

### Issue highlights

- ❑ Incorporated on December 11, 2009, Aptus Value Housing Finance India Limited (“Aptus”) is an entirely retail focussed housing finance company primarily serving low and middle income self-employed customers in the rural and semi-urban markets of India. Company’s marquee shareholders include WestBridge Crossover Fund, LLC, Malabar India Fund Ltd (an affiliate of Malabar Investments), SCI Investments VI (an affiliate of Sequoia Capital), Madison India Opportunities IV (Madison India Capital) and Steadview Capital Mauritius Ltd (an affiliate of Steadview Capital Management).
- ❑ The company had the highest RoA of 5.7% among the Peer Set during the financial year 2021. They are one of the largest housing finance companies in south India in terms of AUM, as of March 31, 2021. Their AUM have increased from ₹2,247.23 crore, as of March 31, 2019 to ₹4,067.76 crore, as of March 31, 2021, at a CAGR of 34.54%.
- ❑ The company has not restructured any loans or written-off any loans receivable.
- ❑ Aptus offers customers home loans for the purchase and self-construction of residential property, home improvement and extension loans; loans against property; and business loans, which accounted for ₹2,103.21 crore, or 51.70%, ₹890.34 crore, or 21.89% and ₹1,074.21 crore, or 26.41% of their AUM, as of March 31, 2021, respectively. They **offer loans to only retail customers and do not provide any loans to builders or for commercial real estate.**
- ❑ Aptus had the largest branch network in south India among the Peer Set, As of March 31, 2021, the company had a **network of 190 branches covering 75 districts** in the states of Tamil Nadu (including the union territory of Puducherry), Andhra Pradesh, Karnataka and Telangana.

### Brief Financial Details\*

(₹ In Cr)

|                            | As at Mar' 31, |          |          |
|----------------------------|----------------|----------|----------|
|                            | 2021           | 2020     | 2019     |
| Equity Share Capital       | 94.93          | 94.51    | 78.78    |
| Reserves                   | 1,884.52       | 1,614.50 | 619.51   |
| Net worth                  | 1,979.45       | 1,709.01 | 698.29   |
| AUM                        | 4,067.76       | 3,178.69 | 2,247.23 |
| Disbursements              | 1,298.18       | 1,270.98 | 1,089.04 |
| Revenue from Operations    | 636.62         | 500.33   | 323.85   |
| Revenue Growth (%)         | 27.24%         | 54.99%   | -        |
| EBITDA as stated           | 557.31         | 437.65   | 274.47   |
| Profit Before Tax          | 345.09         | 247.29   | 152.71   |
| Net Profit for the Period  | 266.94         | 211.01   | 111.56   |
| Net Profit as % to revenue | 41.93%         | 42.17%   | 34.45%   |
| EPS (₹)                    | 5.56           | 4.77     | 2.83     |
| RoNW (%)                   | 13.49%         | 12.35%   | 15.96%   |
| Net Asset Value (₹)        | 41.12          | 35.66    | 17.73    |
| Return on Equity           | 14.47%         | 17.53%   | 17.38%   |
| Return on Total Asset      | 6.46%          | 6.95%    | 5.91%    |

Source: RHP \*Consolidated Summary

### Issue Details

Fresh Issue of Equity shares aggregating upto ₹ 500 Cr and Offer for sale of 64,090,695 Equity shares

### Issue summary

**Issue size: ₹ 2,735 – 2,780 Cr**
**No. of shares: 79,041,562 – 78,755,000**
**Face value: ₹ 2**
**Price band : ₹ 346 - 353**
**Bid Lot: 42 Shares** and in multiple thereof

**Post Issue Implied Market Cap =**
**₹ 17,157 – 17,494 Cr**
**BRLMs:** ICICI Securities, Citigroup Global, Edelweiss Financial, Kotak Mahindra Capital

**Registrar:** KFin Technologies Pvt Ltd

**Issue opens on:** Tuesday, 10<sup>th</sup> Aug'2021

**Issue closes on:** Thursday, 12<sup>th</sup> Aug'2021

### Indicative Timetable

| Activity                           | On or about |
|------------------------------------|-------------|
| Finalisation of Basis of Allotment | 18-08-2021  |
| Refunds/Unblocking ASBA Fund       | 20-08-2021  |
| Credit of equity shares to DP A/c  | 23-08-2021  |
| Trading commences                  | 24-08-2021  |

### Issue break-up

|            | No. of Shares                | ₹ In Cr                   | % of Issue  |
|------------|------------------------------|---------------------------|-------------|
| QIB        | 39,520,780 -39,377,500       | 1,367.42-1,390.03         | 50%         |
| NIB        | 11,856,235- 11,813,250       | 410.23 - 417.01           | 15%         |
| Ret        | 27,664,547 -27,564,250       | 957.19 - 973.02           | 35%         |
| <b>Tot</b> | <b>79,041,562-78,755,000</b> | <b>2,734.84- 2,780.05</b> | <b>100%</b> |

### Listing : BSE and NSE

### Shareholding (No. of Shares)

|              | Pre issue   | Post issue <sup>~</sup> | Post issue <sup>^</sup> |
|--------------|-------------|-------------------------|-------------------------|
| No of shares | 481,416,290 | 495,867,157             | 495,580,595             |

<sup>~</sup>@Lower price Band <sup>^</sup>@ Upper Price Band

### Shareholding (%)

|                         | Pre-Issue      | Post-Issue     |
|-------------------------|----------------|----------------|
| Promoters & Promoter Gr | 60.84%         | 58.60%         |
| Promoter Group          | 14.03%         | 13.63%         |
| Public                  | 25.13%         | 27.77%         |
| <b>Total</b>            | <b>100.00%</b> | <b>100.00%</b> |

## BACKGROUND

### Company and Directors

The company was incorporated as 'Aptus Value Housing Finance India Limited' at Chennai on December 11, 2009. The Promoters of the company are M. Anandan, Padma Anandan, and WestBridge Crossover Fund, LLC. Currently Promoters\* hold 292,893,920 Equity Shares equivalent to 60.84% of the issued, subscribed and paid-up Equity Share capital of the company.

