Ref No: APTUS/06-MAR/2024-25 **March 10, 2025**

To,	To,
BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001 Scrip Code: 543335	National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai – 400 051 Scrip Symbol: APTUS

Dear Sir/Madam,

Sub: Intimation regarding assignment/re-affirmation of credit rating

Pursuant to Regulations 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we would like to inform you that CARE Ratings Limited has assigned/re-affirmed the credit ratings of the Company as follows:

Type of facility/instrument	Amount (Rs in Crores)	Rating	Rating action
Long Term Bank Facilities	1,950.00	CARE AA-; Positive	Reaffirmed
Non-convertible Debentures - V	350.00	CARE AA-; Positive	Assigned
Non-Convertible Debentures - II	80.00	CARE AA-; Positive	Reaffirmed
Non-Convertible Debentures - III	300.00	CARE AA-; Positive	Reaffirmed
Non-convertible Debentures - IV	250.00	CARE AA-; Positive	Reaffirmed

The credit rating letter dated March 07, 2025, issued by CARE Ratings Limited confirming the above rating is enclosed.

You are requested to take the same on record.

Thanking you,

For Aptus Value Housing Finance India Limited

SANIN PANICKER

Digitally signed by SANIN PANICKER
Date: 2025.03.10 18:43:17 +05'30'

Sanin Panicker
Company Secretary & Compliance Officer

Aptus Value Housing Finance India Limited

March 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	1,950.00	CARE AA-; Positive	Reaffirmed
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Non-convertible debentures – III	300.00	CARE AA-; Positive	Reaffirmed
Non-convertible debentures - IV	250.00	CARE AA-; Positive	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities and non-convertible debentures of Aptus Value Housing Finance India Limited (Aptus) continue to derive strength from the established track record of Aptus in affordable housing finance segment, its healthy profitability is also supported by the product mix, comfortable capital adequacy levels, good asset quality parameters supported by well-managed in-house appraisal, origination and collection team and good management information system (MIS). Strong capitalisation levels provide the company sufficient room to grow its loan book in the medium term and improves the ability to absorb unforeseen stress in asset quality.

However, ratings are constrained by moderate seasoning of the loan portfolio, geographical concentration of its portfolio which has seen gradual improvement, moderately diversified resource profile and inherent risks associated with its borrower profile mostly being self-employed in the informal segment.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Significant improvement in the scale of operations, while maintaining profitability and asset quality parameters at comfortable levels.
- Diversification in funding profile to support the growing scale of operations.

Negative factors: Factors that could, individually or collectively lead to negative rating action/downgrade:

- Weakening of asset quality parameters leading to decline in profitability with return on total assets (ROTA) below 3% on a sustained basis.
- Weakening of the capital adequacy levels, with gearing above 3x on a sustained basis.

Analytical approach:

CARE Ratings Limited (CARE Ratings) has taken a consolidated approach of Aptus and its 100% owned subsidiary Aptus Finance India Private Limited (AFIPL).

Outlook: Positive

Positive outlook reflects CARE Ratings Limited's (CARE Ratings) expectation of continued growth momentum while maintaining capitalisation, good profitability and asset quality, and strengthening of its resource profile. However, outlook may be revised to

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

stable, in case the company is not able to grow its loan portfolio, or if there is significant moderation in asset quality and profitability.

Detailed description of key rating drivers:

Key strengths

Established track record of Aptus in affordable housing segment

Aptus was promoted in 2010 by M Anandan, who is the company's executive chairman. He has experience of over four decades in the financial services industry and has held different positions in the companies under the Murugappa group. He was executive director (1997-2000), managing director (2000 - 2006) of Cholamandalam Investments and Finance Limited, and managing director (2006-2008) of Cholamandalam MS General Insurance Company Limited. He has also held directorship position in some south India-based non-banking financial companies (NBFCs). He has served as the managing director of Aptus since its incorporation in 2010 till 2023. At present, he continues as the company's executive chairman. In Q1FY24, the company has seen key leadership elevation, wherein P Balaji who was earlier the company's executive director and chief financial officer (CFO) has been appointed as managing director. Aptus has eight directors with extensive experience in the financial services. Going forward, with improvement in scale of operations and planned expansion in other regions, improving breadth of management in key functional areas is critical. It is to be noted, Aptus has strengthened middle management in collections, legal and technical functions by appointing two AVPs reporting to respective function heads. The company also strengthened its sales and credit functions, where state heads have been appointed, who are reporting to respective function heads. Aptus has been operating in this product segment since inception and has track record of over a decade in the segment.

