

**Aptus Value Housing Finance India Ltd.**
**Sector NBFC**
**Issue Highlights**

<b>Issue Open</b>	August 10, 2021
<b>Issue Close</b>	August 12, 2021
<b>Issue Price</b>	Rs. 346 - Rs. 353 /Share
<b>Total Issue Size</b>	Rs. 2,780 Cr
Of which	
<b>Offer for Sale</b>	Rs. 2,280 Cr
<b>Fresh Issue</b>	Rs. 500 Cr
<b>Face Value</b>	Rs. 2 / share
<b>Market Lot</b>	42 Equity Shares
<b>Issue Type</b>	Book Built Issue

**Offer Structure**

<b>QIB Category</b>	50%
<b>Retail category</b>	35%
<b>Non-Institutional</b>	15%

**Lead Book Running Managers**

- ICICI Securities Ltd.
- Citigroup Global Markets India Private Ltd.
- Edelweiss Financial Services Ltd.
- Kotak Mahindra Capital Company Ltd.

**Registrar To The Offer**

- KFin Technologies Private Ltd.

**About the Company**

Incorporated in 2009, Aptus Value Housing Finance India Ltd. (Aptus) is an entirely retail-focused housing finance company, primarily serving low and middle-income self-employed customers in the rural and semi-urban markets of India. It is one of the largest housing finance companies in south India in terms of AUM as of FY21. It offers home loans (51.7% of AUM) for the purchase and self-construction of residential property, home improvement and extension loans; loans against property (21.9% of AUM); and business loans (26.4% of AUM). As of FY21, 99.5% of its AUM were from customers who belonged to the low and middle-income groups, earning less than ₹ 50,000 per month, and 39.9% of its customers were new to credit. It has implemented a robust risk management architecture which is reflected in its asset quality. It conducts all aspects of its lending operations in-house including sourcing, underwriting, valuation and legal assessment of collateral and collections, which enables them to maintain direct contact with its customers, reduce turn-around times and the risk of fraud. Further, Aptus has diversified its geographical presence by adopting a strategy of contiguous expansion across regions and is focused on achieving deeper penetration in its existing markets.

**Objects of the Issue**

- To fully augment the tier I capital requirements of the company
- To achieve the benefit of listing on stock exchanges

**Valuation**

The Indian housing finance market clocked a healthy CAGR of approximately 12% (growth in loan outstanding) over FY18 to FY21 on account of a rise in disposable income, healthy demand emanating from smaller cities and markets, attractive interest rates and government impetus on housing. Going forward, the home loan market is expected to bounce back more strongly in the long term and grow at 11-12% CAGR between FY21 and FY25. This would be led by strong government initiatives in the housing sector (PMAY-U, PMAY-G, Tax incentives, special financing window), rising urbanization and nuclearization, and rising income levels.

Aptus would benefit from positive industry growth trend given its strong presence in large and underpenetrated markets. It has implemented robust risk management architecture to identify, monitor and mitigate risks inherent in its lending operations. As a result, the company has maintained its asset quality across economic cycles including events such as demonetization, the implementation of the GST, the liquidity crisis that was triggered by defaults by large financial services companies and the COVID-19 pandemic. Going forward, the company intends to continue to focus on increasing its presence in rural and semi-urban markets. Moreover, it intends to increase penetration in existing markets and expand its branches. Further, it plans to reduce its cost of borrowings by diversifying the sources. The financial track record has been healthy for the company with stable asset quality. From a long term perspective, we have a positive view on the company.

**Key risk:** i) The ongoing pandemic may impact growth and asset quality. ii) High concentration in 2 states (Tamil Nadu & Andhra Pradesh).

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[Please note that only in case of multiple RAs, if in the event answers differ inter-se between the RAs, then RA specific answer with respect to questions under F (a) to F(j) below , are given separately]

S. No.	Statement	Answer	
		Yes	No
		Tick appropriate	
		Yes	No
	I/we or any of my/our relative has any financial interest in the subject company? <b>[If answer is yes, nature of Interest is given below this table]</b>		No
	I/we or any of my/our relatives, have actual/beneficial ownership of one per cent. or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance?		No
	I / we or any of my/our relative, has any other material conflict of interest at the time of publication of the research report or at the time of public appearance?		No
	I/we have received any compensation from the subject company in the past twelve months?		No
	I/we have managed or co-managed public offering of securities for the subject company in the past twelve months?		No
	I/we have received any compensation for brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation for products or services other than brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation or other benefits from the subject company or third party in connection with the research report?		No
	I/we have served as an officer, director or employee of the subject company?		No
	I/we have been engaged in market making activity for the subject company?		No

**Nature of Interest ( if answer to F (a) above is Yes :**

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**Name(s) with Signature(s) of RA(s).**

[Please note that only in case of multiple RAs and if the answers differ inter-se between the RAs, then RA specific answer with respect to questions under F (a) to F(j) above , are given below]

SS.No.	Name(s) of RA.	Signatures of RA	Serial Question of question which the signing RA needs to make a separate declaration / answer	Yes	No.

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