

# INDIABULLS HOUSING FINANCE LTD

Result Update (CONSOLIDATED BASIS): Q3 FY19

CMP: 650.00

FEB 5<sup>th</sup>, 2019

Overweight

ISIN: INE148I01020

## Index Details

### Stock Data

Sector	Housing Finance
BSE Code	535789
Face Value	2.00
52wk. High / Low (Rs.)	1396.85/624.45
Volume (2wk. Avg.)	859000
Market Cap (Rs. in mn.)	277777.50

### Annual Estimated Results(A\*: Actual / E\*: Estimated)

Years (Rs. in mn)	FY18A	FY19E	FY20E
Net Sales	130619.20	167679.40	201215.28
EBITDA	126664.80	157281.02	184578.18
Net Profit	38473.80	42677.16	49566.41
EPS	90.20	99.86	115.99
P/E	7.21	6.51	5.60

### Shareholding Pattern (%)

	As on Dec 2018	As on Sep 2018
Promoter	21.67	21.70
Public	78.33	78.30
Others	--	--

### 1 Year Comparative Graph



INDIABULLS HOUSING FINANCE LTD

S&P BSE SENSEX

## SYNOPSIS

- Indiabulls Housing Finance Ltd (IBHFL) is India's 2<sup>nd</sup> largest Housing Finance Company enjoys the highest long-term credit rating of AAA from all of the four leading rating agencies in India.
- Consolidated revenue for the quarter increased by 23.89% to Rs. 42368.00 mn from Rs. 34197.10 mn in the corresponding previous year same quarter period.
- During Q3 FY19, consolidated EBIDTA is Rs. 38481.10 mn as against Rs. 35710.00 mn in Q3 FY18, grew by 7.76%.
- During Q3 FY19, consolidated PBT stood at Rs. 13875.10 mn from Rs. 14892.30 mn in Q3 FY18.
- During Q3 FY19, consolidated net profit stood at Rs. 9855.10 mn from Rs. 11423.20 mn in Q3 FY18.
- EPS of the company stood at Rs. 23.06 a share during the quarter, as against Rs. 26.82 per share over previous year period.
- Indiabulls Housing Finance Ltd has declared an Interim Dividend of Rs 10/- per equity share (on the face value of Rs 2/- per share) for the financial year 2018-19.
- Balance Sheet of the company registered a growth of 4.5% at Rs. 1287500 mn in 9M FY19 as compared to Rs. 1232350 mn in the corresponding previous year nine months period.
- During the 9M FY19, Loan Assets of the company stood at Rs. 1242710 mn as against Rs. 1069710 mn in 9M FY18, up by 16.2%.
- Total Revenues for 9M FY19 registered a growth of 23.42% at Rs. 128070 mn as compared to Rs. 103770 mn in 9M FY18.
- During 9M FY19, PAT of the company registered at Rs. 30840 mn as against Rs. 25760 mn in 9M FY18.
- Net Sales and PAT of the company are expected to grow at a CAGR of 25% and 20% over 2017 to 2020E, respectively.

PEER GROUPS	CMP	MARKET CAP	EPS(TTM)	P/E (X)(TTM)	P/BV(X)	DIVIDEND
Company Name	(Rs.)	Rs. in mn.	(Rs.)	Ratio	Ratio	(%)
Indiabulls Housing Finance Ltd	650.00	277777.50	96.41	6.74	2.07	2100.00
Housing Development Fin Corp. Ltd	1978.00	3401114.10	94.46	20.94	3.73	1000.00
LIC Housing Finance Ltd	454.75	229495.50	45.11	10.08	1.81	340.00
Dewan Housing Finance Corp. Ltd	116.10	36434.90	47.79	2.43	0.41	55.00

