

Home First Finance

Estimate change	↔
TP change	↑
Rating change	↔

CMP: INR1,215

TP: INR1,425 (+17%)

Buy

Entering FY27 with improved execution and growth visibility

AUM growth healthy at ~25% YoY; NIM dips ~10bp QoQ

- Home First Finance (HOMEFIRST)'s 4QFY26 PAT grew 43% YoY to INR1.5b (in line). PAT for FY26 grew ~41% YoY to INR5.4b. NII in 4QFY26 grew 37% YoY to INR2.4b (in line). Other income grew 37% YoY to INR730m.
- Opex grew 23% YoY to INR984m (inline). PPoP rose ~45% YoY to INR2.1b (inline). PPoP for FY26 grew ~44% YoY to INR7.6b.
- Credit costs stood at INR158m (17% higher than est.), translating into an annualized credit cost of ~50bp (PQ: ~47bp and PY: ~30bp).
- HOMEFIRST's future growth is expected to be driven by a combination of calibrated distribution expansion, deeper market penetration, and sustained productivity gains. The company plans to add ~30-40 branches in FY27 while simultaneously increasing branch density in existing high-potential cities, strengthening customer access, and sourcing efficiency. This physical expansion is complemented by a stronger connector ecosystem (~78% of leads generated), enabling a larger addressable market and improved conversion. Management has guided ~25% AUM growth in FY27.
- Management clarified that HOMEFIRST continues to operate within the affordable segment and is not moving towards prime lending, and the increase in ticket sizes reflects higher property values (on the back of inflation), rather than any shift in risk profile or product positioning. The company does not expect higher ticket sizes to lead to any yield compression, as customers continue to demonstrate willingness to pay a premium for faster and more flexible access to credit.
- HOMEFIRST demonstrated resilience in navigating transitory headwinds around growth, attrition, and early-stage delinquencies in 1HFY26, with operational execution improving meaningfully as the year progressed. The company enters FY27 on a stronger footing, supported by stabilized teams, improved on-ground execution, and strengthening asset quality trends. Management remains confident of sustaining stable spreads, aided by its 100% floating-rate balance sheet, which limits interest rate risk and preserves pricing flexibility. Overall, with improving operational momentum and a steady credit environment, the franchise is well-positioned for the next phase of growth.
- The stock currently trades at ~2.6x FY27E P/B. We estimate a CAGR of ~23%/~18% in AUM/PAT over FY26-28E and an RoA/RoE of ~3.7%/14.2% in FY28E. **Reiterate BUY with a TP of INR1,425 (based on 2.6x FY28E BV).**

Asset quality improves due to stronger collections/underwriting discipline

- GS3 declined ~20bp QoQ to 1.8% and NS3 also declined ~20bp QoQ to 1.4%. PCR improved ~2pp QoQ to ~24%.
- 1+dpd improved ~60bp QoQ to 4.7%. Bounce rates declined ~80bp QoQ to ~15.9% in 4QFY26 (v/s ~16.7% in 3QFY26). Apr'26 bounce rates were 16.3%.

Stock Info

Bloomberg	HOMEFIRS IN
Equity Shares (m)	104
M.Cap.(INRb)/(USD\$)	126.8 / 1.3
52-Week Range (INR)	1519 / 894
1, 6, 12 Rel. Per (%)	16/12/6
12M Avg Val (INR M)	472
Free float (%)	93.0

Financials Snapshot (INR b)

Y/E March	FY26	FY27E	FY28E
NII	8.7	10.7	12.7
PPoP	7.6	9.2	10.6
PAT	5.4	6.5	7.5
EPS (INR)	51.8	62.2	72.2
EPS Gr. (%)	22.1	20.1	16.1
BV/Sh. (INR)	418	475	543
ABV/Sh. (INR)	404	459	523

Ratios

NIM (%)	6.1	6.1	5.8
C/I ratio (%)	32.4	33.0	33.9
RoAA (%)	3.9	3.9	3.7
RoAE (%)	15.7	13.9	14.2

Valuations

P/E (x)	23.6	19.7	16.9
P/BV (x)	2.9	2.6	2.3
P/ABV (x)	3.0	2.7	2.3
Div. yield (%)	0.3	0.4	0.4

Shareholding Pattern (%)

As of	Mar-26	Dec-25	Mar-25
Promoter	7.0	12.4	14.3
DII	27.5	27.6	19.8
FII	45.7	40.8	36.0
Others	19.8	19.2	29.9

FII includes depository receipts

- HOMEFIRST has focused on strengthening portfolio performance through tighter front-end underwriting, improved collection discipline, and sharper resolution of early bucket delinquencies. Early indicators suggest improving collection trends and lower fresh slippages in Apr'26 compared to the previous two years, with no material stress emerging from external macro factors. We estimate credit costs of ~40bp/35bp in FY27E/FY28E.

