Aadhar Housing Finance Limited

May 08, 2024

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IPO Note

Aadhar Housing Finance Ltd. (AHF) is a HFC focused on the low-income housing segment (ticket size less than INR 1.5 million) in India, and the company had the highest AUM and net worth among its analyzed peers in FY21, FY22, FY23, and 9MFY23. AHF offers 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. AHF has an extensive network of 487 branches, including 109 sales offices, as of 9MFY24. The branches and sales offices are spread across 20 states and union territories, operating in approximately 10,926 pin codes across India, as of 9MFY24.

Investment Rationale:

AHF focused on low income housing segment:

- The Gross AUM increased from INR 165,664.6 million as of 9MFY23 to INR 198,651.6 million as of 9MFY24, and grew at a CAGR of 17.3% between FY21 to 9MFY24. The branch and sales office network is widely dispersed, with no state accounting for more than 14% of Gross AUM, and the top two states accounting for 27.6% of the Gross AUM as of 9MFY24.
- The low-income housing segment benefits from various government and regulator initiatives to promote the construction of affordable housing projects as well as enabling financing for the customers of such projects.
- The Government's PMAY scheme provided credit-linked subsidies to stimulate demand. Various other initiatives, such as special financing windows for stalled housing projects, tax benefits to home loan borrowers and developers, the NHB refinancing schemes to help lower the cost of borrowing of HFCs, and risk weight rationalization on housing loans to improve sentiment for the real estate sector, have also been undertaken to act as an enabler to the segment.

Diversifying funding sources to reduce borrowing costs:

- AHF's cost of borrowing declined from FY21 to FY22 and thereafter increased at a slower pace in 9MFY24 compared to the increase in the India repo rate during the same period, which AHF believes is due to its proactive and flexible fundraising strategy.
- AHF intends to continue diversifying its funding sources, identifying new sources and pools of capital, and implementing robust asset liability management policies with the aim of further optimizing its borrowing costs and helping sustain its NIM.
- In line with its strategy, AHF has increased the share of NHB refinancing in its Total Borrowings and has also availed international sources of funding in the past to reduce its overall cost of borrowings and diversify the funding mix.

Ability to maintain operational efficiencies and low cost to income ratios:

- AHF's business has grown significantly in FY21, FY22, FY23, and for 9MFY23, and 9MFY24. The company's Retail AUM grew from INR 133,252.2 million as of March 31, 2021, to INR 165,664.6 million as of 9MFY23 and INR 198,651.6 million as of 9MFY24.
- Along with the growth in its AUM and revenues, the company has been able to control its operating expenses. The cost to income ratio was 35.8%, 36.3%, 38.1%, 36.7%, and 36.2% for FY21, FY22, FY23, and the 9MFY23, and 9MFY24, respectively.

Valuation and Outlook: The overall size of the housing finance market is projected to touch INR 5.4-5.7 trillion by March 2026, translating into an 8-10% CAGR between FY23 – FY26. AHF is the largest affordable HFC amongst peers as per AUM and net worth focused on the low-income housing segment. The company has a presence in 20 states and UTs which is highest among the peers as of FY23 thus reducing concentration risk. AHF's cost of borrowing declined from FY21 to FY22 and thereafter increased at a slower pace in 9MFY24. The company has availed international sources of funding in the past to reduce its overall cost of borrowings and diversify the funding mix for FY25. The company's NIMs have been improving largely due to reduction in cost of borrowing and AUM mix change. The company's NIM is currently standing at 8% in FY23 compared with 6.90% in FY22. AHF's AUM increased at a CAGR of 17.3% to INR 198,651.6 million in 9MFY24 which is the highest compared to its peers. The company's interest income in FY23 was INR 17,762.80 million which grew 15.48% YoY. AHF's PAT was reported at INR 5447.60 million which grew 22.46% YoY. Its' GNPA and NNPA as of FY23 are 1.20% and 0.80% in FY23 respectively. Aadhar's ROE and ROA was 16% and 3.52% in FY23 which is the second highest amongst peers. We recommend a subscribe to the issue due to healthy growth prospects, strong asset quality and reasonable valuations.

