

IPO ANALYSIS

Sector: NBFC
Issue Price: INR 300 to INR 315
Issue Size: INR 3,000 Crores
Issue Opens/Closes: May 08 / May 10

IPO Basics

Promoters: BCP Topco VII Pte. Ltd.
Selling Shareholders: BCP Topco VII Pte. Ltd.
Lead Managers: ICICI Securities, Citigroup Global Markets India, Kotak Mahindra Capital Co., Nomura Financial Advisory & Securities (India), SBI Capital Markets
Registered Office: Bengaluru
Registrar: KFin Technologies Ltd
Listing: BSE and NSE

IPO Capital Structure

Fresh Issue	3,17,46,031 equity shares upto INR 1,000 Cr
Offer for Sale	6,34,92,063 equity shares upto INR 2,000 Cr
Total Issue as % of total capital (Post-Issue)	22.33%
Employee Reservation	2,39,726 equity shares upto INR 7 Cr
Post Issue No. of Shares	42,65,01,001
Post Issue Market Cap	INR 12,843 – 13,435 Cr
Face Value	INR 10
Issue Route	Book Build Issue

All values calculated at upper band

Financial Snapshot (INR in crs)

Y/E Mar	FY21	FY22	FY23
Equity Share Capital	394.8	394.8	394.8
Reserves	2,298.0	2,751.80	3,302.8
Net worth	2,692.8	3,146.6	3,697.6
AUM	13,327.1	14,777.8	17,222.8
Disbursements	3,544.7	3,991.9	5,902.6
Total Income	1,575.6	1,728.6	2,043.5
Net Profit	340.1	444.9	544.8
NIM (%)	5.8%	6.9%	8.0%
Gross NPAs (%)	1.1%	1.5%	1.2%
Net NPAs (%)	0.7%	1.1%	0.8%
ROA (%)	2.6%	3.2%	3.6%
ROE (%)	13.5%	15.2%	16.5%
Basic EPS	8.6	11.3	13.8
Diluted EPS	8.4	10.9	13.4
NAV Basic (INR)	68.2	79.7	93.7
NAV Diluted (INR)	66.1	77.1	90.9
P/E (Based on Upper Band)			23.5
Average Industry P/E			31.9
P/B (Based on Upper Band)			3.5

Shareholding Pattern

Holders	Pre-issue	Post Issue
Promoters	98.7%	76.5%
Public	1.3%	23.5%
Total	100.0%	100.0%

Particulars	Retail Category	NII bid between Rs 2 lakhs- Rs 10 lakhs	NII bid above Rs 10 lakhs
Minimum Bid Lot (Shares)	47	658	3,196
Minimum Bid Lot Amount (₹)	₹14,805	₹ 2,07,270	₹ 10,06,740
No of Applications for 1x	707,565	7,220	14,440

Aadhar Housing Finance Limited

May 06, 2024

Issue Highlights:

- The Company's journey began in 1990 when it was established as 'Vysya Bank Housing Finance Ltd.' Over the years, it underwent transformations, including a name change to 'DHFL Vysya Housing Finance Ltd' in 2003. In 2010, 'Aadhar Housing Finance Pvt. Ltd' was founded, later rebranded as 'Aadhar Housing Finance Ltd' in 2013. Subsequently, in 2017, it merged with 'DHFL Vysya Housing Finance Ltd,' resulting in another name change to 'Aadhar Housing Finance Ltd'.
- BCP Topco, affiliated with Blackstone-managed funds, currently holds 98.72% of the company's pre-Offer issued, subscribed, and paid-up Equity Share capital, serving as its Promoter. Aadhar Housing Finance Company ('Aadhar HFC') focuses on retail, particularly the low-income housing segment in India, catering to economically weaker and low-to-middle-income customers.
- Aadhar HFC offers a diverse range of mortgage-related loan products, including those for residential property purchase and construction, home improvement and extension loans, and loans for commercial property construction and acquisition. With consistently high Asset Under Management (AUM) and Net Worth, Aadhar HFC has outperformed its peers from Fiscal 2021 to December 31, 2023. As of December 31, 2023, its Gross AUM stood at ₹19,865.2 Cr, with a notable CAGR of 17.3% from FY2021 to December 31, 2023.
- Despite market fluctuations, the company has maintained stability in its average ticket size of loans, which increased from ₹0.9 million to ₹1.0 million from March 31, 2021, to December 31, 2023, with corresponding stable average loan-to-value ratios. Aadhar HFC's extensive network includes 487 branches and 109 sales offices, covering 533 districts and 10,926 pin codes across 20 states and union territories in India by December 31, 2023.
- Notably, the company has effectively managed its asset quality, evident from the stability of its GNPA and Net NPA figures reported as percentages of Retail AUM. By the end of FY2023, Aadhar HFC had achieved significant customer reach, with 233,000 accounts and more than 255,000 Live Accounts. Furthermore, holding a certificate of registration from IRDAI as a corporate agent allows Aadhar HFC to distribute life, general, and health insurance products, enhancing its service portfolio and market presence.