AUM rises ~25% YoY; BT-OUT rate declines YoY and QoQ

- Disbursements grew 24% YoY/ 19% QoQ to ~INR15.7b, and this led to AUM growth of 25% YoY/ 6% QoQ to ~INR159b. BT-OUT rate (annualized) in 4QFY26 declined to ~6.4% (PQ: ~6.6% and PY: ~7.5%).
- We expect HOMEFIRST to deliver an AUM CAGR of ~23% for FY26-28E.

Reported NIM contracts ~10bp QoQ, but spreads remain stable

- Reported yields declined ~20bp QoQ to ~13.1%. The reported CoF also declined ~20bp QoQ to ~7.9%. Overall spreads remained stable QoQ at 5.2%.
- Incremental CoF and origination yield in 4QFY26 stood at 7.6% (PQ: 7.7%) and 13% (PQ: 13.1%), respectively. Reported NIM declined ~10bp QoQ to 5.9%. We model a NIM (calc.) of ~6.1%/~5.8% for FY27E/FY28E.

Highlights from the management commentary

- A calibrated branch expansion plan is in place, with ~30-40 branches planned to be added during the year, along with a focus on improving productivity across the network. Branch expansion will follow a dual approach of entering new geographies while deepening presence in existing high-potential cities through network strengthening.
- The company has not observed any material impact on asset quality from geopolitical tensions in the Middle East.

Valuation and view

- HOMEFIRST delivered a healthy 4QFY26 performance, supported by healthy AUM and disbursement growth. The management expressed confidence in maintaining spreads, even as yields witnessed some compression during the period. Asset quality is also expected to remain stable, with no observable impact from the Middle East conflict, aided by tighter underwriting standards and stronger collection efforts. Overall, the operating environment appears benign, with execution discipline and credit quality trends remaining well anchored, heading into the next phase of growth.
- The stock currently trades at ~2.6x FY27E P/B. We estimate a CAGR of ~23%/~18% in AUM/PAT over FY26-28E and an RoA/RoE of ~3.7%/14.2% in FY28E. **Reiterate BUY with a TP of INR1,425 (based on 2.6x FY28E BV).**

Quarterly Performance

(InR m)

Y/E March	FY25				FY26				FY25	FY26	4Q FY26E	Act V/s Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	3,032	3,322	3,558	3,629	3,944	4,091	4,288	4,317	13,540	16,640	4,493	-4
Interest expenses	1,568	1,756	1,926	1,903	2,003	2,026	1,941	1,953	7,153	7,923	2,044	-4
Net Interest Income	1,464	1,566	1,631	1,726	1,941	2,065	2,347	2,364	6,388	8,717	2,449	-3
YoY Growth (%)	17.5	18.6	21.4	26.2	32.6	31.8	43.9	37.0	21.0	36.5	41.9	
Other Income	382	421	517	533	609	699	549	730	1,852	2,587	652	12
Net Income	1,846	1,987	2,148	2,259	2,550	2,764	2,896	3,094	8,239	11,304	3,101	0
YoY Growth (%)	20.6	23.4	25.8	31.4	38.2	39.1	34.8	37.0	25.5	37.2	37.3	
Operating Expenses	655	726	752	803	868	879	926	984	2,936	3,658	971	1
Operating Profit	1,191	1,261	1,396	1,456	1,682	1,885	1,970	2,110	5,304	7,646	2,130	-1.0
YoY Growth (%)	21.9	20.7	27.2	28.3	41.2	49.5	41.1	44.9	24.7	44.2	46.3	
Provisions and Cont.	56	57	98	77	117	152	142	158	288	569	135	17
Profit before Tax	1,135	1,204	1,298	1,379	1,565	1,732	1,828	1,952	5,016	7,078	1,996	-2
Tax Provisions	258	281	324	332	376	414	426	457	1,195	1,674	493	-7
Net Profit	878	922	974	1,047	1,189	1,318	1,402	1,494	3,821	5,404	1,503	-1
YoY Growth (%)	27.0	24.1	23.5	25.4	35.5	43.0	44.0	42.7	25.0	41.4	43.6	

Key Operating Parameters (%)

Other income to Net Income Ratio	20.7	21.2	24.1	23.6	23.9	25.3	18.9	23.6				
Credit Cost	0.26	0.25	0.40	0.30	0.43	0.53	0.47	0.50				
Cost to Income Ratio	35.5	36.5	35.0	35.5	34.0	31.8	32.0	31.8				
Tax Rate	22.7	23.4	25.0	24.1	24.0	23.9	23.3	23.4				

