



**“Aptus Value Housing Finance India Limited
Quarter & Year Ended as on March 31, 2026 Results
Conference Call”
May 07, 2026**



Management: Mr. M Anandan – Executive Chairman
 Mr. P. Balaji – Managing Director
 Mr. Manoharan C T – Executive Director And Chief Business Officer
 Mr. Sanjay Mittal – Chief Financial Officer

Moderator: Good morning, Ladies and Gentlemen. I am Iqra, moderator for this conference. Welcome to the earnings conference call of Aptus Value Housing Finance India Limited to discuss its results for the quarter and year ended March 31, 2026. This conference call may contain forward-looking statements based on the company's beliefs, assumptions and expectations as of today. These statements are subject to risks and uncertainties, and actual results may differ materially.

At this moment, all participants are in the listen-only mode. Later, we will conduct a question-and-answer session. At that time, if you have a question, please press star followed by one on your telephone keyboard. Please note that this conference is being recorded.

We have with us today Mr. M. Anandan, Executive Chairman; Mr. P. Balaji, Managing Director; Mr. C.T. Manoharan, Executive Director and Chief Business Officer; and Mr. Sanjay Mittal, Chief Financial Officer.

I would now like to hand the call to Mr. Anandan for his opening remarks. Thank you, and over to you, sir.

M Anandan: Thank you. Good morning, ladies and gentlemen. I am Anandan, Executive Chairman of Aptus Value Housing Finance India Limited. I warmly welcome you all to the earnings call. We are very happy to present that overall, we have demonstrated resilience and robust business growth for Q4 as well as for FY '26. And Q4, '26, so there we saw strengthening of our growth momentum aided by ongoing process improvements and technology enhancements alongside continued focus on credit quality.

During the quarter, we delivered highest quarterly disbursements of INR1,242 crores. This has come despite not sourcing any loans of less than INR7 lakhs. Looking ahead, we expect further improvement in this growth trajectory driven by expansion in newer states entry into newer states, Maharashtra and Odisha and deeper penetration in the existing market at channel augmentation, higher average ticket size, calibrated lending rates on incremental loans and improved productivity. Going further we are very confident of maintaining a consistent growth of 20-plus percent and best-in-class ROE of 20% plus.

With this, I hand over the mic to Mr. Balaji to take you through the business focus and key operating and financial parameters. Thank you.

P. Balaji: Thank you, sir. Good morning to all. To begin with, I'm happy to convey that we have delivered on our guidance across key levers, be it growth, spreads, costs and credit quality and will sustain this trajectory in the coming years. During the year, in line with our intent to onboard higher quality customers, we discontinued sanctions below 7 lakhs.

While this decision led to temporary moderation in disbursements in Q1 and Q2, we rebounded strongly in Q4. We witnessed this growth momentum continuing in April 2026 as well. This has helped set a strong foundation for sustained business momentum and reinforce alignment of field execution with our policies.

Overall, the year reinforces our belief that affordable housing segment we operate in remains structurally robust and has strong potential for growth.

Growth remains our key focus area. To accelerate growth momentum, we are executing a set of targeted high-impact initiatives.

The first one being geographical expansion. We expanded our presence in the newer states of Maharashtra and Odisha in FY '26 and strengthened our presence in existing states as well, leading to a branch network of 339. On account of encouraging indications from our new geographies and continued business momentum in our existing geographies, we are planning to open around 60 branches in FY '27.

The next one being increasing the average ticket size, partly driven by inflation, increasing our ATS is helping us onboard higher quality customers.

The next one being optimizing lending rates across segments in line with our strategy to onboard higher quality customers and aid growth further, we have optimized interest rates on certain loan ticket size, leveraging the benefits from lower borrowing costs and improvement in productivity. As the rate reduction is only for the incremental customers, the impact on the spreads or the NIMs is not very material.

Fourth one is the connector channel. In addition to our digital channels, we have expanded our connector partnership across branches. While this is still at a nascent stage, we expect this channel to evolve into a meaningful growth driver over time.

Looking ahead, we expect to deliver sustainable AUM growth of 22% to 24% driven by these initiatives.

Our growth is anchored on four strategic pillars. First one is diversified mix focus on self-employed customers across housing and business loans with strong presence in Tier 3 and Tier 4 towns. Then the next one is the geographical expansion, scaling beyond South into Maharashtra and Odisha while deepening the core markets.

Productivity, driving higher output through data-led system-driven process. Then the digital excellence, leveraging technology across sourcing, credit and collections to improve speed, control and efficiency.

Now moving on to performance. Major performance highlights are as follows:

First relating to business growth and scale, AUM grew by 21% year-on-year to INR13,107 crores. Disbursements in Q4 FY '26 grew 17% year-on-year and 21% quarter-on-quarter to INR1,242 crores. Disbursements in FY'26 grew 11% to 4,009 crores. Branch networks grew by 339 branches as of 31st March, adding 39 branches in FY '26.

