	3,682.8	5	3,152.5	22%	0.00%	0.00%	99.9%	102.4%
26	Bank 13	26-Sep-16	1,523.7	1,386.7	2	1,247.5	18%	0.00%	0.00%	99.5%	99.7%
27	Bank 13	26-Sep-16	2,162.9	1,942.2	2	1,787.9	17%	0.00%	0.00%	99.9%	100.7%
28	Bank 8	30-Sep-16	3,311.7	3,036.9	2	2,831.2	15%	0.00%	0.00%	99.5%	100.3%



# Home Loans and LAP Pool Performance Factsheet

## Pass-Through Certificates

### Home Loan PTC Pools rated by CRISIL

Sr. No.	Investor	Initial Pool Details			MPS	Pool Principal (₹ Mn)	Amortisation	of Initial POS		CCR	MCR	Outstanding Rating from
		Sold Down Date	Disbursement (₹ Mn)	Sold Down Principal (₹ Mn)				90+ dpd %	180+ dpd %			
1	Bank 2	30-Dec-13	1,095.9	993.3	36	484.0	56%	0.00%	0.00%	99.9%	99.8%	CRISIL
2	Bank 14	01-Mar-15	2,940.5	2,724.4	22	2,058.7	30%	0.00%	0.00%	99.9%	99.9%	CRISIL
3	Bank 3	31-Dec-12	1,286.5	1,186.2	48	518.0	60%	0.00%	0.00%	99.9%	100.3%	CRISIL
4	FI 1	11-Mar-13	10,911.2	9,686.4	45	2,193.4	80%	0.00%	0.00%	99.8%	103.0%	CRISIL
5	Bank 3	28-Mar-13	1,146.0	1,070.9	45	517.1	55%	0.00%	0.00%	99.9%	100.4%	CRISIL
6	Bank 14	27-Sep-13	3,119.0	2,864.4	39	1,384.4	56%	0.00%	0.00%	99.9%	99.9%	CRISIL

### LAP PTC Pools rated by CRISIL

1	Bank 14	30-Sep-16	1,437.3	1,359.8	2	1,313.3	9%	0.00%	0.00%	99.9%	100.5%	CRISIL
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### Home Loan PTC Pools rated by ICRA and CARE

Sr. No.	Investor	Initial Pool Details			MPS	Pool Principal (₹ Mn)	Amortisation	of Initial POS		CCR	MCR	Outstanding Rating from
		Sold Down Date	Disbursement (₹ Mn)	Sold Down Principal (₹ Mn)				90+ dpd %	180+ dpd %			
1	Bank 2	20-Mar-14	3,353.9	3,151.7	32	1,858.7	45%	0.00%	0.00%	100.0%	99.8%	ICRA
2	Bank 3	28-Sep-12	616.0	549.0	50	175.1	72%	0.00%	0.00%	100.0%	105.2%	CARE

### LAP PTC Pools rated by CARE

1	Bank 3	28-Mar-13	5,686.6	4,932.0	44	1,074.3	81%	0.00%	0.00%	99.4%	102.9%	CARE
2	Bank 3	28-Mar-13	1,114.9	1,024.0	44	152.1	86%	0.00%	0.00%	99.5%	104.5%	CARE
3	Bank 2	30-Dec-13	1,114.1	986.0	35	284.2	74%	0.00%	0.00%	99.5%	100.1%	CARE
4	Bank 2	20-Mar-14	4,403.3	3,850.0	32	1,125.0	74%	0.00%	0.00%	99.7%	100.3%	CARE
5	Bank 3	31-Mar-16	2,279.9	2,091.0	8	1,729.0	24%	0.00%	0.00%	98.8%	98.9%	CARE

