



Quarterly Result Update

India Shelter Finance Corp. Ltd.

07th May 2026

Reco

HOLD

Robust performance with clear AUM expansion plan

| | |
|-------------------|-----------------|
| Industry | Housing Finance |
| LTP (May 7, 2026) | 840 |
| Base Case Target | 1000 |
| Bull Case Target | 1060 |
| Time Horizon | 4 Quarters |

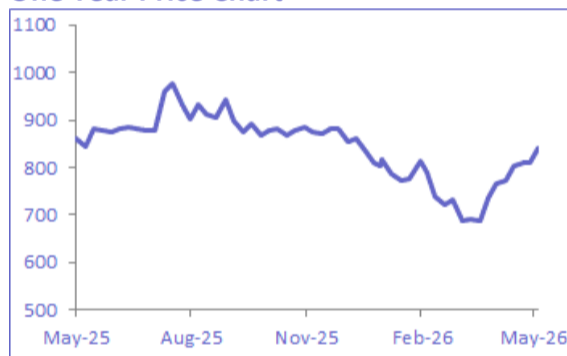
Stock Info

| | |
|------------------------|-------------|
| BSE Code | 544044 |
| NSE Code | INDIASHLTR |
| Bloomberg | INDIASHL IN |
| Equity Capital (Rs Cr) | 54.4 |
| Face Value (Rs) | 5.0 |
| Equity Share O/S (Cr) | 10.9 |
| Market Cap (Rs Cr) | 9137 |
| Book Value (Rs) | 294.1 |
| Avg. 52 Wk Volumes | 224,600 |
| 52 Week High | 1011.8 |
| 52 Week Low | 653.2 |

Share Holding Pattern (%) (Mar'26)

| | |
|------------------|------|
| Promoters | 47.5 |
| Institutions | 28.3 |
| Non-Institutions | 24.2 |
| Total | 100 |

One Year Price Chart



* Refer at the end for explanation on Risk Ratings

Fundamental Research Analyst

Atul Karwa

atul.karwa@hdfcsec.com

India Shelter Finance Corp. (ISFCL) is an affordable housing finance company with an extensive distribution network, focused on Tier II and Tier III cities. It has grown by adopting a strategy of deepening penetration in regions with a substantial demand for affordable housing finance, empowering us with insights into local businesses and property by-laws. This enables ISFCL to make better underwriting decisions based on accurate assessments of cash flows and collateral. ISFCL is among the fastest growing HFCs driven by use of technology leading to low TAT. It has implemented a paperless approach to customer acquisition and onboarding, with tailored mobile solutions for different stages of the lending process. The lender has an end-to-end in-house approach and significant ground presence.

The company specialises in the "phygital" (physical + digital) distribution model in Tier 2 and Tier 3 towns, where ~90% of its AUM is located. With 76% of borrowers being self-employed and 99% involving women applicants, India Shelter is well-positioned in a niche with low formal credit penetration. The company uses an in-house Business Rule Engine (BRE) that analyses over 100 data points for real-time compliance and prompt approvals. This technology-driven approach, combined with a 15-year vintage in these micro-markets, supports robust asset quality even through economic cycles.

India Shelter Finance delivered robust performance in Q4FY26, driven by significant AUM growth, improved asset quality, and a milestone in quarterly disbursements. The company maintained its focus on high-yield affordable housing and Loan Against Property (LAP) segments in Tier 2 and Tier 3 cities.

ISFCL reported a PAT growth of 29.5% YoY in Q4FY26 to Rs 140cr. Annual profitability crossed the Rs 500 crore threshold for the first time, ending at Rs 503 crore. NII grew 42.8% YoY to Rs 222cr driven by 28.4% AUM growth to ~Rs 10,500cr. Disbursement crossed the Rs 1000cr mark in the quarter, registering a growth 39% over the previous year. Annual disbursements for FY26 totalled Rs 3,834 crore.

