

# Indiabulls

HOUSING FINANCE

October 23, 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

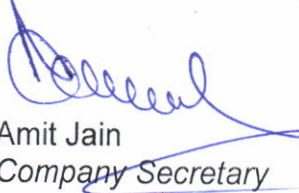
**Sub: Earnings Update for the quarter ended September 30, 2017**

Dear Sir,

Please find enclosed an Earnings Update of Indiabulls Housing Finance Limited for the quarter ended September 30, 2017, 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

30519



Unaudited Financial Results – Q2 FY 2017-18  
October 23, 2017

# Safe Harbour Statement

*This document contains certain forward-looking statements based on current expectations of Indiabulls Housing Finance Ltd.'s (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 the securities markets; new regulations and government policies that might impact the business of Indiabulls Housing Finance Ltd.; the general state of the Indian economy; and the management's ability to implement the company's strategy. Indiabulls Housing Finance Ltd. 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 Ltd. 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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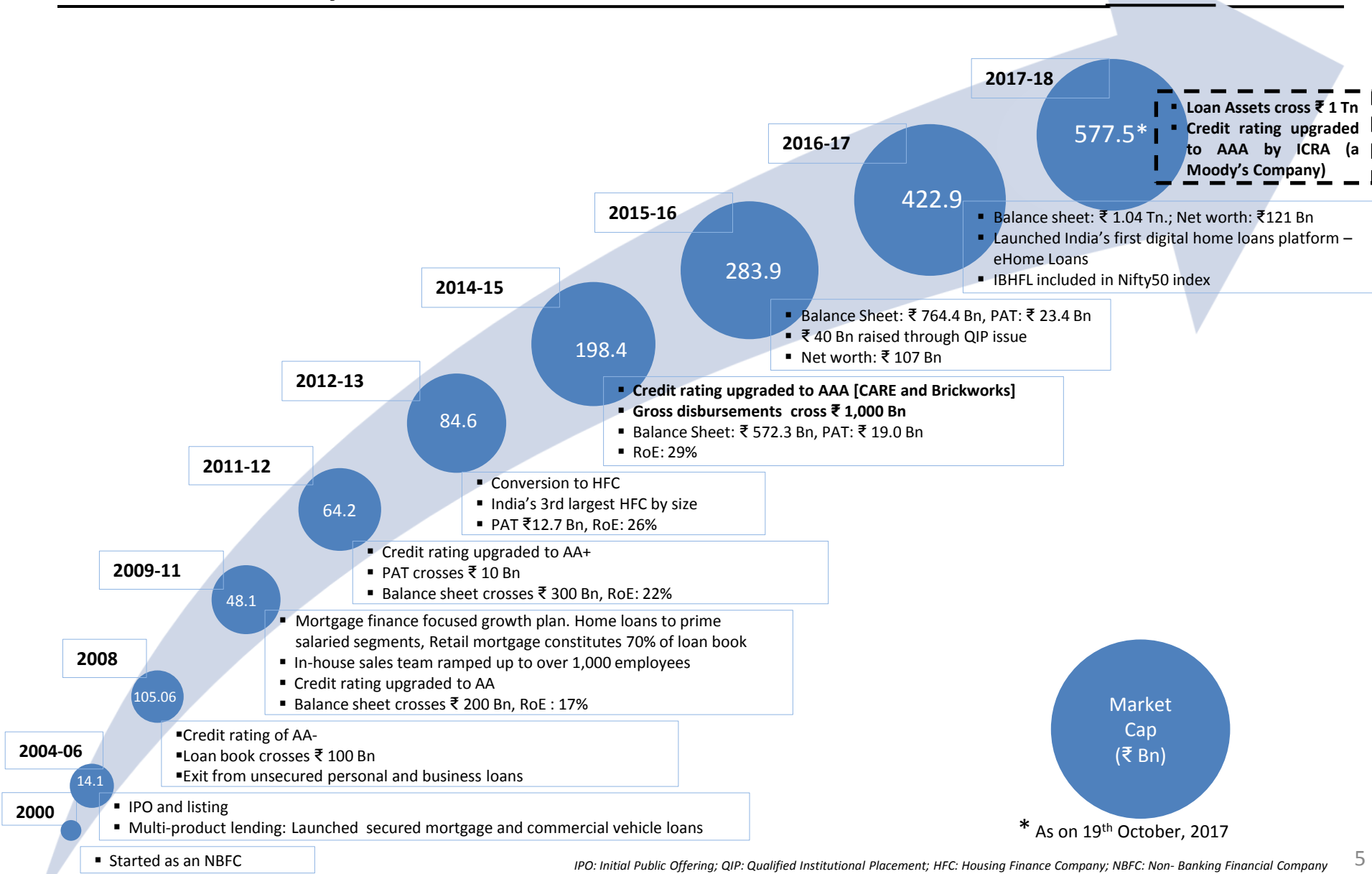
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# Business Update

# Our Journey



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

# Business Update

## Key Financial Highlights: H1 FY17-18 vs H1 FY16-17

	H1 FY 17-18	H1 FY 16-17	Y-o-Y Growth (%)
Balance Sheet (₹ Bn)	1,157.53	913.30	26.7%
Loan Assets (₹ Bn)	1,002.57	753.13	33.1%
NII (₹ Bn)	27.13	21.46	26.4%
PAT (₹ Bn)	16.49	13.14	25.5%
EPS (₹)	38.87	31.18	24.7%

## Year-on-Year (Y-o-Y) Comparison : Q2 FY17-18 vs Q2 FY16-17

	Q2 FY17-18	Q2 FY16-17	Y-o-Y Growth (%)
NII (₹ Bn)	13.89	10.93	27.1%
PAT (₹ Bn)	8.61	6.84	25.8%
EPS (₹)	20.29	16.23	25.0%

- An interim dividend of ₹ 9 per share of face value ₹ 2/-, amounting to 450%, has been declared in the board meeting held on October 23, 2017

# Indian Home Loans Market



# Q2 FY18: Macro Updates on Mid-Income Affordable Housing



Surge of 27% in new units launched in the affordable housing segment in top 8 cities in H1FY18<sup>1</sup>

- 40% of the new launches in Mumbai, 15% in Kolkata and 14% in Pune

According to NHB data, disbursements of sub ₹ 2.5 Mn home loans grew by 33% in FY17 driving growth in overall home loan disbursements by 23%. Disbursements of sub ₹ 2.5 Mn home loans now form 76% of all home loan disbursements

Pradhan Mantri Awas Yojana (PMAY) scheme for mid-income affordable housing extended by 15 months up till March 2019

# Favourable Macros for Mid-Income Affordable Housing

**With PMAY for mid-income affordable housing, effective interest rate at 0.30% for home loan of ₹ 2.4 Mn**

- Effective home loan rates in the mid-income affordable housing segment is at near-zero levels. With rental yields at 3.2%, home ownership is very affordable and significantly cheaper than renting a house

**RBI, SEBI and IRDA – Regulatory agencies working in coordination towards “Housing for All by 2022”**

- SEBI in Feb 2017, increased cap on additional exposure to AA (and above) rated HFCs from 25% to 40%, **the only sector enjoying limit above 25% sectoral cap applicable for all other sectors**
- Affordable housing has been granted infrastructure status in the 2017 budget - **ECBs up to \$ 750 Mn per annum** can be raised under automatic route
- RBI has reduced risk weights on bank lending to AAA rated HFCs to 20% from 100%, **enabling banks to lower cost of funding to HFCs**
- IRDA has exempted investments in AAA rated HFCs from sectoral caps thereby **enabling insurance companies to freely invest in HFC debt instruments**

# Unlocking of EPF Corpus for Purchasing a House and Servicing Home Loan EMIs

- Employee Provident Fund Organisation (EPFO) members can withdraw up to 90% of their accumulated corpus for purchase or construction of a house
- The balance, unutilised EPF corpus can be further withdrawn to service home loan EMIs
- For the home buyer this means:
  - The 20% upfront amount for purchase of house can be paid from withdrawal of accumulated EPF corpus
  - Home loan amount eligibility increases as the EPF amount is now available for paying loan EMIs
- The total EPF corpus is ₹ 8.5 lakh Cr. (₹ 8.5 trillion) with a subscriber base of 50 million
- **Of the above, over 7.5 million\* subscribers are from the 'exempt' category where annual salaries are in excess of ₹ 250,000, and have been members for over 3 years, representing prime, mass-market house buyers eligible under this scheme**

\* EPFO Annual Report 2014-15

EPF: Employees' Provident Fund

Accumulated Corpus = employer's contribution + employee's contribution + accumulated interest

# PMAY and Tax Incentives for Mid-Income Affordable Housing

## **Tremendous boost from expansion of coverage to mid-income affordable housing under Pradhan Mantri Awas Yojana (PMAY)**

- People earning up to ₹ 150,000 per month now covered under the scheme for purchase of a house of carpet area up to 1,185 Sq. Ft.
- There is no cap on the value of the house being purchased
- Up to a home loan amount of ₹ 2,285,000 (property value of ₹ 3,265,000) the effective interest rate on the loan will be less than 0% - over the loan tenure, the borrower repays less than the loan amount
- Up to a home loan of ₹ 3,600,000 (property value of ₹ 5,140,000) the effective interest rate on the loan will be less than the rental yield, which averages 3.2% for the top-12 Indian cities
- Effective home loan rate for ₹ 2.4 Mn home loan, IBHFL's average ticket size, is 0.30%
- PMAY subsidies are promptly processed through the NHB and payments are received in 30 days
- PMAY projects to be out of purview of GST

# PMAY and Tax Incentives for Mid-Income Affordable Housing

## Illustration for Indiabulls Housing's average Home Loan

- House value : ₹ 3,500,000
- Home loan amount : ₹ 2,400,000 (Loan to value of 70%)
- PMAY subsidy : ₹ 230,156
- Net loan amount : ₹ 2,169,844

Years	Opening Loan Principal	Interest Payment (@ 8.35%)	Principal Repayment (pre-payment at least up till ₹ 150,000 p.a. to maximise tax benefit)	Tax Saved*	Net Amount Paid (Net of Tax Savings)
1	2,169,844	179,524	150,000	101,823	227,701
2	2,019,844	166,509	150,000	97,801	218,708
3	1,869,844	153,493	150,000	93,779	209,714
4	1,719,844	140,477	150,000	89,758	200,720
5	1,569,844	127,462	150,000	85,736	191,726
6	1,419,844	114,446	150,000	81,714	182,732
7	1,269,844	101,431	150,000	77,692	173,738
8	1,119,844	88,415	150,000	73,670	164,745
9	969,844	75,399	150,000	69,648	155,751
10	819,844	62,384	161,115	65,627	157,873
11	658,729	48,403	175,096	61,307	162,192
12	483,633	33,210	190,289	56,612	166,887
13	293,344	16,699	206,800	51,510	171,989
14	86,544	1,748	86,544	27,282	61,010
<b>Total</b>		<b>1,309,600</b>	<b>2,169,844</b>	<b>1,033,959</b>	<b>2,445,486</b>

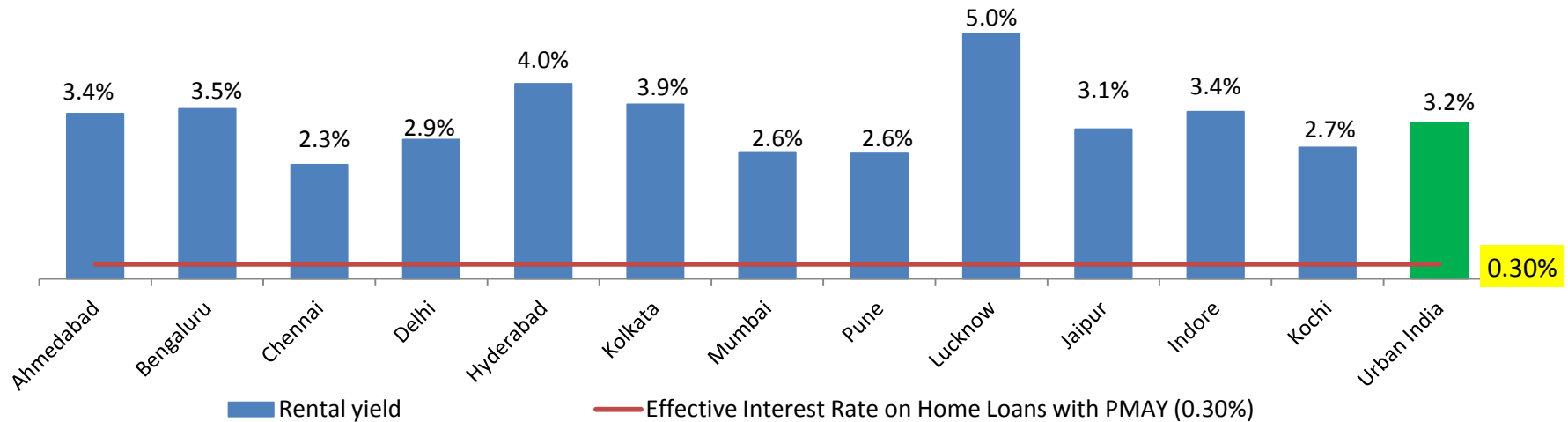
Effective Interest Rate on Home Loan	0.30% p.a.
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\* Tax saved = 30.90% of [interest paid up to ₹ 250,000 + principal paid up to ₹ 150,000]