# Industry Home Loans' Off-take: Data from India's Largest Credit Bureau – CIBIL

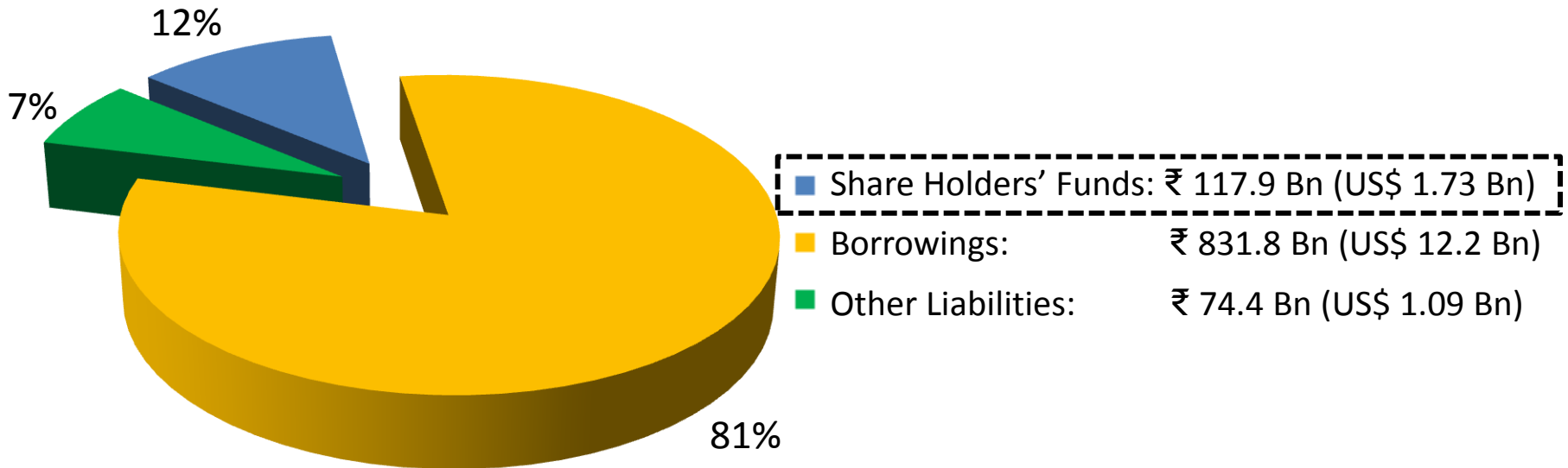
## Average Daily Home Loan Enquiries across Financial Institutions

Lender Type	Oct 16	Dec 16	% Change (Dec over 1 <sup>st</sup> week of Nov)
All Housing Finance Companies	8,776	8,363	-5%
Private Sector Banks (incl. Foreign Banks)	3,313	2,936	-11%
Public Sector Banks	6,898	5,885	-15%
All NBFCs	1,356	1,246	-8%

- HFCs were only marginally impacted following demonetization
- In December, HFC home loan enquiry volumes have bounced back
- HFCs are capturing incremental market growth and market share vacated by foreign banks and public sector banks

