Aptus Value Housing Finance

NBFCs

First AHFC to reach >20% in Q1FY26, near-term aspiration of ~22%; guidance maintained

Aptus' favourable AUM mix (only AHFC with a separate NBFC) with a high-yielding (~18–20%) non-HL portfolio – constitutes ~40% – alongside steady ~30% AUM growth during the past 8–12 quarters and tight control on asset quality has helped it become the first AHFC (under our coverage) to deliver >20% RoE in Q1FY26. This is an outcome of its niche in the small-ticket secured loan segment and successful execution of business strategies. Aptus aspires to further RoE to ~22%, as it expects the earnings uptrend to sustain in the near-term driven by spread expansion and credit cost remaining within the guided range of 30–40bps. Retain **BUY** with an unchanged TP of INR 400, valuing Aptus at ~4x Sep'26E BVPS.

Strengthening management team to ensure sharper collections

Aptus's total AUM stands at INR 112bn, as on Jun'25; it plans to scale this to INR 250bn by FY28. After successfully revamping its tech platform – complete paper-less onboarding, 3% customer base onboarding via digital marketing, >90% loans approved within 72 hours and account aggregator penetration at 78%, as on Jun'25 – it now plans to strengthen the management team, mainly at the mid-level, to sustain growth and portfolio. Currently, a 600 people collection team is under the supervision of two people – one handles two states; the other handles three states. Now, it has identified a five-state head – would report to two existing seniors – to strengthen the collections vertical.

Temporary disruption in disbursements due to seasonality; FY26 growth guidance unchanged at 28–30% YoY

While the sequential decline in disbursements during Q1 is normal, Aptus notes that the 27% QoQ fall in Q1FY26 to INR7.75bn is higher than historical trends. It attributes the slowing partially to seasonality and lower credit off-take than unusual due to unseasonally early rains in Q1FY26. However, it highlighted that Jun–Jul'25 disbursements is back to normal with average monthly disbursements clocking INR 3.4–3.5bn in Jun–Jul'25 vs. INR 3bn last year. Overall, it expects disbursement growth in FY26 to remain at 22% YoY. Similarly, it maintains full-year FY26 growth guidance at 28–30% YoY despite muted Q1FY26.

Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Interest Income (NII)	9,126	11,077	14,022	17,370
PAT (INR mn)	6,119	7,512	9,234	11,342
EPS (INR)	12.3	15.0	18.5	22.7
% Chg YoY	21.7	22.6	22.9	22.8
P/E (x)	27.6	22.5	18.3	14.9
P/BV (x)	4.5	3.9	3.4	2.9
Gross Stage - 3 (%)	1.1	1.2	1.1	1.1
Dividend Yield (%)	-	-	-	-
RoAA (%)	7.6	7.4	7.4	7.3
RoAE (%)	17.2	18.6	19.8	20.7

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Market Data

Market Cap (INR)	169bn
Market Cap (USD)	1,933mn
Bloomberg Code	APTUS IN
Reuters Code	APTS BO
52-week Range (INR)	402 /268
Free Float (%)	60.0
ADTV-3M (mn) (USD)	11.1

Price Performance (%)	3m	6m	12m
Absolute	6.2	6.7	7.5
Relative to Sensex	5.8	2.8	9.1

ESG Score	2023	2024	Change
ESG score	**71.6**	**71.8**	**0.2**
Environment	42.8	43.3	0.5
Social	78.0	78.5	0.5
Governance	75.5	76.5	1.0

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E
PAT	-	-

Previous Reports

06-07-2025: NBFCs Q1FY26 preview:

08-05-2025: Q4FY25 results review

Q1FY26 financial performance; RoE crossed 20% for first time, however, seasonality led to disruption in business momentum

Aptus, in Q1FY26, delivered its highest-ever RoE at >20% – it is the only AHFC to deliver such a high RoE. RoA expanded by ~10bps QoQ to 7.68% vs. 7.57% QoQ despite a seasonal uptick in credit cost to 38bps in Q1FY26 vs. 30bps QoQ. NII grew by 3% QoQ supported by 4% QoQ AUM growth. NIM expanded 44bps QoQ to 13.4% driven by higher DA income at INR 320mn vs. INR 160mn in Q4FY25. Spreads broadly remained at 8.7% as reduction in cost of funds by 6bps QoQ to 8.62% was off-set by a 4bps QoQ asset yield moderation to 17.35% in Q1FY26. Management sounds upbeat about spread expansion in coming quarters, considering ~30% of borrowing linked to repo rate and ~80% fixed rate asset book. Aptus remains among the most cost-efficient AHFC lenders with a steady cost-income ratio of 20–21% vs. peers' ~30%. Strong revenue growth and controlled opex led to strong 6% QoQ PPoP growth at ~INR 3bn. Credit cost rose to 38bps vs. 30bps QoQ but still remained within the guided range of 30–40bps. Overall, PAT grew by 6% QoQ to INR 2.2bn during Q1FY26.

