

Initiating Coverage

**Choice**  
Institutional Equities

# Aptus Value Housing Finance India Ltd. (APTUS)

Lending Beyond Banks, Profitability Beyond Peers

**APTUS**

October 13, 2026

[institutional.equities@choiceindia.com](mailto:institutional.equities@choiceindia.com)

Aptus Value Housing Finance India Limited (APTUS)

October 13, 2026 | CMP: INR 219 | Target Price: INR 330

Expected Share Price Return: 50.7% | Dividend Yield: 2.0% | Expected Total Return: 52.7%

Sector View: Positive

BUY



Aptus Value Housing Finance is an RBI regulated affordable housing lender serving self-employed, low-and-middle-income customers in semi-urban/rural South India. Its major product offering includes home loans, LAP, and small business loans. As of Q1 FY27, it operates 372 branches with AUM of ~INR 137 Bn, with a core presence in Tamil Nadu, AP, Telangana, and Karnataka, now expanding into Maharashtra and Odisha.

Company Information

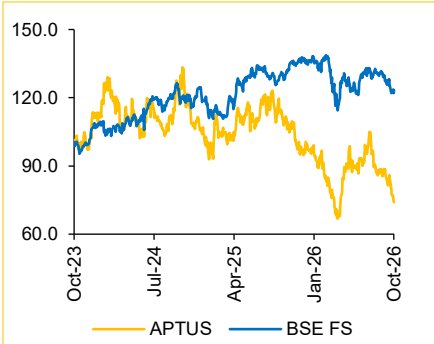
|                    |              |
|--------------------|--------------|
| BB Code            | APTUS: IN    |
| ISIN               | INE852O01025 |
| Face Value (INR)   | 2.0          |
| 52-Week High (INR) | 322.5        |
| 52-Week Low (INR)  | 193.5        |
| Mkt Cap (INR Bn)   | 109.7        |
| Mkt Cap (USD Bn)   | 1.1          |
| Shares O/s (Mn)    | 500.8        |
| Free Float (%)     | 76.1         |

|           | Dec-25 | Mar-26 | Jun-26 |
|-----------|--------|--------|--------|
| Promoters | 23.9   | 23.9   | 23.9   |
| FII       | 33.2   | 30.3   | 30.0   |
| DII       | 27.3   | 29.4   | 29.9   |
| Public    | 15.6   | 16.4   | 16.2   |

Relative Performance (%)

| Return            | 1Y     | 2Y     | 3Y     |
|-------------------|--------|--------|--------|
| BSE Fin. Services | (6.9)  | 3.1    | 22.8   |
| APTUS             | (31.2) | (39.3) | (25.3) |

Rebased Price Performance (%)



Source: BSE, Choice Institutional Equities

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Branch Vintage Flywheel to Sustain ~22% AUM Growth

APTUS scaled up its AUM by 20% every year since FY18, including COVID-19 period and, we believe, the pace of growth is repeatable. It serves self-employed, first-time home buyers, a segment banks continue to vacate. Balance-transfer leakage of ~2.5% keeps run-off low and disbursements accretive to AUM.

Rising ticket sizes of INR 50k–100k a year add further momentum. APTUS customer base is served by an in-house branch network. Productivity rises sharply with vintage, as mature branches carry ~13x a new branch's AUM. We forecast AUM of INR 195.4 Bn by FY28E, at 22.1% CAGR.

In-house, Tech-led Model Keeps Opex and Credit Cost Low through Cycles

APTUS earns the highest yield among listed AHFCs yet keeps cost among the lowest. This combination is driven by an in-house, technology-led operating model. Technology spend rose ~10x since FY21, yet opex-to-AUM stood at 2.6–2.8%. The same platform supports a disciplined credit process, from sourcing to sanction. After checks on 50+ data points, only ~65% of branch leads convert into disbursement. Dues are collected entirely in-house, from the first EMI to SARFAESI. With ~40% LTV, most delinquencies result in recovery rather than loss. As a result, credit cost stayed at 0.3–0.5% over FY23–26. We project opex-to-AUM of ~2.7% and credit cost of ~0.6% over FY27E–28E.

Structurally Superior RoA Supports Durable ~20% RoE at Conservative Leverage

APTUS' returns are built on asset-side profitability rather than balance-sheet leverage. Its reported yield stood at 16.9–17.4% through a full rate cycle. In the last four years, floating-rate borrowing doubled to 43%, while Aptus' rating has upgraded to AA. We expect spreads to stabilise at ~8.8% and NIM to recover to ~11.0% by FY28E. Supported by a lean opex and contained credit cost, we project RoA to sustain at ~7.8%. This underpins our RoE estimate of 20.4% / 20.7% for FY27E / FY28E, respectively. Notably, APTUS earns the highest RoE among listed AHFCs at the lowest leverage. We anticipate a modest rise in leverage to 2.7x by FY29E.

Valuation and View

We initiate coverage on APTUS with a 'BUY' recommendation. We value the company at 2.5x FY28E ABV (based on peer-group benchmarking), resulting in target price of INR 330.0 per share, with an upside potential of 50.7%. APTUS leads both affordable and prime housing financiers on profitability, with estimated RoA of 7.8% and RoE of 20.4% / 20.7% for FY27E / FY28E. It delivered 20%+ RoE in FY26 despite a ~INR 1.0 Mn ticket size and a branch-heavy model. Its 9.1% spread, the widest among peers, reflects strong underwriting and cost discipline. Net NPA of 1.3% is among the highest in the peer set, but we expect it to stabilise on improving collections and ~40% LTV. We validated our P/ABV derived TP with residual income approach TP of INR 320.

Key Risks

Slower-than-expected branch ramp-up, higher delinquencies in the SBL and Karnataka books, yield pressure from rising competition and lower assignment income could weigh on earnings and valuation.

Investors Key Concerns, Management KTAs, Bull and Bear Scenarios

Key Financials

| INR Bn              | FY25  | FY26  | FY27E | FY28E | FY29E |
|---------------------|-------|-------|-------|-------|-------|
| AUM                 | 108.7 | 131.1 | 159.3 | 195.4 | 240.1 |
| AUM Growth (%)      | 24.6  | 20.6  | 21.5  | 22.7  | 22.9  |
| NII                 | 11.3  | 13.0  | 15.3  | 18.3  | 22.1  |
| NII Growth (%)      | 21.1  | 14.7  | 18.1  | 19.9  | 20.7  |
| Non-Interest Income | 1.3   | 3.0   | 3.5   | 4.0   | 4.4   |
| Operating Exp.      | 2.5   | 3.2   | 4.0   | 4.8   | 5.8   |
| PPoP                | 10.1  | 12.7  | 14.8  | 17.5  | 20.8  |
| PAT                 | 7.5   | 9.4   | 11.1  | 13.1  | 15.5  |
| RoAA (%)            | 7.4   | 7.8   | 7.8   | 7.8   | 7.7   |
| RoAE (%)            | 18.6  | 20.1  | 20.4  | 20.7  | 20.7  |
| GNPA %              | 1.2   | 1.5   | 1.5   | 1.4   | 1.3   |
| NNPA %              | 0.9   | 1.2   | 1.1   | 1.1   | 1.0   |
| Adj. BVPS (INR)     | 84.4  | 98.4  | 112.4 | 133.2 | 157.9 |
| P/Adj. Book Value   | 3.5   | 2.0   | 1.9   | 1.6   | 1.4   |

Source: APTUS, Choice Institutional Equities

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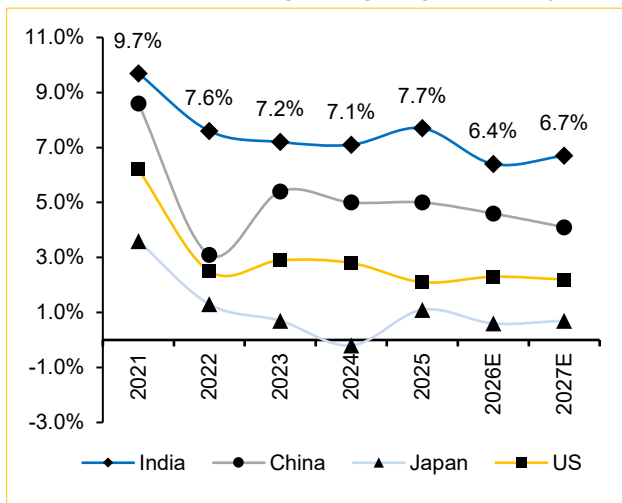


[Convex Choices Equity Strategy and High-Conviction Ideas Quarterly Q1FY27](#)

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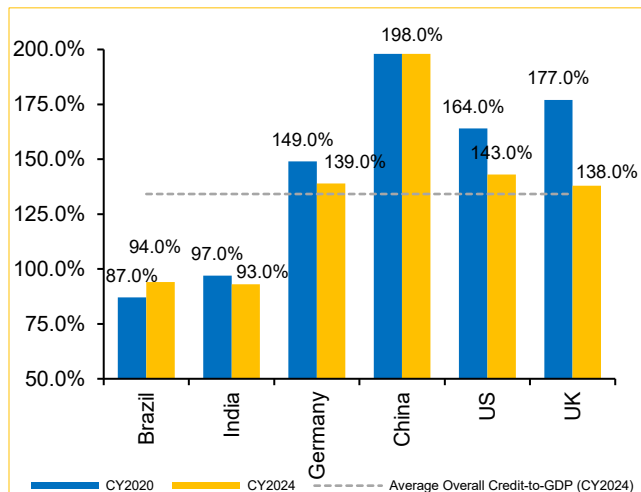
## 1.1 NBFCs to Remain at Forefront of Systematic Credit Growth

## India to Remain Fastest-growing Large Economy

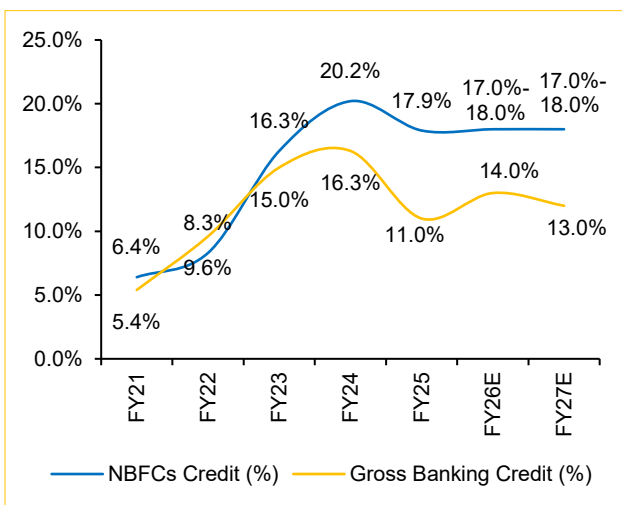


Source: IMF, Choice Institutional Equities

## India has Huge Potential for Increase in Credit-to-GDP

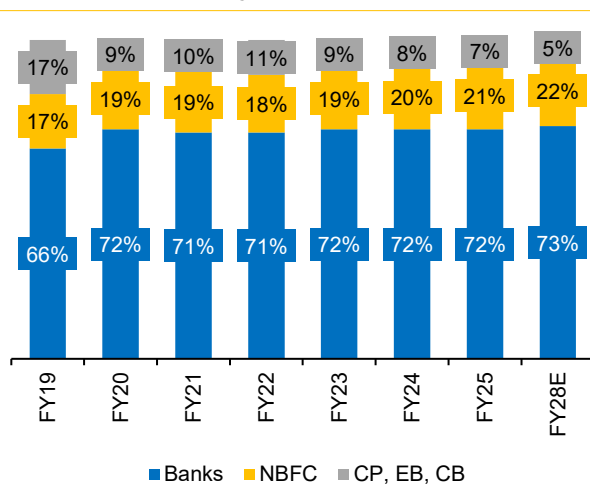


Source: Crisil Intelligence, Choice Institutional Equities

NBFCs Credit Growth to Outperform Banks for 5<sup>th</sup> Consecutive Year (FY27E)

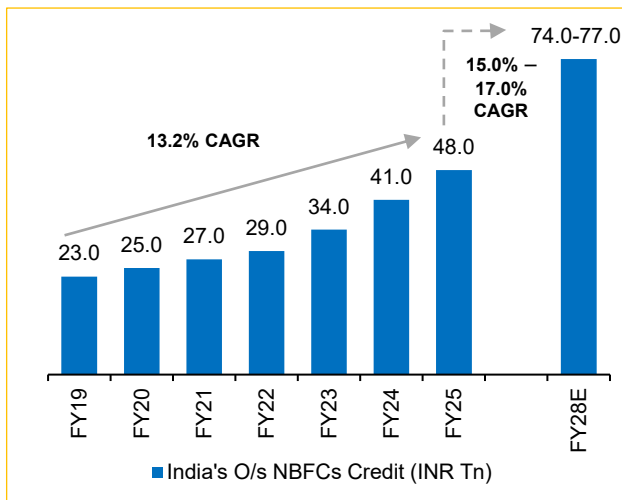
Source: Crisil Intelligence, Choice Institutional Equities

## Led by Higher Credit Growth, NBFCs' Credit Share Forecast to Improve by FY28E



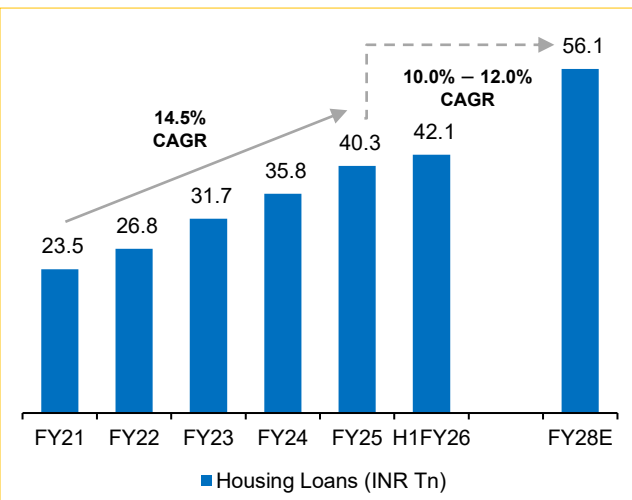
Source: Crisil Intelligence, Choice Institutional Equities

## NBFCs' Credit Growth is Expected to Remain above GDP Growth



Source: Crisil Intelligence, Choice Institutional Equities

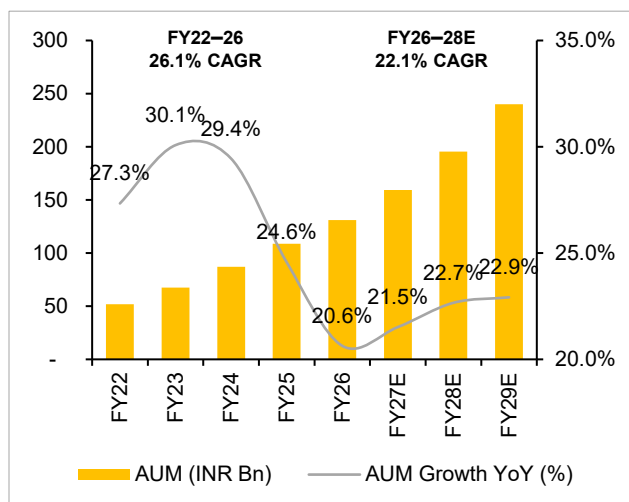
## Housing Industry Projected to Expand at 10.0–12.0% CAGR through FY28E



Source: Crisil Intelligence, CRIF Highmark, Choice Institutional Equities

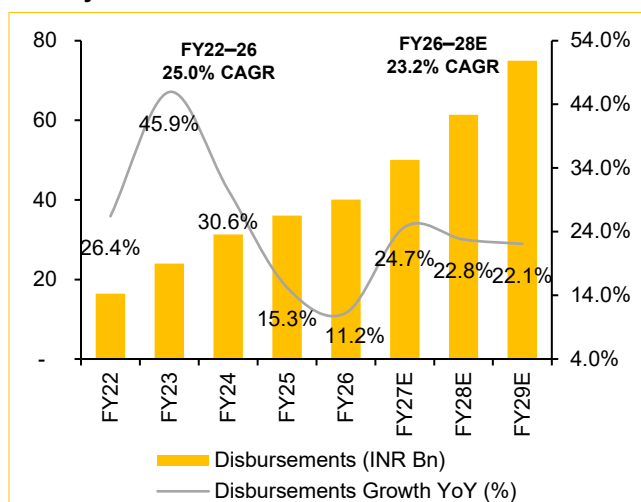
## 1.2 Investment Thesis in Charts

## Lower Run-off Forecast to Aid ~22% AUM CAGR over FY26–28E



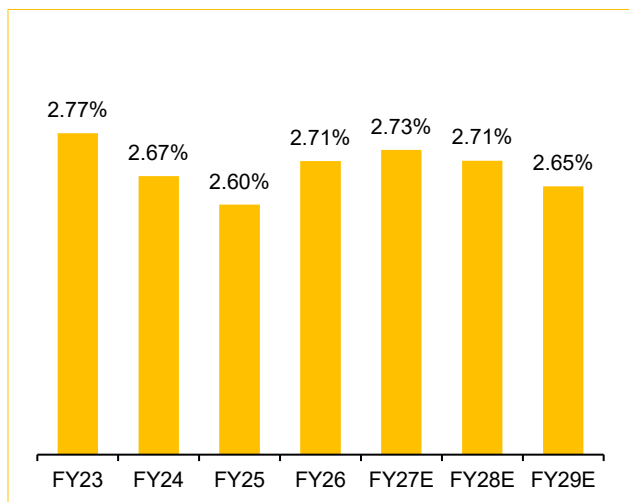
Source: APTUS, Choice Institutional Equities

## Increase in ATS by INR 50k–100k Annually to Support Healthy Disbursement Growth



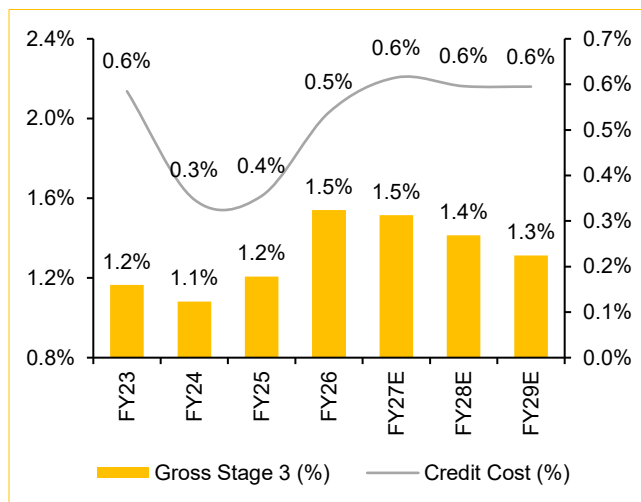
Source: APTUS, Choice Institutional Equities

## Opex-to-AUM to Remain Steady in Range of 2.6–2.8%



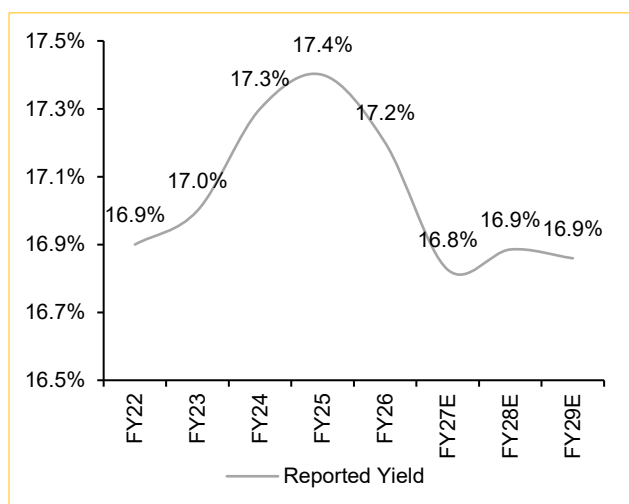
Source: APTUS, Choice Institutional Equities

## Credit Cost Expected to be Contained at ~0.6% over FY27E–28E



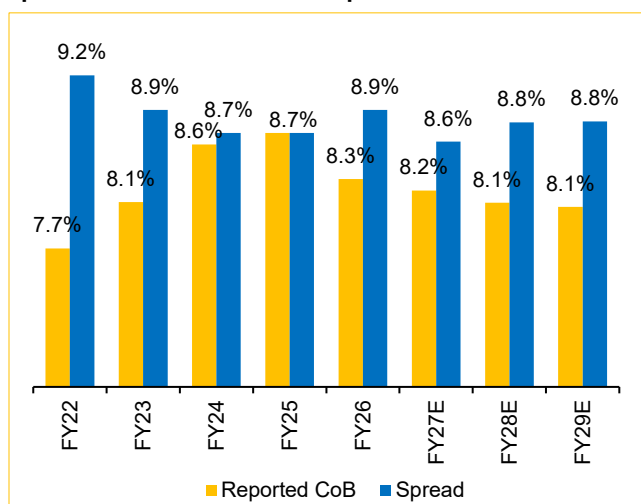
Source: APTUS, Choice Institutional Equities

## Lending Yield to Stabilise at 16.8–16.9% after Price Calibration in Jan '26



Source: APTUS, Choice Institutional Equities

## Spread to Remain at 8.8% despite Decline in Yield



Source: APTUS, Choice Institutional Equities

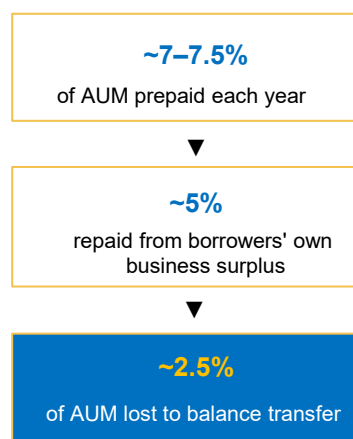
## 2.1 Branch Vintage Flywheel to Sustain ~22% AUM Growth over FY26–28E

APTUS scaled up its AUM by 20% every year since FY18, including COVID-19 period and, we believe, the pace of growth is repeatable. It serves self-employed, first-time home buyers, a segment banks continue to vacate. Balance-transfer leakage of ~2.5% keeps run-off low and disbursements accretive to AUM.

