

# Indiabulls

**Indiabulls Housing Finance Limited**

***Unaudited Financial Results – Q2 FY 2013-14***

***October 23, 2013***



# Safe Harbour Statement

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*This document contains certain forward-looking statements based on current expectations of Indiabulls 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, the general state of the Indian economy and the management's ability to implement the company's strategy. Indiabulls 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 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.*

**Investor Contact**

Ramnath Shenoy

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

+91 22 6189 1444

**Media Contact**

Rahat Ahmed

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

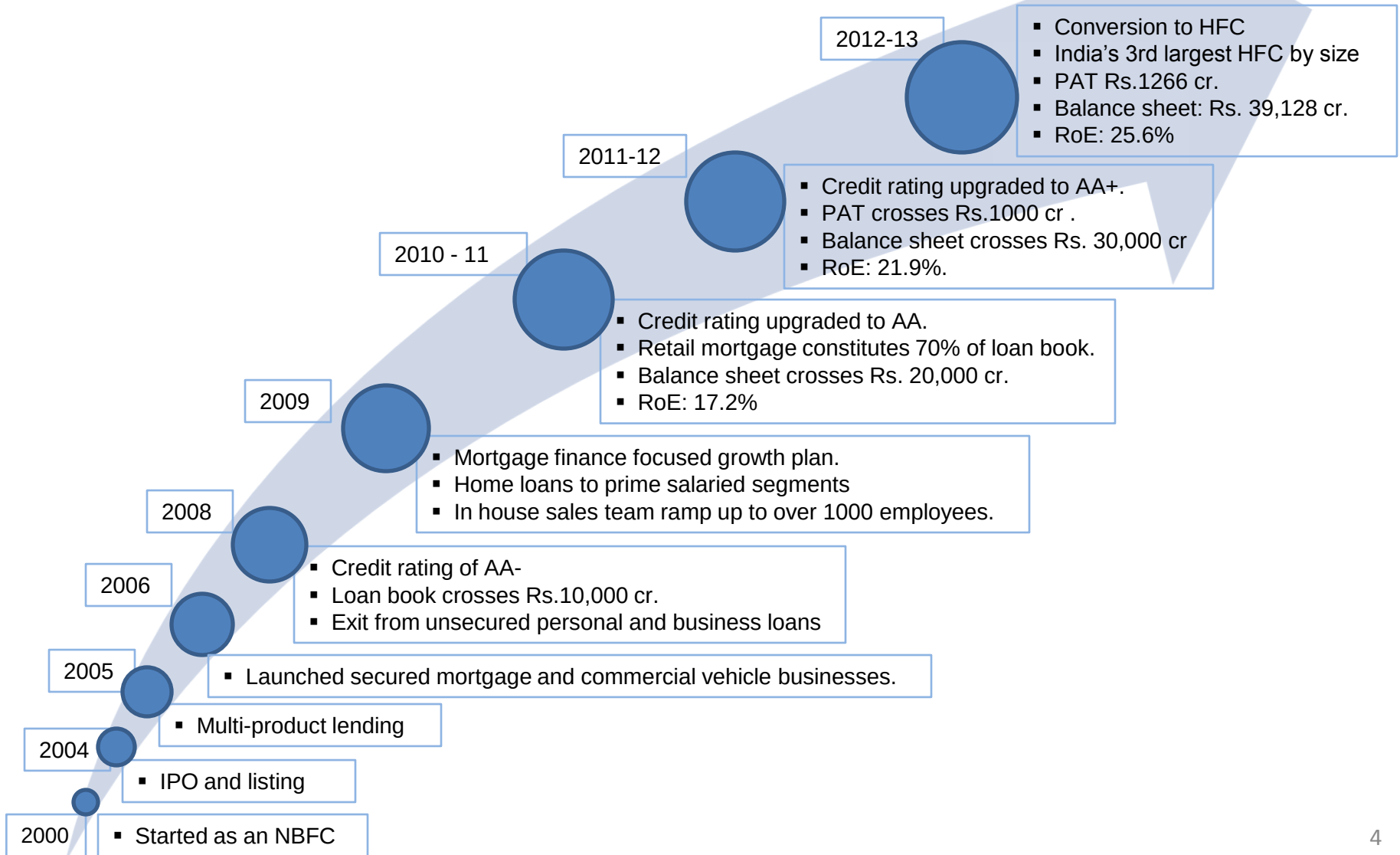
+91 22 6189 1155

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# Our Journey



# **Business Update**

# Business Update

## Year-on-Year (Y-o-Y) Comparison – Key Financial Highlights Q2 FY13-14 v/s Q2 FY12-13

|                          | Q2 FY 13-14 | Q2 FY 12-13 | Growth (%) |
|--------------------------|-------------|-------------|------------|
| Total Revenues (Rs. Cr.) | 1,474.2     | 1,178.5     | 25.09%     |
| NII (Rs. Cr.)            | 644.9       | 502.0       | 28.47%     |
| PBT (Rs. Cr.)            | 505.3       | 389.1       | 29.86%     |
| PAT (Rs. Cr.)            | 370.4       | 303.6       | 22.00%     |
| EPS (Rs.)                | 11.33       | 9.59        | 18.14%     |

***For Q2 FY14, an interim dividend of Rs.7/- per share of face value of Rs. 2/-, amounting to 350%, has been declared***

## H1 FY 13-14 Key Financial Highlights (H1 FY 13-14 v/s H1 FY 12-13)

|                          | H1 FY 13-14 | H1 FY 12-13 | Growth (%) |
|--------------------------|-------------|-------------|------------|
| Total Revenues (Rs. Cr.) | 2,818.1     | 2,228.9     | 26.43%     |
| NII (Rs. Cr.)            | 1,243.6     | 961.7       | 29.31%     |
| PBT (Rs. Cr.)            | 976.4       | 741.1       | 31.75%     |
| PAT (Rs. Cr.)            | 721.9       | 571.2       | 26.38%     |
| EPS (Rs.)                | 22.49       | 18.09       | 24.32%     |

## Return on Equity (RoE)

|                   | H1 FY 13-14 | H1 FY 12-13 |
|-------------------|-------------|-------------|
| RoE* (annualised) | 27.8%       | 23.0%       |

\* Computed net of minority interest on year opening Net Worth

# Business Summary

---

- Loans Outstanding

(September 30, 2013)

:

Rs. 38,140 Cr

:

(US\$ 6.25bn)
- Loan Book CAGR (5 years)

:

26%
- Cumulative Loans given to retail Customers

(up till 30<sup>th</sup> September, 2013)

:

5.76 Lakh
- Cumulative Loans Disbursed till date

(up till 30<sup>th</sup> September, 2013)

:

Rs. 79,600 Cr

:

(US\$ 13.05 bn)
- Cost to Income Ratio (FY 2013)