Asset quality deteriorated marginally due to first quarter seasonality with GNPL increasing to 1.49% vs 1.18% QoQ and 30+ DPD 6.45% vs. 5.91% QoQ vs. 6.31% YoY. PCR on stage-3 assets remained flat QoQ at 25% and on stage-2 assets 7.8%.

Spreads up 2bps QoQ to 8.73%; favourable business mix (81% share of fixed rate loans) augurs well for spread expansion

Aptus' spread, at 8.73% (up 2bps QoQ), is the highest among companies in the affordable housing space. This has been driven by Aptus' higher share of LAP (yields are 18–22%) and focus on low-ticket housing loans. The same reflects in industry-leading asset yields at 17.35% during Q1FY26 and average above 17% since FY21. While the rising rate cycle between FY22–23 led to cost of funds increasing to 8.7% by Q3FY25, from 7.7% in Q2FY23, the same is lower than 9.7% in Q1FY21. It has successfully navigated the rising rate cycle with only 50bps spread contraction against repo rate increase of 250bps.

Aptus is negotiating hard with banks for sourcing funds at a lower cost; recently, it has taken a term loan from a bank at ~8.15% vs. its Q1FY26 reported borrowing cost of 8.62%. On the borrowings front, 56% is variable (30% MCLR and 26% EBLR) and the rest is fixed. On the EBLR borrowings, 75bps benefit is yet to be passed on, while only 25bps benefit has accrued so far. Also, MCLR-linked borrowings usually get repriced with a lag of 3–6 months. Hence, Aptus expects a 40–50bps reduction in borrowing cost by FY26-end vs. 8.62% currently. Moreover, the recent rating upgrade to CARE AA; Stable from CARE AA-; are positive that bode well for its borrowing cost ahead.

On the contrary, 81% of assets are fixed rate lending and hence loan book repricing would be restricted to only 19% of the loans. This makes Aptus very well placed in this rate cycle environment and augurs well for its spread expansion.

Disbursement growth slow in Q1; likely to recoup in the coming quarters; AUM growth guidance at 28-29% for FY26

AUM for the quarter was up 4% QoQ /24% YoY on the back of 27% sequential decline in disbursements, but up 15% YoY. On Q1 performance, management highlighted that April and May typically constitutes lean season for construction activity; hence, business momentum was slow. Going ahead, Jun'25 and Jul'25 reported normalisation of activity in terms of disbursements; it expects a steady pick-up from hereon. In terms of disbursements' monthly run-rate, it stood at INR 3.4–3.5bn for Jun/Jul'25 vs. an average of ~INR 3bn in FY25. Hence, Jun/Jul'25 disbursements provides confidence on the growth trajectory ahead. Moreover, H2 is typically better than H1.

Management has therefore guided for AUM growth in the range of 28-29% for FY26 and it expects 22% disbursements growth for FY26.

30+ DPD portfolio inches-up due to seasonality; expect gross credit cost to remain within guided range of 45–50bps

30+ DPD, after three consecutive quarters of Improvement, inched up to 12-quarter high at 6.45%. Also, 1+ DPD rose to 8.5% vs. 7.5% QoQ, which can be attributed to seasonality. Similarly, collection efficiency (CE) fell to 99.12%, which is 14-quarter low. Overall, it has mentioned that CE is largely similar across states. On the back of deterioration in asset quality metrics, credit cost inched up 8bps QoQ to ~38bps, but still is within the guidance of 45–50bps.

Gross stage-3 inched up 30bps QoQ to 1.49%, while Net stage-3 inched up 23bps QoQ to 1.12%. Aptus carries total provisions of INR 1.14bn, which is 1% of total loans. Coverage on stage-3 was flat QoQ at 25%, while coverage on stage-1/stage-2 came in at 0.3% (0.4% QoQ) and 7.8% (8.5% QoQ).

Cost to income range bound at 19–21%; geographical diversification to continue

Aptus has always focused on remaining one of the low-cost affordable housing loan providers; hence, it has tightly managed overheads. Operating expenses were up 4% QoQ/24% YoY to INR 736mn, wherein staff cost grew by 8% QoQ while non-staff cost was down 3% QoQ. As a result, opex to assets stood at 2.7%, which is flat QoQ and YoY. Given that opex growth was largely in-line with total income growth, cost to income ratio stayed within the long-term average of 20% during Q1FY26 vs. 20% QoQ and 21% YoY.

Aptus added one new branch in AP during the quarter and 34 branches during the past 12 months, taking the tally to 301. It aims to add another 15 branches in Q2FY26.

