August 12, 2026

Aptus Finance India Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Long term fund based – Term loan	950.00	950.00	[ICRA]AA (Stable); reaffirmed	RBI
Total	**950.00**	**950.00**		

**Instrument details are provided in Annexure I*

 # The Securities and Exchange Board of India's (SEBI) grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments that fall under the regulatory purview of financial sector regulators (FSRs) other than SEBI

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 reaffirmation considers the 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 26% over the last five years (FY2022-FY2026), reaching Rs. 13,107 crore as of March 2026 (Rs. 13,648 crore as of June 2026). The non-housing loan (NHL) portfolio continues to experience rapid growth, with its share remaining high at 48% in FY2026 (up from 46% in FY2025) on a consolidated basis. This expansion in the share of NHL portfolio is predominantly attributable to the healthy growth witnessed in Aptus Finance's AUM. Overall, the Group's AUM is expected to rise at a CAGR of 20-25% over the medium term.

The Group's asset quality performance has continued to remain healthy, supported by prudent underwriting and internal controls. However, ICRA notes that the gross stage 3, increased in FY2026 to 1.5% as of March 2026 (and further to 1.7% as of June 2026) from 1.2% as of March 2025. Credit costs rose slightly in FY2026 to 0.5% (0.6% in Q1 FY2027) from 0.3% in FY2025, with incremental write-offs due to the uptick in delinquencies during the year. The NHL portfolio has been facing asset quality pressure in recent quarters, in line with the trends witnessed at the industry level. ICRA expects the same to continue in the near term. Despite the recent moderation, the Group's asset quality performance remains healthy.

Further, it has a track record of maintaining robust profitability, with the return on managed assets (RoMA) remaining in the range of 7.2-7.8% during the past five years (7.8% as of June 2026 and 7.5% as of March 2026). ICRA notes that the Group's leverage has largely remained stable, supported by strong internal accruals, with its managed gearing at 1.7 times as of March 2026. The Group's strong capitalisation is expected to support the envisaged portfolio growth over the medium term.

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

The Stable outlook factors in ICRA's expectation that the Group would be able to maintain 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. 5,198 crore as of June 2026 (Rs. 5,060 crore as of March 2026). Despite the strong AUM expansion at a CAGR of 26% over the past five years, the company's leverage has remained stable. 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 70.0% as of June 2026. The consolidated managed gearing stood at 1.7 times as of March 2026 vis-à-vis 1.6 times in March 2025. The company targets to maintain its managed gearing below 4.0 times in the medium term, considering its growth plans.

Healthy profitability indicators – On a consolidated basis, profitability has remained healthy with RoMA at 7.5% in FY2026 vis-à-vis 7.3% in FY2025. The profitability continues to be supported by strong net interest margins and operating efficiency. Credit costs increased slightly in FY2026 to 0.5% (0.6% in Q1 FY2027) from 0.3% in FY2025, with incremental write-offs due to the uptick in delinquencies during the year. ICRA expects credit costs to remain at these levels in the near term, as the NHL portfolio is facing some asset quality pressure. The operating cost ratio [in relation to average managed assets (AMA)] rose slightly to 2.6% in FY2026 from 2.5% in FY2025 with the continuing expansion of its branch network and investment in information technology (IT) systems; nevertheless, it has remained under control. ICRA notes that the Group has steadily improved its productivity metrics over the years – AUM per branch was Rs. 38.7 crore as of March 2026 vis-à-vis Rs. 18.2 crore as of March 2020. Similarly, AUM per employee rose to Rs. 3.4 crore from Rs. 1.9 crore during this period. Going forward, ICRA expects the Group to be able to maintain an optimal cost structure as the business expands.

Good asset quality metrics, notwithstanding some recent moderation – While the target segment is primarily the low and middle income and self-employed category, a centralised credit appraisal mechanism and conservative loan-to-value (LTV; 77% of the portfolio had LTV of 50% or below as of March 2026), underpinned by prudent underwriting policies, partially mitigate the inherent risks. The company has an in-house team for sourcing loans, scrutinising legal documents, technical valuation of properties, collections and recovery. Aptus has created over 60 types of borrower profiles for credit assessment. It uses data from credit bureaus to screen the credit history of potential customers and undertakes cashflow assessment and analysis of the past savings of its borrowers, apart from evaluating their income during credit appraisal to establish loan eligibility. The company has been leveraging the use of technology in its operating model. In FY2026, 94% of collections were received through digital channels. Aptus has further strengthened its technology platform by implementing machine learning (ML) based bounce prediction models and real-time delinquency dashboards.

The Group's GS3 increased to 1.5% as of March 2026 (further to 1.7% as of June 2026) from 1.2% as of March 2025 while the 30+ days past due (dpd) rose to 6.2% from 5.9% during this period. This was mainly on account of the increase in Aptus Finance's delinquencies (GS3 increased to 2.2% as of March 2026 from 1.2% as of March 2025). ICRA notes that the NHL portfolio has been facing asset quality pressure in recent quarters, in line with the trends witnessed at the industry level. ICRA expects the same to continue in the near term. Despite the recent moderation, the Group's asset quality performance remains healthy.

Credit challenges

Higher share of NHLs; exposure to borrowers with modest credit profiles – On a consolidated basis, the Group's AUM stood at Rs. 13,107 crore as of March 2026 (Rs. 13,648 crore as of June 2026) with the share of housing loans (HLs) at 52% and NHLs at 48% (46% as of March 2025). On a standalone basis, the share of HLs in the on-balance sheet (on-b/s) portfolio was higher at 74% as of March 2026 with NHLs accounting for the balance (26%). Additionally, 10% of the portfolio, as of March 2026, in the standalone book was towards quasi-HLs (classified as NHLs); these are extended to borrowers, post house purchase or construction.

