28 July 2026

1QFY27 Result Update | Sector: NBFCs

# Home First Finance

| | |
|---|---|
| Estimate change | ↑ |
| TP change | ↔ |
| Rating change | ↔ |

**CMP: INR1,181 TP: INR1,425 (+21%) Buy**

## Healthy execution on AUM growth and asset quality

**AUM up ~26% YoY; NIM expands ~10bp QoQ**

- Home First Finance (HOMEFIRST)'s 1QFY27 PAT grew 34% YoY to INR1.6b (in line). NII in 1QFY27 grew 31% YoY to INR2.5b (in line). Other income grew 28% YoY to INR779m (vs. MOFSLe of INR682m).
- Opex grew 24% YoY to INR1.1b (~6% higher than MOFSLe). PPoP rose ~33% YoY to INR2.2b (in line). Credit costs were INR159m (vs MOFSLe of ~INR124m), translating into an annualized credit cost of ~47bp (PQ: ~50bp and PY: ~43bp).
- Management shared that housing loan originations and disbursement volumes remained strong during the quarter. Growth was broadly balanced between higher origination volumes and an increase in average ticket sizes. The company remains confident of sustaining ~25% AUM growth in FY27, supported by healthy demand, a granular secured portfolio, disciplined underwriting, and stable asset quality.
- HomeFirst does not anticipate any meaningful compression in spreads despite the gradual increase in ticket sizes, as the higher ticket sizes are primarily driven by rising customer incomes within its existing target segment. The company remains committed to sustaining long-term spreads between ~5.0% and 5.25%. We model NIMs of 6.2%/5.9% in FY27E/FY28E.
- HomeFirst has entered FY27 on a strong footing, supported by healthy disbursements and AUM growth, strengthening asset quality trends and resilient margins. The company 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 strong growth.
- The stock currently trades at ~2.5x FY27E P/B. We estimate a CAGR of ~24%/~21% in AUM/PAT over FY26-28E and RoA/ RoE of ~3.8%/14.8% in FY28E. **Reiterate BUY with a TP of INR1,425 (based on 2.6x FY28E BV).**

## 1+DPD stable QoQ; overall asset quality steady sequentially

- GS3 was stable QoQ at 1.8%, and NS3 was also steady QoQ at 1.4%. PCR declined ~50bp QoQ to ~23.4%. 1+dpd was stable QoQ at 4.7%. Bounce rates rose ~40bp QoQ to ~16.3% in 1QFY27 (vs. ~15.9% in 4QFY26). The Jul'26 bounce rates came in at 15.2%
- Management highlighted that asset quality remained stable despite the seasonal weakness typically observed in 1Q. Additionally, bounce rates have improved marginally over the past two quarters, and collection performance continues to remain healthy. We estimate credit costs of ~43bp/35bp in FY27E/FY28E.
- Capital adequacy stood at 42.6% (Tier 1: 42.2%) as of Jun'26.

**Stock Info**

| | |
|---|---|
| Bloomberg | HOMEFIRS IN |
| Equity Shares (m) | 104 |
| M.Cap.(INRb)/(USDb) | 123.5 / 1.3 |
| 52-Week Range (INR) | 1441 / 894 |
| 1, 6, 12 Rel. Per (%) | -1/5/-11 |
| 12M Avg Val (INR M) | 432 |
| Free float (%) | 93.0 |

**Financials Snapshot (INR b)**

| Y/E March | FY26 | FY27E | FY28E |
|---|---|---|---|
| NII | 8.7 | 11.1 | 13.2 |
| PPoP | 7.6 | 9.7 | 11.1 |
| PAT | 5.4 | 6.9 | 7.9 |
| EPS (INR) | 51.8 | 66.4 | 76.1 |
| EPS Gr. (%) | 22.1 | 28.2 | 14.7 |
| BV/Sh. (INR) | 418 | 479 | 551 |
| ABV/Sh. (INR) | 404 | 463 | 530 |
| **Ratios** | | | |
| NIM (%) | 6.1 | 6.2 | 5.9 |
| C/I ratio (%) | 32.4 | 32.0 | 33.6 |
| RoAA (%) | 3.9 | 4.1 | 3.8 |
| RoAE (%) | 15.7 | 14.8 | 14.8 |
| **Valuations** | | | |
| P/E (x) | 22.8 | 17.8 | 15.5 |
| P/BV (x) | 2.8 | 2.5 | 2.1 |
| P/ABV (x) | 2.9 | 2.6 | 2.2 |
| Div. yield (%) | 0.3 | 0.4 | 0.4 |

