



IPO Details:

Bajaj Housing Finance Ltd is coming out with an IPO of about Rs. 6,560.00 cr consisting of 93,71,42,857 shares of face value of Rs. 10 each in a price band of Rs. 66 – Rs. 70. The IPO comprises of Fresh Issue of Rs. 3,560.00 cr and Offer for Sale of Rs. 3,000.00 cr by the promoter shareholder (Bajaj Finance Ltd). The IPO opens on 9th September' 2024 and closes on 11th September' 2024.

Company Details:

- **Retail focused**, upper layer non-deposit taking housing finance company (HFC) with a strategic focus on **low risk and fast growing** home loan customers having average home loan ticket size of **Rs. 46 lacs**.
- **Extensive and well-established network** of **215** branches spread across **174** locations in **20** states and **3** union territories. Its branch network is overseen by 6 centralized hubs for retail underwriting and 7 centralized processing hubs for loan processing.
- **Offers a range of mortgage products**, which includes home loans, loans against property, lease rental discounting and developer financing. Company's primary emphasis is on individual retail housing loans, complemented by a diversified collection of lease rental discounting and developer loans.
- **Product Mix as of 30th Jun' 24 (as % to AUM)** – Home Loans – 57.5%, Loan against Property – 10.0%. Developer Finance – 11.1% and Lease Rental Discounting against Commercial Properties – 19.5%.
- **Retail led Customer Mix** for Home Loans with Salaried : Self-Employed Professional : Self-Employed Non-Professional Customers ratio as of 31st Mar' 24 at **87.5% : 4.3% : 8.2%**.
- Average ticket size of home loans given by the Company as of 30th Jun' 2024 stood at **Rs. 46 lacs** and average loan-to-value ratio stood at **69.3%**. **75.5%** of Company's home loan AUM was from customers who had CIBIL score above **750**.

Strength:

- **Focus on simplification of loan process** – introduction of OTP-based e-agreements wherein loan agreements can be executed through Aadhar based OTP authentication has helped in eliminating the requirement of multiple signatures on physical agreements.



- **Hybrid sourcing model** wherein it originates loans by leveraging both intermediaries and direct engagement with customers allows it to cater to various customer preferences and increase its market presence.
- **Focus on sourcing self-occupied residential properties** as collateral for LAP segment has enabled the Company to maintain lower risk profile while growing its loan portfolio.
- Company has access to **Diversified and long term borrowing sources** including, bank borrowings, commercial papers, non-convertible debentures, refinance from National Housing Bank and Inter Corporate Deposits.
- Enjoys highest long term credit rating of **AAA/Stable** and short term credit rating of **A1+** from Crisil and India Ratings & Research (Fitch). Best domestic credit rating coupled with experienced treasury management team has enabled the Company to borrow funds at **competitive rates** from various sources.

Growth Drivers:

- Rising urbanization, growing disposable income, favourable demographics and government measures are expected to lead to **higher mortgage penetration**, resulting in demand for housing finance.
- Mortgage-to-GDP ratio in India continues to remain significantly lower and in CY2018 it stood at 9.4% as compared to 28.0% in China, 45.70% in Euro area, 60.0% in the USA and 64.0% in the UK. In FY2023, Mortgage-to-GDP ratio in India stood at **12.3%** and is expected to inch up to **14% - 15%** by FY2025.
- India's housing finance market is expected to grow from **Rs. 33.1 lac cr** in FY24 to **Rs. 48 – 50 lac cr** in FY27, translating into CAGR of **13.1%**.

Objectives of Fund Raise – Fresh Issue of Rs. 3,560.00 cr:

- Net Proceeds from the fresh issue will be utilized towards meeting future business requirements towards onward lending.