Key Risks:

- Ongoing regulatory probes involving former promoters, including the Enforcement Directorate, may harm equity shares held by BCP Topco and their market value.
- The company's focus on low-income housing makes it vulnerable to sectoral shifts or policy changes, potentially affecting business and results.
- Dependency on third-party selling agents for 66.5% of new customer referrals exposes the company to risks, as these agents are not exclusive to the company.

Particulars	No. of shares at Lower band (Cr.)	No. of shares at Upper band (Cr.)	Issue Size Amount (Rs. Cr.)	% Of Issue
QIB	4.99	4.75	1,496.50	50.00%
NIB	1.50	1.43	448.90	15.00%
-NIB2 (Bid above ₹ 10 Lakhs)	1.00	0.95	299.30	-
-NIB1 (Bid between ₹ 2 to 10 Lakhs)	0.50	0.47	149.60	-
Retail	3.49	3.33	1,047.60	35.00%
Employee	0.02	0.02	7.00	-
Total	10.00	9.52	3,000.00	100.00%

An Indicative Timetable Post Issue Closing

Particulars	Tentative Date
Finalization of Basis of Allotment	May 13, 2024
Refunds/un-blocking of ASBA Accounts	May 14, 2024
Credit of Equity Shares to DP Ac	May 14, 2024
Trading Commences	May 15, 2024

Investors are advised to refer disclosures made at the end of the research report.

BACKGROUND**Brief Biographies of Directors**

Om Prakash Bhatt is the Non-Executive Chairman & Independent Director of the Company. He has previously served as the chairman of SBI. He is also serving as a director on the boards of HUL and Tata Group companies, including Tata Motors, Greenko Energy Holdings Mauritius, Tata Daewoo Commercial Vehicle and TCS.

Sharmila A. Karve is an Independent Director of the Company. Currently, she is a director on the boards of EPL Ltd (formerly known as Essel Propack Ltd), EPL Packaging (Guangzhou) Ltd, Lamitube Technology Ltd, Mauritius, EPL America LLC, Fairfax India Holdings Corporation, Syngene International Ltd, Vanaz Engineers Ltd, CSB Bank Ltd, Thomas Cook (India) Ltd and School for Social Entrepreneurs India.

Nivedita Haran is an Independent Director of the Company. She retired as the Additional Chief Secretary, Department of Home Affairs, Government of Kerala, India. She is also on the board of NESL Asset Data Ltd as Chairperson (Independent). She serves as the honorary chairperson on the board of directors of the Centre for Migration and Inclusive Development.

Amit Dixit is a Non-Executive (Nominee) Director on the Board of the Company. He is the Senior Managing Director, Head of Asia for the Pvt. equity business group at Blackstone Advisors India Pvt. Ltd. Previously, he has worked as an associate at Warburg Pincus. He was appointed as a Non-Executive (Nominee) Director from August 2, 2019.

Mukesh Mehta is a Non-Executive (Nominee) Director on the Board of the Company since August 2, 2019. He is the senior managing director within the Pvt. equity business group of Blackstone Advisors India Pvt. Ltd. He has 17.5 years of experience in Pvt. Equity. Previously, he worked at Carlyle India Investment Advisors Pvt. Ltd and Citicorp Finance (India) Ltd.

Prateek Roongta is a Non-Executive (Nominee) Director of the Company since January 20, 2023. He is the Managing Director within the Portfolio Operations Group at Blackstone Advisors India Pvt. Ltd. He has more than 21 years' experience.

Deo Shankar Tripathi is the Whole – Time Director and Executive Vice Chairman of the Company. He has worked as a general manager at Union Bank, and president and chief operating officer at DHFL. He joined the Company on January 17, 2015. Prior to joining the Company, he was the chief executive officer of Pre-Merger AHFPL.

Rishi Anand is the MD and CEO of the Company since January 3, 2023. He has over 27 years of work experience across various functions and businesses in the financial services space. Previously, he was associated with Shelters, ICICI Bank, GE Countrywide Consumer Financial Services, BHW Home Finance, Reliance Capital, AIG Home Finance India and DHFL.

Rajesh Viswanathan is the CFO of the Company. He has several years of experience in accounting, finance, strategy, planning, taxation, treasury, audit, and managing investor relations. Previously, he was associated with A F Ferguson & Co., Mahindra & Mahindra, DSP Financial Consultants, KPMG Bahrain, Bajaj Allianz Life Insurance Corporation, Bajaj Finance & Capital Float. He joined the Company on December 1, 2019.

Harshada Pathak is the Company Secretary & Compliance Officer for the Company. She has an experience of over 18 years and has previously worked as the compliance officer and company secretary for Volkswagen Finance, in the secretarial department of Mahindra & Mahindra Financial Services and in the compliance department of Essar Investments. She joined the Company on April 15, 2021.

