

APTUS VALUE HOUSING FINANCE INDIA LTD.

RECOMMENDATION : BUY

MARKET PRICE : Rs.246.15 (As on 5th July 2023)

TARGET PRICE : Rs.308.00

FACE VALUE : Rs.2

BSE CODE : 543335

NSE CODE : APTUS





Headquartered in Chennai, Aptus Value Housing Finance India Ltd. is a housing finance company with focus on affordable housing loans. The Company provides home loans to low and middle income groups, in rural and semi-urban areas for purchase and self construction of residential properties and for home improvement. The Company targets first time home buyers where primary collateral is self occupied residential property.

ABOUT THE COMPANY

From 20 branches in FY'12, the Company has increased its number of branches to 230+ in FY'23. The Company is currently focused on operating in Tamil Nadu, Andhra Pradesh, Karnataka, Telangana and the Union Territory of Puducherry. The focus is to further deepen the business in existing markets and to expand contiguously in the states of Maharashtra, Odisha and Chhattisgarh. APTUS has opened its first branch at Bramhapur in Odisha.

Background



Commenced Operations in 2010
from Chennai, Tamil Nadu



Regulated by RBI and supervised by NHB



Run by professional
management team backed by
strong Founder Promoter and
marquee investors

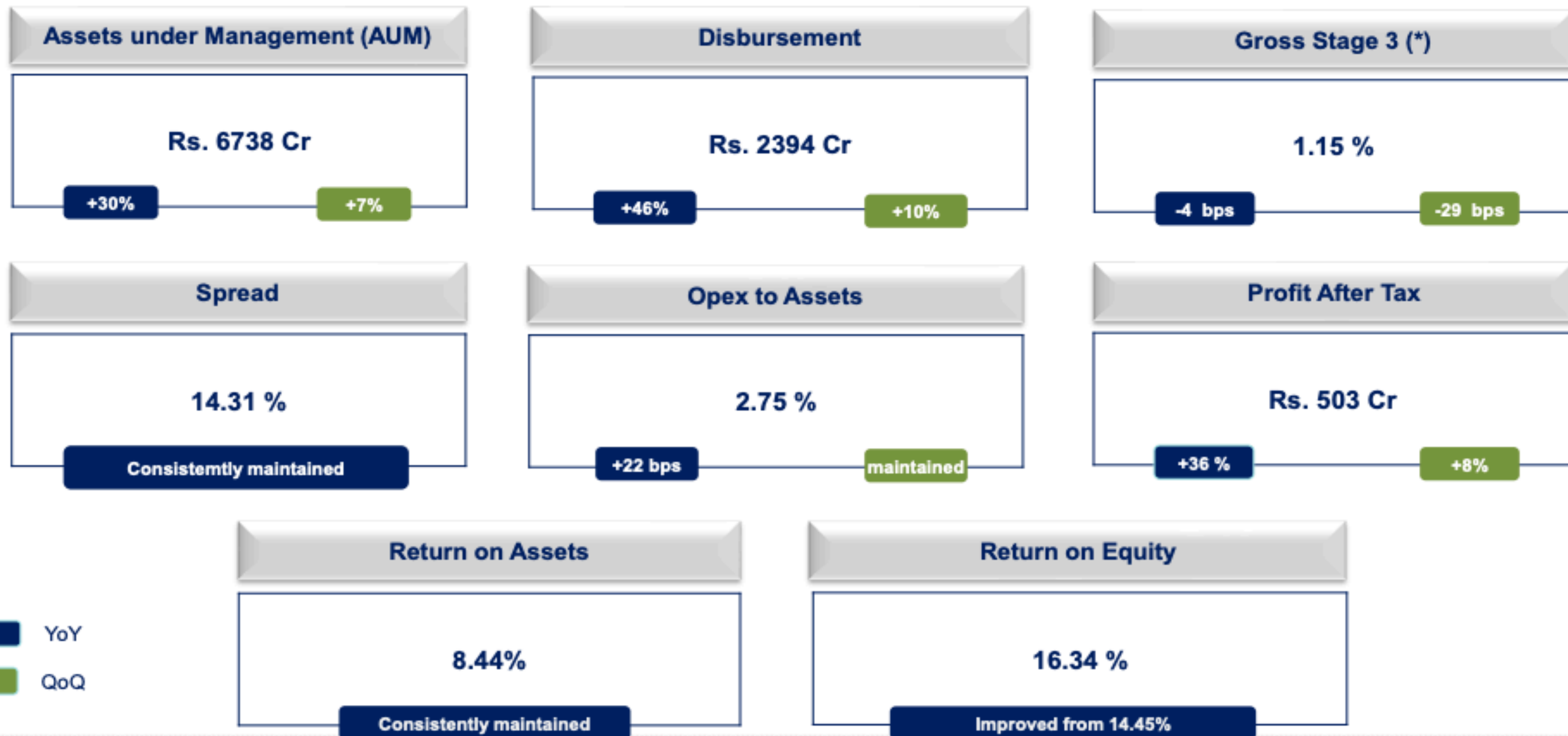


Presence in 231 locations

Key Strengths

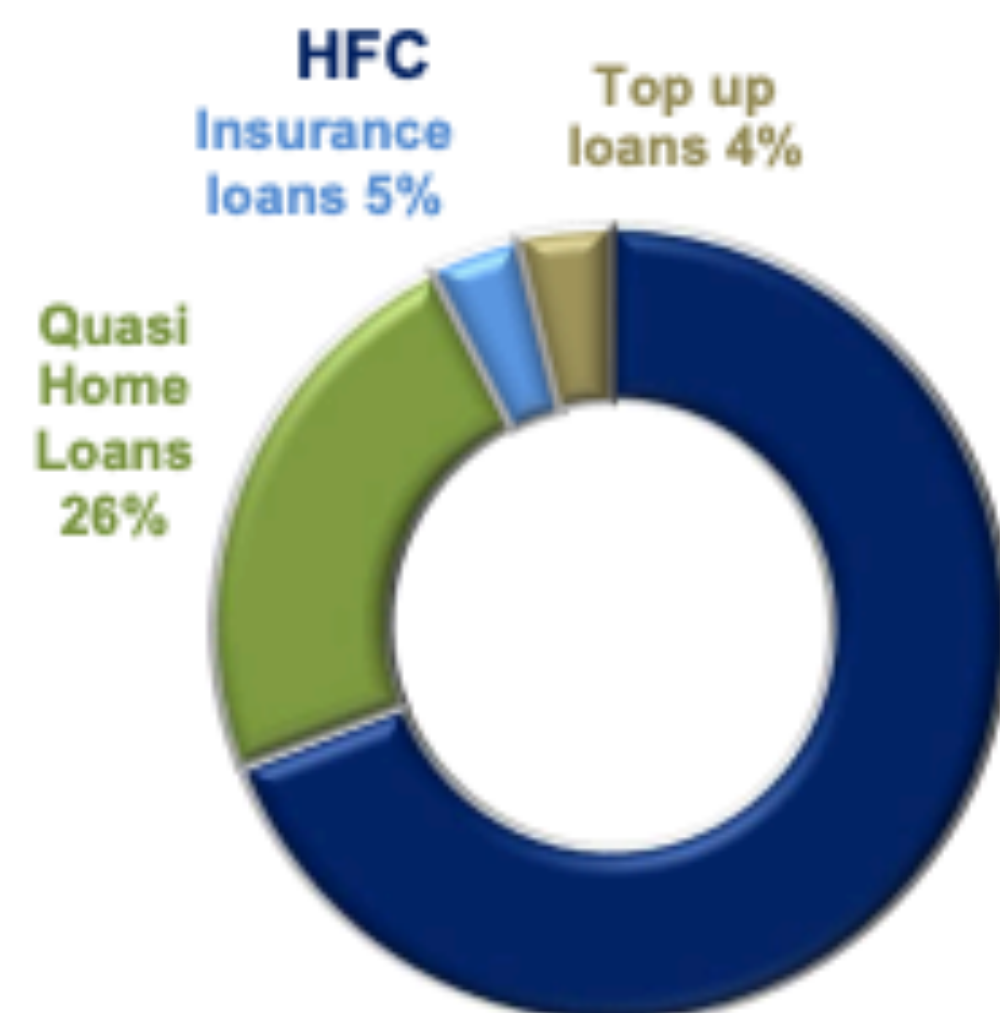


Snapshot - March 2023



Diversified Loan Portfolio With Niche Customer Focus

Secured Portfolio – Home Loans (HL) / Small Business Loans (SBL)

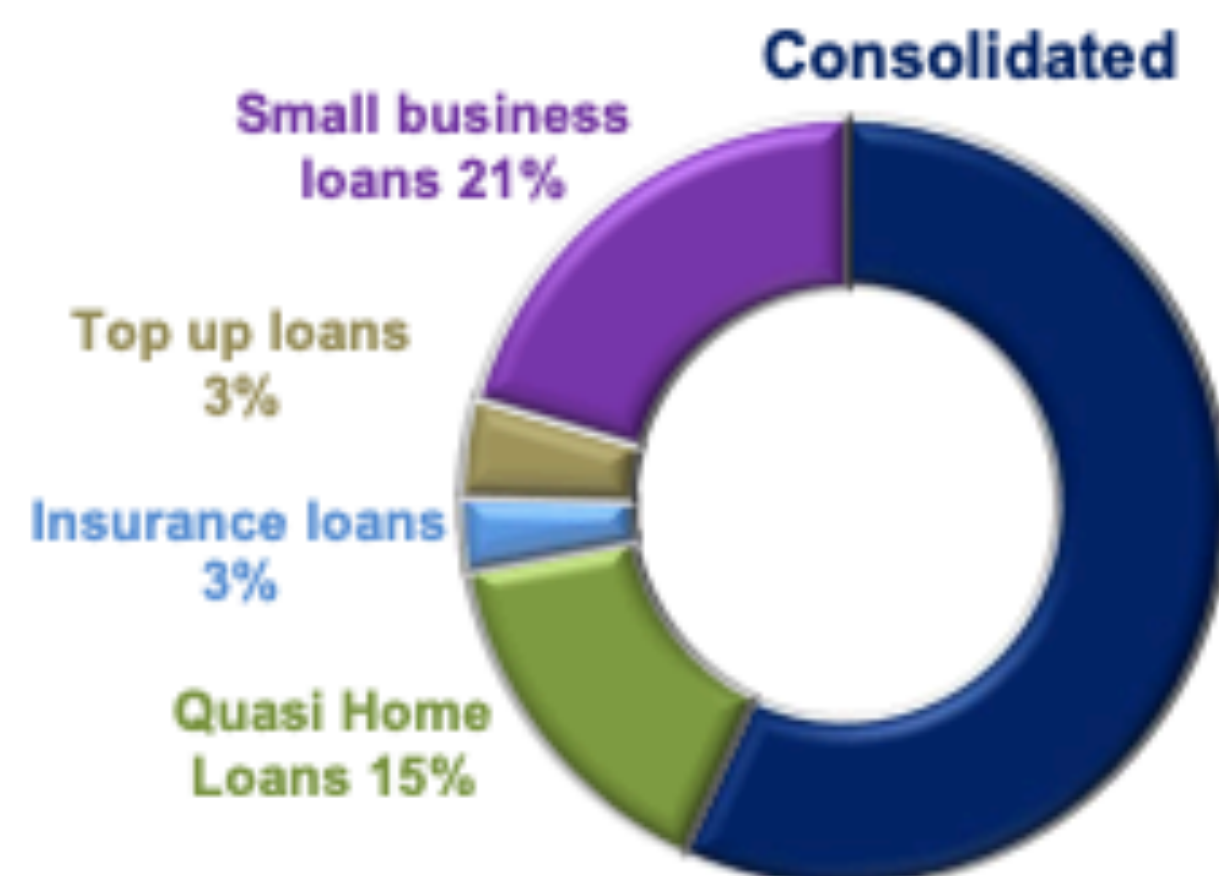


AUM – Rs.5761 Cr

NBFC
Small business loans /Non HL- 100%



AUM – Rs.977 Cr



AUM – Rs.6738 Cr

LIG Customers

78%

Self Employed Borrowers

71%

Rural Focus

74%

Avg Ticket Size < Rs.10 lacs

>93%

100% In-House Operations

Fully In-House Team...