*\*88,654,165 Equity Shares held jointly by M Anandan and Padma Anandan (where M Anandan is the first holder), 25,000,000 Equity Shares jointly held by M Anandan with Padma Anandan (where Padma Anandan is the first holder). Additionally, Padma Anandan jointly holds 4,583,330 Equity Shares with Anu Anand (where Padma Anandan is the second holder)*

### Brief Biographies of Directors

**M Anandan** is the Chairman and Managing Director of the company. He has over 40 years of experience in the financial services sector and has previously served as the managing director of Cholamandalam Investment and Finance Co Ltd, part of the Murugappa Group and was also managing director of Cholamandalam MS General Insurance Co Ltd. He has served as the Chairman and Managing Director on the Board of the company from December 11, 2009.

**Kandheri Munuswamy Mohandass** is the Non-Executive Independent Director of the company. He has over three decades of experience in the financial services sector. He is also on the board of the Subsidiary, Aptus Finance India Pvt Ltd.

**Sankaran Krishnamurthy** is the Non-Executive Independent Director of the company. He was the former deputy managing director of State Bank of India, where he served for more than 38 years. He was also the managing director and chief executive officer of SBI Life Insurance Co Ltd. He is also on the board of the Subsidiary, Aptus Finance India Pvt Ltd.

**Krishnamurthy Vijayan** is the Non-Executive Independent Director of the company. He has previously served as the managing director and chief executive officer of IDBI Asset Management Ltd, managing director of JP Morgan Asset Management India Pvt Ltd and chief executive officer of JM Financial Asset Management Pvt Ltd and has various years of experience in the financial services industry. He is currently the chief executive officer of Tamil Nadu Infrastructure Fund Management Corporation Ltd.

**VG Kannan** is the Non-Executive Independent Director of the company. He has previously served as the deputy managing director of State Bank of India. He has various years of experience in the banking industry. He is also on the boards of AU Small Finance Bank Ltd, Ageas Federal Life Insurance Co Ltd and OCM India Opportunities Arc Management Pvt Ltd.

**Mona Kachhwaha** is the Non – Executive Independent Director on the Board of the company. She has previously worked with Citibank N.A. and Caspian Advisors Pvt Ltd. She has various years of experience in the financial services sector.

**Shailesh Jayantilal Mehta** is the Non – Executive Director on the Board of the company. He currently serves as a partner at Granite Hill Capital Partners and is currently an operating advisor at WestBridge Capital US Advisors, LLC. He has several years of experience in the financial services industry. He currently serves on the boards of *inter alia*, Safari Industries (India) Ltd, Manappuram Finance Ltd, India Shelter Finance Corporation Ltd and Vistaar Financial Services Pvt Ltd

**Kanarath Payattiyath Balaraj** is the Non–Executive Nominee Director on the Board of the company. He has previously worked at WestBridge Capital India Advisors Pvt Ltd and has several years of experience in the investment industry. He is also a partner at Waimea Bay Advisors LLP

**Sumir Chadha** is the Non – Executive Nominee Director on the Board of the company. He is the co-founder of WestBridge Capital. He has several years of experience in the investment industry. He was previously also a director of Sequoia Capital India Advisors Pvt Ltd. He currently serves on the boards of *inter alia*, India Shelter Financial Corporation Ltd, Vistaar Financial Services Pvt Ltd, Mountain Managers Pvt Ltd and Star Health and Allied Insurance Co Ltd.

**Suman Bollina** is the Non – Executive Director on the Board of the company. He is the executive managing partner of Sri Santhi Corporation. He has over 10 years of experience in conceptualisation, design construction and sale of new apartments. He is also on the board of the Subsidiary, Aptus Finance India Pvt Ltd.

### Key Managerial Personnel

**Balaji P** is the Chief Financial Officer of the company. He has various years of experience in the textiles, telecom and finance sectors. He was previously associated with the Bombay Dyeing and Manufacturing Co Ltd, Hutchison Max Telecom Ltd and Cholamandalam MS General Insurance Co Ltd. He joined the company as the CFO on June 21, 2010.

**Sanin Panicker** is the Company Secretary and Compliance Officer of the company. He has various years of experience in the consulting and finance sectors. He was previously associated with Madura Micro Finance Limited.

### OFFER DETAILS

| The Offer   |   |
|---|---|
| <b>Fresh Issue (₹ 500 Cr)</b>                                 | <b>Upto 14,450,867~ - 14,164,305^ Equity Shares</b> |
| <b>Offer for sale by:</b>                                     | <b>Upto 64,590,695 Equity Shares</b>                |
| Padma Anandan - Promoter Selling Shareholder                  | Upto 2,500,000 Equity Shares                        |
| Aravali Investment Holdings - Investor Selling Shareholder    | Upto 19,762,495 Equity Shares                       |
| JIH II LLC - Investor Selling Shareholder                     | Upto 28,379,135 Equity Shares                       |
| GHIOF Mauritius - Investor Selling Shareholder                | Upto 9,997,855 Equity Shares                        |
| Madison India Opportunities IV - Investor Selling Shareholder | Upto 3,723,710 Equity Shares                        |
| Other Selling Shareholder                                     | Upto 227,500 Equity Shares                          |

(~ at lower price band and ^ upper price band)

### OBJECTS OF THE ISSUE

| Objects   | (₹ In Cr)    |
|---|--------------|
|   | Amount       |
| To augmenting the capital base to meet the future capital requirements. | [ • ]        |
| General Corporate Purposes  | [ • ]        |
| <b>Total</b>  | <b>[ • ]</b> |