OBJECTS OF THE ISSUE

Objects	Amount (₹ Cr)
• To meet future capital requirements towards onward lending	750.00
• General Corporate Purposes	[•]
Total Net Proceeds	[•]

OFFER DETAILS

Fresh Issue	No. of Shares	WACA per Equity Share (₹)
Fresh Issue (₹ 1,000 Cr)	Up to (3,33,33,333-3,17,46,031 ^ Equity Shares)	-
The Offer for Sale by:	No. of Shares	WACA per Equity Share (₹)
BCP Topco VII Pte. Ltd. (₹ 2,000 Cr)	Up to 6,66,66,666 ~- 6,34,92,063 shares	80.54

SHAREHOLDING PATTERN

Shareholders	Pre-offer		Fresh Issue Shares and Offer for Sale ^	Post-offer^	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
Promoter	38,96,83,420	98.72%	6,34,92,063	32,61,91,357	76.48%
Total for Promoter and Promoter Group	38,96,83,420	98.72%	6,34,92,063	32,61,91,357	76.48%
Public - Other	50,71,550	1.28%	3,17,46,032	10,03,09,645	23.52%
Total for Public Shareholder	50,71,550	1.28%	3,17,46,032	10,03,09,645	23.52%
Total Equity Share Capital	39,47,54,970	100.00%		42,65,01,001	100.00%

(^ at upper price band; # As per RHP)

Gross AUM by occupation

(` in Cr, except percentages)

Occupation	As of December 31 st ,				As of March 31 st ,					
	2023	% share	2022	% share	2023	% share	2022	% share	2021	% share
Salaried	11,368.6	57.2%	9,849.1	59.5%	10,093.3	58.6%	9,089.1	61.5%	8,509.3	63.8%
Self-Employed	8,496.6	42.8%	6,717.4	40.5%	7,129.5	41.4%	5,688.7	38.5%	4,817.8	36.2%
Total	19,865.2	100.0%	16,566.5	100.0%	17,222.8	100.0%	14,777.8	100.0%	13,327.1	100.0%

Source: RHP

The company follows a prudent borrowing strategy of not relying on short-term loans. The company's average cost of borrowings has reduced from 8.2% as of March 31, 2021, to 7.6% as of December 31, 2023. As of December 31, 2023, the weighted average tenure of the company's outstanding borrowings, was 116 months.

	9 months ended December 31 st ,		As of March 31 st ,		
	2023	2022	2023	2022	2021
Long-term borrowing as % of total borrowings*	100.0%	100.0%	100.0%	99.3%	98.2%
Average cost of borrowings	7.6%	7.0%	7.0%	7.2%	8.2%
Total Borrowings (` Cr)	13,127.6	11,715.5	₹ 12,153.5	10,674.6	10,374.5

* Tenor of one year or more

KEY FINANCIAL RATIOS

Metrics	9 Months ended December 31 st ,		As at March 31 st ,		
	31, 2023	31, 2022	2023	2022	2021
Live Accounts (including assigned and co-lent loans)	2,55,683	2,22,346	2,33,228	2,04,135	1,82,471
Number of branches and sales offices	487	415	469	332	310
Average ticket size (in million)	1.0	0.9	0.9	0.9	0.9
Retail AUM (in ` Cr)	19,865.2	16,566.5	17,222.8	14,776.7	13,325.2
Gross NPA to Retail AUM (%)	1.4%	1.8%	1.2%	1.5%**	1.1%
Net Retail NPA to Retail AUM (%)	1.0%	1.3%	0.8%	1.1%	0.7%
Net Worth (in ` Cr)	4,249.1	3,555.7	3,697.6	3,146.6	2,692.8
Profit after tax before exceptional item (in ` Cr)	547.9	404.1	564.3	444.9	340.1
Profit after tax (in ` Cr)	547.9	404.1	544.8	444.9	340.1
Return before exceptional item on Avg Total Assets (%)	4.2%*	3.6%*	3.6%	3.2%	2.6%
Return before exceptional item on Equity (%)	18.4%*	16.1%*	16.5%	15.2%	13.5%
Debt to Total Equity ratio (x)	3.1	3.3	3.3	3.4	3.9
CRWAR (%)	39.7%	44.9%	42.7%	45.4%	44.1%
Average yield on Gross Loan Book (%)	14.0%*	12.8%*	12.8%	12.8%	13.2%
Average cost of Borrowing (%)	7.6%*	7.0%*	7.0%	7.2%	8.2%
Net Interest Margin (%)	9.0%*	8.0%*	8.0%	6.9%	5.8%
Cost to Income Ratio (%)	36.2%	36.7%	38.1%	36.3%	35.8%

Source: RHP, * These financial data have been presented on an annualized basis; **GNPA as of March 31, 2023, & December 31, 2023, includes loan assets of ₹7.05 Cr & ₹5.91 Cr respectively, which have been classified as NPA as per the November 12 circular, respectively.