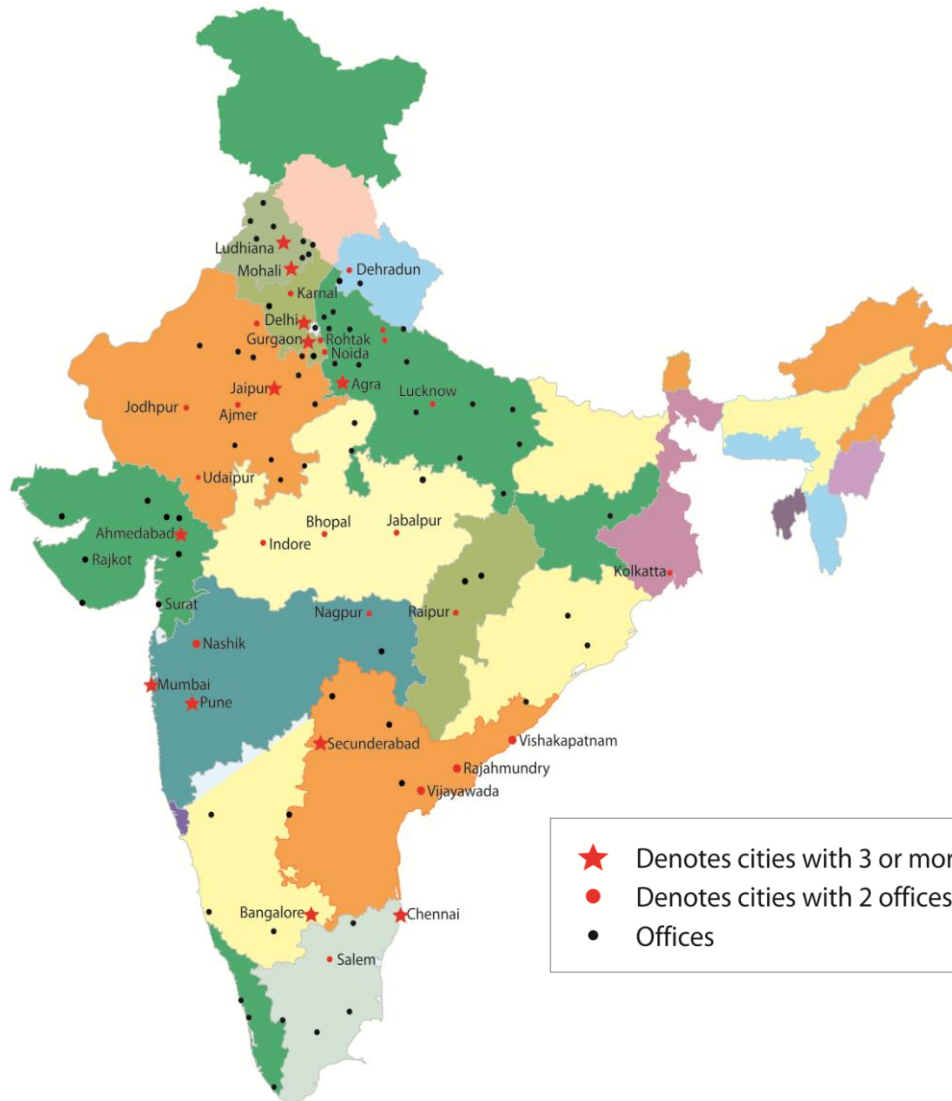
:

18.0%
- Profit After Tax CAGR (5 years)

:

19%

# Country-wide Reach



## Number of Outlets

|         |     |
|---------|-----|
| FY10    | 140 |
| FY11    | 163 |
| FY12    | 180 |
| FY13    | 200 |
| Q2 FY14 | 205 |

|          |     |
|----------|-----|
| Tier I   | 58  |
| Tier II  | 89  |
| Tier III | 58  |
| Total    | 205 |

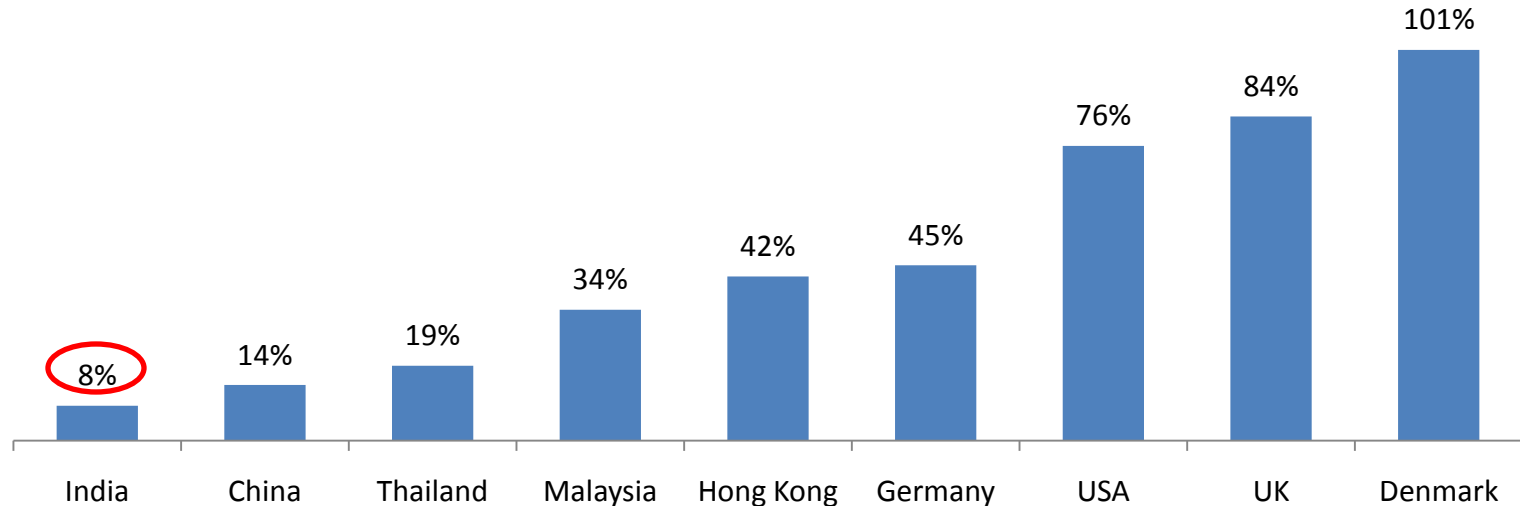
- ★ Denotes cities with 3 or more offices
- Denotes cities with 2 offices
- Offices



# **Indian Mortgage Market**

# Indian Mortgage Market

## Headroom for Growth - Low Mortgage Penetration

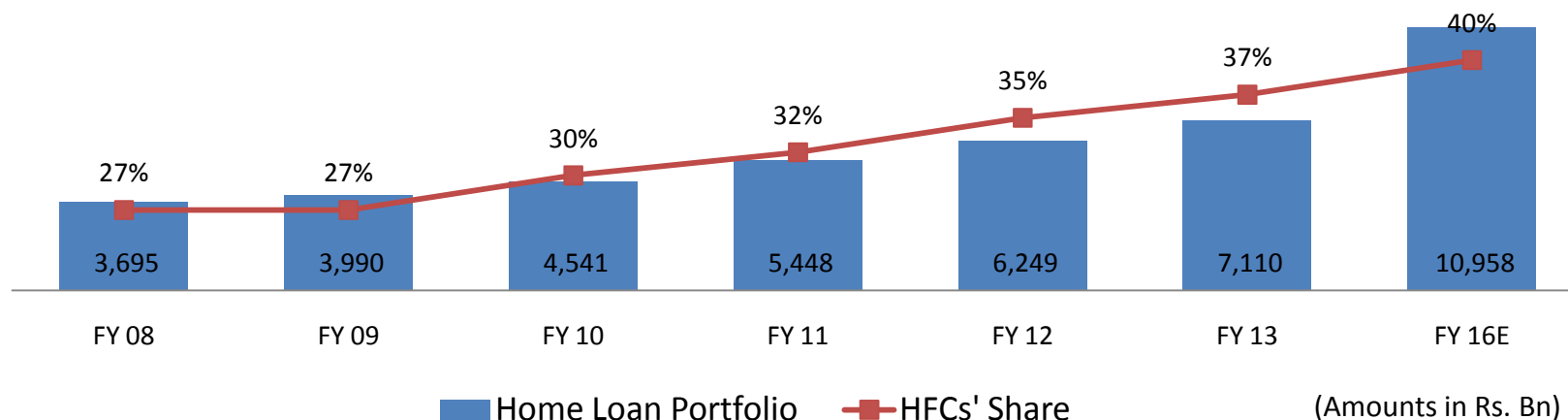


*Source: European Mortgage Federation, 2011, HOFINET, 2011 & market estimates for India*