- Interest subsidy benefit under PMAY scheme extended by 15 months up till March 2019

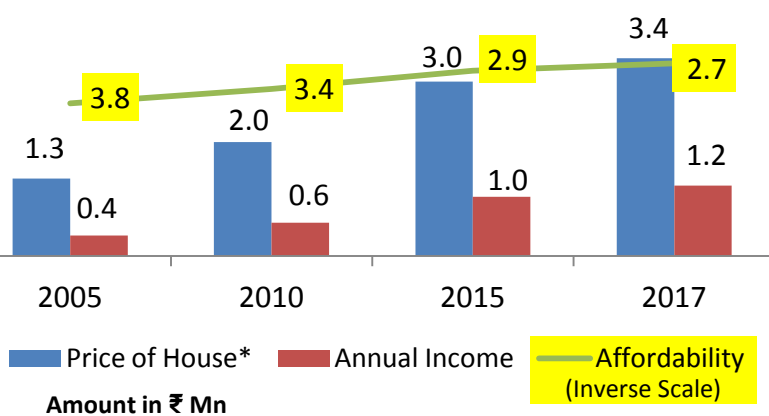
# EMI Smaller than Rent Cheque: PMAY and Tax Incentive for Mid-Income Affordable Housing

### Rental Yield v/s Home Loan Cost



Source: NHB; Industry reports

### Increasing Affordability



- The effective home loan rate is only 0.30% against rental yield of 3.2% in the top-12 Indian cities
- Home ownership is very lucrative and much cheaper than renting property

Affordability is defined as “Price of House” divided by the “Annual Income”

\* Source: NHB; Industry reports

EMI: Equated Monthly Installment. Equal monthly installments of a principal amortising loan  
PMAY: Pradhan Mantri Awas Yajana

# Growth Momentum in Mid-Income Affordable Housing

- In H1 2017, top 7 cities recorded more than 60% of total residential units supply in the affordable segment
- Primary residential sales across the country's top 8 cities showed strong growth in Apr-Jun quarter over the previous Jan-Mar quarter
  - Kolkata: 27%, Mumbai: 23%, Pune: 18% , Delhi-NCR region: 17%, Ahmedabad: 10%
- Established players such as Shappoorji Pallonji [Joyville] and Tata [Value Homes] have rebranded themselves to cater to affordable housing segment. Xrbia Developers to launch 50,000 affordable housing units in Mumbai and Pune. HDIL, under its affordable housing brand 'Budget Homes', launched its first project in Mumbai in April 2017
- Realty sector witnessed over \$10 Bn of investments in the past 2 years, which is more than half of the total investments witnessed since 2013 in the sector

**Affordable housing: \$1.3-trillion boom to be India's next growth driver**

Narendra Modi has been on a mission to expand affordable housing in Asia's third-largest economy

Business Standard, May 10, 2017

**Govt announces new PPP policy for private investments in affordable housing**

It has also opened potential for private investments in affordable housing projects on government lands in urban area

Economic Times, September 21, 2017

**Private equity flows into realty may scale new high to top \$4 billion this year**

Economic Times, September 19, 2017

# Commercial Office Space Absorption

- Office space leasing at ₹ 50 to ₹ 70 per sq. ft. per month (~ 1 USD) is a lead indicator of housing demand. As a rule of thumb, 100 sq.ft. of office space requires almost 1,000 sq.ft. of residential space
- Commercial office space absorption was at an all time high of 43 million sq.ft. in CY2016. Further to this in CY2017:
  - 29 Mn sq. ft. of office space was absorbed in 9M CY2017
  - More than \$2 bn worth foreign investment deals have been closed, with another \$ 2 bn including domestic funds, being expected
  - Demand is secular across key-micro markets of the country
- Delhi NCR and Bengaluru amongst the leaders in leasing volumes across APAC region during 1H2017, with absorption activity growing 14% and 11% respectively
- Office space vacancy was at 8-year low at the end of FY 2016-17. Construction cycle has now resumed and office space supply more than doubled to 8.2 million sq.ft. during Q1 FY 2018<sup>1</sup>
- Pre-leasing, an indicator of sustained demand and occupiers interest, is at an all-time high. Leasing activity is highest in suburban and peripheral localities, which coincide with supply of mid-income affordable housing

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## Office space vacancy falls on higher demand, lower supply: CBRE

According to CBRE, office space vacancy level that was at its peak in 2012 with 23% is now at 13% across top cities, mainly driven by demand from IT/ITES and BFSI sectors

Economic Times, October 3, 2017

1 – CBRE report: India Office MarketView Q2 2017

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## Office leasing continues to remain strong: Report

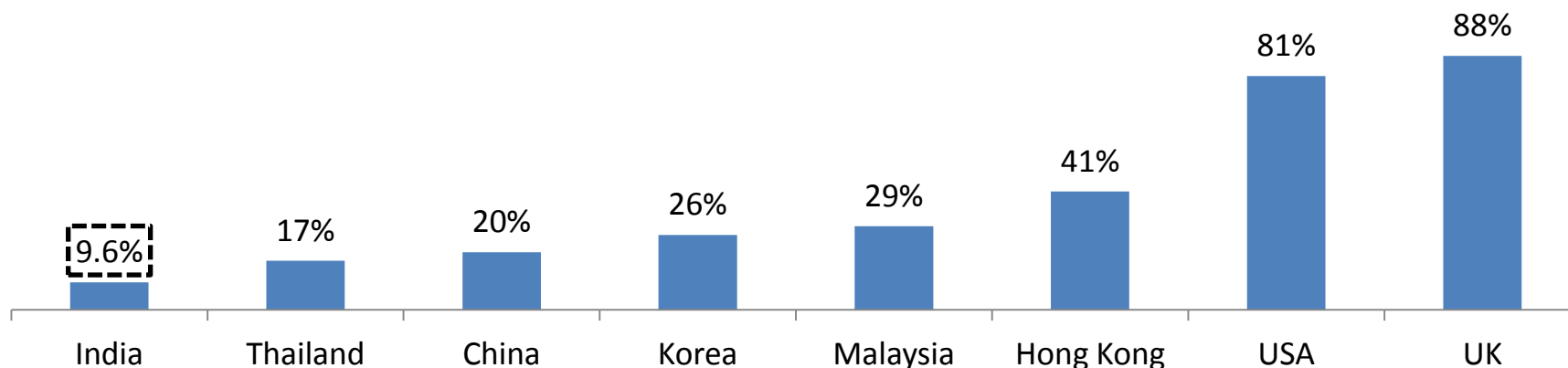
Infrastructure development across major cities, growing prominence of smaller cities for corporates and overall positive sentiment are providing a further boost to the office market

The Hindu BusinessLine, July 10, 2017



# 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 shortage of houses, rising income levels, rapid urbanization, which is expected to rise to 40% by 2030<sup>2</sup>, and growing trend of nuclear families



Source: ICRA HFC Report, June 2017

- 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

# Strong Structural Drivers and Government Focus

## Measures in the last 18 months: Boost to the Housing Sector

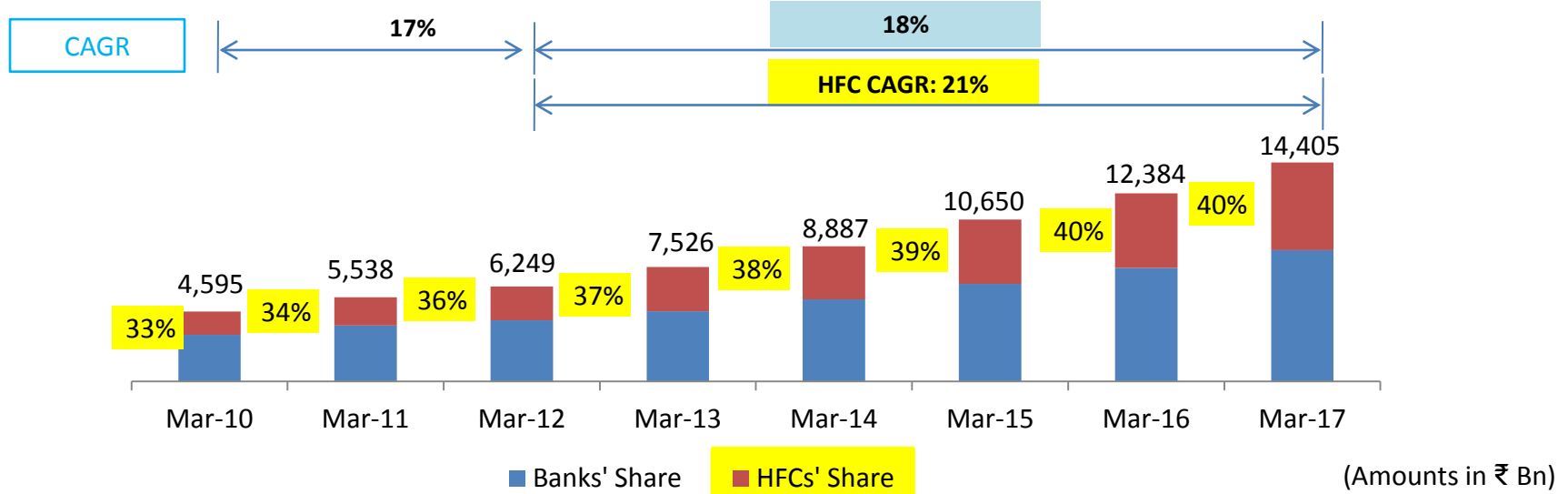
Pradhan Mantri Awas Yojana (PMAY)	Subsidy eligibility under Pradhan Mantri Awas Yojana (PMAY) covers up to ₹ 12 lakh of home loan – reduces effective home loan rates to 0.30% for mid-income affordable housing
EPF Corpus Withdrawal	Homebuyers can withdraw from their accumulated EPF corpus for both the down payment on their house as well as paying their home loan EMIs
Regulator	Real Estate (Regulatory & Development) Act, 2016 enables a structured, transparent and disciplined sector
Tax Incentives	Increased tax incentive reduces effective home loan yields to 0.30% for a 8.35% home loan
Budget 2016-17	100% tax exemption on profits from construction of affordable housing will attract organized developers and increase supply
Fiscal Incentives	PMAY projects to be out of purview of GST. Service tax exemption on construction of affordable housing projects 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; Pradhan Mantri Awas Yojana (PMAY)
Funding Drivers	RBI, SEBI and IRDA – regulatory focus on increasing funding avenues to HFCs; Distribution tax on securitization abolished

# Mortgage Market Growth

Growing HFC Market Share in a Steadily Expanding Home Loans Market



As per an ICRA report, mortgage penetration has increased steadily from ~7% as on March 31<sup>st</sup>, 2007 to ~9.6% as on June 30<sup>th</sup>, 2017

Merrill Lynch in their report for September 2017 mentions that HFCs will continue to outpace banks in housing credit:

- 15-30% growth for HFCs v/s 11% for banks
- Mortgage market to grow at 20%+ CAGR over FY19-22E vs 18.2% CAGR over FY12-17
- Growth is aided by supportive regulatory environment for affordable housing addressing supply and demand sides, and rising affordability led by stable property prices and rising wages

## No Regulatory Arbitrage: Regulatory Regime for HFCs at par with Banks

Parameters		HFCs	Banks
NPA Recognition		90 dpd	90 dpd
CRAR		12%	9%
- Tier 1		6%	6%
Standard Asset Provisions	Housing Loans	0.4% [0.25% incrementally]	0.4% [0.25% incrementally]
	Others	1%	0.25-1%
SARFAESI Coverage		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

# Financial and Operational Highlights

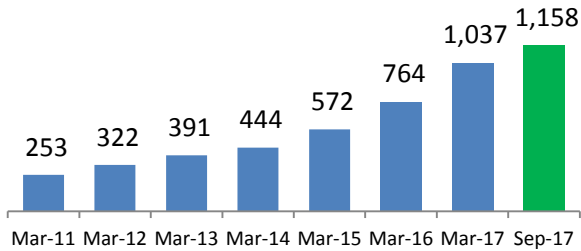
# Business Summary

• Balance Sheet	:	₹ 1.16 Tn
• Loans Outstanding	:	₹ 1 Tn
(September 30, 2017)	:	(US\$ 15.42 Bn)
• Loan Assets CAGR (7 years)	:	28%
• Cumulative Loans to Retail Customers	:	963,143
• Cumulative Loans Disbursed till date	:	₹ 1.83 Tn
		(US\$ 28.2 Bn)
• Cost to Income Ratio (H1 FY 2018)	:	12.9%
• Profit After Tax CAGR (7 years)	:	25%