Balance Sheet Parameters

AUM (INR b)	104.8	112.3	119.5	127.1	134.8	141.8	149.2	158.8				
Change YoY (%)	34.7	34.2	32.6	31.1	28.6	26.3	24.9	24.9				
Loans (INR b)	87.9	94.5	100.6	106.5	112.5	118.1	123.5	131.3				
Change YoY (%)	34.9	34.5	33.3	30.8	27.9	25.0	22.7	23.3				
Borrowings (INR b)	95.1	105.9	110.4	115.6	118.5	119.7	124.5	132.8				
Change YoY (%)	39.4	45.4	33.8	31.4	24.6	13.1	12.8	14.9				
Loans/Borrowings (%)	92.5	89.2	91.2	92.1	95.0	98.6	99.2	98.9				

Asset Quality Parameters (%)

GS 3 (INR m)	1,540	1,640	1,770	1,808	2,082	2,297	2,551	2,404				
Gross Stage 3 (% on Assets)	1.74	1.72	1.74	1.68	1.84	1.93	2.05	1.82				
NS 3 (INR m)	1,116	1,202	1,319	1,353	1,623	1,815	1,990	1,829				
Net Stage 3 (% on Assets)	1.26	1.26	1.30	1.26	1.43	1.53	1.60	1.38				
PCR (%)	27.5	26.7	25.5	25.2	22.0	21.0	22.0	23.9				
ECL (%)	0.83	0.80	0.80	0.77	0.77	0.77	0.81					

Return Ratios (%)

ROAA (Rep)	3.6	3.4	3.4	3.5	3.7	3.8	4.0	4.1				
ROAE (Rep)	16.3	16.5	16.6	17.0	14.9	13.4	13.7	14.0				

E: MOFSL Estimates



Highlights from the management commentary

Guidance and business outlook

- HomeFirst guided ~25% AUM growth in FY27.
- The company expects spreads to remain in the range of ~5.0-5.2%, with flexibility to pass on any decline or increase in borrowing costs to customers.
- Credit cost guidance maintained at ~30-40bp for FY27, reflecting continued portfolio stability.
- Guided for Opex to AUM of ~2.6-2.7%, supported by productivity improvements and technology adoption.
- The company does not expect further PLR cuts after the ~10bp PLR reduction effected in Jan'26.

Growth strategy and expansion priorities

- Management indicated that investments across distribution, people, and technology are aimed at supporting durable long-term growth rather than near-term expansion alone.
- A calibrated branch expansion plan is in place, with ~30-40 branches planned to be added during the year, along with a focus on improving productivity across the network.
- Branch expansion will follow a dual approach of entering new geographies while deepening presence in existing high-potential cities through network strengthening.
- Productivity enhancement is being driven through technology tools aimed at reducing operational load and enabling branch teams to focus on customer acquisition and collections.
- Connector and distribution networks have been rebuilt, restoring operational momentum that was previously impacted by attrition and staffing gaps.

Business growth and portfolio performance

- HomeFirst reported healthy AUM growth and strong disbursement momentum in the 4QFY26.
- Origination yield remains stable at ~13%, supported by a strong 83% contribution from individual housing loans.
- The lending portfolio will continue to be predominantly housing-led, with LAP contributing ~15-20% to the AUM mix.
- LAP yields are in the ~14-14.5% range, while overall pricing discipline has been maintained without yield compression.
- Management indicated that rising ticket sizes reflect higher property prices (on the back of inflation) and customer requirements rather than a shift in the customer segment (the company clearly articulated that it has no plans to cater to the prime customer segment).
- HomeFirst continues to maintain a floating-rate balance sheet, enabling effective repricing in line with borrowing cost movements.

Profitability, margins, and financial discipline

- The company has been able to maintain spreads in the range of ~5-5.25%, supported by disciplined pricing and product mix optimization.
- An incremental decline in the cost of borrowings will be partially passed on to customers, depending on market conditions.

- Cost efficiency has improved YoY despite continued investments in branch expansion, an increase in employee headcount, and technology infrastructure.
- Operating leverage gains are being supported by productivity improvements and tighter cost control across the branch network.

Asset quality and collections

- Asset quality focus remained on tightening early bucket performance, strengthening collections discipline, and improving collection efficiency across the portfolio.
- Early indicators from April'26 reflected improved collection outcomes compared to Apr'25 and Apr'24, with slippages trending below levels seen in prior years.
- External pressures such as tariffs and demand sluggishness have moderated, while internal staffing gaps and attrition-related disruptions have been resolved. Collections and demand have shown steady recovery momentum since Oct'25, supported by improved operational execution and rebuilt field teams.
- The company has not observed any material impact on asset quality from geopolitical tensions in the Middle East.

Geographic performance and market trends

- Gujarat, Madhya Pradesh, and Rajasthan continue to demonstrate healthy growth with stable asset quality metrics.
- Maharashtra has regained strong growth momentum, particularly across Mumbai and Pune, supported by improved market penetration.
- Southern states, including Karnataka and Tamil Nadu, are on track for sustained growth, despite temporary disruptions earlier in the year. Karnataka has remained stable, with only a brief impact from regulatory-related issues, which have now normalized.
- Uttar Pradesh is still being beefed up, with management focusing on team building and expects it to emerge as a meaningful contributor from FY28 onwards.
- Tamil Nadu and Telangana disruptions linked to internal team-building issues have largely been resolved, which will support stabilization in operations.