Well-managed in-house appraisal, origination and collection team along with good MIS system

Aptus' core strength is its in-house team covering all facets starting from business sourcing, recovery and collection, technical and legal teams. Aptus follows a hub and spoke model where the hubs have technical and legal teams for all branches under respective hubs. Aptus has a centralised credit-appraisal and monitoring system. Apart from sourcing and collections, all activities are centralised. Selection of the customers runs through several levels of checks, including KYC norms, risk assessment, personal discussion and verification of the business and bank statements and references from existing customers. The technical team consisting of civil engineers and legal team consisting of advocates verifies quality of the asset given as collateral. Aptus uses an end-to-end software for its loan origination, loan management, delinquency management, accounting, and MIS. As part of the collection process, every month customers are initially intimated by an automatic SMS before due dates. In case of delay in repayments, the collection team follows up and meets customers directly to collect outstanding dues. Appraisal and origination systems are adequate to assess borrower credit profiles.

Growing scale of operations

The asset under management (AUM; consolidated) of Aptus grew at a compounded annual growth rate (CAGR) of 29% in the last four years (from March 31, 2020, to March 31, 2024) and stood at ₹8,722 crore as on March 31, 2024 (which had a portfolio mix of 60% of housing loans and 40% of non-housing loans). Consolidated AUM grew by 29% in FY24 on a year-on-year (y-o-y) basis (PY: 30%). Number of branches has increased from 231 in FY23 to 262 in FY24. As on December 31, 2024, consolidated AUM stood at ₹10,226 crore. On a standalone basis, Aptus' AUM stood at ₹6,759 crore (which had a portfolio mix of 69% of housing loans and 31% of non-housing loans) as on March 31, 2024, while AFIPL's AUM stood at ₹1,963 crore. As on December 31, 2024, Aptus' standalone AUM stood at ₹7,537 crore, while AFIPL's AUM stood at ₹2,689 crore. The company has a comfortable tangible net worth (TNW) of ₹3,741 crore as on March 31, 2024, with good accruals of profit. CARE Ratings expects the company to report good loan book growth, while maintaining healthy capitalisation in the medium term.

Healthy profitability indicators supported by mix of housing and non-housing loans

Aptus' profitability indicators (consolidated) continue to remain healthy. Aptus reported profit after tax (PAT) of ₹612 crore on total income of ₹1,417 crore in FY24 against PAT of ₹503 crore on total income of ₹1,134 crore in FY23. Net interest margin (NIM) marginally reduced from 12.20% in FY23 to 11.54% in FY24. Operating expense (as a percentage of total assets) remained stable at 2.55% in FY24 against 2.56% in FY23 despite addition of new branches. Preprovision operating profit (PPOP) increased from ₹692 crore in FY23 to ₹822 crore in FY24. Credit cost reduced to 0.34% in FY24 against 0.60% in FY23. With reduction in NIM, return on total assets (ROTA) stood at 7.59% in FY24 against 7.85% in FY23. On a consolidated basis, housing loans stood at 60%, whereas non-housing loans stood at 40% of loan book as on March 31, 2024. Aptus reported PAT of ₹544 crore on a total income of ₹1,305 crore in 9MFY25. With the presence of non-banking financial company (NBFC) subsidiary, Aptus' yields are relatively higher, which results in better profitability ratios. CARE Ratings expects profitability to remain healthy in the medium term supported by healthy NIM and lower credit cost.