Rising ticket sizes of INR 50k–100k a year add further momentum. APTUS customer base is served by an in-house branch network. Productivity rises sharply with vintage, as mature branches carry ~13x a new branch's AUM. Therefore, we forecast AUM of INR 195.4 Bn by FY28E, at 22.1% CAGR.

*Low run-off and rising ticket sizes support ~22% AUM growth, at the lower end of the 22–24% guidance*

## Run-off is Voluntary Prepayment

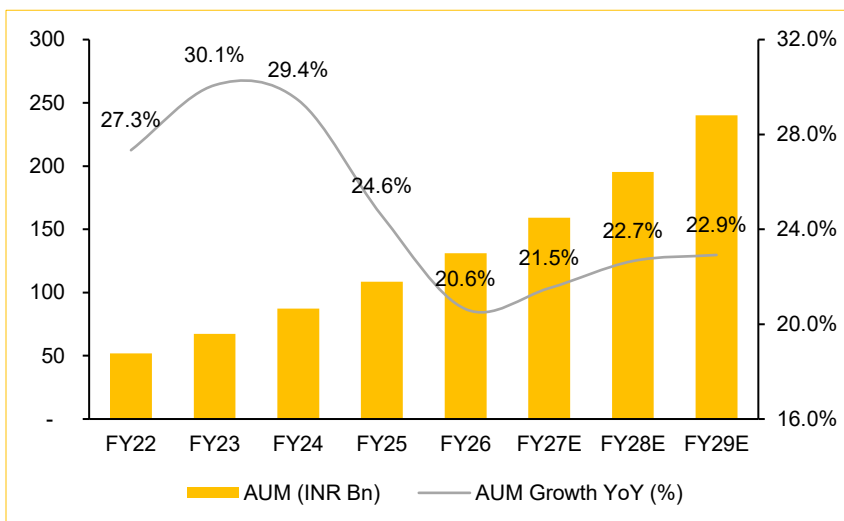


Source: APTUS, Choice Institutional Equities

## 2.1.1 An Under-contested Niche on a Rising Ticket Curve

APTUS finances first-time, self-employed home buyers in INR 0.7–2.5 Mn tickets at ~40% LTV. Banks' share of sub-INR 1.5 Mn housing loans fell from 64.1% in FY21 to 53.9% as of Sep '25, easing competition in its core band. Prepayments run at ~7–7.5% of AUM a year, of which balance transfer is ~2.5%. The balance of ~5% is repaid from borrowers' own business surplus. Total repayment stood at 16.0–17.0% of opening AUM, whereas disbursement of ~37.0–39.0%, would translate into ~22.0% AUM CAGR over FY26–28E.

## Lower Run-off Aids Sustained AUM Growth



Source: APTUS, Choice Institutional Equities

Management expects an increase in average ticket size (ATS) of INR 50k–100k a year, with LTV maintained at ~40%. In FY26, home loan ATS rose from INR 0.92 Mn to INR 0.97 Mn and small business loan ATS from INR 0.83 Mn to INR 0.89 Mn.

On a blended ATS of ~INR 0.95 Mn, this lifts disbursements by ~5–10% at constant volumes.

## ATS to Witness Annual Increase of INR 50k–100k

|                                             |
|---------------------------------------------|
| <b>INR 0.97 Mn</b>                          |
| Home Loan ATS - FY26<br>INR 0.92 Mn in FY25 |

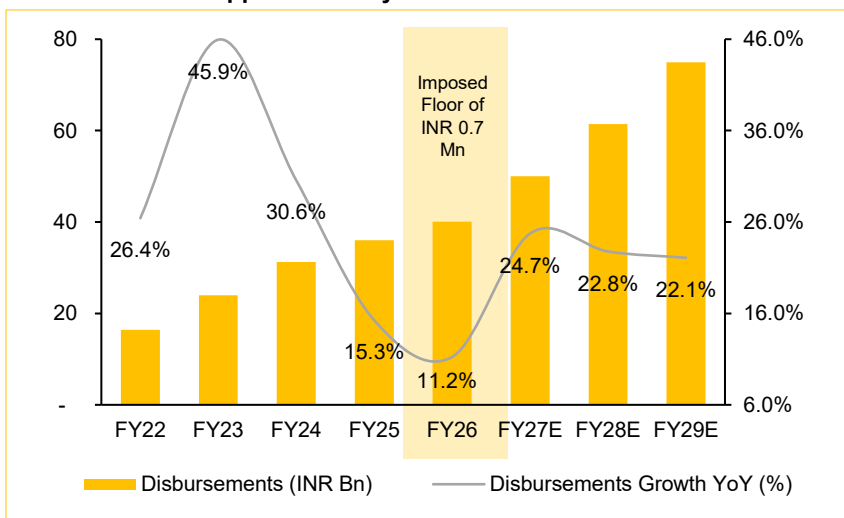
  

|                                                   |
|---------------------------------------------------|
| <b>INR 0.94 Mn</b>                                |
| Quasi Home Loan ATS - FY26<br>INR 0.92 Mn in FY25 |

|                                                             |
|-------------------------------------------------------------|
| <b>INR 0.89 Mn</b>                                          |
| Small Business Loan (SBL) ATS - FY26<br>INR 0.83 Mn in FY25 |

## Increase in ATS Supports Healthy Disbursement Growth



Source: APTUS, Choice Institutional Equities

Source: APTUS, Choice Institutional Equities

2.1 Branch Vintage Flywheel to Sustain ~22% AUM Growth over FY26–28E

2.1.2 In-house Sourcing and Fast Turnaround Compound Branch Productivity with Vintage

We see Aptus proprietary origination model as the key driver of vintage-led productivity gains. Field officers source 78% of leads and the rest come through company-owned digital channels, without dependence on DSAs. Locally-embedded teams deepen referral networks over time, which lifts lead flow per branch as the network matures.

Over 90% of loans are approved within 72 hours, which improves conversion per officer. Sourcing, underwriting, legal and collections are all handled at the branch, so the same team is accountable for both, growth and asset quality.

All Leads Sourced via Proprietary Channels (FY26, % of Leads)

| 78.0% Organic In-house Sourcing (sales executives)                                                                        |                                                                                                         |                                                                                             | 12.1%                                                                                     | 4.1 | 5.8 |
|---------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|-----|-----|
| <b>78.0% Organic In-house</b><br>Field officers generate leads through community relationships and micro-market knowledge | <b>12.1% Bandhu app</b><br>Connector channel; field agents digitise lead capture and track applications | <b>4.1% Digital marketing</b><br>Inbound leads from social media campaigns; brand awareness | <b>5.8% Customer app</b><br>Existing customers refer new borrowers; loyalty-driven growth |     |     |

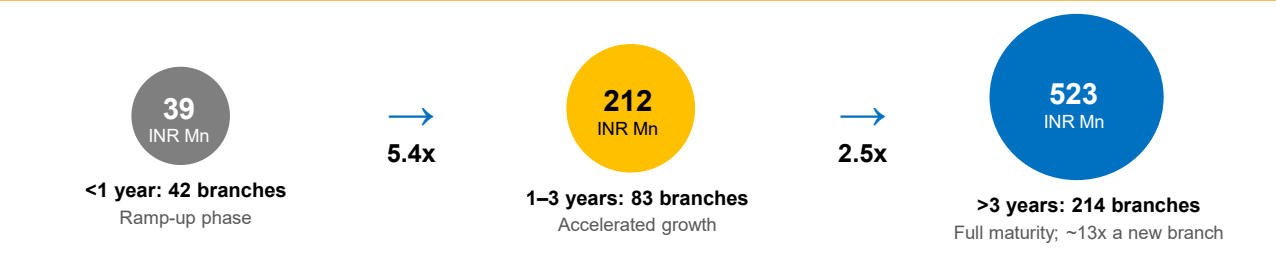
Source: APTUS, Choice Institutional Equities

A new branch carries ~13x its first-year AUM once it crosses three years of vintage. We forecast addition of 60–65 branches a year

The vintage curve is exponential and repeatable. At FY26, branches older than three years averaged INR 523 Mn of AUM, against INR 212 Mn for 1–3-year old branches and INR 39 Mn for newer ones.

Since FY19, network productivity has scaled up as AUM per branch rose ~2.5x, whereas the AUM per employee increased ~2.0x.

Vintage Drives Value: AUM per Branch Rises ~13x from Year 1 to Maturity (FY26)



Source: APTUS, Choice Institutional Equities

Target Customer and Proposition: Winning on Access, Not Price

**Access**

Semi-urban and rural markets; officers with local language fluency

**Speed**

>90% of loans approved within 72 hours

**Fairness**

Transparent terms; in-house collection

**Simplicity**

Field-supported journey for low financial literacy

**80%**

self-employed

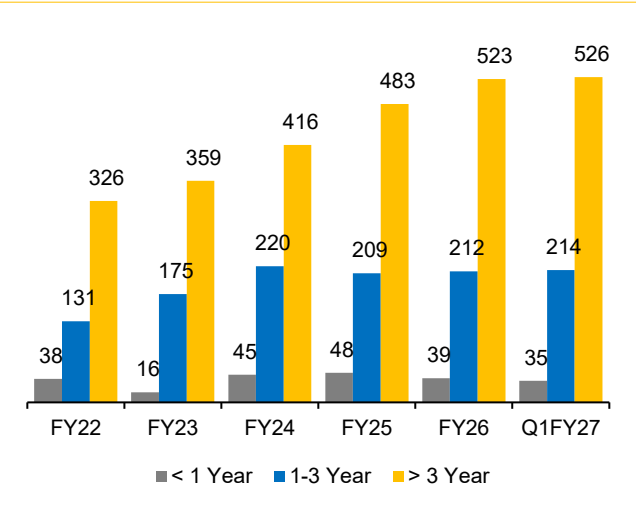
**74%**

low-income group

**85%**

rural / semi-urban

Mature Branches Compound Overtime: AUM per Branch up ~12.5% CAGR since FY22



Source: APTUS, Choice Institutional Equities

Source: APTUS, Choice Institutional Equities

2.2 In-house, Tech-led Model Keeps Opex and Credit Cost Low through Cycles

APTUS earns the highest yield among listed AHFCs yet keeps cost among the lowest. This combination is driven by an in-house, technology-led operating model. Technology spend rose ~10x since FY21, yet opex-to-AUM stood at 2.6–2.8%. The same platform supports a disciplined credit process, from sourcing to sanction. After checks on 50+ data points, only ~65% of branch leads convert into disbursement. Dues are collected entirely in-house, from the first EMI to SARFAESI. With ~40% LTV, most delinquencies result in recovery rather than loss. As a result, credit cost stayed at 0.3–0.5% over FY23–26. We forecast opex-to-AUM of ~2.7% and credit cost of ~0.6% over FY27E–28E.

2.2.1 Tech-led Efficiency: Lean Opex, Sharper Underwriting

APTUS has built a fully-integrated digital stack which covers the loan lifecycle from lead generation to collection. Its mobile-first origination system combines e-KYC, OCR-based document capture, Account Aggregator and credit bureau data and automatically allocates leads to field officers. E-signing, e-stamping and digital registration have taken digital agreements to 92.3%, reducing paperwork and turnaround time at the branch.

After disbursement, the loan management system handles EMIs, prepayments and foreclosures. With E-NACH covering 100% of the book, digital collections increased to 94%. The customer app (99.5% enrolment) and the Bandhu connector app now cumulatively generate ~18% of leads. Power BI dashboards give management real-time visibility into branch productivity.

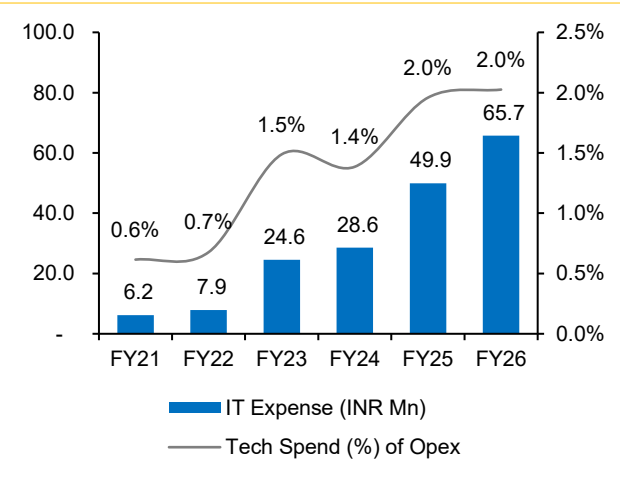
Digital Technology Stack across Loan Lifecycle

|                                                                                               |                                                                             |                                                                           |                                                                                        |
|-----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|---------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| <b>Loan Origination (LOS)</b><br>Mobile-first; e-KYC, OCR, AA, CIC pull, auto lead allocation | <b>Loan Management (LMS)</b><br>Disbursement, EMI, pre-payment, foreclosure | <b>Collections App</b><br>Bharat Bill Pay, Google Pay, Paytm; 100% E-NACH | <b>BI and Analytics</b><br>Power BI; ML bounce prediction; branch delinquency tracking |
| <b>Customer App</b><br>99.5% of customers enrolled; referral channel                          | <b>Bandhu App</b><br>Connector channel; lead capture and pipeline tracking  | <b>Digital Agreements</b><br>E-sign, e-stamping, digital registration     | <b>HRMS</b><br>Automated employee lifecycle and payroll                                |
| <b>94%</b><br>digital collections                                                             | <b>92.3%</b><br>digital agreements                                          | <b>99.5%</b><br>customers on app                                          | <b>100%</b><br>E-NACH mandates                                                         |
| <b>82.3%</b><br>AA penetration                                                                | <b>&gt;90%</b><br>loans in 72 hours                                         | <b>5.8%</b><br>leads via customer app                                     | <b>12.1%</b><br>leads via Bandhu app                                                   |

Source: APTUS, Choice Institutional Equities

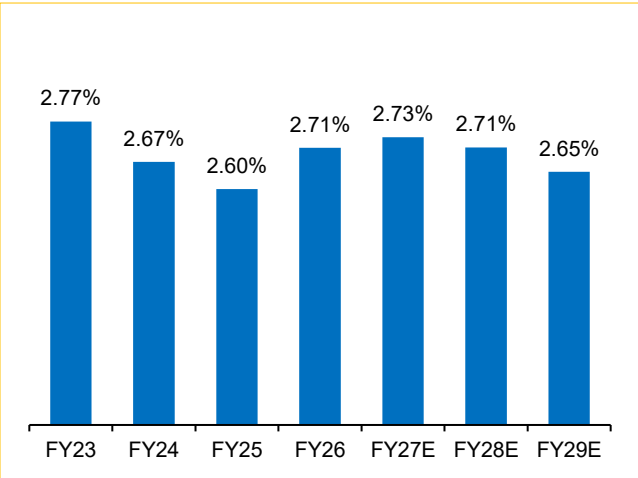
APTUS technology spend has risen, from 0.6% in FY21 to ~2.0% of opex in FY26, an investment we believe positions the company to scale up its network without a proportionate rise in operating cost. Opex-to-AUM has stood in the range of 2.6–2.8% and cost-to-income at ~20%, while AUM per employee has doubled since FY19.

Technology Spend Increased by ~10x over FY21–26



Source: APTUS, RHP, Choice Institutional Equities

Opex-to-AUM Expected to Remain Steady at 2.6–2.8%



Source: APTUS, Choice Institutional Equities

2.2 In-house, Tech-led Model Keeps Opex and Credit Cost Low through Cycles

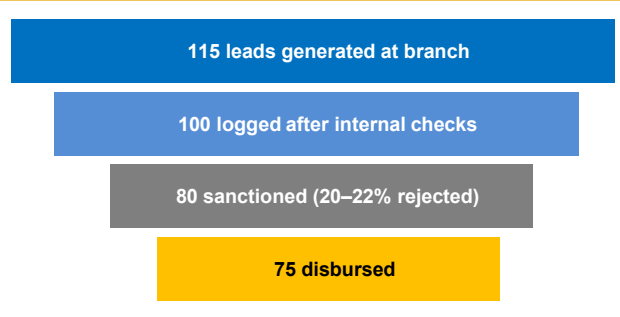
2.2.2 Tight Funnel, Owned Collections: Credit Cost Contained through Cycles

Only ~65% of leads reach disbursement; 20–22% of applications are rejected at the credit stage

APTUS applies a tight credit funnel before a loan is booked. Of every ~115 leads generated at the branch, ~100 clear initial screening, ~80 are sanctioned and ~75 are disbursed, which indicate a rejection rate of 20–22% at the credit stage. Credit, legal and technical checks run in parallel from Day 1 to Day 3, so that loan sanction is not delayed.

Each application is assessed on 50+ data points, including cash-flow evidence from bank statements, UPI history, QR-code collections and other informal ways. Final credit decisions are taken centrally, standardising underwriting across states.

Credit Funnel and Turnaround (per ~115 Branch Leads)



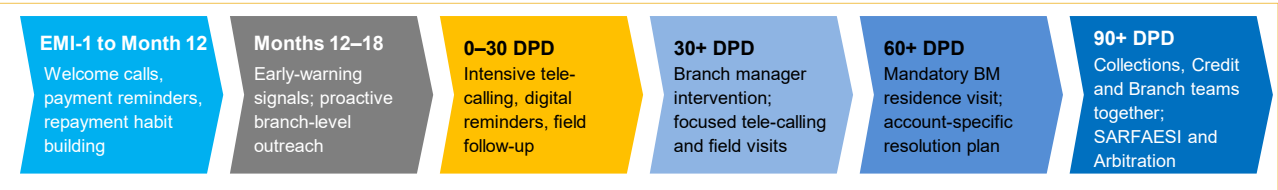
Source: APTUS, Choice Institutional Equities

Underwriting and Credit Assessment

- **50+ data points** per customer; 100+ in tech-led evaluation; integrated scorecards, CIC and ULI feeds
- **Stage-wise disbursement** verified by technical officers; ~40% LTV across products
- **Cash-flow assessment** using UPI history, QR-code merchant collections and bank statements
- **Centralised decisioning** with state-specific linguistic expertise; 82.3% AA penetration

Source: APTUS, Choice Institutional Equities

Collection and Recovery Trail: In-house from EMI-1 to SARFAESI



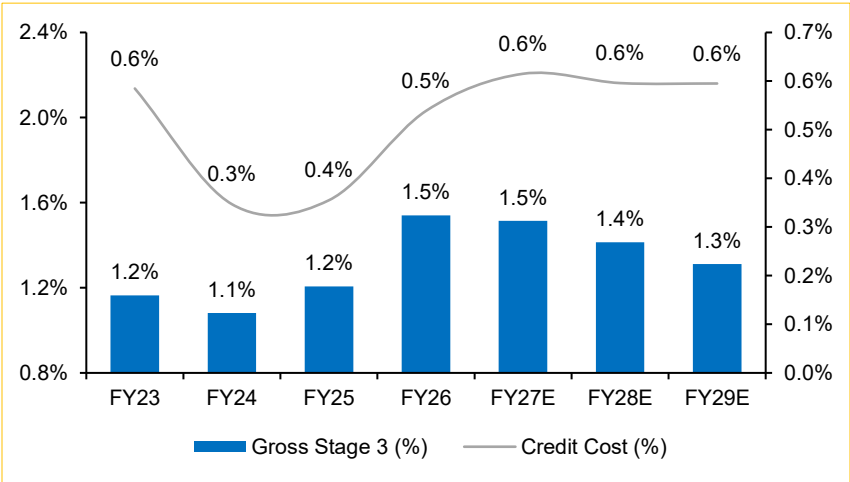
Source: APTUS, Choice Institutional Equities

Lending is restricted to self-occupied residential property at an average LTV of ~40%. We believe this front-end discipline is the first line of defence behind Aptus’ consistently low credit cost. Collections and account-handling both, are fully in-house, from the first EMI to SARFAESI.