# Liabilities Profile

# Liabilities

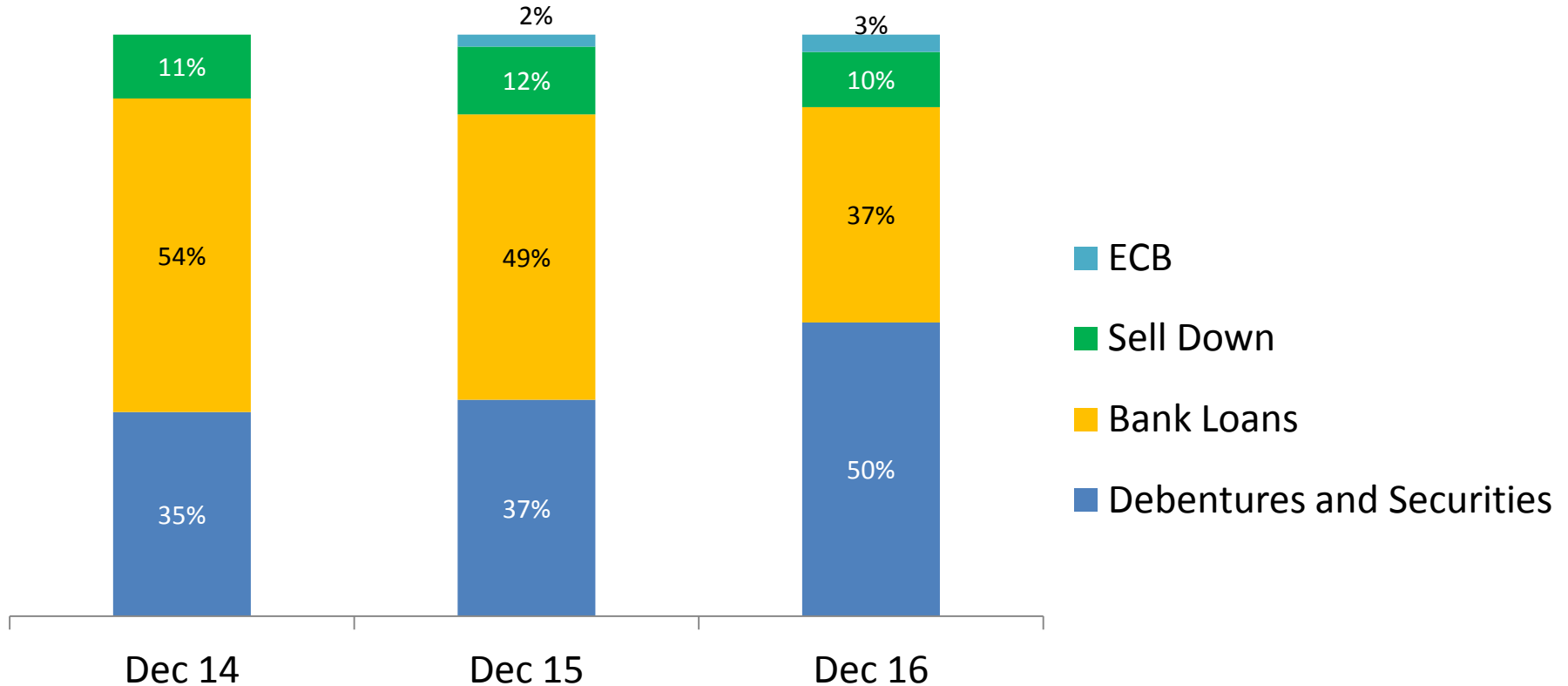


## Total Liabilities:

As of December 31, 2016: ₹ 1,024.1 Bn (US\$ 15.06 Bn)

As of December 31, 2015: ₹ 712.0 Bn (US\$ 10.47 Bn)

# Funding Mix



## Total Borrowings:

As of December 31, 2016: ₹ 831.8 Bn (US\$ 12.23 Bn)

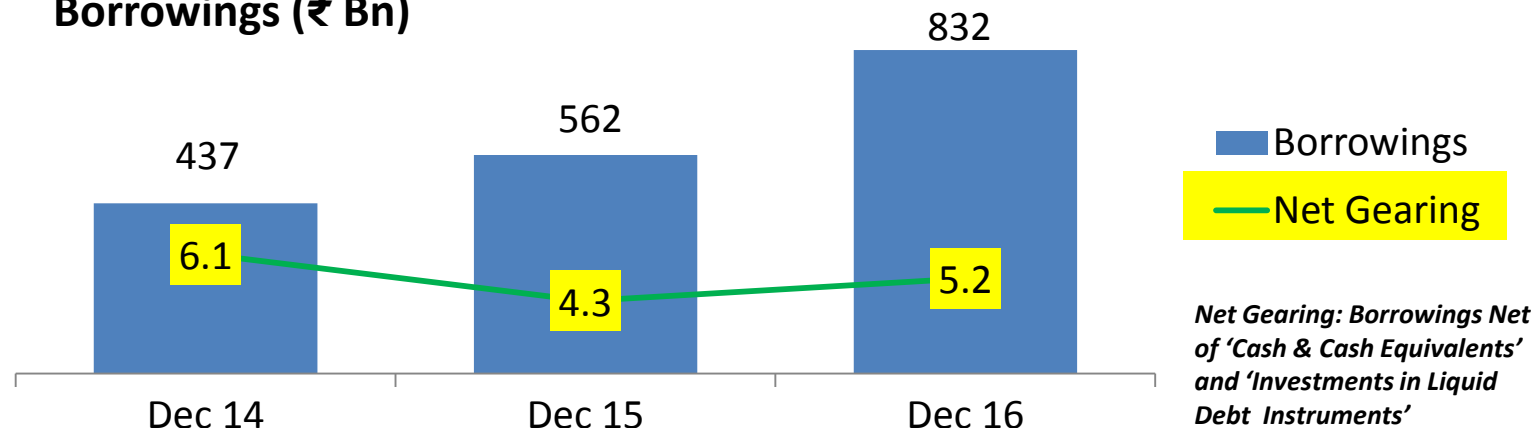
As of December 31, 2015: ₹ 562.17 Bn (US\$ 8.27 Bn)

