

Aptus Value Housing Finance | BUY

Strong quarter

Aptus reported a strong PAT of INR 2.1bn (+26%/+9% YoY/QoQ) which was 6% above our estimates leading to RoA/RoE of 7.6%/20%. This was led by a) steady NII growth (+19%/+3% YoY/QoQ, -3% JMFe) as NIMs (calc.) declined -29bps QoQ, b) higher other income (+80%/+93% YoY/QoQ), and c) lower than expected opex (+21%/+11% YoY/QoQ). AUM growth remained strong at (+25%/+6% YoY/QoQ) driven by disbursements growth of (+10%/+14% YoY/QoQ). GS3/NS3 improved by ~8/6bps QoQ and PCR was sequentially flat at 25% with credit cost of ~30bps. FY26 guidance remains strong at 28-30% AUM growth, improving spreads, opex/assets of 2.6-2.7% and credit costs of 40-45bps. We believe that: a) sustained growth momentum led by branch expansion and higher ATS, b) increased focus on high yielding SBL, complementing its existing HL portfolio, c) improving operational efficiencies, and d) healthy asset quality, will continue to offer compelling return ratios going forward. We maintain BUY with a revised TP of INR 370 (valuing at an unchanged target multiple of 3.2x FY27E BVPS) in return for avg RoA/RoEs of 7%/20% over FY26E/FY27E.

- **Growth momentum remains resilient:** AUM growth remained strong at (+25% YoY, +6% QoQ) driven by disbursements growth of (+10% YoY, +14% QoQ). Growth was primarily led by home loans at (+25% YoY, +5% QoQ), followed by LAP (+9% YoY, +6% QoQ), small business loans (+25% YoY, +1% QoQ). At a smaller base, Topup loans and insurance loans grew +87% YoY, +59% QoQ. Branch expansion in FY25 was strong with 38 branches opened with 10 branches opened in Orissa and Maharashtra thus broadening its footprints in new geographies. Management guided for 40 more branches to be opened in FY26E with continuing its growth in Maharashtra & Orissa where it aims to grow 10 more branches. The company targets 28-30% AUM growth in FY26E led by 24-25% growth in disbursements with improving productivity and increasing ATS from INR 0.8-0.85mn to INR 0.9-0.95mn. We project AUM CAGR of 26% over FY25-27E.
- **Healthy operating performance:** Operating profit was healthy at INR 2.8bn (+26% YoY, +10% QoQ, 4% JMFe), driven by a) steady NII growth (+19% YoY, +3% QoQ) as calc. NIMs declined -29bps QoQ, b) higher other income (+80% YoY, +93% QoQ), and c) lower than expected opex (+21% YoY, +11% QoQ). Reported CoFs were largely steady (-2bps QoQ) while yields were up marginally (+1bp QoQ). As ~56% of borrowings are floating rate (30% - repo rate and 26% - MCLR), management expects MCLR rate reductions to be transmitted to CoFs in Jun/Jul'25 while repo linked are already re-priced. Since 81% of assets are linked to fixed rate, we expect rate cuts to play a crucial role in NIMs expansion going forward. We build in spreads expansion of ~30bps over FY25-27E.
- **Asset quality improved sequentially:** Headline asset quality metrics saw a marginal improvement with GS3/NS3 at 1.2%/0.9% (-8bps QoQ/-6bps QoQ) with a healthy PCR of 25%. Collection efficiency improved sharply to 101.2% (vs 99.4% QoQ) with 30+ DPD improving to 5.9% (vs 6.2% QoQ). Credit costs were largely steady at 30 bps (vs 29bps QoQ). Management also carries additional management overlay of INR 550mn in its book providing comfort on credit costs. We build in avg. credit cost of ~42bps over FY26E/27E



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	370
Upside/(Downside)	16.6%
Previous Price Target	360
Change	2.8%

Key Data – APTUS IN

Current Market Price	INR317
Market cap (bn)	INR158.6/US\$1.9
Free Float	46%
Shares in issue (mn)	498.0
Diluted share (mn)	
3-mon avg daily val (mn)	INR159.1/US\$1.9
52-week range	402/268
Sensex/Nifty	80,641/24,380
INR/US\$	84.4