Since FY23, Gross Stage 3 has stayed at 1.1–1.5% and credit cost at 0.3–0.6%, with the FY26 rise driven mainly by the stress in SBL book and Karnataka.

Credit Cost Expected at ~0.6% over FY27–28E

At ~40% LTV, most delinquencies result in recovery rather than loss



Source: APTUS, Choice Institutional Equities

## 2.3 Structurally Superior RoA Supports Durable ~20% RoE at Conservative Leverage

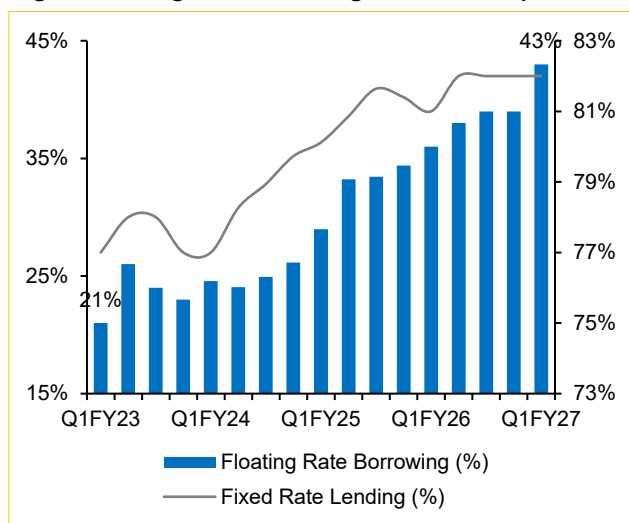
APTUS' returns are built on asset-side profitability rather than balance-sheet leverage. Its reported yield stood at 16.9–17.4% through a full rate cycle. In the last four years, floating-rate borrowing doubled to 43%, while Aptus' rating has upgraded to AA. We expect spreads to stabilise at ~8.8% and NIM to recover to ~11.0% by FY28E. Supported by a lean opex and contained credit cost, we project RoA to sustain at ~7.8%. This underpins our RoE estimate of 20.4% / 20.7% for FY27E / FY28E, respectively. Notably, APTUS earns the highest RoE among listed AHFCs at the lowest leverage. We forecast a modest rise in leverage to 2.7x by FY29E.

## 2.3.1 Sticky Yields and Rating Upgrades Support Spreads

*Rate hikes and cuts have not impacted yields much, as self-employed customers value access and speed more than rate*

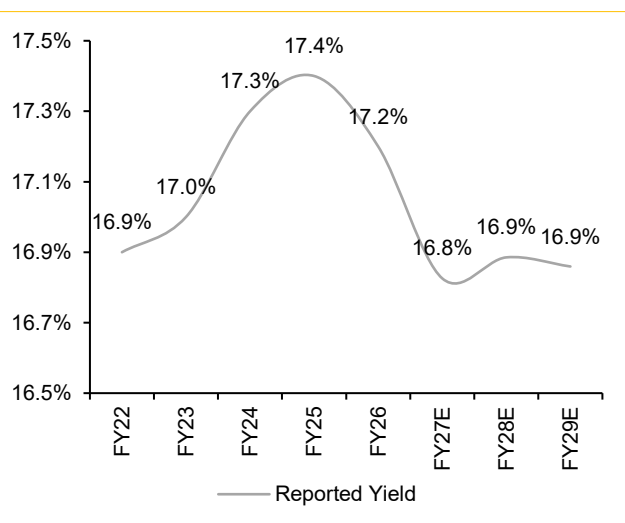
Reported yield has stayed within 16.9–17.4% over the last 21 quarters, through 250 bps of repo hikes and 125 bps of cuts. Self-employed customers value access and speed more than rate, and 82% of loans are fixed-rate. The January-2026 rate calibration has resulted in reduction of blended yields by ~10–15 bps, a conscious decision to support volumes.

## Higher Floating-rate Borrowings has Aided Spreads



Source: APTUS, Choice Institutional Equities

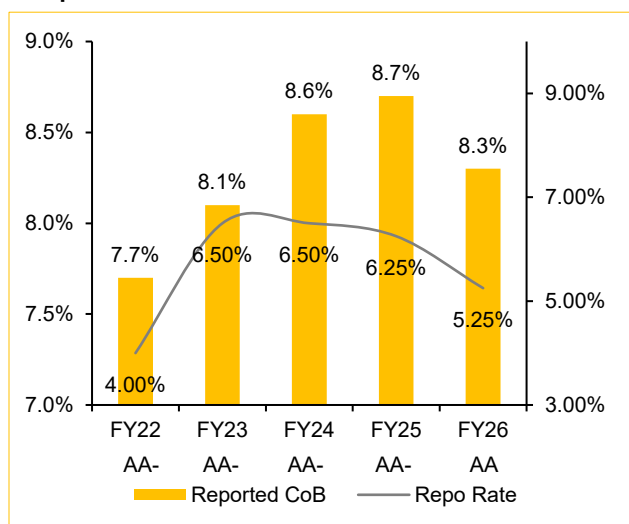
## Lending Yields to Stabilise at 16.8–16.9% after Price Calibration in Jan '26



Source: APTUS, Choice Institutional Equities

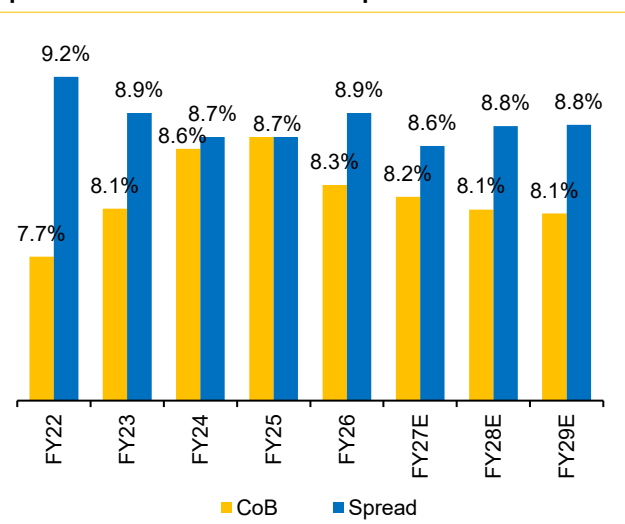
Since Q1FY23, floating-rate borrowings have risen from 21% to 43% of the borrowing mix, while fixed-rate loans rose from 77% to 82% of the book. Cost of borrowing fell 70 bps, from its 8.7% peak to 8.0% in Q1FY27. We expect annualised cost of borrowing to ease to ~8.1% by FY28E, taking the spread to ~8.8% and NIM to ~11.0%.

## Led by Rate Cuts and Rating Upgrade CoB Eased by 40 bps in FY26



Source: APTUS, Choice Institutional Equities

## Spread to Stabilise to ~8.8% despite Decline in Yield



Source: APTUS, Choice Institutional Equities

2.3 Structurally Superior RoA Supports Durable ~20% RoE at Conservative Leverage

2.3.2 Sustained ~20% RoE without Leaning on Leverage

APTUS’ returns are driven primarily by asset-side profitability rather than balance-sheet leverage. Its NII of 10.7–11.0% of average assets is among the highest in the affordable housing segment. This reflects a ~17% yield on a largely fixed-rate book and a spread that we expect to stabilise to ~8.8% by FY28E. Fee and other income add a further ~2.5%, taking total income to ~13.3% of assets. Against this, opex is contained at 2.7–2.9% through the in-house operating model, while the credit cost remains at ~0.6% on the back of ~40% LTV collateral.

As a result, we forecast RoA to hold at ~7.8% over FY27E–29E, supporting RoE of 20.4% / 20.7% in FY27E / FY28E, respectively. Management anticipates leverage to increase, from 2.6x as of FY26 to ~3.0x over the medium term. We have conservatively factored in 2.7x for FY29E.

RoA Tree: ~20% RoE Driven by ~7.8% RoA

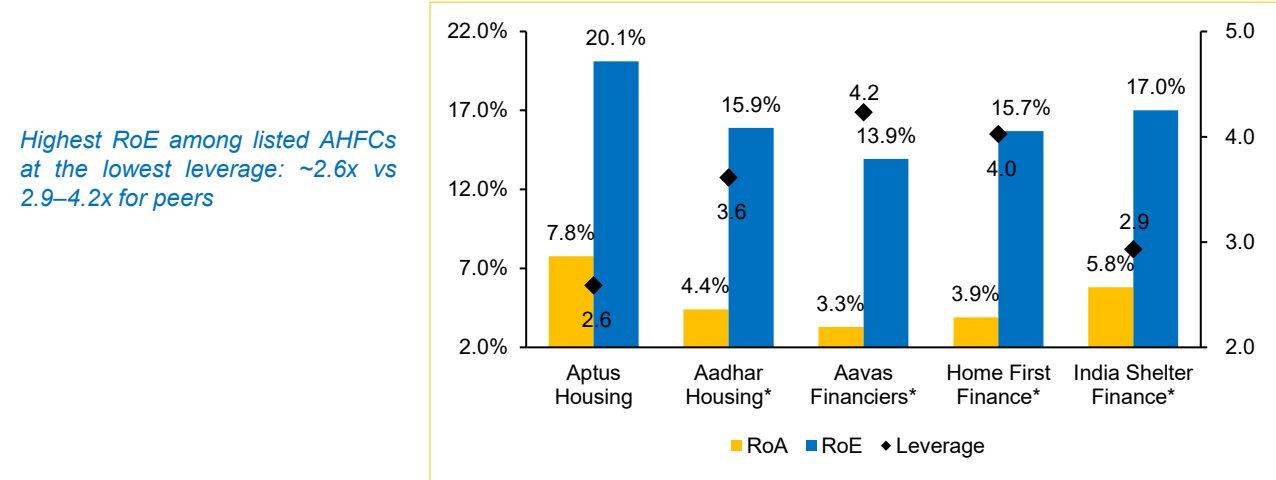
| RoA Tree             | FY23  | FY24  | FY25  | FY26  | FY27E | FY28E | FY29E |
|----------------------|-------|-------|-------|-------|-------|-------|-------|
| Interest income      | 16.5% | 16.3% | 16.5% | 16.0% | 15.8% | 15.9% | 16.0% |
| Interest expense     | 4.3%  | 4.8%  | 5.3%  | 5.3%  | 5.0%  | 5.0%  | 5.0%  |
| NIM                  | 12.2% | 11.5% | 11.2% | 10.7% | 10.8% | 11.0% | 11.0% |
| Fee and Other Income | 1.1%  | 1.2%  | 1.3%  | 2.5%  | 2.5%  | 2.4%  | 2.2%  |
| Total Income         | 13.3% | 12.7% | 12.5% | 13.2% | 13.3% | 13.4% | 13.2% |
| Opex                 | 2.6%  | 2.6%  | 2.5%  | 2.7%  | 2.8%  | 2.9%  | 2.9%  |
| Credit Cost          | 0.5%  | 0.3%  | 0.3%  | 0.5%  | 0.6%  | 0.6%  | 0.6%  |
| Tax                  | 2.3%  | 2.2%  | 2.2%  | 2.2%  | 2.1%  | 2.1%  | 2.1%  |
| RoA                  | 7.8%  | 7.6%  | 7.4%  | 7.8%  | 7.8%  | 7.8%  | 7.7%  |
| Leverage             | 2.1x  | 2.3x  | 2.5x  | 2.6x  | 2.6x  | 2.6x  | 2.7x  |
| RoE                  | 16.1% | 17.2% | 18.6% | 20.1% | 20.4% | 20.7% | 20.7% |

Source: APTUS, Choice Institutional Equities

In FY26, APTUS reported the highest RoE among listed affordable housing financiers at 20.1%, with the lowest leverage at ~2.6x. Peers operated at 2.9–4.2x leverage to deliver RoE of 14–17%. APTUS’ RoA of 7.9% was 1.4–2.4x that of peers, supported by a higher yield (17.1% vs 12.7–14.8%).

With CRAR at ~70%, the company has sufficient headroom to raise leverage toward its ~3.0x target and each 0.1x increase would add ~78 bps to RoE.

Highest RoE at the Lowest Leverage among the Listed AHFCs (FY26)



Source: APTUS, Choice Institutional Equities  
Note: \*not covered companies

3.1 Relative Analysis

Peer Analysis

**APTUS is the most profitable financier among the listed AHFC space , with FY28E RoA of 7.8% and RoE of 20.7%, well ahead of affordable and prime peers. This is driven by the sector’s widest spread (9.1%), lean opex of 2.7%, despite in-house sourcing and the lowest LTV (~40%). It trades at only 1.6x FY28E P/B. In our view, this valuation does not yet price in its superior return profile.**

| Company                       | CMP<br>(INR) | Market Cap.<br>(INR Bn) | P/B (x) |       | RoA (%) |       | RoE (%) |       |
|-------------------------------|--------------|-------------------------|---------|-------|---------|-------|---------|-------|
|                               |              |                         | FY27E   | FY28E | FY27E   | FY28E | FY27E   | FY28E |
| Aptus Value Housing           | 216          | 108                     | 1.9     | 1.6   | 7.8%    | 7.8%  | 20.4%   | 20.7% |
| Affordable Housing Financiers |              |                         |         |       |         |       |         |       |
| Aadhar Housing*               | 444          | 194                     | 2.2     | 1.8   | 4.0%    | 4.1%  | 15.7%   | 16.2% |
| Aavas Financiers*             | 1,194        | 95                      | 1.6     | 1.4   | 3.1%    | 3.1%  | 13.3%   | 13.6% |
| Home First Finance*           | 1,076        | 113                     | 2.3     | 2.0   | 3.6%    | 3.5%  | 13.9%   | 14.6% |
| India Shelter Finance*        | 643          | 70                      | 1.9     | 1.6   | 5.1%    | 5.0%  | 16.7%   | 17.3% |
| Prime Housing Financiers      |              |                         |         |       |         |       |         |       |
| Bajaj Housing*                | 82           | 679                     | 2.7     | 2.3   | 2.0%    | 1.9%  | 11.6%   | 12.4% |
| Can Fin Homes*                | 718          | 96                      | 1.4     | 1.2   | 2.2%    | 2.2%  | 16.3%   | 16.0% |
| LIC Housing Finance*          | 552          | 303                     | 0.7     | 0.6   | 1.6%    | 1.6%  | 12.4%   | 11.9% |
| PNB Housing Finance*          | 1,160        | 303                     | 1.4     | 1.3   | 2.2%    | 2.1%  | 11.4%   | 11.6% |

Source: Company, FactSet, Choice Institutional Research  
Note: FactSet Consensus for \* marked companies

| Company                       | AUM<br>CAGR<br>FY26–29E | PAT<br>CAGR<br>FY26–29E | BVPS<br>CAGR<br>FY26–29E | HL Mix<br>(%) | LTV (%) | ATS<br>(INR Mn) | Net NPA | Lead<br>Generation  |
|-------------------------------|-------------------------|-------------------------|--------------------------|---------------|---------|-----------------|---------|---------------------|
| Aptus Value Housing           | 22.3%                   | 17.6%                   | 16.9%                    | 67%           | 40%     | 1.0             | 1.3%    | In-House            |
| Affordable Housing Financiers |                         |                         |                          |               |         |                 |         |                     |
| Aadhar Housing*               | 19.6%                   | 20.3%                   | 17.9%                    | 73%           | 60%     | 1.1             | 0.9%    | DSA and In-House    |
| Aavas Financiers*             | 17.7%                   | 16.7%                   | 14.4%                    | 64%           | 55%     | 1.0             | 0.7%    | Largely In-House    |
| Home First Finance*           | 23.8%                   | 23.8%                   | 14.5%                    | 83%           | 49%     | 1.2             | 1.4%    | Largely Connector   |
| India Shelter Finance*        | 24.7%                   | 24.7%                   | 15.9%                    | 57%           | 52%     | 1.0             | 1.2%    | In-House            |
| Prime Housing Financiers      |                         |                         |                          |               |         |                 |         |                     |
| Bajaj Housing*                | 22.8%                   | 20.9%                   | 15.7%                    | 54%           | NA      | 4.9             | 0.1%    | In-House            |
| Can Fin Homes*                | 15.0%                   | 10.5%                   | 14.7%                    | 83%           | NA      | 2.7             | 0.4%    | ~80% DSA            |
| LIC Housing Finance*          | 7.7%                    | 4.0%                    | 10.7%                    | 84%           | 48%     | 3.3             | 1.1%    | ~71% Agents and DSA |
| PNB Housing Finance*          | 18.2%                   | 11.9%                   | 11.6%                    | 68%           | 60%     | 2.9             | 0.6%    | ~62% DSA            |

Source: Company, FactSet, Choice Institutional Research  
Note: FactSet Consensus for \* marked companies

| Company                       | Spread | Yield  | CoF    | Credit<br>Rating | Branches | AUM/<br>Branch<br>(INR Mn) | Employee/<br>Branch | Opex-to-<br>AUM |
|-------------------------------|--------|--------|--------|------------------|----------|----------------------------|---------------------|-----------------|
|                               | Q1FY27 | Q1FY27 | Q1FY27 | Q1FY27           | Q1FY27   | Q1FY27                     | Q1FY27              | Q1FY27          |
| Aptus Value Housing           | 9.1%   | 17.1%  | 8.0%   | AA / Stable      | 372      | 367                        | 11                  | 2.7%            |
| Affordable Housing Financiers |        |        |        |                  |          |                            |                     |                 |
| Aadhar Housing                | 5.8%   | 13.5%  | 7.7%   | AA+/ Stable      | 628      | 499                        | 9                   | 2.9%            |
| Aavas Financiers              | 5.1%   | 12.7%  | 7.6%   | AA               | 440      | 544                        | 18                  | 3.1%            |
| Home First Finance            | 5.3%   | 13.1%  | 7.8%   | AA/ Stable       | 175      | 968                        | 11                  | 2.6%            |
| India Shelter Finance         | 6.6%   | 14.8%  | 8.2%   | AA-/ Stable      | 307      | 368                        | 16                  | 4.0%            |
| Prime Housing Financiers      |        |        |        |                  |          |                            |                     |                 |
| Bajaj Housing                 | 1.7%   | 8.9%   | 7.2%   | AAA/stable       | 224      | 6,680                      | 9                   | 0.6%            |
| Can Fin Homes                 | 2.8%   | 9.8%   | 7.0%   | AAA/Stable       | 250      | 1,718                      | 6                   | 0.8%            |
| LIC Housing Finance           | 1.8%   | 9.1%   | 7.3%   | AAA/Stable       | 303      | 10,630                     | 8                   | 0.4%            |
| PNB Housing Finance           | 2.1%   | 9.5%   | 7.4%   | AAA/stable       | 404      | 2,303                      | 6                   | 1.0%            |

Source: Company, Choice Institutional Research

3.2 Relative Valuation

Expect AUM growth of 22.1% CAGR over FY26–FY28E

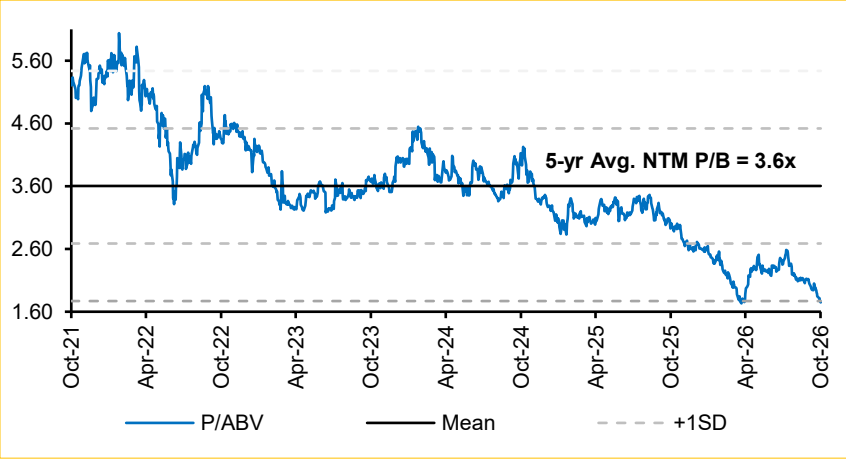
PPOP to expand at 17.4% CAGR over FY26–FY28E