US \$ amounts are converted based on the exchange rate of US \$1 = ₹ 68

ECB: External Commercial Borrowing

# Strengthening Liability Profile

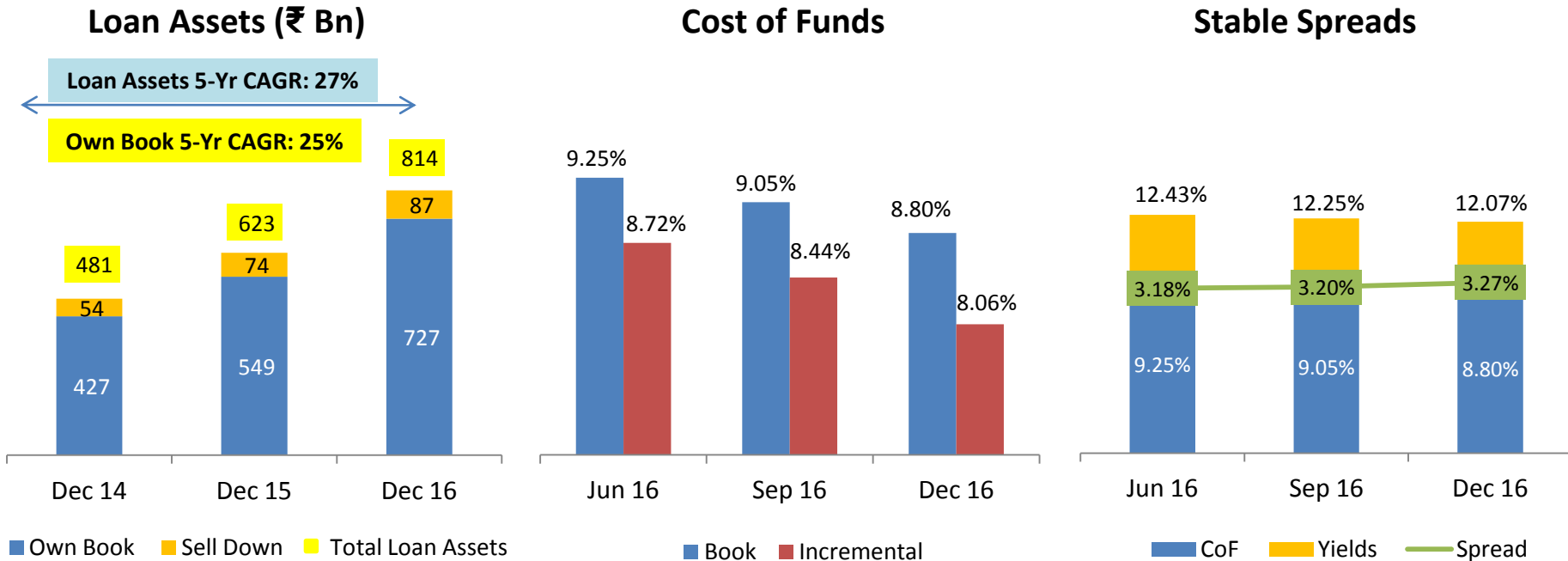
## Borrowings (₹ Bn)



	Total Funding (₹ Bn)		Net Incremental in 9M	Contribution to Incremental Borrowings in last 9 Months
	Dec 16	Mar 16		
Bank Loans	340.0	335.7	4.3	1.9%
Debentures and Securities	464.6	261.9	202.7	88.1%
ECB	27.2	13.3	13.9	6.0%
<b>Total Borrowing</b>	<b>831.8</b>	<b>610.9</b>	<b>221.0</b>	<b>96.0%</b>
Sell Down	87.4	78.2	9.2	4.0%
<b>Total</b>	<b>919.2</b>	<b>689.1</b>	<b>230.2</b>	<b>100.0%</b>

- ₹ 264.1 Bn of capital market debt was raised in 9M 2016-17 was greater than ₹ 189.8 Bn raised in the two years of FY 2014-15 and FY 2015-16 combined