Price Performance

%	1M	6M	12M
Absolute	5.9	-6.9	-1.7
Relative*	-3.9	-8.2	-10.4

* To the BSE Sensex

Financial Summary

(INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Profit	6,119	7,512	9,023	11,142	13,445
Net Profit (YoY) (%)	21.6%	22.8%	20.1%	23.5%	20.7%
Assets (YoY) (%)	25.5%	24.9%	25.7%	25.9%	25.8%
ROA (%)	7.6%	7.4%	7.1%	7.0%	6.7%
ROE (%)	17.2%	18.6%	19.4%	20.6%	21.2%
EPS	12.3	15.0	18.1	22.3	26.9
EPS (YoY) (%)	21.4%	22.6%	20.1%	23.5%	20.7%
P/E (x)	25.8	21.1	17.6	14.2	11.8
BV	76	86	100	117	137
BV (YoY) (%)	12.6%	14.4%	15.7%	16.7%	17.3%
P/BV (x)	4.20	3.67	3.17	2.72	2.32

Source: Company data, JM Financial. Note: Valuations as of 06/May/2025

JM Financial Institutional Securities Limited

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Bloomberg - JMFR <GO>,
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in line with management guidance of 40-45bps.

- **Valuation and view:** We believe that: a) sustained growth momentum led by branch expansion and higher ATS, b) increased focus on high yielding SBL, complementing its existing HL portfolio, c) improving operational efficiencies, and d) healthy asset quality, will continue to offer compelling return ratios going forward. We maintain BUY with a revised TP of INR 370 (valuing at an unchanged target multiple of 3.2x FY27E BVPS) in return for avg RoA/RoEs of 7%/20% over FY26E/FY27E.

Aptus Value Housing Finance - Key call takeaways

Operational performance:

- Incremental CoFs ranges between 8.5%–8.7% for HFC and 9–9.25% for non-HFC borrowings.
- The company executed first DA transaction of INR 750 mn from the non-housing portfolio in HFC. The company continues to adopt a conservative approach and will remain selective here. DA CoFs stands at 9% against portfolio yield of 18% levels.
- ~56% of borrowings are variable-rate (30% linked to repo rate and remaining 26% linked to MCLR). A 25 bps repo rate reduction is already been factored in while MCLR reductions are expected to be transmitted in Jun/Jul'25.
- Spreads are likely to improve going ahead.
- Company has sanctioned INR 3bn of NHB borrowing.
- Opex to assets to remain in the 2.6–2.7% range.

Growth:

- Disbursement growth in FY25 was lower disbursements for one of the months was impacted. If we factor in 12 months of disbursements, the growth would have been 18-19% in FY25.
- Disbursements to grow 24-25% in FY26 and AUM to grow 28-30%
- Disbursements growth levers: i) 40 new branches in the existing geographies, ii) increasing productivity of the new branches added in FY25, iii) increasing productivity of loan officers, iv) increasing ATS from current INR 0.8-0.85mn to INR 0.9-0.95mn.
- Of the 40 new branches to open in FY26, 10 branches will be in Maharashtra and Orissa.
- ~21% of business in Q4 FY25 has come from customer referral app, construction eco system and social media channels. The company plans to take it up to 30% levels over the medium term.
- BT out accounts for 2.5% of total 7% prepayments; the rest are intentionally pre-paid cases which has been consistent over several years.
- Login-to-sanction ratio remains steady at 78–80%.

Asset Quality:

- Recoveries of INR 50-60mn from previously written-off accounts has been utilised to strengthen provisioning.
- Management indicated no significant impact from the TN Bill. The impact is largely on the microfinance sector or low-ticket size loans; For Aptus, collection efficiency remains robust here.
- 1+ DPD stands at 7.5%.
- Credit cost guidance maintained at 40–45bps.