Key Financial & Operating Metrics (Consolidated)

In INR mn	Operating Income	YoY (%)	PAT	EPS	ROE	ROA	PBIDTM (%)
FY21	15753.30	13.52	3401.30	8.37	13.52	2.62	79.96
FY22	17282.70	9.71	4448.50	10.93	15.29	3.18	77.64
FY23	20432.30	18.22	5447.60	12.77	16.00	3.52	75.20

Issue Snapshot

Issue Open	08-May-24
Issue Close	10-May-24
Price Band	INR 300 - 315
Issue Size (Shares)	9,52,38,095
Market Cap (mln)	INR 191072

Particulars

Fresh Issue (INR mln)	INR 10000
OFS Issue (INR mln)	INR 20000
QIB	50%
Non-institutionals	15%
Retail	35%

Capital Structure

Pre Issue Equity	39,47,54,970
Post Issue Equity	42,65,01,002
Bid Lot	47 shares
Minimum Bid amount @ 300	INR 14100
Maximum Bid amount @ 315	INR 14805

Share Holding	Pre Issue	Post Issue
Promoters	98.72%	76.48%
Public	1.28%	23.52%

Particulars

Face Value	INR 10
Book Value	INR 110.14
EPS, Diluted	INR 12.77

Objects of the Issue

1. Meet future capital requirements for lending
2. General corporate purposes

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Aadhar Housing Finance Ltd. (AHF) is a HFC focused on the low-income housing segment (ticket size less than INR 1.5 million) in India, and the company had the highest AUM and net worth among its analyzed peers in FY21, FY22, FY23, and 9MFY23. The average ticket size of the company's loans was INR 0.9 million and INR 1 million with an average loan-to-value of 57.7% and 58.3%, as of 9MFY23 and 9MFY24, respectively. AHF offers 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. AHF has an extensive network of 487 branches, including 109 sales offices, as of 9MFY24. The branches and sales offices are spread across 20 states and union territories, operating in approximately 10,926 pin codes across India, as of 9MFY24.

Industry Overview:
The overall size of the housing finance market focusing on low-income housing loans in India was around INR 4.4 trillion as of December 2023, constituting around 14% of the overall housing finance market. The industry is expected to pick up steam gradually, and the loans outstanding in housing finance focused on the low-income housing segment are projected to touch INR 5.4-5.7 trillion by March 2026, translating into an 8-10% CAGR between FY23 – FY26.

(₹ in million)

	For the				
	FY 2021	FY 2022	FY 2023	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Gross AUM	133,271.0	147,777.9	172,228.3	165,664.6	198,651.6

(₹ in million, except percentages)

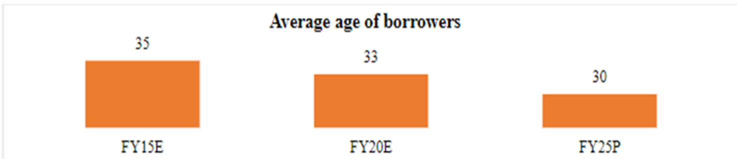
Occupation	As of									
	March 31, 2021		March 31, 2022		March 31, 2023		December 31, 2022		December 31, 2023	
	Amount	% Share	Amount	% Share	Amount	% Share	Amount	% Share	Amount	% Share
Salaried	85,093.3	63.8%	90,891.1	61.5%	100,933.2	58.6%	98,490.7	59.5%	113,686.1	57.2%
Self Employed	48,177.7	36.2%	56,886.8	38.5%	71,295.1	41.4%	67,173.9	40.5%	84,965.5	42.8%
Total	**133,271.0**	**100.0%**	**147,777.9**	**100.0%**	**172,228.3**	**100.0%**	**165,664.6**	**100.0%**	**198,651.6**	**100.0%**

Key growth drivers:

India has the world's largest population: India's population was approximately 1.25 billion, comprising nearly 245 million households. It is expected to increase to 1.52 billion by 2031, with the number of households reaching approximately 376 million over the same period.

India's demographic profile is expected to favour the housing industry, leading to growth in the housing finance market:
Increasing per capita GDP to support economic growth: In FY24, India's per capita net national income expanded by 6.8% reflecting robust growth of the Indian economy and the government's continued efforts to make India an upper middle-income economy.

Declining age of borrowers



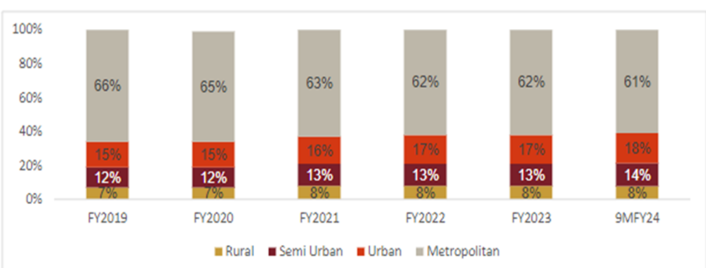
Rising Middle India population to help sustain growth for the country: The proportion of Middle India (defined as households with annual incomes between INR 0.2 to INR 1 million) has been on the rise over the last decade and is expected to grow further with continuous increases in GDP and household incomes. It is estimated that there were 41 million middle-income households in India as of FY12. By FY30, this number is projected to increase to 181 million households. A significant portion of these households, which have entered the Middle-Income bracket in recent years, are likely to be from semi-urban and rural areas. The improvement in literacy levels, increasing access to information and awareness, improvements in the availability of necessities, and better road infrastructure are believed to have led to an increase in the aspirations of Middle India. This is likely to translate into increased opportunities for financial service providers.