# Consistent Track Record

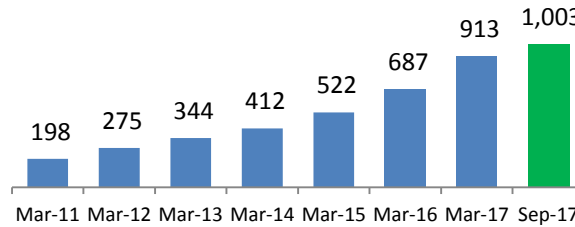
## Balance Sheet

CAGR: 26%



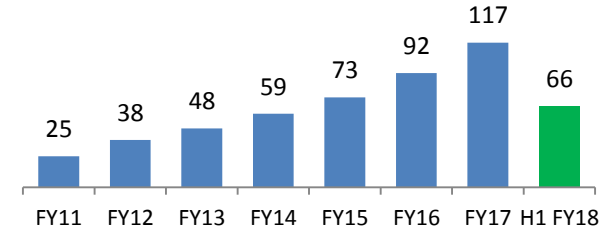
## Loan Assets

CAGR: 28%



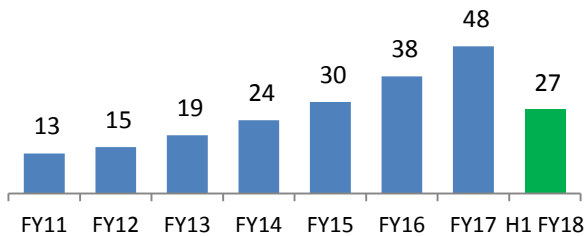
## Revenue

CAGR: 29%



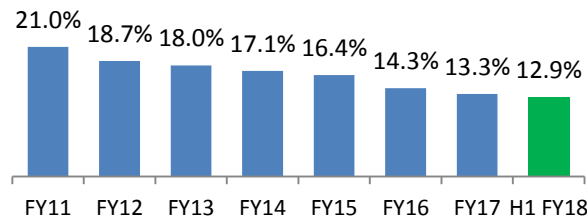
## NII

CAGR: 24%



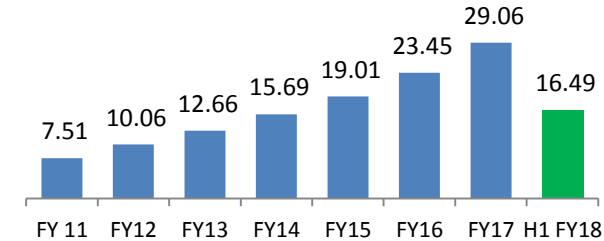
## Cost-to-Income Ratio

128 bps of average annual decline



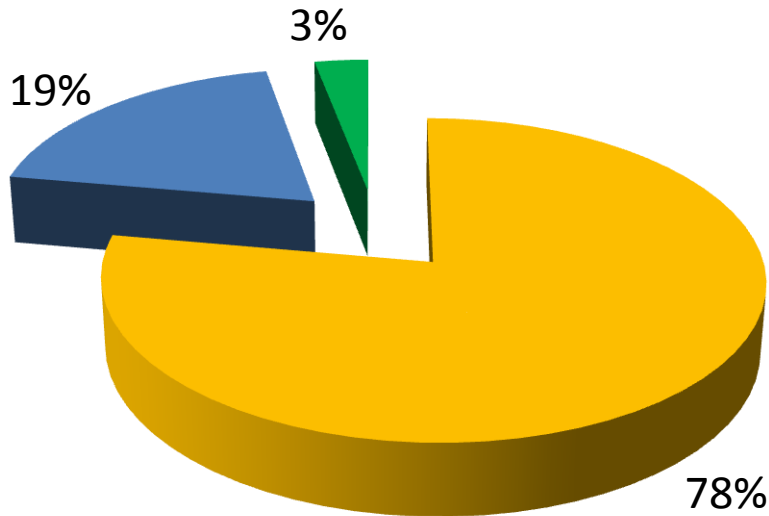
## PAT

CAGR: 25%

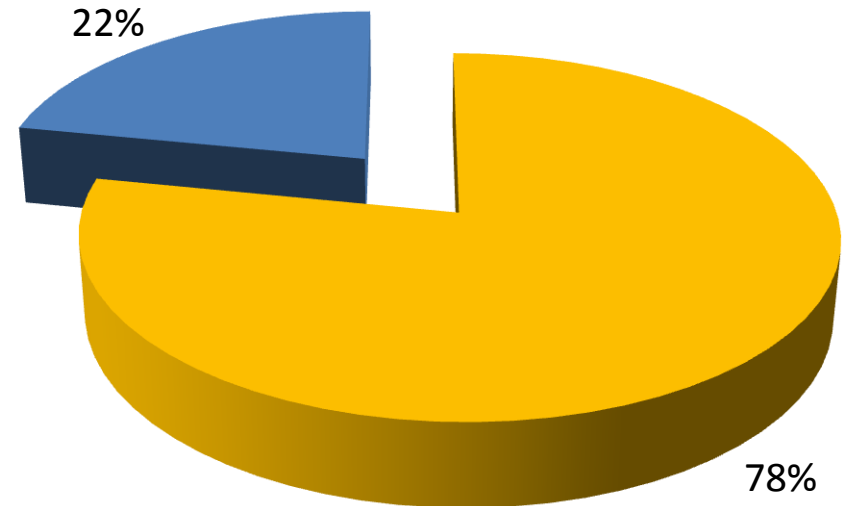


# Balance Sheet Assets and Loan Assets

### Balance Sheet Assets



### Loan Assets



■ Loan Book ■ Cash & Liquid Investments\* ■ Other Assets

■ Retail Mortgage Loan ■ Corporate Mortgage Loans

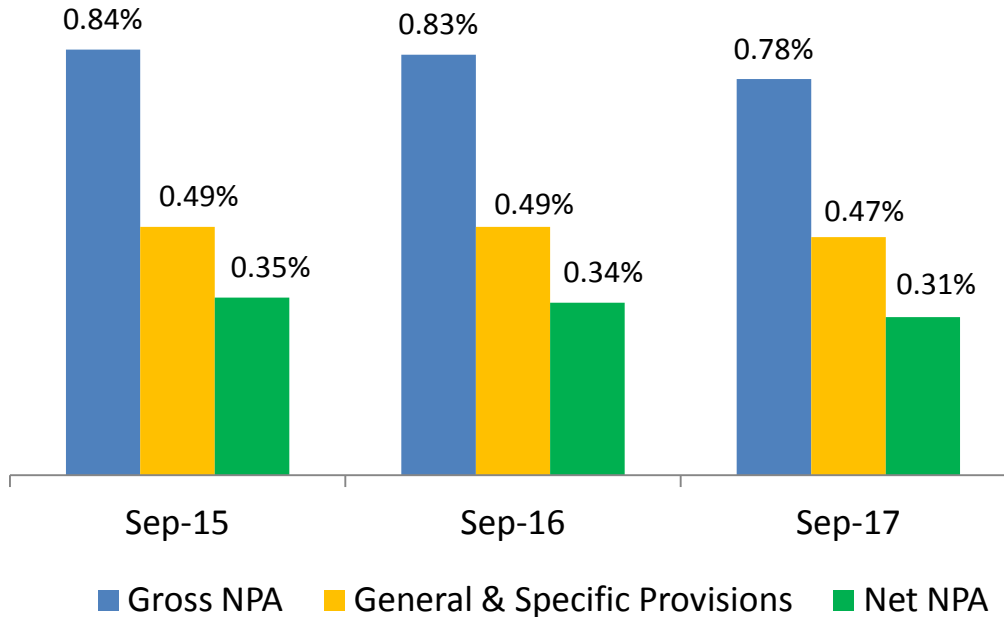
- Home loans, which form the majority of incremental disbursements, are disbursed at an average ticket size of ₹ 2.4 Mn; average LTV of 72% (at origination)

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

US \$ amounts are converted based on the exchange rate of US \$1 = ₹ 65



# Asset Quality



(as % of Total Loan Assets)

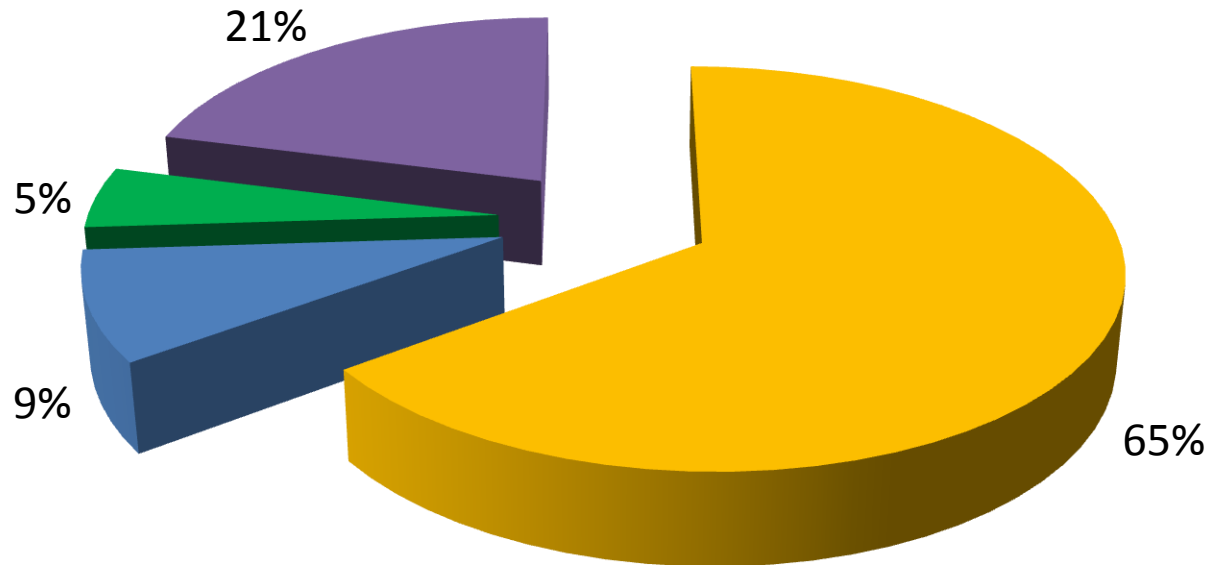
As at September 30, 2017

	(in ₹ Bn)
NPA (90+ dpd*):	7.82
Provisions for Contingencies:	12.24
Of which	
NPAs:	4.71
Other provisioning:	7.53
Regulatory Provisioning:	7.70
Excess Provisioning over Regulatory Provisioning:	4.54

Provisioning Cover : 157% of GNPA

- NPAs have dropped to their lowest level in 20 quarters with Gross NPA at 0.78% and Net NPA at 0.31% driven by increasing share of low-risk home loans
- 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
- Standard asset provisioning rates are 0.4% for housing loans and 1.0% for non-housing loans

# Retail Mortgage Loans' Sourcing



■ Direct Sales Team ■ External Channels ■ Branch Walk-ins ■ eHome Loans

- 24% of home loans' sourcing is now through eHome Loans. Including LAP, 21% of all retail mortgage loans' sourcing is now through eHome Loans
- Over 90% of incremental sourcing is done in-house between on-rolls employees and eHome Loans

# Home Loan Profile:

## Focus on Mid-Income Affordable Housing



Average Loan Size	₹ 2.4 Mn
Maximum Loan to Value	80%
Average Loan to Value	73% (at origination)
Average Loan Term	15 years
Primary Security	Mortgage of property financed
Repayment Type	Monthly amortizing

- PMAY extended to Middle Income Group (MIG) - defined as households with annual income up to ₹ 1.8 Mn - for purchase of a house of carpet area of up to 1,185 Sq. Ft.
- Effective home loan rate for ₹ 2.4 Mn home loan, IBHFL's average ticket size, is 0.30%

# Smart City Home Loan: Technology-led cost-effective Geographical Expansion through eHome Loans platform



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

- 59 Smart City Home Loan branches in new towns and cities now contribute 9% to incremental home loans' disbursements. On track for 100 Smart City Home Loan branches by Sep 2018
- Smart City Home Loans rides on the eHome Loans infrastructure with lean spoke branches logging in digital/ scanned loan applications underwritten at centralised regional credit hubs
- Smart City Home Loans is driving expansion into geographies with lesser competitive intensity contributing better margins at low cost-to-income without diluting credit standards