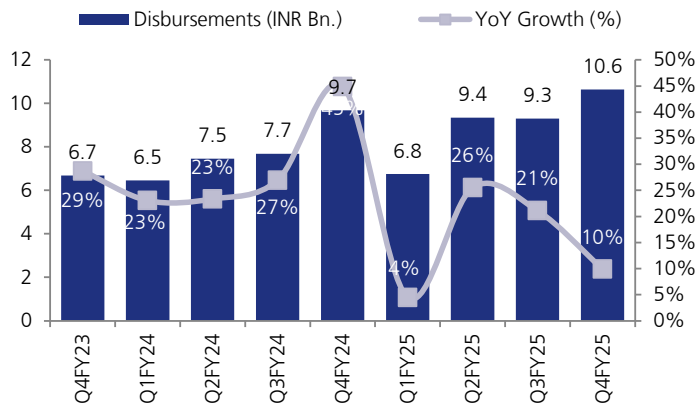
Aptus – 4QFY25 Quarterly Performance

Exhibit 1. Aptus Value Housing 4QFY25 Results Snapshot

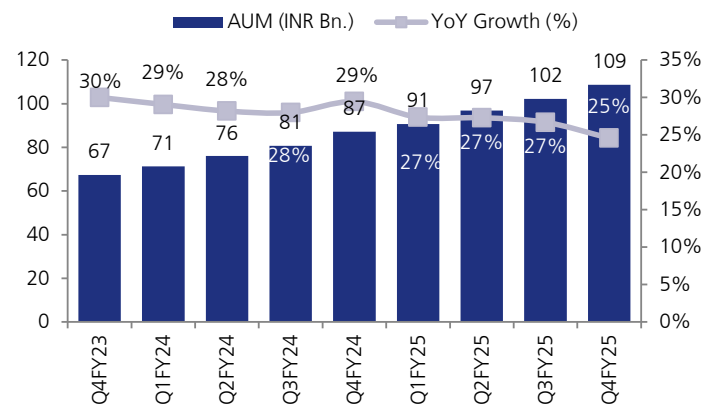
Earnings Table (INR mn)	Q4FY24	Q3FY25	Q4FY25	YoY (%)	QoQ (%)	Q4FY25E	A/E
Net Interest Income	2,514	2,906	3,002	19.4%	3.3%	3,099	-3.1%
Total Non-Interest income	273	255	493	80.8%	93.2%	333	48.1%
Total Income	2,787	3,161	3,495	25.4%	10.6%	3,431	1.8%
Employee Cost	433	435	467	7.9%	7.5%		
Other expenses & Depreciation	149	199	239	60.1%	20.1%		
Total Operating Expenses	582	633	706	21.2%	11.4%	752	-6.2%
Operating Profit (PPP)	2,205	2,528	2,789	26.5%	10.3%	2,679	4.1%
Total Provisions	55	72	79	45.6%	10.0%	110	-27.7%
PBT	2,150	2,455	2,710	26.0%	10.4%	2,569	5.5%
Tax	510	550	639	25.4%	16.2%	613	4.3%
Reported Profit	1,640	1,905	2,070	26.2%	8.7%	1,956	5.8%
Balance Sheet Data (INR mn)							
AUM	87,220	102,260	108,650	24.6%	6.2%	109,225	-0.5%
Disbursements	9,680	9,300	10,640	9.9%	14.4%	10,561	0.8%
Ratios Analysis (%)							
Cost to Income (%)	20.9%	20.0%	20.2%	-0.69%	0.16%	0.0%	
Yield (%) -Calc.	17.1%	17.4%	17.1%	-0.08%	-0.35%	17.5%	
CoFs (%) - Calc.	8.9%	9.1%	9.0%	0.14%	-0.06%	9.2%	
NII/AUM (%) - Calc.	12.0%	11.7%	11.4%	-0.59%	-0.29%	11.7%	
Credit costs (on AUM) (bps)	26	29	30	4	1	42	
Gross S3 (%)	1.1%	1.3%	1.2%	0.12%	-0.08%	1.1%	
Net S3 (%)	0.8%	1.0%	0.9%	0.09%	-0.06%	0.8%	
Coverage	25.0%	25.0%	25.0%	0.00%	0.00%	27.0%	
ECL EAD (%)	1.1%	1.0%	1.0%	-0.03%	0.00%	1.1%	
Return ratios (%)							
ROE (%)	17.6%	18.8%	19.7%	2.09%	0.89%	0.0%	
ROA (%)	7.6%	7.3%	7.6%	0.02%	0.28%	7.2%	