Technology, AI, and productivity enhancements

- HomeFirst is actively deploying technology solutions aimed at improving branch productivity and reducing time spent on non-core operational tasks.
- AI-led initiatives are expected to enhance decision-making, improve lead conversion, and strengthen underwriting efficiency over time. Early-stage pilots are underway with a focus on improving origination quality and identifying viable loan cases that may otherwise be declined.
- Digital tools and automation are being positioned to enhance both customer acquisition and field-level productivity in a scalable manner.

Distribution, connectors, and customer strategy

- The company continues to strengthen its connector ecosystem by offering faster TAT and a wider product bouquet.
- Improved operational responsiveness and product diversity are being used as key levers to maintain competitive positioning on connector commissions.

- Connector economics vary based on geography, throughput, and file quality, with engagement structured to balance cost and productivity outcomes.
- Management indicated that enhancements in TAT and product access help offset higher commission expectations in the distribution network.

Risk, competition, and others

- HomeFirst has not observed any meaningful increase in competitive intensity from banks or other HFCs.
- Asset quality trends remain stable, with no material concerns arising from macro or geopolitical developments.
- The company continues to operate in a stable pricing environment without any significant yield pressure despite also operating in slightly higher ticket sizes.

Key exhibits

Exhibit 1: Disbursements grew ~24% YoY

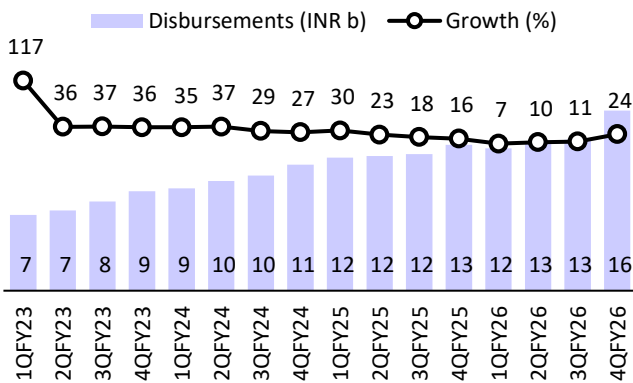


Exhibit 2: AUM grew ~25% YoY to ~INR159b

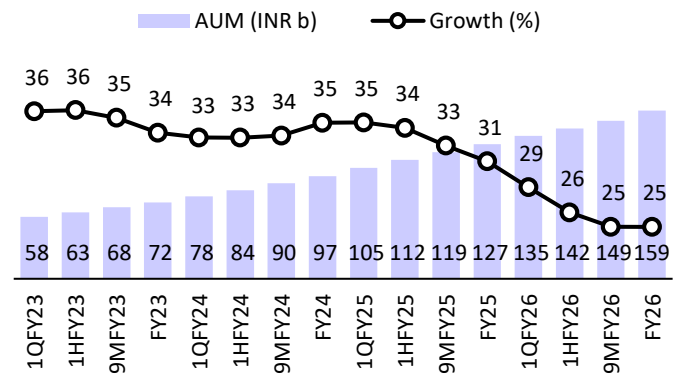


Exhibit 3: Segment-wise loan mix (%)

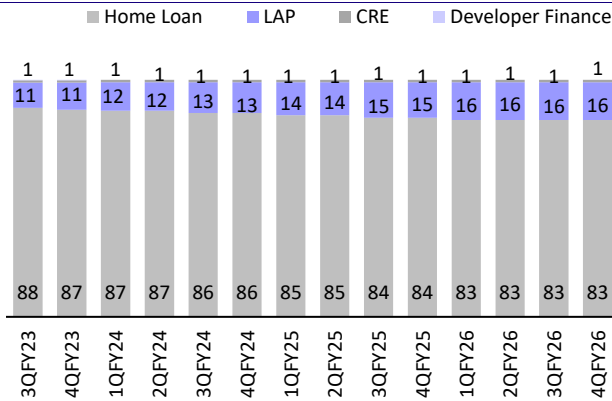


Exhibit 4: Top 6 states contributed ~75% to the loan mix (%)