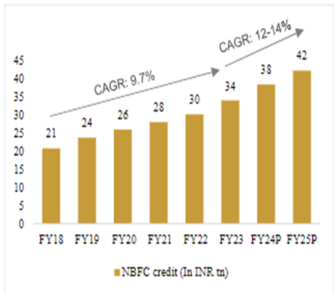
Higher affordability: Per capita income will gradually improve with a pick-up in GDP growth and sustained low inflation. This is expected to be an enabler for domestic consumption leading to rise in demand for housing. Further, increase in household savings over the last decade coupled with availability of underwrite and provide credit to the vulnerable or informal segment owing to advancement in technology has also led to higher demand for housing.

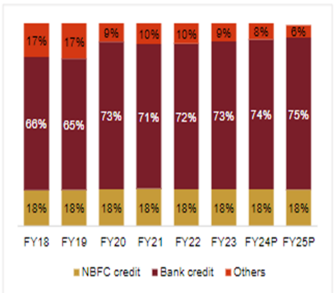
Rural India –Under penetration and untapped market presents a huge opportunity for growth for financiers: Although the majority of Indian households are located in rural areas, the banking infrastructure investment in these regions is relatively low and thus there is a gap in the demand and supply of financial services in the backward regions of the country. Despite a significant contribution of nearly 47% to India's GDP, rural areas have only 9.3% share of total credit outstanding as at March 31, 2023. The loans share of SFBs in rural region is lower at 6.9% share of total credit outstanding as at March 31, 2023. Further, rural areas in India have lower financial inclusion compared to urban areas. This presents significant growth opportunities for small finance banks in rural and unserved areas. Particularly, bank credit and deposit penetration are low in the northern and eastern zones of India. In addition, the pace of opening new branches by scheduled commercial banks in these regions has slowed down in recent times. Majorly, banks focus on reducing the costs associated with physical branches and avoid opening branches in the rural areas. This provides ample headroom for SFBs and NBFCs to take the banking services to the remotest locations of the country.

NBFC credit to grow faster than systemic credit between Fiscals 2023 and 2025
NBFC credit to grow at 12%-14% between FY23 and FY25. The credit growth is expected to be driven by the retail vertical, including housing, auto, and microfinance segments. Rapid revival in the economy is expected to drive consumer demand in Fiscal 2024, leading to healthy growth of NBFCs. Moreover, organic consolidation is underway with larger NBFCs gaining share. Further, growth of the non-banking industry is expected to be driven mainly by NBFCs with strong parentage who have funding advantage over other NBFCs.

Share of rural and semi-urban credit has increased marginally between March 2019 and March 2023