- Lower mortgage penetration compared to advanced and emerging economies implies huge opportunity for growth
- Mortgage to GDP Ratio expected to improve to 12% by FY 15, supported by
  - Increasing Urbanization
  - Improved Affordability

# Indian Mortgage Market

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



Source: RBI Database, NHB Reports, CRISIL, & ICRA Estimates

## High demand growth driven by:

- Increasing Affordability: Rising disposable incomes coupled with low effective interest rate of only 5.69%
- Average age of house owner has reduced to 35 years from 43 years in FY2000<sup>2</sup>
- Urbanisation to rise to 40% of population by 2025 from the current 31%<sup>1</sup>
- Urban Housing Shortage: estimated at 31.9 million units by 2016<sup>2</sup>
- Favourable Demographics: 60% of the country's population is below 30 years of age<sup>3</sup>

1 – NHB Report, 2012

2 – CRISIL Report

3 – Census 2011

# Indian Mortgage Market

## Tax Incentives – Low Effective Interest Rates

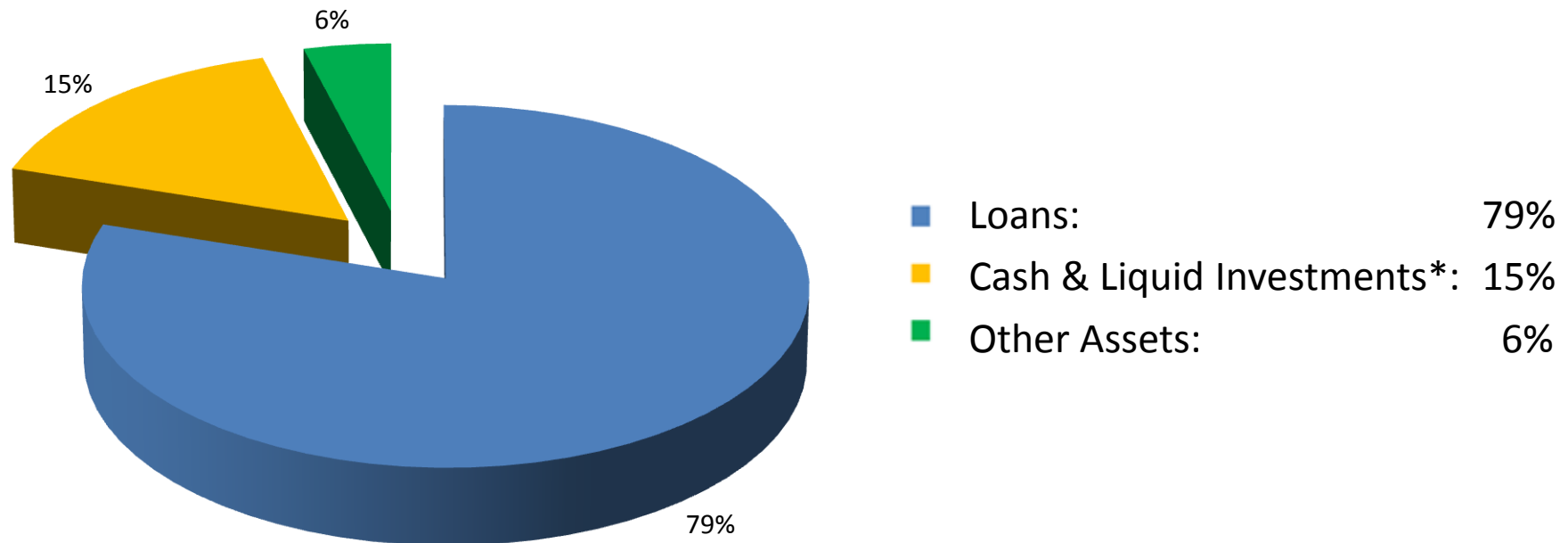
| Particular                                  | 2013          | 2010          | 2000          |
|---------------------------------------------|---------------|---------------|---------------|
| Loan Amt (Rs)                               | 2,500,000     | 2,500,000     | 2,500,000     |
| <b>Nominal Interest Rate(%)</b>             | <b>10.25%</b> | <b>9.25%</b>  | <b>13.25%</b> |
| Max deduction for interest allowed *        | 250,000       | 150,000       | 75,000        |
| Deduction Principal                         | 100,000       | 100,000       | 20,000        |
| <b>Tax Rate applicable</b>                  | <b>30.90%</b> | <b>30.90%</b> | <b>34.50%</b> |
| Tenor(Yrs)                                  | 15            | 15            | 15            |
| Total amount paid per year                  | 326,985       | 327,878       | 384,521       |
| Interest component                          | 252,830       | 227,878       | 327,893       |
| Principal component                         | 74,155        | 100,000       | 56,628        |
| Tax amount saved                            | 100,164       | 77,250        | 32,775        |
| Effective Interest paid on home loan        | 152,666       | 150,628       | 295,118       |
| <b>Effective interest rate on home loan</b> | <b>6.11%</b>  | <b>6.03%</b>  | <b>11.80%</b> |

### Tax Exemption for Home Loans:

- For first-time home buyers, an additional tax exemption of Rs. 1 Lac has been announced in Budget 2013-14

# **Financial and Operational Highlights**

# Balance Sheet Assets

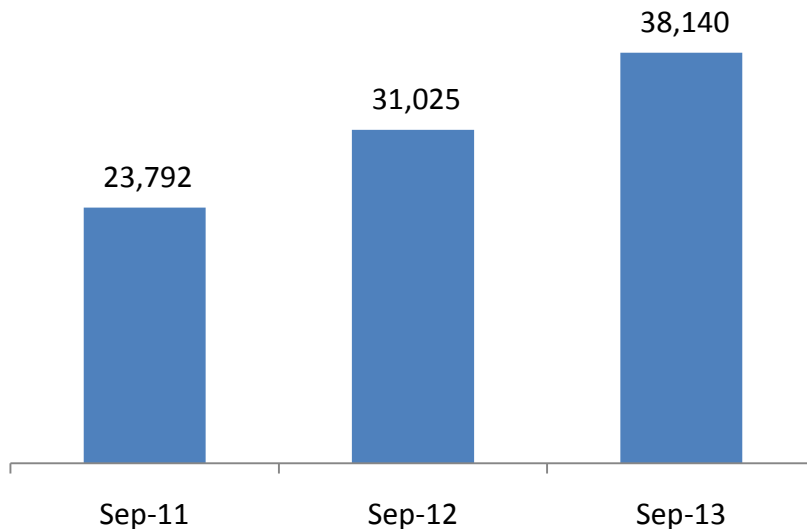


| Total Assets       |                              |
|--------------------|------------------------------|
| As at Sep 30, 2013 | Rs. Cr. 42,975 (US\$ 7.05bn) |
| As at Sep 30, 2012 | Rs. Cr. 35,353 (US\$ 5.80bn) |