### BUSINESS OVERVIEW

Aptus Value Housing Finance India Limited (“Aptus”) is an entirely retail focussed housing finance company primarily serving low and middle income self-employed customers in the rural and semi-urban markets of India. The company had the highest RoA of 5.7% among the Peer Set during the financial year 2021. They are one of the largest housing finance companies in south India in terms of AUM, as of March 31, 2021. Their AUM have increased from ₹2,247.23 crore, as of March 31, 2019 to ₹4,067.76 crore, as of March 31, 2021, at a CAGR of 34.54%. Further, they had the lowest cost to income ratio among the Peer Set during the financial year 2021. Their Operating Expenses to Net Income Ratio for the financial year 2021 was 21.80%. Since the inception of the company, they have not restructured any loans or written-off any loans receivable and as of March 31, 2021, March 31, 2020 and March 31, 2019, their Gross NPAs expressed as a percentage of their Gross Loan Assets was 0.68%, 0.70% and 0.40%, respectively. During the financial years 2021, 2020 and 2019, their Credit Costs to Average Total Assets was 0.14%, 0.11% and 0.06%, respectively.

Aptus offers customers home loans for the purchase and self-construction of residential property, home improvement and extension loans; loans against property; and business loans, which accounted for ₹2,103.21 crore, or 51.70%, ₹890.34 crore, or 21.89% and ₹1074.21 crore, or 26.41% of their AUM, as of March 31, 2021, respectively. They **offer loans only to retail customers and do not provide any loans to builders or for commercial real estate**. The company targets first time home buyers where the collateral is a self-occupied residential property. Loans to self-employed customers accounted for ₹2,930.88 crore, or 72.05% of their AUM, while loans to salaried customer accounted for ₹1,136.88 crore, or 27.95%, as of March 31, 2021. As of March 31, 2021, ₹4,045.99 crore, or 99.46% of their AUM were from customers who belonged to the low and middle income groups, earning less than ₹ 50,000 per month, and ₹1,494.80 crore of their AUM, or 39.88% of their customers were new to credit. Further, as of March 31, 2021, ₹2,518.70 crore, or 61.92% of their AUM were from customers located in rural regions.

The company do not provides any loans with a ticket size above ₹2.50 million and the average ticket size of their home loans, loans against property and business loans on the basis of disbursement amounts was ₹0.72 million, ₹0.71 million and ₹0.62 million, as of March 31, 2021, respectively. As of the same date, their home loans, loans against property and business loans had an average loan-to-value of 38.89%, 38.27% and 39.21%, respectively, at the time of sanctioning of the loans.

Aptus has implemented a robust risk management architecture which is reflected in their asset quality. They conduct all aspects of their lending operations in-house including sourcing, underwriting, valuation and legal assessment of collateral and collections, which enables them to maintain direct contact with their customers, reduces turn-around-times and the risk of fraud. Over years, Aptus has studied and developed credit assessment models specific to over 60 types of customer profiles. Some of their profiles are customized to regions and specific types of employment. They update these profiles on a frequent basis for regional and local market specific developments and macro disruptions such as the COVID-19 pandemic. This has helped them reduce subjectivity in forecasting the future income of potential customers, thus enabling robust credit underwriting. They have leveraged technology in various facets of their operations and have robust systems and processes to assist them with their underwriting and collections functions and to monitor asset quality. These systems and processes are also technology enabled with a view to ultimately digitize the entire life cycle of a loan from origination to closure. They have also implemented digitized collection models, which has led to an increase in their collection efficiencies.

The company has diversified their geographical presence by adopting a strategy of contiguous expansion across regions and are focused on achieving deeper penetration in their existing markets. As of March 31, 2021, the states of Tamil Nadu (including the union territory of Puducherry), Andhra Pradesh, Karnataka and Telangana accounted for ₹2,126.37 crore, or 52.27%, ₹1,111.61 crore, or 27.33%, ₹403.81 crore, or 9.93% and ₹425.97 crore, or 10.47% of their AUM, respectively, and they had a **network of 190 branches covering 75 districts** in such states and the union territory of Puducherry. Aptus had the largest branch network in south India among the Peer Set, as of March 31, 2021.

Over the years, they have successfully grown their presence outside their home state of Tamil Nadu, which accounted for ₹1,341.86 crore, or 59.71% of their AUM, as of March 31, 2019. They have increased the number of their branches from 142 as of March 31, 2019 to 190 as of March 31, 2021. As of March 31, 2021, they had 108 branches that were operational for over 3 years with AUM of ₹3,229.89 crore, while 82 branches were operational for less than 3 years with AUM of ₹837.87 crore.

The company was founded by one of their Promoters, Chairman and Managing Director, M. Anandan. The company is registered with the National Housing Bank (“NHB”) to carry out the business of a housing finance institution without accepting public deposits.

Their marquee shareholders include WestBridge Crossover Fund, LLC, Malabar India Fund Ltd (an affiliate of Malabar Investments), SCI Investments VI (an affiliate of Sequoia Capital), Madison India Opportunities IV (Madison India Capital) and Steadview Capital Mauritius Ltd (an affiliate of Steadview Capital Management).

As of March 31, 2021, March 31, 2020 and March 31, 2019, their Total Borrowings were ₹2,515.07 crore, ₹ 2,021.65 crore and ₹1,606.06 crore and their average cost of borrowings was 9.11%, 10.17% and 9.48%, respectively.

As of March 31, 2021, they had borrowing relationships with the NHB, as well as with 17 banks and other financial institutions. As of March 31, 2021, the weighted average tenure of their outstanding borrowings was 83.3 months and their credit ratings were ICRA A+ (Stable) and CARE A+ (Stable). Currently, they had a positive asset-liability position across all maturity buckets.

