

Bajaj Housing Finance Limited

Issue Detail	
Price Band (Rs.)	₹66 to ₹70
Face Value (Rs.)	10.00
Issue Size (Rs.)	₹6560 Cr
Issue Type	Book Built Issue IPO
Lot Size	214 shares
Issue Opens	September 9, 2024
Issue Closes	September 11, 2024
Listing on	BSE & NSE

Indicative Timeline	
	On or before
Finalization of Basis of Allotment	September 12, 2024
Unblocking of Funds	September 13, 2024
Credit of shares to Demat Account	September 13, 2024
Listing on exchange	September 16, 2024

Other Detail	
Book Running Lead Managers	Kotak Mahindra Capital Company Limited, Bofa Securities India Limited, Axis Capital Limited, Goldman Sachs (India) Securities Private Limited, SBI Capital Markets Limited, Jm Financial Limited, Iifl Securities Ltd
Registrar	Kfin Technologies Limited

IPO Shareholding (%)		
Category	Pre-Issue	Post-Issue
Promoters	100%	88.75%
Public	0%	11.25%
Total	100.00%	100.00%

Distribution Team	
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Company Background

Bajaj Housing Finance was founded in 2008, is a non-deposit-taking Housing Finance Company (HFC) registered with the National Housing Bank (NHB) since 2015 and has been offering mortgage loans since the financial year 2018. The company is part of the Bajaj Group, a diversified group of companies with interests in various sectors. Bajaj Housing Finance provides customized financial solutions to individuals and corporates for the purchase and renovation of homes and commercial spaces. The company's mortgage product range is comprehensive and includes (i) home loans, (ii) loan against property (LAP), (iii) rent concessions, and (iv) developer finance. The Company has a network of 215 branches in 174 locations across 20 states and three union territories, overseen by six centralized retail loan review centers and seven centralized loan processing centers.

Issue Details

It is a book built issue of Rs 6560 crores. The issue is combination of fresh issue of Rs 3560 Cr & offer for sale of Rs 3000 Cr.

Issue Objectives

The company will achieve:

1. Augment capital base to meet future business requirements of the company towards onward lending
2. Achieve the benefits of listing the Equity Shares on the Stock Exchanges; and

IPO Share Issue Structure

Category	Allocation	Number of Shares	Value at upper price band (Rs. in Cr.)
QIB (Institutional)	50%	41,85,71,429	2930
Non Institutional	15%	12,55,71,429	879
Retail	35%	29,30,00,000	2051
Employee*		2,85,71,429	200
Shareholders Reservation Portion^		7,14,28,571	500
Total	100%	93,71,42,858	6560

Note: * Up to [●] Equity Shares of face value of ₹10 each aggregating up to Rs 200 Cr.

^ Up to [●] Equity Shares of face value of ₹10 each aggregating up to Rs 500 Cr

Source: Company RHP, ACMIIL Research

Outlook

Company has a strategic presence across mortgage-centric markets with the following key components: branches, centralized hubs and active channel partners. It is a prominent Indian conglomerate known for its diverse business interests across various sectors. The Company has demonstrated a consistent growth trajectory over seven-year operational history, even amid challenging events such as the NBFC crisis, the downturn of key industry players and the unprecedented impacts of COVID-19. The business model and strong risk management policies have been crucial in sustaining this growth momentum.

Company Overview

The company is a part of the Bajaj group, which was founded in 1926 and is a diversified business group with interests across various sectors. As at June 30, 2024, company had 323,881 active customers, 83.2% of whom were home loan customers. They offer financial solutions tailored to individuals and corporate entities for the purchase and renovation of homes and commercial spaces. Their mortgage product suite is comprehensive and comprises:

- home loans;
- loans against property (“LAP”);
- Lease rental discounting; and
- Developer financing.

The Company's primary emphasis is on individual retail housing loans, complemented by a diversified collection of lease rental discounting and developer loans. Consequently, their financial products cater to every customer segment, from individual homebuyers to large-scale developers.