KEY PERFORMANCE INDICATORS

(₹ in Cr, except percentages)

	9 months ended December 31st,		AS at March 31st,		
	2023	2022	2023	2022	2021
Asset Under Management	19,865.2	16,566.5	17,222.8	14,777.8	13,327.1
Disbursement	4,904.1	3,945.4	5,902.6	3,991.9	3,544.7
Profit After Tax	547.9	404.1	564.3 [#]	444.9	340.1
Average yield on Loan Book (%)	14.0%*	12.8%*	12.80%	12.80%	13.20%
Average cost of borrowings (%)	7.6%*	7.0%*	7.00%	7.20%	8.20%
Spread (%)	6.4%*	5.8%*	5.80%	5.60%	5.00%
Operating Expenses / Average Total Assets (%)	3.3%*	2.9%*	3.10%	2.50%	2.10%
Cost to Income Ratio (%)	36.20%	36.70%	38.10%	36.30%	35.80%
Return on Total Assets (%)	4.2%*	3.6%*	3.6% [#]	3.20%	2.60%
Return on Equity (%)	18.4%*	16.1%*	16.5% [#]	15.20%	13.50%
Gross NPA to AUM (%)	1.40%	1.80%	1.20%	1.50%	1.10%
Net NPA to AUM (%)	1.00%	1.30%	0.80%	1.10%	0.70%
Net worth	4,249.1	3,555.7	3,697.6	3,146.6	2,692.8
Debt to Net worth ratio	3.1	3.3	3.3	3.4	3.9
CRWAR (%)	39.7%	44.9%	42.7%	45.4%	44.1%
Operational					
Number of branches	487	415	469	332	310
Number of States	20	20	20	20	20

Source: RHP

RETURN ON EQUITY AND ASSETS

(₹ in Cr, except percentages)

	9 months ended December 31 st ,		As at March 31 st ,		
	2023	2022	2023	2022	2021
Profit After Tax Before Exceptional Item	547.9	404.1	564.3	444.9	340.1
Profit After Tax	547.9	404.1	544.8	444.9	340.1
Total Assets	18,035.6	15,891.7	16,617.9	14,375.8	13,630.3
Average Total Assets	17,326.7	15,133.7	15,496.8	14,003.1	12,998.4
AUM	19,865.2	16,566.5	17,222.8	14,777.8	13,327.1
Average AUM	18,544.0	15,672.1	16,000.3	14,052.5	12,379.4
Total Equity	4,249.2	3,555.7	3,697.7	3,146.7	2,692.8
Average Total Equity	3,973.4	3,351.2	3,422.2	2,919.8	2,520.1
Total Borrowings	13,127.6	11,715.5	12,153.5	10,674.6	10,374.5
Average Total Borrowings	12,640.5	11,195.0	11,414.0	10,524.5	10,008.9
Return Before Exceptional Item on Total Assets (%)	4.2%*	3.6%*	3.6%	3.2%	2.5%
Return Before Exceptional Item on Avg. Total Assets (%)	4.2%*	3.6%*	3.6%	3.2%	2.6%
Return Before Exceptional Item on Equity (%)	18.4%*	16.1%*	16.5%	15.2%	13.5%
Return on Average Equity (%)	18.4%*	16.1%*	15.9%	15.2%	13.5%
Basic Earnings Per Equity Share (₹)	13.9	10.2	13.8	11.3	8.6
Diluted Earnings Per Equity Share (₹)	13.5	9.9	13.4	10.9	8.4
Net worth (₹ Cr)	4,249.1	3,555.7	3,697.6	3,146.6	2,692.8
Net Asset Value Per Share (₹)	107.6	90.1	93.7	79.7	68.2

Source: RHP, * financial data have been presented on an annualized basis; ** information has been prepared after giving effect of Bonus Shares in all periods

YIELDS, SPREADS AND MARGINS

(₹ in Cr, except percentages)

	9 months ended December 31st,		AS at March 31st,		
	2023	2022	2023	2022	2021
Interest income	1,673.3	1,299.6	1,776.3	1,538.3	1,426.9
Finance cost	724.8	585.7	799.2	761.2	816.0
Total Interest-earning assets	17,570.3	15,455.3	16,156.8	13,834.8	12,697.1
Average interest-earning assets	16,863.6	14,645.1	14,995.8	13,265.9	12,187.5

Average Total Assets	17,326.7	15,133.7	15,496.8	14,003.1	12,998.4
Average interest-bearing liabilities	12,640.5	11,195.0	11,414.0	10,524.5	10,008.9
Total Income	1,895.2	1,488.2	2,043.5	1,728.6	1,575.6
Net interest income	1,170.4	902.5	1,244.3	967.4	759.6
Average yield on Loan Book	14.0%*	12.8%*	12.8%	12.8%	13.2%
Average cost of borrowings	7.6%*	7.0%*	7.00%	7.2%	8.2%
Spread	6.4%*	5.8%*	5.8%	5.6%	5.0%
Net Interest Margin (%)	9.0%*	8.0%*	8.0%	6.9%	5.8%
Average yield on disbursements	13.9%*	13.6%*	13.6%	13.2%	13.3%
Incremental cost of borrowings (%)	7.9%	6.7%	7.1%	5.9%	6.8%
Incremental borrowings	3,590.0	2,566.0	3,902.0	3,834.0	3,651.0

Source: RHP, * financial data have been presented on an annualized basis

ASSET QUALITY
(₹ in Cr)