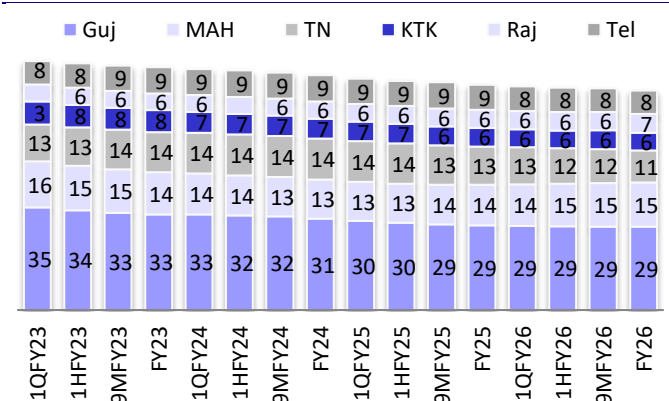
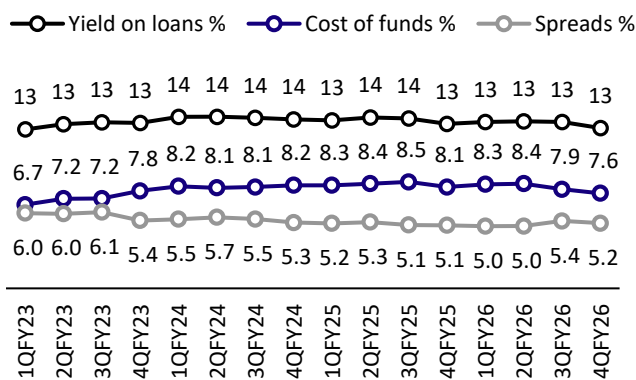
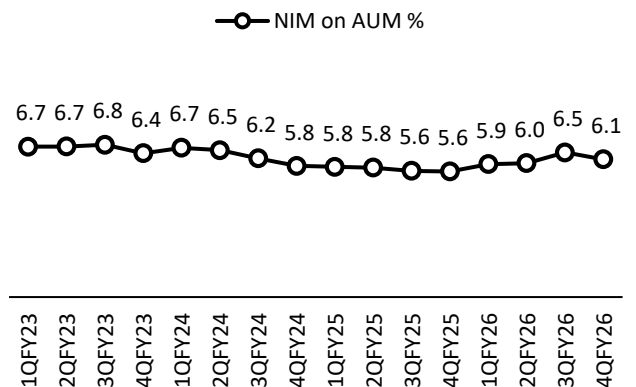


Exhibit 5: Spreads (calc.) declined ~20bp QoQ (%)



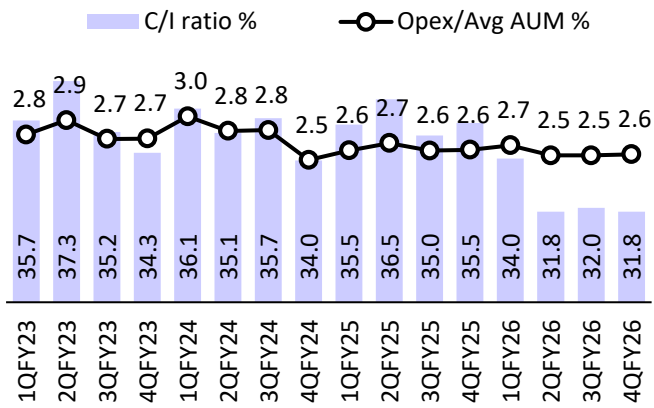
Sources: Company, MOFSL

Exhibit 6: NIM (calc.) dipped ~40bp QoQ (%)



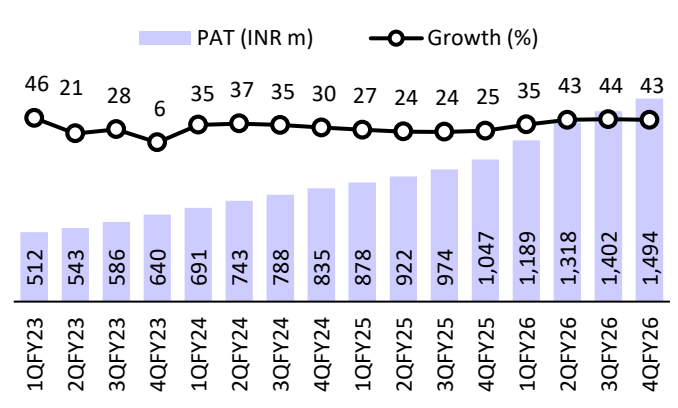
Sources: Company, MOFSL

Exhibit 7: Opex/AUM was stable QoQ (%)