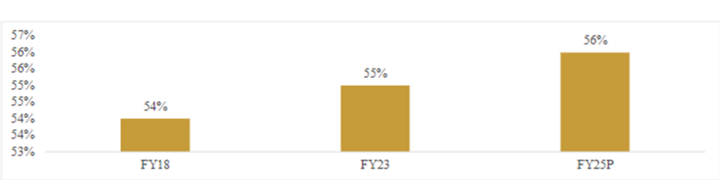






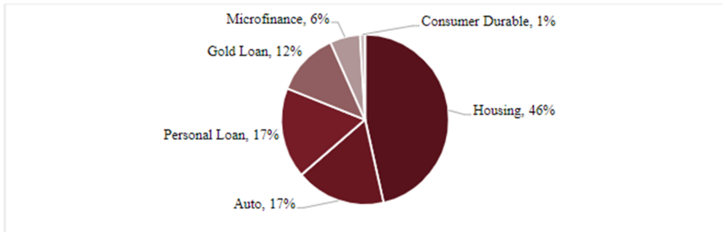
IPO Note

Share of retail credit in total NBFC credit to continue to grow



Housing loans accounts for 46% of overall retail loans as of March 31, 2023

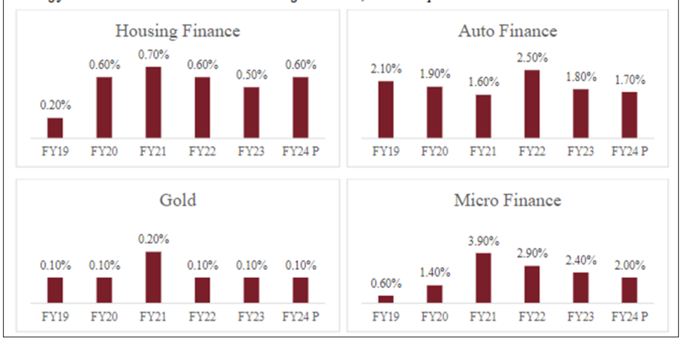
Retail credit mix as of March 31, 2023



Indian household investment in real estate: According to the Household Finance Committee report issued by the RBI in 2017, the average Indian household holds 77% of its total assets in real estate. This includes residential buildings, buildings used for farm and non-farm activities, constructions such as recreational facilities, and rural and urban land.

Estimated shortage and requirement of approximately 100 million houses: The housing shortage in India has only increased since the estimates during the twelfth five-year plan. According to the report of the RBI-appointed Committee on the Development of the housing finance securitization market (September 2019), the housing shortage in India was estimated to increase to 100 million units by 2022. The majority of the household shortage is for LIG and EWS, with a small proportion (5-7%) of the shortage coming from MIG or above. The total incremental demand for housing loans, if this entire shortage is to be addressed, is estimated to be in the region of INR 50 trillion to INR 60 trillion, as per the Committee report. In comparison, the overall outstanding housing loans (excluding Pradhan Mantri Awas Yojana or PMAY loans) as of March 2023 were around INR 31.1 trillion. This indicates the immense latent potential of the market if concrete action is taken to address the shortage of houses in India.

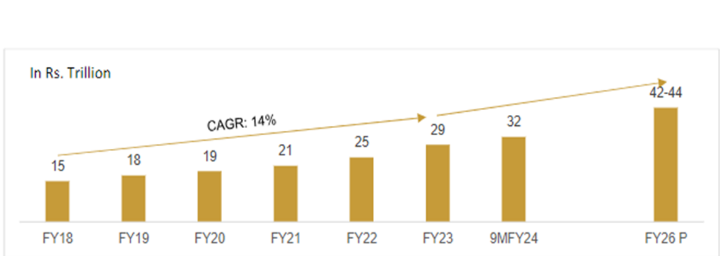
Housing finance had second lowest credit cost among retail loans, which is expected to continue



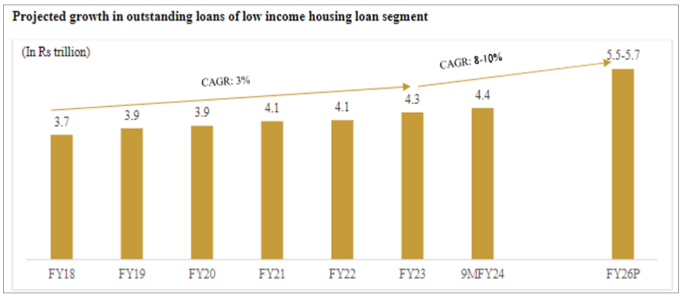
Opportunity for financiers well established in Affordable Housing segment: As per the report of the RBI-appointed Committee on the development of the housing finance securitization market (September 2019), the total value of units to fulfill the entire shortage is estimated at INR 149 trillion, out of which INR 58 trillion is estimated to be the aggregate loan demand for housing.

Indian housing finance market

Growth in housing loans outstanding



Projected growth in outstanding loans of low income housing loan segment



Investment rationale:

AHF focused on low income housing segment: AHF is an HFC focused on the low-income housing segment (ticket size less than INR 1.5 million) in India, and the company had the highest AUM and net worth among its analyzed peers in FY21, FY22, FY23, and 9MFY24. The Gross AUM increased from INR 133,271 million in FY21 to INR 147,777.9 million in FY22 and INR 172,228.3 million in FY23. The Gross AUM increased from INR 165,664.6 million as of 9MFY23 to INR 198,651.6 million as of 9MFY24, and grew at a CAGR of 17.3% between FY21 to 9MFY24. The branch and sales office network is widely dispersed, with no state accounting for more than 14% of Gross AUM, and the top two states accounting for 27.6% of the Gross AUM as of 9MFY24. As of 9MFY23 and 9MFY24, no state accounted for more than 14.3% and 14.0% in terms of Gross AUM, respectively, and the top two states accounted for 28.6% and 27.6% of the Gross AUM, respectively. Due to its scale and diversified reach, AHF is well-positioned to meet the specific needs of its target customers across geographies, in urban and semi-urban areas. Housing financiers focused on the low-income housing segment typically serve the underserved category of low-income or mid-income customers who may be salaried, working in the informal sector, or self-employed running a small business. This presents a unique opportunity for AHF to leverage its position as the leading HFC focused on the low-income housing segment in terms of AUM and net worth to be the lender of choice for customers from this segment. Furthermore, the low-income housing segment also benefits from various government and regulator initiatives to promote the construction of affordable housing projects as well as enabling financing for the customers of such projects. The Government's PMAY scheme provided credit-linked subsidies to stimulate demand. Various other initiatives, such as special financing windows for stalled housing projects, tax benefits to home loan borrowers and developers, the NHB refinancing schemes to help lower the cost of borrowing of HFCs, and risk weight rationalization on housing loans to improve sentiment for the real estate sector, have also been undertaken to act as an enabler to the segment.

Seasoned business model with strong resilience through business cycles: Through various business cycles, AHF has been able to leverage (i) the inherent strength of its customer-centric business model, (ii) its extensive branch and sales office network, and (iii) the expertise of its professional management team to maintain its status as the HFC focused on the low-income housing segment. AHF's financial performance has remained consistent and resilient through various external events in the Indian economy. Despite adverse events such as demonetization, the introduction and rollout of a nationwide GST, defaults involving large non-bank finance companies, and various waves of the COVID-19 pandemic, AHF has demonstrated overall growth, portfolio performance, asset quality, and continued profitability. The company's resilience in the low-income housing segment is based on its customer-centric business model, offering products with practices and policies developed to address specific issues faced in the low-income housing segment and to meet customers' needs to access funds, while ensuring robust credit, underwriting, and collections policies.

AHF's resilience in the low-income housing segment is also based on its credit evaluation capabilities, distinguished by its credit underwriting, risk management, and fraud detection teams utilizing an objective cognitive rule-based policy to make credit decisions. These teams are supported by AHF's internally developed four-pronged credit assessment model. AHF's diversified product offering allows it to cater to its retail customer base, comprising salaried and self-employed customers in both formal and informal segments. As of March 31, 2023, and December 31, 2023, 58.6% and 57.2% of AHF's customer base comprised salaried customers, respectively. The mix of customers in both formal and informal segments enables AHF to be better positioned to remain resilient through business cycles, by serving both the salaried customers, who are typically more resilient to economic cycles, and the self-employed customers, whose loans usually have a higher overall risk-adjusted spread. The average ticket size of AHF's loans has remained stable at INR 0.9 million from March 31, 2021, to March 31, 2023, and increased to INR 1.0 million as of December 31, 2023, with an average loan-to-value of 57.8% and 58.3%, as of March 31, 2023, and December 31, 2023, respectively. AHF believes that this is an attractive range for low-income housing segment loans. AHF's loan products are designed to meet the capital needs of its target customers. Within the salaried customer segment, the formal segment (customers who have a documented monthly salary typically credited directly to their bank accounts) contributed 81.6% and 81.5% to AHF's Gross AUM as of March 31, 2023, and December 31, 2023, respectively. The remaining 18.4% and 18.5% of AHF's Gross AUM as of the same periods are derived from the informal segment (customers who receive a monthly salary that is not supported by documentation and may be paid in cash). In the self-employed customer segment, 25.4% and 20.1% as of March 31, 2023, and December 31, 2023, respectively, of AHF's customers belonged to the formal segment (customers that have income tax returns or bank accounts), and 74.6% and 79.9% as of the same periods belonged to the informal segment (customers that do not have formal income documentation).

