

August 13, 2025

Aptus Value Housing Finance India Limited: Rating upgraded to [ICRA]AA (Stable) and withdrawn for matured instrument

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Non-convertible debentures	326.00	326.00	[ICRA]AA (Stable); rating upgraded from [ICRA]AA- (Stable)
	50.00	-	[ICRA]AA (Stable); rating upgraded from [ICRA]AA- (Stable) and withdrawn
Long-term fund-based term loan	2,360.00	2,360.00	[ICRA]AA (Stable); rating upgraded from [ICRA]AA- (Stable)
Total	2,736.00	2,686.00	

*Instrument details are provided in Annexure I

Rationale

While arriving at the rating, ICRA has considered the consolidated profile of Aptus Value Housing Finance India Limited (Aptus) and its fully-owned subsidiary – Aptus Finance India Private Limited (Aptus Finance), henceforth referred to as the Aptus Group.

The rating action considers Aptus Group's track record of resilient performance and its strong capital profile. The Group's consolidated assets under management (AUM) increased at a compound annual growth rate (CAGR) of 28% over the last five years (FY2021-FY2025), reaching Rs. 10,865 crore as of March 2025 (Rs. 11,267 crore as of June 2025). The Group's AUM is expected to increase at a CAGR of 25-30% over the medium term. The Group has maintained healthy asset quality in the past, supported by prudent underwriting and internal controls, with the gross stage 3 (GS3) in the range of 0.7-1.2% over the last five years. Further, it has a track record of maintaining robust profitability with the return on managed assets (RoMA) in the range of 6.4-7.8% during the past five years (7.5% as of June 2025 and 7.3% as of March 2025). ICRA notes that the Group's leverage has largely remained low, supported by strong internal accruals, with its managed gearing at 1.6 times as of March 2025 (1.7 times as of June 2025). The strong capitalisation is expected to support portfolio growth over the medium term.

The non-housing loan (NHL) portfolio also continues to experience rapid growth and accounts for a sizeable share of the AUM. The company has been undertaking direct assignment transactions from FY2025 for its loan against property (LAP)/small and medium enterprise (SME) portfolio to improve the share of the on-book housing loan (HL) portfolio. The share of LAP and SME remained high at 46% in FY2025 (45% in FY2024) on a consolidated basis. The company's loan portfolio is yet to witness a material impact on account of the recently enacted laws in Tamil Nadu or Karnataka w.r.t. the microfinance industry. Any incremental impact over the next few months would remain monitorable.

However, considering the high growth rate, portfolio seasoning is low at present. Further, the rating continues to factor in the modest credit profile of the Group's borrowers and the geographical concentration of operations.

ICRA has simultaneously upgraded and withdrawn the long-term rating on the Rs. 50.00-crore non-convertible debentures (NCDs) in accordance with its policy on the withdrawal of credit ratings as the instruments have matured and have been fully repaid.

The Stable outlook factors in ICRA's expectation that the Group would be able to maintain a range-bound asset quality performance and healthy profitability while sustaining its portfolio growth over the medium term.

Key rating drivers and their description

Credit strengths

Strong capital profile – Supported by steady internal accruals, the Group’s consolidated net worth improved to Rs. 4,415.0 crore as of June 2025 (Rs. 4,316.7 crore as of March 2025). The Group last raised capital in FY2022 via an initial public offering of Rs. 500 crore. Aptus’ capital to risk-weighted assets ratio (CRAR) remained robust at 71.3% as of June 2025. The consolidated managed gearing stood at 1.7 times as of June 2025 (1.6 times as of March 2025) vis-à-vis 1.4 times in March 2024. The company targets to maintain its managed gearing below 4.0 times in the medium term, considering its growth plans.

Healthy profitability indicators – The Group, on a consolidated basis, has continued to report healthy profitability with its RoMA at 7.5% in Q1 FY2026 (provisional; annualised) vis-à-vis 7.3% in FY2025. The profitability remains supported by healthy net interest margins and operating efficiency. Credit costs increased slightly in Q1 FY2026 to 0.4% from 0.3% in FY2025 on account of incremental provisioning due to a marginal rise in delinquencies during the quarter. However, write-offs remain limited. The operating cost ratio (in relation to average managed assets; AMA) has moderated steadily over the years as the company has built economies of scale. Operating expenses remained under control at 2.5% in FY2025 as well as Q1 FY2026, notwithstanding the steady expansion of the branch network. ICRA notes that the Group has consistently improved its productivity metrics over the years – AUM per branch was Rs. 36.2 crore as of March 2025 vis-à-vis Rs. 18.2 crore as of March 2020. Similarly, AUM per employee improved to Rs. 3.2 crore as of March 2025 from Rs. 1.9 crore as of March 2020. Going forward, ICRA expects the Group to be able to maintain an optimal cost structure as the business expands.