1,346

Business Origination



257

Credit



220

Legal & technical



437

Collection



145

HO / Operations

...Leading to Desired Business Outcomes

Pricing Power



Reduced TAT



Low Takeover



Reduced Operational Risk



Robust Underwriting, Monitoring and Collections Process

100% In-House Sourcing

Lead Generation through

- Cust app, Ref app
- Social media
- 231 Branches

0%

*Sourcing from
DSA / Builders*

Leveraging Technology

Digital Onboarding and KYC

Credit verification app, property app and legal app –

Optimal leverage of technology leading to efficient processing

Stringent Credit Underwriting

Cash flow assessment

Pre & Post Disbursement

Centralized Underwriting

Robust Collection Management System

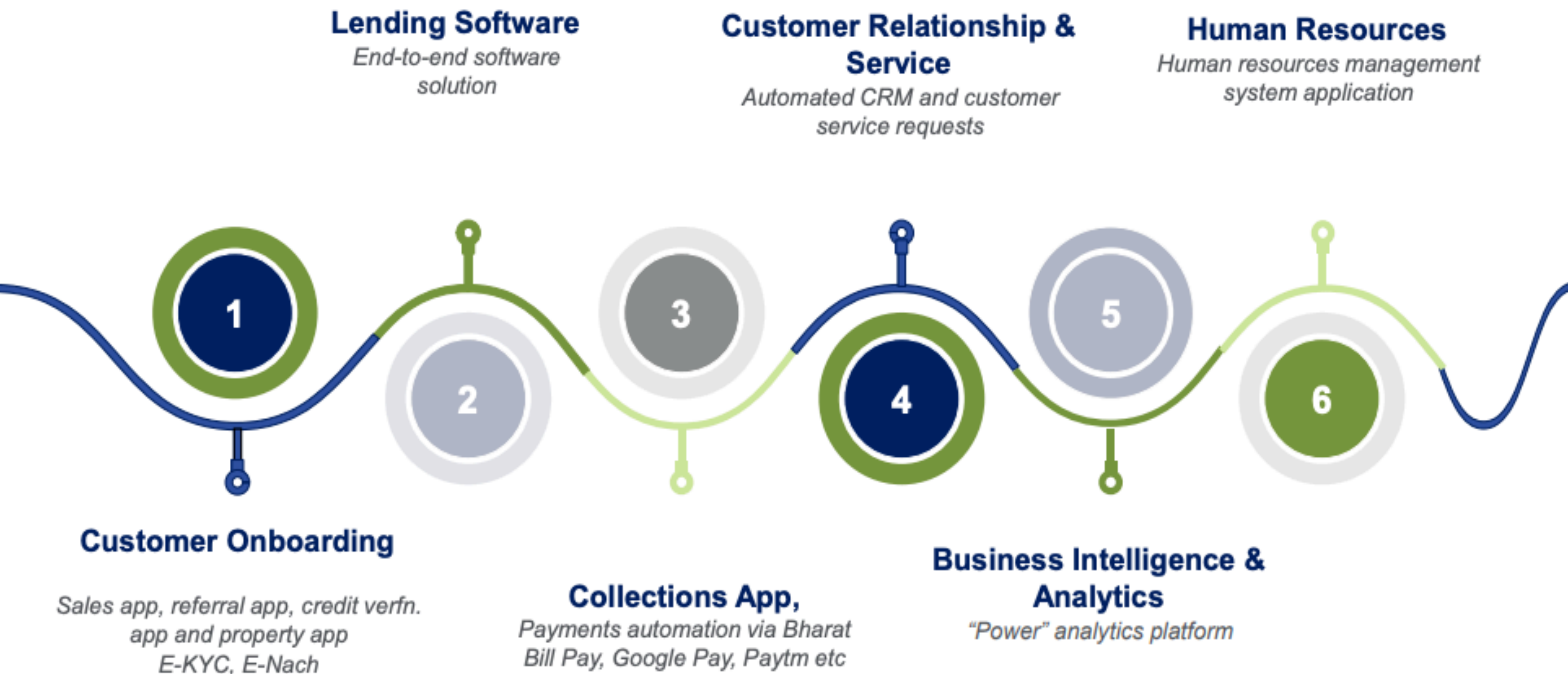
15-24 months

Monitoring early default signs

90 DPD

Legal action / SARFAESI

Information & Technology : Key Enabler of Growth



Scalable and Robust Digital Landscape



Scalability



Tamil Nadu



Andhra Pradesh



Telangana



Karnataka

Per Capita GDP

Compared to national average of INR 157k

1.8x

1.1x

1.5x

1.5x

GDP Growth

India average: 4%

13%

9%

8%

7%

| State | No of branches | % of AUM as on | | | |
|---------------|----------------|----------------|-------|-------|-------|
| | | FY 23 | FY 22 | FY 21 | FY 20 |
| TamilNadu | 86 | 43% | 48% | 52% | 56% |
| AndhraPradesh | 86 | 35% | 31% | 28% | 24% |
| Telangana | 36 | 14% | 12% | 10% | 10% |
| Karnataka | 21 | 8% | 9% | 10% | 10% |
| Odisha | 2 | 0% | 0% | - | - |
| Total | 231 | 100% | 100% | 100% | 100% |

Branch Productivity as on March 31, 2023

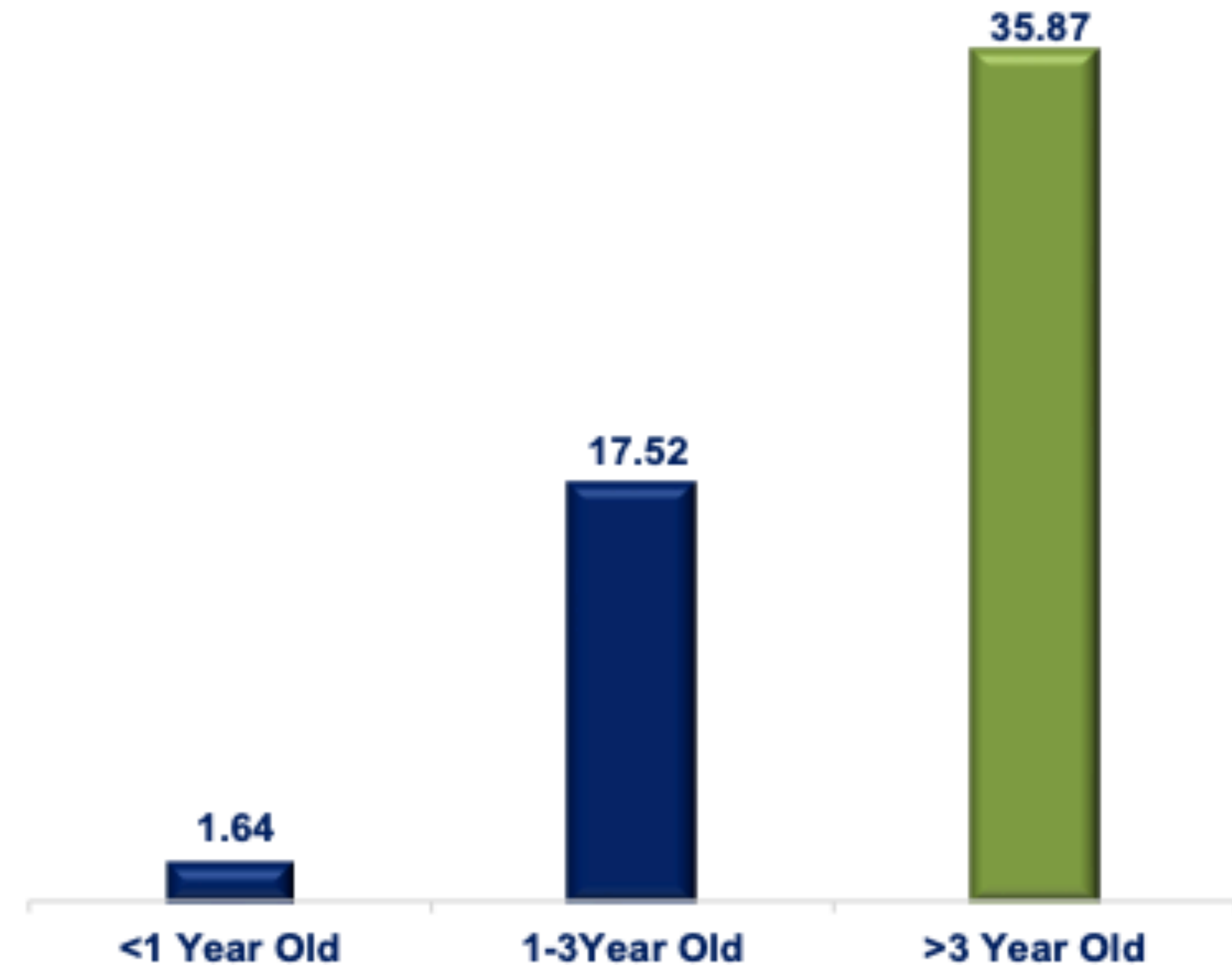
AUM per Branch (Rs. Cr)

