



**Indiabulls Housing Finance Limited announces its Q3FY22 Financial Results**

**~₹ 2,800 Cr of retail disbursals in Q3FY22 back to being the third largest retail loans disbursing HFC**

**₹ 1,573 Cr disbursed in Q3FY22 via co-lending earning 3%+ RoA**

**Q3FY22 PBT of ₹ 424 Cr vs Q2FY22 PBT of ₹ 390 Cr**

**Q3FY22 PAT of ₹ 303 Cr vs Q2FY22 PAT of ₹ 286 Cr**

**For Immediate Use**

Mumbai, 9<sup>th</sup> February 2022: The Board of Directors of Indiabulls Housing Finance Ltd. (IBH) announced its unaudited financial results for the quarter ended December 31<sup>st</sup> 2021.

**IBH Key Financials:**

Particulars	Q3 FY21-22	Q2 FY21-22	Q1 FY21-22	Q4 FY20-21
Loan Book	60,979	64,062	65,438	66,047
CRAR	31.2%	30.7%	30.9%	30.7%
Tier 1	25.7%	25.2%	24.3%	24.0%
Net Gearing	2.8x	3.0x	3.1x	3.4x
PBT	424	390	369	357
PAT	303	286	282	276

**Highlights:**

- PAT for Q3FY22 is ₹ 303 Cr, up 6% QoQ over Q2FY22 PAT of ₹ 286 Cr. Quarterly earnings have stabilized and is showing steady QoQ growth for last four quarters
- The Company disbursed retail loans of ~₹ 2,800 Cr in Q3FY22. ₹ 1,573 Cr disbursed through co-lending tie-ups with seven institutions
- Co-lending book earning 3%+ RoA
- Contracted co-lending demand for ₹ 20,000 Cr in FY23 from seven existing partnerships. On track to disburse ₹ 18,000 Cr in FY23 and ₹ 24,000 Cr in FY24
- Wholesale AIF platform in partnership with three global funds – one of which is also a strategic stakeholder. Filing with SEBI in Q4FY22. Launch in Q1FY23, subject to regulatory approvals. 5%+ RoA business
- Continuing Focus on maintaining Fortress Balance Sheet: Capital, Provisions, Liquidity
- Gross NPAs at 3.18% in Q3FY22. Net NPAs at 1.80%. Company has complied with asset classification/reclassification norms laid out vide RBI circular dated November 12, 2021 on “Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances”
- Provisions at 4.5% of loan book. At 3.1x of regulatory requirements and 118% of Gross NPAs
- Capital adequacy stands at 31.2% and Tier 1 at 25.7%. Net gearing has further moderated to 2.8x
- Sustainable Financing Framework developed with ESG Ratings firm Sustainalytics. IBH will issue ₹ 5,000 Cr of sustainable bonds in CY 2022, in domestic as well as international markets
- The Company is voluntarily applying to be a part of NSE Prime – a set of norms that prescribes Corporate Governance standards stricter than extant requirements for NSE listed companies

### **Scalable Retail Asset-Light Business Model: Enterprise Value Driven by Disbursals, RoA, Customer Franchise**

With total retail disbursals of ₹ 2,800 Crs for Q3FY22, we are already the third largest disbursing HFC in the country. With all seven of our intended co-lending tie-ups operational, we have already exceeded our targeted ₹ 1,000 Cr co-lending disbursals in Q3FY22, and clocked ₹ 1,573 Cr of retail co-lending disbursals. We are generating RoA of 3%+ on this book. We already have a contracted demand for ₹ 20,000 Cr of co-lending assets from our partners for the next financial year.

We are operating as a retail-focused tech-enabled low-cost distribution model through co-lending and securitization in partnership with banks and other financial institutions. We will revert back to pursuing growth, but in an asset-light model.

There is a large opportunity in the mortgage industry and the macro for housing has changed after 8 to 9 years. Over the past 1 year, we have been working hard to establish and operationalize our co-lending relationships with partner banks and financial institutions. We have chosen our partners very strategically such that the co-lending partnership will also be beneficial to them fulfilling their requirements in terms of the type of assets, yield kick-up, geographical penetration etc. that they are looking for, so as to ensure that the co-lending partnership is mutually beneficial and long lasting.