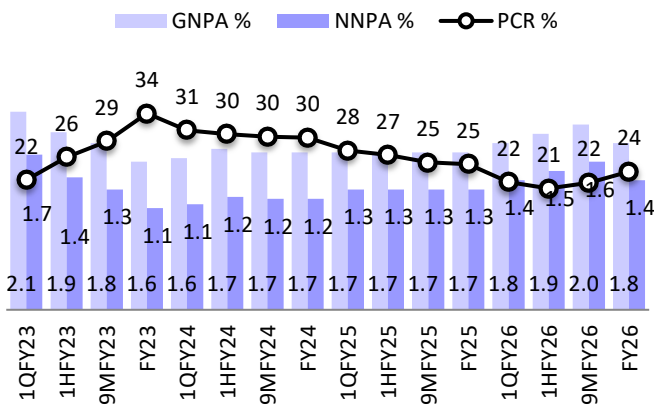
Sources: Company, MOFSL

Exhibit 8: PAT rose ~43% YoY



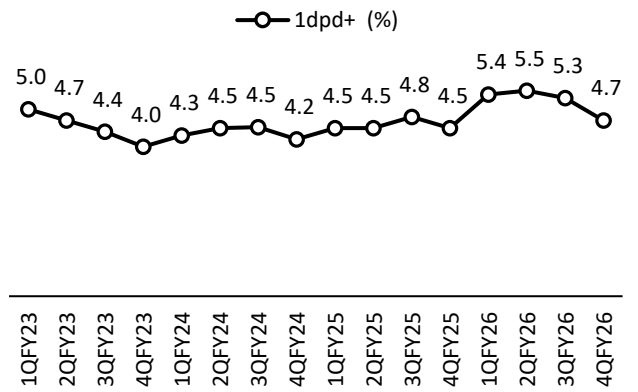
Sources: Company, MOFSL

Exhibit 9: GS3 declined ~20bp QoQ (%)



Sources: Company, MOFSL

Exhibit 10: 1+dpd declined ~60bp QoQ to 4.7%

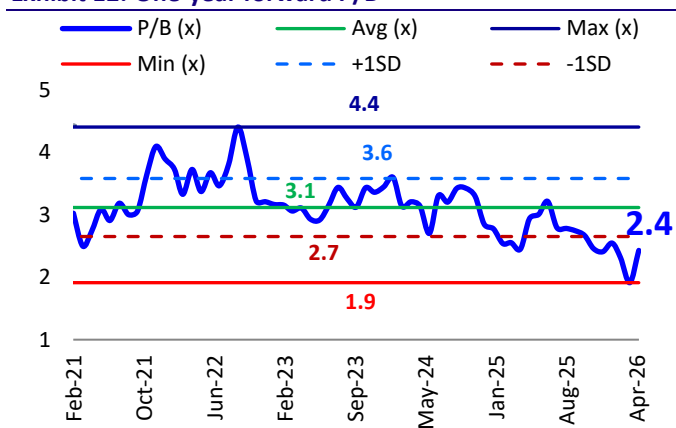


Sources: Company, MOFSL

Exhibit 11: We keep our FY27/FY28 estimates broadly unchanged

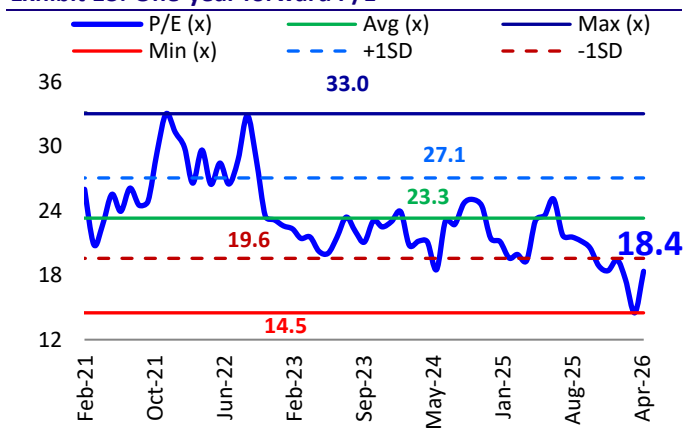
INR B	Old Est.		New Est.		% Change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
NII	10.9	13.0	10.7	12.7	-1.4	-2.4
Other Operating Income	2.0	2.2	2.2	2.5	11.6	11.5
Other Income	0.6	0.7	0.7	0.8	18.4	18.3
Total Income	13.5	15.9	13.7	16.0	1.4	0.5
Operating Expenses	4.5	5.3	4.5	5.4	1.5	1.9
Operating Profits	9.0	10.6	9.2	10.6	1.4	-0.3
Provisions	0.6	0.7	0.6	0.7	6.0	-1.9
PBT	8.5	9.9	8.5	9.9	1.1	-0.2
Tax	2.0	2.4	2.1	2.4	1.1	-0.2
PAT	6.4	7.5	6.5	7.5	1.1	-0.2
Loans	196	241	196	239	-0.4	-0.9
Borrowings	130	162	131	162	0.9	-0.3
RoA	3.9	3.8	3.9	3.7	0.0	-1.3
RoE	14.1	14.4	13.9	14.2	-0.1	-1.8