of Branches

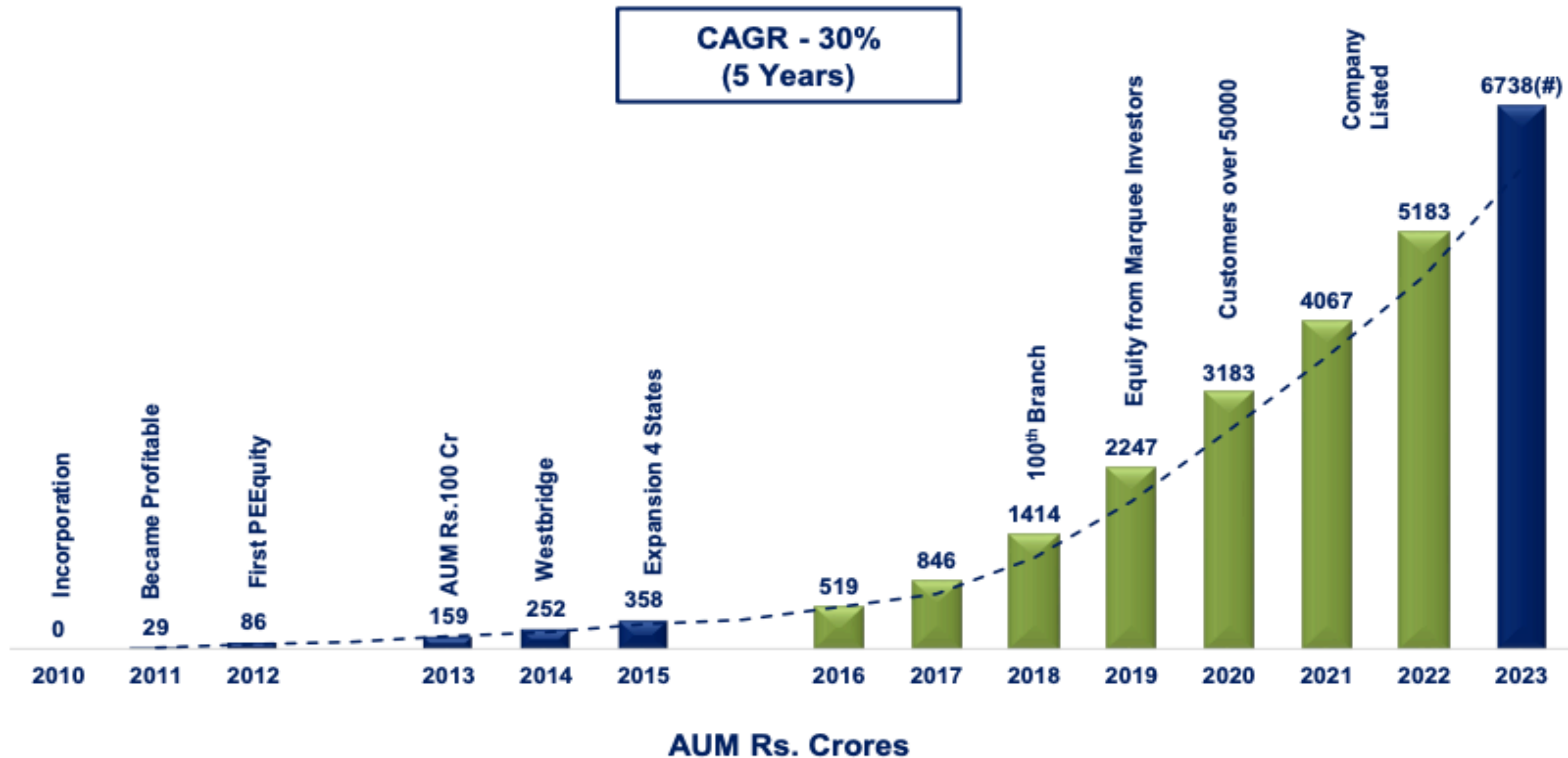
27

34

170

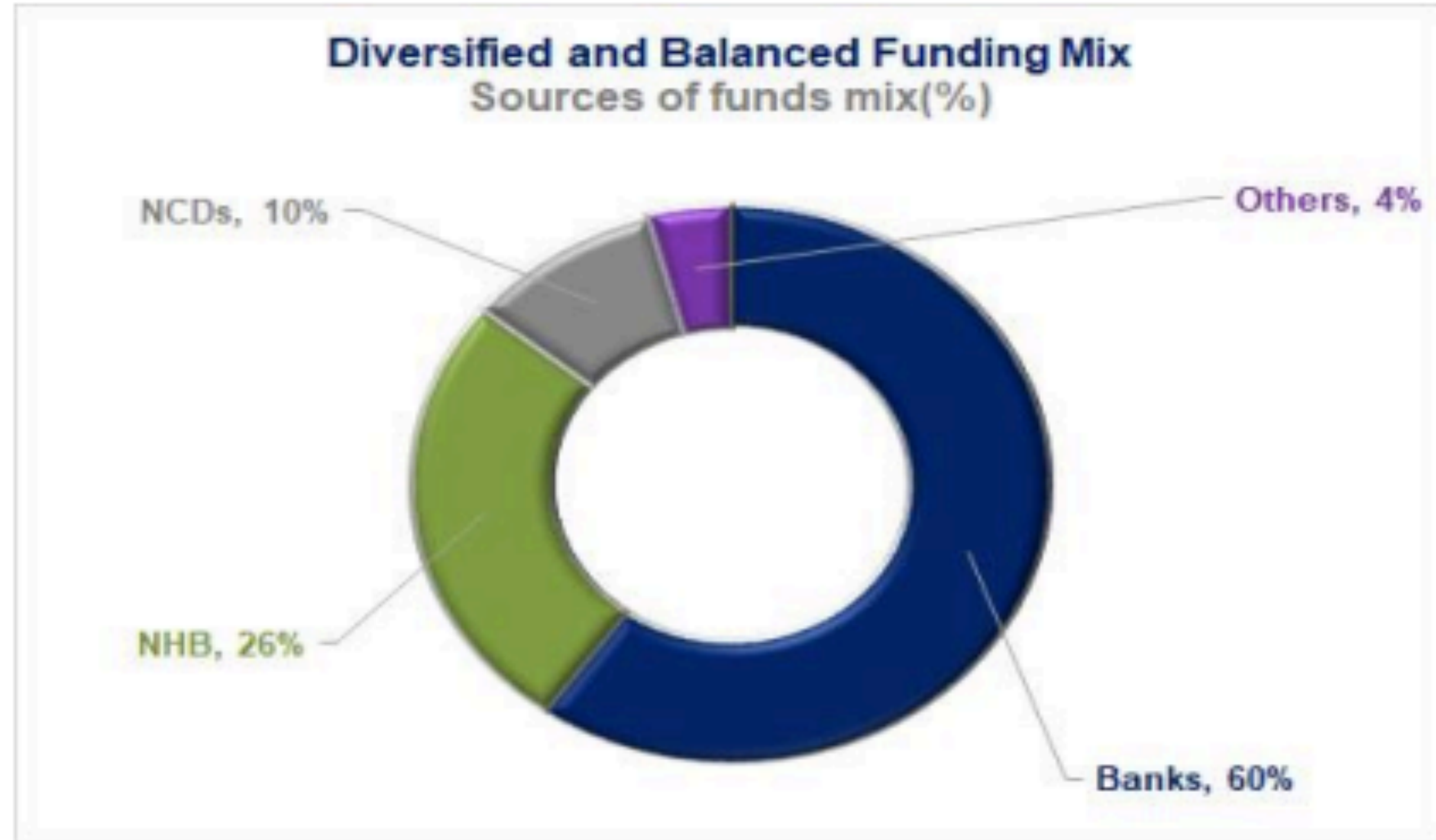


Scalable Operating Model



(#) – Represents on book portfolio
- no Direct Assignment transactions done

Robust Funding Management and Credit Profile



No Exposure
to Short term
loan incl CPs

20+ Lender Relationships

DFI

International Finance