Aptus has a strong presence in the southern geographies (97% of current branches in south), and it has begun expanding into states of Maharashtra and Odisha, wherein the initial experience has been encouraging. Hence, Aptus is looking to accelerate growth in these markets and is targeting to open another 10 branches in Maharashtra and Odisha combined vs. 10 currently. Overall, the company would continue to go deeper into its existing geographies while gradually starting operations contiguously in the states of Odisha and Maharashtra.

Management further highlighted that the existing infrastructure is capable of handling large volumes. Moreover, the company also aims to focus on improving sourcing from the non-branch channel, which could ensure sustainability of current growth without impacting cost ratios in the near future.

Key risks: 1) Succession planning – smooth and seamless transition following founder-promoter's (Mr. M Anandan) retirement; and 2) rebalancing of mix in favour of housing loans.

Q1FY26 earnings conference call takeaways

FY26 Guidance

- 22% disbursements growth
- 28-29% AUM growth (typically, this is ~6% higher than disbursements growth)

AUM

- AUM up 24% YoY **(expect 28-29% AUM growth for FY26)**
- Disbursements up 15% YoY at INR 7.75bn, but down QoQ **(expect 22% disbursements growth for FY26)**
- **April and May are typically lean season for construction activity**
- **June and July have seen normalisation of activity in terms of disbursements; hence, Aptus expects to see steady growth from hereon**
- **Jun–Jul'25 average monthly disbursements at INR 3.4–3.5bn vs. INR 3bn average in FY25**
- **Typically, H2 is strong than H1**
- In Tamil Nadu, the company expects strong growth of 18-19% vs. 15% currently
- Aptus continues to maintain focus across hosing and small business loans
- It does not see any major concern on customer demand from affordable housing segment
- **Market opportunity is substantial for small segments; these customers are risky, so credit underwriting is important. Aptus would be more credit-driven company, rather than growth-driven**
- The company wants to increase ATS but not to INR 1.5-1.6mn; but it is trying to increase ATS in-line with inflation
- Pre-closure is 7-7.5% of opening book
- **Not seeing any profile, loan size or geography where particular BT-out is high.**
- Individual housing loans is 61% of consolidated AUM

Network

- Expansion in Maharashtra and Odisha is seeing traction
- 10 more branches to open in FY26 in Maharashtra and Odisha combined
- **Initial experience is good in these states; hence, going forward, it would see accelerated expansion in these states**
- The company does not want to grow aggressively in new states, as its wants to understand culture and customer behaviour. More branches shall be opened and more employees would be recruited going forward

Opex

- Continued focus on productivity and cost efficiency
- **Strengthening middle management across functions**

Asset quality

- **Asset quality scenario was slightly impacted by seasonality**
- No stress in any state or any pocket where they cater
- Credit cost was up 8bps QoQ, but remains within 45-50bps guidance
- **There was shortfall in CE In April and May;** hence, overall CE has seen a dip QoQ
- LTV is 48% and hence don't see concern on asset quality
- June CE at 99.5-99.75%
- A person is eligible for top up loan only if he/she has not had a bounce in the past 12 months

- Also, for top up loan, the credit officer would visit the customer and check the person's eligibility etc.
- **CE computation is Current Month' collections/current month's due including OD so CE is >99%, even at GNPA of 1.5% and 30+DPD of 6.5%**
- CE does not vary too much for different states and is largely on similar lines
- Sarfaesi minimum order time is 6 months but on ground it takes more than 6 months. Waiver/Settlement happens during negotiation with the customer.
- **1+DPD is 8.5%**

<u>Margins</u>

- Borrowings mix
    - **56% variable**
        - **30% MCLR**
        - **26% EBLR**
    - 44% fixed
- **75bps rate cut benefit pending for EBLR and 25bps already transmitted so far**
- MCLR-linked borrowing has a lag of 3-6 months
- **40-50bps reduction in borrowing cost expected by FY26-end vs. current 8.6%**
- **Incremental cost of funds is 8.6% to 8.7%, as of now**
- **Benefit of rating upgrade will likely come in this quarter; Aptus is also negotiating hard with banks. Recently borrowed an 8.15% long-term bank loan**
- Also looking at diversifying borrowings with a tenure of 5-7 years
- In terms of passing interest rate benefit, 80% is fixed; hence, no benefit is to be passed to 80% customer base as of now

<u>RoA/RoE</u>

- **Objective is to cross 22% RoE as early as possible**
- Gain on de-recognition of financial instruments contributed 1.1% in the RoA tree. Adjusting for it, RoA is 6.8% in Q1 vs. 7.7% a year ago

<u>Chairman's views</u>

- Mr. Anandan believes that Aptus has a long way to grow in the affordable housing segment and major challenges would be manpower and competition from other banks, HFCs and SFBs. Productivity would be very important going forward. Aptus is trying to have an early-mover advantage and improve service for customer