## QUARTERLY HIGHLIGHTS (CONSOLIDATED BASIS)

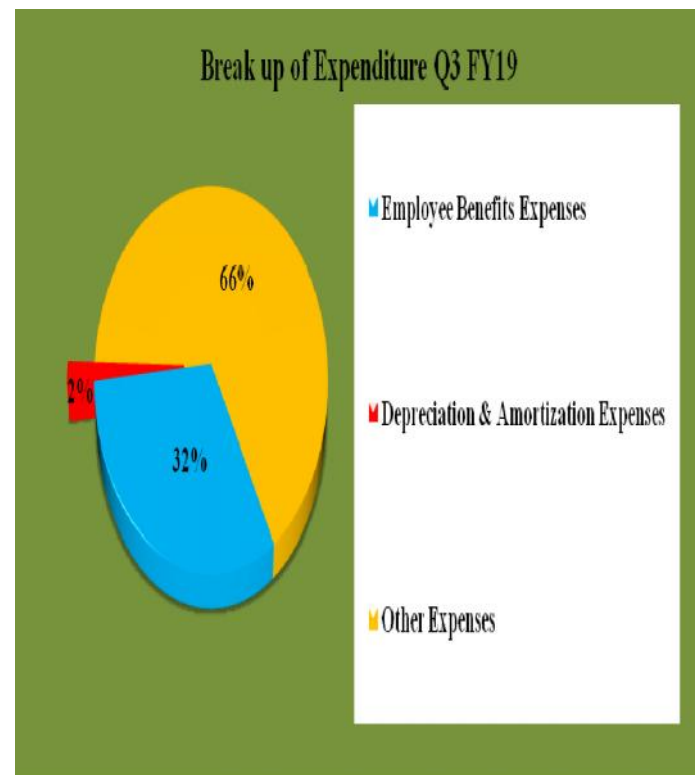
### Results updates- Q3 FY19,

(Rs. in millions)	Dec-18	Dec-17	% Change
<b>Revenue</b>	42368.00	34197.10	23.89%
<b>Net Profit</b>	9855.10	11423.20	(13.73%)
<b>EPS</b>	23.06	26.82	(14.01%)
<b>EBIDTA</b>	38481.10	35710.00	7.76%

Indiabulls Housing Finance Ltd consolidated net profit registered at Rs. 9855.10 million from Rs. 11423.20 million in the corresponding quarter ending of previous year. Revenue for the quarter increased by 23.89% and stood at Rs. 42368.00 million as against Rs. 34197.10 million when compared with the prior year period. Reported earnings per share of the company stood at Rs. 23.06 a share during the quarter, as against Rs. 26.82 per share over previous year period. Profit before interest, depreciation and tax is Rs. 38481.10 million as against Rs. 35710.00 million in the corresponding period of the previous year, up by 7.76%.

### Break up of Expenditure

Break up of Expenditure	Value in Rs. Million		
	Q3 FY19	Q3 FY18	% Change
Employee Benefits Expenses	2053.90	1863.30	10%
Depreciation & Amortization Expenses	113.70	80.50	41%
Other Expenses	4267.10	4216.80	1%



## Key Financials:

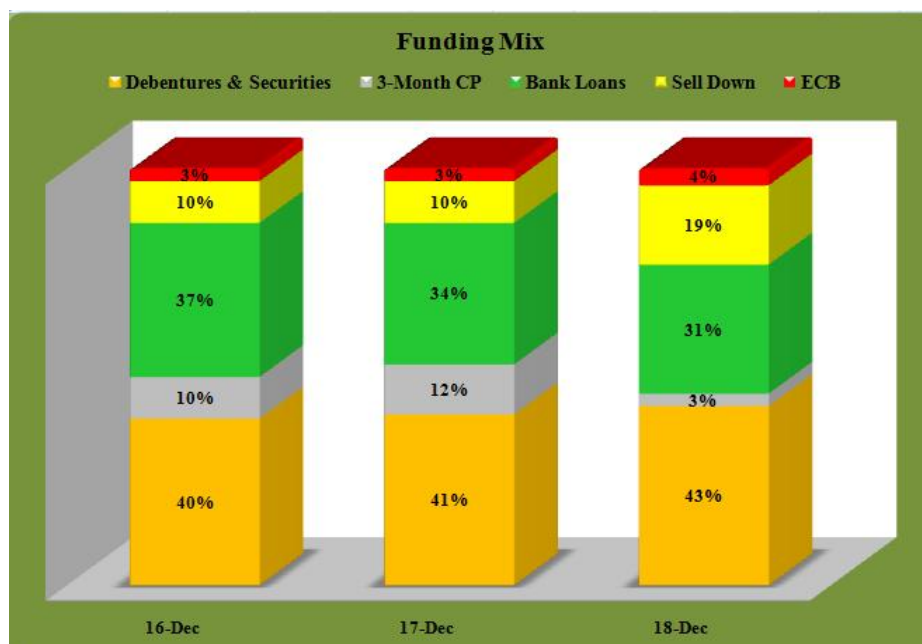
### For 9M FY19:

- ❖ Balance Sheet of the company registered a growth of 4.5% at Rs. 1287500 mn in 9M FY19 as compared to Rs. 1232350 mn in the corresponding previous year nine months period.
- ❖ During the 9M FY19, Loan Assets of the company stood at Rs. 1242710 mn as against Rs. 1069710 mn in 9M FY18, up by 16.2%.
- ❖ Home loans, which form the majority of incremental disbursements, are disbursed at an average ticket size of Rs. 24 Lakhs; average LTV of 73% [at origination]
- ❖ Cumulative Loan to Retail Customers registered at 1,106,850
- ❖ Net Worth of the company increased by 177920 mn in 9M FY19 as against Rs. 147980 mn in 9M FY18.
- ❖ Total Revenues for 9M FY19 registered a growth of 23.42% at Rs. 128070 mn as compared to Rs. 103770 mn in 9M FY18.
- ❖ During 9M FY19, PAT of the company registered at Rs. 30840 mn as against Rs. 25760 mn in 9M FY18.

### For Q3 FY19:

- Net Interest Income of the company increased by 20.0% at Rs. 20260 mn in Q3 FY19 as against Rs. 15620 mn in the corresponding previous year same quarter.
- Customer repayments in Q3 FY19 were registered at Rs. 74310 mn.
- The average customer repayments per quarter in the 3 quarters of this financial year is Rs. 65230 mn.

## Funding Mix:



### **Asset Liability Management and Strong Liquidity Position**

- IBHFL closed December 2018 with cash and liquid investments of Rs. 210900 mn., in line with its principle of maintaining high liquidity on its balance sheet.
- IBHFL reduced its 3-months CP outstanding to Rs. 46700 mn. which now constitutes to only 4% of its total borrowings, ensuring a long-term fully matched ALM.

### **Dividend:**

Indiabulls Housing Finance Ltd has declared an Interim Dividend of Rs 10/- per equity share (on the face value of Rs 2/- per share) for the financial year 2018-19.

### **COMPANY PROFILE**

Indiabulls Housing Finance Ltd (IBHFL) is India's 2<sup>nd</sup> largest Housing Finance Company. IBHFL enjoys the highest long-term credit rating of AAA from all of the four leading rating agencies in India. IBHFL has a balance sheet size of Rs. 1287500 mn. And provides quick, convenient and competitively priced home loans in the affordable housing segment.

**FINANCIAL HIGHLIGHT (CONSOLIDATED BASIS)**

(A\* - Actual, E\* -Estimations &amp; Rs. In Millions)