NIM for the quarter came in at 12.7% as compared to 12.0%/12.6% YoY/QoQ. Spreads were maintained at a healthy 6.6%. Cost of Funds improved to 8.2%, down 10 bps QoQ and 50 bps YoY. The marginal cost of borrowing for the quarter was even lower, at 7.9%. The company delivered an annualized Return on Equity (ROE) of 17.6% and a Return on Assets (ROA) of 5.9% for the quarter.

Asset quality metrics improved sharply with GNPA/NNPA improving 29/23 bps to 1.2%/0.9%. Q4 credit cost was 30 bps and full-year credit cost was 50 bps, in line with the medium-term 40-50 bps guidance. Asset quality improvement was largely SARFAESI-driven rather than organic recovery. Many accounts which entered NPA resolution under the framework have started reducing after a period of 6-8 months. Besides, management has applied 2% overlay on Stage 2 assets amounting to Rs 5cr.

The percentage of fixed-rate portfolio funded by variable-rate liabilities has been brought down from about 33% in March 24 to about 8% this year. ISFCL is committed to further bringing this down to about 5% in FY27. The Company added 6 new branches in Q4, taking the total count to 307 locations across 15 states. Approximately 95% of collections are now processed digitally, and 99% of applications are e-signed.

Management guidance:

Management has provided a clear roadmap for the medium to long term:

- Clear objective to reach Rs 30,000 crore AUM by 2030, implying a steady CAGR of approximately 27–28%.
- Targeted loan growth of 25% to 30% for the next three years.
- Strategy to continue adding 40 to 45 branches annually.
- Management intends to maintain spreads of more than 6% in the medium term.
- Credit Costs guided to remain between 40 to 50 bps.

We had issued an Investment Idea report ([Link](#)) on India Shelter Finance Ltd. on September 8, 2025 and recommended to buy in the band of Rs 890-920 and add on dips in the band of Rs 820-840 for a base case fair value of Rs 1000 and the bull case fair value of Rs 1060 over the next 2-3 quarters. We have an open call on the stock and recommend a hold rating.

Valuation & Recommendation

India Shelter is an attractive play on the increasing formalisation of financing for the informal self-employed. The Company has reported robust results and provided a strong strategic roadmap for the next few years. We have envisaged a 25% CAGR in the loan book and expect RoE to expand from 17% to 18.8% by FY28E. The stock currently trades at 2.2x FY28E ABV.

Risks & Concerns

Geographical concentration: The top 3 states account for ~60% of the loan book. Any adverse effect in any of these states could subsequently impact the business.

Slowdown in affordable housing: The affordable housing space has a huge scope of lending driven by demographic changes, increasing urbanisation, and favourable policies of the Government. Withdrawal of policies/incentives by the Government could slowdown the growth momentum.

Increasing competition: Given the vast scope of lending, it is attracting many new and established lenders, thereby increasing competition for the company.

Asset quality deterioration: The Company has maintained strong asset quality metrics, driven by its prudent and robust underwriting practices. However, any deterioration in its asset quality or collection efficiency could impact its growth and profitability.

Financial Summary

| Particulars (in Rs Cr) | Q4FY26 | Q4FY25 | YoY-% | Q3FY26 | QoQ-% | FY24 | FY25 | FY26 | FY27E | FY28E |
|------------------------|--------|--------|-------|--------|-------|------|------|------|-------|-------|
| NII | 222 | 155 | 42.8 | 197 | 12.9 | 374 | 554 | 737 | 897 | 1097 |
| PPoP | 190 | 143 | 33.4 | 172 | 10.4 | 338 | 516 | 694 | 835 | 1027 |
| PAT | 140 | 108 | 29.5 | 124 | 13.0 | 248 | 378 | 503 | 606 | 745 |
| EPS (Rs) | 12.9 | 10.1 | 27.5 | 11.4 | 12.9 | 23.1 | 35.0 | 46.3 | 55.7 | 68.5 |
| P/E (x) | | | | | | 36.3 | 24.0 | 18.2 | 15.1 | 12.3 |
| P/ABV (x) | | | | | | 4.0 | 3.4 | 2.9 | 2.5 | 2.2 |
| RoAA (%) | | | | | | 4.9 | 5.6 | 5.8 | 5.7 | 5.6 |