<u>Direct assignment</u>

- **DA is part of revised funding strategy and meets their ALM criteria. For non-housing loans, DA is done. 10-15% of disbursements are from DA, which is ~2-3% of the loan book**
- INR 1.45bn assignment this quarter

<u>Others</u>

- Self-employed is ~78% of total customers. Not seeing any variation in repayment for self-employed and salaried customers

Q4FY25 earnings conference call takeaways

FY26 guidance

- **24-25% disbursements growth**
- **28-30% AUM growth**
- **Plan to open 40 branches in FY26 (including 5 in Odisha and 5 in Maharashtra)**
- **2.6-2.7% opex to assets**
- **40-45bps credit cost (gross of bad debt recovery)**

AUM and Disbursements

- **Target to reach INR 250bn AUM by FY28**
- **Disbursements were up 15% YoY. However, for FY25, disbursements were for 11 months (Apr'24 disbursements were impacted due to new LOS implementation) vs 12 months in FY24. Hence, adjusting for that, disbursements growth would have been 18-19% YoY.**
- **TN disbursements were up 11% QoQ and 13% YoY**
- Good disbursement pick up was seen in Karnataka in Q4
- Key growth drivers for FY26
  - Business from new branches in Odisha and Maharashtra and addition of branches in existing states should aid business growth
  - **Target to increase per loan officer per month productivity to 4 from 3.2 currently**
- 78-80% is login to sanction and this has been stable over the years

Entry in new states

- It is on contiguous expansion mode.
- Aim is to grow disbursements and loan book in tier 3 and 4 cities by way of expanding operations in Odisha and Maharashtra and increasing penetration in existing geographies.
- It has ventured into Odisha and Maharashtra to reduce its dependence on TN and AP.
- **It has selected Odisha and Maharashtra, because they are closer to Telangana.**
- So far, the customer profile and asset quality performance has been satisfactory in these new states.
- Repayment pattern has been very strong in Odisha so far.

Balance transfer and pre-closure

- BT-out is consistent around 2-2.5% per month.
- **Overall, pre closure is 7%, but of this, 4.49% is coming from own funds and BT-out is ~2.5%.**
- This 2.5% BT-out has been maintained over the years.

Asset quality

- **Total provisions at INR 1.11bn, including management overlay of INR 0.25bn.**
- Not seeing stress in any market in any product.
- Credit cost has been flat QoQ.

- TN ordinance is applicable only to unregistered MFI or money lenders who are charging exorbitant interest rates. As of now, it has not seen any impact on CE and it is watching the situation closely.
- 1+ dpd is 7.5%.

Assignment

- **Aptus did its first ever direct assignment transaction of INR 750mn for non-housing portfolio in its HFC company.**
- On direct assignment, cost of funds is around 9% for a portfolio which is yielding 18.5%.
- Going forward, it will be looking to do direct assignment transactions on a selective basis.
- Incrementally, it is looking to continue with non-housing portfolio only for assignment.
- It is not looking to be very aggressive on assignment, but could be looking at a quarterly run-rate of INR 1-1.25bn per quarter.
- **Triggers for direct assignment - evolving funding environment, assignment to be used as an ALM management tool and diversification of borrowings.**

Borrowings

- Diversified borrowing further by issuing NCDs of INR 3.25bn to MFs.
- INR 11.55bn liquidity including undrawn sanction of INR 6.78bn during the year.
- For HFC, it is borrowing in the range of 8.5-8.7% and that continues.
- For non NBFCs, it is borrowing in the range of 9.25-9.5%.
- 56% borrowings are variable; 30% is linked to repo and rest is linked to MCLR.
- For MCLR-linked borrowings, cost of borrowings can start coming down from Jun/Jul'25.
- **Of the total borrowings, 44% is fixed rate.**
- **80% loan book is fixed rate.**
- NHB borrowings o/s sanction of INR 3bn.

Attrition

- There has been nil attrition at the top management level.
- Attrition has been 10% at branch manager level and **40-45% at field level.**
- It has introduced a scheme on retention incentives.

Miscellaneous

- It is strengthening the company by quality manpower across functions.
- RBI has directed all NBFCs to change auditor every 3 years. Some auditors recommended netting bad debt recovery against credit cost, while others recommend taking full provisions and accounting for recoveries under other income. Hence, this adjustment is done in order to align with auditor opinion.