Now coming to the asset quality. The collection efficiency stood at 100.5% versus 99.1% in the previous quarter. The improvement in collection efficiency led to a dip in our 30 plus to 6.21% Vs.6.48% in the last quarter. We finished FY '26 with the GNPA 1.52% as against 1.19% in FY

'25. The increase is primarily due to marginal increase in the NPA of NBFC. Net NPA was 1.15% as against 0.89% in FY '25. The credit cost for FY '26 remained at 50 basis points within our guided range.

Now coming to the profitability. During the quarter, net income margin grew by 24% year-on-year to INR434 crores. Our spread improved to 9%, driven by decline in cost of funds to 8.1%. Our opex as a percentage of AUM remained at 2.8%. Profit grew 26% year-on-year to INR261 crores, translating into an ROA and ROE of 8.2% and 21.2% amongst the highest in the industry.

The profit for FY '26 rose by 26% to INR943 crores. During the year, we have declared a dividend of INR4.50 including the dividend of INR2.50 that was declared in the Board meeting 6th May 2026.

Now coming to the funding. During Q4, we raised approximately INR980 crores on a consolidated basis, primarily through a mix of NCDs, term loans and securitization. Our liability profile continues to remain well diversified with 58% from banks, NCDs at 15%, securitization, including PTCs and DA at 19% and the balance through NHB, which is at around 9%.

We continue to maintain strong liquidity position with total liquidity of INR2,057 crores as of March '26, including INR1,505 crores of undrawn bank sanctions, providing us ample headroom to support growth.

Now with these remarks, I open the floor for the question-and-answer session. Thank you.

- Moderator:** First question comes from the line of Rajiv Mehta from Yes Securities. Please go ahead.
- Rajiv Mehta:** Congrats on very strong numbers. Sir, my first question is on your Tamil Nadu state growth. There is a good revival and I think you have been speaking about it that you are trying to drive a revival there. So, did anything change in terms of macro factor in terms of demand competition? And internally, what changed in terms of team stability, productivity, which drove good comeback growth in Tamil Nadu in this quarter?
- M Anandan:** If you look at Tamil Nadu, the year-on-year loan book growth is around 14%. We have made structural changes in terms of employing correct people and then retaining people in Tamil Nadu. But still in Tamil Nadu, the attrition is slightly high, but still, we are able to retain people who are able to contribute to the business. Having said that, in Tamil Nadu, the competition is slightly higher.
- And since we are there in Tamil Nadu for the last 15 - 16 years, if anybody wants to open a branch in Tamil Nadu, the first thing they do is to take people from us. But still, because of various incentive schemes which we have launched and productivity-based improvements and monitoring systems, we are able to achieve this performance. And going forward, we are confident of getting this in place.
- Rajiv Mehta:** So now that 15-odd percent sequential traction that we saw which was very solid. The momentum is now structural in nature, right? That's what you're trying to indicate.

M Anandan: Yes.

Rajiv Mehta: And sir, what is the incremental ticket sizes in home loans and LAP quasi home loans that we are now onboarding -- and what is the incremental lending rate? And in the future, how do you see the ticket size progress for us, which will help us in delivering better growth overall the volume growth?

P. Balaji: Strategy on the average ticket size, whether it is the housing loan or quasi home loan or small business loan is that every year, we want to increase this by INR1 lakh. This is partly driven by inflation and also it helps us onboard higher quality customers. So, this is broadly the plan, and we'll be able to -- hopefully, we'll be able to achieve this because the field executives and the branch managers are also aligned to this. So that is what will be implemented.

Rajiv Mehta: Got it. Sir, can I just ask one last question?

M Anandan: Yes.

Rajiv Mehta: Yes. In terms of channel augmentation, I mean, when you say channel augmentation, engagement with the connectors and all, one is connecting more branches with the local connectors. So where are we in terms of that setting the connection of branches in terms of number, how many branches will then have connectors network to go to sourcing? And how do we better engage with the connectors so that we get better volume in the local market?

M Anandan: In relation to channel augmentation, there are two things which we are pursuing other than the organic leads that is being generated by the sales offices. See, what is happening, one is the digital channel. Basically, the referral, the customer referrals, the construction ecosystem reference and also the digital social media. That is one thing which we are doing.

Over and above that, what we are also pursuing this connector channel. This connector channel will be an additional channel over and above this organic lead that is getting generated by the sales officer. So, every branch manager has been assigned the responsibility to recruit connectors and they will get -- they will be driving the connector channel.

So, the leads that are coming from the connectors will be passed on to credit and for further processing from the branch manager point of view, and that will be pursued. So that's the plan we have. And we launched this sometime in January, and the traction is very good. And hopefully, this will get converted into a good channel augmentation process in the coming year.

Moderator: Next question is from the line of Kunal Shah from Citigroup.