Healthy capital adequacy levels

Aptus has seen equity infusion at regular intervals, which helped the company to maintain comfortable capital adequacy levels. The company had come up with an initial public offering (IPO) in August 2021, through which, it raised ₹500 crore and was listed on August 24, 2021. The promoter group's shareholding stood at 61.09% as on March 31, 2024, with 34.46% held by WestBridge CrossOver Fund LLC and 23.97% held by the founder promoter, M Anandan and immediate relatives. Aptus' capital adequacy ratio (CAR) and Tier-1 CAR stood at healthy level of 73.03% and 72.44%, respectively, as on March 31, 2024, against 77.38% and 76.60%, respectively, as on March 31, 2023. TNW and gearing stood at ₹3,741 crore and 1.39x as on March 31, 2024, on a consolidated basis. Aptus' CAR and Tier 1 CAR stood at 64.27% and 63.94%, respectively, as on December 31, 2024. TNW and gearing stood at ₹4,108 crore and 1.57x as on December 31, 2024, on a consolidated basis. CARE Ratings expects capitalisation levels to remain healthy in the medium term. The present level of net worth and retained profits will enable the company to grow its AUM for the next 3-5 years without further equity infusion, while maintaining gearing at comfortable levels.

Good asset quality indicators

Aptus' gross non-performing assets (GNPA; consolidated) stood at 1.07% (PY: 1.15%), while its net NPA (NNPA) stood at 0.80% (PY: 0.86%) as on March 31, 2023. On standalone basis, AVHFIL's GNPA and NNPA stood at 1.09% (PY:1.07%) and 0.81% (PY:0.80%) as on March 31, 2024. Restructured portfolio stood at ~0.40% of the overall AUM as on March 31, 2024. Aptus has been able to maintain healthy asset quality over the years, primarily considering efficient collection mechanism and conservative credit policy. Aptus extends loans with loan-to-value (LTV) of up to 50%, which provides considerable margin of safety, in case of delinquencies. As on March 31, 2024, ~81% of the loan portfolio remains below LTV of 50%. Delinquencies in softer buckets remained stable in FY24 with 30+ days past due (DPD) at 5.41% as on March 31, 2024, against 5.90% as on March 31, 2023. GNPA and NNPA on consolidated basis stood at 1.28% and 0.96%, respectively, as on December 31, 2024. Although the company has so far demonstrated strong ability to recover its over-dues, maintaining asset quality performance as the company grows further will be critical.

Key weaknesses

Moderate portfolio seasoning

The company has demonstrated its ability to grow the loan book while maintaining strong credit metrics. Going forward, growth in loan book with stable credit metrics will be a key monitorable considering 40% of its loan book (on consolidated basis) is non-housing loans which includes quasi home loans constituting 16.09% of its loan book (on consolidated basis) as on March 31, 2024. Reportedly, non-housing loans in the books of Aptus consist of loans extended to the borrowers towards construction of house (Quasi Home Loans-QHL), which does not fully satisfy housing loan guidelines of the National Housing Bank (NHB). However, loans in the book of its subsidiary, AFIPL, consist of small business loans (SME) and LAP loans against mortgage. Aptus' loan portfolio is less seasoned as majority portfolio was originated in the last 5-6 years ended March 2024, against the tenure of majority loans, which are in the range of 5-15 years

Geographical concentration of loan portfolio which has seen gradual improvement

Aptus has presence in Tamil Nadu, Karnataka, Telangana, Andhra Pradesh, Maharashtra and Odisha and the union territory of Puducherry with a total of 262 branches as on March 31, 2024. In FY24, Andhra Pradesh has become the highest single state with exposure at ~40.23% of the AUM against Tamil Nadu, which was at 36.57% AUM. Top three states as a percentage of AUM stood at 92% as on March 31, 2024 (PY:92%). The company expanded to Maharashtra in FY24, however, newer geographies are yet to witness significant growth in terms of AUM. In 9MFY25, the company operates through 298 branches in these geographical areas. Top three states as a percentage of AUM stood at 92% as on December 31, 2024.