Exhibit 1: Q1FY26 result review

Income statement (INR mn)	Q1FY25	Q4FY25	Q1FY26	% YoY	% QoQ
Interest income	3,810	4,500	4,695	23.2	4.3
Interest expenses	1,199	1,498	1,604	33.8	7.1
Net interest income	**2,611**	**3,002**	**3,091**	**18.4**	**3.0**
Non-interest Income	237	493	606	156.2	23.0
Total Income (net of interest expenses)	**2,848**	**3,495**	**3,697**	**29.8**	**5.8**
Employee expenses	434	467	504	16.3	8.0
Depreciation and amortization	26	33	31	20.0	(6.3)
Other operating expenses	135	205	200	48.1	(2.4)
Total Operating Expense	**595**	**706**	**736**	**23.7**	**4.3**
Pre-provisioning profit (PPoP)	**2,253**	**2,789**	**2,961**	**31.5**	**6.2**
Provisions and write offs	36	79	106	190.4	33.3
PBT	**2,216**	**2,710**	**2,855**	**28.8**	**5.4**
Tax expenses	499	639	663	32.9	3.7
PAT	**1,717**	**2,070**	**2,193**	**27.7**	**5.9**
Diluted EPS (INR)	3.42	4.14	4.38	**28.1**	**5.8**
Balance Sheet (INR mn)	**Q1FY25**	**Q4FY25**	**Q1FY26**	**% YoY**	**% QoQ**
Share capital	1,000	1,000	1,000	0.0	0.0
Reserves & surplus	37,180	42,170	43,150	16.1	2.3
Shareholders' funds	**38,180**	**43,170**	**44,150**	**15.6**	**2.3**
Borrowings	55,210	68,730	71,010	28.6	3.3
Other Liabilities and provisions	450	530	730	62.2	37.7
Total Liabilities and SHE	**93,830**	**112,430**	**115,880**	**23.5**	**3.1**
Loans	**89,310**	**106,300**	**109,010**	**22.1**	**2.5**
Liquid assets - Bank FDs, MFs	3,870	4,770	5,170	33.6	8.4
Fixed assets	70	90	90	28.6	0.0
Other assets	580	1,280	1,610	177.6	25.8
Total Assets	**93,830**	**112,430**	**115,880**	**23.5**	**3.1**
Key ratios	**Q1FY25**	**Q4FY25**	**Q1FY26**	**% YoY**	**% QoQ**
AUM (INR mn)	90,720	108,650	112,670	24.2	3.7
Disbursements (INR mn)	6,750	10,640	7,750	14.8	-27.2
Yields (%)	17.4	17.4	17.4	*-1 bps*	*-4 bps*
Cost of borrowings (%)	8.6	8.7	8.62	*-3 bps*	*-7 bps*
Margins (%)	8.7	8.7	8.7	*1 bps*	*2 bps*
Gross NPA (%)	1.30	1.19	1.49	*19 bps*	*30 bps*
Net NPA (%)	0.98	0.89	1.12	*14 bps*	*23 bps*
30+ DPD (%)	6.3	5.9	6.5	*14 bps*	*54 bps*
Collection efficiency (%)	99.2	101.2	99.1	*-7 bps*	*-204 bps*
ECL Provision (%)	1.05	1.02	1.01	*-4 bps*	*-1 bps*

Source: Company data, I-Sec research

Exhibit 2: Spreads inched up ~2bps QoQ due to decline in borrowing cost, partially offset by yield compression

(%)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Yields (%)	17.15	17.20	17.21	17.35	17.36	17.38	17.38	17.39	17.35
Cost of borrowings (%)	8.30	8.41	8.55	8.64	8.64	8.68	8.70	8.68	8.62
Spread (%)	8.85	8.79	8.66	8.71	8.72	8.70	8.68	8.71	8.73

Source: Company data, I-Sec research

Exhibit 3: AUM growth of 4% QoQ / 24% and Disbursements down ~27% QoQ due to Q1 seasonality

	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY %	QoQ %
AUM	76,040	80,720	87,220	90,720	96,790	1,02,260	1,08,650	1,12,670	24.2	3.7
Disbursements	7,450	7,680	9,680	6,750	9,350	9,300	10,640	7,750	14.8	-27.2

Source: Company data, I-Sec research

ICICI Securities

Exhibit 4: Stable growth across segments with Housing loans +Quasi Housing Loans now ~75% of the AUM mix

AUM Mix (INR mn)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	% of total
Housing loans	44,864	47,625	52,332	54,432	59,042	62,379	65,190	68,729	61.00%
Small business loans	15,208	16,951	17,444	18,144	19,358	21,475	21,730	21,407	19.00%
Quasi housing loans	12,927	12,915	13,955	14,515	14,519	14,316	15,211	15,774	14.00%
Insurance loans	1,521	1,614	1,744	1,814	1,936	2,045	3,260	3,380	3.00%
Top up loans	1,521	1,614	1,744	1,814	1,936	2,045	3,260	3,380	3.00%
Total (pasted)	**76,040**	**80,720**	**87,220**	**90,720**	**96,790**	**1,02,260**	**1,08,650**	**1,12,670**	100.00%

Source: Company data, I-Sec research

Exhibit 5: Looking to increase share of newly-added states namely Odisha and Maharashtra