Kunal Shah: So, a couple of questions. One is on the collection efficiency side. Generally, like Q4, we see a strong build-up. We have crossed 100, but still lower than past couple of years in Q4. So is it like, we have put in a lot of efforts on the collection? But in any of the regions or profile, are we seeing a relatively slower, recoveries? That's the first question.

And secondly, on the off-balance sheet item we have seen the off-balance sheet proportion going up. So, to that extent, when we look at it on the off-balance sheet side, what is the kind of scale

up? Like last time you indicated to get to 6 to 8, we have already crossed that. So, will we take the off-balance sheet proportion further up rather than pure on AUM?

P. Balaji:

So, first thing on the collection efficiency, this is 100.5%, as you rightly said, this quarter saw good collections and this actually worked well. But if you look at the area-wise thing, Karnataka, there are small issues in that. There are issues in collections, which we are trying to sort out through strengthening the collection system there, recruiting more people and recruiting more monitoring people and that kind of a thing. So other than that, we are not finding any other place.

M Anandan:

Just to add, the collection on a product-wise basis, if you look at it, around two third of our portfolio is in the HL and about one third in the NBFC business. In the NBFC business, the collections are slightly lower. The NPAs of NBFC/non-home, is slightly higher, about 20 basis points, 30 basis points higher.

And the HL-related portfolio, it is lower. And not only in the gross NPA, net NPA but in terms of the collection field collections also slightly lower in the NBFC-related business and that we have recognized and we have strengthened because of the growth potential and the margins in the NBFC business, given the credit cost also has been fully factored in, but we are really strengthening our collection staff, particularly in that product segment.

So that is in terms of the product mix-wise. And geography-wise, yes, as Mr. Balaji is saying, Karnataka is an area where the collection percentage is slightly lower than the other geographies. And that we are really very focused. In fact, our business growth also we are in fact number of branches and the business growth and the strengthening of the collection staff is really happening in that state.

And we understand this is generally the scenario for some of our other competitors also. The collection in Karnataka is slightly different that we are really focusing on.

P. Balaji:

Book, I think you are meaning the direct assignment. See, we have got a clear policy on this direct assignment. First, this is being done for the non-housing loan book. And this is also when you do that, the principal business criteria on the housing finance company improves. And also this we are managing it through as a liquidity management tool. So if you look at the direct assignment, we did around INR170 crores, INR180 crores in this quarter. And this absolute value of INR160 crores to INR180 crores will be maintained every quarter.

And as a strategy, we might not want to go beyond 10% of the total AUM at any point in time. Now currently, it is at around 5%. So, this is the plan we have on the DA. And going forward also, this will be monitored and taken care of.

M Anandan:

Kunal, just to add, in the current year, we have done about INR700 crores of joint assignment balance sheet as you call. Over a total disbursement of INR4,000 crores, it is coming about 16%-17% as a percentage of disbursements, but if you look at the loan book and INR700 crores on the loan book INR13,107 crores, it comes about 5.6% or so.

So going forward, as a percentage of the loan book, as Mr. Balaji mentioned, it will be around 10%, which as you know, is much lower than other comparable companies in our space. So

going forward, this off-balance sheet or joint assignment will be there, but within the guidelines, within the specific percentage that's been approved by the Board.

Kunal Shah: Got it. Perfect. And one more question, if I can squeeze.

M Anandan: Yes, please.

Kunal Shah: On spreads, we saw 10 basis points increase, that's particularly the funding cost advantage. Do we see any repricing benefit still left or it's largely done, okay? And obviously, our portfolio on the fixed side is much higher partly on the lending side. So that's also helping them. But here on, how should we see the traction on spreads?

M Anandan: See if you look at it, our incremental cost of funds in the housing finance is around 7.8% or 7.9% and in the NBFC, it is between 8.2% to 8.3%. I'm not seeing any reduction from these rates in the coming quarters. And there is a likelihood that it can only result in slight increase as well. So, this is on the cost of borrowing.

Of course, since we have also calibrated some incremental lending rates on some of the housing loan ticket sizes, there can be a slight drop in the yields as well. So, we have already worked it out. The impact on the AUM on terms of yield will be around 0.1%. And we are planning to have the same rate of borrowings, which is currently at around 8.1% in the coming year as well.

But even assuming if my incremental cost of borrowing is going to go up 0.2%, then what will happen is the total borrowing cost will increase by 0.08%. So, the net impact on the yield will be around 0.18%. So, this is what has been factored in our business plan as well for the next year. So going forward, this will be the thing which we have projected.

Moderator: Next question is from the line of Ranish from ICICI Securities Limited.

Ranish: Congrats on a good set of numbers. Just two, three things. So, one on the disbursement yield side, right? So, in FY '26, there has been a couple of changes we have made to our pricing. So, one, of course, is the discontinuing disbursement below INR7 lakh ticket size, which I'm assuming should be more than 20% yielding product for us.