Diversifying funding sources to reduce borrowing costs: AHF's cost of borrowing declined from FY21 to FY22 and thereafter increased at a slower pace in 9MFY24 compared to the increase in the India repo rate during the same period, which AHF believes is due to its proactive and flexible fundraising strategy. AHF intends to continue diversifying its funding sources, identifying new sources and pools of capital, and implementing robust asset liability management policies with the aim of further optimizing its borrowing costs and helping sustain its NIM. In line with its strategy, AHF has increased the share of NHB refinancing in its Total Borrowings and has also availed international sources of funding in the past to reduce its overall cost of borrowings and diversify the funding mix. AHF intends to maintain a healthy mix of NHB refinance in its Total Borrowings and expand its lender base. For instance, AHF received sanction letters from NHB in December 2020, December 2021, October 2022, and October 2023 for loans up to INR 10 billion, INR 12.5 billion, INR 15 billion, and INR 10 billion, respectively. The company's fully built-out distribution and collections infrastructure is a key source of operating leverage and will help reduce its operating expenses. Furthermore, AHF expects that its strategic investments in technology and digitization across its business will further reduce its operating expenses and credit costs over time. AHF will continue to review and identify means to improve its revenue-to-operating expenses ratio and overall NIM from current levels. AHF believes that as a result of these various initiatives, it would be in a position to continue to maintain its low NPA levels and reduce them further, improve its credit ratings for new fundraising, borrow at competitive rates, and sustainably deliver superior return ratios. With a strategy to leverage its distribution network and widen its sources of funds, AHF signed co-lending agreements with two public sector banks and one private sector bank in FY22 and FY23. The partnerships with the two public sector banks have been operationalized. AHF may also enter into such arrangements with other private and public sector banks to increase the number of its co-lending partners. AHF believes co-lending presents a unique opportunity through the combination of the banks' availability of low-cost funds, coupled with an NBFC's (including HFC's) ability to source retail customers efficiently as well as manage these customers, including collections. This model allows NBFCs or HFCs to cater to a larger customer base with lesser capital by leveraging the larger balance sheet of their partner banks. RBI had amended the co-lending framework in November 2020 to improve the flow of credit to the unserved and underserved sectors of the economy and make funds available to the ultimate beneficiary at an affordable cost, considering the lower cost of funds from banks and wider reach of the NBFCs. Under the terms of the revised Co-Lending Model (CLM), banks are now also permitted to co-lend with all registered NBFCs (including HFCs) based on a prior agreement in a manner akin to bilateral assignment. The co-lending banks will take their share of the individual loans on a back-to-back basis in their books. However, NBFCs will be required to retain a minimum of 20% share of the individual loans on their books. In view of CLM, AHF strategically partnered with two public sector banks and one private sector bank to take advantage of this new framework. Under its arrangement with these banks, AHF will source and disburse loans in its usual course of business in accordance with its existing policies and subsequently may request these banks to participate in the specific home loans or loans against property with pre-agreed parameters. The partnering co-lending banks, after completing their internal due diligence, may agree to participate by transferring an 80% share of the loan to AHF through an escrow account. The company will continue to service the loan as a servicing agent, have interface with the customers, and share the collections with these banks.

	For the				
	FY 2021	FY 2022	FY 2023	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Average cost of borrowings [1]	8.2%	7.2%	7.0%	7.0%*	7.6%*

Ability to maintain operational efficiencies and low cost to income ratios: AHF's business has grown significantly in FY21, FY22, FY23, and for 9MFY23, and 9MFY24. The company's Retail AUM grew from INR 133,252.2 million as of March 31, 2021, to INR 165,664.6 million as of 9MFY23 and INR 198,651.6 million as of 9MFY24. Along with the growth in its AUM and revenues, the company has been able to control its operating expenses. The cost to income ratio was 35.8%, 36.3%, 38.1%, 36.7%, and 36.2% for FY21, FY22, FY23, and the 9MFY23, and 9MFY24, respectively. AHF has also taken steps to improve the productivity of its employees and branches, which has led to the improvement in the Gross AUM per branch (excluding sales offices) from INR 429.9 million as of March 31, 2021, to INR 445.1 million as of March 31, 2022, and as of March 31, 2023, was INR 437.1 million. The Gross AUM per branch (excluding sales office) also improved from INR 399.2 million as of 9MFY23 to INR 503.3 million as of 9MFY24. AHF continues to identify and implement measures that it believes will enable it to sustain and further decrease its operating expense ratio. Further, as its operations expand, the company also expects to derive benefits from economies of scale, which it believes will assist in optimizing its operating expenses. In addition, AHF also continues to invest in its technology platform and technology-enabled operating procedures to increase operational and management efficiencies. The company's business is dependent on its ability to raise funds at competitive rates, which in turn, depends on various factors including its credit ratings. Considering that the higher CRWAR would positively impact the credit ratings of the company, thereby lowering the borrowing costs and positively impacting the interest margins and financial condition, the company accordingly proposes to utilize an amount aggregating to INR 7,500 million out of the Net Proceeds towards maintaining higher Tier 1 capital in light of its onward lending requirements. The company believes that maintaining higher Tier 1 capital will help it remain competitive with its industry peers. AHF anticipates that the portion of the Net Proceeds allocated towards this object (INR 7500 million) will be sufficient to satisfy its future capital requirements, which are expected to arise out of the growth of its business and assets.