Track record of maintaining good asset quality; portfolio seasoning however is moderate – The Group primarily serves low and middle-income customers, including self-employed individuals. These are segments that inherently carry higher credit risk. To mitigate this, it maintains a conservative loan-to-value (LTV) approach, with 81% of the portfolio having an LTV of 50% or lower as of March 2025. Various measures, supported by conservative underwriting practices, have contributed to maintaining the overall credit quality. While the asset quality remains healthy, a slight moderation was seen in Q1 FY2026. The GS3 increased to 1.5% as of June 2025 from 1.2% in March 2025 (1.3% in June 2024). Similarly, accounts overdue by more than 30 days rose to 6.5% from 5.9% in March 2025 and 5.4% in March 2024. Keeping incremental slippages under control would be crucial in view of the asset quality stress prevailing in the industry; this shall remain a key monitorable.

The Group, which commenced operations in FY2009, has a moderate operating history (in relation to the loan tenor) in the housing finance segment. As on March 31, 2025, its consolidated AUM was Rs. 10,845 crore, reflecting a strong 4-year CAGR of 28%. Disbursements during FY2023-FY2025, in relation to the AUM as of March 2025, stood at 82.3%. Given the rapid pace of growth, the portfolio remains relatively unseasoned.

Credit challenges

Higher share of NHLs; exposure to borrowers with modest credit profiles – On a consolidated basis, the Group’s AUM stood at Rs. 10,865 crore as of March 2025 (Rs. 11,267 crore as of June 2025) with the share of HLs at 54% as of March 2025 and NHLs at 46% as of March 2025 (45% as of March 2024). On a standalone basis, the share of HLs was higher at 74% as of March 2025. About 21% of the overall portfolio, as of March 2025, in the standalone book was towards quasi-HLs; these are extended to borrowers, post house purchase or construction. These loans do not meet the National Housing Bank (NHB) guidelines for classification as HLs and are thus a part of the NHL book.

The Group continues to have a relatively high exposure to self-employed borrowers (77.8% of the overall portfolio as of March 2025). The target customers lack proper income documents and are more susceptible to income shocks. As such, the Group’s ability to maintain stable asset quality performance on a sustained basis would be key. The risk is, however, partly offset by the company’s in-house origination and collection team, prudent appraisal and lending norms, adequate portfolio tracking systems and security in the form of self-occupied property.

Geographically concentrated operations, notwithstanding steady improvement – The Group's operations are predominantly focussed on four southern states, i.e. Tamil Nadu (TN), Karnataka, Andhra Pradesh and Telangana, and the Union Territory (UT) of Puducherry with 300 branches as of March 2025. It has also expanded to Odisha and Maharashtra in the past two years, though their contribution to the portfolio is currently negligible. Andhra Pradesh accounted for 42% of the total portfolio followed by TN and Puducherry (33%), Telangana (16%) and Karnataka (8%). ICRA notes that the share of TN and Puducherry has declined from 72% as of March 2017 because of expansion in other states. While single state concentration is likely to improve over the medium term, the Group would predominantly focus on penetration in the existing states for the medium-term growth of its operations.

Environmental and social risks

While financial institutions like the Aptus Group do not face material physical climate risks, they are exposed to environmental risks indirectly through their portfolio of assets. If the entities or businesses, to which these financial institutions have an exposure, face business disruption because of physical climate adversities or if such businesses face climate transition risks because of technological, regulatory, or customer behaviour changes, the same could translate into credit risks for financial institutions. However, such risk is not material for the Aptus Group as it benefits from adequate portfolio diversification.