And also, as you already mentioned that we have calibrated rates in some of the ticket size. So, net-net when we look at the book yield, which is closer to 17-odd percent, how the disbursement yields are trending, let's say, over last two, three quarters, especially post exiting below INR7 lakh ticket size?

Management: If you look at Ranish, till December, we have not changed any rates. In January, we have just reduced the interest rates for the housing loan customers. And this was only for the housing loan customers because of that, in Q4, the disbursement yield dropped by around 0.1%.

Now going forward, in the month of April also, we have slightly calibrated on the interest rates only for the housing loan and that too on certain ticket sizes. So, in the coming years, the likely impact on the disbursement yields is likely to be around 0.1%- 0.15%. And on the loan book, it

is going to be around 0.06%. So, this is broadly the plan. So, this is what we have done as of now.

Ranish: So, there is no impact of exiting below INR7 lakh ticket size on the yields yet?

Management: No, actually, that is not actually playing out because the yields we were charging less than INR7 lakh or greater than INR7 lakhs were never different earlier.

Ranish: Okay. Got it. And sir, secondly, on the profitability front, right? So obviously, Q4 ROE looks very strong at 21-odd percent. But going ahead, what kind of sustainable ROE you expect the way our AUM mix might evolve over next 2 years to 3 years in terms of better quality, slightly lower rate, etcetera. So how do you see overall profitability trending over the next 2 years to 3 years?

P. Balaji: If you recast the ROE tree, which is currently now and then extrapolate for the reduced lending rate and also the slight increase in the credit cost. I think I told the spread impact on the spread is likely to be around 0.15% to 0.2%, correct?

Ranish: Correct.

P. Balaji: So even if that plays out, hopefully, we'll be able to compensate it by way of productivity and also maybe a slight reduction in the opex, which can happen or which might not happen, even if assuming the opex is likely to be at 2.7% and credit cost, even if you are taking from 0.5% to 0.6%, I mean on a hypothetical side, my ROA because of leverage can come down. But ROEs will be much above 20%. So, this is, we have actually planned it this way for the next 2 years as well. So definitely, we are very confident of, as Mr. Anandan told, sustainable 20% plus growth and a sustainable 20% ROE. That is what is Aptus meant for.

M Anandan: Just to add, actually, our ROE is progressively going up during the last 4 years, 5 years, if I recall, sort of improved from about 14% progressively now it has in fact a milestone in the fourth quarter, we have crossed 20%. Actually, in fourth quarter, if you see it touch 21% ROE, which you are aware is the best-in-class ROE return.

Because we very firmly believe our economic value add value creation is as important as the growth, while we continue to pursue strong business growth, at the same time, we are very conscious of the financial metrics, particularly the economic value add and ROE as well. But very consciously, we've been working on it last 4 years, 5 years. And going forward also, there is enough strengths have been built into the company to sustain this rate in fact, if not improving the rate further.

Ranish: Got it. Got it. And sir, just a last question on the borrowing mix side. So we saw NHB borrowing coming down all the way to 9-odd percent versus 15%-18% previously. So just wanted to know, is there any particular reason why there is a lower NHB drawdown in FY '26 and in '27 or ... Yes.

Management: No, actually, Ranish, I mean, for the last year, we didn't borrow from NHB because we were able to get better cost funds as compared to NHB that's why we went for the other sources.

Having said that, we have already filed an application for a INR500 crore refinance facility from NHB. And hopefully, that will come in another 2 months, 3 months, the banks will come-- and we'll be drawing that.

So actually, the specific reason is we had better borrowing sources, which was actually the cost of that was less than the NHB borrowing and that's why we went for the other thing. Now that NHB has also reduced the prime lending rate and they are able to give us a better rate, we'll be getting into the NHB borrowings as well. And going forward, I mean, if you look at our book also, it is almost 82% fixed, so NHB borrowing if it comes to on a fixed rate basis, will help manage my interest rate risk itself.

Ranish: Got it. I was just about to ask you that only, sir, in case, let us say, in FY '27, the NHB borrowing shares goes up to 15-odd percent, then ideally that should help us keeping borrowing cost even at current level even let us say, the interest rate goes up. I mean, is that a fair assumption?

Management: It's a fair assumption. But if you're building in the business plan, it's better you build in a 0.2%...

Ranish: Let us say that should be upside risk.

Moderator: Next question is from the line of Mayank Mistry from Antique Stock Broking Limited.

Mayank Mistry: Sir, my question is, first of all, on the branch expansion side. You said you will be expanding 60 branches and largely coming in from new geographies. Can you quantify, sir, how much could be from new geographies? And secondly, now that you are comfortable in both of these geographies like Maharashtra and Odisha in terms of expansion, are you exploring any other geography sooner maybe within a year or maybe within the next couple of years?

Because right now, it looks like it is pretty skewed into six states. I understand that you have been proficient enough in going deeper into geographies, but it's still leads to a concentration risk. So, any comment on that?