Exhibit 12: One-year forward P/B



Source: MOFSL, Company

Exhibit 13: One-year forward P/E



Source: MOFSL, Company

Financials and Valuation

Income statement									(INR M)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Interest Income	3,548	4,237	5,117	7,222	10,277	13,540	16,640	20,096	24,343
Interest Expenses	1,938	2,202	2,157	3,043	4,999	7,153	7,923	9,362	11,643
Net Interest Income	1,610	2,035	2,960	4,179	5,278	6,388	8,717	10,734	12,700
Change (%)	52.6	26.4	45.4	41.2	26.3	21.0	36.5	23.1	18.3
Gain on Direct assignment	371	439	678	380	631	912	1,122	1,274	1,427
Fee and Commissions	38	35	13	104	99	453	827	969	1,076
Other Income	239	180	148	249	558	486	638	705	795
Total Income (net of interest expenses)	2,258	2,690	3,800	4,913	6,567	8,239	11,304	13,683	15,998
Change (%)	56.3	19.1	41.3	29.3	33.7	25.5	37.2	21.0	16.9
Employee Expenses	611	661	808	1,070	1,483	1,944	2,487	3,042	3,631
Depreciation	72	76	75	91	117	155	189	229	274
Other Operating Expenses	337	291	379	585	712	836	982	1,246	1,518
Operating Expenses	1,020	1,028	1,262	1,746	2,313	2,936	3,658	4,517	5,424
PPoP	1,238	1,662	2,538	3,167	4,254	5,304	7,646	9,166	10,575
Change (%)	70.6	34.2	52.7	24.8	34.3	24.7	44.2	19.9	15.4
Provisions/write offs	165	322	250	215	254	288	569	624	657
PBT	1,073	1,340	2,288	2,952	4,000	5,016	7,078	8,542	9,918
Tax	278	339	402	669	942	1,195	1,674	2,050	2,380
Tax Rate (%)	25.9	25.3	17.6	22.7	23.6	23.8	23.6	24.0	24.0
PAT	796	1,001	1,886	2,283	3,057	3,821	5,404	6,492	7,537
Change (%)	74	26	88	21	34	25	41	20	16

Balance sheet

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Capital	157	175	175	176	177	180	209	209	209
Reserves & Surplus	9,178	13,631	15,562	17,997	21,038	25,033	43,357	49,379	56,447
Net Worth	9,334	13,805	15,737	18,173	21,215	25,213	43,565	49,588	56,656
Borrowings	24,938	30,537	34,668	48,135	73,021	95,507	1,05,900	1,31,117	1,61,781
Change (%)	29.5	22.5	13.5	38.8	51.7	30.8	10.9	23.8	23.4
Other liabilities	530	759	764	1,062	1,104	1,397	2,200	2,859	3,431
Total Liabilities	34,802	45,102	51,169	67,370	95,340	1,22,117	1,51,665	1,83,565	2,21,868
E: MOFSL Estimates									
Loans	30,139	33,265	43,049	59,957	81,434	1,06,487	1,31,326	1,62,879	1,99,729
Change (%)	41.2	10.4	29.4	39.3	35.8	30.8	23.3	24.0	22.6
Investments	1,456	3,750	0	2,808	3,788	3,602	8,122	6,092	4,873
Change (%)	41.4	157.6	-100.0		34.9	-4.9	125.5	-25.0	-20.0
Fixed Assets	210	167	202	257	302	461	559	643	739
Cash and cash equivalents	2,221	6,799	6,678	2,984	8,215	9,382	8,410	9,894	11,660
Other assets	777	1,121	1,239	1,364	1,600	2,184	3,248	4,057	4,866
Total Assets	34,802	45,102	51,169	67,370	95,340	1,22,117	1,51,665	1,83,565	2,21,868

E: MOFSL Estimates

AUM and Disbursements (in INR m)	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
AUM	36,184	41,411	53,800	71,980	96,978	1,27,127	1,58,777	1,95,572	2,39,015
On-book Loans	30,407	33,718	43,515	60,521	82,126	1,07,308	1,32,376	1,64,281	2,01,490
Off-book Loans	5,777	7,693	10,285	11,459	14,852	19,819	26,401	31,292	37,525
Disbursements	16,183	10,966	20,304	30,127	39,632	48,052	54,237	64,581	76,831

Financials and Valuation

Ratios

Growth %	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
AUM	48.1	14.4	29.9	33.8	34.7	31.1	24.9	23.2	22.2
Disbursements	2.9	-32.2	85.2	48.4	31.6	21.2	12.9	19.1	19.0
Loan book (on balance sheet)	41.6	10.9	29.1	39.1	35.7	30.7	23.4	24.1	22.6
Total Assets	40.2	29.6	13.5	31.7	41.5	28.1	24.2	21.0	20.9
NII	52.6	26.4	45.4	41.2	26.3	21.0	36.5	23.1	18.3
PPOP	70.6	34.2	52.7	24.8	34.3	24.7	44.2	19.9	15.4
PAT	74.0	25.8	88.4	21.1	33.9	25.0	41.4	20.1	16.1
EPS	40.7	12.7	87.9	20.5	33.2	22.8	22.1	20.1	16.1