As of March 31, 2021, they employed 1,913 personnel.

#### The key financial and operational information for the company

| Particulars                | Fiscal   |          |          |
|----------------------------|----------|----------|----------|
|                            | 2021     | 2020     | 2019     |
| AUM (₹ Cr)                 | 4,067.76 | 3,178.69 | 2,247.23 |
| Growth rate of AUM         | 28%      | 41%      | 59%      |
| Gross Loan Book (₹ Cr)     | 4,064.88 | 3,172.02 | 2,234.13 |
| Disbursements (₹ Cr)       | 1,298.18 | 1,270.98 | 1,089.04 |
| Total Income (₹ Cr)        | 655.24   | 523.72   | 337.12   |
| Profit for the year (₹ Cr) | 266.94   | 211.01   | 111.48   |

| Particulars   | Fiscal   |          |        |
|---|----------|----------|--------|
|   | 2021     | 2020     | 2019   |
| Net Worth (₹ Cr)                                      | 1,979.45 | 1,709.01 | 698.38 |
| AUM / Net Worth                                       | 2.05     | 1.86     | 3.22   |
| Return on Total Assets (%)                            | 6.46%    | 6.95%    | 5.91%  |
| Return on Equity                                      | 14.47%   | 17.53%   | 17.38% |
| Gross NPAs (₹ Cr)                                     | 27.62    | 22.25    | 8.93   |
| Gross NPAs / Gross Loan Assets                        | 0.68%    | 0.70%    | 0.40%  |
| Net NPAs / Gross Loan Assets                          | 0.49%    | 0.54%    | 0.30%  |
| Average Yield on Gross Loan Book                      | 17.24%   | 17.95%   | 17.13% |
| Average cost of borrowings (including securitization) | 9.11%    | 10.17%   | 9.48%  |
| Net Interest Margin                                   | 10.10%   | 9.90%    | 10.32% |
| Operating Expenses to Net Income                      | 21.80%   | 26.08%   | 3.55%  |
| Operating Expenses to Average Total Assets            | 2.37%    | 2.91%    | 43.64% |
| Credit Cost to Average Total Assets                   | 0.14%    | 0.11%    | 0.06%  |
| Capital Adequacy Ratio                                | 73.63%   | 82.49%   | 43.64% |
| Number of branches                                    | 190      | 174      | 142    |
| Live accounts (including securitised accounts)        | 58,069   | 43,987   | 30,749 |

### Recent Developments

| Metric   | As of July 10, 2021 | As of March 31, 2021 |
|--|---------------------|----------------------|
| AUM (₹ Cr)                                     | 4,266.81            | 4,067.76             |
| Gross Loan Book (₹ Cr)                         | 4,264.32            | 4,064.88             |
| Disbursements (₹ Cr)                           | 310.10              | 419.33               |
| Gross NPA (₹ Cr)                               | 85.53               | 27.62                |
| Gross NPAs / Gross Loan Assets                 | 2.00%               | 0.68%                |
| Net NPAs / Gross Loan Assets                   | 1.69%               | 0.49%                |
| Collection Efficiency                          | 93.94%              | 99.76%               |
| Live accounts (including securitized accounts) | 60,305              | 58,069               |
| Number of branches                             | 192                 | 190                  |

The details of the Gross Loan Assets, disbursements and average ticket size for the home loans, loans against property and small business loans:

| Particulars                                 | As of and for the financial year ended March 31, |                 |                 |
|---|--|-----------------|-----------------|
|   | 2021   | 2020            | 2019            |
| <b>AUM/ Gross Loan Assets</b>               |  |                 |                 |
| Home loans                                  | 2,103.21   | 1661.59         | 1,219.44        |
| Loans against property                      | 890.34   | 580.99          | 302.91          |
| Business loans                              | 1,074.21   | 936.11          | 724.88          |
| <b>Total</b>                                | <b>4,067.76</b>                                  | <b>3,178.69</b> | <b>2,247.23</b> |
| <b>Disbursements</b>                        |  |                 |                 |
| Home loans                                  | 665.25   | 627.47          | 564.07          |
| Loans against property                      | 369.80   | 314.23          | 218.50          |
| Business loans                              | 263.13   | 329.28          | 306.47          |
| <b>Total</b>                                | <b>1,298.18</b>                                  | <b>1,270.98</b> | <b>1,089.04</b> |
| <b>Average Ticket Size on Disbursements</b> |  |                 |                 |
| Home loans                                  | 0.72   | 0.76            | 0.78            |
| Loans against property                      | 0.71   | 0.72            | 0.74            |
| Business loans                              | 0.62   | 0.64            | 0.67            |
| <b>Total</b>                                | <b>0.70</b>                                      | <b>0.72</b>     | <b>0.74</b>     |

## Branch Network

| State  | No. of Branches | No. of Districts covered | District Penetration | % of AUM      |
|--|-----------------|--------------------------|----------------------|---------------|
| Tamil Nadu (including the union territory of Puducherry) | 79              | 33                       | 86.8%                | 52.3%         |
| Andhra Pradesh   | 65              | 13                       | 100.0%               | 27.3%         |
| Telangana  | 25              | 15                       | 48.4%                | 10.5%         |
| Karnataka  | 21              | 14                       | 45.2%                | 9.9%          |
| <b>Total</b>   | <b>190</b>      | <b>75</b>                |                      | <b>100.0%</b> |