P. Balaji: We are well aware of that, and that's why we have stepped into the new geographies. And if you look at it, the plan of opening 60 branches, 30 branches will come in Maharashtra and Odisha, the additional. The balance will come in Andhra Pradesh and Telangana. And if everything goes well, we have also recruited a senior person taking care of the Maharashtra who has got experience of handling and building up business in MP and Chhattisgarh as well.

If everything goes well, maybe we might open one or two branches in the other states as well. But it will depend on how the whole expansion plan progresses. The thought is there to get into the new state, but it will be done at the appropriate time.

Mayank Mistry: Sure, sir. And on the borrow side again, your securitization mix have significantly increased in this quarter. So, what must be the differential you must be getting in doing securitization against NCD, which have actually gone down this quarter?

P. Balaji: Actually, securitization mix has not gone up. It is actually 11% if you look at -- in the earlier presentation, we did include DA as the source of funding in the pie chart. So that's why if you

look at it 11% and 8% is the DA and that's what has come on the total borrowings. So the securitization is still at 11% last time also it was something around 10% - 11% .

M Anandan: Securitization also helps in terms of longer tenor debt. So, comprising other debt, the securitization has a fairly slightly long tenor than other sources, yes.

Mayank Mistry: Okay. So, sir, what would be the interest rate we are getting on the NCD?

M Anandan: I didn't get your question.

Mayank Mistry: The cost of funds from NCD.

Management: Yes, from NCD which is around let's say...

P. Balaji: I mean, 8 years...

M Anandan: Yes, I mean, securitization being in actually in the NBFC in Q4 at 8%. So that is the below rate, I mean, and slightly 8.1%, 8.2%...

Management: And duration is longer.

Moderator: Next question is from the line of Nischint Chawathe from Kotak Institutional Equities.

Nischint Chawathe: Just a small one. If you could give some color of the incremental disbursement that you have done in this quarter, how would the disbursement growth, let's say, break up between salaried and self-employed? And I think if I just look at the overall business mix change on a quarter-on-quarter basis, there seems to be a fairly sharp swing in favor of self-employed from salaried. So, if you could give some color on that, that would be helpful?

Management: Okay. I mean the self-employed is around 78% and 22% is the salary. And on an overall basis, that will still be that is the philosophy we have and that will continue.

Nischint Chawathe: Okay. Sure. The presentation actually says that self-employed is 80%. So maybe that is where I think maybe there was...

M Anandan: 78%...

Nischint Chawathe: Okay. So the mix in your view sort of broadly doesn't change?

M Anandan: Yes, yes.

Nischint Chawathe: Sure. And the stress is probably more geographic rather than sector specific is what most is reading.

M Anandan: Absolutely. Yes.

Nischint Chawathe: Got it. And just one small one is on the operating leverage side, right? I mean, in terms of cost to AUM ratio, if I look at this number every year for the last 3 years, it's been coming down, but it's probably inched up a bit in FY '26. And that's kind of getting reflected in higher employee

payouts. So how should one think about it? And how will this trend up? I mean, how will this trend going forward?

P. Balaji:

If you look at the overall AUM, cost to AUM, it is around 2.7%. Last time it was 2.6%. See our guidance has always been to maintain between 2.6% to 2.8%. Of course, the reason why this year, there is a slight increase in the cost is, first of all, the disbursement was an all-time high in this quarter. So, there was more employees -- employee payouts and that kind of a thing. And new branches were also opened 39 branches.

So, to that extent, there was an absorption in the cost. The third one is we have also increased the IT spend in terms of the security and also the way we do business. The Ziva, which we launched in April '24 has been evolving, and it has settled well.

But every time when a new thing like account aggregator or when we are talking to unified lending interface introduced by RBI, we are able to see the digitization of land records in some of the states, so those are some of the things which we are spending. That is actually an investment for the future, though it is getting absorbed as a cost now, but it is going to bring in lots of process improvements in the coming years.

Nischint Chawathe:

Got it. And just one more. I think on the credit cost side, what is the guidance that you have shared?

P. Balaji:

Currently, it is around 0.5%. We want to have a 0.5% plus or minus 0.1%.

Moderator:

Next question is from the line of Prithviraj Patil from Investec.

Prithviraj Patil:

I just wanted some clarity on the AUM mix. So, if I look at our spreads, they have increased 10 basis quarter-on-quarter. So, I just want to know have where's the uptick, in the self-employed segment and the LAP segment. So, I just want to know is that contributing to the increase in spread? Or is there a benefit on the cost side?

P. Balaji:

It is basically because of the cost of funds has come down from 8.3% to 8.1%. So that's the benefit that has flow into the whole thing.

Prithviraj Patil:

Okay. It's not because of the AUM mix, right?

P. Balaji:

Not because of AUM mix.

Moderator:

Next question is from the line of Sonal from Asian Market Securities.