(Source: Company, HDFC sec)

HDFC Sec Prime Research Rating description

Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. These stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicity of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

Rating Criteria

Buy - > 15%+ return potential

Add - +5% to +15% return potential

Reduce - -10% to +5% return potential

Sell - >10% downside return potential

Disclosure:

I, **Atul Karwa, Research Analyst, MMS**, author and the name subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. SEBI conducted the inspection and based on their observations have issued advise/warning. The said observations have been complied with. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Research Analyst or his/her relative or HDFC Securities Ltd. **does not have** any financial interest in the subject company. Also Research Analyst or his relative or HDFC Securities Ltd. or its Associate may have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. Further Research Analyst or his relative or HDFC Securities Ltd. or its associate **does not have** any material conflict of interest.

Any holding in stock – No

HDFC Securities Limited (HSL) is a SEBI Registered Research Analyst having registration no. INH000002475.

Disclaimer:

This report has been prepared by HDFC Securities Ltd and is solely for information of the recipient only. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite or the particular circumstances of an individual investor; readers are requested to take professional advice before investing. "This report may have been refined using AI tools to enhance clarity and readability." Nothing in this document should be construed as investment advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in securities of the companies referred to in this document (including merits and risks) and should consult their own advisors to determine merits and risks of such investment. The information and opinions contained herein have been compiled or arrived at, based upon information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete. HSL is not obliged to update this report for such changes. HSL has the right to make changes and modifications at any time.

This report is not directed to, or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject HSL or its affiliates to any registration or licensing requirement within such jurisdiction.

If this report is inadvertently sent or has reached any person in such country, especially, United States of America, the same should be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published in whole or in part, directly or indirectly, for any purposes or in any manner.

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations, which could have an adverse effect on their value or price, or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies effectively assume currency risk. It should not be considered to be taken as an offer to sell or a solicitation to buy any security.

This document is not, and should not, be construed as an offer or solicitation of an offer, to buy or sell any securities or other financial instruments. This report should not be construed as an invitation or solicitation to do business with HSL. HSL may from time to time solicit from, or perform broking, or other services for, any company mentioned in this mail and/or its attachments. HSL and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

HSL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

HSL and other group companies, its directors, associates, employees may have various positions in any of the stocks, securities and financial instruments dealt in the report, or may make sell or purchase or other deals in these securities from time to time or may deal in other securities of the companies / organizations described in this report. As regards the associates of HSL please refer the website.

HSL or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

HSL or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction in the normal course of business.

HSL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither HSL nor Research Analysts have any material conflict of interest at the time of publication of this report. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. HSL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. We have not received any compensation/benefits from the subject company or third party in connection with the Research Report.

Please note that HDFC Securities has a proprietary trading desk. This desk maintains an arm's length distance with the Research team and all its activities are segregated from Research activities. The proprietary desk operates independently, potentially leading to investment decisions that may deviate from research views.

HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066

Compliance Officer: Murli V Karkera Email: complianceofficer@hdfcsec.com Phone: (022) 3045 3600

For grievance redressal contact Customer Care Team Email: customercare@hdfcsec.com Phone: (022) 3901 9400

HDFC Securities Limited, SEBI Reg. No.: NSE, BSE, MSEI, MCX: INZ000186937; AMFI Reg. No. ARN: 13549; PFRDA Reg. No. POP: 11092018; IRDA Corporate Agent License No.: CA0062; SEBI Research Analyst Reg. No.: INH000002475; SEBI Investment Adviser Reg. No.: INA000011538; CIN - U67120MH2000PLC152193

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Mutual Funds Investments are subject to market risk. Please read the offer and scheme related documents carefully before investing.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.