

Aditya Birla Money Ltd.

IPO Note- Aadhar Housing Fin Ltd



STOCKS & SECURITIES

Serving the Underserved

Aadhar Housing Finance Ltd (AHFL) is focused on the low-income housing segment (ticket size less than ₹1.5mn) in India and it had the highest AUM and net worth among analysed peers in last three years. In addition, it has a presence in 20 states and union territories, which is the highest amongst its peers. AHFL is a retail-focused HFC focused on serving economically weaker and low-to-middle income customers. It enjoys a pan India presence with 498 branches as of 31st Dec, 2023. The company posted steady growth in its top and bottom lines for the past five years with net revenue and PAT growth of 29% and 38%, respectively, while AUM grew at around 17% over FY18-23. AHFL's asset quality in terms of GNPA was stable for the last five years except for in FY22 where GNPA increased to 1.5% in line with its peers.

Competitive Strength: - 1) The company has robust and comprehensive systems and processes for underwriting, collections, and monitoring asset quality. It also has an internally developed credit assessment model and have digitized monthly collections from customers to the extent possible to reduce processing and improve collection efficiency. 2) AHFL benefits from the resources, relationships, and expertise of Blackstone, one of the world's leading investment firms. 3) It has an extensive branch and sales office network across India with 498 branches as of 31st Dec, 2023.

Key Risks: - 1) Any increase in the levels on NPA in the AUM can adversely affect the company's performance. 2) It operates in a highly competitive market which can slowdown the growth. 3) The business must comply with the regulations and guidelines issued by the authorities i.e NHB & RBI, failing which can impact the operation.

Financials & valuation – SUBSCRIBE.

At the upper price band, AHFL is available at a P/BV of ~2.9x its FY24 annualised BV which is reasonable when compared to peers. We believe that Blackstone's resources, relationships, and expertise and market leader in the low-income housing segment (ticket size less than ₹1.5mn) in India can create a huge opportunity going forward. We have a **SUBSCRIBE** recommendation to this issue.

Key Financials (₹ cr)	FY21	FY22	FY23	9MFY24
Net Revenue	734	967	1,244	1,170
PPoP	487	616	770	746
PAT	340	445	595	548
AUM	13,327	14,778	17,223	19,865
Networth	2,693	3,147	3,698	4,249
RoA (%)	2.7	3.3	3.8	4.2
RoE (%)	13.5	15.2	15.9	18.4

Source: ABML Research, RHP, company presentation

06 May 2024

Rating	SUBSCRIBE	
Issue Details		
Issue Opens	08-May-24	
Issue Closes	10-May-24	
Face Value (₹)	10	
Price Band (₹)	300-315	
Bid Lot	47	
Issue Size at higher price band (₹ Cr)	3,000	
Market cap @ upper price band (₹ cr)	13,434	
Listing	NSE/BSE	
BRLMs	ICICI sec, Citi group, Kotak Mahindra cap, Nomura financial, SBI cap market.	
Registrar	Kfin Tech Ltd	
Shareholding Pattern (%)		
	Pre Issue	Post Issue
Promoter	98.72	76.39
Public	1.28	23.61
Issue Structure (In cr no. of shares)		
Issue size	9.52	
OFS	6.35	
Break-up of net issue to public (%):		
QIB's portion	50.0	
Non-Institutional portion	15.0	
Retail Portion	35.0	

Source: ABML Research, RHP

Analyst Details

Vinit Agarwal

022-6819 0520

Vinit.agarwal@adityabirlacapital.com

Aditya Birla Money Ltd.

10th Floor, R - Tech Park, Nirlon Knowledge Park, Off Western Express Highway, Goregaon (E), Mumbai - 400 063
+91 22 6225 7600

care.stocksandsecurities@adityabirlacapital.com | www.stocksandsecurities.adityabirlacapital.com

Registered Office:

Indian Rayon Compound, Veraval, Gujarat - 362 266

CIN: L65993GJ1995PLC064810

Disclaimer:

This document is not for public distribution and is meant solely for the personal information of the authorised recipient. No part of the information must be altered, transmitted, copied, distributed or reproduced in any form to any other person. Persons into whose possession this document may come are required to observe these restrictions. This document is for general information purposes only and does not constitute an investment advice or an offer to sell or solicitation of an offer to buy / sell any security and is not intended for distribution in countries where distribution of such material is subject to any licensing, registration or other legal requirements.

The information, opinion, views contained in this document are as per prevailing conditions and are of the date appearing on this material only and are subject to change. No reliance may be placed for any purpose whatsoever on the information contained in this document or on its completeness. Neither Aditya Birla Money Limited (ABML), its group companies, its directors, associates, employees nor any person connected with it accepts any liability or loss arising from the use of this document. The views and opinions expressed herein by the author in the document are his own and do not reflect the views of Aditya Birla Money Limited or any of its associate or group companies. The information set out herein may be subject to updation, completion, revision, verification and amendment and such information may change materially. Past performance is no guarantee and does not indicate or guide to future performance.

Nothing in this document is intended to constitute legal, tax or investment advice, or an opinion regarding the appropriateness of any investment, or a solicitation of any type. The contents in this document are intended for general information purposes only. This document or information mentioned therefore should not form the basis of and should not be relied upon in connection with making any investment. The investment may not be suited to all the categories of investors. The recipients should therefore obtain their own professional, legal, tax and financial advice and assessment of their risk profile and financial condition before considering any decision.

Aditya Birla Money Limited, its associate and group companies, its directors, associates, employees from time to time may have various interests/ positions in any of the securities of the Company(ies) mentioned therein or be engaged in any other transactions involving such securities or otherwise in other securities of the companies / organization mentioned in the document or may have other interest with respect to any recommendation and / related information and opinions. The company follows Employee Trading Policy which regulates the trading activities of the research analysts. The compensation of the research analysts is governed as per the Board approved "Research Analyst" Policy.

Aditya Birla Money Limited is acting as a Research Analyst and is registered under SEBI (Research Analyst) Regulations, 2014. SEBI Registration No. INH000002145

Aditya Birla Money Ltd.

10th Floor, R - Tech Park, Nirlon Knowledge Park, Off Western Express Highway,
Goregaon (E), Mumbai - 400 063
+91 22 6225 7600

care.stocksandsecurities@adityabirlacapital.com | www.stocksandsecurities.adityabirlacapital.com

Registered Office:

Indian Rayon Compound, Veraval,
Gujarat - 362 266

CIN: L65993GJ1995PLC064810