**Balance Sheet as of March 31, 2017 -2020E**

	FY17A	FY18A	FY19E	FY20E
<b>SOURCES OF FUNDS</b>				
<b>Shareholder's Funds</b>				
Share Capital	847.71	853.10	854.70	854.70
Reserves and Surplus	120372.94	133382.20	176059.36	225625.78
<b>1. Sub Total - Net worth</b>	<b>121220.66</b>	<b>134235.30</b>	<b>176914.06</b>	<b>226480.48</b>
<b>2. Share Application Money Pending Allotment</b>	<b>4.05</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Non Current Liabilities</b>				
Long term Borrowings	541160.17	691038.70	794694.51	874163.96
Deferred Tax Liabilities [Net]	1183.55	1229.70	1291.19	1342.83
Other Long Term Liabilities	1590.87	4018.50	5183.87	6479.83
Long Term Provisions	7850.72	10867.50	13910.40	17388.00
<b>3. Sub Total - Non Current Liabilities</b>	<b>551785.31</b>	<b>707154.40</b>	<b>815079.96</b>	<b>899374.62</b>
<b>Current Liabilities</b>				
Short term Borrowings	180329.98	247041.10	308801.38	355121.58
Trade Payables	59.36	285.20	342.24	397.00
Other Current Liabilities	180746.94	227577.10	261713.67	287885.03
Short Term Provisions	2907.62	2734.70	2597.97	2494.05
<b>4. Sub Total - Current Liabilities</b>	<b>364043.89</b>	<b>477638.10</b>	<b>573455.25</b>	<b>645897.66</b>
<b>Total Liabilities (1+2+3+4)</b>	<b>1037053.91</b>	<b>1319027.80</b>	<b>1565449.26</b>	<b>1771752.75</b>
<b>APPLICATION OF FUNDS</b>				
<b>Non-Current Assets</b>				
<b>Fixed Assets</b>				
Tangible Assets	902.84	995.20	1144.48	1293.26
Intangible Assets Under Development	108.29	115.20	120.96	125.80
Goodwill on Consolidation	677.99	578.30	532.04	505.43
<b>a) Sub Total Fixed Assets</b>	<b>1689.13</b>	<b>1688.70</b>	<b>1797.48</b>	<b>1924.50</b>
b) Non Current Investments	7967.26	30838.40	36389.31	45486.64
c) Deferred Tax Assets	80.51	105.90	135.55	169.44
d) Long Term loans and advances	743078.82	998970.10	1224674.81	1403913.43
e) Other Non – Current Assets	2321.04	3570.80	4570.62	5713.28
<b>1. Sub Total - Non Current Assets</b>	<b>755136.75</b>	<b>1035173.90</b>	<b>1267567.77</b>	<b>1457207.29</b>
<b>Current Assets</b>				
Current Investments	128199.11	117870.50	114334.39	110904.35
Trade Receivables	144.88	310.00	396.80	496.00
Cash and Bank Balances	56825.29	47478.10	43679.85	41495.86
Short-terms loans & advances	87797.81	106629.90	125823.28	145955.01
Other Current Assets	8950.06	11565.40	13647.17	15694.25
<b>2. Sub Total - Current Assets</b>	<b>281917.16</b>	<b>283853.90</b>	<b>297881.49</b>	<b>314545.47</b>
<b>Total Assets (1+2)</b>	<b>1037053.91</b>	<b>1319027.80</b>	<b>1565449.26</b>	<b>1771752.75</b>

**Annual Profit & Loss Statement for the period of 2017 to 2020E**

Value(Rs.in.mn)	FY17A	FY18A	FY19E	FY20E
Description	12m	12m	12m	12m
<b>Net Sales</b>	<b>103990.40</b>	<b>130619.20</b>	<b>167679.40</b>	<b>201215.28</b>
Other Income	13027.00	15784.70	8989.36	10607.45
Total Income	117017.40	146403.90	176668.76	211822.73
Expenditure	-14960.40	-19739.10	-19387.74	-27244.55
<b>Operating Profit</b>	<b>102057.00</b>	<b>126664.80</b>	<b>157281.02</b>	<b>184578.18</b>
Interest	-64107.80	-76538.60	-99124.32	-116966.69
Gross profit	37949.20	50126.20	58156.71	67611.49
Depreciation	-231.20	-370.50	-438.16	-508.26
Profit Before Tax	37718.00	49755.70	57718.55	67103.23
Tax	-8632.40	-11500.60	-15479.62	-18097.74
<b>Profit After Tax</b>	<b>29085.60</b>	<b>38255.10</b>	<b>42238.94</b>	<b>49005.49</b>
Share of Profit & Loss Assoc.	-21.60	218.70	438.23	560.93
<b>Net Profit</b>	<b>29064.00</b>	<b>38473.80</b>	<b>42677.16</b>	<b>49566.41</b>
Equity capital	847.71	853.10	854.70	854.70
Reserves	120372.90	133382.20	176059.36	225625.78
Face value	2.00	2.00	2.00	2.00
<b>EPS</b>	<b>68.57</b>	<b>90.20</b>	<b>99.86</b>	<b>115.99</b>