AUM by state/territory (%)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Tamil Nadu	44	43	42	40	39	37	35	34	33	33	33
Andhra Pradesh	34	35	36	38	39	40	41	42	43	42	43
Telangana	13	14	14	14	14	15	16	16	16	16	16
Karnataka	8	8	8	8	8	8	8	8	8	8	8
Orissa and Maharashtra									0	1	1
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: Company data, I-Sec research

Exhibit 6: Stage-3 assets higher QoQ, can be attributed to seasonality

(%)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Loans											
Stage I Assets	93.74	94.10	93.73	94.01	93.96	94.59	93.69	93.77	93.79	94.09	93.51
Stage II Assets	4.82	4.75	4.98	4.80	4.85	4.34	5.01	4.98	4.93	4.72	5.00
Stage III Assets	1.44	1.15	1.29	1.19	1.19	1.07	1.30	1.25	1.28	1.19	1.49
Total Loans	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**
Provisioning coverage											
Stage I Assets	0.37	0.41	0.40	0.40	0.40	0.40	0.35	0.35	0.35	0.35	0.30
Stage II Assets	7.35	7.97	7.32	8.10	7.98	9.55	7.81	7.81	7.76	8.51	7.80
Stage III Assets	25.00	25.00	25.00	25.00	25.00	25.01	25.00	24.97	25.00	25.00	25.00
Total Provisions	**1.06**	**1.06**	**1.06**	**1.06**	**1.06**	1.06	1.05	1.03	1.03	1.02	1.01

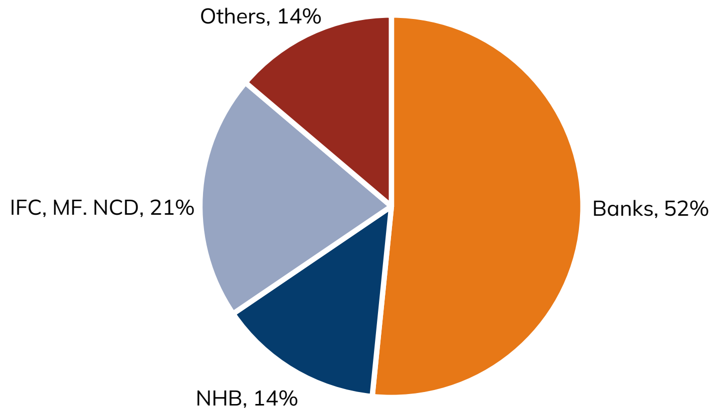
Source: Company data, I-Sec research

Exhibit 7: Asset Quality metrics deteriorated with sequential uptick in Gross Stage-3, Net Stage-3, 30+ dpd and fall in CE

	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Gross NPA (%)	1.29	1.19	1.19	1.07	1.30	1.25	1.28	1.19	1.49
Net NPA (%)	0.97	0.89	0.89	0.80	0.98	0.94	0.96	0.89	1.12
30+ DPD (%)	6.27	5.99	6.04	5.41	6.31	6.23	6.21	5.91	6.45
Collection efficiency (%)	99.52	99.72	99.65	100.15	99.18	99.27	99.35	101.16	99.12