**Shareholding Pattern (%)**

| As On | Jun-26 | Mar-26 | Jun-25 |
|---|---|---|---|
| Promoter | 7.0 | 7.0 | 12.4 |
| DII | 29.8 | 27.5 | 21.9 |
| FII | 43.9 | 45.7 | 37.2 |
| Others | 19.3 | 19.8 | 28.5 |

FII includes depository receipts

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## Healthy AUM growth of ~26% YoY; BT-OUT rate declines YoY/QoQ

- Disbursements grew 31% YoY/4% QoQ to ~INR16.3b, and this increase led to an AUM growth of 26% YoY/6.7% QoQ to ~INR169b. The BT-OUT rate (annualized) in 1QFY27 declined to ~4.5% (PQ: ~6.4% and PY: ~6.0%).
- Management highlighted that BT-OUTs improved during the quarter, supported by the benefits of recent internal process improvements. The company has implemented internal processes to control BT outflows and expects to maintain BT-OUTs between 5-6% going forward. We expect HOMEFIRST to deliver an AUM CAGR of ~24% for FY26-28E.

## Spreads stable; NIM improves~10bp QoQ

- Reported yields dipped ~10bp QoQ to ~13%. The reported CoF also declined ~10bp QoQ to ~7.8%. Overall spreads were stable QoQ at 5.2%.
- Incremental CoF and origination yield in 1QFY27 were stable QoQ at 7.6% and 13%, respectively. Reported NIM improved ~10bp QoQ to 6.0%. We model NIMs (calc.) of ~6.2%/~5.9% for FY27E/FY28E.

## Highlights from the management commentary

- The company expects opex/assets to remain broadly range-bound at 2.6-2.7% for FY27, implying ~10bp YoY improvement despite continued investments in branch expansion and growth.
- Management shared that Maharashtra, Gujarat, and MP will remain key growth markets, while TN, Rajasthan, UP, and other southern markets are gaining traction.

## Valuation and view

- HomeFirst reported a healthy quarter driven by robust disbursements and AUM growth, indicating sustained business momentum. Yield compression was offset by a decline in borrowing costs. The company managed balance transfers effectively, with BT-OUT notably moderating to ~4.5% (from 6.4% in 4QFY26). The asset quality was stable despite weak seasonality, and credit costs remained within the guided range of 45-50bp.
- The stock currently trades at ~2.5x FY27E P/B. We estimate a CAGR of ~24%/~21% in AUM/PAT over FY26-28E and RoA/ RoE of ~3.8%/14.8% in FY28E. **Reiterate BUY with a TP of INR1,425 (based on 2.6x FY28E BV).**