CARE Ratings expects Aptus to remain focused on southern states (Tamil Nadu, Andhra Pradesh, Telangana and Karnataka) in the medium term. The company's ability to manage growing size of operations and operational efficiencies as it opens new branches to grow the portfolio remains critical.

Exposure to underbanked segment of borrowers

Aptus is primarily lending towards housing finance needs of self-employed customers in informal low and middle-income segments, who are not serviced by the banking sector. Since this segment is highly susceptible to the impact of economic downturn, maintaining good asset quality while increasing scale of operations is a key sensitivity. Given the access to the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act), the company can initiate and undertake effective recoveries in case of delinquencies.

Moderately diversified resource profile

Aptus funding profile is moderately diversified with borrowings from banks, NHB, securitisation and non-convertible debentures (NCDs) constituting 63%, 24%, 8% and 5%, respectively, as on March 31, 2024 (PY: 60%, 26%, 4% and 10%, respectively). Borrowings from banks consist of borrowings from large public sector (32%) and private sector banks (68%). As on December 31, 2024, borrowings from banks, NHB, securitisation and NCDs constitute 54%, 18%, 13% and 15%, respectively.

Liquidity: Adequate

Aptus' liquidity profile remained adequate with no negative cumulative mismatch in time buckets up to one year per the asset-liability maturity (ALM) as on September 2024. Given the cash balances, liquid investments and monthly repayments on the loan portfolio, liquidity remains adequate for Aptus. As on September 30, 2024, Aptus (consolidated) had cash and cash equivalents amounting to ₹623 crore.

Environment, social, and governance (ESG) risks

The company is a housing finance company and key waste products are primarily paper and e-waste. The company's employees are trained to segregate recyclable and non-recyclable waste with an aim to reduce non-recyclable waste. The company also educates its employees about ways to conserve water. For its customers, the company has a dedicated customer care department, which handles queries/complaints of customers through telephone/e-mail. For governance, the company has a framework and policy on cyber security and risks related to data privacy. The IT strategy committee of the company oversees the policy on cyber security and risks related to data privacy. The company has established a mechanism for all stakeholders to report concerns about unethical behaviour, actual or suspected fraud or violation of Code of Conduct and Ethics.

Applicable criteria

Consolidation
Definition of Default
Rating Outlook and Rating Watch
Financial Ratios - Financial Sector
Housing Finance Companies

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Housing finance company

Aptus is a housing finance company, which was incorporated on December 11, 2009. In AVHFIL, as on March 31, 2024, M. Anandan and immediate relatives hold 23.97% stake, West Bridge Crossover Fund LLC holds 34.46% of the stake, Malabar Funds (6.69%), Capital Group (4.79%), Steadview Capital (3.18%) and remaining 4.21% stake is held by mutual funds and 22.70% is held by public. The company went public on August 24, 2021.

AFIPL (NBFC) is a wholly owned subsidiary of Aptus. Both companies have same customer base and management and share a common brand name. Loan reported under AFIPL are SME) and LAP loans.

Aptus is essentially catering to housing finance needs of self-employed, informal segment of customers mostly belonging to middle/low income group, primarily from semi-urban and rural markets. Non-housing loan portfolio is constituted by SME and LAP –construction and purchase loan (C&P). Aptus (consolidated) had an AUM of ₹8,722 crore as on March 31, 2024, of which housing segment constituted 60% with the rest being non-housing portfolio. The internal rate of return (IRR) for housing loans is generally 13%-15%, while that of non-housing loan is up to 22%. The company extends housing loans between ₹5-₹20 lakh. The company is one of the early private sector entrants in south India, catering to the affordable housing segment. As on December 31, 2024, Aptus had 298 branches in Tamil Nadu, Karnataka, Telangana, Andhra Pradesh, Maharashtra and Odisha with an AUM of ₹10,226 crore.