**Quarterly Profit & Loss Statement for the period of 30<sup>th</sup> June, 2018 to 31<sup>st</sup> Mar, 2019E**

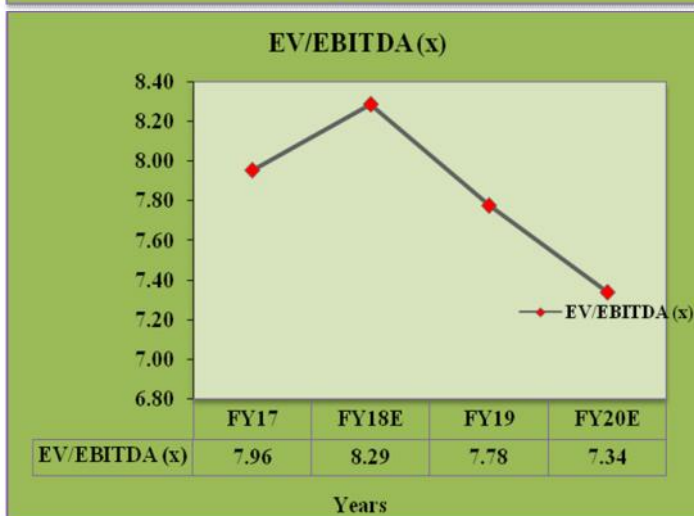
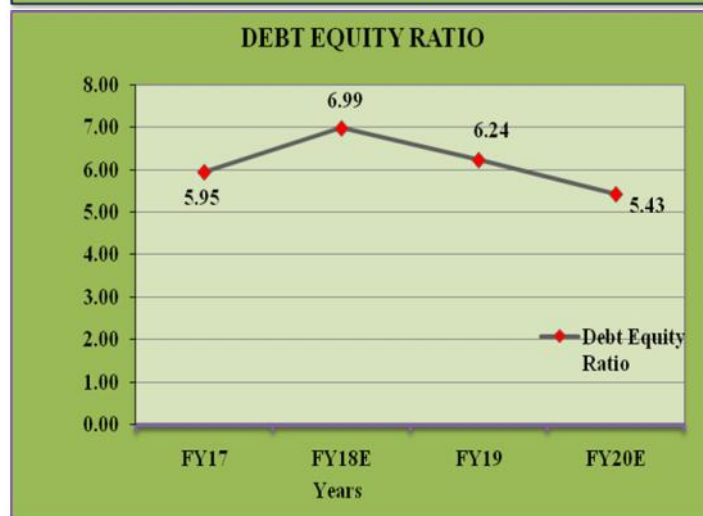
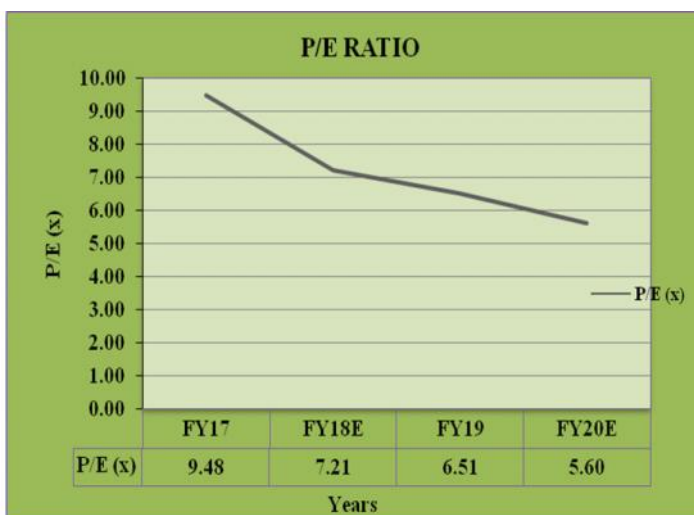
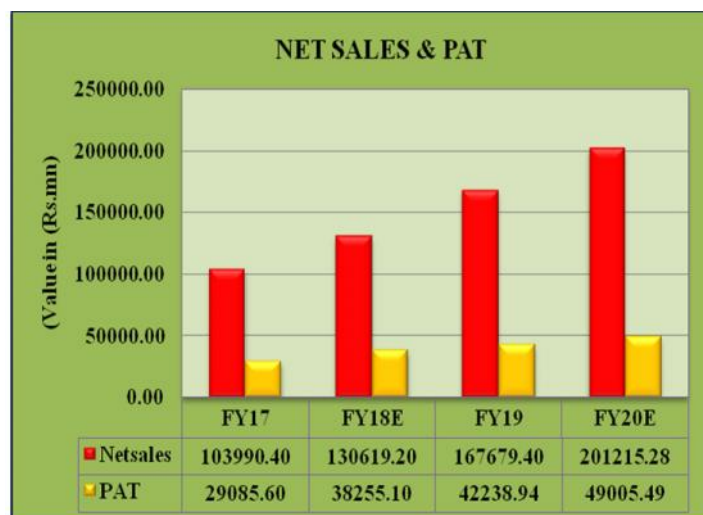
Value(Rs.in.mn)	30- June-18	30- Sep-18	31- Dec-18	31- Mar-19E
Description	3m	3m	3m	3m
<b>Net sales</b>	<b>38902.70</b>	<b>39803.90</b>	<b>42368.00</b>	<b>46604.80</b>
Other income	1810.50	2748.80	2434.10	1995.96
Total Income	40713.20	42552.70	44802.10	48600.76
Expenditure	-3253.10	-3014.00	-6321.00	-6799.64
<b>Operating profit</b>	<b>37460.10</b>	<b>39538.70</b>	<b>38481.10</b>	<b>41801.12</b>
Interest	-23351.40	-25563.70	-24492.30	-25716.92
Gross profit	14108.70	13975.00	13988.80	16084.21
Depreciation	-84.30	-109.40	-113.70	-130.76
Profit Before Tax	14024.40	13865.60	13875.10	15953.45
Tax	-3537.60	-3516.40	-4146.90	-4278.72
<b>Profit After Tax</b>	<b>10486.80</b>	<b>10349.20</b>	<b>9728.20</b>	<b>11674.74</b>
Share of Profit & Loss of Assoc.	60.40	92.30	126.90	158.63
<b>Net Profit</b>	<b>10547.20</b>	<b>10441.50</b>	<b>9855.10</b>	<b>11833.36</b>
Equity capital	853.20	853.40	854.70	854.70
Face value	2.00	2.00	2.00	2.00
<b>EPS</b>	<b>24.72</b>	<b>24.47</b>	<b>23.06</b>	<b>27.69</b>