### **AIF Platform for Wholesale Loans: Balance Sheet-light Model to Capture Earning Opportunities in Real Estate Sector**

Having operationalized our retail co-lending model, the second track for us is to now focus on operationalizing our wholesale co-lending through an AIF platform in partnership with 3 global real estate focused funds, one of which is also a strategic stakeholder.

The AIF platform will be filed with the SEBI in Q4FY22 and will be launched in Q1FY23 subject to receipt of necessary regulatory approvals. The platform will focus on lending to commercial real estate to tap the Lease Rental Discounting opportunity; construction finance for residential and commercial projects; stressed asset opportunities; and providing mezzanine finance.

We plan to disburse ₹ 15,000 Cr through this fund in FY23 and scale it up to ₹ 20,000 Cr in FY24. Of the loans disbursed through the AIF, only 10% capital will be provided by IBH, while we will earn processing fees and annual management fees on the entire amount disbursed. This platform will generate RoA of 5.0%+ for the Company.

### **Institutionalisation of the Company: Towards a Board-led, Professionally Managed Company**

The third track is to continue with the institutionalization of the Company to transform it into a Board-led professionally managed Company with best-in-class corporate governance. The institutionalization process began with the group initiating exit from the real estate business [IBREL] in 2019. Thereafter, in August 2020, Mr. Sameer Gehlaut relinquished Chairmanship of the Board, which was assumed by Mr. S.S. Mundra, ex-Deputy Governor of the RBI.



The Board was strengthened through the induction of new independent directors like Mr. A Siddharth, ex-partner Deloitte Haskins & Sells for 30+ years, now Chair of Audit Committee. Other independent directors like Mr. Dinabandhu Mohapatra [ex-MD & CEO, Bank of India]; Justice Mrs. Gyan Sudha Misra [Retd. Supreme Court Judge]; and Mr. Satish Chand Mathur, IPS [ex-Director General of Police, Maharashtra], inducted into the board.

We have since rationalised board committees to tighten board oversight with all key committees such as Audit, Risk Management, ESG being chaired by independent directors with relevant experience. The Board now has regular and direct oversight on all key areas of executive operations.

As a further step towards institutionalizing IBH, the founder Mr. Gehlaut reduced his stake in the Company, in December 2021, which was bought by marquee global institutions. As a next step, significant institutional investors will be offered board seats, thus bringing direct institutional oversight into the operations of the Company. Subject to receipt of regulatory approvals, we will conclude the process de-promoterization in CY 2022. We will continue to engage with strategic investors to bolster capital and enhance credit ratings.

To adopt the best-in-class corporate governance practices, the Company is voluntarily applying to be a part of NSE Prime – a set of norms that prescribes Corporate Governance standards stricter than extant requirements for NSE listed companies. The same has been approved by the Board of Directors in today's meeting.

We have also constituted an ESG committee, chaired by Justice Gyan Sudha Misra, to review the ESG initiatives being taken by the Company in partnership with S&P and Sustainalytics. ESG criteria will be a key in all operations and processes of the Company.

The existing management team has been bolstered with new talent in IT, IT security and Compliance and together will drive the new asset-light business model.

### **Stable Asset Quality and Strong Provisioning Buffer**

Asset quality has shown great resilience despite a period of acute macro-economic stress brought about by the COVID-19 pandemic and resultant lockdowns. The Company has also complied with RBI's new asset classification/reclassification norms laid out vide RBI circular dated November 12, 2021 on "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances". Gross NPA now stands at 3.18%. Provisions at ₹ 2,774 Cr are at 4.5% of loan book, and at 3.1x of regulatory requirements and 118% of Gross NPAs.

Stage 3 provision coverage ratio stands at 43% of gross NPAs.

The Net NPAs at ₹1,334 Cr is at 1.8%.

Total loans restructured under the RBI's Resolution Framework [OTR 1.0 & 2.0], amounted to only 0.25% of the loan book. Total loans disbursed as at December 31, 2021 under the Emergency Credit Line Guarantee Scheme [ECLGS] stood at ₹ 204 Cr, amounting to only 0.33% of the loan book.

Collection efficiency has now normalized to pre-COVID levels.