Brief Financials (₹ crore)	31-03-2023	31-03-2024	31-12-2024
Consolidated	A	A	UA
Total income	1,134	1,417	1,305
PAT	503	612	544
Interest coverage (times)	3.36	3.04	2.80
Total assets	7,156	8,978	10,622
Net NPA (%)	0.86	0.80	0.96
ROTA (%)	7.85	7.59	7.40

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Debentures-Non Convertible Debentures - II	INE852O07113	23-06-2023	8.75%	23-06-2028	80.00	CARE AA-; Positive
Debentures-Non Convertible Debentures - III	INE852O07139	19-09-2024	8.75%	19-09-2029	300.00	CARE AA-; Positive
Debentures-Non Convertible Debentures - IV	INE852O07147	30-12-2024	8.75%	30-12-2029	250.00	CARE AA-; Positive
Debentures-Non Convertible Debentures – V	Proposed	-	-	-	350.00	CARE AA-; Positive
Fund-based - LT-Term Loan	-	-	-	February 2034	1908.75	CARE AA-; Positive
Fund-based - LT-Working Capital Limits	-	-	-	-	30.00	CARE AA-; Positive
Non-fund-based - LT-Bank Guarantee	-	-	-	-	11.25	CARE AA-; Positive

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	1908.75	CARE AA-; Positive	1)CARE AA-; Positive (16-Dec-24) 2)CARE AA-; Positive (13-Sep-24)	1)CARE AA-; Stable (05-Jan-24) 2)CARE AA-; Stable (27-Jun-23)	1)CARE AA-; Stable (30-Jun-22)	1)CARE A+; Positive (03-Dec-21)

					3)CARE AA-; Positive (05-Jul-24) 4)CARE AA-; Stable (03-Apr-24)			
2	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (27-Jun-23)	1)CARE AA-; Stable (30-Jun-22)	1)CARE A+; Positive (03-Dec-21)
3	Debentures-Non Convertible Debentures	LT	80.00	CARE AA-; Positive	1)CARE AA-; Positive (16-Dec-24) 2)CARE AA-; Positive (13-Sep-24) 3)CARE AA-; Positive (05-Jul-24) 4)CARE AA-; Stable (03-Apr-24)	1)CARE AA-; Stable (05-Jan-24) 2)CARE AA-; Stable (27-Jun-23)	-	-
4	Non-fund-based - LT-Bank Guarantee	LT	11.25	CARE AA-; Positive	1)CARE AA-; Positive (16-Dec-24) 2)CARE AA-; Positive (13-Sep-24) 3)CARE AA-; Positive (05-Jul-24)	1)CARE AA-; Stable (05-Jan-24) 2)CARE AA-; Stable (27-Jun-23)	-	-

					4)CARE AA-; Stable (03-Apr-24)			
5	Fund-based - LT-Working Capital Limits	LT	30.00	CARE AA-; Positive	1)CARE AA-; Positive (16-Dec-24) 2)CARE AA-; Positive (13-Sep-24) 3)CARE AA-; Positive (05-Jul-24) 4)CARE AA-; Stable (03-Apr-24)	1)CARE AA-; Stable (05-Jan-24) 2)CARE AA-; Stable (27-Jun-23)	-	-
6	Debentures-Non Convertible Debentures	LT	300.00	CARE AA-; Positive	1)CARE AA-; Positive (16-Dec-24) 2)CARE AA-; Positive (13-Sep-24)	-	-	-
7	Debentures-Non Convertible Debentures	LT	250.00	CARE AA-; Positive	1)CARE AA-; Positive (16-Dec-24)	-	-	-
8	Debentures-Non Convertible Debentures	LT	350.00	CARE AA-; Positive				

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non Convertible Debentures	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - LT-Working Capital Limits	Simple
4	Non-fund-based - LT-Bank Guarantee	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Aptus Finance India Private Limited	Full	Wholly owned subsidiary

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact	Analytical Contacts
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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

For detailed Rationale Report and subscription information,
please visit www.careedge.in