Source: Company, JM Financial

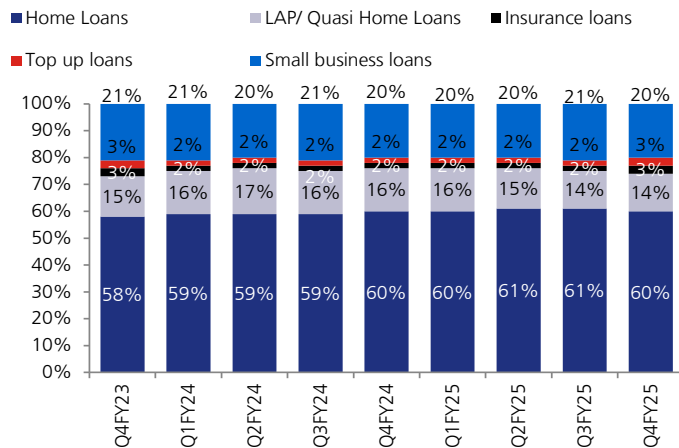
Quarterly Trends

Exhibit 2. Disbursements trend


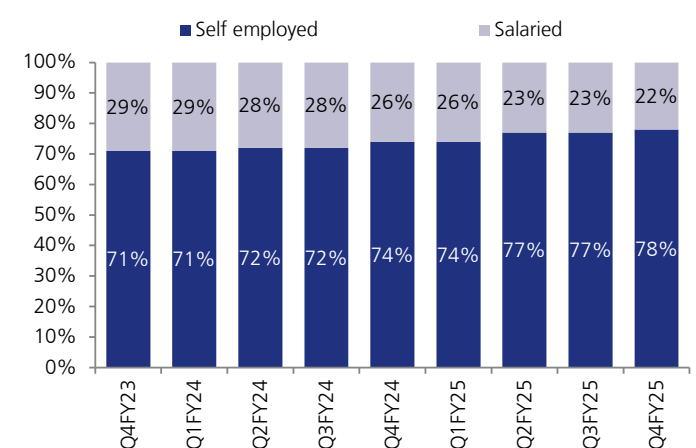
Source: Company, JM Financial

Exhibit 3. Steady AUM growth of 25%+


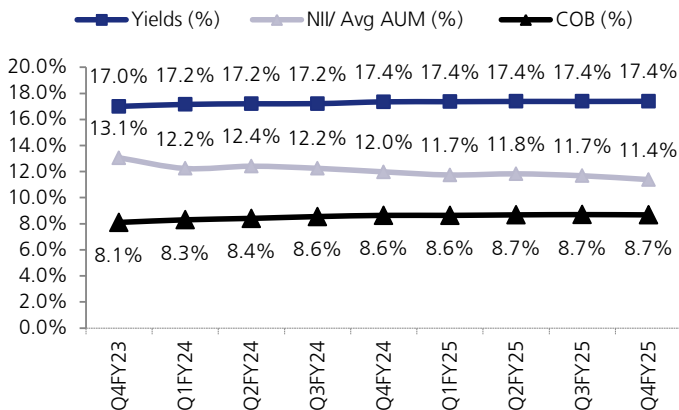
Source: Company, JM Financial

Exhibit 4. HL mix to be maintained at 60%


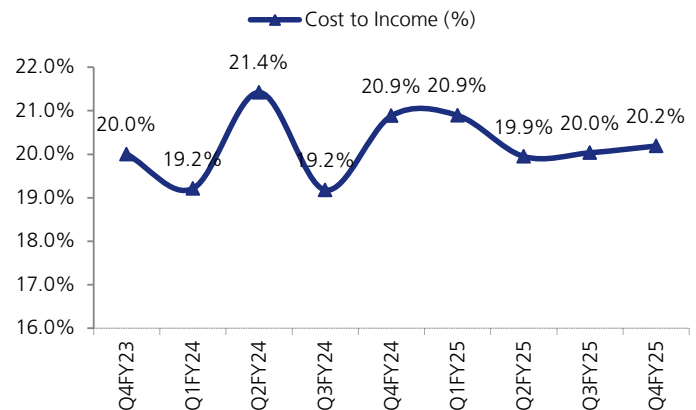
Source: Company, JM Financial

Exhibit 5. Higher self-employed mix offering pricing advantage


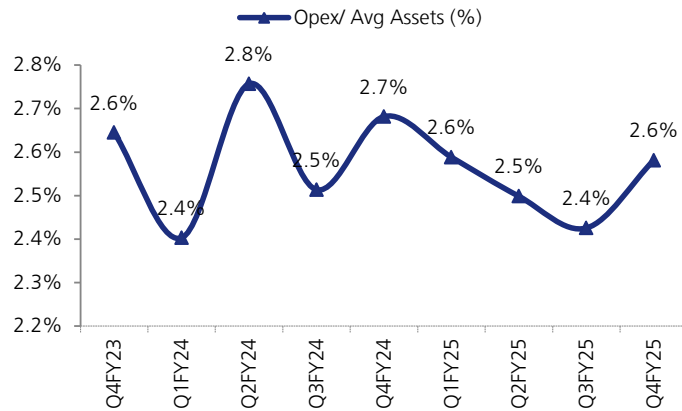
Source: Company, JM Financial

Exhibit 6. Steady spreads


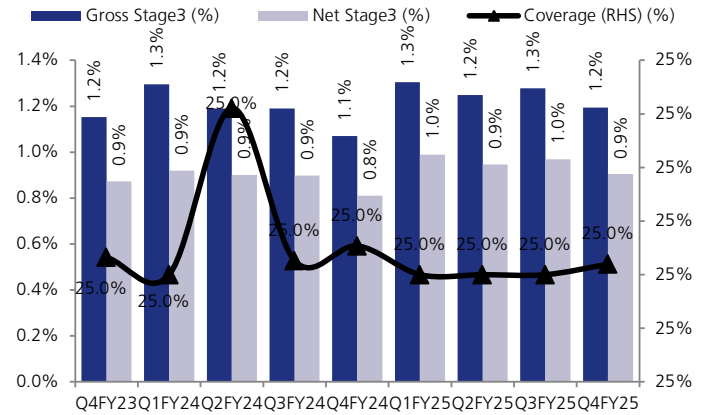
Source: Company, JM Financial

Exhibit 7. Cost-to-income largely stable


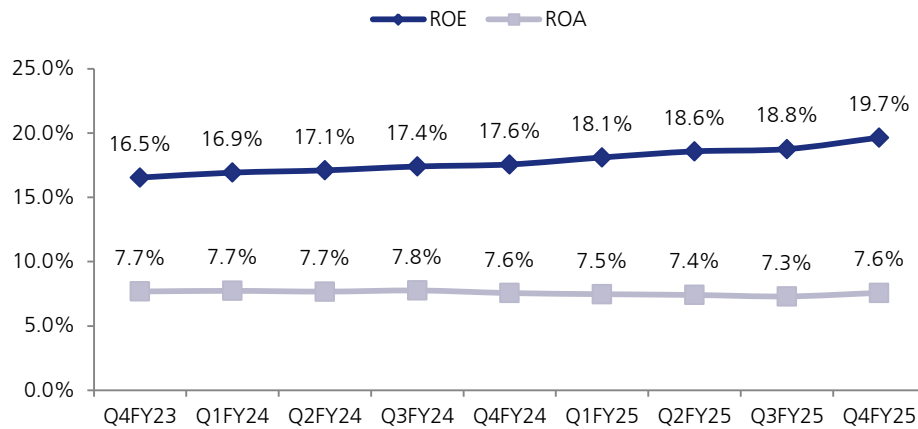
Source: Company, JM Financial

Exhibit 8. Opex-to- Assets to be 2.6-2.7% led by branch expansion

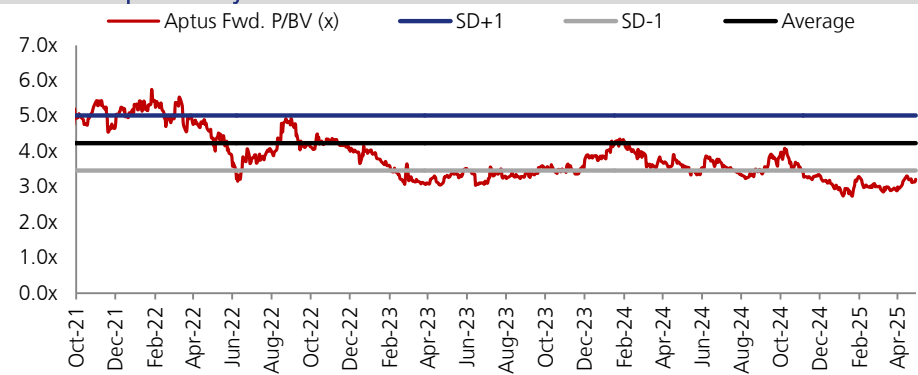
Source: Company, JM Financial

Exhibit 9. Asset quality improved sequentially