Sonal:

Thank you for taking my question. Sir earlier comments have that this year we have seen some issues with NBFC and that is where the credit costs are high. Now when I compare your consolidated non-loss conditions and standalone non-loss conditions...

Management:

We can't hear you.

Sonal:

Is it better now?

- Management:** You continue, we will see, how it progresses.
- Sonal:** Sure. when I look at your standalone and consolidated, non-loss conditions. So, at least for the quarter that I am seeing that on a consolidated basis, the credit cost is somewhere closer to INR15 crores and on standalone which INR17 crores. And even if I look at the trend for the full year, it seems that the credit cost is higher in the housing portfolio as compared to, NBFC portfolio. If you could just, tell exactly where is it that I am missing because, in your comments, you said that, the issue was more on the NBFC side?
- P. Balaji:** Sorry. You contact me personally. Because I am not able to hear you properly.
- Moderator:** Next question is from the line of Shreepal Doshi from Equirus. Please go ahead.
- Shreepal Doshi:** Hi, sir. Thank you for giving me the opportunity and congrats on a good quarter. My question was on repayment rate and the BT out. So what is that for us in terms of this quarter versus last quarter?
- And what strategy do we have in order to, let's say, retain a customer, especially when the rates are so much different versus our peers? Because our peers have seen this rate moving up and down, there has been volatility there. But for us, it's been much more stickier at 15%, 16% sort of a number on the repayment on the repayment rate side?
- M Anandan:** First of all, if you look at the pre-closures, it is around 7% to 8% of the total AUM, okay? Of that 7%, almost 65% to 70% of our customers when they come and close the loan, it is out of their own funds. So the balance only 2% gets transferred to the other companies. So this is what we have been observing for the last 10 years. So this has not changed at all.
- So basically, this is not the interest rate which is playing a part. It is basically the type of customers whom we are serving. When they have some surplus funds, the first thing they do is to settle the loan rather than keeping it alive. So definitely, the balance transfer is around 2% to 2.5%, and that's still continuing. So as of now, that's not being looked at as a threat.
- P. Balaji:** Actually, we don't see any significant challenge in the BT to other financial institutions. That is only about 1/3 of our total pre-closure. 2/3 is really money coming from our customers themselves out of the savings and they're closing out of their money.
- The actual loan transfer from us to the other financial institutions, it is only around 2.5%, which has been there for quite some time, almost 8 years, 10 years. So that way our BT to the other financial institution is not something normal and nothing abnormal. We have not observed any abnormal trend in that.
- Shreepal Doshi:** Got it. So, just a follow-up there. Like while at book level, you are indicating 2% to 2.5%. But if you could give some color specifically for HL product would it be similar? Or it would be, let's say, closer to 4%, 5% sort of a BT out number with respect to other players acquiring our customers?

- P. Balaji:** No. Actually, we have seen this analysis across the products. It's the same. We are not seeing that kind of a difference.
- Shreepal Doshi:** Got it, sir. Got it. Thank you, sir. Thank you so much for answering my question.
- Operator:** Thank you. Next question is from the line of Raghav from AMBIT Capital. Please go ahead.
- Raghav:** Sir, hi. Good morning and thanks for the opportunity. Am I audible?
- P. Balaji:** Yesh, Raghav.
- Raghav:** Okay. I just have one question on your assignment income, maybe the CFO can answer this better. See, when I look at your assignment gains as a percentage of the off-balance sheet loans or assigned loans, that's 28% for this quarter and about 42% for the full year. And when I compare this with peers, the number is more like 8% to 10%. And I think when the back book builds up or when you scale up this assignment book, the numbers, which are 28% for the quarter and 42% for the year should normalize downward for you.
- So I just wanted to get some sense that for FY27, '28 or going ahead, if you can give us some guidance as to how the assignment margins will look because right now, they are contributing a lot to your profits as your margin normalizes downward, that's a risk to your ROE guidance or generally it would not contribute as much to the ROE as it is contributing today. So yes, I just wanted to get some sense there?
- P. Balaji:** Raghav, if you look at our DA that is being done, we are doing it for the non-housing loan book, largely non-housing loan book where the yields are around 17%, 17.5%. So if we are going to do a DA deal say, 8% or 8.1%, the spread is so high and that is what is getting recognized as the upfront income.
- So this is what it will continue. Last year, there was not much DA. This year, there is a DA. And next year, it will be the same. The same momentum will continue. So there will not be much impact because of this on the ROE or ROA.
- Sanjay Mittal:** To clarify, the range of upfront income will be in between 25% to 28%, what you have actually calculated. So because of our larger tenure and because of the yield and spread, the upfront income will be in that range, around 25% to 27%, 28%.
- Raghav:** But the way that I understand this is that you largely upfront the future income, right, you discount it to the present value and then you recognize it on the P&L. So next time when you do the direct assignment, the income from the back book will not be available. It will only come on the newly assigned loans. But in the denominator in the base, you will still have the back book, right? So ideally, the margin should come down, shouldn't it play out that way? I'm just trying to understand.
- P. Balaji:** No. What we are saying on the incremental DA what we are doing. So that will remain at that guided percentage of 25% to 28%.

