



India Shelter

Home Loans

Sector - Finance - Housing

Issue Opens - December 13, 2023 to December 15, 2023

Price Band
₹469 to ₹493

Face Value
₹5

Lot Size
30 Shares

Issue Size
₹1,200.00 Cr

Issue Type
Book Built

Research@ganeshstock.com

IMPORTANT EVENTS



Issue Size

24,340,771 shares / ₹1,200.00 Cr

Fresh Issue

16,227,181 shares / ₹800.00 Cr

Offer for Sale

8,113,590 shares / ₹400.00 Cr

Basis of Allotment

Monday, December 18, 2023

Initiation of Refunds

Tuesday, December 19, 2023

Credit of Shares to Demat

Tuesday, December 19, 2023

ISFCL IPO Listing date

Wednesday, December 20, 2023

PROMOTERS

- **Sudhin Bhagwandas Choksey (Chairman and Non-Executive Nominee Director)**
- **Rupinder Singh (Managing Director and Chief Executive Officer)**
- **Anup Kumar Gupta (Non-Executive Nominee Director)**
- **Rachna Dikshit (Independent Director)**

Promoters collectively hold 48.17% (Post Issue) of the Equity Share.

ABOUT THE COMPANY



India Shelter Loan Corporation Limited is an affordable housing loan firm that operates in India with an emphasis on retail. Disbursing loans, it assists families in owning, expanding, or upgrading their homes. As of November 2023, India Shelter had facilitated over Rs. 5,500 crores in loans because to its vast distribution network and scalable technical infrastructure. The business is dedicated to providing excellent customer service. It provides a variety of loan products and uses strong systems to guarantee high safety standards.

DESCRIPTION OF THEIR BUSINESS

In an effort to encourage financial inclusion, they provide house loans and loans secured by property to clients in India's low- and middle-income categories. Throughout the customer life cycle, they make use of technology and analytics in all aspects of their business operations. Their loans have variable interest rates, usually between 10.50% and 20.00% annually, and the ticket sizes often fall between ₹0.50 million and ₹5.00 million.

Home Loans

197 They offer house loans for self-construction, plot purchases, property acquisition, internal or external repairs to already-existing homes, as well as upgrades to already-existing residences (including the addition of rooms and storeys).

Loan Against Property

They offer secured loans, which are paid back using a specific property that has been mortgaged. The majority of the properties they lend against are single-family homes.

Set out below are details of our product-wise disbursements and product-wise average ticket size on sanctioned amount for disbursed loans for the Financial Years 2023, 2022 and 2021, along with the number of outstanding loan accounts and tenure of the AUM of our loans at origination as of March 31, 2023, March 31, 2022 and March 31, 2021:



Product-wise disbursement	2023	% Share	For the Financial Year			
			2022	% Share	2021	% Share
<i>(in ₹ million, except percentages)</i>						
Home Loans	11,675.52	59.4	6,360.85	49.1	4,714.61	52.7
Loan Against Property	7,968.25	40.6	6,591.75	50.9	4,234.15	47.3
Total	19,643.77	100.0	12,952.61	100.0	8,948.76	100.0

Product-wise average ticket size on sanctioned amount for disbursed loans	2023	For the Financial Year		
		2022	2021	
<i>(in ₹ million)</i>				
Home Loans		1.08	1.11	1.11
Loan Against Property		0.97	0.99	1.05
Total		1.05	1.06	1.09

Product-wise outstanding loan accounts	2023	% Share	As of March 31,			
			2022	% Share	2021	% Share
<i>(number of accounts, except percentages)</i>						
Home loans	33,000	56.4	23,321	53.8	18,624	55.4
Loan Against Property	25,552	43.6	20,007	46.2	14,983	44.6
Total	58,552	100.0	43,328	100.0	33,607	100.0

Tenure of the AUM of our products at origination	2023	As of March 31,		
		2022	2021	
<i>(in months)</i>				
Home Loans		178	175	180
Loan Against Property		130	129	130
Total		157	154	159

OBJECTS OF THE OFFER

The Company proposes to utilize the Net Proceeds towards the funding of the following objects:

- To meet future capital requirements towards onward lending, and
- General corporate purposes.

