



IPO NOTE

AADHAR HOUSING FINANCE LIMITED



Rating:
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(For Long Term)



ISSUE OFFER

Issue Opens on	MAY 08, 2024
Issue Close on	MAY 10, 2024
Total IPO size (cr)	₹3,000
Fresh issue (cr)	₹1,000
Offer For Sale (cr)	₹2,000
Price Band (INR)	300-315
Market Lot	47
Face Value (INR)	10
Retail Allocation	35%
Listing On	NSE, BSE

ISSUE BREAK-UP (%)

QIB Portion	<div style="width: 50%;"></div>	50%
NII Portion	<div style="width: 15%;"></div>	15%
Retail Portion	<div style="width: 35%;"></div>	35%

SHAREHOLDING (No. of Shares)

Pre Issue	Post Issue
394,754,970	426,501,002

INDICATIVE TIMETABLE

Finalisation of Basis of Allotment	13-05-2024
Refunds/Unblocking ASBA Fund	14-05-2024
Credit of equity shares to DP A/c	14-05-2024
Trading commences	15-05-2024

Aadhar Housing Finance Limited is a retail-focused HFC focused on the low-income housing segment, serving economically weaker and low-to-middle-income customers, who require small-ticket mortgage loans. It offer a range of mortgage-related loan products, including loans for residential property purchase and construction; home improvement and extension loans; and loans for commercial property construction and acquisition.

OBJECTS OF THE ISSUE

- To meet future capital requirements towards onward lending.
- General corporate purposes.

OUTLOOK & VALUATION

Aadhar Housing Finance is a leading HFC with the highest AUM in its low-income segment. The company boasts a robust and extensive branch network, efficient systems, and access to diversified, cost-effective long-term financing. Its strong financial performance reflects consistent growth over the years.

However, some key challenges require careful consideration. Aadhar faces inherent risks associated with the creditworthiness of its low-income clientele and increases in NPAs. Additionally, the company operates in a highly competitive industry and is susceptible to interest rate volatility.

While the IPO valuation of 22.8x P/E and 3.36x P/BV might appear fair, Aadhar's high reliance on borrowing necessitates a cautious approach. Therefore, we recommend this IPO only for high-risk investors seeking long-term exposure to the affordable housing sector.



KEY MANAGERIAL PERSONNEL

01

Om Prakash Bhatt

Non-Executive Chairman and Independent Director of the Company. He has previously served as the chairman of State Bank of India. He was appointed as the Non Executive Chairman and Independent Director on the Board of the Company with effect from September 13, 2019.

02

Rishi Anand

Managing Director and Chief Executive Officer of the Company. He has over 27 years of work experience across a diverse spectrum of functions and businesses in the financial services space. He joined this Company on April 1, 2018 and he was appointed as Managing Director and Chief Executive Officer with effect from January 3, 2023.

03

Rajesh Viswanathan

Chief Financial Officer of the Company. He has several years of experience in accounting, finance, strategy, planning, taxation, treasury, audit, and managing investor relations. He joined this Company on December 1, 2019.

04

Harshada Pathak

Company Secretary and Compliance Officer for the Company. She is a qualified company secretary from the Institute of Company Secretaries of India, having an experience of over 18 years. She joined the Company on April 15, 2021.



COMPANY PROFILE

- Aadhar Housing Finance Limited is an HFC focused on the low-income housing segment (ticket size less than ₹1.5 million) in India and it had the highest AUM and net worth among its analyzed peers.
- It has an extensive network of 487 branches* including 109 sales offices, as of December 31, 2023. Its branches and sales offices are spread across 20 states and union territories, operating in approximately 10,926 pin codes across India, as of December 31, 2023.
- As of December 31, 2023, it has a total of 3,885 employees, and Aadhar Sales and Services Private Limited (“ASSPL”), its 100% owned subsidiary has a total of 1,875 employees.
- BCP Topco, which is its Promoter, and is an affiliate of funds managed and/or advised by affiliates of Blackstone Group Inc, currently holds 98.72% of its pre-Offer issued, subscribed, and paid-up Equity Share capital.

COMPETITIVE STRENGTHS

- HFC focused on the low-income housing segment in India with the highest AUM and net worth.
- A seasoned business model with strong resilience through business cycles.
- Extensive branch and sales office network, geographical penetration, and sales channels.
- Robust, comprehensive systems and processes for underwriting, collections, and monitoring asset quality.
- Access to diversified and cost-effective long-term financing.
- Experienced, cycle-tested and professional management team.

KEY STRATEGIES

- Expand its Distribution Network.
- Continue to focus on target customers and grow its customer base.
- Continue to invest in and roll out digital and technology-enabled solutions.
- Optimize its borrowing costs and reduce operating expenses further.

KEY CONCERNS

- Reliance on any misleading information given by potential borrowers may affect its judgment of creditworthiness.
- Any increase in the levels of non-performing assets in its AUM would adversely affect its business.
- It is vulnerable to the volatility in interest rates.
- Indebtedness and conditions and restrictions imposed by its financing arrangements could adversely affect its business.
- The Indian housing finance industry is highly competitive.

COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2023)

Name of the Company	EPS (Basic)	NAV	P/E	Total Income (In Million)	RoNW (%)
Aadhar Housing Finance Limited	13.8	93.7	-	20,432.3	16.5
Peer Group					
Aptus Value Housing Finance India Limited	10.1	67.1	31.3	10,933.6	16.1
Aavas Financiers Limited	54.4	413.6	28.1	16,087.6	14.1
Home First Finance Company India Limited	26.0	206.5	34.9	7,909.9	13.5
India Shelter Finance Corporation Limited	17.8	141.4	33.1	5,845.3	13.4

FINANCIALS (RESTATED CONSOLIDATED)

PARTICULARS (RS. IN MILLION)	FY 2023	FY 2022	FY 2021
Equity Share Capital	3,947.6	3,947.6	3,947.6
Other Equity	33,029.0	27,519.3	22,980.6
Net Worth	36,976.6	31,466.9	26,928.2
Total Borrowings	95,427.3	88,189.7	81,104.1
Revenue from Operations	20,432.3	17,282.7	15,753.3
EBITDA	4,541.89	2,659.10	2,639.65
Profit/loss before Tax	6,958.2	5,673.6	4,325.1
Net profit of the year	5,447.6	4,448.5	3,401.3



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