Total Loan Book (Housing & other property loans and Loans to developers)	9 months ended December 31 st ,		As at March 31 st ,		
	2023	2022	2023	2022	2021
Gross loan balances					
Stage 1 Assets	15,281.2	12,787.0	13,294.4	11,297.3	9,984.8
Stage 2 Assets	614.3	574.3	580.6	651.2	684.9
Stage 3 Assets	230.8	240.2	162.6	183.7	135.0
Total gross loan balances	16,126.3	13,601.5	14,037.6	12,132.2	10,804.7
Provisions					
Stage 1 Assets	53.9	43.9	52.9	35.5	24.9
Stage 2 Assets	77.6	74.4	77.5	81.7	79.6
Stage 3 Assets	85.3	74.0	55.7	546.3*	43.4
Total Provisions	216.9	192.3	186.1	171.8	147.8
Loan balances (net of provisions)					
Stage 1 Assets	15,227.3	12,743.0	13,241.5	11,261.8	9,959.9
Stage 2 Assets	536.7	499.9	503.1	569.5	605.3
Stage 3 Assets	145.5	166.3	106.9	129.0	91.7
Loan balances (net of provisions)	15,909.4	13,409.2	13,851.5	11,960.4	10,656.9

Source: RHP

PRODUCTIVITY RATIOS

	9 months ended December 31 st ,		AS at March 31 st ,		
	2023	2022	2023	2022	2021
Number of branches and sales offices	487	415	469	332	310
Number of on-roll employees	3,885	3,360	3,663	2,769	2,310
Number of off-roll employees	1,875	1,847	1,955	1,342	1,513
Live accounts (including assigned and co-lent accounts)	2,55,683	2,22,346	2,33,228	2,04,135	1,82,471
AUM per branch and sales office (₹ Cr)	40.8	39.9	36.7	44.5	43.0
AUM per employee (₹ Cr)	5.1	4.9	4.7	5.3	5.8
Disbursement per branch and sales office (₹ Cr)	10.1	9.5	12.6	12.0	11.4
Disbursement per employee (₹ Cr)	1.3	1.2	1.6	1.4	1.5
Live accounts per branch and sales office	525.0	535.8	497.3	614.9	588.6
Live accounts per employee	65.8	66.2	63.7	73.7	79

Source: RHP

Aum By Segment*
(₹ in Cr, except percentages)

	9 months ended December 31 st ,		Asat March 31 st ,		
	2023	2022	2023	2022	2021
Retail					
Home Loan	15,073.8	13,178.6	13,459.3	12,091.8	11,296.0
Other Mortgage Loan	4,791.4	3,387.9	3,763.5	2,684.9	2,029.3

Corporate					
Home Loan	-	-	-	1.1	1.9
Other Mortgage Loan	-	-	-	-	-
Total	19,865.2	16,566.5	17,222.8	14,777.8	13,327.1
Retail	100.0%	100.0%	100.0%	100.0%	100.0%
Corporate	0.0%#	0.0%#	0.0%#	0.0%#	0.0%#

Source: RHP; *including insurance portion #Less than 0.1%

The company contributes to India's affordable housing initiatives, such as the PMAY Scheme, by providing subsidies to economically weaker borrowers for interest payments. As of December 31, 2023, it has provided ₹1,777.1 Cr in subsidies to 85,339 customers. The subsidies are received from the Government of India through the Credit Linked Subsidy Scheme under PMAY.

	9 months ended December 31 st		As at March 31 st		
	2023	2022	2023	2022	2021
Subsidy Amount (₹ Cr)	-*	170.8	754.9	2,96.9	168.4
Customers	-*	8,031	36,897	13,613	9,545

Source: RHP, * No subsidy was provided for the nine months ended December 31, 2023, as a result of the end of the PMAY Scheme

Loan Products

Loan category	End-use/features	Maximum tenure *
Loans for purchase and self-construction of residential properties	The company provides loans for the purchase of ready residential property to the extent of 90.0% of the fair market value of the property. This limit is governed by regulatory limits and is based on the loan amounts. In addition, the company also provide loans for: <ul style="list-style-type: none"> • purchase of residential plots, • combination of plot purchase and construction upon the plot. • residential construction on self-owned plots; and • balance transfer of existing loans from other lending institutions. 	30 years / 20 years for purchase of residential plots
Loans for home improvement/extension	The company provides loans for improvements in the existing house and for extensions in the existing structure. These loans are also subject to a maximum of 90.0% of the overall market value of the property and 100.0% of work estimated cost, whichever is lower. Loans for home improvement can be obtained for various purposes, such as flooring or roofing, plumbing, plastering, painting, and electrical work. Loans for extension can be obtained for purposes, such as for extension of floors.	30 years
Loans against residential/commercial property	The company provides loans against existing residential and commercial property of customers based on their requirement and the value of the property. The end use of such loans can be investment in their business or personal expenses such as marriage, education, and medical expenses.	15 years
Loans for purchase/construction of non-residential property	The company provides loans for the purchase/ construction of properties for commercial use.	15 years
Utkarsh loans	The company provides loans to low- and medium-income individuals with a good CRIF report. The loans are for the purchase of residential properties through the branches in select metro locations and bigger cities. The LTV for such loans is also governed by the regulatory limit. Approximately 5.0-6.0% of the annual disbursements for such loans are in the ticket sizes between (i) ₹2,500,000 and ₹7,500,000 for salaried low- and medium-income individuals; and (ii) ₹2,500,000 and ₹5,000,000 for self-employed low- and medium-income individuals. This loan product is available in 15 cities in India.	30 years

Source: RHP

Branch and Sales Office Network

As of December 31, 2023, the company conducted the operations through 487 branches* in 533 districts, covering 10,926 pin codes in 20 states and union territories.