We recommend ‘BUY’ on APTUS with an upside of 50.7%

Despite having lower leverage, APTUS has improved its RoE to 20%+, as it maintains leading RoA among its AFC peers

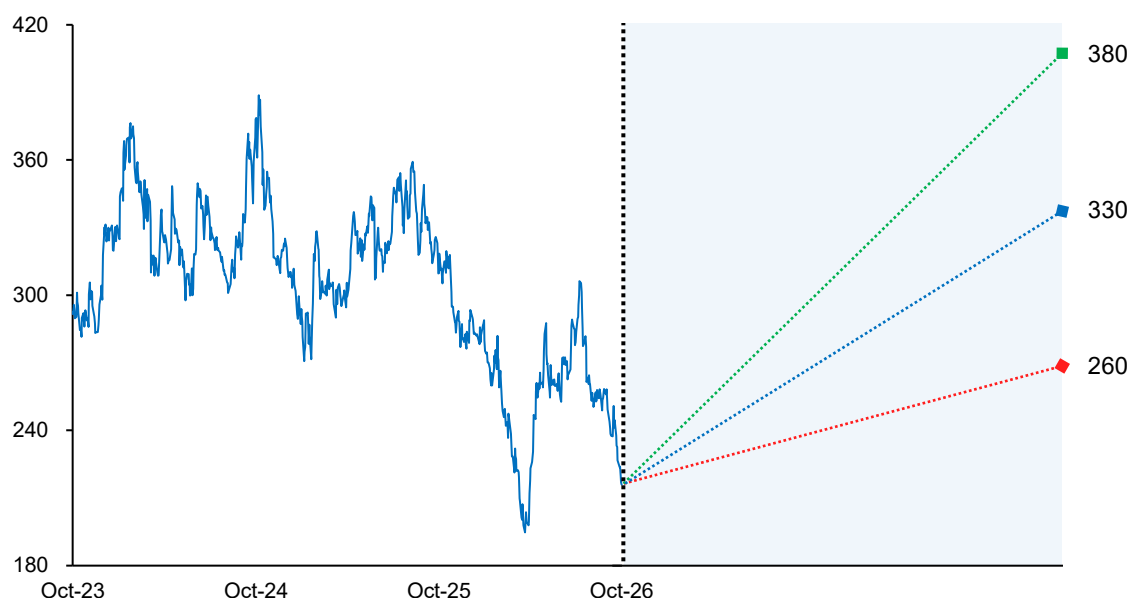
- APTUS has built a scaled AHFC lending platform with strong geographical presence in Southern India. The company’s AUM has scaled at 24.8% CAGR over FY23–FY26
- AUM and NII are forecast to grow at 22.1% CAGR and 19.0% CAGR, respectively, over FY26–FY29E
- We initiate coverage on APTUS with a ‘**BUY**’ recommendation. We value the company **at 2.5x FY28E ABV** (based on peer-group benchmarking for financial and operational metrics), **resulting in target price of INR 330.0 per share**, with an upside potential of 50.7%.
- On performing relative analysis, we found **APTUS stands out on profitability**, with RoA of 7.8% and RoE of 20.4%/20.7% for FY27E/FY28E, the **highest among both, affordable housing peers and prime housing financiers**
- **Higher profitability in FY26 (20.0%+ RoE)** has been achieved **despite lower ticket size** (at ~INR 1.0 Mn) and **branch heavy operations**, reflecting the strength of its underwriting franchise. It **enjoys the widest spread in the peer set at 9.1%**, **underscoring superior business model** and cost discipline, led by prudent risk management practices which keep asset quality metrics competitive
- Despite its **Net NPA at 1.3%**, among one of the highest in the peer set, we expect **asset quality to stabilise**, aided by **improving collections** and a **low LTV of ~40%** that limits loss-given-default.
- We believe the **stock has de-rated** since its IPO **primarily led by premium listing valuation**, even as its **return profile consistently outpaced** both, affordable and prime housing peers
- **Sustained profitability, healthy loan growth** and a **leading cost structure** should support the stock from further de-rating in the medium term
- As a sanity check, we **validated our P/ABV derived TP** with **residual income approach TP of INR 320.0**

1-year Forward P/BV Chart



Source: BSE, Choice Institutional Research

## 3.3 Bull and Bear Case Scenarios



**INR 380**  
**76.0% Upside**

**BULL Assumptions**

- We have considered growth in Interest Earning Assets (IEA) at 23.5% CAGR over FY26–28E, led by faster than expected branch expansion and higher ATS. Assumed 21.5% CAGR in Interest Bearing Liabilities (IBL)
- NII CAGR of 24.0% over FY26–28E, to aid PPOP CAGR of 22.6% over FY26–28E
- Further, we have assumed a lower average credit cost at 0.5% in FY27E and FY28E as compared to 0.6% in base case



**INR 330**  
**52.8% Upside**

**BASE Assumptions**

- IEA (Interest Earning Assets) CAGR of 18.4% over FY26–FY28E, whereas IBL (Interest Bearing Liabilities) CAGR of 19.4% CAGR over FY26–FY28E
- NII CAGR of 19.0% over FY26–28E, whereas PPOP CAGR of 17.4% over FY26–FY28E
- Average credit cost at 0.6% in FY27E and FY28E



**INR 260**  
**20.4% Upside**

**BEAR Assumptions**

- IEA (Interest Earning Assets) CAGR of 12.0% over FY26–28E, led by weaker disbursements and higher competition intensity. Assumed 15.5% CAGR in IBL (Interest Bearing Liabilities) over FY26–28E
- NII CAGR of 13.8% over FY26–28E, to lead to softer PPOP CAGR of 11.5% over FY26–28E
- Further, have assumed a higher average credit cost at 0.7% in FY27E and FY28E as compared to 0.5% in base case.

## 3.4 Key Investor Questions Answered

**Q1: What is the core investment thesis for APTUS?**

**Ans:** APTUS serves self-employed first-time home buyers, a segment banks are progressively vacating, and **its maturing branch network supports a ~22% AUM CAGR** over FY26–28E. Collateral at around 40% LTV and in-house underwriting have held credit cost below 0.7% of loans. The result is a **~9% spread which holds through rate cycles** and **RoE above 20% with marginal increase in leverage to ~2.6x**, leaving headroom to gear up further.

**Q2: Could APTUS deliver AUM growth of 22–24% after the FY26 slowdown?**

**Ans:** The FY26 moderation was a purposeful quality reset, not a demand constraint. **Exiting sub-INR 0.7 Mn sanctions held disbursement growth at 11% in FY26.** AUM still rose 21% and Q1FY27 disbursements increase 36% YoY. **About 37% of branches are still maturing towards ~INR 523 Mn AUM each.** We forecast 21.5% / 22.7% AUM growth in FY27E / FY28E, closer to the guidance band.

**Q3: How much of earnings is assignment income and is it repeatable?**

**Ans:** Assignment income stood at ~14% of PBT in FY26. The income is structural, supporting liquidity and the HFC's principal business criteria. The management has **indicated a capping of ~10% of AUM** on assigned loans. As of FY26, **assigned loans were ~5% of AUM**, leaving ample headroom for growth. The **Q1FY27 run-rate of INR 490 Mn** supports our **INR 1,930 Mn FY27E estimate.** Even with no assignment income, **FY28E RoA and RoE would stand at ~6.8% and ~18.0%, respectively**, ahead of most of the listed affordable housing peers.

**Q4: Could opex stay at 2.6–2.8% of AUM through expansion in a new state?**

**Ans:** Yes, it's possible. **Opex stood at 2.5–2.8% of AUM** since FY21, while **branches grew from 190 to 339.** FY26 opex expanded by 27%, ahead of AUM, reflecting investment in branches and technology. Moreover, **AUM per branch is up 2.5x and AUM per employee 2.0x since FY19**, at INR 387 Mn and INR 34 Mn in FY26, respectively. FY26 opex-to-AUM of 2.7% still sat within the 2.6–2.8% guided band. **About 37% of branches are under three years old, offering embedded operating leverage.** We forecast opex-to-AUM of 2.73% / 2.71% for FY27E / FY28E, respectively, within guidance.

**Q5: Is the rise in GNPA and 30+ DPD the start of a credit cycle?**

**Ans:** The rise in delinquencies was concentrated in SBL loans and in Karnataka, not across the wider portfolio. Loss content remains low, while collateral at ~40% LTV converts most defaults into recoveries. Moreover, increase has been driven by higher SBL loan mix from ~13% as of FY22 to ~29% as of Q1FY27. Provisions exceeds regulatory requirements by INR 530 Mn. We don't expect delinquencies to inch up further. **We have built credit cost at ~0.6% over FY27–28E, higher than FY23–26 average of ~0.5%.**

**Q6: Is RoE above 20% sustainable, and how will capital be deployed?**

**Ans:** Yes. RoE is driven by a strong **~7.8% RoA.** Leverage stood at 2.6x, **leaving room to rise towards ~3.0x.** CRAR at ~70%, which **funds growth through FY28E without new equity.** Capital will go mainly into loan growth, with a steady dividend payout. **We forecast RoE of 20.4%/20.7% for FY27E/28E, respectively, without assuming higher leverage.**

*About 37% of branches are still maturing towards ~INR 523 Mn AUM each. We forecast 21.5% / 22.7% AUM growth in FY27E / FY28E, closer to the guidance band*

*Opex stood at 2.5–2.8% of AUM since FY21, while branches grew from 190 to 339*

*Driven by improvement in collection efficiency, we believe the Gross NPAs to stabilise in the range of 1.4–1.5%*

*We forecast RoE of 20.4% / 20.7% for FY27E / 28E, without assuming higher leverage*

## 4.1 Key Insights from Management Meeting

### Outlook

#### Growth ambition:

*Scale its AUM at 20.0%+ CAGR in the medium term*

- Aptus targets AUM growth of 22.0–24.0% in FY27E and 20.0%+ CAGR over the medium term
- Growth is expected to be driven by its in-house sourcing, improving productivity from current branch network, expansion to newer geographies and integrated technology stack, providing the required scale without diluting underwriting control

#### Disbursement trajectory:

*To drive disbursements of INR 50.0 Bn in FY27E*

- Sanctions are being scaled up to support disbursements of ~INR 50 Bn in FY27E at ~25% YoY growth on a low FY26 base
- Management expects steady disbursement growth in FY28E as newer branches mature and ticket size increases with housing inflation

#### Repayment trend:

*BT out stands at ~2.5%*

- The behavioural repayment tenure stands at ~7–8 years, shorter than the ~12–15-year contractual tenure at sanction, keeping the run-off predictable
- Balance transfers out run at only ~2.0–2.5% of AUM, while ~5% is prepaid from borrowers' own funds. Run-off is driven by customer surplus, not by competitive attrition

#### Yields and margins:

- The 50–75 bps yield calibration (on incremental loans) in home loans is complete
- Incremental funding cost stands at ~8.0% (standalone business) led by the AA/stable rating upgrade. It should support in maintaining stable RoA over FY27E/FY28E

#### Direct assignment:

*Direct assignment capped at ~10% of AUM*

- Management plans to keep direct assignment capped at ~10% of AUM
- This supports liquidity and the HFC's principal business criteria, keeping assignment a steady rather than one-off contributor

#### Cost and credit discipline:

*Opex/AUM to stay in the range of 2.6–2.8% despite continued branch expansion*

- Opex/AUM is expected to stay within 2.6%–2.8% despite continued branch expansion
- Credit cost is guided at 0.4%–0.6%

#### Leverage and returns:

- Leverage should rise gradually from ~2.6x in FY26 to ~3.0x over the medium term, funded through organic borrowing growth.
- This should support RoE expansion without further equity dilution

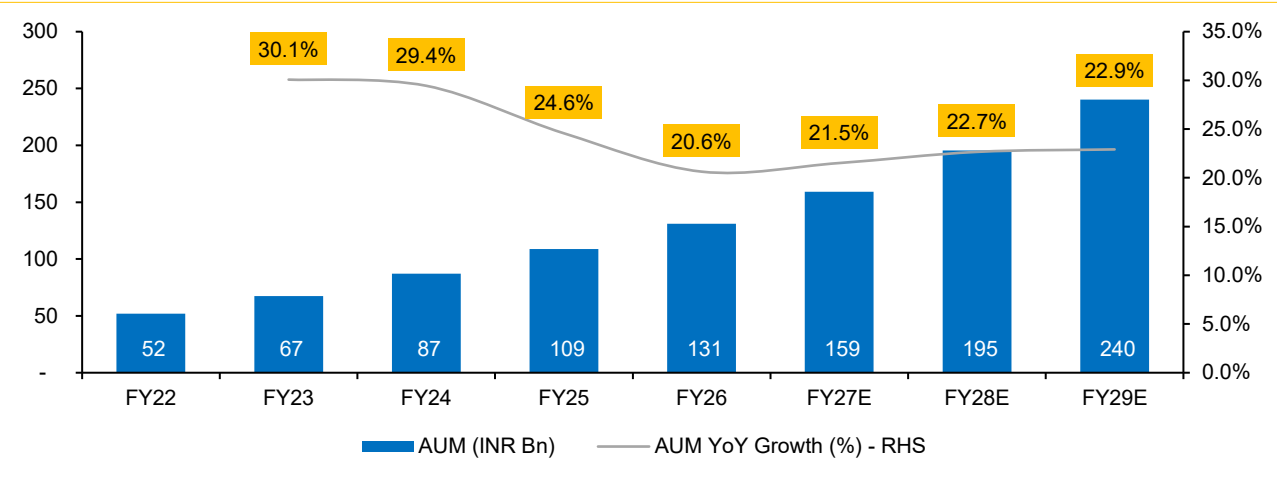
#### Branch Expansion Plans:

*APTUS aims to increase its physical presence annually by 60 branches*

- Aptus added 33 branches in Q1FY27 and plans ~20 more in Q2FY27E. Front-loaded expansion should translate into faster AUM build-up in H2FY27E
- Targets to open ~60 branches annually over the medium term

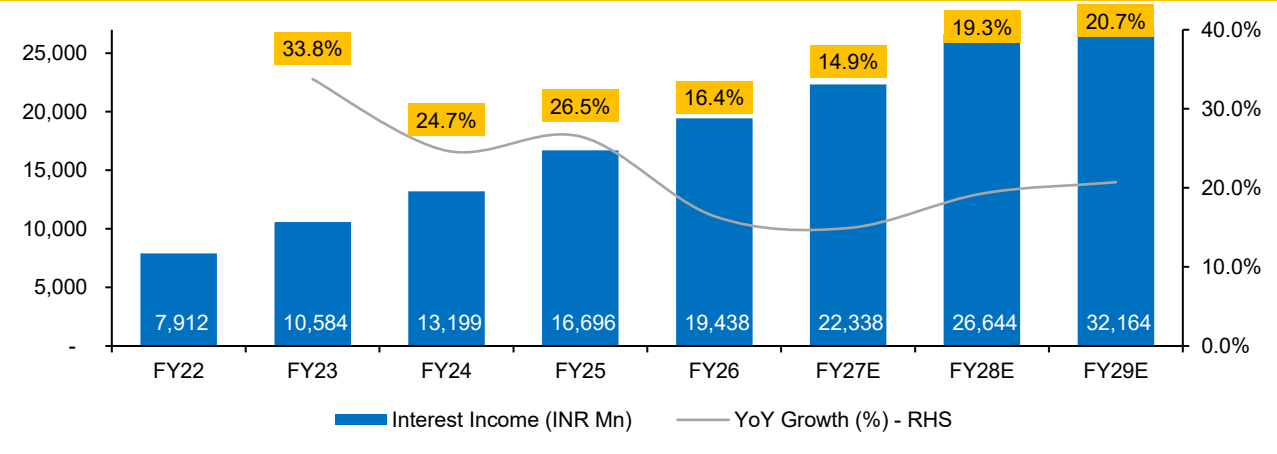
5.1 Trends and Forecasts

AUM Forecast to Scale at ~22% over FY26–28E



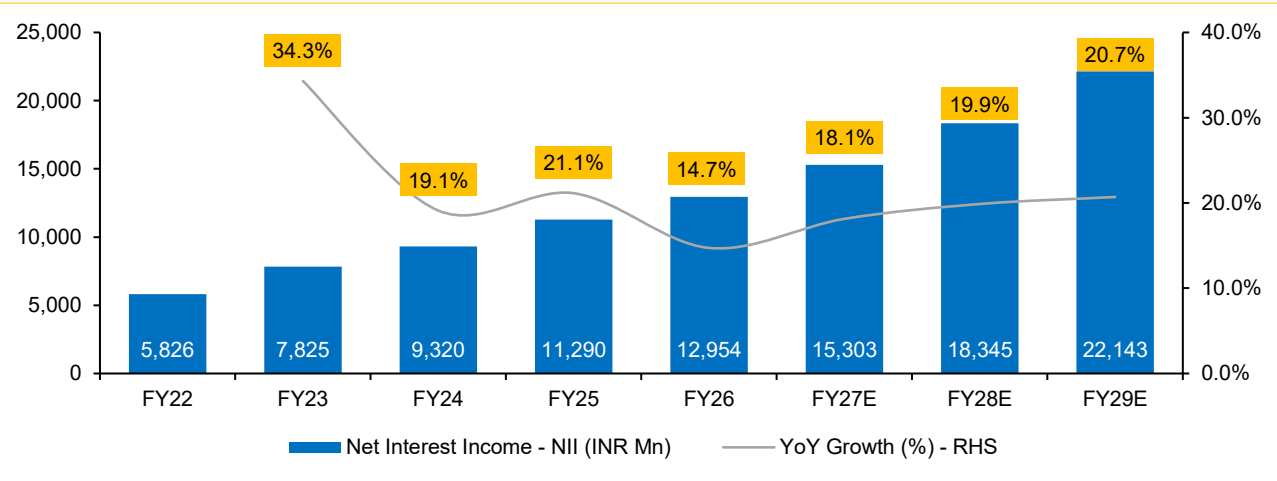
Source: APTUS, Choice Institutional Equities

Interest Income to Witness Growth Largely in line with Loan Growth



Source: APTUS, Choice Institutional Equities

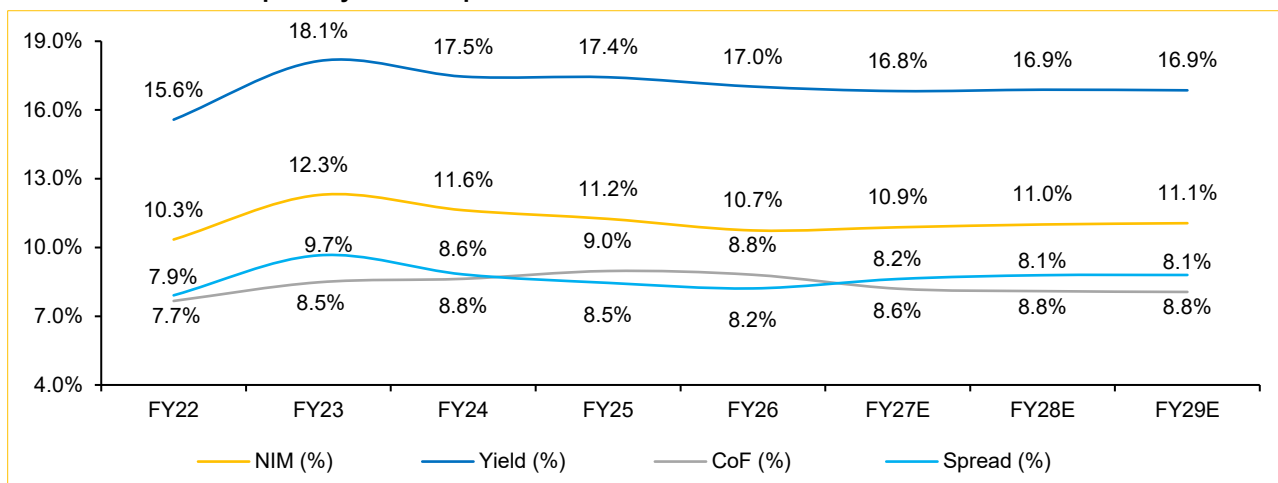
Led by lower CoB, NII Growth to Remain Higher than Interest Income



