



IPO Details:

Aadhar Housing Finance Ltd (Aadhar) is coming out with an IPO of about Rs. 3,000.00 cr consisting of 9,52,38,095 shares of face value of Rs. 10 each in a price band of Rs. 300 – Rs. 315. The IPO comprises of Fresh Issue of Rs. 1,000.00 cr and Offer for Sale of Rs. 2,000.00 cr by the promoter shareholder. The IPO opens on 8th May' 2024 and closes on 10th May' 2024.

Company Details:

- **Retail focused** housing finance company serving economically weaker and low-to-middle income customers, who require small ticket mortgage loans. Average ticket size as of 31st Dec' 23 stood at Rs. 10 lacs.
- **Extensive and well-established network** of 487 branches spread across 20 states and union territories. Branch network is widely dispersed with no state accounting for more than 14.0% in terms of Gross AUM as of 31st Dec' 23.
- **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.
- **Balanced Customer Mix** with Salaried : Self-Employed Customers ratio as of 31st Dec' 23 at **57.2% : 42.8%**.

Strength:

- **Systems and processes** are technology enabled across its front and back offices to ultimately digitize the entire life cycle of a loan from origination to closure.
- **Economies of scale and diversified reach** has positioned Company to meet the specific needs of its target customers across geographies, in urban and semi-urban areas.
- Serving mix of customers in both formal and informal segments enables the Company to be better positioned to **remain resilient through business cycles**.
- **Diversified and long term borrowing sources** including, term loans and cash/credit facilities, issuance of NCDs, refinancing from NHB and subordinated debt borrowings from banks, mutual funds, insurance companies and other domestic, development financial institutions.
- Enjoys healthy long term credit rating of **AA/Stable** from ICRA, CARE, India Ratings and Brickworks and short term credit rating of **A1+** by ICRA.



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 at **12.4%** as compared to 28.0% in China, 45.70% in Euro area, 60.0% in the USA and 64.0% in the UK.

Objectives of Fund Raise – Fresh Issue of Rs. 1,000.00 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:

Aadhar Housing Finance Ltd (Rs. Cr)

Particulars	FY2020-21	FY2021-22	FY2022-23	9M FY24
AUM	13,327	14,778	17,223	19,865
Disbursements	3,545	3,992	5,903	4,904
Net Interest Income (NII)	760	967	1,244	1,170
PAT	340	445	564	548
Networth	2,693	3,147	3,698	4,249
Total Debt	10,374	10,675	12,153	13,128
<u>Key Ratios -</u>				
Average Yields	13.20%	12.80%	12.80%	14.00%
Cost of Funds	8.20%	7.20%	7.00%	7.60%
Spreads	5.00%	5.60%	5.80%	6.40%
NIMs	5.80%	6.90%	8.00%	9.00%
Opex/AUM	2.1%	2.5%	3.1%	3.3%
Credit Cost	0.4%	0.3%	0.3%	0.3%
RoA	2.60%	3.20%	3.60%	4.20%
RoE	13.50%	15.20%	16.50%	18.40%
Debt/Equity	3.9	3.4	3.3	3.1
Gross NPAs	1.10%	1.50%	1.20%	1.40%
Net NPAs	0.70%	1.10%	0.80%	1.00%
PCR	30.30%	25.00%	27.90%	30.70%



- AUM of the Company has grown at CAGR of 13.7% between FY21 – FY23 to touch Rs. 17,223 cr as of 31st Mar' 23. AUM has further inched up to Rs. 19,865 cr as of 31st Dec' 23.
- Disbursements have grown from Rs. 3,545 cr in FY21 to Rs. 5,903 cr in FY23. In 9M FY24, Company has registered healthy growth and has already disbursed Rs. 4,904 cr.
- Net Interest Income has grown from Rs. 760 cr in FY21 to Rs. 1,244 cr in FY23, translating into CAGR of 28.0%.
- Profits after Tax (PAT) has grown at a CAGR of 28.8% between FY21 – FY23 and it registered PAT of Rs. 564 cr in FY23.
- Gross NPAs has inched up marginally from 1.10% in FY21 to 1.20% in FY23. It has further inched up to 1.40% in 9M FY24. Similarly, Net NPAs too have inched up marginally from 0.70% in FY21 to 0.80% in FY23. Net NPAs too have further inched up to 1.00% in 9M FY24.

Valuations:

- At Upper end of the IPO price band of Rs. 315, Aadhar Housing Finance Ltd will be valued at about Rs. 13,434.78 cr.
- On Price/Book basis, Company is valued at 2.56x its post IPO networth of Rs. 5,249.10 cr while on Price/Adjusted Book it is valued at 2.66x.
- **Investments can be made in Aadhar Housing Finance Ltd from longer term perspective due to healthy operating metrics, steady historical growth, good asset quality, better capital efficiency and relative undervaluation vis a vis listed peers like Home First Finance, Aptus Value Housing Finance and Aavas Financiers.**



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