Key Financial Highlights:

Bajaj Housing Finance Ltd (Rs. Cr)

Particulars	FY2021-22	FY2022-23	FY2023-24	Q1 FY25
AUM	53,322	69,228	91,370	97,071
Disbursements	26,175	34,334	44,656	12,004
Net Interest Income (NII)	1,326	2,058	2,510	665
PAT	710	1,258	1,731	483
Networth	6,741	10,503	12,234	14,720
Total Debt	41,492	53,745	69,129	73,347
<u>Key Ratios -</u>				
Average Yields	8.70%	9.70%	10.20%	10.00%
Cost of Funds	5.90%	6.70%	7.60%	7.90%
Spreads	2.80%	3.00%	2.60%	2.10%
NIMs	4.00%	4.50%	4.10%	3.90%
Opex/AUM	0.9%	0.9%	0.8%	0.7%
Credit Cost	0.5%	0.2%	0.1%	0.0%
RoA	1.80%	2.30%	2.40%	2.30%
RoE	11.10%	14.60%	15.20%	14.30%
Debt/Equity	6.15	5.12	5.65	4.98
Gross NPAs	0.31%	0.22%	0.27%	0.28%
Net NPAs	0.14%	0.08%	0.10%	0.11%
PCR	54.30%	63.60%	63.70%	59.40%

- AUM of the Company has grown at CAGR of 30.9% between FY22 – FY24 to touch Rs. 91,370 cr as of 31st Mar' 24. AUM has further inched up to Rs. 97,071 cr as of 30th June' 24.
- Disbursements have grown from Rs. 26,175 cr in FY22 to Rs. 44,656 cr in FY24. In Q1 FY25, Company has registered healthy growth and has already disbursed Rs. 12,004 cr.
- Net Interest Income has grown from Rs. 1,326 cr in FY22 to Rs. 2,510 cr in FY24, translating into CAGR of 37.6%.



- Profits after Tax (PAT) has grown at a CAGR of 56.2% between FY22 – FY24 and it registered PAT of Rs. 1,731 cr in FY24.
- Asset quality has improved with Gross NPAs declining from 0.31% in FY22 to 0.27% in FY24. It stood to 0.28% in Q1 FY25. Similarly, Net NPAs too have declined from 0.14% in FY22 to 0.10% in FY24. Net NPAs stood at 0.11% in Q1 FY25. PCR in Q1 FY25 stood at 59.40%.

Valuations:

- At Upper end of the IPO price band of Rs. 70, Bajaj Housing Finance Ltd will be valued at about Rs. 58,297.03 cr.
- On Price/Book basis, Company will be valued at 3.19x its post IPO networth of Rs. 18,279.91 cr while on Price/Adjusted Book it is valued at 3.21x.
- **Investments can be made in Bajaj Housing Finance Ltd from longer term perspective considering long runway of growth in housing finance market in India, healthy and strong operating metrics of the Company, steady historical growth, adequately capitalized to meet future growth, best asset quality, better capital efficiency, high pedigree promoters and fair valuations.**



Wellworth Share & Stock Broking Ltd

501, Akruti Orion 5th Floor, Shraddhanand Road, Vile Parle East, Mumbai-400057,

Tel: 022-67159008/67159097 Fax: 022-67159090

www.wellworthgroup.co

Disclaimer: For Private Circulation Only

The contents of report in the above company are based on information generally available to the public from sources believed to be reliable. No representation is made that it is TIMELY, ACCURATE or COMPLETE

Wellworth Share and Stock Broking Ltd has taken due care and caution in compilation of data as this has been obtained from various Sources, which it considers reliable. However, Wellworth Share and Stock Broking Ltd does not guarantee the accuracy, adequacy or completeness of any information and it is not responsible for any errors or omissions or for the results obtained from the use of such information. Wellworth Share and Stock Broking Ltd is also not responsible for any errors in transmission and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this product. The information herein, together with all estimates and forecasts, can change without notice. This report does not purport to be a complete solicitation of offers to buy or sell any securities. Reader of this report are advised to consult experts or study prospectus and other legal offer documents issued by companies before taking any decisions based on information provided in the Report.

All material presented in this report, unless specifically indicated otherwise, is under copyright to Wellworth Share & Stock Broking Ltd. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of Wellworth Share & Stock Broking Ltd. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of Wellworth Share & Stock Broking Ltd or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Either WSSBL or its affiliates or its directors or employees / representatives / clients or their relatives may have position(s), make market, act as principal or engage in transactions of purchase or sell of securities, from time to time or may be materially interested in any of the securities or related securities referred to in this report and they may have used the information set forth herein before publication. WSSBL may from time to time solicit from, or perform investment banking, or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall WSSBL, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind.

*Long Term Investments could range from 3-5 years.