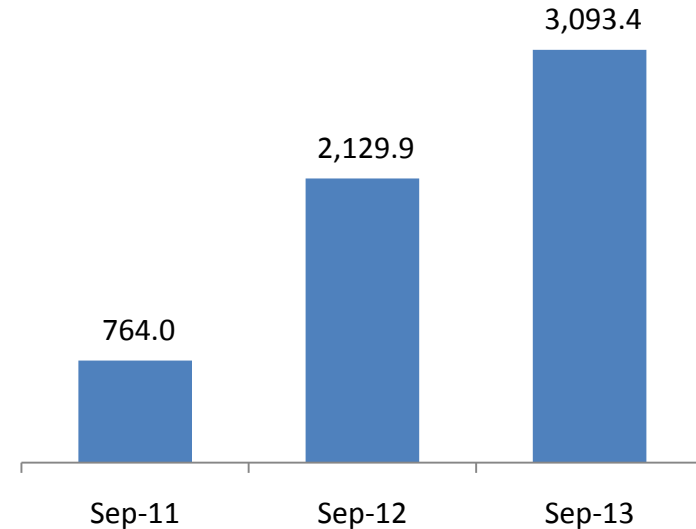
\* Cash, Cash Equivalents and Investments in Liquid Debt Instruments  
 US \$ amounts are converted based on the exchange rate of US \$1 = Rs. 61

# Loan Book Growth

**Total Loan Assets (Rs. Cr.)**

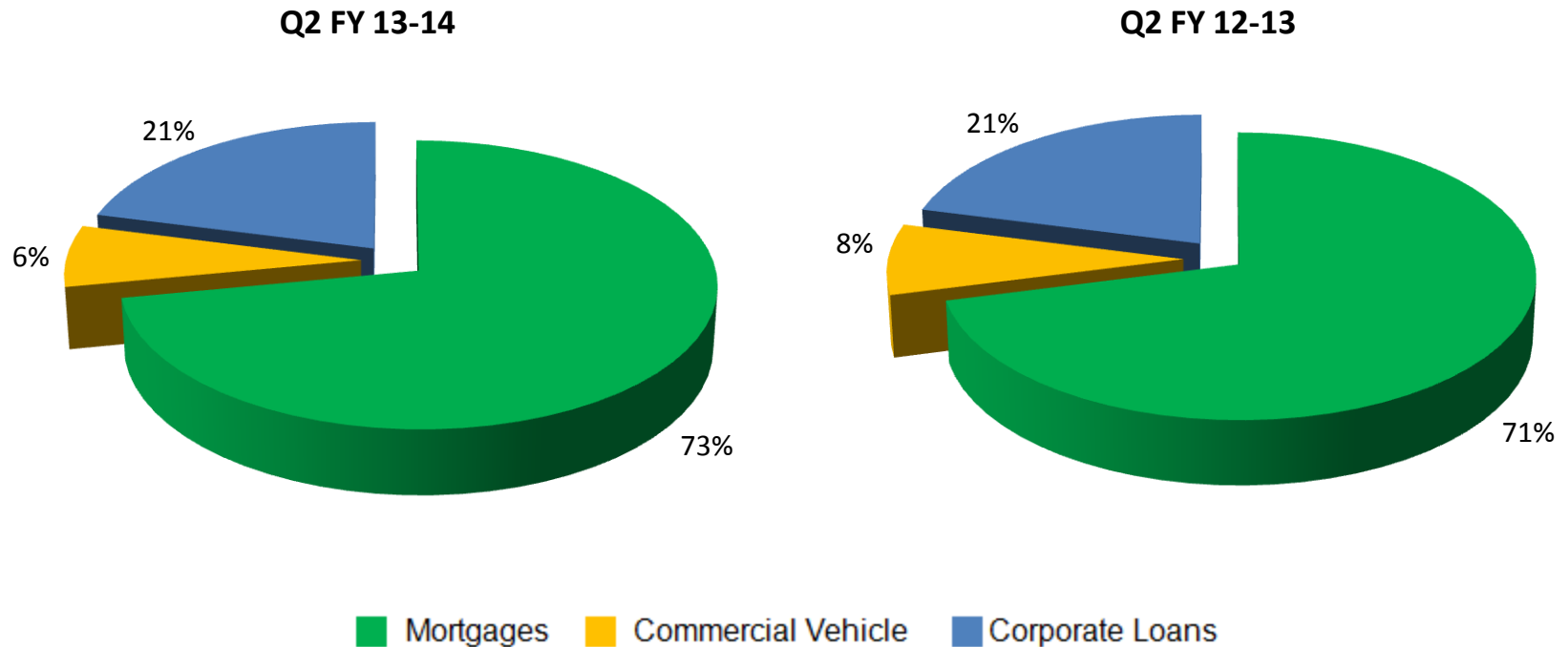


**Loans Sold (Rs. Cr.)**  
(in preceding 12 months)



- The growth in the loan book inclusive of loans sold in the previous 12 months is 23%
- Loans sold (outstanding as on 30<sup>th</sup> September, 2013): Rs. 3,902.7 Cr. – on which spread at 3.1% p.a. is to be earned over the life of the loan

# Asset Composition

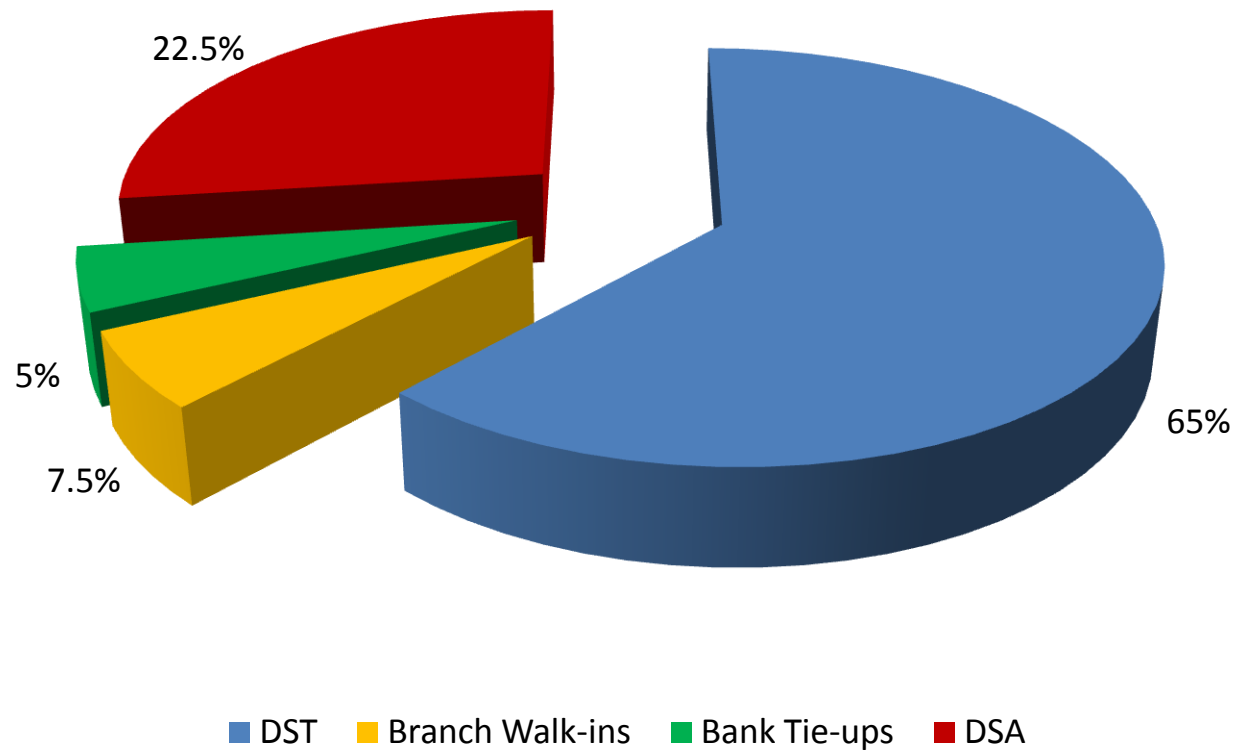


- Home loans, which forms the majority of incremental disburseals, are disbursed at an average ticket size of Rs. 24 lacs; average LTV of 66% (at origination)



