



Indiabulls Housing Finance Limited announces its Q2 FY21 Financial Results
Q2 FY21 PAT of ₹ 323 Cr

For Immediate Use

Mumbai, 11th November 2020: The Board of Directors of Indiabulls Housing Finance Ltd. (IBH) announced its unaudited financial results for the quarter ended September 30th 2020.

The numbers are reported under Indian Accounting Standards [IndAS].

IBH Key Financials:

Particulars [₹ Cr]	Q2 FY21	Q1 FY21	Q4 FY20
Loan Book	72,791	73,129	73,065
CRAR	31.4%	27.9%	27.1%
Tier 1	24.4%	21.1%	20.3%
Net Gearing	3.6x	3.9x	4.0x
Net Interest Income	750	731	828
PBT	413	354	94
PAT	323	273	137

Profit After Tax for Q2FY21 is ₹ 323 Crs, up 18.5% quarter-on-quarter from Q1FY21

Highlights:

- PAT for H1FY21 is ₹ 596 Cr and for Q2FY21 is ₹ 323 Cr – a growth of 18.5% QoQ
- Raised ₹ 2,578 Cr of regulatory equity capital
- Mr. A Siddharth, Independent Director, has been appointed Chairman of the Audit Committee. Mr Siddharth was a partner for over 33 years with the big-4 audit firm Deloitte, Haskins and Sells
- Access to funding has normalised. Since April 2020, IBH has raised total funding of ₹ 19,339 Cr
- On balance sheet loan book stands at ₹ 72,791 Cr. Loan book will start growing from here on as per the Company’s business plan of on balance sheet growth and sell down to, and co-origination with banks
- In the next 12 months, the Company will open 50 new branches in tier-III and IV locations
- Capital adequacy stands at 31.4% and Tier 1 at 24.4%
- Cost to Income ratio declined to 13.1% in H1FY21 from 16.2% in FY20 supported by measures taken to improve cost efficiency
- Gross NPAs have remained moderate at 1.98%. Without the Supreme Court’s dispensation, Gross NPAs would be 2.21% – flat on Q1FY21
- Company’s liquidity buffer, including undrawn available sanctions, stood at ₹ 16,864 Cr as at end of Q2FY21, representing 23% of its on balance sheet loan book
- The Company’s ALM is fully matched for all granular buckets for 10 years and beyond. The company has a positive balance across all buckets, and will have a positive net cash of ₹ 16,291 Cr one year hence at the end of September 2021

Key Ratios:

Particulars (₹ Cr)	Q2FY21	Q1FY21
CRAR [%]	31.4%	27.9%
Tier 1 [%]	24.4%	21.1%
Net Gearing	3.6x	3.9x
GNPA [%]	1.98%	2.20%
Cost to Income Ratio [%]	13.1%	14.0%

Capital Raise:

Amidst tough global and domestic macroeconomic situation, in September 2020, the Company successfully raised ₹ 683 Cr equity capital through a QIP. IBH is one of the very few companies in the NBFC space to successfully raise equity monies. In addition to the QIP, IBH also raised ₹ 1,895 Cr by partial stake sale in OakNorth Bank to various marquee investors including to the likes of GIC - sovereign wealth fund of Singapore. Between the QIP and stake sale in OakNorth Bank, the Company raised a total of ₹ 2,578 Cr of monies, which adds to the regulatory equity capital – this is the highest amount of equity capital raised amongst all our AA & AA+ rated peers. Following this, IBH’s already high capital adequacy now stands boosted to 31.4% and net gearing is down to 3.6x.

Funding flow has normalized:

Access to funding has normalised with the Company raising the highest amount of capital and issuing the largest volume of bonds amongst its AA and AA+ rated peers. The Company has raised a total of ₹ 19,339 Cr monies till date in FY21 through various institutions, including ₹ 1,700 Cr of 5-year term loans; ₹ 1,230 Cr of bonds of maturity greater than 3 years; and ₹ 9,558 Cr of bonds and loans of between 1 and 3 years. This successful funding raise provides growth capital for the Company. IBH’s on-balance sheet loan book should grow between 5 to 7% in FY21, and these monies raised account for 75% of the funding target to achieve this growth.

Appointment of Mr. A. Siddharth as Chairman of the Audit Committee

Mr. A. Siddharth, ex-Senior Partner, Deloitte, Haskins & Sells has been appointed as the Chairman of the Audit Committee.

Mr. A Siddharth was associated with Deloitte, Haskins & Sells for over 4 decades and served as Partner for 33 years. He has vast and varied experience in the field of Audit of domestic as well as multinational companies in sectors such as Non-Banking Financial Services, Manufacturing, Hospitality and Technology.

Phygital model and Company to Open 50 New Branches in Next 12 Months

In tier 3 and tier 4 towns, the Company intends to employ a 'Phygital' channel strategy, whereby, the Company will offer fully digital, online loan fulfillment through eHome Loans for specific target customer segments which are well versed with technology, while at the same time continuing to serve other customers through its branch model supported by technology backbone of eHome Loans. The phygital strategy will help drive expansion into geographies with lower competitive intensity, thus contributing to better margins at low cost-to-income without dilution in credit standards. It will ride on the eHome Loans infrastructure with lean spoke branches logging in digital/ scanned loan applications, which are underwritten at centralized regional credit hubs. The Company will add 50 new branches in Tier 3 & 4 towns using this model in the next 12 months

Update on Co-Lending:

In line with RBI's operating guidelines for Co-Lending Model and commercial terms mentioned in our co-lending model, we have executed an agreement for co-lending with a PSU bank for home loans and a mid-sized private sector bank for LAP/ MSME loans. Active sourcing of loans has begun under these partnerships and disbursements are steadily gaining traction. Further, we are in the integration phase with 2 other PSUs and 1 private bank for loan co-origination. Thus, by January 1st, 2021, we will be in market actively sourcing loans with 5 partner banks. The Company is on track to disburse ₹ 1,000 Cr in FY21 through the co-lending model.

Uptick in House Sales:

A combination of factors such as all-time low interest rates, upfront discounts being offered by the developers, reduction in risk-weights for mortgages, reduction in stamp duty in states like Maharashtra, as well as a general realization among people during the lock down phase of needing a larger home have resulted into strong tailwinds for house sales. As per Anarock property consultants, home sales volume across top-7 Indian cities during Q3CY20 has already recovered to about 70% of pre-COVID levels. As per online property portal Proptiger, stock of unsold inventory in Q3CY20 fell 12% YoY, while new launches have already reached 79% of pre-COVID levels of Q1CY20.

Even the premium property market, which has been in the doldrums for the past 6 - 7 years saw an uptick, with October alone witnessing sales of ₹ 500 Cr in the premium South-Central Mumbai localities, compared with sales of ₹ 150 Cr in the same period last year – a 230% jump YoY. Real estate developers have regained confidence on the premium housing market and 10% of the new launches in the top-7 Indian cities were in the premium segment.

The uptick in house sales has also led to an increase in home loan offtake. As per NHB, new approvals of housing and non-housing loans by HFCs during September 2020 were at 130% of September 2019 levels, while home loan disbursements by HFCs during September 2020 were at 105% of the same period last year.