



IPO Details:

India Shelter Finance Corporation Ltd (India Shelter) is coming out with an IPO of about Rs. 1,200.00 cr consisting of 2,43,40,770 shares of face value of Rs. 5 each in a price band of Rs. 469 – Rs. 493. The IPO comprises of Fresh Issue of Rs. 800.00 cr and Offer for Sale of Rs. 400.00 cr by the non-promoter shareholders. The IPO opens on 13th December and closes on 15th December.

Company Details:

- **Retail focused** affordable housing finance company with an extensive distribution network and a scalable technology infrastructure across its business operations and throughout the loan life cycle.
- **Extensive and well-established network** of 230 branches spread across 15 states with a significant presence in the states of Rajasthan, Maharashtra, Madhya Pradesh, Karnataka and Gujarat.
- Targeting self-employed customer with a **focus on first time home loan takers** in the low and middle income group in Tier II & III cities in India with an **average ticket size of lower than Rs. 25 lakhs**.
- Primarily finances the **purchase and self-construction of residential properties** by first time home loan takers through home loans while also offering loans against property

Strength:

- **Leveraging technology and analytics** across its operations and throughout the customer lifecycle which includes customer onboarding, underwriting, asset quality monitoring, collections and customer services.
- **Branch vintage** in key states of Rajasthan, Maharashtra, MP, Karnataka and Gujarat is **five years** and above.
- Increasing scale of operations and expanding branches by adopting a **strategy of deepening its penetration** in regions with substantial demand for affordable housing finance.
- **Diversified and long term borrowing sources** including, public and private sector banks, refinancing from NHB, external commercial borrowings and NCDs.
- Enjoys healthy long term credit rating of **ICRA A+(Stable)** from ICRA Ltd and **CARE A+ (Positive)** from Careratings Ltd.



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.
- Key states viz. Rajasthan, Maharashtra, Madhya Pradesh, Karnataka and Gujarat, where company has significant presence account for **47% of the affordable housing finance market** in India, thereby providing long term sustainable growth opportunities.

Objectives of Fund Raise – Fresh Issue of Rs. 400.00 cr:

- Net Proceeds from the fresh issue will be utilized towards meeting future capital requirements towards onward lending and general corporate purposes.

Key Financial Highlights:

India Shelter Finance Corporation Ltd (Rs. Cr)

Particulars	FY2020-21	FY2021-22	FY2022-23	H1 FY24
AUM	2,199	3,073	4,359	5,181
Disbursements	895	1,295	1,964	1,220
Net Interest Income (NII)	169	225	293	180
PAT	87	128	155	107
Networth	937	1,076	1,241	1,375
Total Debt	1,491	2,070	2,989	3,288
<u>Key Ratios -</u>				
Average Yields	14.80%	15.30%	14.90%	14.90%
Cost of Funds	8.70%	8.30%	8.30%	8.90%
Spreads	6.10%	7.00%	6.60%	6.00%
Opex/AUM	4.0%	4.7%	4.8%	4.9%
Credit Cost	0.9%	0.4%	0.4%	0.4%
RoA	4.10%	4.50%	4.10%	4.70%
RoE	9.80%	12.80%	13.40%	8.20%
Debt/Equity	1.59	1.92	2.41	2.39
30+ DPD	3.98%	3.96%	2.41%	3.15%
Gross NPAs	1.92%	2.12%	1.13%	1.00%
Net NPAs	1.37%	1.60%	0.85%	0.72%
PCR	29.60%	25.50%	26.00%	28.70%



- AUM of the Company has grown at CAGR of 40.8% between FY21 – FY23 to touch Rs. 4,359 cr as of 31st Mar' 23. AUM has further inched up to Rs. 5,181 cr as of 30th Sep' 23.
- Disbursements have grown from Rs. 895 cr in FY21 to Rs. 1,964 cr in FY23. In H1 FY24, Company has registered healthy growth and has already disbursed Rs. 1,220 cr.
- Net Interest Income has grown from Rs. 169 cr in FY21 to Rs. 293 cr in FY23, translating into CAGR of 31.6%.
- Profits after Tax (PAT) has grown at a CAGR of 33.30% between FY21 – FY23 and it registered PAT of Rs. 155 cr in FY23.
- Asset quality has improved with Gross NPAs declining from 1.92% in FY21 to 1.13% in FY23. It has further declined to 1.00% in H1 FY24. Similarly, Net NPAs too have declined from 1.37% in FY21 to 0.85% in FY23. Net NPAs too have declined further to 0.72% in H1 FY24.

Valuations:

- At Upper end of the IPO price band of Rs. 493, India Shelter Finance Corporation Ltd will be valued at about Rs. 5,277.62 cr.
- On Price/Book basis, Company is valued at 2.43x its post IPO networth of Rs. 2,174.97 cr while on Price/Adjusted Book it is valued at 2.47x.
- **Investments can be made in India Shelter Finance Corporation Ltd from listing gains perspective due to relative undervaluation vis a vis listed peers like Home First Finance, Aptus Value Housing Finance and Aavas Financiers. Relative undervaluation of India Shelter Finance Corporation Ltd vis a vis listed peers is on account of relatively lower capital efficiency due to higher operating expenses which is evident from the fact that Opex/AUM of India Shelter Finance Corporation Ltd is about 4.9% as against about 2.9% of Home First Finance and about 2.7% of Aptus Value Housing Finance.**



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