# Mortgage Loans' Sourcing

73% of Mortgage loans are sourced in-house



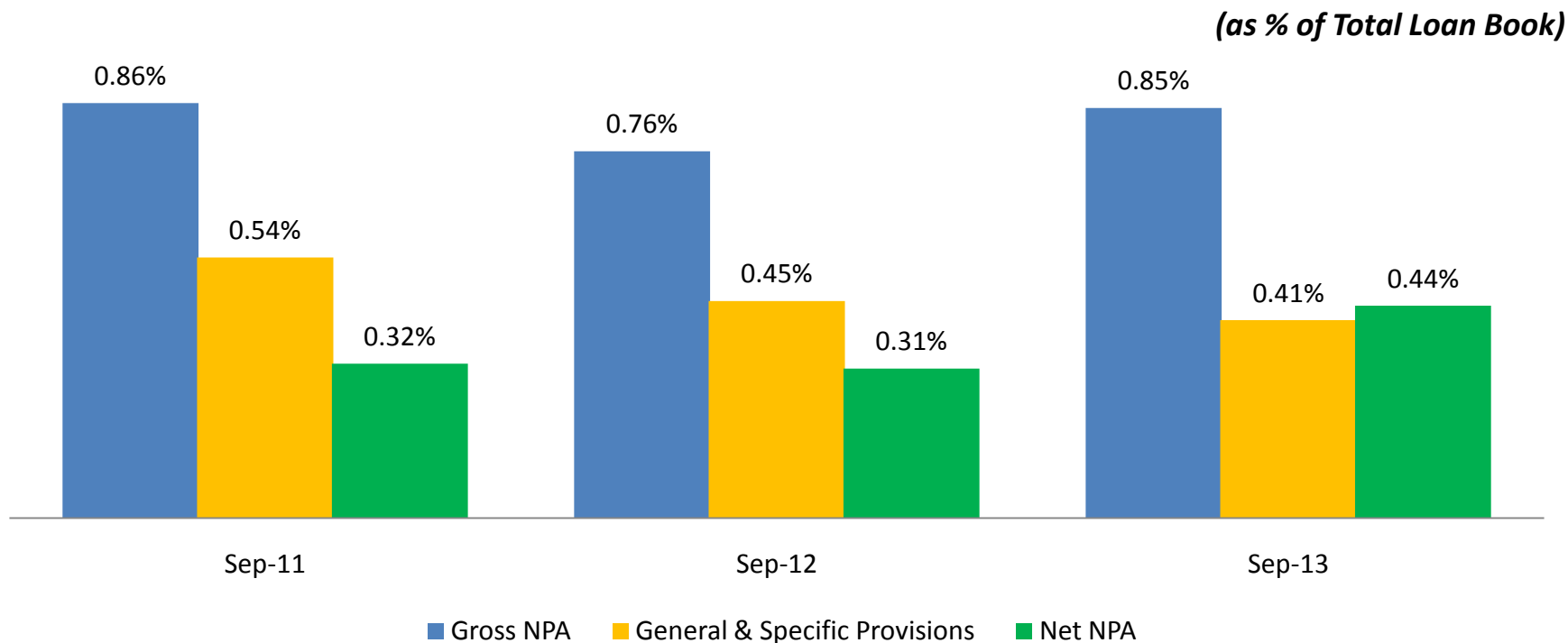
# Conservative Home Loan Profile

|                       |                               |
|-----------------------|-------------------------------|
| Average Loan Size     | 24 Lacs                       |
| Maximum Loan to Value | 80%                           |
| Average Loan to Value | 66% (at origination)          |
| Average Loan Term     | 13 years                      |
| Primary Security      | Mortgage of property financed |
| Repayment Type        | Monthly amortizing            |

# Conservative Loan Against Property Profile

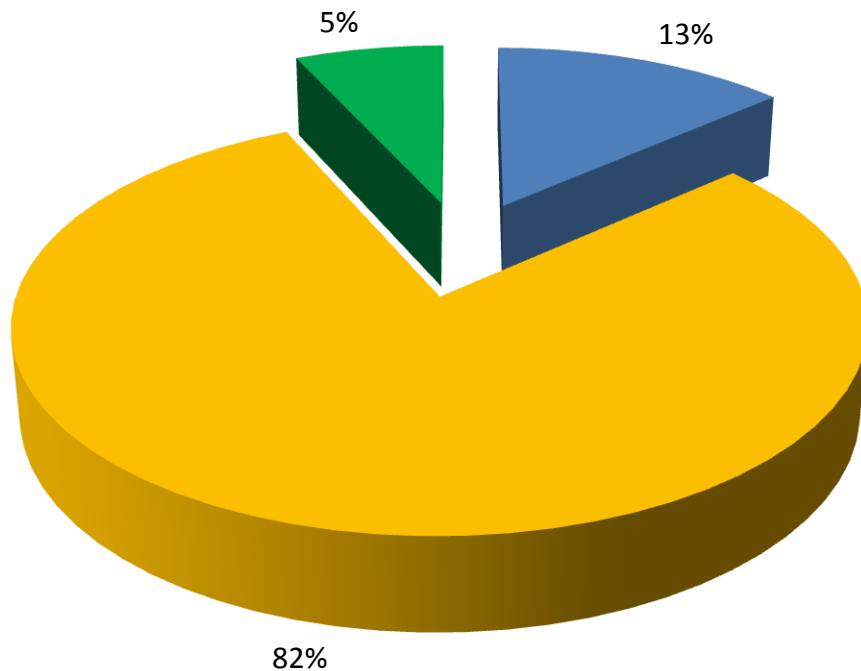
|                       |                               |
|-----------------------|-------------------------------|
| Average Loan Size     | 65 Lacs                       |
| Maximum Loan to Value | 65%                           |
| Average Loan to Value | 48% (at origination)          |
| Average Loan Term     | 7 years                       |
| Primary Security      | Mortgage of property financed |
| Repayment Type        | Monthly amortizing            |

# Asset Quality



- Focus on underwriting Low risk mortgage assets at low LTV's with emphasis on cash flows of borrowers has allowed the company to maintain low NPA levels
- Standard Asset Provision pool of Rs. 307.10 Cr. is over and above General and Specific Provision pool and is not netted off against Gross NPAs in calculation of Net NPAs