# 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  
[Reflecting Post-GST Performance]

# Loan Against Property Grading from CRISIL and ICRA

- 10<sup>th</sup> quarter of industry-pioneering LAP grading initiative
- Sourcing quality sustained through transition to GST
- LAP grading engagement with CRISIL (a Standard and Poor's Company) and ICRA (a Moody's Investors Service Company)
  - CRISIL grades LAP 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 LAP loans on aspects such as financial strength; business and management; collateral strength, quality and enforceability; and attributes of the loan itself
  - Engagement with CRISIL and ICRA was initiated more than two years ago in H1FY16
- Concurrent grading by multiple rating agencies
  - Offers IBHFL a broader and deeper perspective and a means to further improve loan portfolio
  - Rating agencies are important stakeholders: exercise will increase comfort and transparency on the asset class
- Grading exercise is being built 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>



# CRISIL LAP Grading

Grading			Segment Characteristics			
Grading Scale	Quality of LAP Loans#	Disbursals Apr 15 –Sep 17	Interest Service Coverage Ratio (ISCR)	Total Outstanding Liabilities/ Total Networth	Loan to Value (LTV)	EBITDA Margins
LAP1	Highest	10.25%	10.7 – 13.6	1.3 – 1.4	49%	15% – 18%
LAP2	High	81.73%	8.9 – 11.2	2.2 – 2.3	50%	12% – 15%
LAP3	Average	7.52%	9.3 – 12.4	3.0 – 3.1	54%	9% – 11%
LAP4	Below Average	0.26%	11.1 – 13.4	1.6 – 1.7	47%	13% – 15%
LAP5	Poor	0.24%	9.7 – 11.6	2.0 – 2.1	54%	14% - 16%

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

- For the last two years, incremental LAP loans are graded by CRISIL Ratings
- Sourcing quality sustained through transition to GST
- 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 80% of the disbursals from Apr 15 to Sep 17  
 # 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)

- Two years ago H1FY16, 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>

# ICRA LAP Grading

Grading			Characteristics	
Grading Scale	Level of credit worthiness	Grading Distribution	Median LTV	Median FOIR
LAP1	Excellent	14.0%	26%	22%
LAP2	Good	66.7%	52%	47%
LAP3	Average	19.1%	65%	60%
LAP4	Below Average	0.2%	62%	63%
LAP5	Inadequate	-	-	-

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

- For the last two years, incremental LAP loans are graded by ICRA
- Sourcing quality sustained through transition to GST
- 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

# Static Credit Performance Analysis of LAP and HL Pools

[Reflecting Post-GST Performance]

# Monthly Monitoring Report of ₹ 178.5 Bn of Sold Down Portfolio – as on 30<sup>th</sup> Sep 3017 Reflecting Post-GST Performance (from Rating Agencies CRISIL, ICRA and CARE)



Monthly monitoring of sold down pool performance.

- ICRA, a Moody’s Investors Service Company, publish pool performance for 74 of 87 sold down pools
- CRISIL, a Standard & Poor’s Company, and CARE publishes pool performance of 13 PTC pools rated by them
- Pool collections monitored at an account level
- Typically done only for PTC transactions. The engagement with ICRA ensures that all pools are monitored on a monthly basis\*
  - Number of live pools: 87
  - **Sold down principal of live pools: ₹ 178.5 Bn**
  - Current principal outstanding: ₹ 77.0 Bn

Rating Agency	Number of Pools	Sold Down Principal (₹ Bn)
ICRA	74	143.1
CRISIL	9	27.9
CARE	4	7.5
<b>Total</b>	<b>87</b>	<b>178.5</b>

\* The exercise excludes pools sold down in the immediate preceding quarter (Q2 FY 2017-18)

# Monthly Monitoring Report of ₹ 178.5 Bn of Sold Down Portfolio – as on 30<sup>th</sup> Sep 3017 Reflecting Post-GST Performance (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	53	111.7	95.3	36	37.0	64%	0.02%	0.01%	99.8%	99.9%
LAP Pools	34	99.8	83.1	35	40.0	57%	0.08%	0.03%	99.7%	98.5%
<b>Total</b>	<b>87</b>	<b>211.5</b>	<b>178.5</b>	<b>35</b>	<b>77.0</b>	<b>61%</b>	<b>0.05%</b>	<b>0.02%</b>	<b>99.8%</b>	<b>99.3%</b>

Cumulative and monthly collection ratios sustained at 99% levels for LAP through transition to GST

## Home Loans

- Average vintage of sold down pools of ₹ 95.3 Bn of principal is 36 months
- The pools have amortised 64% since disbursal
- The cumulative collection ratio (CCR) is at 99.8%
- Monthly collection ratio (MCR) is in line with CCR at 99.9%

## Loan against Property (LAP)

- Average vintage of sold down pools of ₹ 83.1 Bn of principal is 35 months
- The pools have amortised 57% since disbursal
- The cumulative collection ratio (CCR) is at 99.7%
- Monthly collection ratio (MCR) is in line with CCR at 98.5%

# Home Loans Pool Performance Factsheet: ICRA Direct Assignments (Sold Down)

Sr. No.	Investor	Initial Pool Details			MPS	Pool Principal (₹ Mn)	Amortisation	of Initial POS			CCR	MCR
		Sold Down Date	Disbursement (₹ Mn)	Sold Down Principal (₹ Mn)				90+ dpd %	180+ dpd %			
1	Bank 3	22-Mar-12	1,057.0	1,026.9	66	24.9	98%	0.00%	0.00%	100.0%	99.5%	
2	Bank 4	20-Mar-14	3,451.6	2,923.4	42	634.7	80%	0.15%	0.00%	99.9%	110.9%	
3	Bank 5	28-Mar-14	2,119.7	1,677.5	42	322.7	83%	0.00%	0.00%	99.9%	98.3%	
4	Bank 5	27-Jun-14	1,072.1	900.0	38	214.9	78%	0.00%	0.00%	99.4%	98.0%	
5	Bank 6	30-Jul-14	1,023.7	800.1	38	241.3	72%	0.00%	0.00%	99.9%	97.3%	
6	Bank 5	30-Sep-14	1,299.1	965.7	35	132.7	89%	0.00%	0.00%	99.9%	100.9%	
7	Bank 8	24-Sep-15	1,164.0	1,001.4	23	574.8	45%	0.09%	0.09%	99.9%	99.1%	
8	Bank 9	31-Dec-15	4,496.4	3,742.3	20	2,379.0	41%	0.08%	0.00%	100.0%	99.7%	
9	Bank 8	29-Feb-16	1,053.0	894.0	18	374.2	61%	0.00%	0.00%	99.9%	99.6%	
10	Bank 8	28-Mar-16	620.4	530.4	17	276.6	50%	0.00%	0.00%	99.9%	99.4%	
11	Bank 2	21-Mar-12	1,427.4	1,371.8	66	65.0	95%	0.00%	0.00%	99.9%	98.3%	
12	Bank 1	20-Mar-12	1,679.7	1,587.4	65	147.3	91%	0.00%	0.00%	100.0%	100.9%	
13	Bank 14	28-Jun-13	8,001.1	6,303.0	50	865.2	88%	0.04%	0.04%	99.9%	99.4%	
14	Bank 4	29-Oct-13	1,654.5	1,351.3	46	162.4	89%	0.00%	0.00%	99.9%	98.4%	
15	Bank 10	31-Dec-13	2,319.7	1,921.8	44	370.5	82%	0.00%	0.00%	99.9%	100.7%	
16	Bank 4	27-Dec-13	2,731.5	2,309.9	44	326.3	87%	0.00%	0.00%	99.9%	97.8%	
17	Bank 3	31-Dec-13	857.1	717.0	44	319.2	59%	0.44%	0.00%	100.0%	99.5%	
18	Bank 6	28-Mar-14	1,011.2	826.5	42	177.5	79%	0.00%	0.00%	99.9%	98.5%	
19	Bank 5	26-Dec-14	840.8	679.6	33	133.4	82%	0.00%	0.00%	100.0%	98.4%	
20	Bank 4	30-Dec-14	2,345.9	1,982.9	32	457.4	78%	0.00%	0.00%	99.9%	104.8%	
21	Bank 4	01-Mar-15	1,877.0	1,563.1	30	327.0	81%	0.05%	0.05%	99.9%	101.8%	
22	Bank 4	11-Jun-15	1,000.3	855.2	28	224.8	75%	0.00%	0.00%	99.7%	104.0%	

# Home Loans Pool Performance Factsheet: ICRA Direct Assignments (Sold Down)

Sr. No.	Investor	Initial Pool Details			MPS	Pool Principal (₹ Mn)	Amortisation	of Initial POS		CCR	MCR
		Sold Down Date	Disbursement (₹ Mn)	Sold Down Principal (₹ Mn)				90+ dpd %	180+ dpd %		
23	Bank 4	23-Jun-15	2,328.0	1,869.1	27	382.6	82%	0.12%	0.00%	99.9%	99.7%
24	Bank 7	29-Jun-15	999.8	845.3	26	149.6	83%	0.00%	0.00%	99.9%	106.1%
25	Bank 8	25-Aug-15	729.1	613.4	25	283.5	57%	0.00%	0.00%	100.0%	100.4%
26	Bank 7	01-Sep-15	1,380.1	1,159.3	24	265.9	79%	0.00%	0.00%	99.9%	99.6%
27	Bank 7	28-Sep-15	1,167.8	964.4	23	190.5	82%	0.00%	0.00%	99.9%	98.1%
28	Bank 8	31-Dec-15	1,178.5	986.5	20	390.0	63%	0.23%	0.00%	100.0%	99.9%
29	Bank 7	23-Dec-15	528.5	451.4	20	73.9	84%	0.00%	0.00%	100.0%	98.0%
30	Bank 9	23-Mar-16	1,341.8	1,125.2	17	738.1	39%	0.00%	0.00%	100.0%	99.3%
31	Bank 8	31-Mar-16	597.8	506.4	17	180.0	67%	0.00%	0.00%	99.9%	100.0%
32	Bank 6	21-Mar-16	2,818.3	2,345.3	17	496.9	80%	0.04%	0.04%	99.9%	98.5%
33	Bank 6	21-Mar-16	973.8	793.5	17	91.3	90%	0.00%	0.00%	100.0%	99.9%
34	Bank 8	30-Jun-16	1,864.9	1,574.5	14	806.2	52%	0.14%	0.00%	99.8%	99.0%
35	Bank 9	30-Jun-16	1,153.7	976.9	14	658.4	37%	0.10%	0.10%	99.9%	100.1%
36	Bank 6	30-Jun-16	1,119.6	935.2	14	220.2	78%	0.00%	0.00%	100.0%	100.0%
37	Bank 10	30-Jun-16	1,358.3	1,128.3	14	459.1	62%	0.00%	0.00%	99.9%	101.8%
38	Bank 8	28-Sep-16	2,564.5	2,164.3	11	875.7	62%	0.00%	0.00%	100.0%	100.0%
39	Bank 11	29-Sep-16	1,286.2	1,082.1	11	555.8	52%	0.00%	0.00%	100.0%	100.2%
40	Bank 9	28-Sep-16	1,189.4	1,003.1	11	732.3	32%	0.00%	0.00%	100.0%	99.7%
41	Bank 15	28-Mar-17	7,334.6	6,120.0	5	4,902.5	26%	0.00%	0.00%	99.9%	99.9%
42	Bank 14	23-Jun-17	1,955.3	1,592.5	2	1,419.4	19%	0.00%	0.00%	98.2%	98.4%
43	Bank 15	23-Jun-17	4,600.7	3,874.2	2	3,327.9	20%	0.00%	0.00%	99.8%	99.8%
44	Bank 8	30-Jun-17	2,123.7	1,769.9	2	1,487.2	22%	0.00%	0.00%	100.0%	100.0%