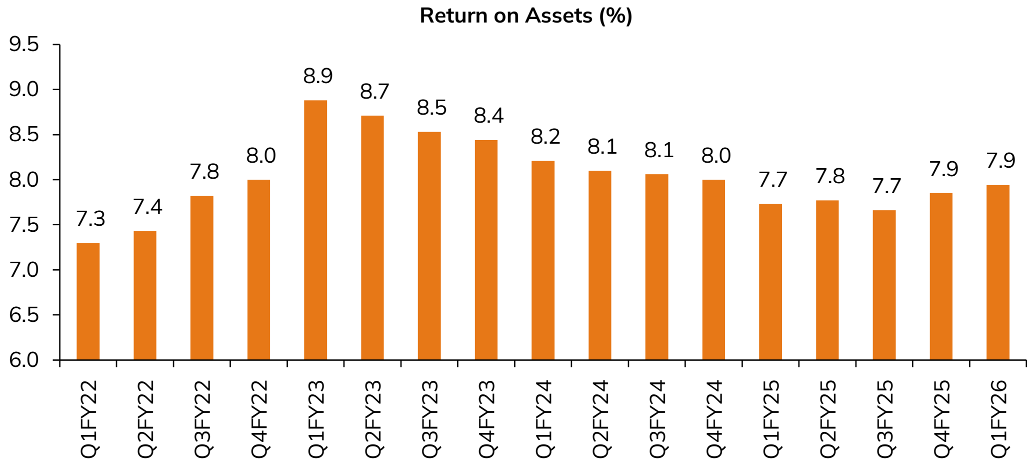
Source: Company data, I-Sec research

Exhibit 8: Diversified borrowing profile with share of banks at ~50% of total



Source: Company data, I-Sec research

Exhibit 9: RoA healthy at ~8%



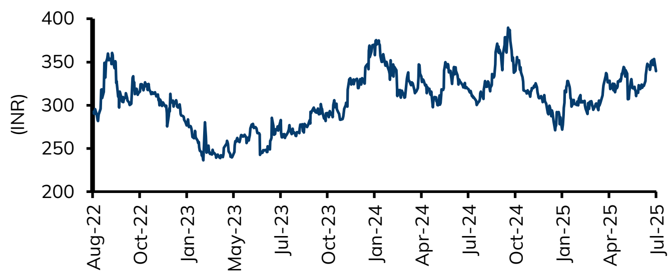
Source: Company data, I-Sec research

Exhibit 10: Shareholding pattern

%	Dec'24	Mar'25	Jun'25
Promoters	53.0	53.0	40.4
Institutional investors	31.5	37.6	46.4
MFs and other	8.4	9.1	14.7
FIs/ Banks	0.0	0.0	0.0
Insurance Cos.	0.1	0.1	0.3
FIIs	23.0	28.4	31.4
Others	15.5	9.4	13.2

Source: Bloomberg, I-Sec research

Exhibit 11: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 12: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Interest Income	13,005	16,483	20,540	25,753
Interest Expenses	(3,879)	(5,405)	(6,518)	(8,383)
Net Interest Income (NII)	**9,126**	**11,077**	**14,022**	**17,370**
Other Income	440	643	814	1,045
Total Income (net of interest expenses)	10,213	12,579	15,837	19,625
Employee benefit expenses	**(1,489)**	**(1,771)**	**(2,487)**	**(3,208)**
Depreciation and amortization	(93)	(121)	(145)	(174)
Other operating expenses	(484)	(656)	(787)	(945)
Total Operating Expense	(2,067)	(2,547)	(3,419)	(4,327)
Pre Provisioning Profits (PPoP)	8,147	10,032	12,418	15,298
Provisions and write offs	**(215)**	**(283)**	**(435)**	**(581)**
Profit before tax (PBT)	**7,932**	**9,748**	**11,982**	**14,718**
Total tax expenses	(1,813)	(2,236)	(2,748)	(3,376)
Profit after tax (PAT)	**6,119**	**7,512**	**9,234**	**11,342**

Source Company data, I-Sec research

Exhibit 13: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Share capital	998	1,000	1,000	1,000
Reserves & surplus	36,681	42,167	49,152	58,244
Shareholders' funds	**37,679**	**43,167**	**50,151**	**59,244**
Borrowings	51,850	68,468	84,453	114,731
Provisions & Other Liabilities	515	799	919	1,011
Total Liabilities and Stakeholder's Equity	**90,044**	**112,434**	**135,523**	**174,986**
Cash and balance with RBI	3,502	4,237	4,900	5,670
Fixed assets	**50**	**75**	**87**	**100**
Loans	85,282	106,303	128,528	166,991
Investments	515	529	529	529
Deferred tax assets (net)	**254**	**221**	**254**	**292**
Other Assets	441	1,069	1,225	1,404
Total Assets	**90,044**	**112,434**	**135,523**	**174,986**