Corporation

Refinance

National Housing
Bank

Private Sector

HDFC Bank

Axis Bank

Federal Bank

Kotak Bank

Public Sector

SBI

Indian Bank

Bank of Baroda

Bank of Maharashtra

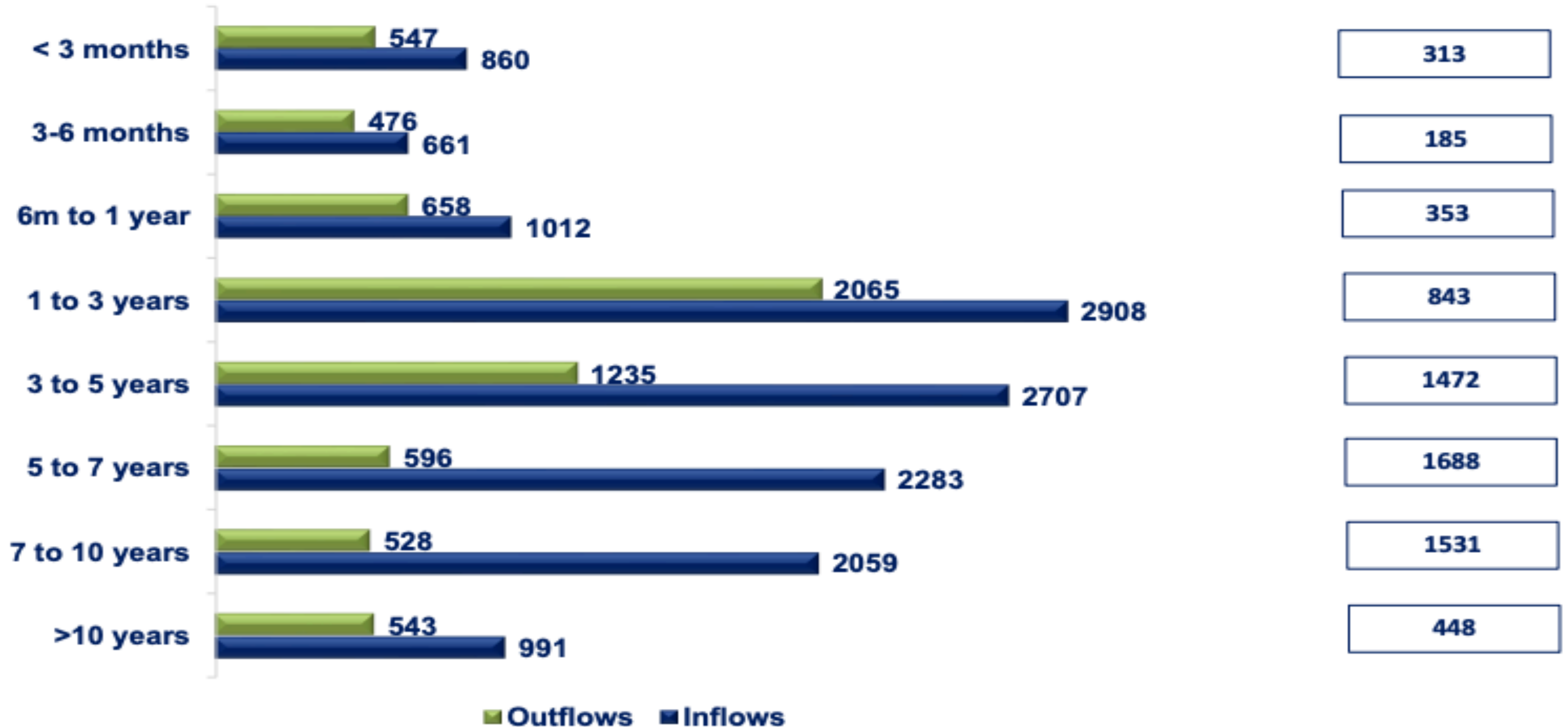
| Avg. Tenure of Borrowings (months) | FY 23 | FY22 | FY21 |
|------------------------------------|-------|------|------|
| | 86.9 | 84.7 | 83.3 |