Source: APTUS, Choice Institutional Equities

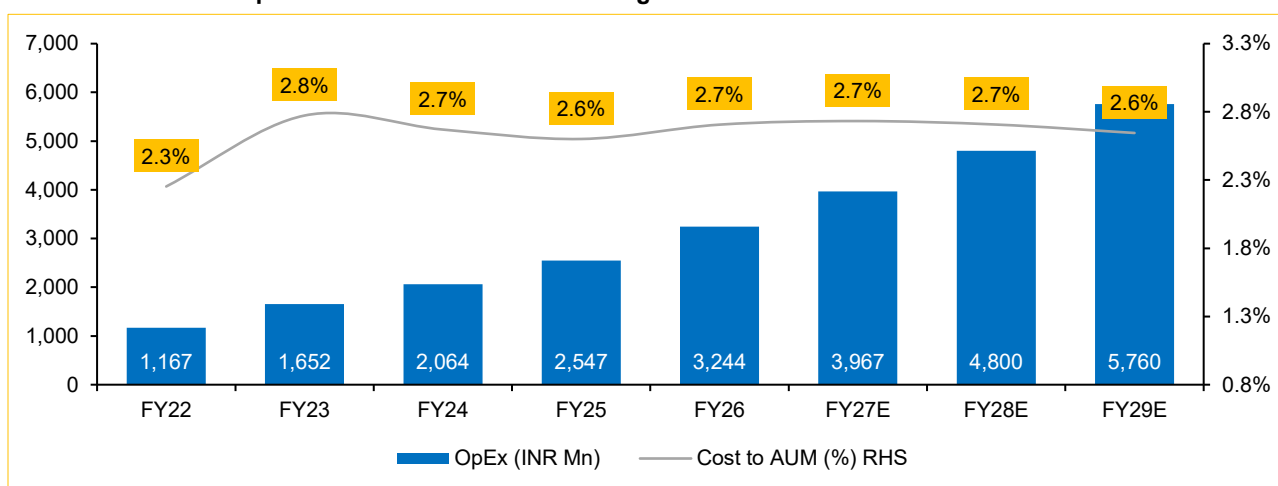
## 5.1 Trends and Forecasts

We forecast NIM to Expand by ~20–40 bps over FY26–FY28E



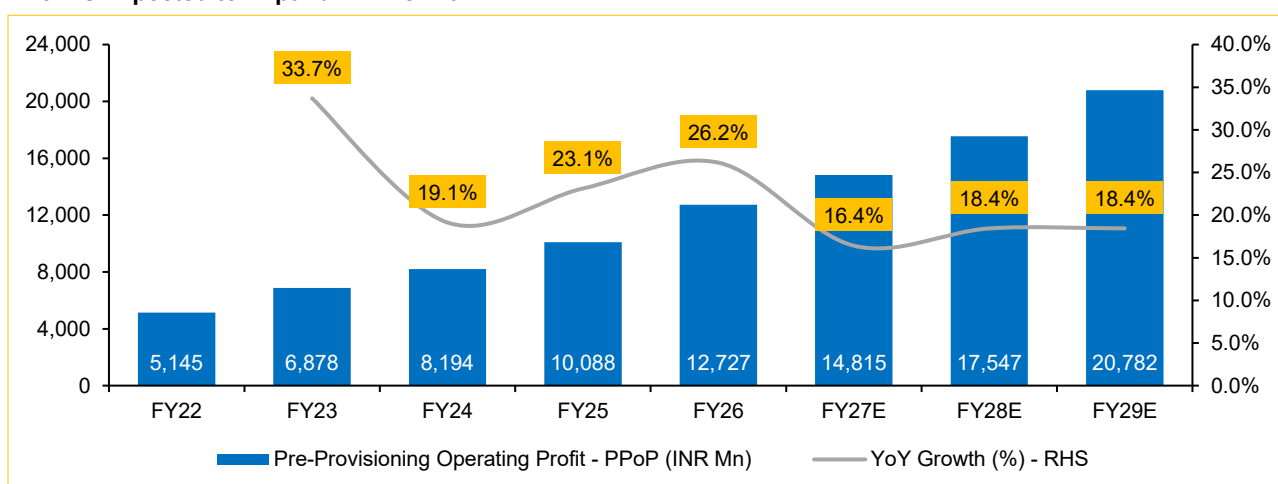
Source: APTUS, Choice Institutional Equities

Cost-to-AUM is Anticipated to Remain Stable in the range of 2.6–2.8%



Source: APTUS, Choice Institutional Equities

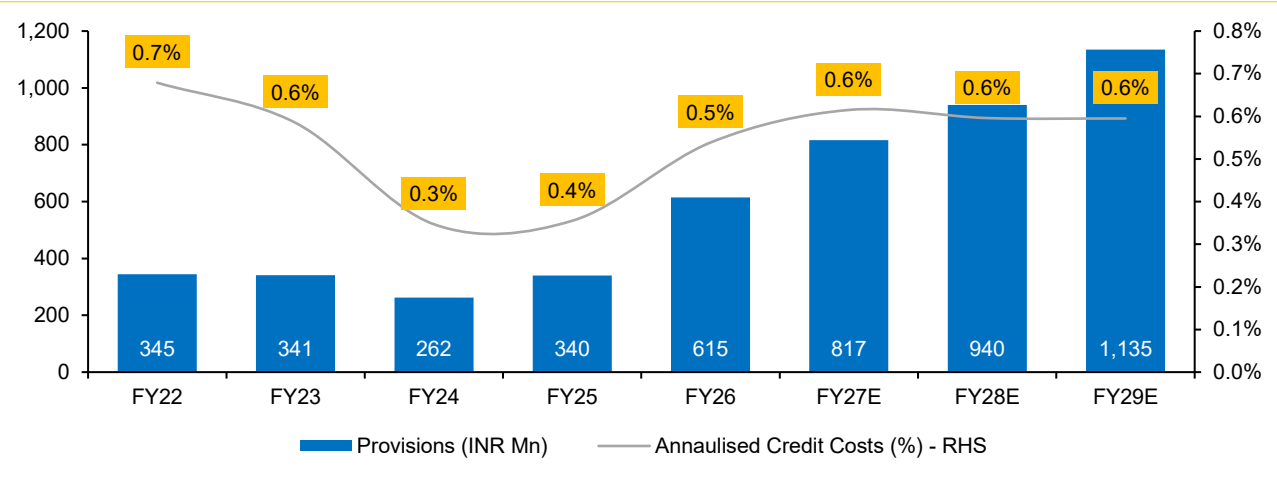
PPoP is Expected to Expand in Line with Nil



Source: APTUS, Choice Institutional Equities

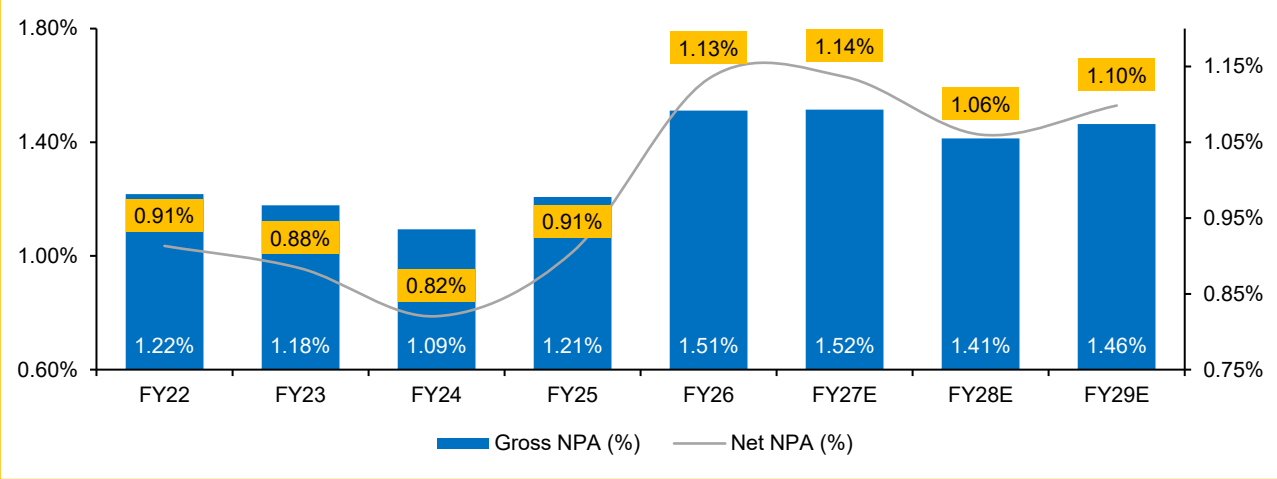
5.1 Trends and Forecasts

Credit Cost to stabilise at ~0.6% over FY27–28E



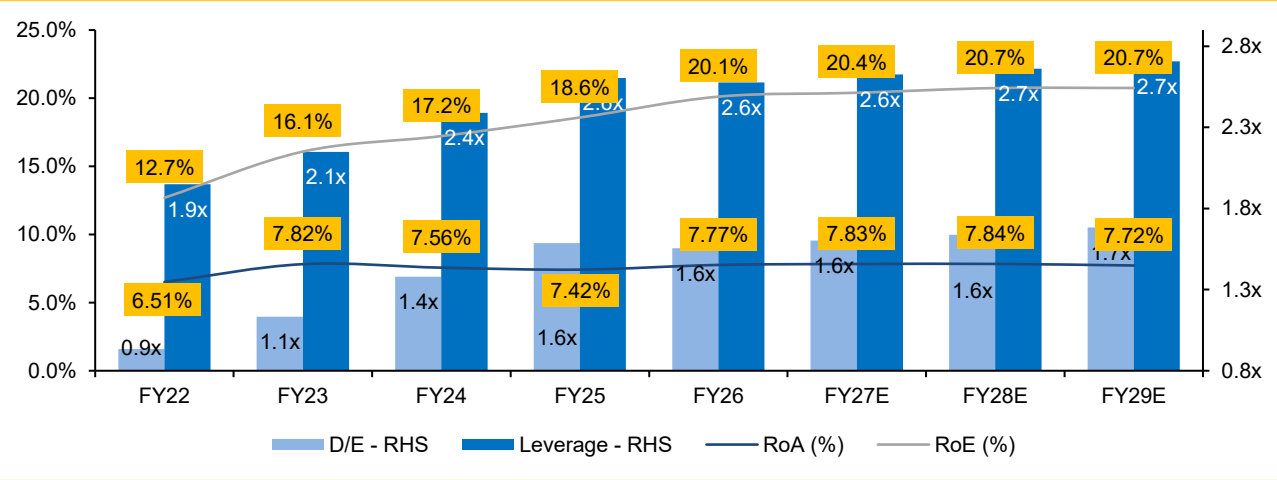
Source: APTUS, Choice Institutional Equities

Asset Quality to Remain Range-bound over FY27–28E



Source: APTUS, Choice Institutional Equities

RoE to Sustain over 20%+ Despite Lowest Leverage Among Listed AHFCs



Source: APTUS, Choice Institutional Equities

5.2 Financials

Income Statement (Consolidated)

| INR Mn                 | FY24   | FY25   | FY26   | FY27E  | FY28E  |
|------------------------|--------|--------|--------|--------|--------|
| Interest Income        | 16,696 | 19,438 | 22,338 | 26,644 | 32,164 |
| Interest Expense       | 5,405  | 6,484  | 7,035  | 8,299  | 10,020 |
| Net Interest Income    | 11,290 | 12,954 | 15,303 | 18,345 | 22,143 |
| Growth (YoY %)         | 21.1   | 14.7   | 18.1   | 19.9   | 20.7   |
| Non-Interest Income    | 1,345  | 3,017  | 3,479  | 4,001  | 4,398  |
| Total Operating Income | 12,636 | 15,970 | 18,782 | 22,347 | 26,542 |
| Growth (YoY %)         | 23.2   | 26.4   | 17.6   | 19.0   | 18.8   |
| Operating Expenses     | 2,547  | 3,244  | 3,967  | 4,800  | 5,760  |
| Growth (YoY %)         | 23.4   | 27.3   | 22.3   | 21.0   | 20.0   |
| PPoP                   | 10,088 | 12,727 | 14,815 | 17,547 | 20,782 |
| Growth (YoY %)         | 23.1   | 26.2   | 16.4   | 18.4   | 18.4   |
| Provisions             | 340    | 615    | 817    | 940    | 1,135  |
| Exceptional Items      | 0      | 0      | 0      | 0      | 0      |
| Profit Before Tax      | 9,748  | 12,112 | 13,999 | 16,606 | 19,647 |
| Tax Expense            | 2,236  | 2,682  | 2,930  | 3,487  | 4,126  |
| Profit After Tax       | 7,512  | 9,429  | 11,069 | 13,119 | 15,521 |
| Growth (YoY %)         | 22.8   | 25.5   | 17.4   | 18.5   | 18.3   |
| EPS (INR)              | 15.0   | 18.8   | 22.1   | 26.2   | 31.0   |

| Key Ratios                 | FY24 | FY25 | FY26 | FY27E | FY28E |
|----------------------------|------|------|------|-------|-------|
| Profitability Ratios       |      |      |      |       |       |
| Yield on IEA (%)           | 17.4 | 17.0 | 16.8 | 16.9  | 16.9  |
| Cost of Funds(%) – Calc.   | 9.0  | 8.8  | 8.2  | 8.1   | 8.1   |
| Spread (%)                 | 8.5  | 8.2  | 8.6  | 8.8   | 8.8   |
| NIM - IEA (%)              | 11.2 | 10.7 | 10.9 | 11.0  | 11.1  |
| RoE (%)                    | 18.6 | 20.1 | 20.4 | 20.7  | 20.7  |
| RoA (%)                    | 7.4  | 7.8  | 7.8  | 7.8   | 7.7   |
| Capital Adequacy           |      |      |      |       |       |
| Tier-I Capital             | 71.1 | 71.0 | 68.0 | 67.1  | 65.2  |
| Tier-II Capital            | 0.2  | 0.0  | 0.0  | 0.0   | 0.0   |
| CRAR                       | 71.3 | 71.0 | 68.0 | 67.1  | 65.2  |
| Asset Quality Ratios       |      |      |      |       |       |
| Gross Stage 3 (%)          | 1.2  | 1.5  | 1.5  | 1.4   | 1.3   |
| Net Stage 3 (%)            | 0.9  | 1.2  | 1.1  | 1.1   | 1.0   |
| Stage 3 ECL Provisions (%) | 25.0 | 25.0 | 25.0 | 25.0  | 25.0  |
| Credit Costs (bps)         | 35.5 | 53.9 | 61.5 | 59.6  | 59.5  |
| Valuation Ratios           |      |      |      |       |       |
| P/ABV                      | 3.5  | 2.0  | 2.3  | 1.9   | 1.6   |
| P/E                        | 19.6 | 10.3 | 11.6 | 9.8   | 8.3   |

Source: APTUS, Choice Institutional Equities

Balance Sheet (Consolidated)

| INR Mn                           | FY24    | FY25    | FY26    | FY27E   | FY28E   |
|----------------------------------|---------|---------|---------|---------|---------|
| Share capital                    | 1,000   | 1,000   | 1,000   | 1,000   | 1,000   |
| Reserves & surplus               | 42,170  | 49,600  | 56,935  | 67,550  | 80,066  |
| Shareholder's Fund               | 43,170  | 50,600  | 57,935  | 68,550  | 81,066  |
| Borrowings                       | 68,470  | 78,740  | 92,808  | 112,251 | 136,396 |
| Other liabilities and Provisions | 800     | 1,110   | 1,429   | 1,671   | 1,955   |
| Total Equity and Liabilities     | 112,440 | 130,430 | 152,171 | 182,472 | 219,416 |
| Loans                            | 106,300 | 122,070 | 143,449 | 172,143 | 209,411 |
| Other Financial Assets           | 5,150   | 7,590   | 8,178   | 9,668   | 9,201   |
| Non-Financial Assets             | 990     | 780     | 544     | 661     | 804     |
| Total Assets                     | 112,440 | 130,430 | 152,171 | 182,472 | 219,416 |

| RoA Tree (%)           | FY24 | FY25 | FY26 | FY27E | FY28E |
|------------------------|------|------|------|-------|-------|
| Interest Income        | 16.5 | 16.0 | 15.8 | 15.9  | 16.0  |
| Interest Expense       | 5.3  | 5.3  | 5.0  | 5.0   | 5.0   |
| Net Interest Income    | 11.2 | 10.7 | 10.8 | 11.0  | 11.0  |
| Non-Interest income    | 1.3  | 2.5  | 2.5  | 2.4   | 2.2   |
| Total Operating Income | 12.5 | 13.2 | 13.3 | 13.4  | 13.2  |
| Operating Expenses     | 2.5  | 2.7  | 2.8  | 2.9   | 2.9   |
| Operating Profit       | 10.0 | 10.5 | 10.5 | 10.5  | 10.3  |
| Provisions             | 0.3  | 0.5  | 0.6  | 0.6   | 0.6   |
| Exceptional Items      | 0.0  | 0.0  | 0.0  | 0.0   | 0.0   |
| Profit Before Tax      | 9.6  | 10.0 | 9.9  | 9.9   | 9.8   |
| Tax Expense            | 2.2  | 2.2  | 2.1  | 2.1   | 2.1   |
| RoA                    | 7.4  | 7.8  | 7.8  | 7.8   | 7.7   |
| Leverage               | 2.5  | 2.6  | 2.6  | 2.6   | 2.7   |
| RoE                    | 18.6 | 20.1 | 20.4 | 20.7  | 20.7  |

Source: APTUS, Choice Institutional Equities

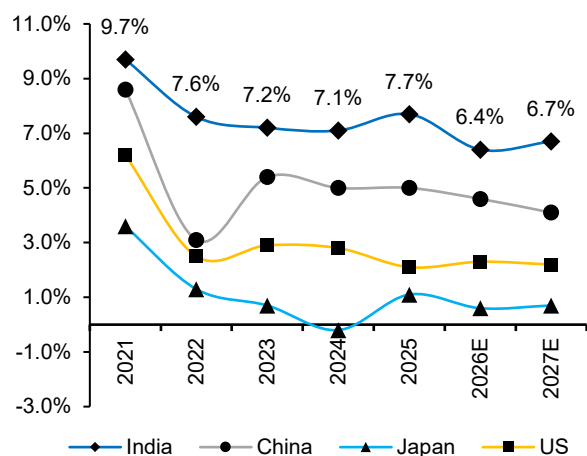
## 6.1 India's Macro and Overall Credit Market

## India has Strong Tailwind for Economic and Credit Growth

The Indian economy has remained resilient among large economies. It is anticipated to grow at 6.4% and 6.7% in 2026E and 2027E, respectively, as ~60%+ of its GDP is represented by domestic private consumption. Moreover, India's overall credit-to-GDP at 93.0% (2024) remain one of the lowest among large economies.

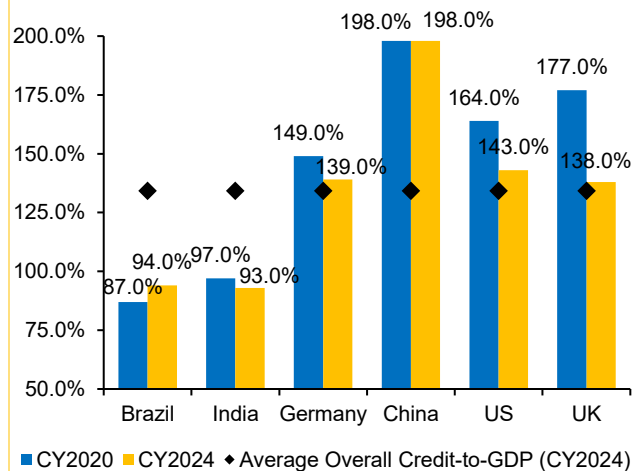
The government's and RBI's sustained intervention, including GST rate rationalisation, income tax rebate and lower interest rate, is expected to drive higher consumption, stronger economic and credit growth over FY26E and FY27E.