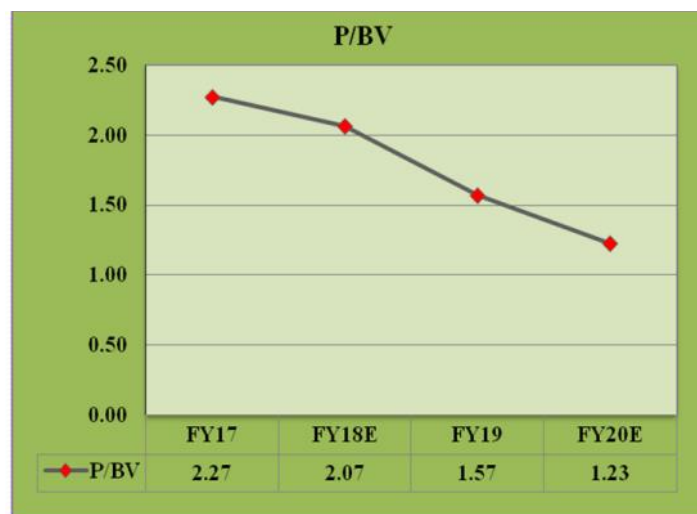


## Ratio Analysis

Particulars	FY17A	FY18A	FY19E	FY20E
EPS (Rs.)	68.57	90.20	99.86	115.99
EBITDA Margin (%)	98.14%	96.97%	93.80%	91.73%
PBT Margin (%)	36.27%	38.09%	34.42%	33.35%
PAT Margin (%)	27.97%	29.29%	25.19%	24.35%
P/E Ratio (x)	9.48	7.21	6.51	5.60
ROE (%)	23.99%	28.50%	23.88%	21.64%
ROCE (%)	12.08%	11.78%	12.25%	12.64%
Debt Equity Ratio	5.95	6.99	6.24	5.43
EV/EBITDA (x)	7.96	8.29	7.78	7.34
Book Value (Rs.)	285.99	314.70	413.98	529.96
P/BV	2.27	2.07	1.57	1.23

## Charts





## OUTLOOK AND CONCLUSION

- At the current market price of **Rs. 650.00**, the stock P/E ratio is at 6.51 x FY19E and 5.60 x FY20E respectively.
- Earnings per share (EPS) of the company for the earnings for FY19E and FY20E are seen at Rs. 99.86 and Rs. 115.99 respectively.
- Net Sales and PAT of the company are expected to grow at a CAGR of 25% and 20% over 2017 to 2020E, respectively.
- On the basis of EV/EBITDA, the stock trades at 7.78 x for FY19E 7.34 x for FY20E.
- Price to Book Value of the stock is expected to be at 1.57 x and 1.23 x for FY19E and FY20E respectively.
- Hence, we say that, we are Overweight in this particular scrip for Medium to Long term investment.



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