With regard to social risks, data security and customer privacy are among the key sources of vulnerability for financial institutions as material lapses could be detrimental to their reputation and invite regulatory censure. The Aptus Group has not faced such lapses over the years, which highlights its sensitivity to such risks. Customer preferences are increasingly shifting towards digital banking, which provides an opportunity to reduce operating costs. The Group has been making the requisite investments to enhance its digital interface with its customers. While it contributes to promoting financial inclusion by lending to underserved segments, its lending practices remain prudent as reflected in the healthy asset quality numbers in this segment compared with its peers.

Liquidity position: Strong

The Group's asset-liability maturity (ALM) profile, as of March 2025, reflected positive cumulative mismatches across all buckets. As on June 30, 2025, the company had cash & cash equivalents of Rs. 516.8 crore and undrawn sanctions of Rs. 1,015.0 crore. The scheduled debt repayments for Q2 FY2026 aggregated Rs. 725.3 crore.

The funding profile is characterised by funding as loans from banks (53%), followed by debentures (19%), NHB (15%) and securitisation (13%) as of March 2025. Considering its robust growth plans, ICRA expects the Group to focus on long-tenor borrowings to keep the asset-liability mismatches under control. The company's liquidity coverage ratio stood at 190% as of March 2025, well above the regulatory requirement.

Rating sensitivities

Positive factors – A significant improvement in the company's market position, while maintaining good asset quality and earnings, could positively impact the rating.

Negative factors – Pressure on the rating could arise in case of an increase in the managed gearing beyond 4.0 times on a sustained basis or a deterioration in the asset quality indicators (90+ days past due (dpd) above 2.5%), thereby impacting the earnings on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	ICRA's Credit Rating Methodology for Non-banking Finance Companies Policy on Withdrawal on Credit Ratings
Parent/Group support	Not applicable
Consolidation/Standalone	The rating is based on the consolidated financial statements of Aptus and its wholly-owned subsidiary, Aptus Finance India Private Limited

About the company

Chennai-based Aptus, a housing finance company (HFC), was incorporated in December 2009. The company was listed on the stock exchange on August 24, 2021. Its target borrowers are from the low and middle-income segments, with an average ticket size of Rs. 9-10 lakh. Its target geographies are the southern states, with a focus on rural and semi-urban areas. Aptus is primarily focussed on self-employed customers with limited or no documentary evidence of their income and limited access to funding from banks and larger HFCs. As of June 2025, the promoters held a 40.4% stake {23.9% by Mr. M Anandan & family and 16.5% by WestBridge CrossOver Fund LLC and its affiliates (WestBridge)} in the company. ICRA notes that WestBridge has been slowly reducing its stake over the last few years.

Aptus' wholly-owned subsidiary, Aptus Finance India Private Limited, extends mortgage loans to small and medium enterprises. On a standalone basis, Aptus Finance's AUM was Rs. 2,951.3 crore as on March 31, 2025.

Aptus (consolidated) reported a net profit of Rs. 751.2 crore on a total managed asset base of Rs. 11,411.7 crore in FY2025 compared with Rs. 611.9 crore and Rs. 9,091.9 crore, respectively, in FY2024. The net profit stood at Rs. 219.3 crore in Q1 FY2026 on a total managed asset base of Rs. 11,890.8 crore.

Key financial indicators (consolidated)

Aptus	FY2024	FY2025	Q1 FY2026*
Total income	1,409.2	1,798.4	530.1
Profit after tax	611.9	751.2	219.3
Total managed assets	9,091.9	11,411.7	11,890.8
Return on managed assets	7.5%	7.3%	7.5%
Gearing (times)	1.4	1.6	1.7
Gross stage 3	1.1%	1.2%	1.5%
CRAR	73.0%	71.3%	70.0%