## Liabilities



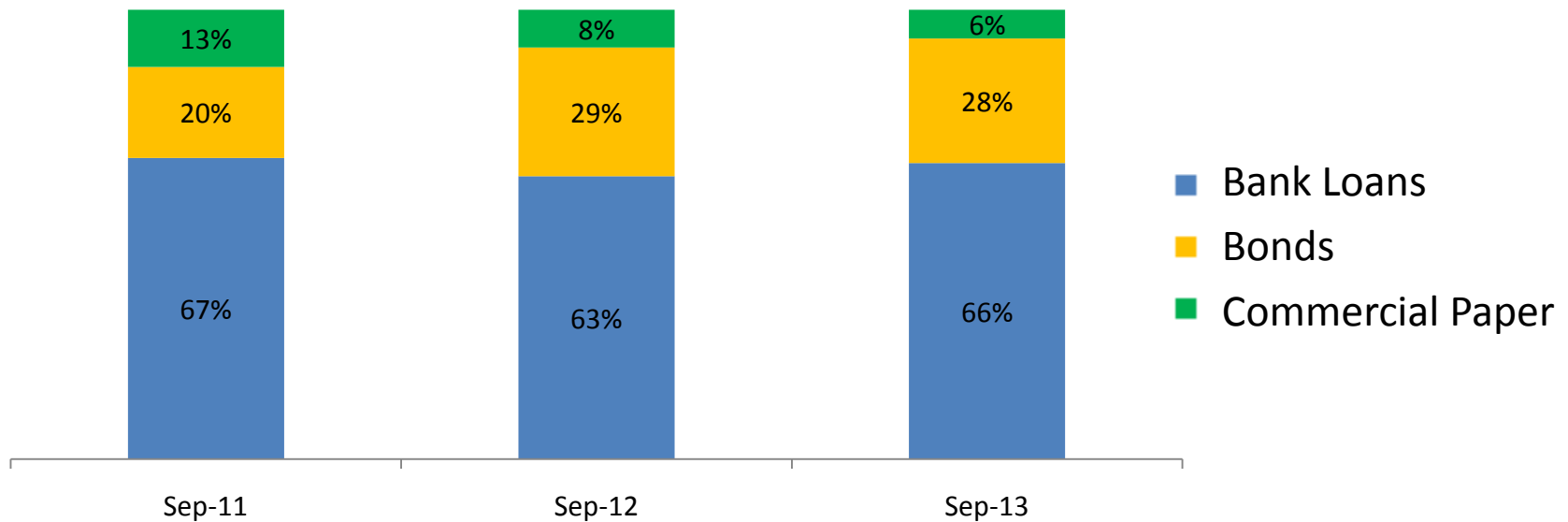
|                       |                               |
|-----------------------|-------------------------------|
| Share Holder's Funds: | Rs. 5,689 Cr. (US\$ 0.93 bn)  |
| Borrowings:           | Rs. 35,012 Cr. (US\$ 5.74 bn) |
| Other Liabilities:    | Rs. 2,274 Cr. (US\$ 0.37 bn)  |

### Total Liabilities:

As of September 30, 2013: Rs. 42,975 Cr. (US\$ 7.05 bn)

As of September 30, 2012: Rs. 35,353 Cr. (US\$ 5.80 bn)

# Diversified Borrowing Programme



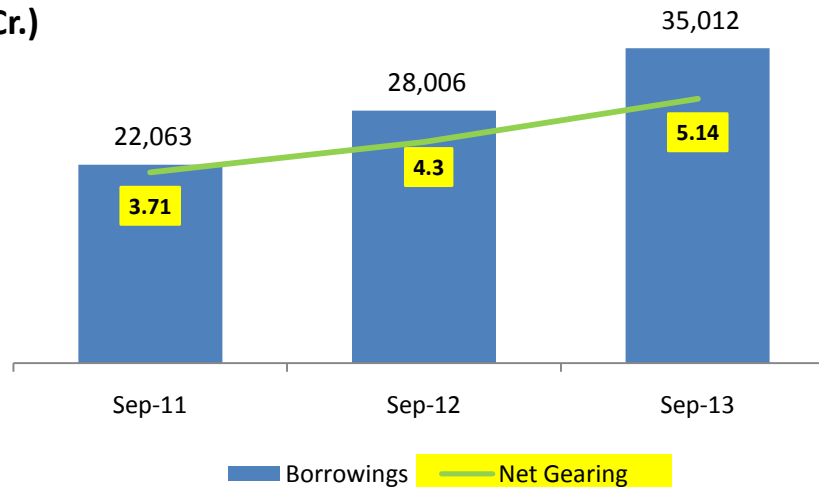
## Total Borrowings:

As of September 30, 2013: Rs. Cr. 35,012 (US\$ 5.74 bn)

As of September 30, 2012: Rs. Cr. 28,006 (US\$ 4.59 bn)

# Diversified Borrowing Programme

## Borrowings (Rs. Cr.)



*Net Gearing: Borrowings Net of 'Cash & Cash Equivalents' and 'Investments in Liquid Debt Instruments'*

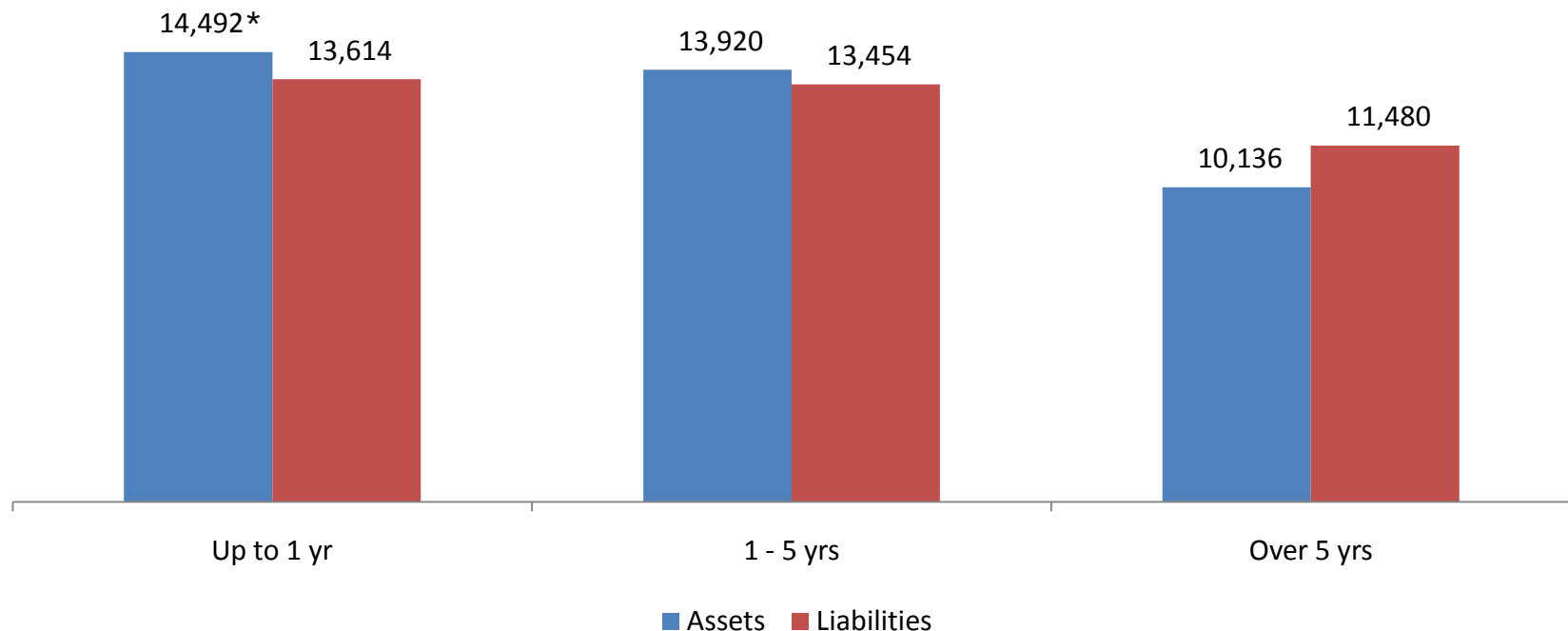
| Total Borrowings (Rs. Cr.) |               |               | Contribution in Incremental Borrowing |
|----------------------------|---------------|---------------|---------------------------------------|
|                            | Sep-13        | Sep-12        | Last 12 months                        |
| Bank Loans                 | 23,062        | 17,640        | 78%                                   |
| Bonds                      | 9,720         | 8,012         | 24%                                   |
| CP                         | 2,230         | 2,354         | -2%                                   |
| <b>Total</b>               | <b>35,012</b> | <b>28,006</b> | <b>100%</b>                           |

- Amongst its lenders, the company now counts 102 strong relationships: 26 PSU banks, 16 Private and Foreign banks and 60 Mutual Funds, Provident Funds, Pension Funds, Insurance Companies and others

# Optimally Matched Balance Sheet

## Maturity Profile

(As of March 31, 2013)



(Amounts in Rs. Cr.)