# LAP Pool Performance Factsheet: ICRA

## Direct Assignments (Sold Down)

Sr. No.	Investor	Initial Pool Details						of Initial POS		CCR	MCR
		Sold Down Date	Disbursement (₹ Mn)	Sold Down Principal (₹ Mn)	MPS	Pool Principal (₹ Mn)	Amortisation	90+ dpd %	180+ dpd %		
1	Bank 3	31-Dec-13	2,244.2	1,786.4	44	299.0	85%	0.19%	0.00%	99.9%	96.7%
2	Bank 10	07-Feb-14	4,298.2	3,298.3	44	498.2	87%	0.17%	0.17%	99.7%	95.9%
3	Bank 4	28-Mar-14	2,716.0	2,144.5	42	334.9	86%	0.00%	0.00%	99.9%	103.3%
4	Bank 4	20-Jun-14	2,310.9	1,893.7	38	302.1	85%	0.07%	0.00%	99.9%	104.7%
5	Bank 4	27-Jun-14	1,854.7	1,535.7	38	439.3	74%	0.12%	0.12%	99.9%	96.9%
6	Bank 10	29-Dec-14	4,540.4	3,716.1	32	932.8	77%	0.15%	0.15%	99.6%	92.6%
7	Bank 2	30-Mar-15	10,671.9	8,695.3	29	2,930.4	69%	0.35%	0.08%	99.7%	96.1%
8	Bank 4	30-Jun-15	1,450.6	1,127.7	26	371.0	72%	0.00%	0.00%	100.0%	100.8%
9	Bank 12	28-Sep-15	2,201.9	1,807.1	23	642.4	68%	0.00%	0.00%	99.8%	108.3%
10	Bank 12	28-Sep-15	2,345.4	2,002.8	23	750.2	64%	0.00%	0.00%	99.7%	98.1%
11	Bank 1	28-Sep-15	3,594.8	2,849.6	23	982.2	70%	0.00%	0.00%	99.6%	97.7%
12	Bank 8	29-Sep-15	4,302.8	3,641.3	24	1,352.3	65%	0.00%	0.00%	99.8%	100.3%
13	Bank 12	09-Dec-15	333.1	241.5	21	75.9	75%	0.00%	0.00%	99.9%	100.0%
14	Bank 12	09-Dec-15	506.3	434.9	21	230.1	49%	0.00%	0.00%	98.4%	105.9%
15	Bank 12	23-Dec-15	1,561.8	1,336.9	20	495.1	65%	0.35%	0.35%	99.7%	95.5%
16	Bank 1	31-Dec-15	1,203.8	997.7	21	465.4	57%	0.00%	0.00%	99.9%	100.3%
17	Bank 1	31-Dec-15	2,785.4	2,224.8	21	816.4	67%	0.00%	0.00%	99.3%	96.5%
18	Bank 1	03-Mar-16	956.7	774.4	18	347.8	60%	0.00%	0.00%	99.9%	99.4%
19	Bank 12	10-Mar-16	1,753.5	1,499.8	18	755.3	52%	0.00%	0.00%	99.7%	98.9%
20	Bank 9	30-Jun-16	2,503.4	2,094.0	14	1,248.2	45%	0.00%	0.00%	99.8%	97.5%
21	Bank 10	30-Jun-16	4,059.2	3,314.6	14	1,857.4	49%	0.54%	0.00%	99.7%	98.9%
22	Bank 13	26-Sep-16	1,523.7	1,248.0	12	755.9	45%	0.00%	0.00%	99.5%	97.6%
23	Bank 13	26-Sep-16	2,162.9	1,748.0	12	904.2	54%	0.00%	0.00%	100.0%	99.8%
24	Bank 8	30-Sep-16	3,311.7	2,733.2	11	1,589.6	47%	0.00%	0.00%	99.7%	96.7%
25	Bank 14	30-Mar-17	4,158.7	3,405.1	5	2,832.9	24%	0.00%	0.00%	99.8%	99.7%
26	Bank 1	20-Mar-12	2,360.3	2,223.4	66	194.0	92%	0.00%	0.00%	99.9%	95.3%
27	Bank 8	30-Jun-17	4,060.1	3,327.2	3	3,085.6	16%	0.00%	0.00%	99.4%	100.1%
28	Bank 10	28-Jun-17	6,265.8	4,694.4	2	4,393.5	22%	0.00%	0.00%	99.2%	98.3%

MPS: Months post securitisation

MCR: Monthly collection ratio

CCR: Cumulative collection ratio

dpd: days past due

Data is for Sep 2017 payouts

# 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	45	397.0	64%	0.00%	0.00%	100.0%	100.0%	CRISIL
2	Bank 14	01-Mar-15	2,940.5	2,724.4	31	1,438.0	51%	0.00%	0.00%	99.9%	99.3%	CRISIL
3	Bank 3	31-Dec-12	1,286.5	1,186.2	57	374.4	71%	0.00%	0.00%	99.9%	98.2%	CRISIL
4	FI 1	12-Mar-13	10911.2	9,686.4	54	899.6	92%	0.00%	0.00%	99.8%	98.9%	CRISIL
5	Bank 3	28-Mar-13	1,146.0	1,070.9	54	434.1	62%	0.00%	0.00%	99.9%	98.2%	CRISIL
6	Bank 14	27-Sep-13	3,119.0	2,864.4	48	1,105.3	65%	0.00%	0.00%	99.8%	98.9%	CRISIL

### LAP PTC Pools rated by CRISIL

1	Bank 14	30-Sep-16	1,437.3	1,359.8	11	890.7	38%	0.00%	0.00%	100.0%	99.4%	CRISIL
2	Bank 9	30-Dec-16	5,458.2	5,126.9	8	4,317.2	21%	0.00%	0.00%	100.0%	99.9%	CRISIL
3	Bank 9	27-Mar-17	3,100.7	2,923.5	5	2,634.8	15%	0.00%	0.00%	99.6%	99.4%	CRISIL

### Home Loan PTC Pools rated by ICRA

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	41	1,570.4	53%	0.00%	0.00%	99.99%	99.18%	ICRA
2	Bank 9	29-Jun-17	3,544.7	3,299.6	2	3,183.9	10%	0.00%	0.00%	98.21%	99.06%	ICRA

# Home Loans and LAP Pool Performance Factsheet

## Pass-Through Certificates

### Home Loan PTC Pools rated by Care

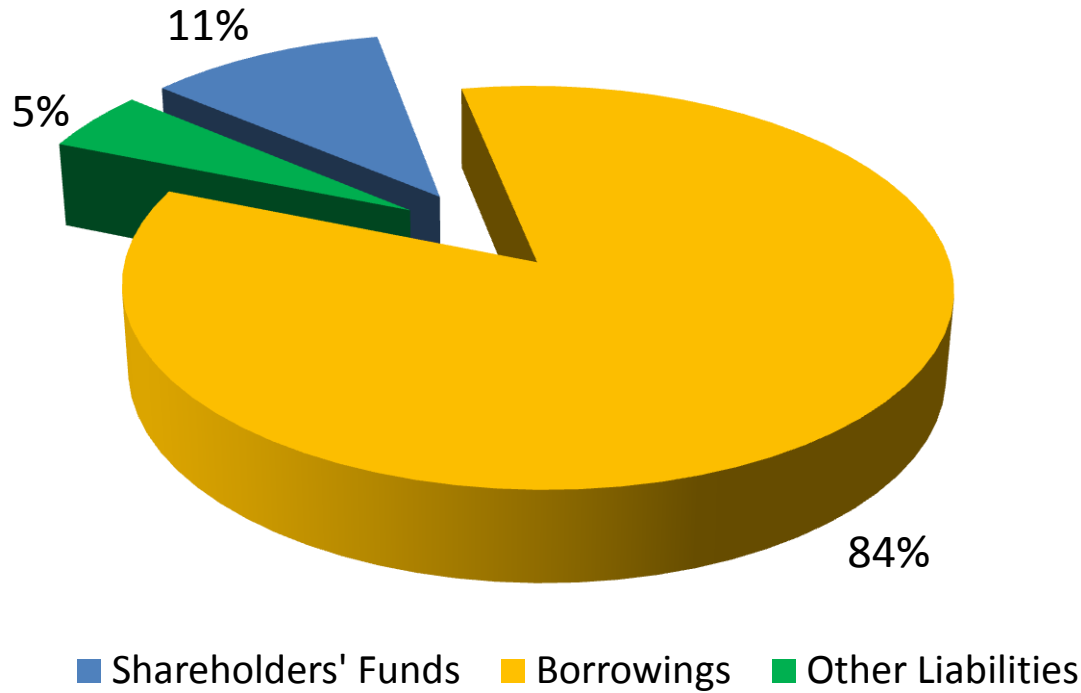
Sr. No.	Investor	Initial Pool Details			MPS	Pool Principal (₹ Mn)	Amortisation	of Initial POS		CCR	MCR	Outstanding Rating from
		Sold Down Date	Disbursement (₹ Mn)	Sold Down Principal (₹ Mn)				90+ dpd %	180+ dpd %			
1	Bank 3	28-Sep-12	616.0	549.0	59	81.8	87%	0.00%	0.00%	100.01%	99.47%	CARE

### LAP PTC Pools rated by CARE

1	Bank 2	30-Dec-13	1,114.1	986.0	44	194.7	83%	0.00%	0.00%	99.9%	96.8%	CARE
2	Bank 2	20-Mar-14	4,403.3	3,850.0	41	811.7	82%	0.00%	0.00%	99.8%	100.7%	CARE
3	Bank 3	31-Mar-16	2,279.9	2,091.0	17	1,308.6	43%	0.00%	0.00%	99.7%	97.9%	CARE

# Liabilities Profile

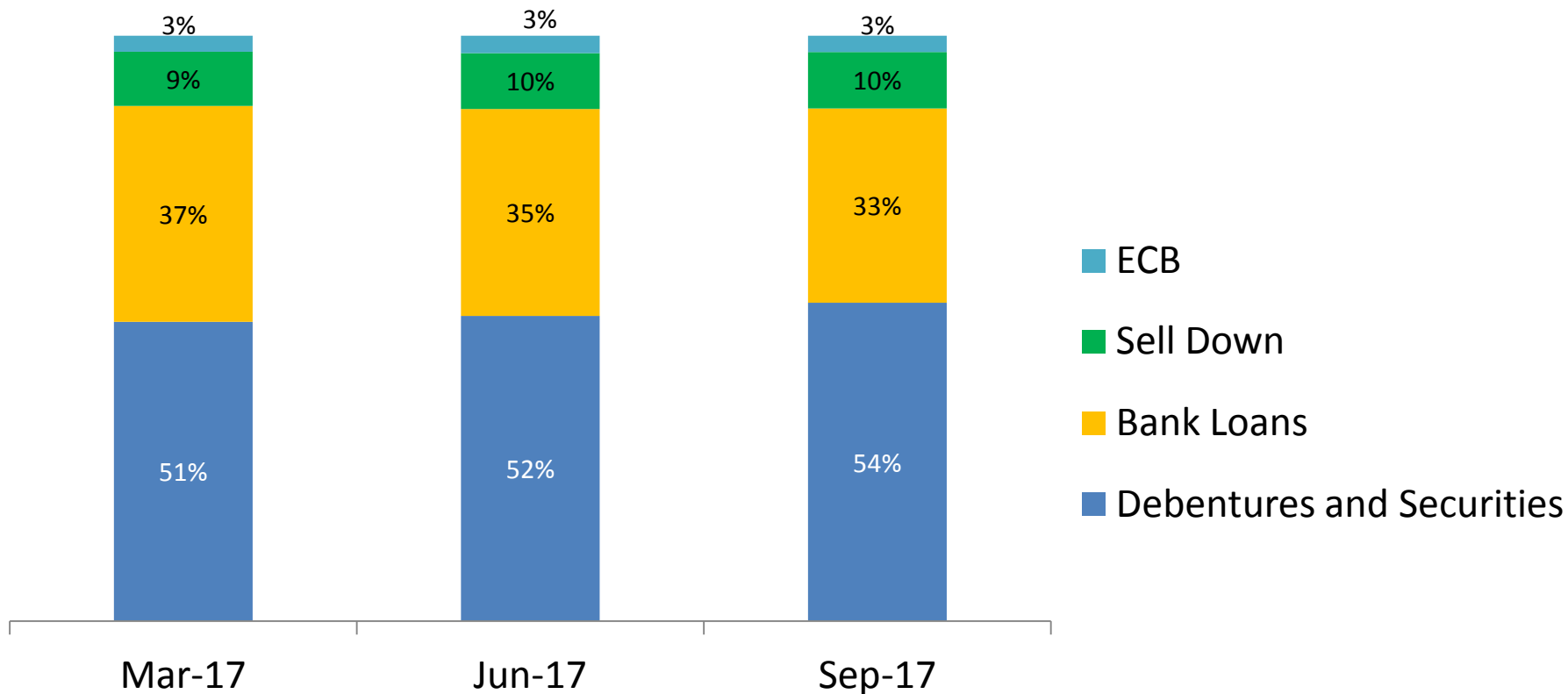
# Liabilities



<b>Total Liabilities</b>	
As at September 30, 2017	₹ 1.16 Tn (US\$ 17.81 Bn)
As at September 30, 2016	₹ 0.91 Tn (US\$ 14.05 Bn)