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Spreads and margin (%)									
Avg yield on loans	13.3	12.7	12.5	13.3	13.7	13.6	13.2	13.0	12.9
Avg. cost of funds	8.8	7.9	6.6	7.3	8.3	8.5	7.9	7.9	8.0
Interest Spread	4.5	4.8	5.9	5.9	5.5	5.1	5.4	5.1	4.9
NIM on AUM	5.3	5.2	6.2	6.6	6.2	5.7	6.1	6.1	5.8

Capital Structure & Profitability Ratios (%)	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Debt-Equity ratio	2.7	2.2	2.2	2.6	3.4	3.8	2.4	2.6	2.9
CAR	49.0	56.2	58.6	49.4	39.5	33.2	44.1	45.4	42.9
Tier-I	47.7	55.2	58.1	48.9	39.1	32.8	43.8	45.0	42.6
Leverage	3.7	3.3	3.3	3.7	4.5	4.8	3.5	3.7	3.9
RoAA	2.7	2.5	3.9	3.9	3.8	3.5	3.9	3.9	3.7
RoAE	10.9	8.7	12.8	13.5	15.5	16.5	15.7	13.9	14.2
ROAAUM	2.6	2.6	4.0	3.6	3.6	3.4	3.8	3.7	3.5
Int. Expended/Int.Earned	54.6	52.0	42.1	42.1	48.6	52.8	47.6	46.6	47.8
Other Inc./Net Income	10.6	6.7	3.9	5.1	8.5	5.9	5.6	5.2	5.0

Cost/Productivity Ratios (%)	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Cost/Income	45.2	38.2	33.2	35.5	35.2	35.6	32.4	33.0	33.9
Op. Exps./Avg Assets	3.4	2.6	2.6	2.9	2.8	2.7	2.7	2.7	2.7
Op. Exps./Avg AUM	3.4	2.6	2.7	2.8	2.7	2.6	2.6	2.5	2.5
Non-interest income as % of Total income	10.6	6.7	3.9	5.1	8.5	5.9	5.6	5.2	5.0
AUM/employee (INR m)	52	60	63	72	78	78	86	97	109
AUM/ branch (INR m)	532	575	673	648	729	820	929	1,035	1,166
Empl. Cost/Op. Exps. (%)	60	64	64	61	64	66	68	67	67

Asset Quality (INR m)	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Gross NPA	315	622	1,015	974	1,393	1,808	2,404	3,094	3,799
GNPA %	1.0	1.8	2.3	1.6	1.7	1.7	1.8	1.9	1.9
Net NPA	234	398	763	643	979	1,353	1,829	2,321	2,850
NNPA %	0.8	1.2	1.8	1.1	1.2	1.3	1.4	1.4	1.4
PCR %	25.8	36.0	24.9	34.0	29.7	25.2	23.9	25.0	25.0
Credit cost % of avg loans (bps)	64	100	65	41	36	30	47	42	36

Valuation	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
No. of Shares (m)	78.3	87.4	87.6	88.0	88.5	90.1	104.3	104.3	104.3
EPS	10.2	11.5	21.5	25.9	34.5	42.4	51.8	62.2	72.2
P/E (x)	120.5	106.9	56.9	47.2	35.4	28.9	23.6	19.7	16.9
BV (INR)	119	158	180	206	240	280	418	475	543
Price-BV (x)	10.3	7.7	6.8	5.9	5.1	4.4	2.9	2.6	2.3
Adjusted BV (INR)	117	155	173	201	231	269	404	459	523
Price-ABV (x)	10.5	7.9	7.1	6.1	5.3	4.6	3.0	2.7	2.3
DPS (INR)	0.0	0.0	0.0	2.6	3.4	3.7	4.0	4.5	4.5
Dividend yield (%)	0.0	0.0	0.0	0.2	0.3	0.3	0.3	0.4	0.4

E: MOFSL Estimates

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

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412 and BSE enlistment no. 5028. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products and is a member of Association of Portfolio Managers in India (APMI) for distribution of PMS products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (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.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>. As per Regulatory requirements, Research Audit Report is uploaded on www.motilaloswal.com > MOFSL-Important Links > MOFSL Research Analyst Compliance Audit Report.

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

Specific Disclosures

- Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies). MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.
Nature of Financial interest is holding equity shares or derivatives of the subject company
- Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.
MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report:No
- Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.
MOFSL may have received compensation from the subject company(ies) in the past 12 months.
- Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.
MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
- Research Analyst has not served as an officer, director or employee of subject company(ies).
- MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
- MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
- MOFSL has not engaged in market making activity for the subject company.

The associates of MOFSL may have:

- financial interest in the subject company
 - actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
 - received compensation/other benefits from the subject company in the past 12 months
 - any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
 - acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
 - 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)
 - received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
 - Served subject company as its clients during twelve months preceding the date of distribution of the research report.
- The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report
 Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other 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. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

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

Registration granted by SEBI, enlistment as RA with Exchange and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412, BSE enlistment no. 5028, AMFI registered Mutual Fund Distributor and SIF Distributor: ARN : 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.