Valuation and outlook: The overall size of the housing finance market is projected to touch INR 5.4-5.7 trillion by March 2026, translating into an 8-10% CAGR between FY23 – FY26. AHF is the largest affordable HFC amongst peers as per AUM and net worth focused on the low-income housing segment. The company has a presence in 20 states and UTs which is highest among the peers as of FY23 thus reducing concentration risk. AHF's cost of borrowing declined from FY21 to FY22 and thereafter increased at a slower pace in 9MFY24. The company has availed international sources of funding in the past to reduce its overall cost of borrowings and diversify the funding mix for FY25. The company's NIMs have been improving largely due to reduction in cost of borrowing and AUM mix change. The company's NIM is currently standing at 8% in FY23 compared with 6.90% in FY22. AHF's AUM increased at a CAGR of 17.3% to INR 198,651.6 million in 9MFY24 which is the highest compared to its peers. The company's interest income in FY23 was INR 17,762.80 million which grew 15.48% YoY. AHF's PAT was reported at INR 5447.60 million which grew 22.46% YoY. Its' GNPA and NNPA as of FY23 are 1.20% and 0.80% in FY23 respectively. Aadhar's ROE and ROA was 16% and 3.52% in FY23 which is the second highest amongst peers. We recommend a subscribe to the issue due to healthy growth prospects, strong asset quality and reasonable valuations.

Peer Comparison

Particulars	Total Revenue	P/E	P/B	EPS (Diluted)	RONW
Aadhar Housing Finance Ltd.	20,432.30	24.67	2.86	12.77	16.5
Listed peers					
Aptus Value Housing finance Ltd.	10,933.60	31.3	4.7	10.1	16.1
Aavas Financiers Ltd.	16,087.60	28.1	3.7	54.3	14.1
Home First Finance company India Ltd.	7,909.90	34.9	4.3	25.2	13.5
India Shelter Finance Corporation Ltd.	5,845.30	33.1	4.1	17.5	13.4

	Aadhar Housing Finance Ltd.			Aavas Financiers Ltd.			Aptus Value Housing Finance			Home First Finance Company			India Shelter Finance		
Particulars	**FY21**	**FY22**	**FY23**	**FY21**	**FY22**	**FY23**	**FY21**	**FY22**	**FY23**	**FY21**	**FY22**	**FY23**	**FY21**	**FY22**	**FY23**
Financial															
Asset Under Management (AUM)	1,33,271.00	1,47,777.90	1,72,228.30	94,542.90	1,13,502.10	1,41,667.00	40,677.50	51,796.00	67,383.10	41,410.70	53,803.30	71,980.00	21,985.30	30,732.90	43,594.30
Disbursements	35,447.10	39,919.30	59,026.10	26,568.50	36,022.40	50,245.40	12,980.00	16,410.00	23,950.00	10,966.10	20,305.30	30,129.10	8,948.80	12,952.60	19,643.80
Profit After Tax	3,401.30	4,448.50	5,643.30	2,889.20	3,551.80	4,296.40	2,669.40	3,701.40	5,030.10	1,001.40	1,861.00	2,282.90	873.9	1,284.50	1,553.40
Average yield on Loan Book (%)	13.20%	12.80%	12.80%	13.10%	12.80%	12.60%	17.20%	17.20%	17.70%	12.80%	12.50%	13.30%	14.80%	15.30%	14.90%
Average cost of borrowings (%)	8.20%	7.20%	7.00%	7.80%	6.70%	6.60%	9.10%	8.00%	8.50%	7.80%	6.60%	7.30%	8.70%	8.30%	8.30%
Spread (%)	5.00%	5.60%	5.80%	5.30%	6.20%	6.00%	8.10%	9.20%	9.20%	5.00%	5.90%	5.90%	6.10%	7.00%	6.60%
Operating Expenses / Average Total Assets %	2.10%	2.50%	3.10%	3.10%	3.50%	3.80%	2.40%	2.30%	2.60%	2.60%	2.70%	2.90%	4.00%	4.70%	4.80%
Cost to Income Ratio (%)	35.80%	36.30%	38.10%	39.80%	42.60%	45.00%	22.30%	18.50%	19.40%	38.90%	33.90%	35.50%	38.90%	42.60%	45.50%
Return on Total Assets (%)	2.60%	3.20%	3.60%	3.50%	3.60%	3.50%	6.50%	7.30%	7.80%	2.50%	3.90%	3.90%	4.10%	4.50%	4.10%
Return on Equity (%)	13.50%	15.20%	16.50%	12.80%	13.60%	14.10%	14.50%	15.10%	16.10%	8.70%	12.60%	13.50%	9.80%	12.80%	13.40%
Gross NPA to AUM (%)	1.10%	1.50%	1.20%	1.00%	1.00%	0.90%	0.70%	1.20%	1.20%	1.80%	2.30%	1.60%	1.90%	2.10%	1.10%
Net NPA to AUM (%)	0.70%	1.10%	0.80%	0.70%	0.70%	0.70%	0.50%	0.90%	0.90%	1.20%	1.80%	1.10%	1.40%	1.60%	0.80%
Net worth	26,927.60	31,466.30	36,976.00	24,008.10	28,064.30	32,696.60	19,794.50	29,161.60	33,393.30	13,805.40	15,736.90	18,173.40	9,372.70	10,761.30	12,405.30
Debt to Net worth ratio	3.9	3.4	3.3	2.6	2.8	3	1.3	0.9	1.1	2.2	2.2	2.6	1.6	1.9	2.4
CRWAR (%)	44.10%	45.40%	42.70%	54.40%	51.90%	47.00%	73.60%	85.60%	77.40%	56.20%	58.60%	49.40%	71.50%	55.90%	52.70%
Operational															
Number of branches	310	332	469	280	314	346	190	208	231	72	80	111	115	130	183
Number of States	20	20	20	11	13	13	4	5	5	12	13	13	15	15	15