- \* Assets in the 'Up to 1 Yr' bucket includes Rs. 7,180.9 Cr. of Cash, Cash equivalents and investments in liquid debt instrument
- The maturity profile reflects adjustments for prepayments and renewals in accordance with the guidelines issued by National Housing Bank



# Our Strengths

## Home Loan Strengths

- In-house sourcing & collection teams – low and stable NPA levels
- Low average loan to value ratios
- Emphasis on borrower cash flow stability during loan appraisal
- Experienced underwriting team - company has cumulatively disbursed approx. Rs. 79,600 Cr since FY06

## Corporate Strengths

- Stable and experienced management team
- Technology driven quality customer service
- Headroom to grow: Net gearing: 5.14
- Steady book growth over last 17 quarters
- Declining cost to income ratio: 18.0% (for FY 2012-13)
- In-house collections team, facilitates portfolio stability

## Awards and Accolades

**HFC of the Year**



**Best Employer Brand**



# Home Loans: Expanding Reach



- The company hosted AAWAS-2013, a budget property show, across major Indian cities like Delhi, Kolkata and Chennai
- The show's success reflects the expanding relationship base of the company amongst the developer community and also their trust in the company

## Rising Productivity Ratios

|                               | FY 2013 | FY 2012 | FY 2011 |
|-------------------------------|---------|---------|---------|
| No. Of Employees              | 4,072   | 4,243   | 4,512   |
| No. Of Outlets                | 200     | 181     | 163     |
| Profit Per employee (Rs. Cr.) | 0.31    | 0.24    | 0.17    |
| Asset Per employee (Rs. Cr.)  | 8.09    | 5.85    | 3.71    |
| Cost Income Ratio             | 18.0%   | 18.7%   | 23.4%   |

## Key Financial Metrics

|                          | FY 2013 | FY 2012 | FY 2011 |
|--------------------------|---------|---------|---------|
| Pre Tax ROAA (%)         | 4.9%    | 4.9%    | 5.5%    |
| Post Tax ROAA (%)        | 3.8%    | 3.7%    | 4.1%    |
| ROE (%)                  | 25.6%   | 21.9%   | 17.2%   |
| Capital Adequacy (%)     | 18.47%  | 18.86%  | 20.09%  |
| - <i>Of which Tier I</i> | 14.96%  | 18.21%  | 19.89%  |
| - <i>Tier II</i>         | 3.51%   | 0.65%   | 0.20%   |

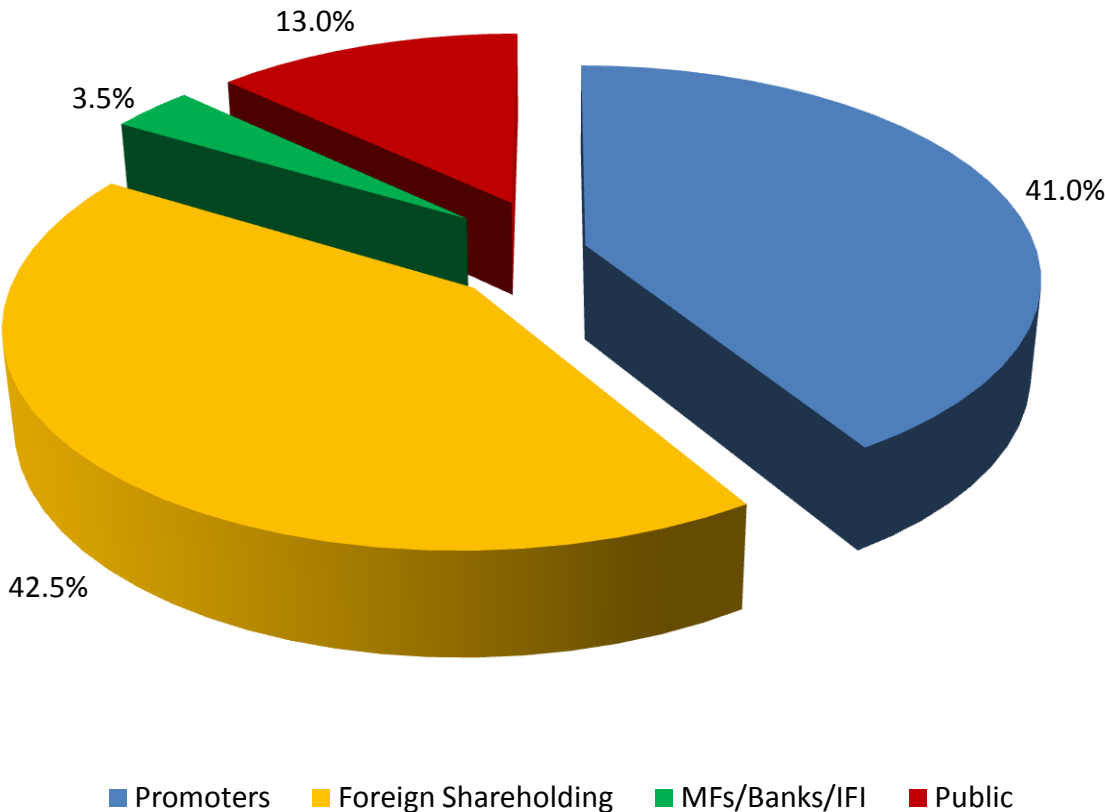
# **Valuations and Shareholding**

# Valuations and Returns

|                                 | Sep-13 | Mar-13 | Mar-12 | Mar-11 |
|---------------------------------|--------|--------|--------|--------|
| Market Price per share (Rs.)    | 193.2* | 271.8  | 207.1  | 154.8  |
| Dividend per share (Rs.)        | 13     | 20     | 13     | 10     |
| Market Capitalisation (US\$ Bn) | 1.05   | 1.39   | 1.06   | 0.79   |
| PE Ratio (times)                | 4.3    | 6.8    | 6.5    | 6.5    |
| Book Value per share (Rs.)      | 168    | 165    | 158    | 146    |
| Price to Book Ratio (times)     | 1.2    | 1.6    | 1.3    | 1.1    |
| Foreign Shareholding (%)        | 42.5%  | 46.9%  | 38.7%  | 43.5%  |

\* Closing Price as of 22<sup>th</sup> October, 2013 on the National Stock Exchange  
 US \$ amounts are converted based on the exchange rate of US \$1 = Rs. 61