## India to Remain Fastest-growing Large Economy



Source: IMF, Choice Institutional Equities

## India has Huge Potential for Growth in Credit-to-GDP

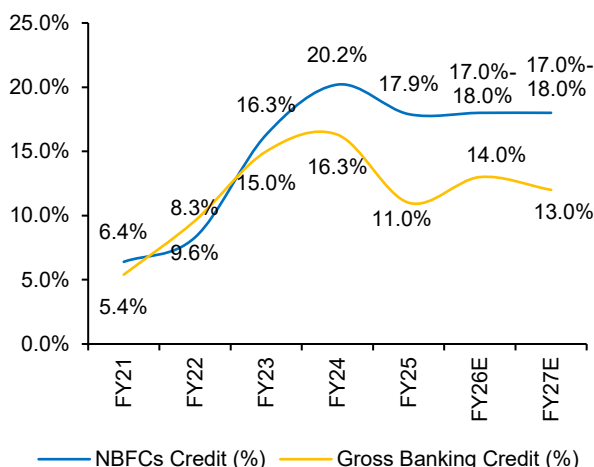


Source: Crisil Intelligence, Choice Institutional Equities

## NBFCs Credit Growth has Outperformed Banks

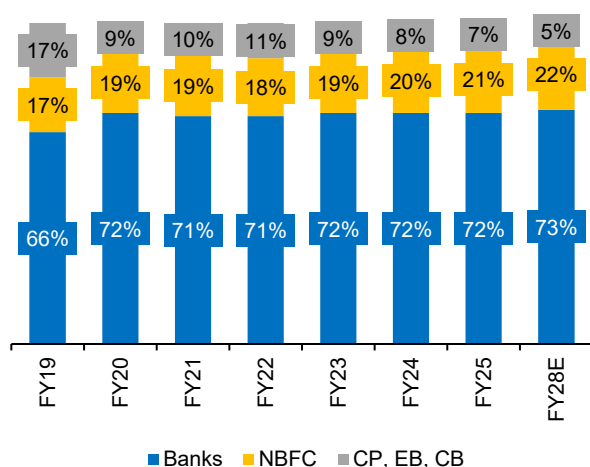
Credit growth for NBFCs has outperformed the gross banking credit over FY23–25. The superior performance was primarily led by niche expertise of NBFCs as compared to banks through tailored products and shorter turnaround time (TAT).

Moreover, NBFCs' credit growth is forecast to grow at 17.0–18.0% in FY27E as compared to 13.0% credit growth for banks. Led by stronger growth, NBFCs' credit share is projected to improve, from ~21.0% in FY25 to ~22.0% in FY28E.

NBFCs Credit Growth to Outperform Banks for 5<sup>th</sup> Consecutive Year (FY27E)

Source: Crisil Intelligence, Choice Institutional Equities

## Led by Higher Credit Growth, NBFCs' Credit Share to Improve by FY28E



Source: Crisil Intelligence, Choice Institutional Equities

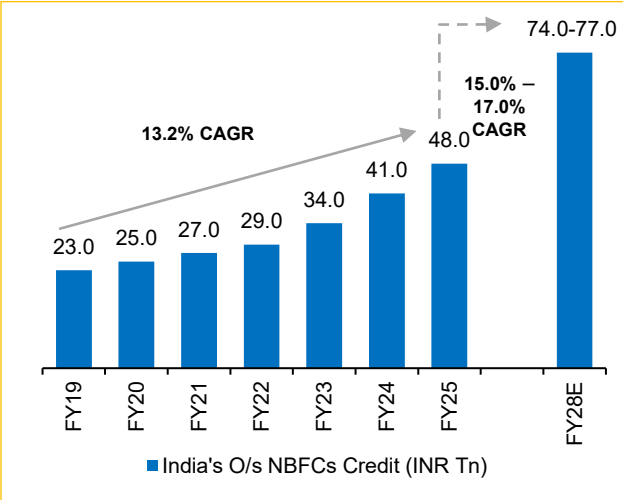
6.2 NBFC Credit Landscape

NBFCs credit to scale at 15.0–17.0% CAGR over FY25–28E

NBFCs Credit Growth to Expand at Higher Rates

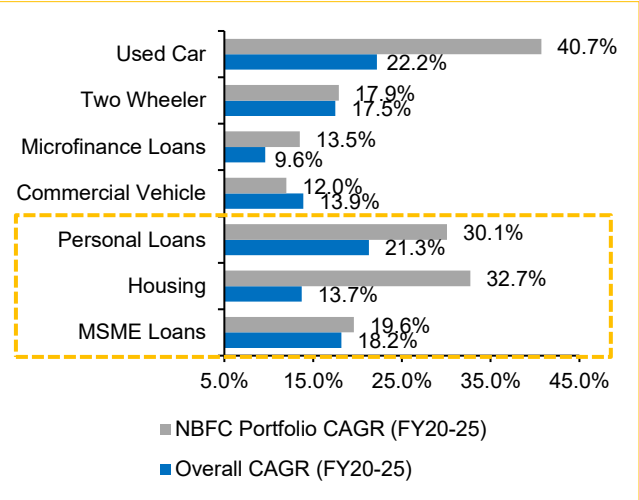
Credit growth of NBFCs trended above the nominal GDP growth of India. It is anticipated that the credit growth for NBFCs will further gain momentum, with 15.0–17.0% CAGR over FY25–28E to reach INR 74–77 Tn. Overtime, NBFCs have built their niche in lending for selective products which supports them in scaling up their AUM faster than overall segment credit growth.

NBFC’s Credit Growth is Expected to Remain above GDP Growth



Source: Crisil Intelligence, Choice Institutional Equities

MSME and Selective Retail Loans drove Higher Credit Growth for NBFCs over FY20–25



Source: Crisil Intelligence, CRIF Highmark, Choice Institutional Equities

Factors Driving NBFCs Dominance in Credit Growth

India's credit growth is structurally supported by formalisation, digital underwriting, a growing working-age population and rising urbanisation and incomes. These factors are broadening the creditworthy base, reducing collateral dependence and strengthening debt-servicing capacity. Technology remains the key enabler in supporting credit penetration across Tier 3+ markets. NBFCs have outperformed on superior loan origination, technology-led scalability and deeper reach into unbanked segments, led by specialised cash-flow underwriting of informal borrowers

Factors Supporting Retail Credit Growth



Source: Crisil Intelligence, Choice Institutional Equities

6.3 Credit Micro-markets

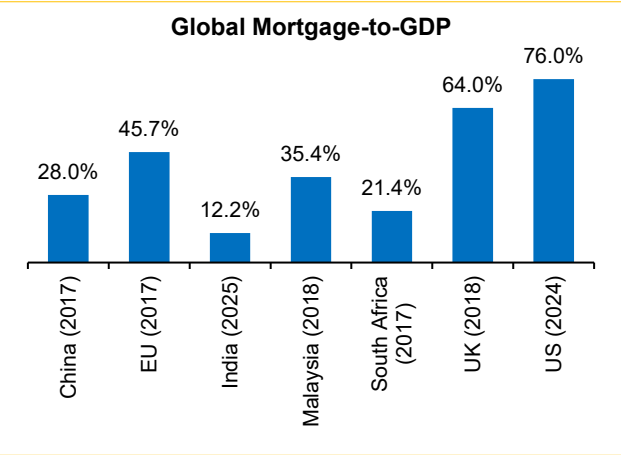
Mortgage-to-GDP penetration stands low in India at 12.2%

NBFCs Credit Growth to Expand at Higher Rates

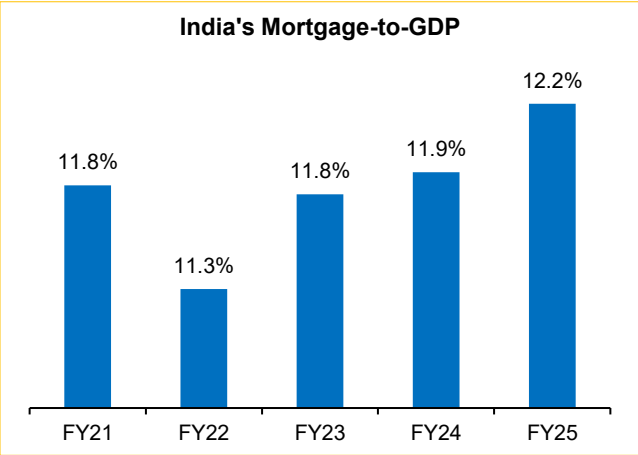
India's mortgage-to-GDP ratio stands at 12.2%, well below China at 28.0%, the EU at 45.7% and the US at 76.0%. The ratio, led by improving housing demand, is trending upwards (up from 11.3% in FY22).

Demand rests on structural drivers such as urbanisation, household formation and rising aspiration for home ownership. Supply constraints across banks and NBFCs persist, particularly for informal-sector, lower income borrowers. Low Mortgage-to-GDP penetration in India offers housing finance companies significant headroom to expand.

India's Low Mortgage-to-GDP Ratio Signals a Long Runway for Housing Finance Growth



Led by Led by Improvement in Demand for Housing, Mortgage-to-GDP Ratio Is Trending Upwards



Source: Crisil Intelligence, NHB, Choice Institutional Equities      Source: CRIF Highmark, RBI Handbook 2024-25, Choice Institutional Equities

Structural Tailwinds Outweigh Constraints in India's Mortgage Penetration

Mortgage penetration in India trails other emerging economies, constrained by lower per capita income, informal employment, unaffordable house prices and limited capital. However, rising urbanisation, higher disposable incomes, a young population and government reforms are improving affordability and demand. We believe these factors will drive higher mortgage penetration.

Factors Affecting Mortgage-to-GDP Ratio in India

Positive Impact

- Higher affordability led by increase in disposable income
- Rapid growth in urbanisation
- Higher cohort of young population
- Government reforms for housing sector including Housing for all, NHB refinance scheme

Negative Impact

- Relatively high house prices
- High percentage of population in informal employment
- Information asymmetry in smaller cities
- Insufficient long-term capital
- Inadequate legal infrastructure

Source: Crisil Intelligence, Choice Institutional Equities

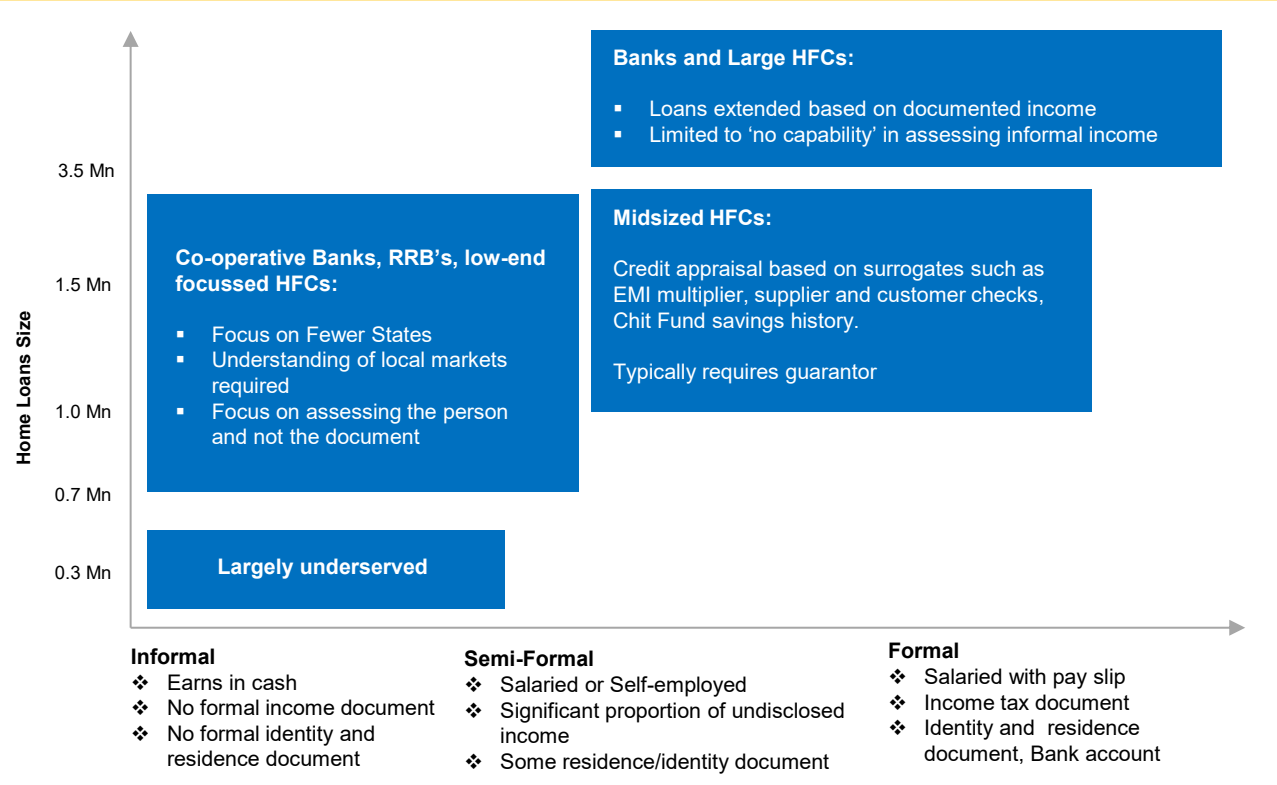
6.3 Credit Micro-markets

India’s Housing Finance Landscape

India's housing finance market is segmented by borrower formality and ticket size, with lender capability determining the addressable segment. Banks and large HFCs focus on the formal segment (above INR 3.5 Mn), lending against documented income. Midsized HFCs operate in the INR 1.0–3.5 Mn band, underwriting semi-formal borrowers through surrogates, such as EMI multipliers and chit fund saving history.

Co-operative banks, RRBs and low-end focussed HFCs serve the INR 0.7–1.5 Mn band, leveraging local market knowledge. Self-employed focussed HFCs rely on alternate data and Tier II/III penetration, though at a cost of funds structurally higher than traditional HFCs.

Business Model of Housing Financiers



Source: Crisil Intelligence, Choice Institutional Equities

| Parameters               | HFCs Focussed on Self-Employed Segment                                                       | Traditional HFCs                                                                                  |
|--------------------------|----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| Borrower Profile         | Self-employed customers and customers having weaker income documents                         | Customers with formal income documents                                                            |
| Surrogate Usage          | High surrogate usage to derive income of borrowers                                           | Minimal                                                                                           |
| Geographical Focus       | Focus on smaller towns, semi-urban areas (Tier II/III cities) and outskirts of larger cities | Present in major locations and Tier I cities                                                      |
| Credit Appraisal         | Use of multiple alternate data source to assess income and cash flow                         | Process is based on pre-defined income and eligibility policies                                   |
| Collection               | Repayment through ECS / NACH                                                                 | Repayment through ECS / NACH                                                                      |
| Cost and Source of Funds | High reliance on bank borrowings (High-cost deb) and NHB funds                               | Higher reliance on capital markets (Low-cost debt)                                                |
| Average Ticket Size      | Relatively lower driven by lower property prices and lack of credit history                  | Relatively higher driven by customer with high income and good repayment track record of borrower |
| Collection Efficiency    | Average collection efficiency of 100%                                                        | Average collection efficiency of 100%                                                             |

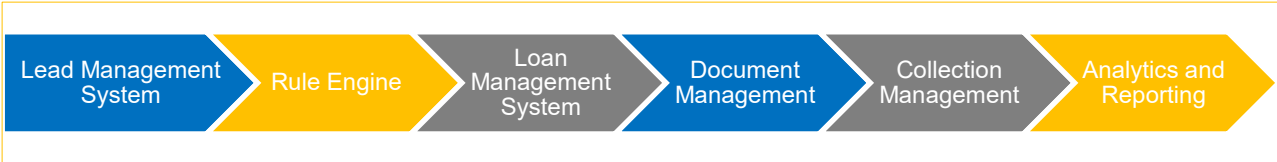
Source: Crisil Intelligence, Choice Institutional Equities

6.3 Credit Micro-markets

Technology Shifting From Enabler to Core Differentiator in Housing Finance

Housing finance in India is moving from a branch-centric, paper-driven model to an integrated, data-driven architecture. The stack now covers lead management, rule engines, loan and document management, collections and analytics, connected to credit bureaus, KYC utilities, valuation agencies and payment systems. For HFCs and AHFCs, this enables high-volume, document-intensive growth without a proportionate rise in manpower.

Business and Technology Architecture across HFCs



Source: Crisil Intelligence, Choice Institutional Equities

Digitisation across the home loan lifecycle is concentrated at the customer-facing end. E-payments, NACH and digital marketing show high technology intensity, while digital loan approval is at medium-to-high.

The functions which determine asset quality, namely data capture, third-party data integration and customer 360° view, remain at medium intensity. With front-end digitisation now a baseline capability, competitive differentiation is shifting to how effectively technology is embedded across underwriting, collateral due diligence, disbursement controls, portfolio monitoring and collections.

Degree of Digitisation Across the Home Loan Lifecycle

| Parameter                     | Intensity of technology usage |
|-------------------------------|-------------------------------|
| Digital Loan approval process | Medium-to-high                |
| Data capture                  | Medium                        |
| Third-party data integration  | Medium                        |
| Technology-enabled processes  | Medium                        |
| e-Payments and NACH           | High                          |
| Mobility solutions            | Medium                        |
| Customer 360° view            | Medium                        |
| Digital marketing             | High                          |

Source: Crisil Intelligence, Choice Institutional Equities

The implications are most pronounced in informal-income segments with complex property documentation. Integrated data and analytics can improve turnaround times, consistency and explainability of credit decisions, converting a documentation constraint into an underwriting advantage.

We believe lenders which treat technology as a strategic core are likely to deliver stronger operating leverage and more resilient risk-adjusted returns than peers which treat it as a supporting layer. For investors, the depth of technology integration across the lifecycle, is therefore a key factor in assessing the sustainability of growth and earnings quality.

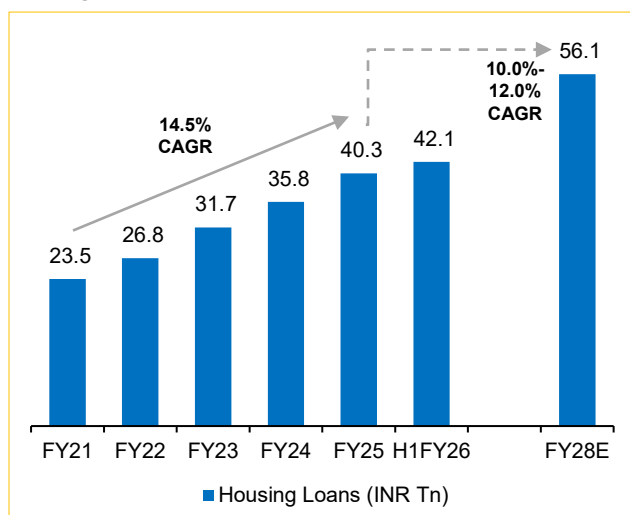
## 6.3 Credit Micro-markets

## Housing Finance Market In India

India's Housing Finance Industry forecast to grow at 10.0–12.0% CAGR over FY25–28E

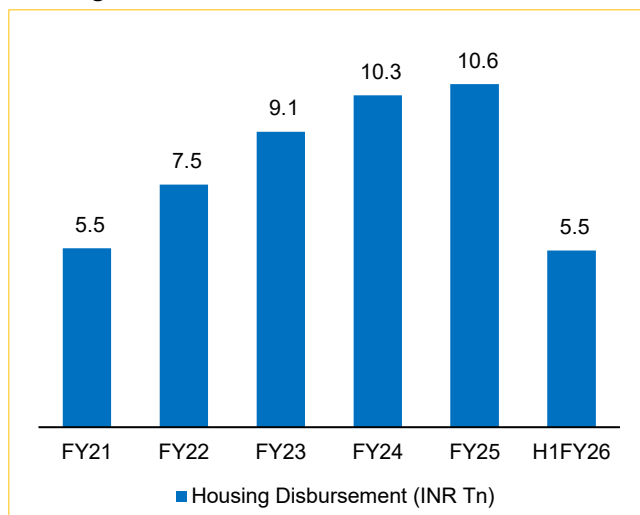
Indian housing finance has grown at a 14.5% CAGR over FY21-25, driven by rising homeownership, improving affordability, and income formalisation. Housing credit is expected to grow 10.0-12.0% CAGR through FY28E, supported by rising ticket sizes, steady income growth, urbanisation, and continued government push for affordable housing.