## REVENUE FROM OPERATIONS

|                                | For the Financial Year |                |                 |                |                 |                |
|--------------------------------|------------------------|----------------|-----------------|----------------|-----------------|----------------|
|                                | 2021                   |                | 2020            |                | 2019            |                |
|                                | Revenue<br>₹ Cr        | % to Total     | Revenue<br>₹ Cr | % to Total     | Revenue<br>₹ Cr | % to Total     |
| Interest Income                | 623.89                 | 98.00%         | 485.23          | 96.98%         | 310.89          | 96.00%         |
| Net gain on fair value changes | 0.76                   | 1.12%          | 3.14            | 0.63%          | 4.25            | 1.31%          |
| Fees and commission income     | 11.97                  | 1.88%          | 11.96           | 2.39%          | 8.72            | 2.69%          |
| <b>Total</b>                   | <b>636.61</b>          | <b>100.00%</b> | <b>500.33</b>   | <b>100.00%</b> | <b>323.85</b>   | <b>100.00%</b> |

## KEY FINANCIAL AND OPERATIONAL METRICS

### Return on Equity and Assets

(₹ In Cr, except %)

| Particulars                       | For the Financial Year |          |          |
|-----------------------------------|------------------------|----------|----------|
|                                   | 2021                   | 2020     | 2019     |
| Profit After Tax                  | 266.94                 | 211.01   | 111.48   |
| Total Assets                      | 4,520.17               | 3,746.72 | 2,327.69 |
| Average Total Assets              | 4,133.45               | 3,037.21 | 1,886.51 |
| AUM                               | 4,067.76               | 3,178.69 | 2,247.23 |
| Average AUM                       | 3,623.23               | 2,712.96 | 1,831.99 |
| Net Worth                         | 1,979.45               | 1,709.01 | 698.38   |
| Average Net Worth                 | 1,844.23               | 1,203.69 | 641.58   |
| Total Borrowing                   | 2,515.07               | 2,021.65 | 1,606.06 |
| Average Total Borrowings          | 2,268.36               | 1,813.85 | 1,226.18 |
| Return on Total Assets (%)        | 6.46%                  | 6.95%    | 5.91%    |
| Return on Equity (%)              | 14.47%                 | 17.53%   | 17.38%   |
| Basic Earnings Per Equity Share   | 5.56                   | 4.77     | 2.83     |
| Diluted Earnings Per Equity Share | 5.55                   | 4.74     | 2.82     |
| Net Asset Value Per Share         | 41.12                  | 35.66    | 17.73    |

(Source: RHP)

### Financial Ratios

(₹ in Cr, except % and ratios/ time)

| Particulars               | For the Financial Year |          |          |
|---------------------------|------------------------|----------|----------|
|                           | 2021                   | 2020     | 2019     |
| AUM/Gross Loan Assets     | 4,067.76               | 3,178.69 | 2,247.23 |
| AUM Growth (%)            | 27.97%                 | 41.45%   | 58.62%   |
| Average AUM               | 3,623.23               | 2,712.96 | 1,831.99 |
| Securitized assets        | 2.89                   | 6.68     | 13.10    |
| Leverage (AUM / Networth) | 1.96                   | 2.25     | 2.86     |
| Gross Loan Book           | 4,064.88               | 3,172.02 | 2,234.13 |
| Average Gross Loan Book   | 3,618.45               | 2,703.08 | 1,815.15 |
| Total Assets              | 4,520.17               | 3,746.72 | 2,327.69 |

| Particulars                                    | For the Financial Year |              |              |
|--|------------------------|--------------|--------------|
|  | 2021                   | 2020         | 2019         |
| Disbursements                                  | 1,298.18               | 1,270.98     | 1,089.04     |
| Live Accounts (including securitised loans)    | 58,069                 | 43,987       | 30,749       |
| Total Revenue from Operations                  | 636.62                 | 500.33       | 323.85       |
| Other Income                                   | 18.63                  | 23.39        | 13.26        |
| Total Income                                   | 655.24                 | 523.72       | 337.12       |
| Finance Costs                                  | 206.53                 | 184.55       | 116.22       |
| Operating Expenses                             | 97.80                  | 88.45        | 67.02        |
| Operating Expenses to Average Total Assets (%) | 2.37%                  | 2.91%        | 3.55%        |
| Credit Cost                                    | 5.82                   | 3.43         | 1.17         |
| Credit Cost to Average Total Assets (%)        | 0.14%                  | 0.11%        | 0.06%        |
| Total Expenses                                 | 310.15                 | 276.43       | 184.41       |
| Gross NPA                                      | 27.62                  | 22.25        | 8.93         |
| Gross NPA to AUM (%)                           | 0.68%                  | 0.70%        | 0.40%        |
| NPA Provision                                  | 7.59                   | 5.21         | 2.20%        |
| Net NPA  | 20.03                  | 17.04        | 6.73         |
| <b>Net NPA to AUM (%)</b>                      | <b>0.49%</b>           | <b>0.54%</b> | <b>0.30%</b> |
| Provision Coverage Ratio –AUM (%)              | 27.48%                 | 23.41%       | 24.64%       |
| Operating Expenses to Net Income (%)           | 21.80%                 | 26.08%       | 30.34%       |
| Gross Loan Book/ Net Worth                     | 2.05                   | 1.86         | 3.22         |
| Average Gross Loan Book/ Average Net Worth     | 1.96                   | 2.25         | 2.83         |
| Net Loan Assets                                | 4,060.17               | 3,173.49     | 2,245.03     |
| Net NPAs to Net Loan Assets (%)                | 0.49%                  | 0.54%        | 0.30%        |