Source: Company, JM Financial

Exhibit 10. Robust return ratios

Source: Company, JM Financial

Exhibit 11. Aptus: One year forward P/B valuation

Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Interest Income (NII)	9,320	11,291	13,885	17,168	20,798
Non Interest Income	970	1,288	1,587	1,956	2,418
Total Income	10,290	12,579	15,473	19,124	23,216
Operating Expenses	2,067	2,547	3,223	4,012	4,939
Pre-provisioning Profits	8,223	10,032	12,249	15,112	18,277
Loan-Loss Provisions	238	283	531	642	815
Others Provisions	54	0	0	0	0
Total Provisions	292	283	531	642	815
PBT	7,932	9,748	11,719	14,470	17,462
Tax	1,813	2,236	2,695	3,328	4,016
PAT (Pre-Extra ordinaries)	6,119	7,512	9,023	11,142	13,445
Extra ordinaries (Net of Tax)	0	0	0	0	0
Reported Profits	6,119	7,512	9,023	11,142	13,445
Dividend	2,245	1,250	2,256	2,785	3,361
Retained Profits	3,874	6,263	6,767	8,356	10,084

Source: Company, JM Financial

Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Growth (YoY) (%)					
Borrowed funds	36.9%	32.6%	32.0%	31.0%	30.0%
Advances	29.4%	24.6%	26.7%	26.0%	25.7%
Total Assets	25.5%	24.9%	25.7%	25.9%	25.8%
NII	19.1%	21.1%	23.0%	23.6%	21.1%
Non-interest Income	28.9%	32.8%	23.2%	23.2%	23.7%
Operating Expenses	25.1%	23.3%	26.5%	24.5%	23.1%
Operating Profits	18.8%	22.0%	22.1%	23.4%	20.9%
Core Operating profit	19.6%	20.7%	21.9%	23.3%	21.0%
Provisions	-24.7%	-2.9%	87.5%	21.0%	26.9%
Reported PAT	21.6%	22.8%	20.1%	23.5%	20.7%
Yields / Margins (%)					
Interest Spread	7.82%	7.70%	7.87%	7.99%	7.76%
NIM	11.63%	11.27%	11.05%	10.83%	10.44%
Profitability (%)					
ROA	7.56%	7.42%	7.11%	6.98%	6.69%
ROE	17.2%	18.6%	19.4%	20.6%	21.2%
Cost to Income	20.1%	20.3%	20.8%	21.0%	21.3%
Asset quality (%)					
Gross NPA	1.07%	1.21%	1.23%	1.23%	1.24%
LLP	0.39%	0.30%	0.44%	0.42%	0.43%
Capital Adequacy (%)					
Tier I	72.44%	69.41%	64.56%	60.47%	56.89%
CAR	73.03%	70.00%	71.96%	71.86%	70.32%