Branch and sales office network as of December 31, 2023

State	Number of Branches* (including Sales Offices)	Number of Sales Offices	Number of Districts with a Point of Presence	Number of Districts in the State	District Penetration %
Uttar Pradesh	65	20	66	74	89%
Maharashtra	48	0	35	36	97%
Madhya Pradesh	39	0	55	56	98%
Gujarat	63	26	33	33	100%
Rajasthan	46	17	48	51	94%
Tamil Nadu	50	10	38	38	100%
Telangana	37	12	33	33	100%
Karnataka	24	0	31	31	100%
Andhra Pradesh	40	17	23	25	92%
Others	75	7	171	424	40%
Total	487	109	533	801	67%

Source: RHP, *excludes regional offices and corporate offices

State-wise distribution of the Gross AUM and branches as of March 31, 2023 and December 31, 2023:

State	As of March 31, 2023		As of December 31, 2023	
	Percentage of Total Branches*	Percentage of Gross AUM	Percentage of Total Branches*	Percentage of Gross AUM
Uttar Pradesh	13.4%	14.2%	13.3%	13.6%
Maharashtra	10.0%	14.1%	9.9%	14.0%
Madhya Pradesh	8.3%	10.2%	8.0%	9.8%
Gujarat	13.4%	11.0%	12.9%	11.1%
Rajasthan	10.2%	12.5%	9.4%	12.7%
Tamil Nadu	9.2%	8.2%	10.3%	8.4%
Telangana	7.7%	6.5%	7.6%	6.7%
Karnataka	5.1%	3.9%	4.9%	3.7%
Andhra Pradesh	7.2%	3.9%	8.2%	4.2%
Others	15.4%	15.6%	15.4%	15.8%
Total	100.0%	100.0%	100.0%	100.0%

Source: RHP, * include sales offices which were opened in the last quarter of FY2023 and does not include regional offices and corporate offices

Key Parameters of the loan products: LTV Ratio, EMI and Tenure of the Home Loans

The RBI Master Directions – HFC prescribe the thresholds of loans that can be provided to housing loan customers. A property with market value of up to ₹ 3.0 million is permitted to have a maximum loan-to-value (“LTV”) of up to 90.0%, property with market value between ₹ 3.0 million and ₹ 7.5 million is permitted to have maximum LTV ratio of up to 80.0% and property with market value above ₹ 7.5 million is permitted to have maximum LTV ratio of up to 75.0%.

	9 months ended		As of March 31st ,		
	2023	2022	2023	2022	2021
Average LTV - Home loans	64.7%	63.4%	63.7%	62.5%	61.9%
Average LTV - Non-home loans	45.5%	44.5%	44.6%	42.9%	41.1%
Average LTV – Gross AUM (excluding project finance loans)	58.3%	57.7%	57.8%	57.5%	57.0%

Source: RHP

Interest Rates and Collateral

The company's benchmark interest rates fluctuated between 16.2% and 17.4% from March 31, 2021, to December 31, 2023. Majority of its borrowings (78.6%) are subject to floating interest rates, linked to this benchmark. Loans are secured against the property being financed.

Loan Sourcing

Loans are sourced internally through direct sales teams (DSTs) and externally through direct sales agents (DSAs) and Aadhar Mitras. The company had 3,177 DSTs, 5,152 DSAs, and 12,451 Aadhar Mitras as of December 31, 2023.

Details of disbursements by sourcing channels

(₹ Cr, except percentages)

Channel	For the nine months ended December 31,				For the year ended March 31,					
	2022		2023		2023		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Aadhar Mitras	745.6	18.9%	1,018.0	20.8%	1,138.8	19.2%	900.4	22.5%	875.9	24.7%
DSAs	1,551.1	39.3%	2,241.9	45.7%	2,464.5	41.8%	1,300.4	32.6%	1,017.6	28.7%
DSTs	1,648.7	41.8%	1,644.2	33.5%	2,299.3	39.0%	1,791.1	44.9%	1,651.2	46.6%
Total	3,945.4	100.0%	4,904.1	100.0%	5,902.6	100.0%	3,991.9	100.0%	3,544.7	100.0%

Source: RHP; Amount of disbursements and % indicates Contribution to total disbursements

Other Business Initiatives

Distribution of Insurance Products: The company holds a certificate of registration to act as corporate agent from IRDAI. Pursuant to this certificate and applicable guidelines, the company is permitted to enter into arrangements with insurers for the distribution of life, general and health insurance products.