## Housing Industry to Grow at 10.0–12.0% CAGR Through FY28E



Source: Crisil Intelligence, CRIF Highmark, Choice Institutional Equities

## Housing Disbursements Have Doubled Since FY21



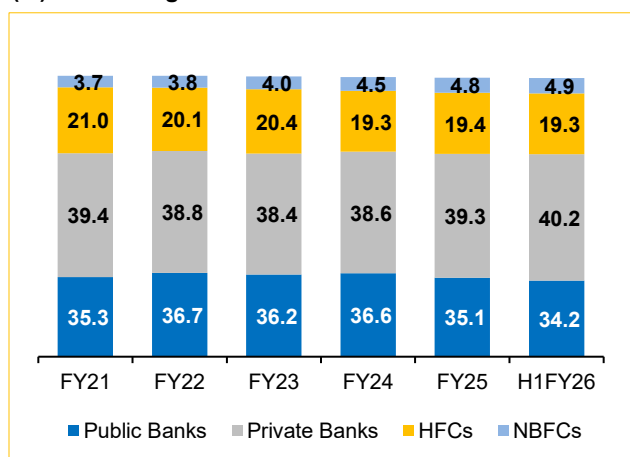
Source: Crisil Intelligence, CRIF Highmark, Choice Institutional Equities

Housing Finance sector comprises of public and private sector banks, HFCs, NBFCs and other lenders including foreign banks and Small Finance Banks (SFBs).

HFCs have held a steady 19.0–21.0% market share across cycles, holding ground despite aggressive rate-based competition from banks. HFCs remain critical component in expanding India's housing finance given their edge in assessing informal income and driving penetration in low- and mid-ticket loans.

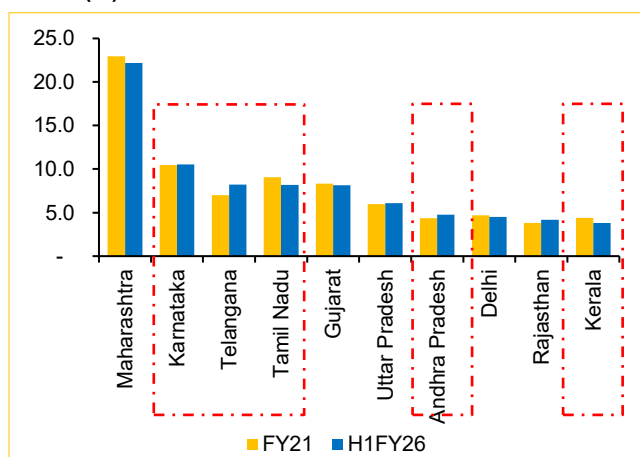
Southern India remains the strongest region, with five southern states among the top 10 housing finance markets.

## Private Banks and NBFCs Have Gained Market Share (%) in Housing Finance



Source: CRISIL Intelligence, CRIF Highmark, Choice Institutional Equities

## Southern States Anchor the Housing Finance Market Share (%)



Source: CRISIL Intelligence, CRIF Highmark, Choice Institutional Equities

## 6.3 Credit Micro-markets

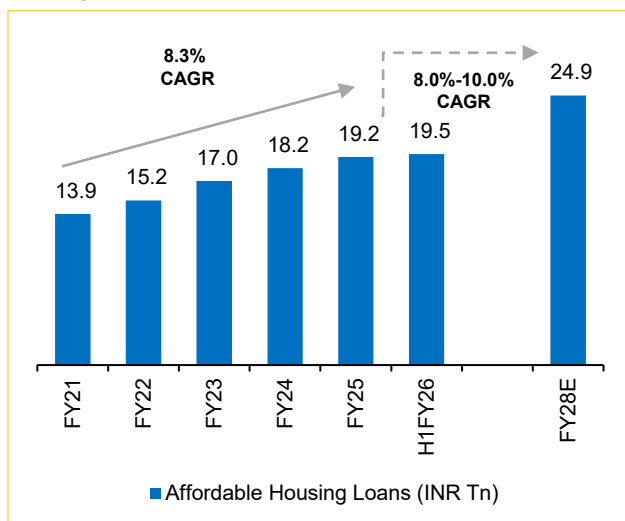
*AHFC Industry to grow at 8.0–10.0% CAGR over FY25–28E*

### Affordable Housing Finance to Sustain Double-Digit Growth Through FY28E

Affordable housing loans grew at an 8.3% CAGR over FY21-25, from INR 13.9 Tn to INR 19.2 Tn, and stood at INR 19.5 Tn as of H1FY26. Growth is projected at 8.0-10.0% CAGR to INR 24.9 Tn by FY28E, backed by rising ticket sizes, income growth, urbanisation and sustained government push for affordable housing.

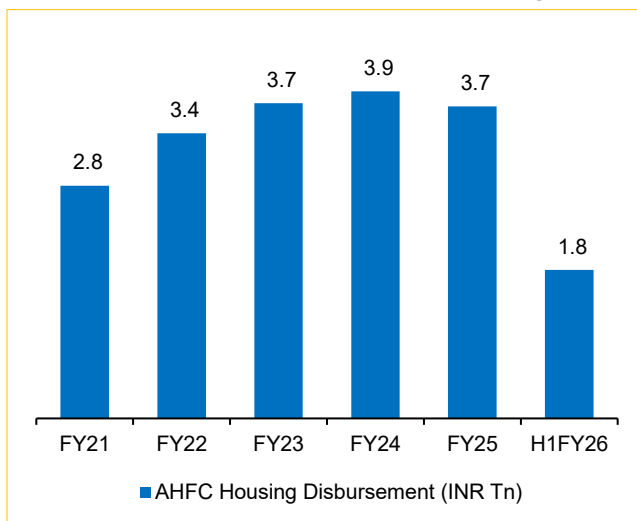
AHFCs disbursement rose from INR 2.8 Tn in FY21 to INR 3.7 Tn in FY25 and stood at INR 1.8 Tn in H1FY26.

#### Affordable Housing: Steady Climb Set to Continue Through FY28E



Source: Crisil Intelligence, CRIF Highmark, Choice Institutional Equities

#### AHFCs Disbursement Moderated After Peaking in FY24

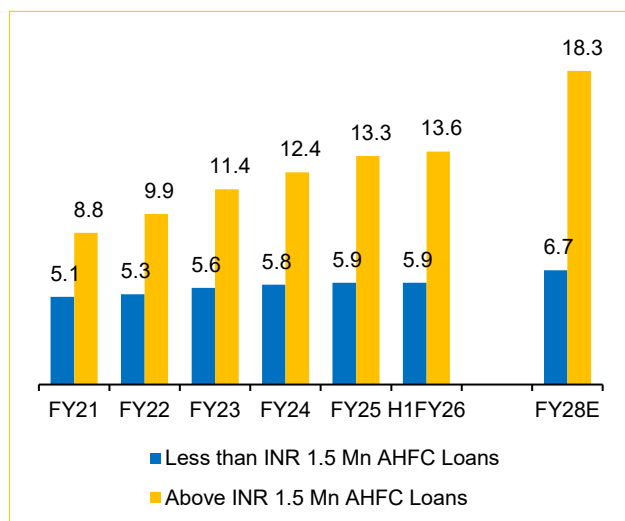


Source: Crisil Intelligence, CRIF Highmark, Choice Institutional Equities

Within the AHFC industry, loans above INR 1.5 Mn grew at a 10.8% CAGR over FY21-25, nearly three times the 3.7% CAGR for loans below INR 1.5 Mn. This divergence is expected to persist, with loans above INR 1.5 Mn projected to grow at an 11.2% CAGR over FY25-28E to INR 18.3 Tn, against 4.0% CAGR for the sub-INR 1.5 Mn segment.

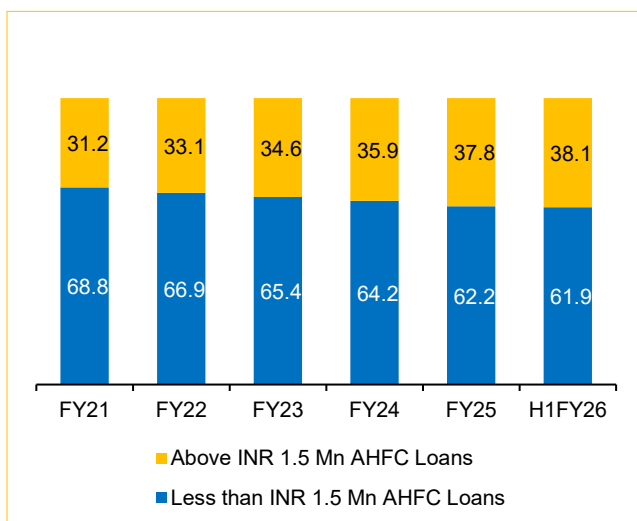
Consequently, the share of loans above INR 1.5 Mn has risen from 31.2% in FY21 to 38.1% in H1FY26, with the sub-INR 1.5 Mn segment narrowing correspondingly to 61.9%.

#### AHFC Industry Size by Ticket Size: Above INR 1.5 Mn Pulls Ahead



Source: Crisil Intelligence, CRIF Highmark, Choice Institutional Equities

#### AHFC Mix Shifts Steadily Towards Higher-Ticket Loans



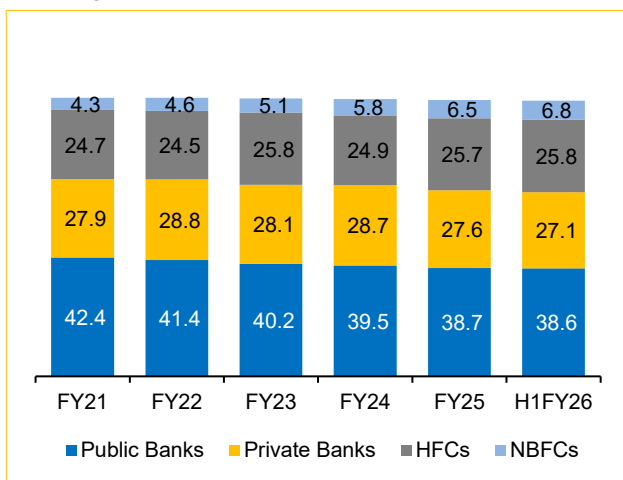
Source: Crisil Intelligence, CRIF Highmark, Choice Institutional Equities

## 6.3 Credit Micro-markets

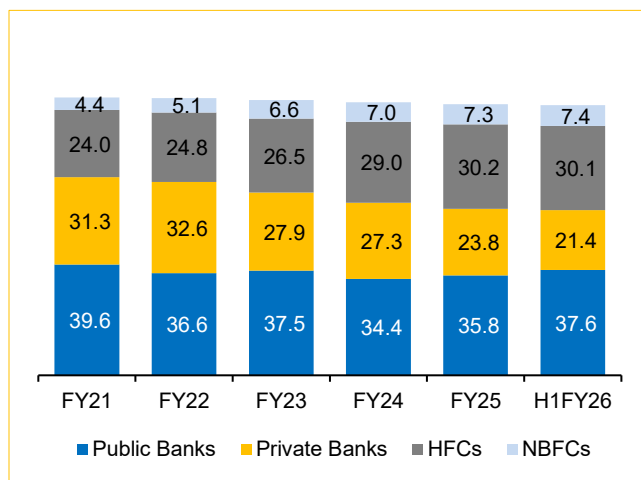
**Affordable Housing Finance: Non-Bank Lenders Gain Share as Profitability Improves**

Non-bank lenders continue to gain share in affordable housing finance. HFCs have raised their share of the AHFC book from 24.7% in FY21 to 25.8% in H1FY26, and NBFCs from 4.3% to 6.8%. Public banks have ceded ground, from 42.4% to 38.6%, while private banks have held broadly steady at 27.0-29.0%.

The shift is sharper in disbursements. HFCs have raised their share from 24.0% to 30.1%, while private banks have retreated from 31.3% to 21.4%. NBFCs have improved from 4.4% to 7.4%.

**HFCs and NBFCs Gain Market Share (%) in Affordable Housing Finance**

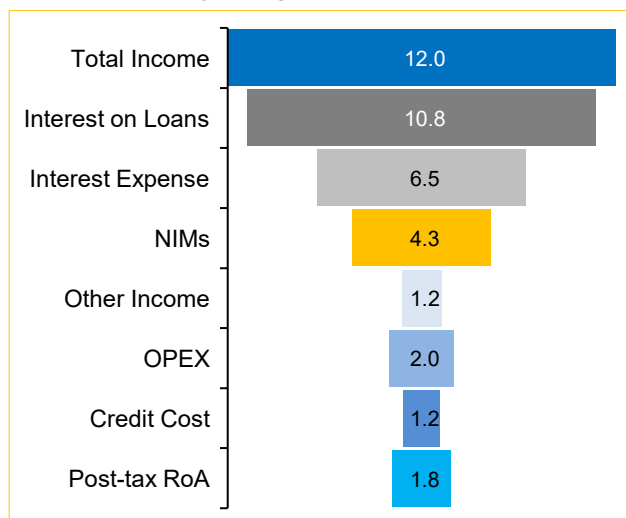
Source: Crisil Intelligence, CRIF Highmark, Choice Institutional Equities

**HFCs Lead Disbursements, Up from 24.0% to 30.1% Since FY21**

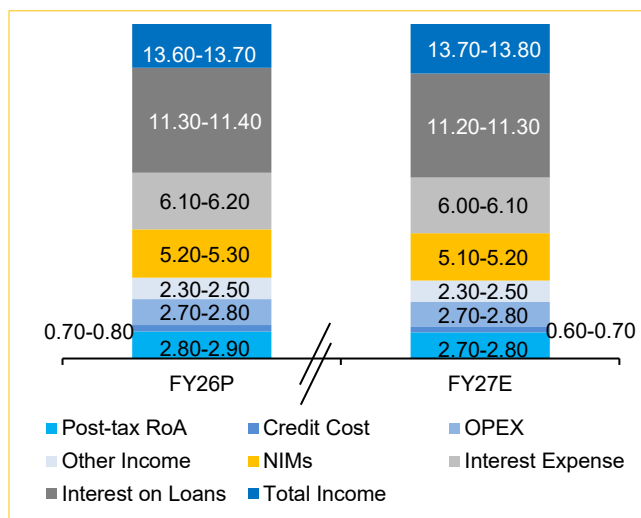
Source: Crisil Intelligence, CRIF Highmark, Choice Institutional Equities

Profitability explains the renewed interest in this segment. Post-tax RoA troughed at 1.0% in FY21, with NIMs of 4.3% and credit cost of 1.4% weighing on returns. RoA is projected at 2.8-2.9% in FY26P and FY27E, an improvement of 180-190 bps. Improvement is driven by levers including lower funding cost, higher and sustainable fee income and reduction in credit costs.

With RoA projected flat between FY26P and FY27E, the growth case rests on volumes rather than further margin expansion.

**AHFC Profitability Troughed in FY21 at 1.8% RoA**

Source: Crisil Intelligence, CRIF Highmark, Choice Institutional Equities

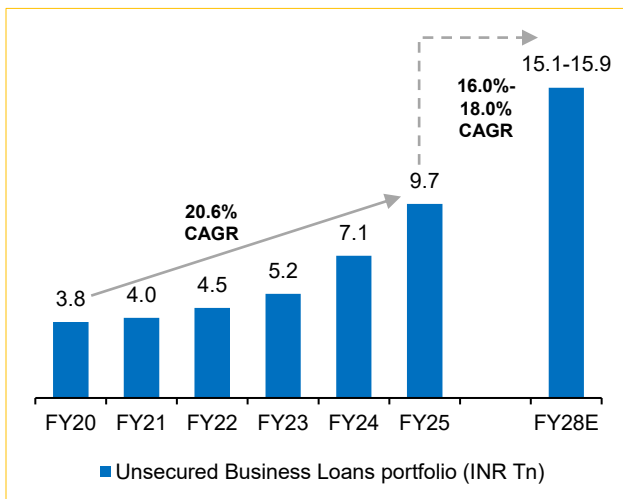
**RoA to Sustain at 2.8-2.9% on Lower Credit Costs**

Source: Crisil Intelligence, CRIF Highmark, Choice Institutional Equities

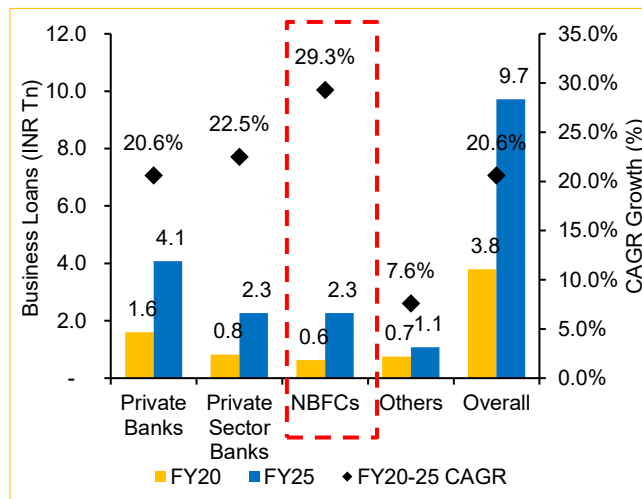
## 6.3 Credit Micro-markets

**Led by Increase in Enterprises and Higher Rural Penetration, Business Loans to Witness Stronger Growth**

Business Loans is one of the most sought-after loans, as it is offered without the requirement of any collateral security. The segment has witnessed a strong CAGR of 20.6% over FY20–25E. It is projected to expand at 16.0–18.0% CAGR over FY25–28E, as India witnesses rapid increase in entrepreneurship in rural and semi-urban areas.

**Business Loans to Expand at 16.0–18.0% CAGR over FY25–28E**

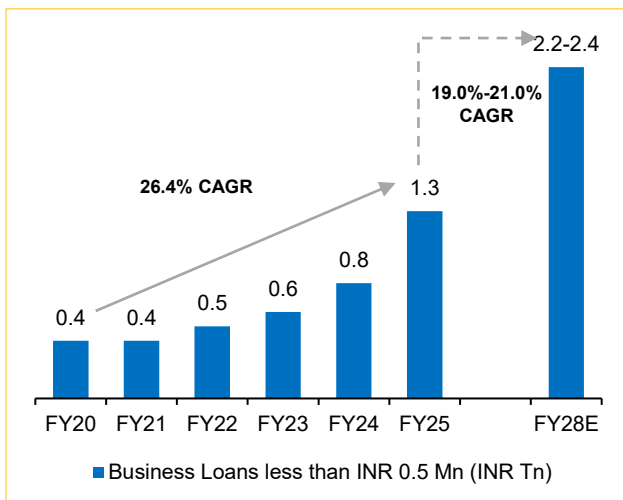
Source: Crisil Intelligence, CRIF Highmark, Choice Institutional Equities

**NBFCs have Witnessed Higher CAGR of 29.3% over FY20–25**

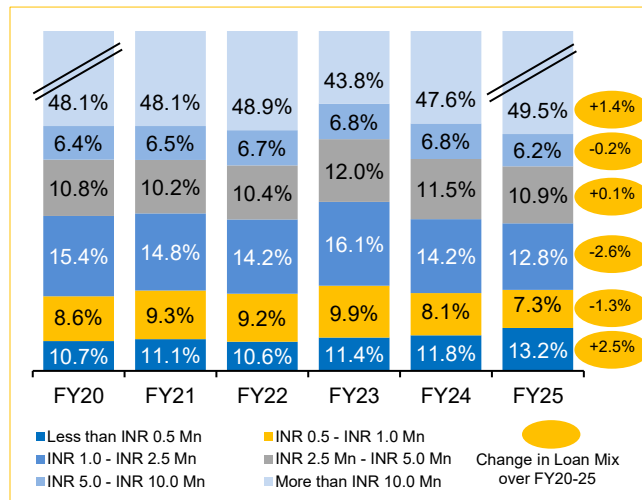
Source: Crisil Intelligence, CRIF Highmark, Choice Institutional Equities

**Budding Micro and Small Enterprises in Rural and Semi-Urban Areas to Drive Higher growth**

Penetration of technology is anticipated to improve in rural and semi-urban areas. This is expected to drive the demand for business loans of ticket size less than INR 0.5 Mn, leading to stronger credit of 19.0–21.0% CAGR over FY25–28E to reach INR 2.2–2.4 Tn.

**Lower Ticket Size Business Loans (<INR 0.5Mn) to Grow Faster at 19.0–21.0% CAGR over FY25–28E**

Source: Crisil Intelligence, CRIF Highmark, Choice Institutional Equities

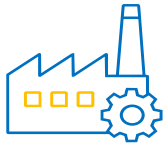
**Business Loans with Ticket Size of <INR 0.5Mn has Witnessed Market Share Gain**

Source: Crisil Intelligence, CRIF Highmark, Choice Institutional Equities

7.1 Introduction

Aptus is a Housing Finance Company registered with the NHB and regulated by the RBI. It is an entirely retail-focused company serving low and middle-income self-employed customers. Operations span rural and semi-urban markets across Tamil Nadu, Andhra Pradesh, Telangana, Karnataka, Maharashtra, Odisha and Puducherry.