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Equity Capital	998	1,000	1,000	1,000	1,000
Reserves & Surplus	36,681	42,167	48,934	57,291	67,375
Borrowed Funds	51,850	68,731	90,725	1,18,849	1,54,504
Current Liabilities & Provisions	517	537	675	850	1,069
Total Liabilities	90,046	1,12,434	1,41,333	1,77,989	2,23,947
Net Advances	85,284	1,06,303	1,34,654	1,69,643	2,13,179
Investments	515	529	673	848	1,066
Cash & Bank Balances	3,502	4,237	4,982	6,107	7,674
Other Current Assets	273	797	310	493	898
Fixed Assets	219	347	436	549	691
Deferred Tax Assets	254	221	277	349	439
Total Assets	90,046	1,12,434	1,41,333	1,77,989	2,23,947

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
NII / Assets	11.52%	11.15%	10.94%	10.75%	10.35%
Other Income / Assets	1.20%	1.27%	1.25%	1.22%	1.20%
Total Income / Assets	12.72%	12.42%	12.19%	11.98%	11.55%
Cost / Assets	2.55%	2.52%	2.54%	2.51%	2.46%
PPP / Assets	10.16%	9.91%	9.65%	9.46%	9.09%
Provisions / Assets	0.36%	0.28%	0.42%	0.40%	0.41%
PBT / Assets	9.80%	9.63%	9.24%	9.06%	8.69%
Tax rate	22.9%	22.9%	23.0%	23.0%	23.0%
ROA	7.56%	7.42%	7.11%	6.98%	6.69%
Leverage	2.4	2.6	2.8	3.1	3.3
ROE	17.2%	18.6%	19.4%	20.6%	21.2%

Source: Company, JM Financial

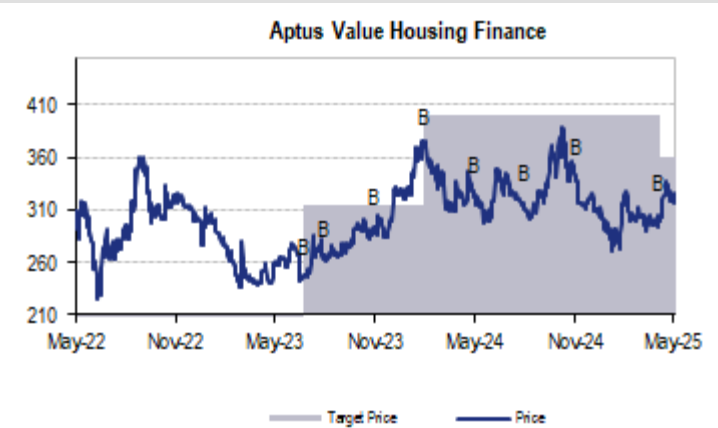
Valuations					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shares in Issue	498.9	499.8	499.8	499.8	499.8
EPS (INR)	12.3	15.0	18.1	22.3	26.9
EPS (YoY) (%)	21.4%	22.6%	20.1%	23.5%	20.7%
P/E (x)	25.8	21.1	17.6	14.2	11.8
BV (INR)	76	86	100	117	137
BV (YoY) (%)	12.6%	14.4%	15.7%	16.7%	17.3%
P/BV (x)	4.20	3.67	3.17	2.72	2.32
DPS (INR)	4.5	2.5	4.5	5.6	6.7
Div. yield (%)	1.4%	0.8%	1.4%	1.8%	2.1%

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
26-Jun-23	Buy	315	
3-Aug-23	Buy	315	0.0
3-Nov-23	Buy	315	0.0
4-Feb-24	Buy	400	27.0
6-May-24	Buy	400	0.0
4-Aug-24	Buy	400	0.0
6-Nov-24	Buy	400	0.0
8-Apr-25	Buy	360	-10.0

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

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Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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