TRACK RECORD OF FINANCIAL PERFORMANCE

P&L Account and Balance Sheet

PARTICULARS	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
Net Sales	172.09	229.08	316.71	447.98	583.91
Total Expenditure	83.04	84.35	97.42	134.83	182.65
Operating Profit	89.05	144.73	219.29	313.14	401.27
Other Income	0	0.83	6.09	11.83	21.71
Interest	49.29	75.86	107.33	151.53	213.31
Depreciation	2.1	5.87	5.1	6.54	8.2
Exceptional Items	0	0	0	0	0
Profit Before Tax	37.66	63.84	112.96	166.9	201.47
Provision for Tax	9.73	16.93	25.57	38.45	46.49
Net Profit	27.93	46.91	87.39	128.45	154.98
Adjusted EPS (Rs.)	0.66	1.1	2.03	2.94	3.54

PARTICULARS	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
Equity and Liabilities					
Share Capital	42.4	42.83	42.98	43.71	43.76
Total Reserves	751.17	805.45	894.29	1032.42	1196.4
Borrowings	0	868.37	1491.29	2070.01	2988.87
Other N/C liabilities	49.64	35.69	-5.74	6.5	2.28
Current liabilities	531.25	78.33	30.48	65.63	60.81
Total Liabilities	1374.46	1830.67	2453.31	3218.27	4292.12
Assets					
Net Block	6.63	17.85	15.11	17.04	24.32
Capital WIP	0	0	0	0	0
Intangible WIP	0	0	0	0	0
Investments	0	0	0	0	12
Loans & Advances	38.11	45.5	0.2	0.4	0
Other N/C Assets	5.9	7.19	3.48	3.37	6.45
Current Assets	1323.82	1760.13	2434.52	3197.46	4249.35
Total Assets	1374.46	1830.67	2453.31	3218.27	4292.12

Cash Flow Statement

PARTICULARS	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
Profit from operations	28.36	63.84	112.96	166.9	201.47
Adjustment	16.62	25.03	3.32	-20.86	4.24
Changes in Assets & Liabilities	-376.28	-362.77	-515.76	-613.84	-1008.3
Tax Paid	-9.73	-17.65	-21.36	-27.48	-50.06
Operating Cash Flow	-341.02	-291.55	-420.85	-495.28	-852.63
Investing Cash Flow	25.62	-150.26	76.64	-185.78	160.54
Financing Cash Flow	343.77	395.37	559.96	591.77	906.83
Net Cash Flow	28.36	-46.44	215.75	-89.29	214.74

Details of our key performance indicators as at/ for the Financial Years ended March 31, 2023, March 31, 2022 and March 31, 2021 is set out below



Key Performance Indicators/ KPIs	As at and for the Financial Year ended March 31		
	2023	2022	2021
Operations (Scale)			
Number of states	15	15	15
Number of branches	183	130	115
Number of employees	2,709	2,200	1,576
AUM (in ₹ million)	43,594.31	30,732.93	21,985.27
AUM Growth (%) ⁽¹⁾	41.8%	39.8%	44.7%
Disbursements (in ₹ million)	19,643.77	12,952.61	8,948.76
Disbursements Growth (%) ⁽²⁾	51.7%	44.7%	62.3%
Average Ticket Size on Disbursements (in ₹ million)	1.05	1.06	1.09
Operations (AUM Split)			
Product Wise AUM (in terms of Amount) - Home Loan (%) ⁽³⁾	56.5%	54.1%	57.0%
Product Wise AUM (in terms of Amount) – Loan against property (%) ⁽⁴⁾	43.5%	45.9%	43.0%
AUM by Customer Occupation - Self Employed (%) ⁽⁵⁾	69.6%	67.6%	64.2%
AUM by Customer Occupation – Salaried (%) ⁽⁶⁾	30.4%	32.4%	35.8%
Average LTV (%)	50.7%	49.4%	48.3%
Operations (Efficiency)			
Branch Productivity (AUM / Branch) (in ₹ million) ⁽⁷⁾	238.22	236.41	191.18
AUM / Employee (in ₹ million) ⁽⁸⁾	16.09	13.97	13.95
Capital			
Net Worth (in ₹ million) ⁽⁹⁾	12,405.28	10,761.27	9,372.69
Capital Adequacy Ratio (%)	52.7%	55.9%	71.5%
Leverage (Average Total Assets to Average Net Worth) ⁽¹⁰⁾	3.2	2.8	2.4
Average Cost of Borrowing ⁽¹¹⁾	8.3%	8.3%	8.7%
Profitability			
Net Income (Total Income – Finance Cost) (in ₹ million) ⁽¹²⁾	3,975.54	3,123.86	2,182.25
Profit after tax (in ₹ million)	1,553.42	1,284.47	873.89
Return Ratios			
Average Yield on Advances ⁽¹³⁾	14.9%	15.3%	14.8%
Spread on Advances ⁽¹⁴⁾	6.6%	7.0%	6.1%
Net Income to Average Total Assets ⁽¹⁵⁾	10.6%	11.0%	10.2%
Operating Expenses to Average Total Assets ⁽¹⁶⁾	4.8%	4.7%	4.0%
Profit After Tax to Average Total Assets (ROA) ⁽¹⁷⁾	4.1%	4.5%	4.1%
Profit After Tax to Average Net Worth (ROE) ⁽¹⁸⁾	13.4%	12.8%	9.8%
Asset Quality			
DPD 30+ ⁽¹⁹⁾	2.41%	3.96%	3.98%
Stage 3 Assets (%) ⁽²⁰⁾	1.13%	2.12%	1.92%
Stage 3 Assets (Net) to Net Carrying Amount (%) ⁽²¹⁾	0.85%	1.60%	1.37%
Provision Coverage Ratio (%) ⁽²²⁾	26.0%	25.5%	29.6%
Credit cost to Average Total Assets (%) ⁽²³⁾	0.4%	0.4%	0.9%
Others			
Basic earnings per equity share/ EPS ⁽²⁴⁾ (in ₹)	17.75	14.80	10.19
Diluted earnings per equity share/ EPS ⁽²⁴⁾ (in ₹)	17.47	14.63	9.93
Credit Rating			
Credit Rating	ICRA A+ Stable; CARE A+ Stable	ICRA A Stable; ICRA A Positive	ICRA A Stable; CARE A Stable