### Return Ratios

(in %)

| Particulars  | For the Financial Year |        |        |
|--|------------------------|--------|--------|
|  | 2021                   | 2020   | 2019   |
| Revenue from Operations to Average Gross Loan Book | 17.59%                 | 18.51% | 17.84% |
| Other Income to Average Gross Loan Book            | 0.51%                  | 0.87%  | 0.73%  |
| Total Revenue to Average Gross Loan Book           | 18.11%                 | 19.37% | 18.57% |
| Finance cost to Average Gross Loan Book            | 5.71%                  | 6.83%  | 6.40%  |
| Spread to Average Gross Loan Book                  | 11.53%                 | 11.12% | 10.72% |
| Operating Expenses to Average Gross Loan Book      | 2.70%                  | 3.27%  | 3.69%  |
| Credit cost to Average Gross Loan Book             | 0.16%                  | 0.13%  | 0.06%  |
| PBT to Average Gross Loan Book                     | 9.54%                  | 9.15%  | 8.41%  |
| PAT to Average Gross Loan Book                     | 7.38%                  | 7.81%  | 6.14%  |
| PAT to Average Net Worth                           | 14.47%                 | 17.53% | 17.38% |

### Yields, Spreads and Margins

(₹ in Cr, except %)

| Particulars  | For the Financial Year |               |               |
|--|------------------------|---------------|---------------|
|  | 2021                   | 2020          | 2019          |
| Interest Income                                      | 623.89                 | 485.23        | 310.89        |
| Finance Costs  | 206.53                 | 184.55        | 116.22        |
| Total Interest-earning Assets                        | 4,425.79               | 3,718.70      | 2,309.14      |
| Average Interest-earning Assets                      | 4,072.24               | 3,013.92      | 1,847.87      |
| Average Total Assets                                 | 4,133.45               | 3,037.21      | 1,886.51      |
| Average Interest-bearing liabilities                 | 2,268.36               | 1,813.85      | 1,226.18      |
| Total Income   | 655.24                 | 523.72        | 337.12        |
| <b>Net Interest Income</b>                           | <b>417.36</b>          | <b>300.68</b> | <b>194.67</b> |
| Average yield on Loan Book                           | 17.24%                 | 17.95%        | 17.13%        |
| Average Cost of Borrowings, including securitisation | 9.11%                  | 10.17%        | 9.48%         |

| Particulars                        | For the Financial Year |              |              |
|------------------------------------|------------------------|--------------|--------------|
|                                    | 2021                   | 2020         | 2019         |
| <b>Spread</b>                      | <b>8.14%</b>           | <b>7.78%</b> | <b>7.65%</b> |
| Net Interest Margin (%)            | 10.10%                 | 9.90%        | 10.32%       |
| Average Yield on Disbursements     | 16.88%                 | 17.18%       | 17.23%       |
| Incremental Cost of Borrowings (%) | 7.70%                  | 9.45%        | 10.11%       |
| Incremental Borrowings             | 967.13                 | 785.00       | 781.00       |

### Productivity Ratios

(₹ in Cr, except % and ratios/ time)

| Particulars                                    | For the Financial Year |        |        |
|--|------------------------|--------|--------|
|  | 2021                   | 2020   | 2019   |
| Number of branches                             | 190                    | 174    | 142    |
| Number of on-roll employees                    | 1913                   | 1702   | 1322   |
| Live Accounts (including securitised accounts) | 58,069                 | 43,987 | 30,749 |
| AUM per branch (₹ Cr)                          | 21.41                  | 18.27  | 15.83  |
| AUM per employee (₹ Cr)                        | 2.13                   | 1.87   | 1.70   |
| Disbursement per branch (₹ Cr)                 | 6.83                   | 7.30   | 7.67   |
| Disbursement per employee (₹ Cr)               | 0.68                   | 0.75   | 0.82   |
| Live Accounts/branch                           | 305.63                 | 252.80 | 216.54 |
| Live Accounts/employee                         | 30.35                  | 25.84  | 23.26  |

### Capital Adequacy

(₹ in Cr, except %)

| Particulars                             | For the Financial Year |                 |                 |
|---|------------------------|-----------------|-----------------|
|   | 2021                   | 2020            | 2019            |
| Tier I Capital                          | 1,861.38               | 1,619.77        | 595.19          |
| Tier II Capital                         | (3.76)                 | 4.84            | 5.97            |
| <b>Total Capital</b>                    | <b>1,857.62</b>        | <b>1,624.61</b> | <b>601.16</b>   |
| <b>Risk Weighted Assets</b>             | <b>2,522.81</b>        | <b>1,969.37</b> | <b>1,377.50</b> |
| <b>Capital Adequacy Ratio (%)</b>       | <b>73.63%</b>          | <b>82.49%</b>   | <b>43.64%</b>   |
| Tier I Capital (%)                      | 73.78%                 | 82.25%          | 43.21%          |
| Tier II Capital (%)                     | (0.15)%                | 0.25%           | 0.43%           |
| <b>Total Borrowings to Equity ratio</b> | <b>1.27</b>            | <b>1.18</b>     | <b>2.30</b>     |

## COMPETITIVE STRENGTH

- Presence in large, underpenetrated markets with strong growth potential**

As of March 31, 2021, the states of Tamil Nadu (including the union territory of Puducherry), Andhra Pradesh, Karnataka and Telangana accounted for ₹2,126.37 crore, or 52.27%, ₹1,111.61 crore, or 27.33%, ₹403.81 crore, or 9.93% and ₹425.97 crore, or 10.47% of the AUM, respectively, and they had a network of 190 branches covering 75 districts in such states and the union territory of Puducherry. They had the largest branch network in south India among the Peer Set, as of March 31, 2021. These four states have high per-capita incomes, better financial literacy and GDP growth rates.

- Robust risk management architecture from origination to collections leading to superior asset quality**

The company has implemented robust risk management architecture to identify, monitor and mitigate risks inherent in their lending operations. As a result, they have maintained their asset quality across economic cycles including events such as demonetization, the implementation of the Goods and Services Tax, the liquidity crisis that was triggered by defaults by large financial services companies and the COVID-19 pandemic. Further, they have not restructured any loans or written-off any loans receivable since the inception of the company.