A significant portion of the company's AUM was sourced in the last few years like most of its peers. The Group's net disbursements in the last three fiscals (FY2024 to FY2026) were equivalent to around 79% of the AUM as of March 2026, indicating moderate portfolio seasoning. It continued to have a relatively high exposure to the self-employed category (79.8% of the overall portfolio as of March 2026). The target customers have limited access to credit from formal channels, given the lack of proper income documents, and are more susceptible to income shocks. As such, the Group's ability to maintain stable asset quality on a sustained basis would be key. The risk is, however, partly offset by the company's predominantly in-house origination and collections team, prudent appraisal and lending norms, adequate portfolio tracking systems and security in the form of self-occupied property. As it is a housing finance company (HFC), its ability to handle recoveries through the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) also supports the faster settlement and recovery of delinquent assets.

Geographically concentrated operations – The Group's operations are predominantly in four southern states, i.e. Tamil Nadu (TN), Karnataka, Andhra Pradesh and Telangana, and the Union Territory (UT) of Puducherry with 339 branches as of March 2026. It has also expanded to Odisha and Maharashtra in the past few years. Though their contribution to the portfolio is currently negligible, it is expected to be on a gradually increasing trend going forward. Andhra Pradesh accounted for 44% of the total portfolio followed by TN and Puducherry (28%), Telangana (19%) 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. The Group will 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 disruptions 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 Group has not faced such lapses over the years, which highlights its sensitivity to such risks. Customer preferences are increasingly shifting towards digital banking, a phenomenon that 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 the under-served 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 2026, reflected positive cumulative mismatches across all buckets. As of June 2026, the company had cash & cash equivalents of Rs. 676.4 crore and undrawn sanctions of Rs. 1,257.0 crore. Scheduled debt repayments in Q2 FY2027 aggregated Rs. 889.3 crore.

The borrowing profile is characterised by funding from banks (57% as of March 2026), followed by securitisation (18%), debentures (16%), and NHB (9%). Considering its robust growth plans, ICRA expects the Group to focus on long-tenor borrowings to keep asset-liability mismatches under control. The company's liquidity coverage ratio stood at 212% as of March 2026, 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 continued basis or a deterioration in the asset quality indicators (90+ dpd above 2.5%), thereby impacting the earnings on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Non-banking finance companies
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the rating, ICRA has considered the consolidated financials of Aptus and its wholly-owned subsidiary, Aptus Finance. Refer to Annexure II for the list of entities considered for consolidation.

About the company

Incorporated in December 2009, Aptus Value Housing Finance India Limited (Aptus) is a housing finance company headquartered in Chennai. Its target borrowers are from the low to middle-income segments, with an average ticket size in the range of Rs. 9-9.5 lakh (up from Rs. 7-8 lakh earlier). The company's target geographies are the southern states, with a focus on rural and semi-urban areas. Aptus is largely focussed on self-employed customers (about 80% of the total portfolio) without documentary evidence of income and limited access to funding from banks and larger HFCs. It has adequate systems and processes to assess the income of borrowers. Aptus Finance India Private Limited (Aptus Finance) is a wholly-owned subsidiary of Aptus. Aptus Finance extends mortgage loans to small and medium enterprises, which are largely ignored by the formal financial ecosystem.

While the target segment is mainly the low income and self-employed category, a centralised credit appraisal mechanism and conservative loan-to-value (LTV; about 77% of the portfolio had LTV ≤50 as on March 31, 2026), underpinned by prudent underwriting policies, partially mitigate the inherent risks. Aptus was listed on BSE and NSE with effect from August 24, 2021.

In FY2026, Aptus (consolidated) reported a net profit of Rs. 942.9 crore on total managed assets of Rs. 13,875.5 crore compared with Rs. 751.2 crore and Rs. 11,411.7 crore, respectively, in FY2025.

Key financial indicators (audited)

	Aptus Value Housing (consol.)		Aptus Value Housing		Aptus Finance	
	FY2025	FY2026	FY2025	FY2026	FY2025	FY2026
Total income	1,798.4	2,245.5	1,331.0	1,564.2	499.5	730.8
Profit after tax	751.2	942.9	575.4	692.9	175.8	275.3
Total managed assets*	11,411.7	13,875.5	8,827.7	10,055.4	3,083.4	3,823.4
Return on managed assets	7.3%	7.5%	7.0%	7.3%	6.6%	8.0%
Managed gearing (times)	1.6	1.7	1.3	1.2	3.4	3.0
Gross stage 3	1.2%	1.5%	1.2%	1.3%	1.2%	2.2%
CRAR	71.3%	71.0%	71.3%	71.0%	28.5%	28.2%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

			Current (FY2027)	Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Aug 12, 2026	Date	Rating	Date	Rating	Date	Rating
Fund based – Term loan	Long term	950.00	[ICRA]AA (Stable)	Aug-13-25	[ICRA]AA (Stable)	Aug-19-24	[ICRA]AA- (Stable)	Dec-06-23	[ICRA]AA- (Stable)
				Mar-31-26	[ICRA]AA (Stable)	-	-	Mar-31-24	[ICRA]AA- (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
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	Financial sector regulator#
NA	**Long Term – Fund based - Term loan**	Apr 2020	-	Feb 2033	950.00	[ICRA]AA (Stable)	RBI

Source: Company

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments that fall under the regulatory purview of financial sector regulators other than SEBI

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 FY2026

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

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