• Others represents Securitisation

- Credit Rating (ICRA)– Upgraded to AA-from A+
- Credit Rating(CARE) – Upgraded to AA-from A+

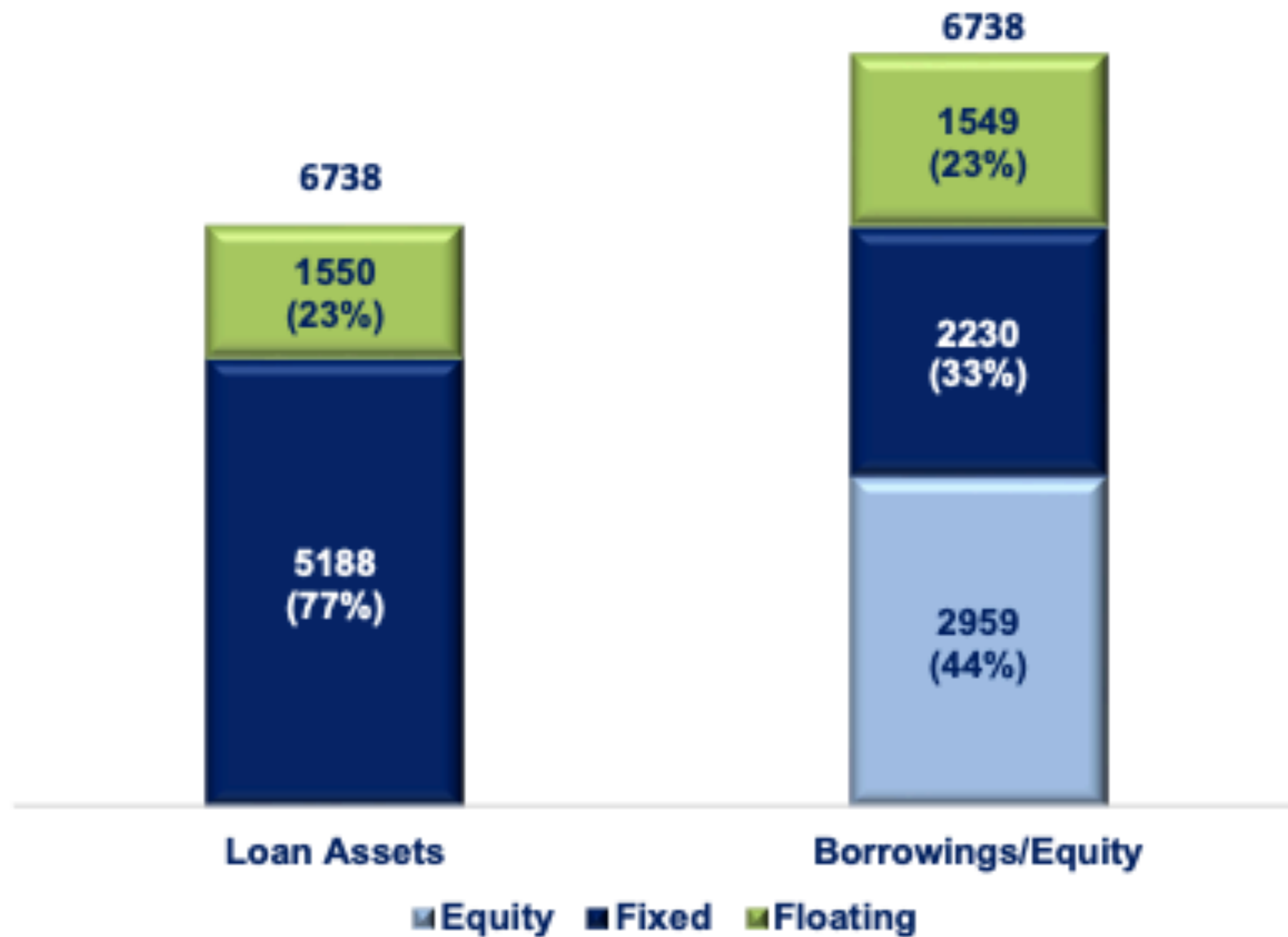
ALM Surplus

Position as on 31 Mar 2023 (Rs.Cr)