US \$ amounts are converted based on the exchange rate of US \$1 = ₹ 65

# Funding Mix



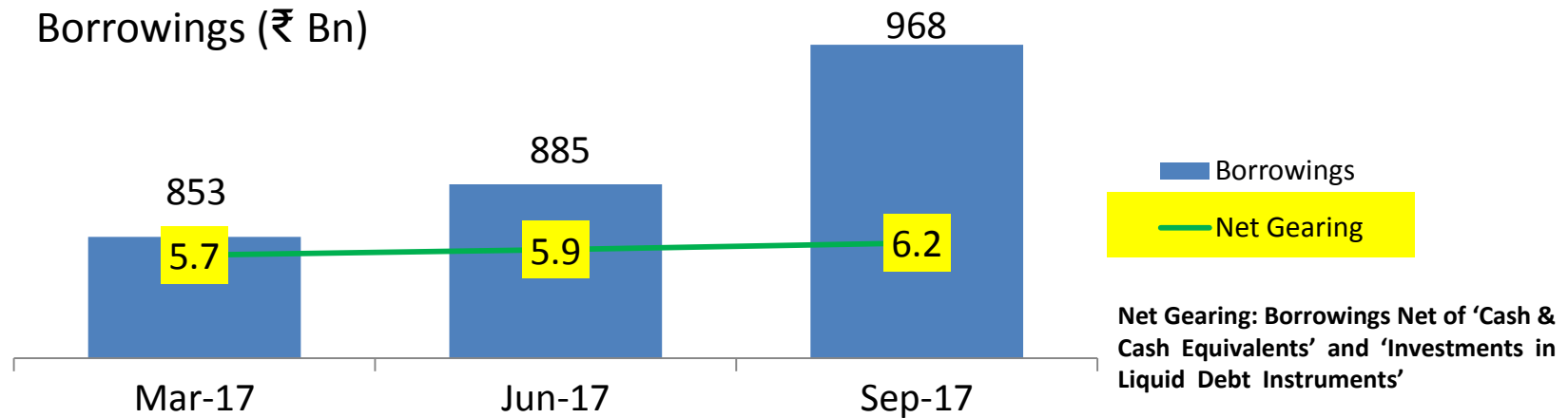
<b>Total Borrowings</b>	
As at September 30, 2017	₹ 968.4 Bn (US\$ 14.90 Bn)
As at September 30, 2016	₹ 743.9 Bn (US\$ 11.44 Bn)

US \$ amounts are converted based on the exchange rate of US \$1 = ₹ 65

ECB: External Commercial Borrowing

# Strengthening Liability Profile

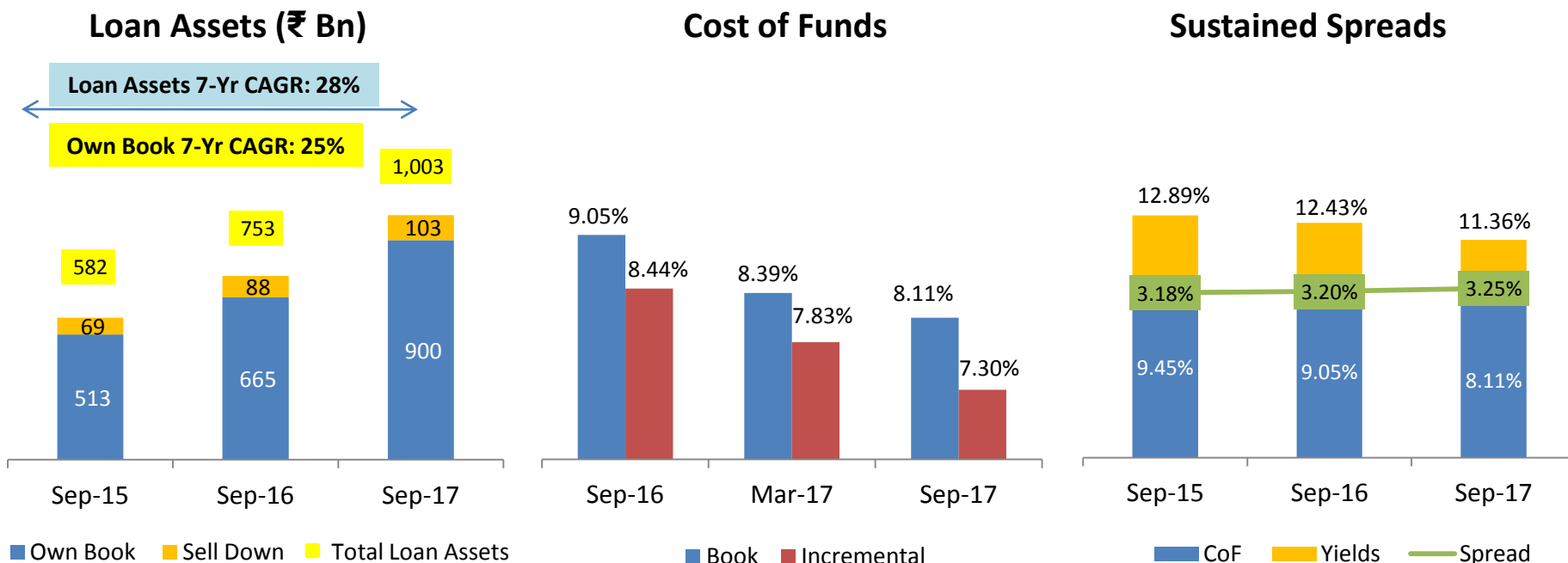
Borrowings (₹ Bn)



Total Funding (₹ Bn)	Total Funding (₹ Bn)		Net Incremental in 6 Months	Contribution to Incremental Borrowings in last 6 Months
	Sep 17	Mar 17		
Bank Loans	353.2	346.6	6.6	5.0%
Debentures and Securities	585.8	480.5	105.3	80.2%
ECB	29.4	25.9	3.5	2.6%
<b>Total Borrowing</b>	<b>968.4</b>	<b>853.0</b>	<b>115.4</b>	<b>87.8%</b>
Sell Down	102.9	86.9	16.0	12.2%
<b>Total</b>	<b>1,071.3</b>	<b>939.9</b>	<b>131.4</b>	<b>100.0%</b>

- Bank loans contributed to only 5% of overall funding in the last 6 months
- 92% of incremental funding in H1 FY18 was from debentures and securities and loan sell downs
- ₹ 397.0 Bn of debenture and securities raised in 18 months since March 2016 is nearly twice that of ₹ 220 Bn raised in 36 months spanning FY 13-14 to FY 15-16; and is more than 4x of that raised in FY 2015-16
- Amongst its lenders, the company now counts 457 strong relationships: 21 PSU banks, 21 Private and Foreign banks and 415 Mutual Funds, Provident Funds, Pension Funds, Insurance Companies and corporates

# Spreads Sustained as Home Loan Share Increases



- Both incremental spread and spread on stock of loans are at the higher end of the guided range driven by continuing moderation in cost of funds.
  - Spread on stock of loans has increased to 325 bps
  - Incremental spread has expanded from the previous quarter to 299 bps
- Total of ₹ 72 Bn loans sold down in preceding 12 months, equivalent to 29% of incremental loan assets.
- 10% of total loan assets are sold down and growth of on-balance sheet loan assets (7-year CAGR: 25%) is slower than growth in total loan assets (7-year CAGR: 28%) facilitating RoE expansion
- While profits are driven by the spread on total loan assets including sold down assets, capital is required only for on-balance sheet book\*

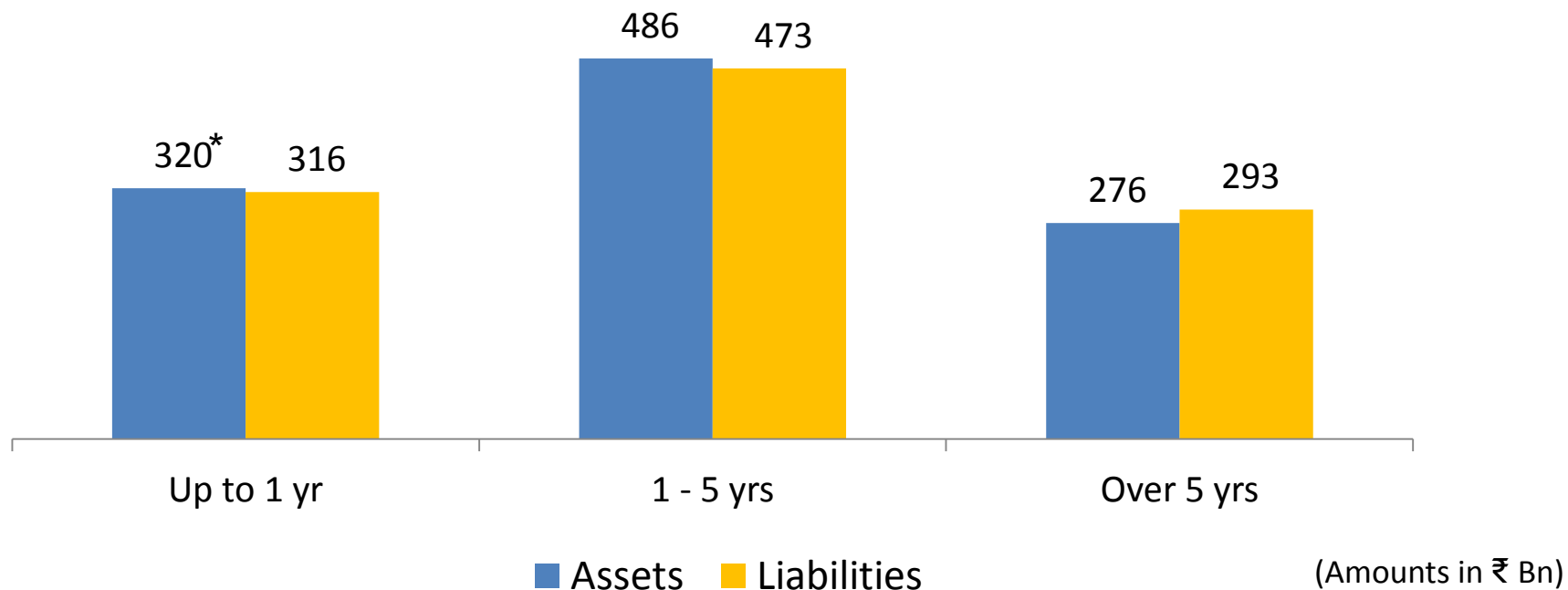
\*Minimal capital is required for sold down portfolio for the retained part of the pool or for the credit enhancement offered



# Optimally Matched Balance Sheet

## Maturity Profile

(As of March 31, 2017)




- \*Assets in the 'Up to 1 Yr' bucket includes ₹ 185.02 Bn (as of March 31, 2017) 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 ₹ 185 Bn as at 31<sup>st</sup> Mar, 2017. 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'*

# Evolution of Home Loans Product and Distribution

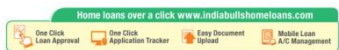
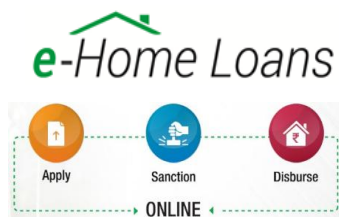
# Evolution of Distribution Model and Geographical Coverage

	Sourcing	Underwriting Approach	Turn-around Time for Loan Appraisal*	Geographical Coverage
Pre-2010	Branch Based	Manual decisioning	5 to 7 days	Metro-centric: >85% for top-20 cities
2010	Point-of-sale: Construction sites	Pen-and-paper based underwriting	2 days	
2016	e Home Loans and Smart City Home Loans	Manual decisioning	8 hours	120 tier I cities 100 tier II & III cities  70% from top 20 30% from smaller cities
		Digitized underwriting		
		<b>Q2 CY 2018</b>	Instant credit decisioning	
		Score based automated decisioning		
Digitized underwriting				
2018	Analytics Driven Predictive Pre-approved Offers	Big-data driven customer life-stage monitoring  Pre-approved customized offers  Automated decisioning	Pre-approved offers	<div style="text-align: center;">  </div> 150 tier I cities 200 tier II & III cities  50% from top 20 50% from smaller cities

\* Working days/hours

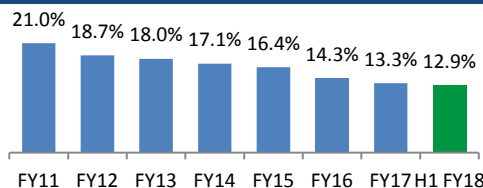
# Technology Leveraged Cost-Effective Growth

## Improved Efficiency and Throughput



- The next revision of eHome Loans to be launched in Q1FY19 will deploy analytical and application scoring modules to partly automate credit decisioning
- In little over a year of launch:
  - 24% of incremental home loans are end-to-end disbursed through the 'eHome Loans' platform
  - 35% of the remainder loans use the 'eHome Loans' platform for one or more of its features
  - Smart City Home Loans, a year old initiative, are also driven through the eHome Loans platform
- Average number of visits made by the sales executive per loan is down by half
- End-to-end technology enabled loan fulfillment features
  - Application form is being filled in 15 minutes
  - Document upload
  - e-sign of all documents
  - Online payment of processing fees
  - Disbursement initiation, request for first and subsequent tranches: payment directly credited to builder/customer account following online disbursement initiation by customer
- Increased customer convenience **AND** increased thoroughness of credit appraisal
  - Parallel credit processes: eHome Loans has cut TAT by half to an average of under a day
- 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