Aadhar Housing Finance Limited

May 08, 2024

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IPO Note

Income Statement

Y/E (INR mn)	FY21	FY22	FY23
Interest income	14,269.40	15,382.90	17,762.80
Operating Income	15753.30	17282.70	20432.30
EXPENDITURE :			
Employee Cost	1888.10	2481.90	3220.10
Finance costs	8159.70	7612.00	7991.90
Total Expenditure	11430.40	11612.00	13227.00
PBT	4325.10	5673.60	6958.20
PBT Margin	27.46%	32.83%	34.05%
PAT	3401.30	4448.50	5447.60
EPS	8.37	10.93	13.39

Balance Sheet

Y/E (INR mn)	FY21	FY22	FY23
Source of funds			
Equity Share Capital	3947.60	3947.60	3947.60
Reserves	22908.60	27370.60	32824.00
Total Share holders funds	26928.20	31466.90	36976.60
Secured Loans	102507.20	105082.60	120848.60
Unsecured Loans	1237.50	913.30	685.90
Total Liabilities	136300.50	143755.30	166176.10
Application of funds			
Fixed Assets	531.30	550.70	633.20
Housing and other loans	106132.60	119603.40	138514.50
Investments	4970.90	3380.20	4594.00
Other financial assets	2153.20	2453.40	2588.50
Total Assets	136300.50	143755.30	166176.10

Cash Flow

Y/E (INR mln)	FY21	FY22	FY23
Profit Before Tax	4325.10	5673.60	6958.20
Adjustment	659.40	492.90	427.50
Changes In working Capital	1533.30	-1154.80	1753.20
Cash Flow after changes in Working	651.78	501.17	9138.90
Tax Paid	-998.70	-1153.90	-1417.10
Cash From Operating Activities	-12022.90	-9067.50	-11556.90
Cash Flow from Investing Activities	-480.48	822.57	-476.53
Cash from Financing Activities	7013.90	2748.50	14631.90
Net Cash Inflow / Outflow	-9813.80	1906.70	-1690.30
Opening Cash & Cash Equivalents	13648.80	3835.00	5741.70
Closing Cash & Cash Equivalent	3835.00	5741.70	4051.40

Key Ratios

Y/E (INR cr)	FY21	FY22	FY23
Growth Ratio			
Net Sales Growth(%)	13.52	9.71	18.22
EBITDA Growth(%)	21.59	6.52	14.51
PAT Growth(%)	79.60	30.79	22.46
Margin Ratios			
PBIDTM (%)	79.96	77.64	75.20
NIM (%)	5.80	6.90	8.00
Performance Ratios			
ROA	2.62	3.18	3.52
ROE	13.52	15.29	16.00
Efficiency Ratios			
Fixed Capital/Sales(x)	0.04	0.05	0.05
Tier 1 Capital (%)	42.60	44.20	41.70
Tier 2 Capital (%)	1.50	1.20	1.10
Financial Stability Ratios			
Gross NPA (%)	1.10	1.50	1.20
Net NPA (%)	0.70	1.10	0.80

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