STRENGTHS

- **One of the Fastest Growing Assets under Management among Housing Finance Companies in India, High Yields, and Granular, Retail Focused Portfolio**
- **Extensive and Diversified Phygital Distribution Network with Significant Presence in Tier II and Tier III cities**
- **In-house Origination Model to Ensure Efficient and Seamless Operations across Various Key Functions.**
- **Technology and Analytics-Driven Company with Scalable Operating Model.**
- **Experienced Management Team Supported by Qualified and Experienced Personnel.**

RISKS

- **The company and its directors are currently involved in certain legal and other proceedings. It's important to note that any adverse outcome in these proceedings could potentially have an adverse effect on the business.**
- **The Indian housing finance industry is known for its high competitiveness, and the company's ability to compete effectively is crucial. Any inability to do so could have adverse effects on the business.**
- **The company has experienced negative cash flows in the past and may continue to face negative cash flows in the future.**

VALUATION AND OUTLOOK



The issue's price range, in terms of valuation, is INR ₹469 to ₹493 per share. A P/E ratio of ISFCL is 27.57x is based on a price range above INR 493 and FY23 EPS of INR 17.75 with an industry average of 31.7X.

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

Set forth below is a comparison of our accounting ratios with our peer group companies listed in India:

Name of the Company	Face value (₹ per share)	Total revenue from operations (in ₹ million)	Earnings per share for Financial Year 2023 (₹)		Net asset value per equity share (₹)	Net worth attributable to the owners of the company (in ₹ million)	P/E ratio	P/B ratio	Return on net worth (%)
			Basic	Diluted					
India Shelter Finance Corporation Limited [#]	5	5,845.30	17.75	17.47	141.38	12,405.28	[•]^	[•]^	13.4
<i>Listed peers*</i>									
Aptus Value Housing Finance India Limited	2	10,933.57	10.11	10.08	67.05	33,393.31	26.1x	3.9x	16.1
Aavas Financiers Limited	10	16,087.64	54.38	54.26	413.58	32,696.60	28.7x	3.8x	14.1
Home First Finance Company India Limited	2	7,909.85	26.01	25.20	206.48	18,173.39	33.1x	4.0x	13.5

Among peers with good asset quality and return on asset (RoA), India Shelter Finance Corporation has seen robust loan growth. The company's low debt to equity ratio—2.4 times—and low return on equity (RoE) for the nine months ended in September 2023 contributed to this. The return on equity (RoE) for Aptus Value Housing Finance India was 15.6%, Aavas Financiers was 13.2%, and Homes First Finance was 13.7%. With a Net NPA ratio of 0.72%, the company has maintained a strong asset quality in comparison to Aavas Financiers' 0.66%, Aptus Value Housing Finance India's 0.89%, and Home First Finance's 1.20%. By September 2023. At Rs 5181 crore, the company's AUM has grown 43% year over year. Home First Finance had a 33% increase in AUM to Rs 8365 crore, Aptus Value Housing Finance saw a 28% increase to Rs 7604 crore, and Aavas Financiers saw a 22% increase to Rs 15320 crore. With 203 locations, the company has expanded its presence in 15 states and carved out a position for itself in the middle-class and lower-middle-class affordable home finance market.

Keeping all the factors into consideration such as financial as well as management, we propose a **"SUBSCRIBE"** rating for this IPO.

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