- Raghav:** Correct. So you're saying 25% to 28% is on the incremental DA that you're doing going forward as your outstanding book builds up, this margin should come down ideally. Is that the correct way to think about it?
- Balaji:** So margins will not come down. Anyway, Raghav, if there is a specific question, I'll come back to you, and we can -- I'll talk to you -- I'll call you after the call. So maybe we can understand the numbers and then we'll work it out. Okay?
- Raghav:** Sure, sir. Sure. That was also my question.
- Moderator:** Thank you. Next question is from the line of Kushan Parikh from Morgan Stanley. Please go ahead.
- Kushan Parikh:** Hi. Am I audible now? Thank you for taking my questions.
- Moderator:** You are audible.
- Kushan Parikh:** I just had one question. Basically in our opening remarks, we mentioned that we should be looking for better quality customers and we have optimized rates all well for these customers and we see some impact on the loan spreads in the next term. If you could help us get a more holistic picture, I mean in the sense that you explained how you see the impact on the yields, how should this benefit us on the productivity side as well as on the credit cost side at the same time?
- And net, net what is the impact that you see of moving to this better quality customer on our overall profitability as well as if you could give us a small picture of essentially this. I mean, what is the difference between your current customer and this new customer that you're having? Are they very different kind of cohort or it's the same cohort and we should expect similar behaviour from this customer as well?
- M Anandan:** Kushan, I'll try to answer whatever I was able to get from your question. Otherwise, I can talk to you separately. The first thing is, if you look at the last year, we have taken this call to stay away from less than 7 lakhs and then less than 7 lakhs and that has actually contributed to the better quality in terms of collection efficiencies and everything, okay.
- So now, if you look at the disbursement that has been done at a higher ticket size, the collection efficiencies are very high and the bounce rates are really low and to that extent, the collection team's effort or the sales team effort of going to the field and collection is minimized. So, those are all the benefits that are coming because of this higher ticket price disbursement. And going forward, that's what will be concentrated upon.
- Kushan Parikh:** Understood. That was helpful. And if you could just help us understand, I mean, from a customer profile perspective, between our current customer and this new higher ticket customer, I mean, how much of a step up is it?

P. Balaji: The profiles are the same. It's basically, the house funded will be slightly higher cost and because of this -- and of course, we have gone into this higher ticket size because of inflation also. So, basically, the profiles of the customers are the same.

M Anandan: The profile wise also, you know, the credit bureau data, account aggregate data will be slightly better for the higher ticket customers than the customers with a loan profile of less than INR7 lakhs because we would want to be very clearly away from the microfinance type of customers.

So, the average size of the microfinance will be between INR3 lakhs to INR3.5 lakhs, but at least we want to be at least 2x away from it, which means that we're really looking for a better profile, better background customer, better financial background customers and better income learning profile customers, which is evident, particularly credit bureau data now also is getting strengthened. Account aggregator data is available and also we've recently introduced ULI, opens up a lot of data, kind of thing.

We are using this data to improve our underwriting standards and to look for, a better customer without really not increasing much risk because if the customer is going to be from an average INR9 lakhs to an average INR10 lakhs, while percentage terms are about 10%, an improvement in eight years, but actually in terms of the, one lakh more loan, it doesn't really change the inherent risk of the customer.

So, in other words, we will really progressively, in fact, it is not really, it's really to cover the inflation cost of the construction itself, we'll be needing it. So, that way, obviously, there will be slight improvement in the profile of the customers also.

Moderator: Next question is from the line of Pavan Kumar from Edelweiss.

Pavan Kumar: Congratulations on really good set of results. Sir, two questions. One question is regarding Tamil Nadu. You mentioned Tamil Nadu is seeing very high competition and competitors approaching your employees. Is this because of very high penetration in terms of affordable housing finance or LAP and the field staff finding it tough to meet the targets because, you know, there are not enough customers who are looking for these and that is leading to high attrition?

The same thing is visible even in the quarter-on-quarter AUM growth in Tamil Nadu. The Tamil Nadu Karnataka numbers are slightly lower than that of AP and Telangana, when I compare growth in Q4 FY '26 that are same with Q4 FY '25 numbers. That's one part of the Tamil Nadu equation.

Second part is like, you know, the temperatures are much higher this year. Similarly, elections are also going through. So, do you see higher credit cost impact in Tamil Nadu particularly for this particular quarter Q1? Also, are there any local issues in Tamil Nadu? That's one question....

P Balaji: I will answer the second question first. Actually, elections were there. Of course, the temperatures are also rising but we are not seeing impact because of that. The connection data is better in Tamil Nadu. So, that is what is the situation.

