

Aptus Value Housing Finance India Ltd : Good Issue

IPO Note : One of the Largest in South India in terms of AUM : Good Growth in Revenue and PAT: Fully-Priced : Ranking***



Issue details

Price band (Rs)	Rs.346-353
IPO Opening Date	10/08/21
IPO Closing Date	12/08/21
Issue Size	Rs. 2780.05 Cr.

Financial and Recommendation

On a consolidated basis, for the last three fiscals, Aptus has posted turnover/net profits of Rs. 337.12 cr. / Rs. 111.48 cr. (FY19), Rs. 523.72 cr. / Rs. 211.01 cr. (FY20) and Rs. 655.24 cr. / Rs. 266.94 cr. (FY21). As per the offer documents, Aptus has shown Aavas Financiers as its listed peer is trading at a P/E of 67.99 (as of August 06, 2021). If we attribute FY21 earnings on fully diluted post issue paid-up equity capital, then the asking price is at a P/E of around 65.49. Thus the issue is fully priced in comparison with a listed peer.

Revenue grew at CAGR of 40.17% and PAT grew at a CAGR of 54.74% in last three years.

Gross NPA and Net NPA stood at 0.7 and 0.5 for FY21

Highlights

- 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.
- Over the years, they have successfully grown their presence outside their home state of Tamil Nadu, which accounted for Rs1,341.86 crore, or 59.71% of their AUM
- As of March 31, 2021, they had 108 branches that were operational for over 3 years with AUM of Rs.3,229.89 crore, while 82 branches were operational for less than 3 years with AUM of Rs.837.87 crore.

Company Introduction

Incorporated in 2009, Aptus Value Housing is a retail-focused housing finance company that primarily serves low and middle-income self-employed customers in the rural and semi-urban markets of India. As per the CRISIL report, it is one of the largest housing finance companies in South India in terms of AUM of 37,909.31 million as of December 31, 2020.

The company offers home loans to retail customers to purchase homes, construct residential property, house improvement and extension, loans against property, and business loans. It undertakes all types of lending activities such as sourcing, underwriting, valuation, and legal assessment of collateral, the credit assessment, and collection. As of December 31, 2020, the total home loans accounted for 51.76% of AUM. As of December 31, 2020, 99.42% of the AUM was from customers belong to the low and middle-income group with a monthly income of less than Rs. 50,000.

During the financial years 2021, 2020 and 2019, Aptus's credit Costs to Average Total Assets was 0.14%, 0.11% and 0.06%, respectively. It offers customers home loans for the purchase



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Financial Summary (Rs. In Crore)

Particulars	FY2021	FY2020	FY2019
Total Income	636.61	500.32	323.85
Net Profit	266.94	211.01	111.48
EPS (Rs)	5.38	4.25	2.24

Source: RHP and ACE Equity

RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

and self-construction of residential property, home improvement and extension loans; loans against the property; and business loans. It only offers loans to retail customers and does 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.

Company Promoters:

M. Anadan, Padma Anandan, and Westbridge Crossover Fund, LLC are the company promoters.

Objects of the Issue:

- To augment company's capital base to meet future capital requirements.
- To meet issue related expenditures.
- To achieve share listing benefits on the stock exchanges.

IPO Issue Proceed

To part finance its plans augment its Tier-I capital requirements, Aptus is coming out with a maiden IPO worth Rs. 2780.05 cr. (at the upper price band) via book building route. It comprises a fresh equity issue for Rs. 500 cr. (approx. 14164290 shares) and an Offer for Sale (OFS) of 64590695 shares (Rs. 2280.05 cr.). It has fixed a price band of Rs. 346 - Rs. 353 per share of Rs. 2 each. The minimum application to be made is for 42 shares and in multiples thereon, thereafter. The issue opens for subscription on August 10, 2021, and will close on August 12, 2021. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 15.89% of the post issue paid-up capital of Aptus. The company has allocated 50% for QIBs, 15% for HNIs and 35% for retail investors. Post-IPO Aptus's current paid-up equity capital of Rs. 96.28 cr. will stand enhanced to Rs. 99.12 cr. Based on the upper cap of the price band, the company is looking for a market cap of Rs. 17494 cr.

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