- Amongst its lenders, the company now counts 355 strong relationships: 26 PSU banks, 20 Private and Foreign banks and 309 Mutual Funds, Provident Funds, Pension Funds, Insurance Companies and corporates

# RoE Maximization through Capital Conservation



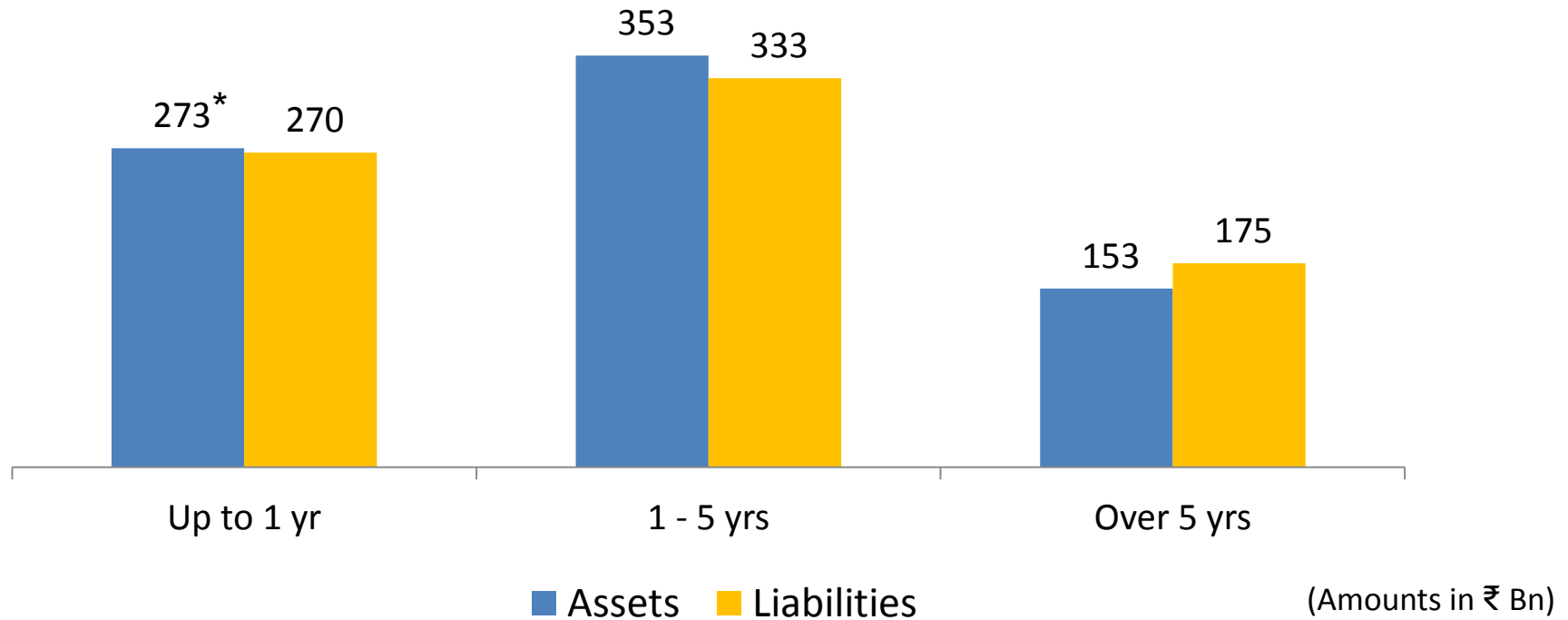
- Total of ₹ 40 Bn loans sold down in preceding 12 months, equivalent to 21% of incremental loan assets
- 11% of total loan assets are sold down and growth of on-balance sheet loan assets (5-year CAGR: 25%) is slower than growth in total loan assets (5-year CAGR : 27%)
- While profits are driven by the spread on total loan assets, capital is required only for on-balance sheet book\*