## Declining Cost-to-Income Ratio



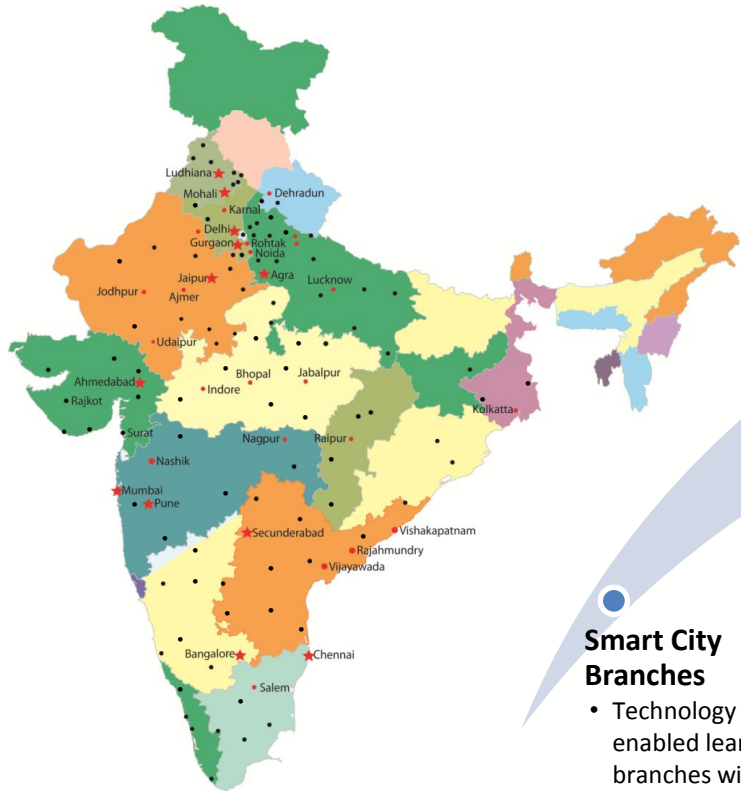
- **Cost-to-income ratio down by 140 bps to 12.9% in H1 FY18 from FY16**
- Increasing scale and effective technology deployment driving cost efficiencies
- Increasing share of home loans and cost-effective expansion into tier-II smart cities will lead to continuing decline in cost-to-income ratio

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

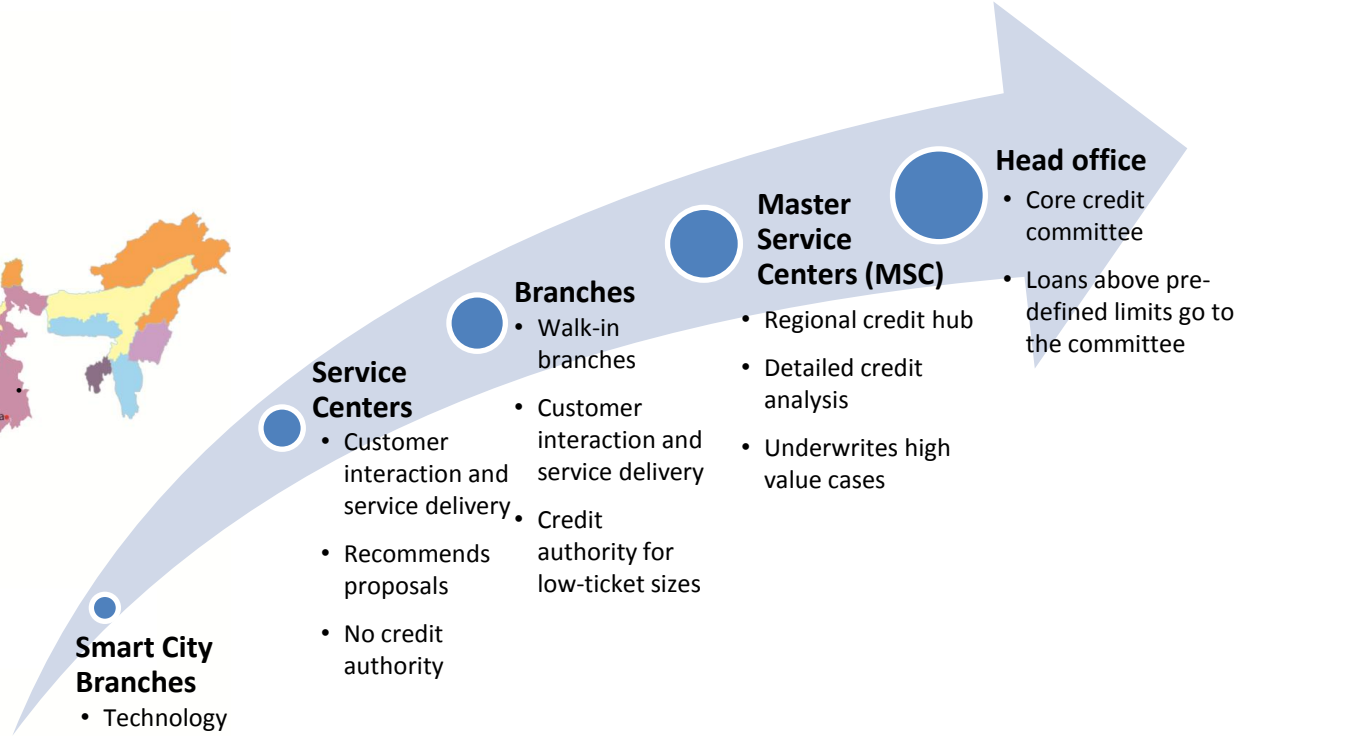
\*\*NSDL: Online PAN (Permanent Account Number – Unique tax identification number for individuals) verification by authorized entities

TAT: Turn Around Time – time taken since application submission to decision on sanction

# Country Wide Reach



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



- Smart City Branches**
- Technology enabled lean branches with only sales staff
  - Online loan application file completion
  - Underwriting at 'hub' credit centres

- Service Centers**
- Customer interaction and service delivery
  - Recommends proposals
  - No credit authority

- Branches**
- Walk-in branches
  - Customer interaction and service delivery
  - Credit authority for low-ticket sizes

- 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

**Smart City Home Loan Branches**

September 2018 : 100 smart city home loans branches from 59 branches at the end of Q2FY18

# 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 (charitable mobile medical vans):

- Free primary healthcare facility
- Added 3 vans to existing fleet of 20
- More than 11,77,000 patients diagnosed

### Free Medical Clinics:

- 5 free medical clinics
- More than 1,62,490 patients treated

### Health Check-up Camps:

- Conducted extensively in Thane, Raigad and Palghar districts
- 27,843 beneficiaries till date

## Sanitation



### Green soles:

- 2,700 recycled footwear distributed

### Kumud:

- Sanitary napkin distributed to more than 54,000 women and adolescent girls
- Hygiene awareness sessions conducted

## Nutrition



### Paushtik Aahar:

- Free nutrition supplements to the underprivileged and malnourished
- 20,000 individuals per month
- Over 1,42,000 beneficiaries till date

## Scholarship:

- Scholarship awarded to over 800 meritorious students across India

## 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 47,000 visually challenged

## Education



## Renewable Energy Plants:

- Free of cost round-the-clock seamless electricity to 5 tribal ashram schools
- Benefits 3,400 tribals students every year

## Renewable Energy



## Water Wheel Project:

- Distributed more than 1,900 water wheels benefitting over 10,000 villagers

## Women Empowerment:

- Skill development programmes successfully completed, benefiting over 600 women across 7 states

## Rural Empowerment



# Board of Directors, Ratings, Key Ratios, Valuations and Shareholding



# 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, Managing Director and CEO
- 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 : Chief Operating Officer

# Credit Ratings

	Long Term Rating	Short Term Rating
ICRA(A Moody's Investor Service Company)	AAA	A1+
CARE Ratings	AAA	A1+
Brickwork Ratings	AAA	
CRISIL (a Standard & Poor's Company)	AA+ [Outlook: Positive]	A1+
India Ratings & Research (a Fitch Group Company)		A1+

## Rising Productivity Ratios

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
No. of Employees	4,512	4,243	4,072	4,099	4,840	5,453	6,388
Profit per employee (₹ Mn)	1.7	2.4	3.1	3.8	3.9	4.3	4.6
Asset per employee (₹ Mn)	37.1	58.5	80.9	108.4	118.2	140.2	162.3
Cost-to-Income Ratio	21.0%	18.7%	18.0%	17.1%	16.4%	14.3%	13.3%

# Key Financial Metrics

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Pre Tax RoAA (%)	5.5%	4.9%	4.9%	4.8%	4.9%	4.9%	4.6%
Post Tax RoAA (%)	4.1%	3.7%	3.8%	3.8%	3.7%	3.7%	3.6%
RoE (%)^	17.2%	22%	26%	27%	29%	26%	26%
Capital Adequacy (%)#	23.87%	19.96%	18.58%	20.47%	19.60%	23.38%	20.91%
- Tier I#	23.63%	19.27%	15.05%	16.10%	16.28%	20.36%	17.25%
- Tier II#	0.24%	0.69%	3.53%	4.37%	3.32%	3.02%	3.66%

^ ₹ 40 Bn of equity was raised through a QIP in September, 2015

# Adjusted for mutual fund investments

RoAA: Return on Average Assets

RoE: Return on Equity

# Valuations and Returns

	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Sep-17
Market Price per Share (₹)	155	207	272	286	558	674	998	1,361*
Market Capitalisation (₹ Bn)	48.1	64.5	84.9	95.4	198.4	284.0	422.9	577.5
PE Ratio (times)	6.5	6.5	6.8	6.0	10.2	11.3	14.5	17.5
Dividend per Share (₹) #	10	13	20	29	35	36	36	18
Dividend Yield	6.5%	6.3%	7.4%	10.2%	6.3%	5.3%	3.6%	2.6%
Foreign Institutional Shareholding (%)	43.5%	38.7%	45.2%	41.1%	51.8%	58.9%	63.6%	60.5%

IBHFL is a part of Nifty 50, MSCI India and FTSE4Good indices



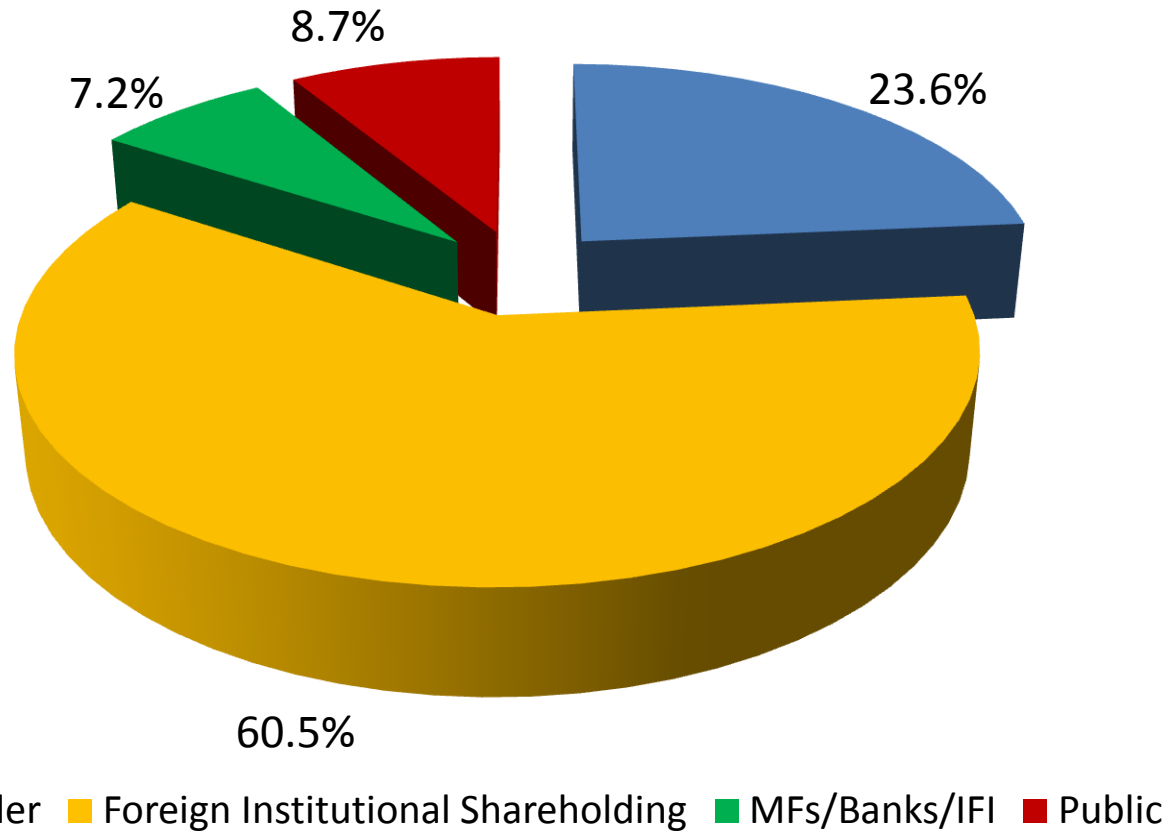
# Normalized to reflect periods the dividends pertain to