# Shareholding Pattern



MF: Mutual Funds  
 IFI: Indian Financial Institutions

# **Detailed Financials**



# Consolidated Balance Sheet

| Statement of Assets and Liabilities<br>Particulars | (Rupees in Crore)       |                       |
|----------------------------------------------------|-------------------------|-----------------------|
|                                                    | As at                   |                       |
|                                                    | 30.09.13<br>(Unaudited) | 31.03.13<br>(Audited) |
| <b>I. EQUITY AND LIABILITIES</b>                   |                         |                       |
| <b>(1) Shareholder's Funds</b>                     |                         |                       |
| (a) Share Capital                                  | 66.02                   | 62.50                 |
| (b) Reserves and Surplus                           | 5,453.96                | 4,993.26              |
| (c) Money received against share warrants          | 19.35                   | 112.82                |
| <b>(2) Minority Interest</b>                       | 149.19                  | 144.87                |
| <b>(3) Non-Current Liabilities</b>                 |                         |                       |
| (a) Long-term borrowings                           | 21,698.20               | 18,234.46             |
| (b) Other Long term liabilities                    | 20.21                   | 7.84                  |
| (c) Long term provisions                           | 442.84                  | 369.99                |
| <b>(4) Current Liabilities</b>                     |                         |                       |
| (a) Short-term borrowings                          | 8,131.43                | 6,581.01              |
| (b) Trade payables                                 | 1.09                    | 2.85                  |
| (c) Other current liabilities                      | 6,364.09                | 7,794.35              |
| (d) Short-term provisions                          | 628.31                  | 824.87                |
| <b>Total</b>                                       | <b>42,974.69</b>        | <b>39,128.82</b>      |
| <b>II.Assets</b>                                   |                         |                       |
| <b>(5) Non-current assets</b>                      |                         |                       |
| (a) Fixed assets                                   | 45.88                   | 45.61                 |
| (b) Non-current investments                        | 741.31                  | 15.16                 |
| (c) Deferred tax assets (net)                      | 167.83                  | 164.13                |
| (d) Long term loans and advances                   | 30,331.24               | 27,154.75             |
| (e) Other non-current assets                       | 497.15                  | 483.73                |
| <b>(6) Current assets</b>                          |                         |                       |
| (a) Current investments                            | 1,607.35                | 2,292.73              |
| (b) Trade receivables                              | 0.59                    | 2.24                  |
| (c) Cash and cash equivalents                      | 4,786.40                | 4,888.18              |
| (d) Short-term loans and advances                  | 4,292.81                | 3,726.05              |
| (e) Other current assets                           | 504.13                  | 356.24                |
| <b>Total</b>                                       | <b>42,974.69</b>        | <b>39,128.82</b>      |

**Rs. 6,393.75 Cr**  
of Cash & Cash  
Equivalents and  
Investments in  
Liquid Debt  
Instruments

# Consolidated Income Statement

|    |                                                                                                                       | (Rupees in Crore) |                 |                 |                 |
|----|-----------------------------------------------------------------------------------------------------------------------|-------------------|-----------------|-----------------|-----------------|
|    | Particulars                                                                                                           | Quarter ended     |                 | Half year ended | Year ended      |
|    |                                                                                                                       | 30.09.13          | 30.06.13        | 30.09.13        | 31.03.13        |
|    |                                                                                                                       | (Unaudited)       | (Unaudited)     | (Unaudited)     | (Audited)       |
| 1  | <b>Income from Operations</b>                                                                                         |                   |                 |                 |                 |
|    | a) Income from Operations                                                                                             | 1,388.04          | 1,201.62        | 2,589.66        | 4,452.42        |
|    | b) Other Operating Income                                                                                             | 66.59             | 110.76          | 177.36          | 277.00          |
|    | <b>Total Income from operations (net)</b>                                                                             | <b>1,454.63</b>   | <b>1,312.38</b> | <b>2,767.02</b> | <b>4,729.42</b> |
| 2  | <b>Expenses</b>                                                                                                       |                   |                 |                 |                 |
|    | a) Employee Benefits Expense                                                                                          | 67.32             | 69.35           | 136.68          | 224.55          |
|    | b) Depreciation and Amortisation Expense                                                                              | 1.99              | 2.07            | 4.06            | 9.38            |
|    | c) Other Expenses                                                                                                     | 89.70             | 87.83           | 177.53          | 289.79          |
|    | <b>Total Expenses</b>                                                                                                 | <b>159.01</b>     | <b>159.25</b>   | <b>318.27</b>   | <b>523.72</b>   |
| 3  | Profit from Operations before Other Income, Finance costs & Exceptional Items (1-2)                                   | 1,295.62          | 1,153.13        | 2,448.75        | 4,205.70        |
| 4  | Other Income                                                                                                          | 19.51             | 31.57           | 51.09           | 48.46           |
| 5  | Profit from ordinary activities before Finance costs & Exceptional Items (3+4)                                        | 1,315.13          | 1,184.70        | 2,499.84        | 4,254.16        |
| 6  | Finance Costs                                                                                                         | 809.79            | 713.63          | 1,523.42        | 2,599.09        |
| 7  | Profit from ordinary activities after Finance costs but before Exceptional Items (5-6)                                | 505.34            | 471.07          | 976.42          | 1,655.07        |
| 8  | Exceptional Items                                                                                                     | -                 | -               | -               | -               |
| 9  | <b>Profit from Ordinary Activities before Tax (7-8)</b>                                                               | <b>505.34</b>     | <b>471.07</b>   | <b>976.42</b>   | <b>1,655.07</b> |
| 10 | Tax Expense (including Deferred Tax)                                                                                  | 134.96            | 119.58          | 254.54          | 389.07          |
| 11 | <b>Net Profit from Ordinary Activities after Tax (9-10)</b>                                                           | <b>370.38</b>     | <b>351.49</b>   | <b>721.88</b>   | <b>1,266.00</b> |
| 12 | Extraordinary Items (net of tax expenses Rs. NIL)                                                                     | -                 | -               | -               | -               |
| 13 | <b>Net Profit for the period / year (11-12)</b>                                                                       | <b>370.38</b>     | <b>351.49</b>   | <b>721.88</b>   | <b>1,266.00</b> |
| 14 | Share of Profit of Associate                                                                                          | -                 | -               | -               | 0.08            |
| 15 | Minority Interest for the period / year                                                                               | 1.27              | 3.05            | 4.32            | 7.62            |
|    | <b>Net Profit from Ordinary Activities after Tax, Share of Profit of Associate and Minority Interest (13+14-15)</b>   | <b>369.11</b>     | <b>348.44</b>   | <b>717.56</b>   | <b>1,258.46</b> |
| 16 | Paid-up Equity Share Capital                                                                                          | 66.02             | 62.50           | 66.02           | 62.50           |
| 18 | Reserves excluding Revaluation Reserves as per Balance Sheet as on March 31, 2013                                     |                   |                 |                 | 4,993.26        |
| 19 | Minority Interest                                                                                                     | 149.19            | 147.92          | 149.19          | 144.87          |
| 20 | Earnings per Share (EPS) before extraordinary items<br><i>*(EPS for the quarter and half year are not annualised)</i> |                   |                 |                 |                 |
|    | -Basic (Amount in Rs.)                                                                                                | 11.33*            | 11.15*          | 22.49*          | 40.19           |
|    | -Diluted (Amount in Rs.)                                                                                              | 11.23*            | 10.65*          | 22.16*          | 38.94           |
|    | Earnings per Share (EPS) after extraordinary items<br><i>*(EPS for the quarter and half year are not annualised)</i>  |                   |                 |                 |                 |
|    | -Basic (Amount in Rs.)                                                                                                | 11.33*            | 11.15*          | 22.49*          | 40.19           |
|    | -Diluted (Amount in Rs.)                                                                                              | 11.23*            | 10.65*          | 22.16*          | 38.94           |

Thank you