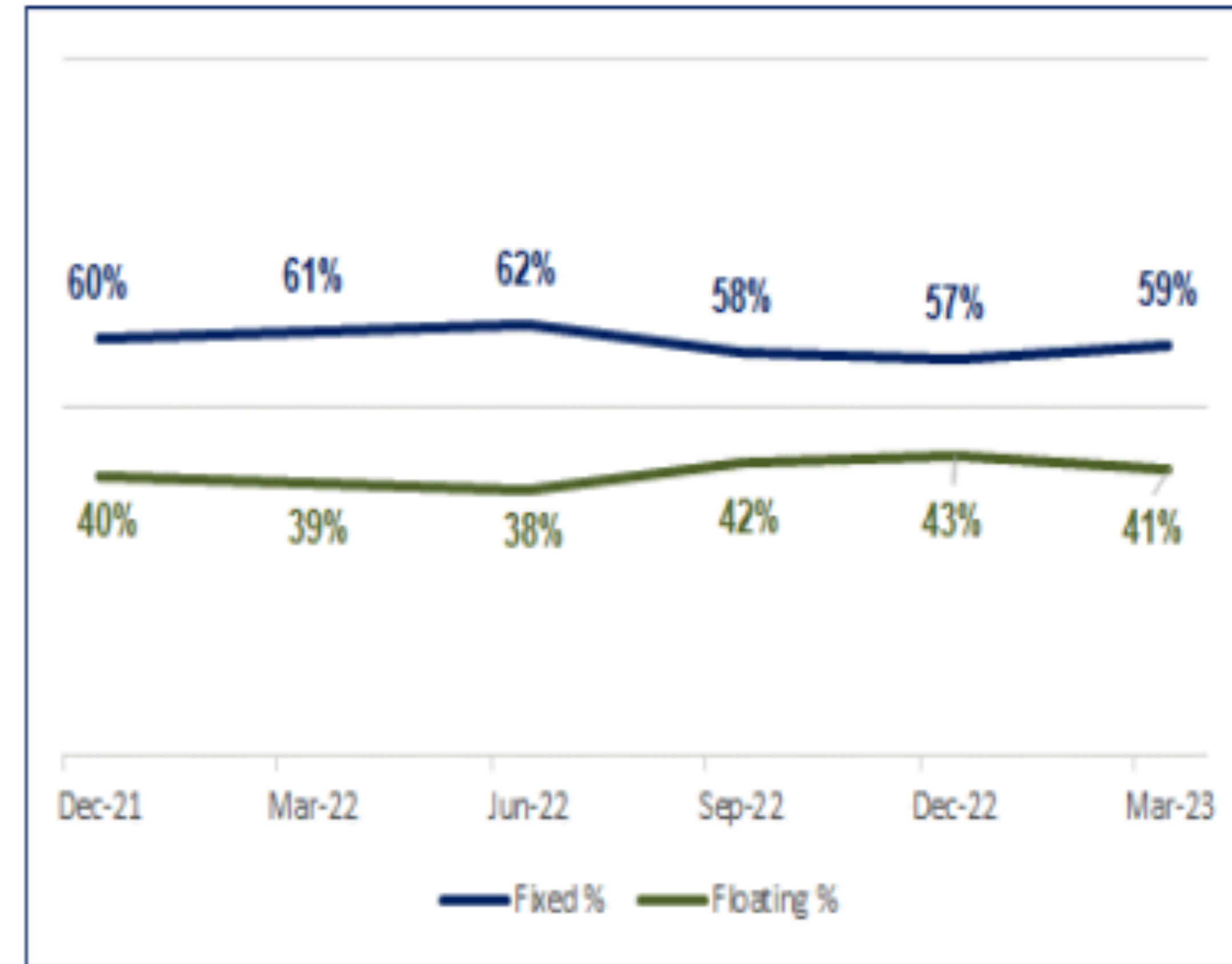


Fixed Vs Floating (Assets Vs. Liabilities)

Loan Assets & Borrowings (₹ Cr) As on Mar-23



Borrowings - Fixed Vs. Floating



gap between Loan Assets & Borrowings filled by a portion of Equity

Comfortable liquidity position/Capital Adequacy

A. Liquidity

Rs. Crores

| | |
|---|--------------|
| Unencumbered Cash and Cash Equivalents | 511 |
| Un availed sanctions from NHB/Banks | 625 |
| Total | 1,136 |

| Particulars | Q1 FY 24 | Q2 FY 24 |
|--|-----------------|-----------------|
| Opening Liquidity | 1,136 | 1,236 |
| Add: Principal repayments and surplus from operations | 325 | 342 |
| Less: Debt repayments | 225 | 235 |
| Closing Liquidity | 1,236 | 1,344 |