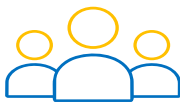
Aptus runs a capital-efficient model with low leverage, generating best-in-class financial returns. It operates a fully in-house, capital-light, technology-enabled business model.



**Manufactured Capital**  
**372 branches** across **6 states** & 1 UT.  
Mobile-first digital LOS, LMS, Collections App, Customer App, Bandhu App, HRMS, Power BI.



**Intellectual Capital**  
**16 years** institutional knowledge.  
Proprietary credit methodology (**50+ data points**).  
ML credit scoring. Power BI analytics.



**Human Capital: 3,807 employees**  
**2,167 business origination,**  
**342 credit, 300 legal/technical,**  
**751 collections, 247 Support function.** Locally recruited.

Digital Capabilities

**94%**  
**Digital Collections**  
Q4 FY26

**92.3%**  
**Digital Agreements**  
Q4 FY26

**99.5%**  
**Customers on App**  
Q4 FY26

**100%**  
**E-NACH Mandates**  
All loans — 0 paper mandates

**82.3%**  
**Account Aggregator Penetration**  
Q4 FY26

**>90%**  
**Loans in 72 Hours**  
Digital LOS approval speed

**5.8%**  
**Leads via Customer App**  
Referral channel  
Q4 FY26

**12.1%**  
**Leads via Bandhu App**  
Connector channel  
Q4 FY26

Financial Snapshot

**AUM CAGR (FY21–FY26)**  
**26%**  
Consistent compounding through COVID and post-COVID cycles

**PAT CAGR (FY21–FY26)**  
**29%**  
Profit growth outpacing AUM — operating leverage in action

**Return on Equity (FY26)**  
**20.1%**  
Crossed 20% milestone; among highest in affordable HFC peer group

**Return on Assets (FY26)**  
**7.9%**  
Best-in-class NIM + disciplined opex + contained credit cost

**Gross Spread (Q1FY27)**  
**9.0%**  
+30 bps YoY; CoB declined to 8.0% post AA upgrade

**Dividend per Share (FY26)**  
**INR 4.5**  
Consistent dividend payment track record for the last 4 financial years

**Credit Rating**  
**AA Stable**  
**(ICRA & CARE)**  
Upgraded from AA-; reduces CoF and expands lender access

**EPS (FY26)**  
**INR 18.8**

Investor Base (as of June 2026)

**Founder and Promoter**  
**M. Anandan**  
**23.9%**  
  
Long-term founder alignment

**DII's**  
**30.0%**  
  
SBI MF 9.4%,  
Kotak MF 4.4%,  
Aditya Birla MF 2.7%,  
Bandhan MF 1.8%

**FII's & FPI's**  
**29.9%**  
  
Malabar 4.4%,  
Govt. Pension Fund Norway 3.2%,  
Vanguard US 2.2%

**Public & Others**  
**16.3%**

Source: APTUS, Choice Institutional Equities

## 7.2 Product Portfolio



### Home Loans (HL) The Flagship Product

#### Customer Profile

Self-employed low/middle income, Tier-2/3/4, first-time homebuyers

#### Portfolio Weight

68% of HFC book

#### Average Yield

~14.0%–14.5%

#### Loan To Value (LTV)

~40%

#### Average Ticket Size (ATS)

INR 0.97 Mn

#### Average Tenure

10.3 years



### Quasi Home Loans (QHL) For Construction and Home Improvement

#### Customer Profile

Self-occupied residential property on self-owned land; loan for home construction

#### Portfolio Weight

25% of HFC book

#### Average Yield

~15.0–15.5%

#### Loan To Value (LTV)

~40%

#### Average Ticket Size (ATS)

INR 0.94 Mn

#### Average Tenure

9.4 years



### Small Business Loans (SBL) For Enabling Enterprises

#### Customer Profile

Self-employed; loan for new business or expansion

#### Portfolio Weight

100% of NBFC book

#### Average Yield

18%+

#### Loan To Value (LTV)

~40%

#### Average Ticket Size (ATS)

INR 0.89 Mn

#### Average Tenure

8.1 years

**Home Loans** are extended in the range of INR 0.8–2.5 Mn to self-employed, low or middle-income, first-time homebuyer in a Tier-2, Tier-3, or Tier-4 city or its periphery. Its typical use include purchase of a newly constructed independent house, purchase of a flat or apartment in a small housing project, or construction of a house on a self-owned plot.

The average loan tenure of 10.3 years reflects the long-term commitment of the customer to homeownership and the long-duration, stable cash flow nature of Aptus's asset base. The average LTV of ~40% on home loans implies the borrower has substantial beneficial ownership in the property value, dramatically reducing default risk.

Stage-wise disbursement for under-construction properties — funds are released physical verification as per the agreed milestone. This eliminates the risk of funds diversion.

**Quasi Home Loans (QHLs)** are extended to a self-employed family that has constructed its home, with the construction costs largely funded through business cash flows, personal savings, or local borrowings.

Loans support the working capital requirement for business operations due to shortage of cash flows upon completion of construction.

QHLs are extended against residential properties linked to the construction of the house, including working capital needs or refinancing of funds previously used for construction. As the end use of the loan proceeds may not be directly towards housing, such loans do not qualify for classification as Home Loans under applicable regulatory guidelines and are therefore categorized as Quasi Home Loans.

**Small Business Loans (SBLs)** are extended to self-employed individuals for business expansion and growth. Loan proceeds are used for working capital requirements of shops and petty trades, purchase of machinery and equipment, expansion of micro-enterprises, or investment in new business ventures.

The SBL product carries a higher yield than HL and QHL, reflecting the higher credit risk. However, the secured nature of the loan, the low LTV and deep under-writing expertise of the self-employed customer's cash flows makes it closely comparable to the housing book.

SBL loans are always secured by residential property, ensuring a liquid, verifiable, and stable collateral base. The underwriting includes a detailed assessment of the business's revenue, margins, and working capital cycle, in addition to the standard borrower income and property valuation.

7.3 Geographical Presence

Aptus has built owned and in-house branch network rather than depending on DSAs, retaining every customer relationship, credit decision, and collection fully in-house. Its hub-and-spoke model integrates sourcing, underwriting, due diligence, and collections at the branch level, enabling faster decisions and stronger credit discipline.

Aptus operates 372 branches across 7 states and UTs (as of Q1FY27) under a contiguous expansion strategy, adding 33 branches in Q1FY27 with an average AUM per branch of INR 526 Mn for branches over three years old. Andhra Pradesh leads the network with ~37% share, while Tamil Nadu, the home state, delivers the highest AUM per branch driven by deep Tier-3/4 penetration. Telangana is growing fastest, Karnataka is consolidating density, and Maharashtra and Odisha mark early but promising new markets. This owned-branch model drives high credit quality and customer service standards.

372

Total Branches  
As on 30<sup>th</sup> June 2026

7

States & UTs  
Contiguous expansion  
strategy

33

New Branches in Q1FY27  
Net additions during the  
period

INR 526 Mn

Avg AUM/Branch  
>3-year vintage branches

Andhra Pradesh



Branches  
**124**

AUM/Branch  
**INR 457 Mn**

% of Network  
**37%**

AUM Growth  
**23%**

AUM (FY26)  
**INR 56.6 Bn**

Largest branch network; mature  
urban and semi-urban mix

Tamil Nadu



Branches  
**92**

AUM/Branch  
**INR 447 Mn**

% of Network  
**27%**

AUM Growth  
**14%**

AUM (FY26)  
**INR 41.1 Bn**

Home base; Highest AUM per  
branch; deep Tier-3/4 penetration;  
strong growth

Telangana



Branches  
**68**

AUM/Branch  
**INR 324 Mn**

% of Network  
**20%**

AUM Growth  
**26%**

AUM (FY26)  
**INR 22.0 Bn**

Fastest YoY growth state;  
underserved pockets being tapped

Karnataka



Branches  
**36**

AUM/Branch  
**INR 274 Mn**

% of Network  
**11%**

AUM Growth  
**17%**

AUM (FY26)  
**INR 9.9 Bn**

Building density; consolidation  
phase

Maharashtra



Branches  
**19**

% of Network  
**5%**

AUM (FY26)  
**INR 1.4 Bn**

New markets; nascent but highly encouraging

Odisha



AUM/Branch  
**INR 75 Mn**

AUM Growth  
**165%**

Source: APTUS, Choice Institutional Equities

7.4 SWOT Analysis

**Strengths**

- Fully in-house sourcing and underwriting model helps contain credit costs below 0.7% across cycles
- Scaled, dense branch network supports one of the lowest cost structures in the segment
- Strongest profitability in the AHFC space despite lower leverage

S

W

**Weaknesses**

- High geographic concentration, with ~99% of AUM in four southern states
- Elevated early-bucket stress in the SBL book and Karnataka
- Reported earnings partly reliant on assignment income (~14% of FY26 PBT)

**Opportunities**

- Bank retreat from small-ticket housing loans widens the addressable market
- Contiguous expansion into Maharashtra and Odisha along with rising ticket size, supports sustained AUM growth
- Headroom to raise leverage toward ~3.0x offers RoE upside without equity dilution

O

T

**Threats**

- Rising competition as ticket sizes move closer to larger lenders' segments
- Self-employed borrowers remain vulnerable to local economic disruptions
- Tightening in funding and liquidity

Source: APTUS, Choice Institutional Equities

6.5 Porter's Five Forces' Analysis

Competition Intensity – High

- Intense competition for pricing, customer service & technology

Threat of New Entrants – Low

- Highly regulated by RBI and NHB
- New licenses are rarely issued for NBFCs

Bargaining Power of Buyers – Moderate

- Borrowers can leverage their strong credit score to secure loans at favourable terms

Threat of Substitutes – Moderate

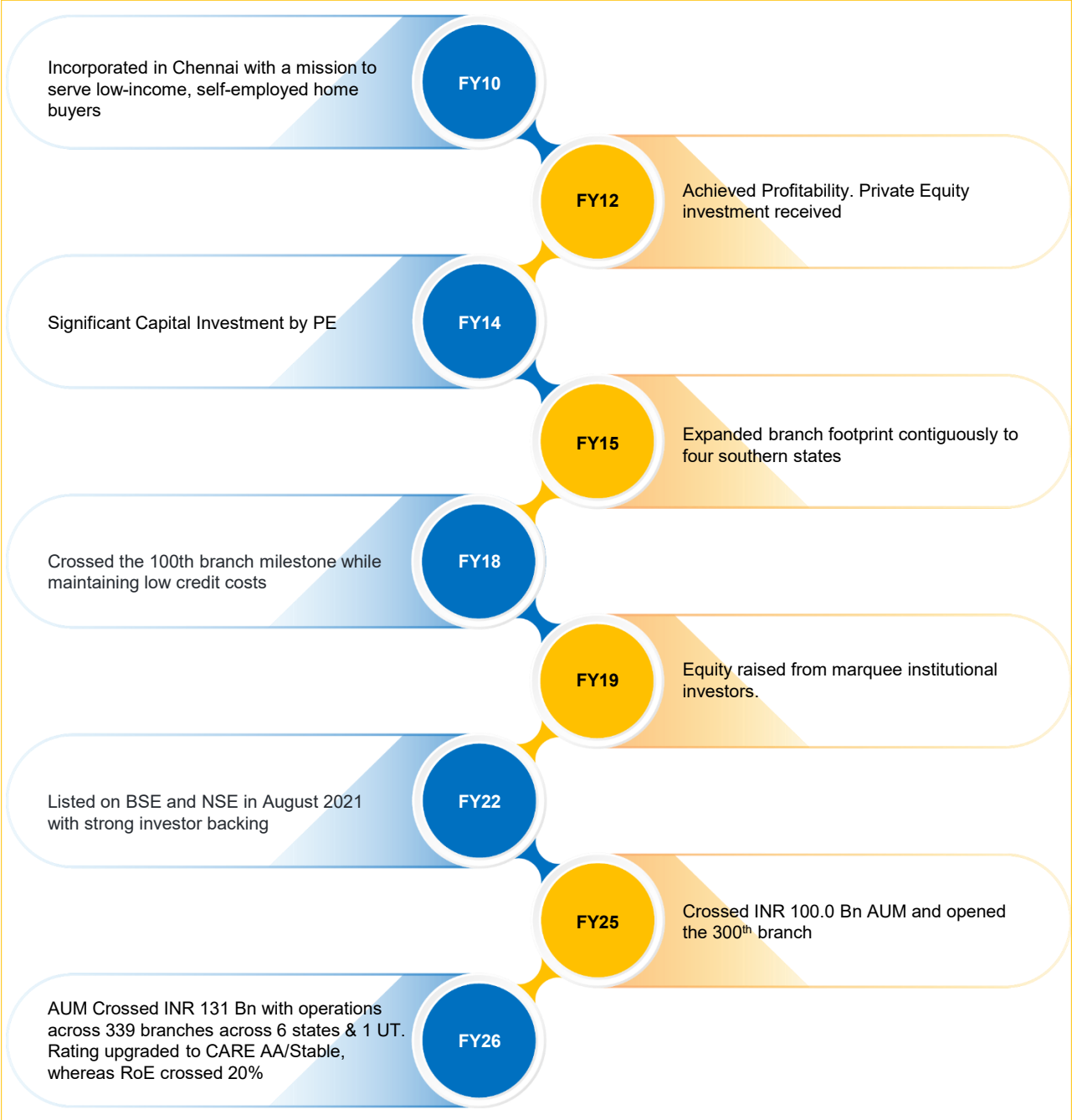
- Alternative financing channels, such as banks, fintech lending & informal sources

Bargaining Power of Suppliers – Moderate

- Well-financed capital base and strong credit rating support APTUS in keeping CoF lower

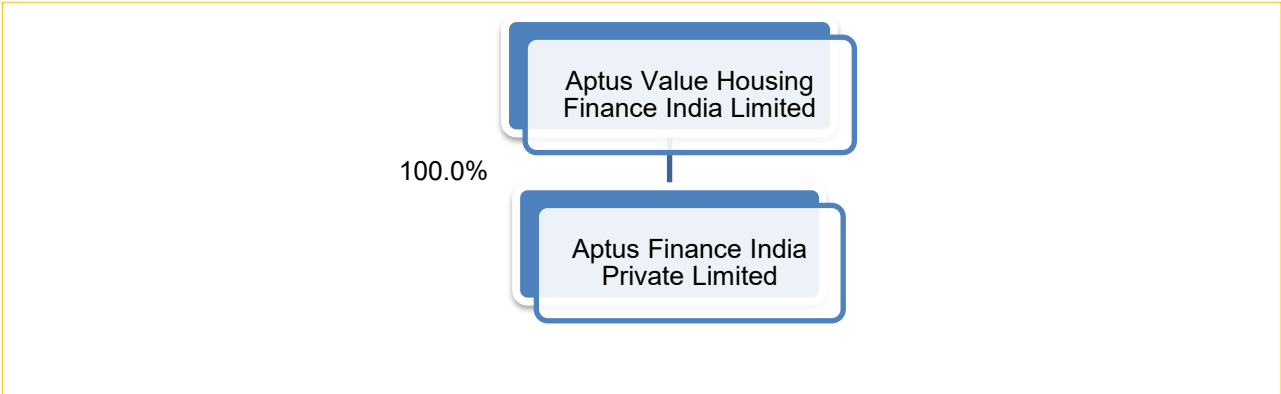
Source: APTUS, Choice Institutional Equities

7.6 Key Milestones and Corporate Structure



Source: APTUS, Choice Institutional Equities

Corporate Structure



Source: APTUS, Choice Institutional Equities

## 7.7 Board of Directors and KMP Profiles

| Name                                                                                                    | Designation                                 | Qualification | Experience                                                                                                                                                                                                                                                                                                                                                                      |
|---------------------------------------------------------------------------------------------------------|---------------------------------------------|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <br>P Balaji           | Managing Director                           | CA            | P Balaji is associated with the Company since 2010 and has 30+ years of experience in financial services. He is a Commerce Graduate from the University of Madras and is a Member of ICAI. Prior to Aptus, he was associated with Bombay Dyeing, Hutchison, Cholamandalam General Insurance and SKS Microfinance.                                                               |
| <br>C.T. Manoharan     | Executive Director & Chief Business Officer | Graduate      | C.T. Manoharan is associated with the Company since 2010 and has 30+ years of experience in housing finance industry. He holds a Post Graduate Degree in Physics from Calicut University and a Financial Management certificate from ICFAI.                                                                                                                                     |
| <br>Sanjay Mittal      | Chief Financial Officer                     | CA            | Sanjay Mittal is associated with the Company since 2025 and has 20+ years of experience accounts, corporate finance, strategy and planning, treasury, project evaluation, and investor relations. He is a Chartered Accountant and a Member of ICAI.                                                                                                                            |
| <br>V. Krishnaswami    | Chief Technology Officer                    | Graduate      | V. Krishnaswami is associated with the Company since 2016 and has 25+ years of experience across IT consulting, project management, technology solutions and implementation, IT infrastructure, and information security at various MNCs. He holds an MSc in IT from the Institute of Advanced Studies and Education and a diploma in Design Thinking from Stanford University. |
| <br>John Vijayan     | Chief Risk Officer                          | CA, CMA       | John Vijayan is associated with the Company since 2021 and has 25+ years of experience across operations, finance, customer servicing, and internal audit. He is a member of both ICAI and the Institute of Cost Accountants of India, and a Certified Information Systems Auditor (CISA) from ISACA, USA.                                                                      |
| <br>N. Srikanth      | Senior Vice President - HR                  | Graduate      | N. Srikanth is associated with the Company since 2012 and has 30+ years of experience in human resources, payroll and taxation, labour laws, and HR policies. He holds a Master's in Human Resource Management (MHRM) degree from Pondicherry University.                                                                                                                       |
| <br>K. Srinivasan    | Senior Associate Vice President - Credit    | Graduate      | K. Srinivasan is associated with the Company since 2023 and has 20+ years of experience across credit and risk management in retail finance. He is a Commerce graduate from the University of Calicut with ICWAI (Inter).                                                                                                                                                       |
| <br>V. Sundara Kumar | Senior Vice President - Legal & Receivable  | Graduate      | V. Sundara Kumar is associated with the Company since 2013 and has 25+ years of experience in financial services. He holds a BCom and BL from Madras University, and has completed ICWAI (Inter) and ACS (Inter).                                                                                                                                                               |
| <br>R. Naveen Kumar  | Vice President - Operations & Compliance    | MBA           | R. Naveen Kumar is associated with the Company since 2011 and has 15 years of experience in financial services with extensive experience in handling operations. He is an engineering graduate and holds an MBA from Anna University.                                                                                                                                           |

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| Choice Rating Distribution & Methodology |                                                                                                   |
|------------------------------------------|---------------------------------------------------------------------------------------------------|
| <b>Large Cap*</b>                        |                                                                                                   |
| BUY                                      | The security is expected to generate upside of 15% or more over the next 12 months                |
| ADD                                      | The security is expected to show upside returns from 5% to less than 15% over the next 12 months  |
| REDUCE                                   | The security is expected to show upside or downside returns by 5% to -5% over the next 12 months  |
| SELL                                     | The security is expected to show downside of 5% or more over the next 12 months                   |
| <b>Mid &amp; Small Cap*</b>              |                                                                                                   |
| BUY                                      | The security is expected to generate upside of 20% or more over the next 12 months                |
| ADD                                      | The security is expected to show upside returns from 5% to less than 20% over the next 12 months  |
| REDUCE                                   | The security is expected to show upside or downside returns by 5% to -10% over the next 12 months |
| SELL                                     | The security is expected to show downside of 10% or more over the next 12 months                  |
| <b>Other Ratings</b>                     |                                                                                                   |
| NOT RATED (NR)                           | The stock has no recommendation from the Analyst                                                  |
| UNDER REVIEW (UR)                        | The stock is under review by the Analyst and rating may change                                    |
| <b>Sector View</b>                       |                                                                                                   |
| POSITIVE (P)                             | Fundamentals of the sector look attractive over the next 12 months                                |
| NEUTRAL (N)                              | Fundamentals of the sector are expected to be in stasis over the next 12 months                   |
| CAUTIOUS (C)                             | Fundamentals of the sector are expected to be challenging over the next 12 months                 |

\*Large Cap: More Than INR 20,000 Cr Market Cap  
 \*Mid & Small Cap: Less Than INR 20,000 Cr Market Cap

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