COMPETITIVE STRENGTHS

Focused on Low-Income Housing: Aadhar Housing Finance targets the low-income housing segment in India, boasting the highest Assets Under Management (AUM) and Net Worth compared to its peers from Fiscal 2021 to the 9 months ending December 31, 2023. Its Gross AUM increased to ₹19,865.2 Cr by December 31, 2023, with a Compound Annual Growth Rate (CAGR) of 17.3% since Fiscal 2021.

Resilient Business Model: The company's resilience through various business cycles stems from its customer-centric approach, offering tailored products and robust credit policies. Its loan portfolio serves both salaried and self-employed individuals, with an average ticket size of ₹1.0 million as of December 31, 2023.

Extensive Branch Network and Sales Channels: Aadhar HFC boasts 487 branches and 109 sales offices across 20 states and UTs as of December 31, 2023, significantly expanding its presence since March 31, 2021. The company taps into tier 4 and tier 5 towns and engages local channel partners to reach more customers.

Effective Risk Management Processes: The company maintains a strong underwriting process, streamlined through digital solutions, ensuring efficient loan processing and timely collections. Its Gross Non-Performing Assets (GNPAs) and Net NPAs remained consistently low, reflecting sound asset quality management.

Quarterly Collection Efficiency

9 months ended Dec. 31, 2023			FY2023				FY2022				FY2021			
Dec-23	Sep-23	Jun-23	Mar-23	Dec-22	Sep-22	Jun-22	Mar-22	Dec-21	Sep-21	Jun-21	Mar-21	Dec-20	Sep-20	Jun-20
99.1%	100.2%	98.5%	100.5%	99.5%	99.3%	97.4%	101.7%	99.0%	100.6%	93.6%	99.1%	96.7%	85.3%	66.7%

Source: RHP

Diverse Financing Sources: Aadhar HFC secures financing from various sources, including term loans, NCD issuances, and refinancing from the NHB. Its average cost of borrowings remained relatively stable, enabling cost-effective long-term financing.

Particulars	As at December 31 st		As at March 31 st		
	2023	2022	2023	2022	2021
Composition of Total Borrowings					
% of short-term borrowings	-	-	0.0%#	0.7%	1.8%
% of Long-term borrowings	100.0%	100.0%	100.0%	99.3%	98.2%
Weighted Avg. tenure of o/s borrowings	116 months	107 months	107 months	105 months	104 months

Source: RHP

Commitment to Social Objectives: The company's business model integrates social objectives, with a significant portion of its portfolio serving economically weaker and low-income groups. It actively participates in affordable housing schemes, aligning with government initiatives.

Strong Governance and Management: Backed by an experienced board and management team, including seasoned professionals with extensive industry knowledge, Aadhar Housing Finance benefits from the support and expertise of its promoter, Blackstone.

KEY BUSINESS STRATEGIES

Expanding Distribution Network: Aadhar HFC implements a systematic expansion strategy, utilizing its Aadhar Gram Unnati (AGU) product to assess market demand in semi-urban areas before establishing branches. It also employs ultra-micro and micro branches in remote locations to enhance customer outreach.

Targeted Customer Growth: With a focus on economically weaker and low- to-middle-income segments, the company has steadily grown its customer base, reaching over 255,000 live accounts by December 31, 2023. Co-lending partnerships with banks further contribute to customer acquisition.

Investment in Digital Solutions: Continuing its digital transformation, Aadhar HFC modernizes its technology infrastructure to streamline processes and enhance customer experience. The adoption of TCS Lending and Securitization Platform reflects its commitment to leveraging technology for efficient operations.

Cost Optimization: The company diligently manages borrowing costs, diversifying funding sources and implementing robust asset liability management policies. By optimizing borrowing costs, it aims to sustain its Net Interest Margin (NIM) and ensure financial resilience.

	9 months ended December 31 st		As at March 31 st		
	2023	2022	2023	2022	2021
Average cost of borrowings	7.6%*	7.0%*	7.0%	7.2%	8.2%

Source: RHP; *these financial data have been presented on an annualized basis

COMPETITION

The housing finance industry in India is highly competitive. Aadhar HFC faces competition from other HFCs, NBFCs and scheduled commercial banks on the range of product offerings, interest rates, fees and customer service, as well as for skilled employees. The company's primary competitors include Aavas Financiers Limited, Home First Finance Company India Limited, Aptus Value Housing Finance India Limited, and India Shelter Finance Corporation Limited.

