kotak Securities

Dated: 10th Nov 2025

Aadhar Housing Finance (AADHARHF) - BUY

Q2FY26 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.495	**Rs.625**

Rationale:

- Aadhar reported a stable Q2 performance, with healthy AUM growth, sequentially improving spreads and a reduction in stressed loans.
- Disbursements were a tad lower, reflecting the stress in select pockets and a high base.
- Overall execution seems smooth, marching toward 17-18% medium-term RoE.
- Aadhar remains our favored pick in affordable HFCs; BUY; FV Rs625.

Positives:

- Aadhar Housing Finance reported a PAT of Rs340 cr in Q2FY26, up 17% yoy and 3.6% above our estimates.
- Net Interest Income (NII) was up 18% yoy, driven by 21% AUM growth.
- Reported spreads expanded 10 bps qoq to 5.9%, driven by a moderation in the cost of borrowings to 7.9%.
- Credit costs declined 4 bps yoy and 22 bps qoq to 0.2%.
- Aadhar seems to be on track for 20%+ loan growth.
- Co’s borrower profile reflects lower risk hence the impact of macro challenges, especially in self-employed and non-home loans, will have a lower hit than peers.

Negatives:

- Disbursement growth was lower at 4% yoy in Q2FY26, on a higher base.
- Gross stage 3 ratio was up 9 bps qoq to 1.5%.

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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