The company primarily targets customers whose sources of income according to them are more resilient to economic cycles. As of March 31, 2021, their home loans, loans against property and business loans had an average loan-to-value of 38.89%, 38.27% and 39.21%, respectively, at the time of sanctioning of the loan. They also seek to maintain an instalment to income ratio of at least 1:2.

Aptus has grown their business by increasing their customer base, while maintaining low average loan ticket sizes. They focus on disbursing loans which have an average ticket size in the range of ₹0.5 million to ₹1.5 million and as of March 31, 2021, ₹3,844.35 crore, or 94.51% of the AUM had an average ticket size between this range.

They operate their business in a centralized manner and have set up separate internal verticals for their sales, legal, technical and collection functions who report independently to their head office. They have created over 60 types of customer profiles to assist them with credit assessment. After the disbursement of a loan, they closely monitor loan accounts for the first 15 to 24 months to check for early signals of potential defaults and conduct post disbursement audits. They utilize their analytics platform to maintain different templates of customer profiles and increase business while managing risks. They have also entered into arrangements with insurance companies to offer credit shield insurance and property insurance to their customers.

- ***In-house operations leading to desired business outcomes***

The company is a customer centric organization and have developed strong relationships with their customers by addressing their concerns in availing housing finance. They source customers directly through their sales team, which comprised over 1,085 personnel as of March 31, 2021. They conduct all aspects of their lending operations in-house including sourcing, underwriting, valuation and legal assessment of collateral and collections, which enables them to maintain direct contact with their customers, reduces turn-around-times and the risk of fraud. They have also developed up in-house teams for property evaluation, property valuation, conducting legal assessments and collections. As of March 31, 2021, their legal and technical team comprised over 206 personnel.

- ***Domain expertise built over time resulting in a business model difficult to replicate by others***

Aptus has developed an in-depth understanding of the requirements of customers in these regions and methods to determine their credit worthiness. Over years, they have studied and developed credit assessment models specific to over 60 types of customer profiles. Some of their profiles are customized to regions and specific types of employment. They update these profiles on a frequent basis for regional and local market specific developments and macro disruptions such as the COVID-19 pandemic. This has helped them reduce subjectivity in forecasting the future income of potential customers, thus enabling robust credit underwriting.

- ***Experienced and stable management team with marquee shareholders***

The company has an experienced management team, which is supported by qualified and experienced operational personnel. Their Promoter, Chairman and Managing Director, M. Anandan, has over 40 years of experience in the financial services sector. The Chief of Business and Risk, Subramaniam G., has several years of experience in the fields of operations, risk management, fraud control and collections. The Chief Financial Officer, P. Balaji, has over several years of experience in the textiles, telecom and finance sectors. C.T. Manoharan, Executive Vice President – Business Development, has several years of experience in the housing finance industry. Sarath Chandran D., Executive Vice President – Collections and Technical, has various years of experience in the housing finance industry.

Company's marquee shareholders include WestBridge Crossover Fund, LLC, Malabar India Fund Ltd (an affiliate of Malabar Investments), SCI Investments VI (an affiliate of Sequoia Capital), Madison India Opportunities IV (Madison India Capital) and Steadview Capital Mauritius Ltd (an affiliate of Steadview Capital Management). WestBridge Crossover Fund, LLC has been an investor in the company since November 2014, and as of March 31, 2021, WestBridge Capital Management, LLC had total assets under management of US\$ 5.6 billion.

- ***Established track record of financial performance with industry leading profitability***

Company's focus on serving self-employed customers has resulted in high yields for their loan portfolio. As of March 31, 2021, their average yield on disbursements was 16.88%, with home loans, loans against property and business loans accounting for 15.38%, 17% and 20.45%, respectively.

Company's financing requirements historically have been met from several sources, including refinancing from the NHB, financing from IFC, term loans, working capital loans and issuance of NCDs to meet their capital requirements. They also monetize loans through securitization to banks and financial institutions. As of March 31, 2021, they had borrowing relationships with the NHB, as well as with 17 banks and other financial institutions.

- ***Focus on the social impact of the business***

Most of their loans are provided under the affordable housing schemes promoted by the GoI, such as the Pradhan Mantri Awas Yojana, which benefits the economically weaker section and low and middle income groups in semi urban and rural areas.

## KEY BUSINESS STRATEGIES

- **Continue to focus on low and middle income self-employed customers in rural and semi-urban markets**

The company primarily serve low and middle income self-employed customers in rural and semi-urban markets. This customer segment offers them significant growth opportunities since they are primarily new to credit customers, without formal income proofs and are un-served or underserved by formal financial institutions. The company will continue to disburse loans only to retail customers for the purchase or construction of self-occupied homes as part of their risk mitigation strategy.

- **Increase penetration in the existing markets and expand the branch network in large housing markets**

The company intends to continue to expand their presence in an on-ground contiguous manner in order to achieve deeper penetration in these regions. Before setting up new branches, they conduct research and consider a number of factors such as regional demographics, level of urbanization and the competitive landscape. They also intend to expand their branch network in large housing markets in the states of Maharashtra, Odisha and Chhattisgarh.

- **Continue to be an asset quality focused financier**

The company intends to grow their business while focussing on maintaining their asset quality. They have maintained their asset quality across economic cycles including events such as demonetization, the liquidity crisis that was triggered by defaults by large financial services companies and the COVID-19 pandemic. They were able to consistently perform well through such macro-economic challenges due to several factors including the risk management architecture, the strength of the management team and proactive measures undertaken during such periods.

- **Reduce cost of borrowings by diversifying sources of borrowing and improving credit rating**

The company has been able to obtain cost-effective financing and optimize their borrowing costs due to several factors including their improved credit ratings and their financial performance. The credit ratings by both ICRA and CARE are ICRA A+(Stable) and CARE A+; Stable, respectively as of March 31, 2021. They have also reduced their average cost of borrowings including securitization from 10.17% as of March 31, 2020 to 9.11% as of March 31, 2021. They also intend to increase their lender base which has grown from 14 as of March 31, 2019 to 17 as of March 31, 2021.