As regards the growth is concerned, I think this 14% is growth in Tamil Nadu considering the base and also, we have been successful. Of course, the competition is there and we have been successful in retaining good people who are actually contributing to the company. So, to that extent, we are successful and that is why this growth is coming in.

While the competition intensity is much higher and the people with other companies are also closing up our retention schemes, insurance coverage schemes, etcetera. so that people are more aligned to assets and then they are able to contribute towards the growth of the company. So, as of now, we are not seeing that kind of a big problem but the competition is intense.

M Anandan: Also, there are new branches added in Tamil Nadu. We are adding new branches only in states like Telangana and Andhra and in newer markets like Maharashtra and Odisha. But the new branch addition in Tamil Nadu that way is not much. Whatever that growth is coming is largely out of the existing branches only.

Pavan Kumar: Yes, sir. Is that because penetration being very high? Tamil Nadu is a much more advanced state compared to AP or Telangana in terms of income or HDI, whichever parameter that you take. So, has it reached a certain level of own housing and then new customers are hard to come by?

M Anandan: No, no. I think the market is still along with growth. In overall terms, the demand is not the issue. It's only because Aptus has become known to be a leader in the affordable housing space, generally in South India and much more in Tamil Nadu.

So, any new competitor from West or North wanting to open a branch, first they would want to look at our staff because of our name and reputation. So, that does create an issue on a very short-term basis but that is being addressed one by one. And as Balaji said, we are progressively getting back. We want to increase this 14% growth rate also to a further level going forward.

Pavan Kumar: Got it, sir. Second question, like you have guided for 22% to 24% AUM growth, right? So that's approximately INR16,000 crores AUM, assuming the same runoff rate, which is principal prepayment plus BT out at same 16% of starting AUM, you need to do about like INR5,000 crores to INR5,100 crores of disbursements in FY '27 at like an average of 370 branches, like INR340 crores to INR400 crores that you go average of 370 branches, that comes to monthly disbursement rate of 1.15 -- so that's about 10% growth.

But if I look at the last 3 years, it's been same at INR1.06 crores or INR1.05 crores per month disbursement per branch. Even if I look at the Q4 numbers, it's like INR1.23 crores per month over INR1.19 crores last year same quarter. So you said that the ticket sizes will increase by 1,00,000 or 10%. Is that the main growth, the ticket size growth, but the customer addition is going to remain same as what we have seen so far? Yes, that's the question.

P Balaji: There will be customer growth as been given in the presentation also. That is year-on-year customer growth. And the growth will come, as has been explained, growth will come out of new states, out of the existing, new branches of the existing states, out of channel comprising of the customer app, eco app, and digital app channel.

And this is augmented further by the connector channel. So, it is just not, and the data that we are looking at, what is the cost in terms of disbursement per branch of the cost data, but there are a lot of actions being initiated in the current year, mostly in the last two quarters. This is reflected in the fourth quarter in terms of substantial growth in disbursement.

So, with several actions, including the branches, new states, branches, carriers, with a new channel, and optimizing certain rates. So, several actions are being taken. It's not just one. And we have to track, we have a strong MIS to track what is the growth coming out of each segment. And we believe that is the basis on which we are indicating the kind of growth that we are in the content of pursuing.

Pavan Kumar: Okay. Sir, just to ask this in a different way. Now that the PMAY 2 is also kicking in for the BT rates will good also, how confident are you that you will deliver this 22% to 24% growth that you have been in for?

P Balaji: The PMAY 2 is for the urban kind of customers. Still, I don't think this PMAY has come into the rural scenario. So, for our kind of customers, the PMAY coverage will be very minimal. So, this is not going to impact much for us. If PMAY rural comes, we need to look at the amount of subsidy that is coming into that, because PMAY 1 rural subsidy was very, very less. So, we need to look at that at that point in time when it is getting launched. So, as of now, PMAY will not have any impact for Aptus.

Pavan Kumar: Okay, sir. But the confidence on the 22% to 24% growth rate is very high?

P Balaji: Pavan, I think we have worked out various strategies to get to this INR5,000 crores, and that is why we are giving this guidance. So hopefully, we'll be able to maintain that.

Moderator: Ladies and gentlemen, we will take that as the last question for today. I would now like to hand the call over to the management for closing comments.

M Anandan: Yes. Thank you. Yes. Thank you, everyone, for attending the conference call. I would like to pay my sincere gratitude to all the analysts and investor friends who have taken time out to listen to us today. Please feel free to contact us if you have any further queries. Thank you.

Moderator: Thank you all for being a part of the conference call. If you need any further information or clarification, please e-mail investorrelations@aptusindia.com. Ladies and gentlemen, this concludes your conference for today. Thank you for using Chorus Call conferencing services. You may now disconnect your lines. Thank you, and have a pleasant day.

P Balaji: Thank you.