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

# 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 ₹ 228.15 Bn as at 31<sup>st</sup> Dec, 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

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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
- 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. Samsheer 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

# Corporate Social Responsibility

# Indiabulls Foundation: Corporate Social Responsibility

## Best Overall Excellence in CSR award at National Awards for Excellence in CSR & Sustainability 2016



### Health



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

- Free check-up
- Added 4 vans to existing fleet of 13
- 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

### Scholarship:

- To over 500 meritorious students

### Computer Literacy Program:

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

### Tie-up with ESHA foundation:

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

### Education`



### Sanitation



#### Green soles:

- Footwear distribution

#### Kumud:

- Sanitary napkin distribution
- Hygiene for underprivileged rural women

### Renewable Energy Plants:

- Free of cost round-the-clock seamless electricity to 5 tribal ashram schools
- Benefits 3400 tribals students every year

### Renewable Energy

### Nutrition



#### Paushtik Aahar:

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

### 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

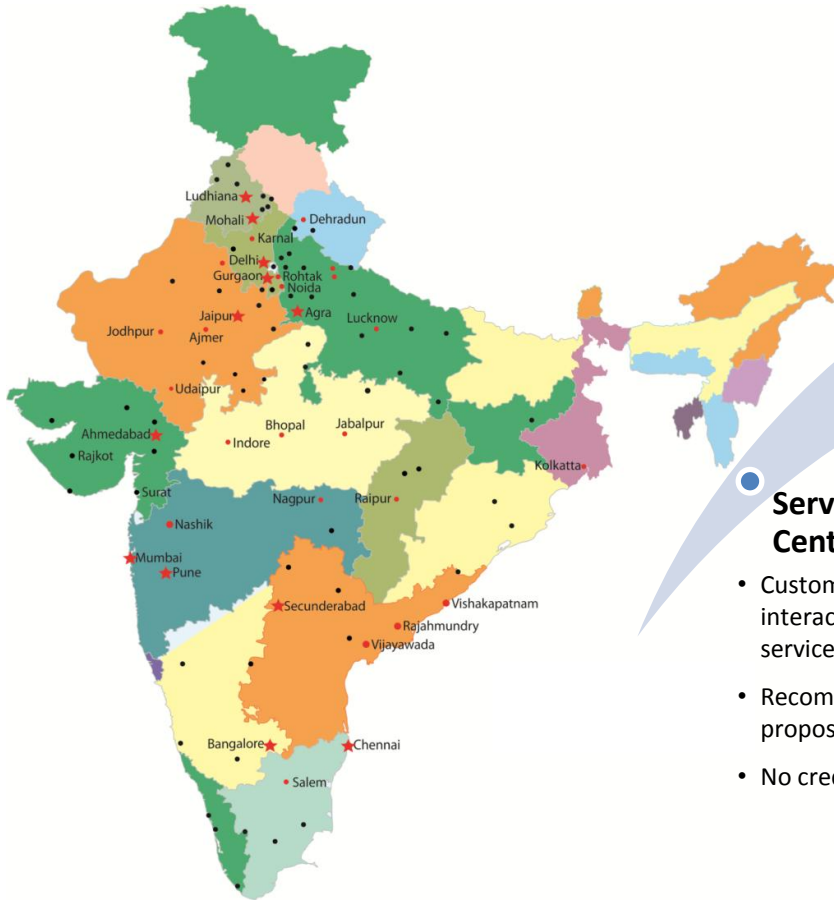
### Disaster Relief



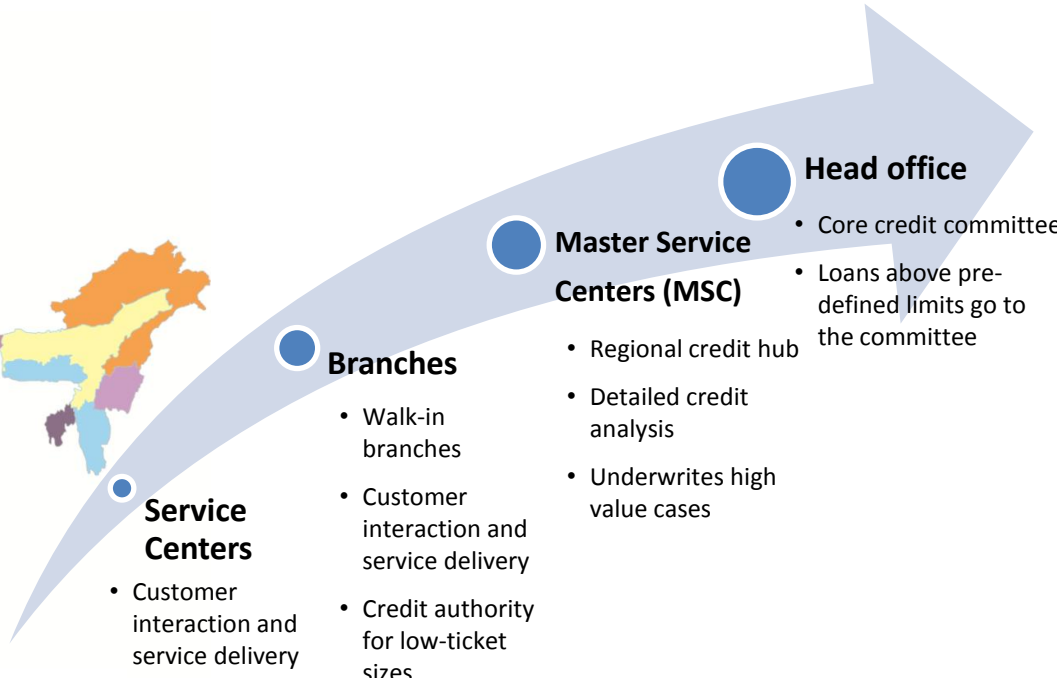
### Rural Empowerment

# Distribution Network, Ratings, Key Ratios, Valuations and Shareholding

# Country Wide Reach



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



## Awards and Accolades

Best Digital Innovators in Customer Experience



BFSI Digital Innovators Award 2016

Housing Finance Company of the year 2016



Navbharat Realty Business Achievers Award 2016

Sustainable Growth Silver Award



46<sup>th</sup> SKOCH Summit 2016

Certificate of Excellence



BFSI Tech Maestro Awards 2016

# 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+

## 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

	Dec-16	Mar-16	Mar-15	Mar-14	Mar-13	Mar-12
Market Price per Share (₹)	753.5*	674.0	557.9	285.6	271.8	207.1
Market Capitalisation (₹ Bn)	319.3	284.0	198.4	95.4	84.9	64.5
PE Ratio (times)	11.5	11.3	10.2	6.0	6.8	6.5
Dividend per Share (₹) #	27	36	35	29	20	13
Dividend Yield	4.8%	5.3%	6.3%	10.2%	7.4%	6.3%
Foreign Institutional Shareholding (%)	61.1%	58.9%	51.8%	41.1%	45.2%	38.7%

IBHFL is a part of Nifty Next 50, Nifty 100, Nifty 200, Nifty 500 and MSCI India indices