Source: Company, ICRA Research; * Limited review

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current rating (FY2026)				Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Aug 13 2025	Date	Rating	Date	Rating	Date	Rating
Fund based – Term loan	Long term	2,360.00	[ICRA]AA (Stable)	Aug 19, 2024	[ICRA] AA- (Stable)	Dec 06, 2023	[ICRA] AA- (Stable)	Dec 13, 2022	[ICRA]AA- (Stable)
				-	-	Mar 31, 2024	[ICRA] AA- (Stable)	-	-
NCD	Long term	326.00	[ICRA]AA (Stable)	Aug 19, 2024	[ICRA] AA- (Stable)	Dec 06, 2023	[ICRA]AA- (Stable)	Dec 13, 2022	[ICRA]AA- (Stable)
				-	-	Mar 31, 2024	[ICRA] AA- (Stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
NCD programme	Simple
Long-term fund-based term loan	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
INE852007097	NCD	Aug 20, 2018	8.95%	Aug 20, 2025	125.00	[ICRA]AA (Stable)
INE852007105	NCD	Jan 08, 2019	10.36%	Nov 03, 2025	101.00	[ICRA]AA (Stable)
INE852007071	NCD	Jun 20, 2018	9.00%	Jun 20, 2025	50.00	[ICRA]AA (Stable); withdrawn
NA	NCD (unallocated)	-	-	-	100.00	[ICRA]AA (Stable)
NA	Long-term fund-based term loan	Aug 2017	-	Oct 2029	2,072.18	[ICRA]AA (Stable)
NA	Long-term fund-based term loan (unallocated)	NA	-	NA	287.82	[ICRA]AA (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company name	Aptus' ownership	Consolidation approach
Aptus Value Housing Finance India Limited	-	Full consolidation
Aptus Finance India Private Limited	100%	Full consolidation

Source: Aptus' annual report for FY2025

Note: ICRA has taken a consolidated view of the parent (Aptus) and its wholly-owned subsidiary while assigning the rating

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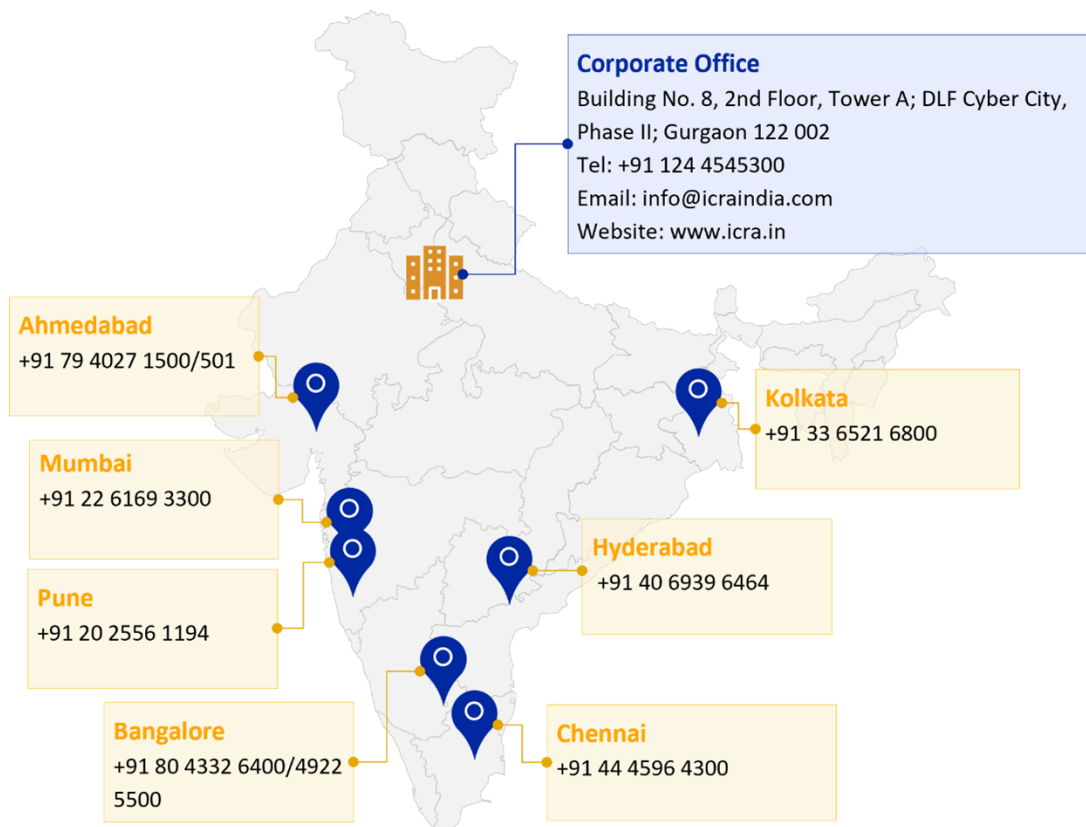
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