Source Company data, I-Sec research

ICICI Securities

Exhibit 14: Key Ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
AUM and Disbursements (INR mn)				
AUM	87,220	108,650	139,261	179,010
On-book Loans	82,882	99,180	128,085	166,469
Off-book Loans	4,338	9,470	11,176	12,541
Disbursements	31,270	36,040	45,171	56,636
Sanctions	-	-	-	-
Repayments	11,430	14,610	14,560	16,887
Growth (%):				
Total AUM (%)	29.4	24.6	28.2	28.5
Disbursements (%)	30.6	15.3	25.3	25.4
Sanctions (%)	-	-	-	-
Repayments (%)	36.7	27.8	(0.3)	16.0
Loan book (on balance sheet) (%)	29.2	19.7	29.1	30.0
Total Assets (%)	25.5	24.9	20.5	29.1
Net Interest Income (NII) (%)	19.3	21.4	26.6	23.9
Non-interest income (%)	23.2	38.1	20.9	24.2
Total Income (net of interest expenses) (%)	19.7	23.2	25.9	23.9
Operating Expenses (%)	25.1	23.3	34.2	26.5
Employee Cost (%)	22.8	18.9	40.5	29.0
Non-Employee Cost (%)	31.9	35.5	20.0	20.0
Pre provisioning operating profits (PPoP) (%)	18.4	23.1	23.8	23.2
Provisions (%)	(36.9)	31.6	53.7	33.4
PBT (%)	21.3	22.9	22.9	22.8
PAT (%)	21.6	22.8	22.9	22.8
EPS (%)	21.7	22.6	22.9	22.8
Yields, interest costs and spreads (%)				
NIM on loan assets (%)	12.1	11.6	11.9	11.8
NIM on IEA (%)	11.2	10.9	10.9	10.6
NIM on AUM (%)	11.8	11.3	11.3	10.9
Yield on loan assets (%)	17.2	17.2	17.5	17.4
Yield on IEA (%)	16.0	16.2	16.0	15.7
Yield on AUM (%)	16.8	16.8	16.6	16.2
Cost of borrowings (%)	8.6	9.0	8.5	8.4
Interest Spreads (%)	8.6	8.2	9.0	9.0
Operating efficiencies				
Non interest income as % of total income	0.6	0.6	0.6	0.6
Cost to income ratio	20.2	20.3	21.6	22.0
Op.costs/avg assets (%)	2.6	2.5	2.8	2.8
Op.costs/avg AUM (%)	2.7	2.6	2.8	2.7
No of employees (estimate) (x)	2,918	3,351	3,988	4,618
No of branches (x)	262	300	340	375
Salaries as % of non-interest costs (%)	72.1	69.5	72.7	74.2
NII /employee (INR mn)	3.1	3.3	3.5	3.8
AUM/employee(INR mn)	29.9	32.4	34.9	38.8
AUM/ branch (INR mn)	332.9	362.2	409.6	477.4
Capital Structure				
Average gearing ratio (x)	1.4	1.6	1.7	1.9
Leverage (x)	2.3	2.5	2.8	3.0
CAR (%)	66.1	69.0	59.9	53.6
Tier 1 CAR (%)	66.0	69.0	59.8	53.6
Tier 2 CAR (%)	0.1	0.0	0.0	0.0
RWA (estimate) - INR mn	52,533	65,482	80,459	106,206
RWA as a % of loan assets	61.6	61.6	62.6	63.6

	FY24A	FY25A	FY26E	FY27E
Asset quality and provisioning				
GNPA (%)	1.1	1.2	1.1	1.1
NNPA (%)	0.8	1.0	0.9	0.9
GNPA (INR mn)	933	1,283	1,537	1,914
NNPA (INR mn)	700	962	1,153	1,436
Coverage ratio (%)	25.0	25.0	25.0	25.0
Credit Costs as a % of avg AUM (bps)	28	29	35	36
Credit Costs as a % of avg on book loans (bps)	29	31	38	39
Return ratios				
RoAA (%)	7.6	7.4	7.4	7.3
RoAE (%)	17.2	18.6	19.8	20.7
ROAAUM (%)	7.9	7.7	7.4	7.1
Dividend Payout ratio (%)	-	-	-	-
Valuation Ratios				
No of shares	499	500	500	500
No of shares (fully diluted)	499	500	500	500
ESOP Outstanding	-	-	-	-
EPS (INR)	12.3	15.0	18.5	22.7
EPS fully diluted (INR)	12.3	15.0	18.5	22.7
Price to Earnings (x)	27.6	22.5	18.3	14.9
Price to Earnings (fully diluted) (x)	27.6	22.5	18.3	14.9
Book Value (fully diluted)	76	86	100	119
Adjusted book value	74	84	98	116
Price to Book	4.5	3.9	3.4	2.9
Price to Adjusted Book	4.6	4.0	3.5	2.9
DPS (INR)	-	-	-	-
Dividend yield (%)	-	-	-	-

Source Company data, I-Sec research

Exhibit 15: Key Metrics

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
DuPont Analysis				
Average Assets (INR mn)	80,903	101,239	123,979	155,255
Average Loans (INR mn)	75,601	95,792	117,416	147,760
Average Equity (INR mn)	35,536	40,423	46,659	54,698
Interest earned (%)	16.1	16.3	16.6	16.6
Net gain on fair value changes (%)	-	-	-	-
Interest expended (%)	4.8	5.3	5.3	5.4
Gross Interest Spread (%)	**11.3**	**10.9**	**11.3**	**11.2**
Credit cost (%)	0.3	0.3	0.4	0.4
Net Interest Spread (%)	**11.0**	**10.7**	**11.0**	**10.8**
Operating cost (%)	2.6	2.5	2.8	2.8
Lending spread (%)	**8.5**	**8.1**	**8.2**	**8.0**
Non interest income (%)	1.3	1.5	1.5	1.5
Operating Spread (%)	**9.8**	**9.6**	**9.7**	**9.5**
Tax rate (%)	22.9	22.9	22.9	22.9
ROAA (%)	**7.6**	**7.4**	**7.4**	**7.3**
Effective leverage (AA/ AE)	2.3	2.5	2.7	2.8
RoAE (%)	**17.2**	**18.6**	**19.8**	**20.7**

Source Company data, I-Sec research

Source Company data, I-Sec research

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