- Rs.1340 crores available for business upto Sep 2023

B. Capital Adequacy

Capital Adequacy as on 31 March 2023 - 80.79%

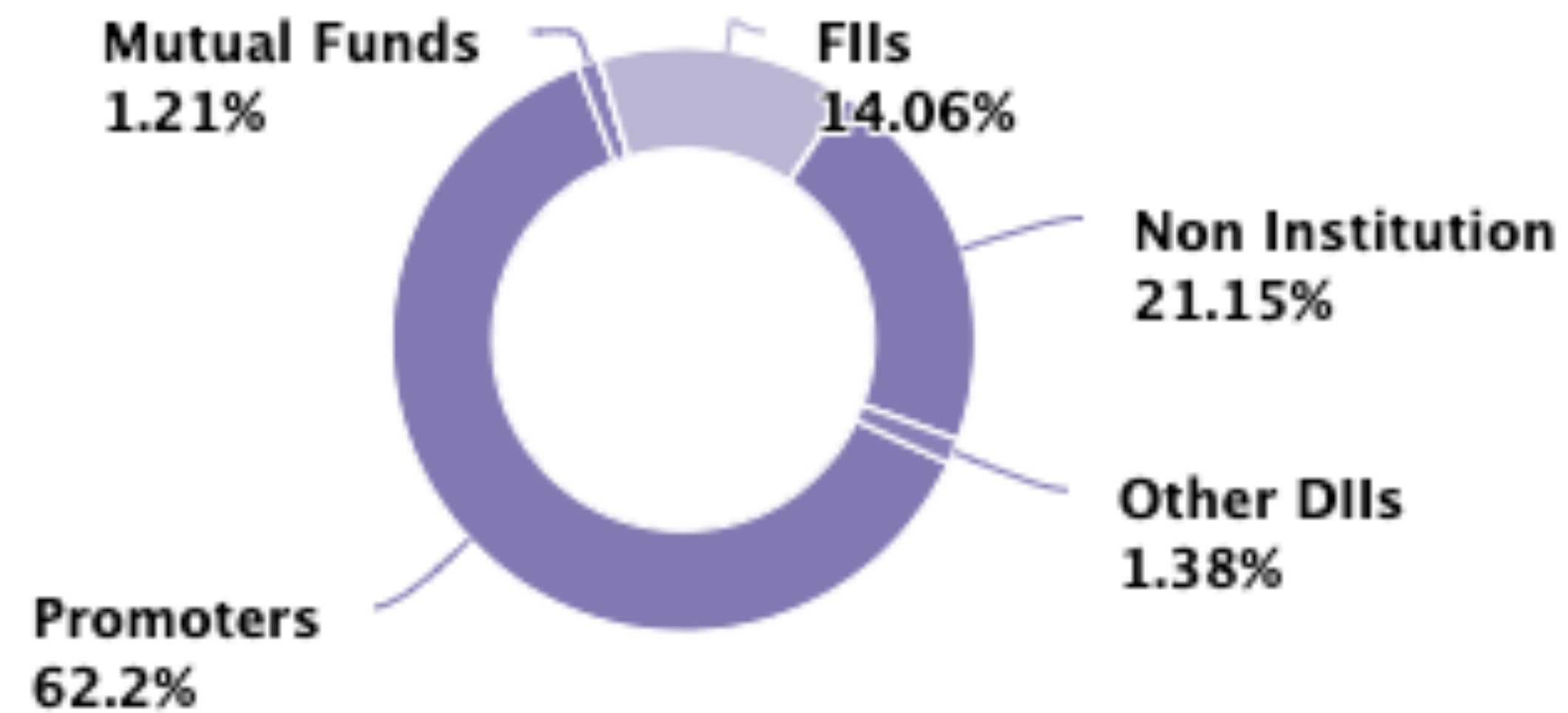
Yearly Results

| YEARLY RESULTS OF APTUS VALUE HOUSING FINANCE INDIA (in Rs. Cr.) | MAR '23 | MAR '22 |
|--|----------|----------|
| Net Sales/Income from operations | 1,093.36 | 814.68 |
| Total Income From Operations | 1,093.36 | 814.68 |
| EXPENDITURE | | |
| Employees Cost | 121.31 | 84.36 |
| Depreciation | 7.21 | 6.61 |
| Provisions And Contingencies | 34.12 | 34.47 |
| Other Expenses | 36.72 | 26.17 |
| P/L Before Other Inc., Int., Excpt. Items & Tax | 893.99 | 663.07 |
| Other Income | 35.64 | 25.53 |
| P/L Before Int., Excpt. Items & Tax | 929.63 | 688.60 |
| Interest | 275.91 | 208.59 |
| P/L Before Exceptional Items & Tax | 653.72 | 480.02 |
| P/L Before Tax | 653.72 | 480.02 |
| Tax | 150.71 | 109.88 |
| P/L After Tax from Ordinary Activities | 503.01 | 370.14 |
| Net Profit/(Loss) For the Period | 503.01 | 370.14 |
| Net P/L After M.I & Associates | 503.01 | 370.14 |
| Equity Share Capital | 99.61 | 99.38 |
| Reserves Excluding Revaluation Reserves | 3,239.73 | 2,812.40 |
| EPS BEFORE EXTRA ORDINARY | | |
| Basic EPS | 10.10 | 7.58 |
| Diluted EPS | -- | 7.53 |
| EPS AFTER EXTRA ORDINARY | | |
| Basic EPS. | 10.10 | 7.58 |
| Diluted EPS. | -- | 7.53 |

Key Financial Ratios

| KEY FINANCIAL RATIOS OF APTUS VALUE HOUSING FINANCE INDIA (in Rs. Cr.) | MAR 23 | MAR 22 | MAR 21 |
|---|-----------|-----------|--------|
| PER SHARE RATIOS | | | |
| Basic EPS (Rs.) | 10.10 | 7.58 | 5.56 |
| Diluted EPS (Rs.) | 10.10 | 7.53 | 5.55 |
| Cash EPS (Rs.) | 10.24 | 7.58 | 5.74 |
| Book Value [ExclRevalReserve]/Share (Rs.) | 67.05 | 58.68 | 41.70 |
| Book Value [InclRevalReserve]/Share (Rs.) | 67.05 | 58.68 | 41.70 |
| Revenue from Operations/Share (Rs.) | 21.95 | 16.39 | 13.41 |
| PBDIT/Share (Rs.) | 18.81 | 13.99 | 11.74 |
| PBIT/Share (Rs.) | 18.67 | 13.86 | 11.62 |
| PBT/Share (Rs.) | 13.13 | 9.66 | 7.27 |
| Net Profit/Share (Rs.) | 10.10 | 7.45 | 5.62 |
| NP After MI And SOA / Share (Rs.) | 10.10 | 7.45 | 5.62 |
| PROFITABILITY RATIOS | | | |
| PBDIT Margin (%) | 85.68 | 85.33 | 87.54 |
| PBIT Margin (%) | 85.02 | 84.52 | 86.64 |
| PBT Margin (%) | 59.79 | 58.92 | 54.20 |
| Net Profit Margin (%) | 46.00 | 45.43 | 41.93 |
| NP After MI And SOA Margin (%) | 46.00 | 45.43 | 41.93 |
| Return on Networth/Equity (%) | 15.06 | 12.69 | 13.48 |
| Return on Capital Employed (%) | 27.75 | 20.63 | 22.79 |
| Return on Assets (%) | 7.00 | 6.51 | 5.90 |
| Total Debt/Equity (X) | 1.02 | 0.93 | 1.27 |
| Asset Turnover Ratio (%) | 0.18 | 0.14 | 0.14 |
| LIQUIDITY RATIOS | | | |
| Current Ratio (X) | 1.86 | 2.41 | 2.14 |
| Quick Ratio (X) | 1.86 | 2.41 | 2.14 |
| Inventory Turnover Ratio (X) | 0.00 | 0.00 | 0.00 |
| Dividend Payout Ratio (NP) (%) | 0.00 | 0.00 | 0.00 |
| Dividend Payout Ratio (CP) (%) | 0.00 | 0.00 | 0.00 |
| Earnings Retention Ratio (%) | 0.00 | 0.00 | 0.00 |
| Cash Earnings Retention Ratio (%) | 0.00 | 0.00 | 0.00 |
| COVERAGE RATIOS | | | |
| Interest Coverage Ratios (%) | 3.40 | 3.33 | 2.70 |
| Interest Coverage Ratios (Post Tax) (%) | 3.40 | 3.33 | 2.70 |
| VALUATION RATIOS | | | |
| Enterprise Value (Cr.) | 15,058.11 | 19,169.90 | 0.00 |
| EV/Net Operating Revenue (X) | 13.77 | 23.53 | 0.00 |
| EV/EBITDA (X) | 16.07 | 27.57 | 0.00 |
| MarketCap/Net Operating Revenue (X) | 11.09 | 20.74 | 0.00 |
| Retention Ratios (%) | 0.00 | 0.00 | 0.00 |
| Price/BV (X) | 3.63 | 5.79 | 0.00 |
| Price/Net Operating Revenue | 11.09 | 20.74 | 0.00 |
| Earnings Yield | 0.04 | 0.02 | 0.00 |

Shareholding Pattern an on Mar'23



Summary

- ❖ With deliverance of sound performance in Q4 of FY'23, the Company's Net Sales grew up by 32.53% i.e. Rs.298.51 crs in Mar'23 on contrary to Rs.225.23 crs in Mar'22. Whereas, the Net Profits increased by 23.14% i.e. Rs.135.30 crs in Mar'23 versus Rs.109.87 crs in Mar'22. Additionally, the Statement of Changes in Equity witnessed a slight increase in Equity Capital i.e. Rs.99.61 crs in Mar'23 juxtapose to Rs.99.38 crs in Mar'22.
- ❖ Considering fine financials and fair fundamentals, the Company is available at a good price of Rs.246.15 with its 52 week low at Rs.234.05 and its 52 week high at Rs.368.00.
- ❖ Since the Promoters are holding majority stake around 62.20% as well as its healthy valuations, anticipates that the Management is growth oriented.
- ❖ The Shareholding Pattern as on Mar'23, shows the FIIs and the Other DIIs altogether stood with 15.44% stake. Whilst, the Mutual Fund Houses own 1.21% holdings in the Company.
- ❖ It is reassuring to see that Aptus Value Housing Finance India Ltd. is held by DSP MF, AXIS MF, EDELWEISS MF and a few more.
- ❖ On consolidated basis, the Company registered Return on Equity (ROE) and Return on Capital Employed (ROCE) around 15.06% & 27.75% respectively as on Mar'23.

Disclosure

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