It is a leading Housing finance company India across multiple parameters such as:

- Largest non-deposit taking HFC (in terms of AUM) in India within seven years of commencing mortgage operations;
- Second largest HFC in India with an AUM of ₹970,713.3 million;
- Eighth largest NBFC-ULs (in terms of AUM) in India as at March 31, 2024;
- Second most profit making HFC in India with strong return on average assets and return on average equity for Fiscal 2024 and three months ended June 30, 2024;
- One of the fastest growing among other HFCs/ NBFCs-UL based on AUM CAGR from Fiscal 2022 to 2024;
- Most diversified HFC in India offering full suite of mortgage lending products;
- Highest salaried customer mix in home loan portfolio amongst large HFCs;
- Focused on prime housing with higher average ticket size amongst large HFCs;
- Lowest GNPA ratio of 0.28% and NNPA ratio of 0.11%, among large HFCs in India;
- Highest possible credit ratings in India for both the long-term as well as short-term borrowings programme;
- Second highest loan disbursement by HFCs in India amounting to ₹446.6 billion for Fiscal 2024 and ₹120.0 billion for three months ended June 30, 2024; and
- Second highest AUM per branch and AUM per employee amongst large HFCs in India.

Competitive Strengths

<p>Distinguished heritage of the "Bajaj" brand, which enjoys widespread recognition as a reliable retail brand with strong brand equity</p>	<p>Experienced management team supported by a team of dedicated professionals and ability to attract and retain talented employees</p>
<p>Second largest HFC in India (in terms of AUM) with a track record of strong growth driven by a diversified portfolio</p>	<p>Strategic presence with omni-channel sourcing strategy, driven by customer-focused digitization initiatives and technology</p>
<p>Well defined credit evaluation and risk management practices resulting in lowest GNPA and NNPA among Peers in Fiscal 2024</p>	<p>Access to diversified and cost-effective borrowing sources facilitated by the highest possible credit ratings from rating agencies</p>

Source: Company RHP, ACMIIL Research

Key Business Strategies

Continue to leverage technology and analytics to enhance productivity, reduce expenses, improve customer experience and manage risks

Diversifying and strengthening market presence with strategic customer focus and comprehensive risk management

Continue to diversify the borrowing profile to optimize borrowings costs.

Continue to attract, train and retain talented employees

Source: Company RHP, ACMIIL Research

Financial Snapshot (Consolidated)

Particulars (Rs in Mn.)	FY22	FY23	FY24
Total income	37671	56654	76177
Profit after Tax	7096	12578	17312
Net Worth	67,414	1,05,032	1,22,335
Diluted EPS	1.5	1.9	2.6
Book Value Per Share	13.8	15.6	18.2
Debt to Total equity Ratio	6.2	5.1	5.7
Net Interest Margin	4%	4.50%	4.10%
GNPA%	0.31	0.22	0.27
NNPA%	0.14	0.08	0.1
PCR%	54.3	63.6	63.7

Source: Company RHP, ACMIIL Research

Comparison with Peers as of March 31st, 2024

Name of the company	Total Income (₹ in million)	Face Value	P/E	P/B	Basic EPS (₹)	Diluted EPS (₹)	RoNW (%)
Bajaj Housing Finance Limited	76,177	10	NA	NA	2.6	2.6	15.20%
Listed peers							
LIC Housing Finance Limited	2,72,778	2	7.7	1.2	86.5	86.5	16.20%
PNB Housing Finance Limited	70,570	10	14.1	1.4	58.4	58.2	11.60%
Can Fin Homes Limited	35,246	2	15	2.6	56.4	56.4	18.80%
Aadhar Housing Finance	25,869	10	21.4	3.8	19	18.4	18.40%
Aavas Financiers	20,206	10	26.8	3.5	62	61.9	13.90%
Aptus Value Housing Finance	14,168	2	25	4	12.3	12.2	17.20%
Home First Finance	11,565	2	30.3	4.3	34.7	33.7	15.50%

Source: Company RHP, ACMIIL Research

Risks and concerns

- The inability to fully recover the collateral value or the sums due from defaulted loans promptly or entirely, could adversely affect the business, results of operations, cash flows and financial condition.
- If Company is unable to comply with the requirements stipulated by Reserve Bank of India, it could have a material adverse effect on business, results of operations, cash flows and financial condition.
- Might be impacted by macroeconomic factors, including volatility in interest rates, which could cause Net Interest Income, Net Interest Margins and the value of fixed income portfolio to decline and adversely affect profitability, business, results of operations, cash flows and financial condition, including in the near-term.

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