Indiabulls HOUSING FINANCE

Indiabulls Housing Finance Limited announces its Q4 and FY21 Financial Results
Q4 FY21 PAT of ₹ 276 Cr, up 102% YoY
Dividend of ₹ 9.0 per share declared

For Immediate Use

Mumbai, 19th May 2021: The Board of Directors of Indiabulls Housing Finance Ltd. (IBH) announced its audited financial results for the quarter and year ended March 31st 2021.

IBH Key Financials:

Particulars	Q4 FY20-21	Q4 FY19-20
Loan Book	₹ 66,047 Cr	₹ 73,065 Cr
CRAR	30.7%	27.1%
Tier 1	24.0%	20.3%
Net Gearing	3.4x	4.0x
PAT	₹ 276 Cr	₹ 137 Cr

The Company's Board of Directors has declared a dividend of ₹ 9 per share in the board meeting held on May 19, 2021

Highlights:

- PAT for Q4FY21 is ₹ 276 Cr – a growth of 102% YoY over Q4FY20 PAT of ₹ 137 Cr
- PAT for FY21 is ₹ 1,202 Cr
- Stable Net NPA at 1.59%. Provisions at 2.7x of regulatory requirements. Provisions to loan book at a very healthy 3.7%
- Capital adequacy stands at 30.7% and Tier 1 at 24.0%
- Net gearing has moderated to 3.4x
- Cost to Income ratio declined to 12.8% in FY21 from 16.2% for FY20 on the back of measures taken to improve cost efficiency
- Revision in credit rating outlook after 2 years. Long term credit rating revised to AA [Stable outlook] from AA [Negative outlook] by CRISIL, an S&P Global Company. Cost of funds to come down.
- The Company entered into a co-lending agreement with HDFC Ltd., the Country's largest housing finance company, for sourcing home loans
- Access to funding has normalised. In FY21, IBH has raised total funding of over ₹ 34,000 Cr

CRISIL revises rating outlook

CRISIL, an S&P Global Company, revised the Company's outlook to Stable from Negative. The long-term credit rating of IBH was reaffirmed at "CRISIL AA" and the short-term credit rating was reaffirmed at the highest rating of "CRISIL A1+". CRISIL took into account the Company's demonstrated ability to raise equity and debt capital in tough macro-economic circumstances, its comfortable asset quality in retail segments and lower than expected rise in NPA levels, regularization of collection efficiency to pre-COVID levels, strong capitalization with healthy cover for asset-side risks and strong liquidity position in revising the rating outlook of the Company to stable.

Co-Lending Tie-Up

The Company entered into a strategic co-lending partnership with HDFC Ltd to offer housing loans to homebuyers at competitive rates.

IBH will originate retail home loans as per jointly drawn up credit policy and retain 20% of the loan on its books and 80% will be on HDFC's books. IBH will service the loan account throughout the life cycle of the loan and will earn a trail income over the life of the loan.

Integration with HDFC Ltd will give IBH the benefit of a large franchise, scale and a robust credit appraisal process. It will give IBH the ability to price home loans for the entire spectrum of customers and go behind the entire market. The partnership will act as a cornerstone to IBH's new balance-sheet light growth business model. Moreover, technology led co-lending will help IBH offer convenient and seamless experience to its customers as well as help expand its reach to Tier III and IV towns of the country.

Funding flow has normalized

Access to funding has normalised. The Company's funding costs have moderated with incremental funds being raised at sub 8.0% p.a. levels. This has helped bring down Company cost of funds on books to 8.5%. The Company's spread on book has expanded to 2.7%. In addition to availing funds at decreasing costs, the Company is also raising large sums of long term monies, of over 5 years tenure, which bodes well for its ALM. Overall, in FY21, the Company has raised over ₹ 34,000 Cr through equity, bank lines, bonds and loan sell downs.

Mr. Gagan Banga, Vice Chairman, MD & CEO, IBH commented that,

"Through FY21, our balance sheet has been strengthened through equity capital raises, our asset quality is stable and we are adequately provided, our liquidity levels remain strong and we have a fully matched ALM, our credit ratings were also revised to stable outlook. In FY22, with our co-lending partnerships in place, especially the one with HDFC Ltd, we are now set to grow the retail loan book and grow profitability through our technology-leveraged, retail focused asset-light business model"