NIFTYNext50

NIFTY100

NIFTY200

NIFTY500

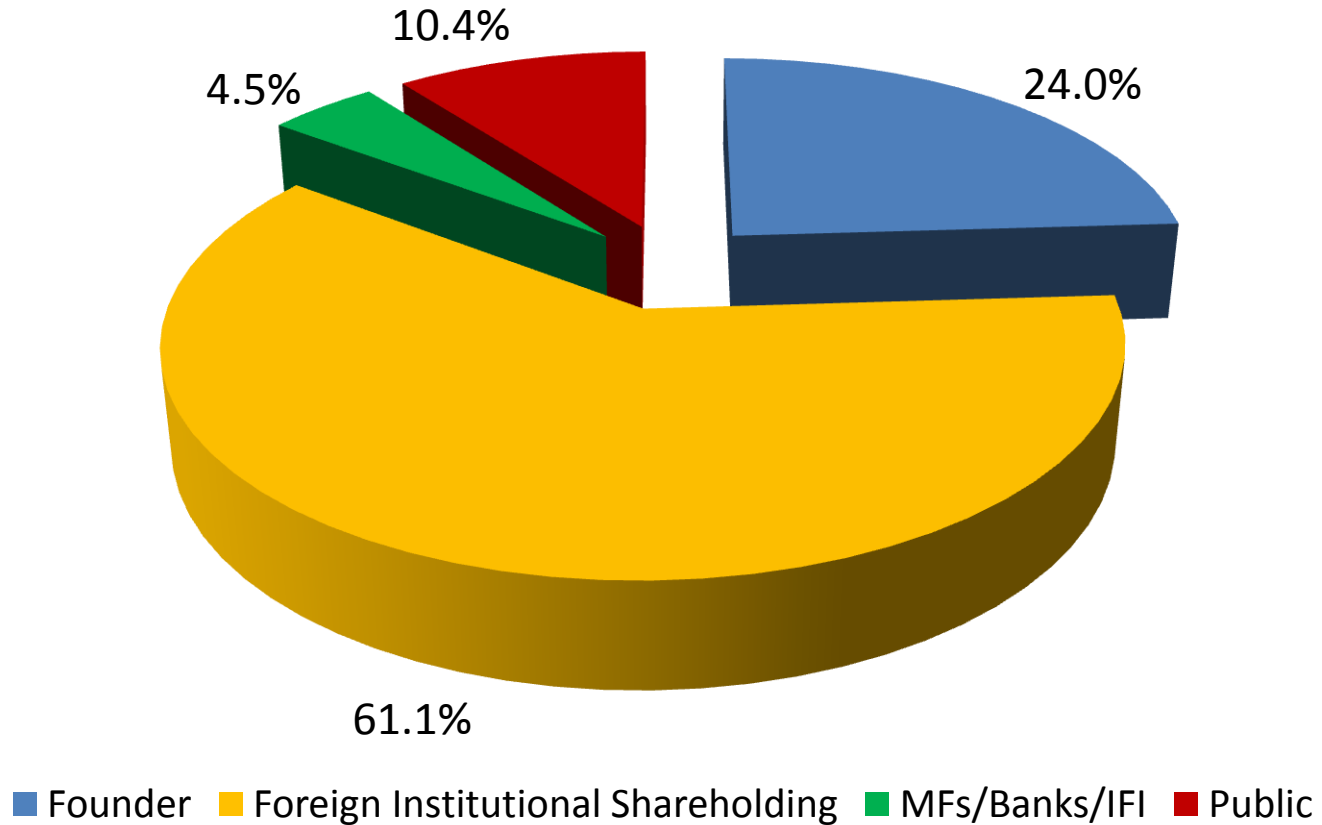
# Normalized to reflect periods the dividends pertain to

PE: Price to Earnings (12 months trailing)

US \$ amounts are converted based on the exchange rate of US \$1 = ₹ 68

\*As on 19<sup>th</sup> Jan , 2017

# Shareholding Pattern



# Detailed Financials

# Consolidated Balance Sheet

Statement of Assets and Liabilities Particulars	(Rupees in Billion)	
	As at	
	31.12.16 (Unaudited)	31.03.16 (Audited)
<b>I. EQUITY AND LIABILITIES</b>		
<b>(1) Shareholder's Funds</b>		
(a) Share Capital	0.85	0.84
(b) Reserves and Surplus	117.01	106.10
<b>(2) Share application money pending allotment</b>	-	-
<b>(3) Non-Current Liabilities</b>		
(a) Long-term borrowings	548.40	355.21
(b) Deferred tax Liabilities (net)	1.60	0.81
(c) Other Long term liabilities	29.57	1.54
(d) Long term provisions	7.38	6.81
<b>(4) Current Liabilities</b>		
(a) Short-term borrowings	168.58	143.11
(b) Trade payables	0.13	0.09
(c) Other current liabilities	148.00	147.74
(d) Short-term provisions	2.55	2.11
<b>Total</b>	<b>1,024.07</b>	<b>764.36</b>
<b>II. ASSETS</b>		
<b>(5) Goodwill on Consolidation</b>	0.68	0.67
<b>(6) Non-current assets</b>		
(a) Fixed assets	0.82	0.69
(b) Non-current investments	7.79	7.24
(c) Deferred tax assets (net)	0.04	0.05
(d) Long term loans and advances	668.73	535.23
(e) Other non-current assets	4.33	4.14
<b>(7) Current assets</b>		
(a) Current investments	210.74	99.69
(b) Trade receivables	0.07	0.03
(c) Cash and cash equivalents	17.42	29.02
(d) Short-term loans and advances	102.73	80.95
(e) Other current assets	10.72	6.66
<b>Total</b>	<b>1,024.07</b>	<b>764.36</b>