COMPARISON WITH INDUSTRY PEERS ON VARIOUS PARAMETERS

Size of the companies

9 months ended December 31, 2023	AUM (₹ billion)	YoY AUM growth	Disbursements (₹ billion)	YoY Disbursement growth	Total income (₹billion)	Profit after tax (₹ billion)	Total Net Worth (₹ billion)
Aadhar HousingFinance	198.7	20%	49.0	24%	18.95	5.48	42.5
Aavas Financiers	160.8	23%	36.9	7%	14.7	3.5	NA
Home First Finance	90.1	34%	28.6	33%	8.4	2.2	20.3
SMFG India Home	80.3	30%	28.9	27%	7.0	0.4	9.1
Aptus Value Housing	80.7	28%	21.6	25%	10.2	4.5	37.0
Poonawalla HousingFin.	NA	NA	NA	NA	7.6	0.9	18.4
Motilal Oswal Home Fin	37.8	2%	5.4	-16%	4.3	1.0	12.2
Vastu Housing Finance*	NA	NA	NA	NA	7.0	2.1	26.1
India Shelter Finance	56.1	42%	19.0	40%	6.2	1.7	22.1
Shubham Housing	40.8	44%	17.4	56%	NA	NA	13.4
Muthoot Home Fin	17.8	26%	4.9	256%	1.5	0.1	4.7
Muthoot Housing Finance	NA	NA	NA	NA	NA	NA	NA
Simple Average of peers	90.3	26%	24.3	50%	8.6	2.2	21.4

Source: RHP

AUM Split (By products and by income type)

AUM Split (FY23)	By products			By income Type		Average ticket size (In Rs. Mn)
	Home Loans	LAP	Others^	Salaried	Self employed	
Aadhar Housing Finance	78%	22%	-	59%	41%	0.92
Aavas Financiers	70%	30%	-	40%	60%	0.91
Home First Finance	88%	11%	-	70%	30%	1.11
SMFG India HomeFinance	60%	34%	6%***	29%	71%	1.5-1.6#
Aptus Value Housing inance	65%	-	35%*	29%	71%	1.00
Poonawalla HousingFinance	65%	35%	-	33%	67%	1.00
Motilal Oswal Home Finance	70%	6%	24%**	50%	50%	NA
Vastu Housing Finance	51%	35%	14%	19%	81%	1.30
India Shelter Finance	57%	43%	-	30%	70%	1.04
Shubham Housing	71%	29%	-	52%	48%	0.7-0.8
Muthoot HomeFin	NA	NA	-	63%	37%	1.00
Muthoot HousingFinance	NA	NA	-	NA	NA	NA
Simple average ofpeers	68%	27%	20%	43%	57%	1.00

Source: RHP

Financial Ratios (FY23)

FY23	Yield on advances	Cost of borrowings	NIM	Opex	Employee expenses	Credit Cost	RoA	Total Borrowings to Equity Ratio	RoE
Aadhar Housing Finance	13.0%	7.0%	6.3%	3.1%	2.1%	0.3%	3.5%	3.3	15.9%
Aavas Financiers	12.6%	6.6%	6.5%	3.8%	2.5%	0.1%	3.5%	3.0	14.1%
Home First Finance Company	13.3%	7.3%	7.1%	2.9%	1.8%	0.4%	3.9%	2.6	13.5%
SMFG India Home Finance	12.6%	8.2%	5.2%	4.5%	2.7%	0.6%	0.7%	6.2	5.4%
Aptus Value Housing Finance	17.7%	8.5%	12.2%	2.6%	1.9%	0.5%	7.8%	1.1	16.1%
Poonawalla Housing Finance	12.9%	7.2%	6.9%	4.7%	3.3%	0.7%	2.2%	3.8	10.1%
Motilal Oswal Home Finance	14.2%	8.0%	7.5%	3.0%	2.3%	0.5%	3.4%	2.5	12.7%
Vastu Housing Finance	14.4%	6.8%	8.5%	4.1%	3.2%	0.4%	5.4%	1.4	12.6%
India Shelter Finance	14.9%	8.3%	7.8%	4.8%	3.6%	0.4%	4.1%	2.4	13.4%
Shubham Housing	15.6%	9.0%	8.6%	6.0%	4.4%	0.1%	3.2%	1.5	10.3%
Muthoot HomeFin	12.8%	8.3%	6.1%	4.8%	2.9%	1.8%	0.8%	1.4	2.3%
Muthoot Housing Finance	15.7%	9.3%	6.8%	5.2%	3.6%	-0.2%	1.7%	4.8	10.3%
Simple average of peers	14.1%	7.9%	7.5%	4.1%	2.8%	0.5%	3.4%	2.8	11.4%

Source: RHP

COMPARISON WITH INDUSTRY PEERS (AS ON 31ST MARCH 2023)

Name of the Company	Total Revenue from operations (₹ in Cr)	FV (₹/share)	P/E (x)	P/B (x)	EPS (₹)		RoNW (%)	NAV/Share (₹)
					Basic	Diluted		
Aadhar Housing Finance	2,043.23	10	23.5	3.5	13.8	13.4	16.5	93.7
Listed peers*								
Aptus Value Housing Finance India	1,093.36	2	31.3	4.7	10.1	10.1	16.1	67.1
Aavas Financiers	1,608.76	10	28.1	3.7	54.4	54.3	14.1	413.6
Home First Finance Company India	7,909.90	2	34.9	4.3	26	25.2	13.5	206.5
India Shelter Finance Corporation	5,845.30	5	33.1	4.1	17.8	17.5	13.4	141.4

Source: RHP; P/E and P/B for Aadhar Housing Finance is based in upper price band

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