## COMPETITION

The housing finance industry in India is highly competitive. Aptus faces competition from other HFCs, NBFCs, small finance banks, as well as scheduled commercial banks. The primary competitors includes **Aadhar Housing Finance Ltd, Home First Finance Company India Ltd, Cholamandalam Investment and Finance Company Ltd, Shriram City Union Finance Ltd, Shriram Housing Finance Ltd, Repco Home Finance Ltd, HDB Financial Services Ltd, Vistaar Financial Services Pvt Ltd** and several small finance banks.

## INDUSTRY OVERVIEW

### Peer benchmarking - Size of the companies and growth

(₹ In Cr except %)

|                             | AUM      |          |                   |                       | Disbursements |               |              | Total Income FY21 | PAT FY21 | Total Net Worth FY21 |
|-----------------------------|----------|----------|-------------------|-----------------------|---------------|---------------|--------------|-------------------|----------|----------------------|
|                             | AUM FY21 | AUM FY20 | YoY Growth (FY21) | Growth CAGR (FY17-21) | Disbursements | Growth (FY21) | CAGR FY17-21 |                   |          |                      |
| Aadhar Housing Finance      | 13,330   | 11,430   | 17%               | 43%                   | 3,550         | 11%           | 20%          | 1,550             | 340      | 2,690                |
| Aavas Financiers            | 9,450    | 7,800    | 21%               | 37%                   | 2,660         | (9)%          | 18%          | 1,110             | 290      | 2,400                |
| Aptus Value Housing Finance | 4,070    | 3,180    | 28%               | 48%                   | 1,300         | 1%            | 33%          | 550               | 220      | 1,890                |
| Home First Finance Company  | 4,140    | 3,620    | 14%               | 51%                   | 1,100         | (32)%         | 27%          | 490               | 100      | 1,380                |
| India Shelter Finance       | 1,930    | 1,520    | 29%               | 44%                   | 560           | (2)%          | 25%          | 320               | 90       | 940                  |
| Motilal Oswal Home Finance  | 3,510    | 3,670    | (4)%              | (4)%                  | 270           | 44%           | (42)%        | 550               | 40       | 910                  |
| Repco Home Finance          | 12,120   | 11,830   | 2%                | 8%                    | 1,840         | (30)%         | (9)%         | 1,390             | 290      | 2,060                |
| Shriram Housing Finance     | 3,930    | 2,310    | 70%               | 22%                   | 2,200         | 95%           | 23%          | 430               | 60       | 360                  |
| Shubham Housing             | 1,940    | 1,680    | 15%               | 24%                   | NA            | NA            | NA           | 340               | 60       | 520                  |
| Vastu Housing Finance       | 2,410    | 1,770    | 36%               | 86%                   | 3,300         | NA            | NA           | 350               | 100      | 990                  |

### Financial ratios for FY21

| FY21                        | Yield on advances | Cost of borrowings | NIM    | Opex  | Employee expenses | Return on Assets (RoA) | Leverage (In Times) | Return on Equity (RoE) |
|-----------------------------|-------------------|--------------------|--------|-------|-------------------|------------------------|---------------------|------------------------|
| Aadhar Housing Finance      | 13.35%            | 8.27%              | 5.65%  | 2.32% | 1.21%             | 2.62%                  | 3.8                 | 13.51%                 |
| Aavas Financiers            | 14.25%            | 7.97%              | 7.79%  | 3.54% | 1.92%             | 3.49%                  | 2.6                 | 12.91%                 |
| Aptus Value Housing Finance | 16.98%            | 9.13%              | 9.72%  | 2.38% | 1.60%             | 5.73%                  | 1.1                 | 12.23%                 |
| Home First FinanceCo        | 13.36%            | 7.94%              | 6.73%  | 3.38% | 1.47%             | 2.50%                  | 2.2                 | 8.63%                  |
| India Shelter Finance       | 15.89%            | 8.69%              | 10.21% | 4.90% | 2.50%             | 4.09%                  | 1.6                 | 9.76%                  |
| Motilal Oswal Home Finance  | 14.90%            | 9.97%              | 6.59%  | 4.27% | 1.48%             | 1.04%                  | 3.1                 | 4.57%                  |
| Repco Home Finance          | 11.54%            | 7.95%              | 4.80%  | 1.60% | 0.58%             | 0.24%                  | 5.0                 | 14.98%                 |
| Shriram Housing Finance     | 12.28%            | 8.24%              | 6.96%  | 4.30% | 1.73%             | 1.97%                  | 5.5                 | 11.46%                 |
| Shubham Housing             | 16.32%            | 9.73%              | 9.34%  | 5.70% | 3.61%             | 2.81%                  | 3.1                 | 12.26%                 |
| Vastu Housing Finance       | 14.71%            | 9.08%              | 8.94%  | 3.65% | 2.22%             | 3.98%                  | 1.5                 | 10.65%                 |

### OFFER DETAILS

| Name of the company                   | Standalone / Consolidated | Face Value | Total Income for FY2021 (₹ Cr) | EPS (Basic) | NAV    | P/E   | P/B  | RoNW (%) |
|---------------------------------------|---------------------------|------------|--------------------------------|-------------|--------|-------|------|----------|
| Aptus Value Housing Finance India Ltd | Consolidated              | 2          | 655.24                         | 5.56        | 41.12  | [•]   | [•]  | 13.49%   |
| Aavas Financiers Ltd                  | Consolidated              | 10         | 1,105.34                       | 36.94       | 305.86 | 67.44 | 8.07 | 12.06%   |

Source: RHP; P/E Ratio has been computed based on the closing market price of equity shares on BSE on August 2, 2021.

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