**₹ 228.15 Bn of**  
 Cash & Cash  
 Equivalents and  
 Investments in  
 Liquid Debt  
 Instruments

The company had cash, cash equivalents and investments in liquid debt instruments of ₹ 228.15 Bn as at 31<sup>st</sup> Dec, 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			Nine Months ended		Year ended	
	31.12.16	30.09.16	31.12.15	31.12.16	31.12.15	31.03.16	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	
<b>1</b>	<b>Income from Operations</b>						
	a) Income from Operations	24.76	23.95	19.66	71.32	56.09	78.42
	b) Other Operating Income	1.10	1.15	1.09	3.36	2.80	4.48
	<b>Total Income from operations (net)</b>	<b>25.86</b>	<b>25.10</b>	<b>20.75</b>	<b>74.68</b>	<b>58.89</b>	<b>82.90</b>
<b>2</b>	<b>Expenses</b>						
	a) Employee Benefits Expense	1.32	1.36	1.01	3.86	2.98	4.13
	b) Depreciation and Amortisation Expense	0.06	0.05	0.05	0.16	0.15	0.20
	c) Other Expenses	2.28	1.85	1.70	6.01	4.16	6.92
	<b>Total Expenses</b>	<b>3.66</b>	<b>3.26</b>	<b>2.76</b>	<b>10.03</b>	<b>7.30</b>	<b>11.25</b>
3	Profit from Operations before Other Income, Finance costs & Exceptional Items (1-2)	22.20	21.84	17.99	64.64	51.60	71.65
4	Other Income	4.19	3.65	2.33	10.09	6.89	9.36
5	Profit from ordinary activities before Finance costs & Exceptional Items (3+4)	26.39	25.49	20.31	74.74	58.49	81.00
6	Finance Costs	16.33	16.28	12.26	46.72	36.10	49.71
7	Profit from ordinary activities after Finance costs but before Exceptional Items (5-6)	10.06	9.21	8.06	28.02	22.39	31.29
8	Exceptional Items	-	-	-	-	-	-
9	<b>Profit from Ordinary Activities before Tax (7-8)</b>	<b>10.06</b>	<b>9.21</b>	<b>8.06</b>	<b>28.02</b>	<b>22.39</b>	<b>31.29</b>
10	Tax Expense (including Deferred Tax and MAT credit entitlement)	2.56	2.35	2.01	7.31	5.68	7.76
11	<b>Net Profit from Ordinary Activities after Tax (9-10)</b>	<b>7.50</b>	<b>6.86</b>	<b>6.05</b>	<b>20.71</b>	<b>16.71</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>7.50</b>	<b>6.86</b>	<b>6.05</b>	<b>20.71</b>	<b>16.71</b>	<b>23.53</b>
14	Share of Profit / (Loss) of Associate	0.01	(0.02)	(0.02)	(0.05)	(0.02)	(0.08)
15	Minority Interest for the period / year	-	-	-	-	0.00	0.00
16	<b>Net Profit after Taxes, Minority Interest and Share of Profit / (Loss) of Associate (13+14-15)</b>	<b>7.51</b>	<b>6.84</b>	<b>6.02</b>	<b>20.66</b>	<b>16.69</b>	<b>23.45</b>
17	Paid-up Equity Share Capital	0.85	0.84	0.84	0.85	0.84	0.84
18	Reserves excluding Revaluation Reserves as per Balance Sheet as on March 31, 2016						106.10
19	Earnings per Share (EPS) before extraordinary items						
	*(EPS for the quarters and nine months are not annualised)						
	-Basic (Amount in Rs.)	17.77*	16.23*	14.34*	48.95*	43.69*	59.84
	-Diluted (Amount in Rs.)	17.57*	16.02*	14.13*	48.35*	42.77*	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						
	*(EPS for the quarters and nine months are not annualised)						
	-Basic (Amount in Rs.)	17.77*	16.23*	14.34*	48.95*	43.69*	59.84
	-Diluted (Amount in Rs.)	17.57*	16.02*	14.13*	48.35*	42.77*	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 ₹ 228.15 Bn as at 31<sup>st</sup> Dec, 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'

# Disclaimer from CRISIL (for Pool Performance Reports)

**The Pool Performance Factsheet (“Factsheet”) has been prepared at the request of the Originator – Indiabulls Housing Finance Limited. The Factsheet for pools backed by Pass-Through Certificates (PTCs) and Direct Assignments (DAs) presented in this document is based on payouts made till December 2016 (collections till November 2016). For PTCs, the ratings mentioned in this document are outstanding as on December 30, 2016. Information on pool performance has been obtained by CRISIL from Indiabulls Housing Finance Limited for DA transactions and from the Trustee for PTCs. For DAs, CRISIL has received copies of Payment Advice covering Payouts till December 2016 (collections till November 2016).**

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