PE: Price to Earnings (12 months trailing)

US \$ amounts are converted based on the exchange rate of US \$1 = ₹ 65

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

# Shareholding Pattern



- Domestic institutional shareholding has trebled to 7.8% from 2.6% a year ago

# Detailed Financials

# Consolidated Balance Sheet

Statement of Assets and Liabilities Particulars	(Rupees in Billion)	
	As at	
	30.09.17 (Unaudited)	30.09.16 (Unaudited)
<b>I. EQUITY AND LIABILITIES</b>		
<b>(1) Shareholder's Funds</b>		
(a) Share Capital	0.85	0.84
(b) Reserves and Surplus	124.04	113.89
<b>(2) Share application money pending allotment</b>	-	0.01
<b>(3) Non-Current Liabilities</b>		
(a) Long-term borrowings	572.01	530.77
(b) Deferred tax Liabilities (net)	1.45	1.04
(c) Other Long term liabilities	2.67	14.81
(d) Long term provisions	9.09	7.74
<b>(4) Current Liabilities</b>		
(a) Short-term borrowings	218.12	107.83
(b) Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises; and	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	0.20	0.05
(c) Other current liabilities	226.21	134.26
(d) Short-term provisions	2.88	2.06
<b>Total</b>	<b>1,157.52</b>	<b>913.30</b>
<b>II. ASSETS</b>		
<b>(1) Non-current assets</b>		
(a) Fixed assets		
(i) Tangible assets	0.95	0.68
(ii) Intangible assets	0.12	0.02
(b) Goodwill on Consolidation (Net)	0.68	0.67
(c) Non-current investments	9.70	7.78
(d) Deferred tax assets (net)	0.09	0.05
(e) Long term loans and advances	810.17	598.44
(f) Other non-current assets	3.89	3.88
<b>(2) Current assets</b>		
(a) Current investments	199.48	179.25
(b) Trade receivables	0.10	0.03
(c) Cash and cash equivalents	23.00	26.67
(d) Short-term loans and advances	95.94	86.60
(e) Other current assets	13.40	9.23
<b>Total</b>	<b>1,157.52</b>	<b>913.30</b>

**₹ 222.48 Bn of  
Cash & Cash  
Equivalents and  
Investments in  
Liquid Debt  
Instruments**

The company had cash, cash equivalents and investments in liquid debt instruments of ₹ 222.48 Bn as at 30<sup>th</sup> Sep, 2017. 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

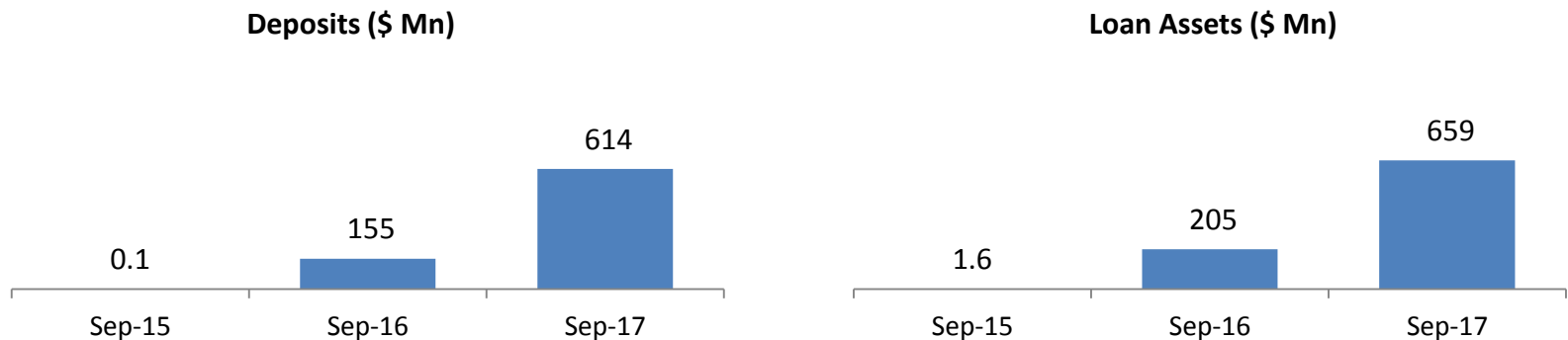
		(Rupees in Billion)					
Particulars	Quarter ended			Six Months ended		Year ended	
	30.09.17	30.06.17	30.09.16	30.09.17	30.09.16	31.03.17	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	
1	Revenue from operations	30.67	29.56	25.10	60.23	48.82	103.99
2	Other income	2.75	2.69	3.65	5.44	5.91	13.03
3	<b>Total revenue (1+2)</b>	<b>33.42</b>	<b>32.25</b>	<b>28.75</b>	<b>65.68</b>	<b>54.72</b>	<b>117.02</b>
4	<b>Expenses</b>						
	Employee benefits expense	1.53	1.33	1.36	2.86	2.54	5.00
	Finance costs	18.35	17.72	16.28	36.08	30.39	64.11
	Depreciation and amortisation expense	0.08	0.07	0.05	0.15	0.10	0.23
	Other expenses	2.33	2.52	1.85	4.85	3.73	9.96
	<b>Total expenses</b>	<b>22.29</b>	<b>21.65</b>	<b>19.54</b>	<b>43.94</b>	<b>36.76</b>	<b>79.30</b>
5	<b>Profit before tax (3-4)</b>	<b>11.14</b>	<b>10.60</b>	<b>9.21</b>	<b>21.74</b>	<b>17.96</b>	<b>37.72</b>
6	<b>Tax expense</b>						
	Current tax expense (Net of MAT credit entitlement)	1.40	2.34	2.45	3.74	4.52	8.29
	Deferred Tax (Credit) / Charge	1.22	0.42	(0.09)	1.64	0.24	0.34
	<b>Total Tax Expense</b>	<b>2.62</b>	<b>2.76</b>	<b>2.35</b>	<b>5.38</b>	<b>4.75</b>	<b>8.63</b>
7	<b>Profit for the Period / Year (5-6)</b>	<b>8.52</b>	<b>7.84</b>	<b>6.86</b>	<b>16.36</b>	<b>13.21</b>	<b>29.09</b>
8	Add: Share of Profit / (Loss) of Associate	0.09	0.05	(0.02)	0.14	(0.07)	(0.02)
9	<b>Profit for the period / year attributable to Minority Interest (7+8)</b>	<b>8.61</b>	<b>7.88</b>	<b>6.84</b>	<b>16.49</b>	<b>13.14</b>	<b>29.06</b>
10	Less: Share of Profit attributable to Minority Interest	-	-	-	-	-	-
11	<b>Profit for the period / year attributable to the Shareholders of the Company (9-10)</b>	<b>8.61</b>	<b>7.88</b>	<b>6.84</b>	<b>16.49</b>	<b>13.14</b>	<b>29.06</b>
12	Paid-up Equity Share Capital	0.85	0.85	0.84	0.85	0.84	0.85
13	Reserves excluding Revaluation Reserves as per Balance Sheet as on March 31, 2017						120.37
14	Earnings per Share (EPS) before extraordinary items						
	<i>*(EPS for the quarters and six months are not annualised)</i>						
	-Basic (Amount in Rs.)	20.29*	18.58*	16.23*	38.87*	31.18*	68.80
	-Diluted (Amount in Rs.)	20.03*	18.37*	16.02*	38.40*	30.79*	67.98
	-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.)	20.29*	18.58*	16.23*	38.87*	31.18*	68.80
	-Diluted (Amount in Rs.)	20.03*	18.37*	16.02*	38.40*	30.79*	67.98
	-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 ₹ 222.48 Bn as at 30<sup>th</sup> Sep, 2017. 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'

# Update on OakNorth Bank

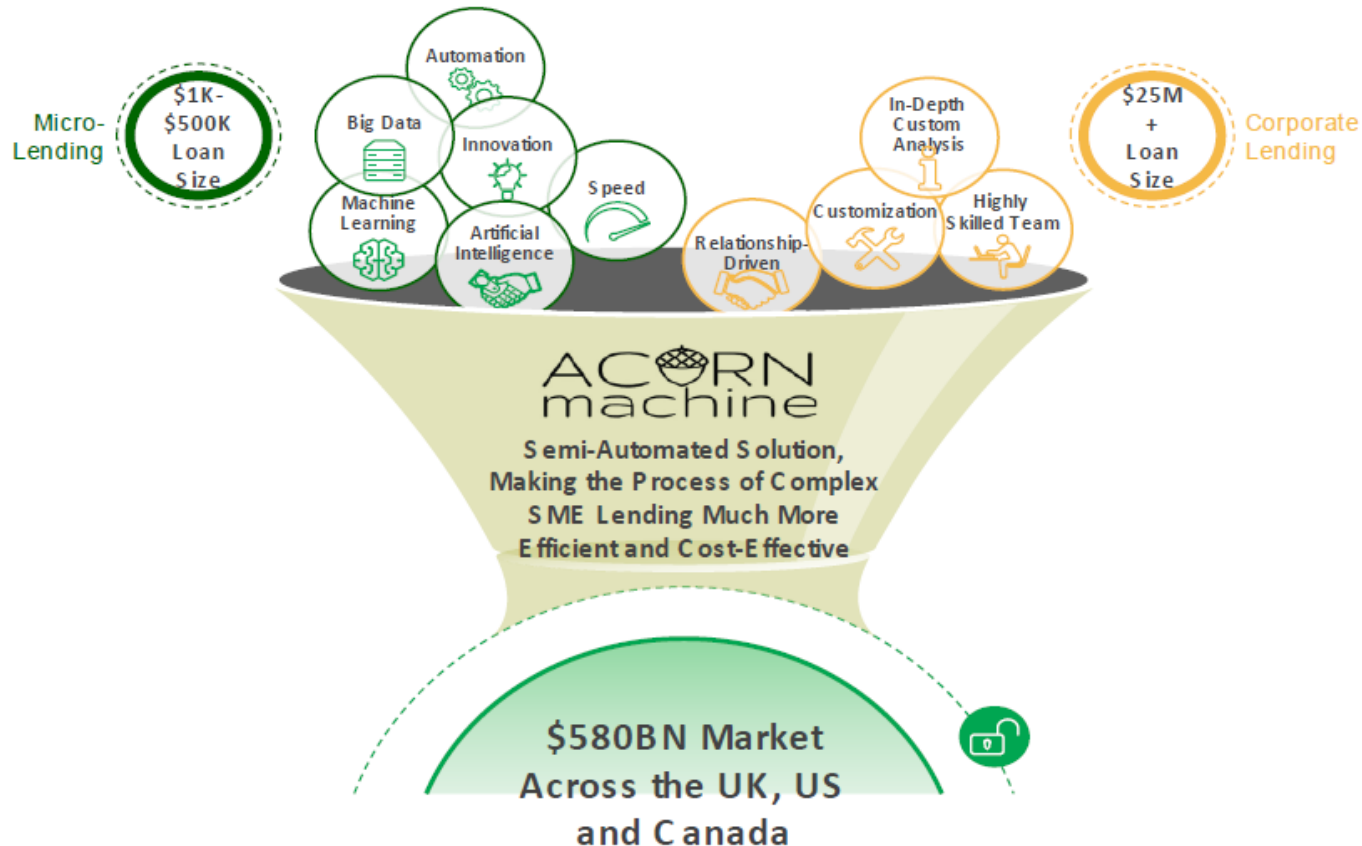
# Update on OakNorth Bank

- In Oct 17, OakNorth Bank raised investment of £ 154 Mn (\$ 203 Mn) for a 16% stake at a valuation of \$ 1.27 Bn
- IBHFL's stake of ~30% is now valued at \$ 380 Mn multiplying the investment 3.8x in under 2 years (IBHFL bought 40% stake in OakNorth Bank for \$ 100 Mn in Nov 15)
- Within two years of operations OakNorth Bank's deposits have risen to \$ 614 Mn and loan assets stand at \$ 659 Mn
- NIM on existing book is ~ 6.5%, cost of fund is ~ 1.7% and gross yield is ~ 8.5% on the loan book. The bank is already profitable in second year of operations



# ACORN Machine: Fintech Platform of OakNorth Bank

- Disruptive lending management platform revolutionising tailored mid-market lending
- ACORN Machine leverages AI and Machine Learning algorithms to enable lenders to originate, underwrite, monitor, and book transactions faster, more efficiently and with more rigour
- ACORN Machine platform will be offered to other lenders as a platform based on service revenue model, free from regulatory and balance sheet risks. Clients of ACORN Machine will pay one-time implementation fee and volume based subscription revenue



Thank you