Dated: 6th Nov 2025

India Shelter (INDIASHL) - ADD

Q2FY26 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.888	**Rs.1,025**

Rationale:

- India Shelter's 2QFY26 performance was a tad better than peers, reflecting higher loan growth and flat trends in gross stage-3 loans.
- With a fixed-rate book and smaller base, the company is better placed than listed peers, but macro asset-quality headwinds remain monitorable.
- Retain ADD with Fair value of Rs. 1,025.

Q2FY26 Earnings Update:

Positives:

- India Shelter's reported a Profit After Tax ("PAT") of Rs. 120 crores in Q2 FY26, up 36% yoy and 2% above estimates.
- India Shelter's headline performance was strong, with 31% loan growth and 36% growth in earnings.
- Net Interest Income ("NII") growth was strong at 34% yoy, and Asset Under Management ("AUM") growth was 31%.
- Company bake in a 23 bps sequential expansion in spreads in H2 FY26E to 7.7% from 7.4% in H1 FY26.

Negatives:

- India Shelter reported a 36bps qoq rise in gross stage-2 ratio at 3.8% in Q2 FY26.
- The increasing share of floating-rate home loans and PLR cuts will result in moderation of yields to 14.3% by FY2028E. Resultantly, the spread should compress to 6.5% by FY2028E.

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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