



IPO NOTE

INDIA SHELTER FINANCE CORPORATION LTD.



Rating:

SUBSCRIBE



ISSUE OFFER

Issue Opens on	DEC 13, 2023
Issue Close on	DEC 15, 2023
Total IPO size (cr)	1200
Fresh issue (cr)	800
Offer For Sale (cr)	400
Price Band (INR)	469-493
Market Lot	30
Face Value (INR)	5
Retail Allocation	35%
Listing On	NSE, BSE

ISSUE BREAK-UP (%)

QIB Portion	<div style="width: 50%;"></div>	50%
NIB Portion	<div style="width: 15%;"></div>	15%
Retail Portion	<div style="width: 35%;"></div>	35%

SHAREHOLDING (No. of Shares)

Pre Issue	Post Issue
90,823,956	107,051,137

INDICATIVE TIMETABLE

Finalisation of Basis of Allotment	18-12-2023
Refunds/Unblocking ASBA Fund	19-12-2023
Credit of equity shares to DP A/c	19-12-2023
Trading commences	20-12-2023

India Shelter Finance Corporation Limited is a retail-focused affordable housing finance company with an extensive distribution network comprising 203 branches as of September 30, 2023, and a scalable technology infrastructure across its business operations and throughout the loan life cycle. Its target segment is the self-employed customer with a focus on first-time home loan takers in the low and middle-income group in Tier II and Tier III cities in India, and affordable housing loans.

OBJECTS OF THE ISSUE

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

OUTLOOK & VALUATION

India Shelter Finance Corporation is a growing affordable housing finance company with a retail-focused portfolio. It has an extensive and diversified distribution network and a strong risk management system. It is a technology-driven company with a scalable operating model. The financial performance of the company has also been stable.

However, there are some industry-specific risks as well, like high capital requirements, interest rate fluctuations, and the risk of nonpayment or default.

The company's P/BV of 3.48x and P/E of 27.7x reflect a fair valuation that aligns with its growth prospects and risk profile. Consequently, based on its solid fundamentals, attractive valuation, and long-term growth potential, we recommend Subscribe rafor the ISFC IPO.



KEY MANAGERIAL PERSONNEL

01

Sudhin Bhagwandas Choksey

Chairman and Non-Executive Nominee Director of the Company. He is also a member of the Institute of Chartered Accountants of India. He was previously associated with Gruh Finance Limited as the managing director and Bandhan Bank as executive director (designate). He has experience in the banking sector.

02

Rupinder Singh

Managing Director and Chief Executive Officer of the Company. He was previously associated with Cholamandalam Investment and Finance Company Limited as senior vice-president and business head, HDFC Bank Limited as senior vice-president and GE Money Financial Services Limited as regional sales manager. He has experience in the finance sector.

03

Ashish Gupta

Chief Financial Officer of the Company. He has been associated with the Company since August 13, 2019. In his current role, he is responsible for financial management, accounts, tax and treasury matters of the Company.

04

Mukti Chaplot

Company Secretary and Compliance Officer of the Company and has been associated with the Company since April 1, 2013. In her current role, she is responsible for ensuring managerial, secretarial and regulatory compliances of the Company.



COMPANY PROFILE

- India Shelter Finance Corporation Limited has a presence in states which cover 94% of the affordable housing finance market in India, as of March 31, 2023.
- The Company leverages technology and analytics across its operations and throughout the customer life cycle. This includes onboarding, underwriting, asset quality monitoring, collections and customer services.
- It has an integrated customer relationship management and loan management system set up on a cloud-based platform.
- The company also adopted an end-to-end in-house approach to key aspects of its lending operations including customer acquisition, underwriting, collateral valuation, legal assessment, and collections.

COMPETITIVE 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.
- Robust Underwriting, Collection and Risk Management Systems.
- Diversified Financing Profile with a Demonstrated Track Record of Reducing Financing Costs.

KEY STRATEGIES

- Further, Grow and Diversify its Distribution Network to Achieve Deeper Penetration in Key States and Drive Sustainable Growth.
- Leverage its Technology Stack to Achieve Scalability and Improve the Efficiency and Productivity of its Existing Branches.
- Diversify Borrowing Profile and Optimize Borrowing Cost.
- Enhance Brand Equity and Foster Sustainability.

KEY CONCERNS

- The Company requires substantial capital for its business and operations.
- The risk of non-payment or default by the customers may adversely affect its business.
- The major proportion of its AUM is concentrated in three states.
- The Indian housing finance industry is extensively regulated and any changes in laws and regulations applicable to housing finance companies could harm its business.
- This business is affected by volatility in interest rates for both its lending and treasury operations.
- The Company had negative cash flows in the past and may continue to have negative cash flows in the future primarily due to the inherent nature of its business.

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

Name of the Company	EPS (Basic)	P/E	P/B	Total Income (Mn)	NAV	RoNW (%)
India Shelter Finance Corporation Limited	17.75	-	-	5,845.30	141.38	13.4
Peer Group						
Aptus Value Housing Finance India Limited	10.11	29.9	4.5	10,933.57	67.05	16.1
Aavas Financiers Limited	54.38	27.4	3.6	16,087.64	413.58	14.1
Home First Finance Company India Limited	26.01	37.7	4.6	7,909.85	206.48	13.5

FINANCIALS (RESTATED CONSOLIDATED)

PARTICULARS (RS. IN MILLIONS)	FY 2023	FY 2022	FY 2021
Equity Share Capital	437.65	437.07	429.78
Other Equity	11,967.63	10,324.20	8,942.91
Net Worth	12,405.28	10,761.27	9,372.69
Total Borrowings	28,123.35	18,834.11	14,090.67
Revenue from Operations	5,029.46	3,736.16	2,745.72
EBITDA	4,188.31	3,208.59	2,226.30
Profit Before Tax	2,019.52	1,669.01	1,129.57
Net Profit for the year	1,553.42	1,284.47	873.89



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