**Quarterly Performance** **(INR m)**

| Y/E March | FY26 | | | | FY27E | | | | FY26 | FY27E | 1Q FY27E | Act v/s est |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | | | | |
| Interest Income | 3,944 | 4,091 | 4,288 | 4,317 | 4,620 | 4,896 | 5,177 | 5,446 | 16,640 | 20,138 | 4,568 | 1 |
| Interest expenses | 2,003 | 2,026 | 1,941 | 1,953 | 2,084 | 2,178 | 2,309 | 2,489 | 7,923 | 9,061 | 2,080 | 0 |
| **Net Interest Income** | **1,941** | **2,065** | **2,347** | **2,364** | **2,535** | **2,717** | **2,868** | **2,957** | **8,717** | **11,077** | **2,488** | 2 |
| YoY Growth (%) | 32.6 | 31.8 | 43.9 | 37.0 | 30.6 | 31.6 | 22.2 | 25.1 | 36.5 | 27.1 | 28.2 | |
| Other Income | 609 | 699 | 549 | 730 | 779 | 775 | 795 | 839 | 2,587 | 3,187 | 682 | 14 |
| **Net Income** | **2,550** | **2,764** | **2,896** | **3,094** | **3,314** | **3,492** | **3,663** | **3,795** | **11,304** | **14,265** | **3,170** | **5** |
| YoY Growth (%) | 38.2 | 39.1 | 34.8 | 37.0 | 30.0 | 26.3 | 26.5 | 22.7 | 37.2 | 26.2 | 24.3 | |
| Operating Expenses | 868 | 879 | 926 | 984 | 1,079 | 1,104 | 1,176 | 1,213 | 3,658 | 4,572 | 1,018 | 6 |
| **Operating Profit** | **1,682** | **1,885** | **1,970** | **2,110** | **2,235** | **2,388** | **2,488** | **2,582** | **7,646** | **9,693** | **2,152** | 4 |
| YoY Growth (%) | 41.2 | 49.5 | 41.1 | 44.9 | 32.9 | 26.7 | 26.3 | 22.4 | 44.2 | 26.8 | 27.9 | |
| Provisions and Cont. | 117 | 152 | 142 | 158 | 159 | 155 | 160 | 163 | 569 | 637 | 124 | 28 |
| **Profit before Tax** | **1,565** | **1,732** | **1,828** | **1,952** | **2,076** | **2,233** | **2,328** | **2,419** | **7,078** | **9,056** | **2,028** | 2 |
| Tax Provisions | 376 | 414 | 426 | 457 | 478 | 525 | 547 | 578 | 1,674 | 2,128 | 476 | 0 |
| **Net Profit** | **1,189** | **1,318** | **1,402** | **1,494** | **1,599** | **1,708** | **1,781** | **1,840** | **5,404** | **6,928** | **1,551** | 3 |
| YoY Growth (%) | 35.5 | 43.0 | 44.0 | 42.7 | 34.5 | 29.6 | 27.0 | 23.1 | 41.4 | 28.2 | 30.5 | |
| **Key Operating Parameters (%)** | | | | | | | | | | | | |
| Other income to Net Income Ratio | 23.9 | 25.3 | 18.9 | 23.6 | 23.5 | 22.2 | 21.7 | 22.1 | | | | |
| Credit Cost | 0.43 | 0.53 | 0.47 | 0.50 | 0.47 | 0.43 | 0.42 | 0.40 | | | | |
| Cost to Income Ratio | 34.0 | 31.8 | 32.0 | 31.8 | 32.5 | 31.6 | 32.1 | 32.0 | | | | |
| Tax Rate | 24.0 | 23.9 | 23.3 | 23.4 | 23.0 | 23.5 | 23.5 | 23.9 | | | | |
| **Balance Sheet Parameters** | | | | | | | | | | | | |
| **AUM (INR b)** | **134.8** | **141.8** | **149.2** | **158.8** | **169.4** | **179.2** | **189.0** | **198.8** | | | | |
| Change YoY (%) | 28.6 | 26.3 | 24.9 | 24.9 | 25.7 | 26.4 | 26.6 | 25.2 | | | | |
| **Loans (INR b)** | **112.5** | **118.1** | **123.5** | **131.3** | **139.9** | **148.8** | **156.8** | **165.6** | | | | |
| Change YoY (%) | 27.9 | 25.0 | 22.7 | 23.3 | 24.3 | 26.0 | 27.0 | 26.1 | | | | |
| **Borrowings (INR b)** | **118.5** | **119.7** | **124.5** | **132.8** | **137.2** | **114.2** | **120.6** | **134.1** | | | | |
| Change YoY (%) | 24.6 | 13.1 | 12.8 | 14.9 | 15.8 | -4.6 | -3.1 | 1.0 | | | | |
| Loans/Borrowings (%) | 95.0 | 98.6 | 99.2 | 98.9 | 101.9 | 130.3 | 130.1 | 123.5 | | | | |
| **Asset Quality Parameters (%)** | | | | | | | | | | | | |
| GS 3 (INR m) | 2,082 | 2,297 | 2,551 | 2,404 | 2,496 | | | | | | | |
| Gross Stage 3 (% on Assets) | 1.84 | 1.93 | 2.05 | 1.82 | 1.77 | | | | | | | |
| NS 3 (INR m) | 1,623 | 1,815 | 1,990 | 1,829 | 1,911 | | | | | | | |
| Net Stage 3 (% on Assets) | 1.43 | 1.53 | 1.60 | 1.38 | 1.36 | | | | | | | |
| PCR (%) | 22.0 | 21.0 | 22.0 | 23.9 | 23.4 | | | | | | | |
| ECL (%) | 0.77 | 0.77 | 0.81 | | 0.78 | | | | | | | |
| **Return Ratios (%)** | | | | | | | | | | | | |
| ROAA (Rep) | 3.7 | 3.8 | 4.0 | 4.1 | 4.2 | | | | | | | |
| ROAE (Rep) | 14.9 | 13.4 | 13.7 | 14.0 | 14.5 | | | | | | | |

E: MOFSL Estimates

CONFERENCE CALL

## Highlights from the management commentary

### Guidance

- Management remains confident of delivering ~25% AUM growth in FY27.
- Long-term spread guidance remains at 5-5.25%, with management expecting spreads to remain broadly range-bound.
- HomeFirst guided Opex/assets to be in the range of ~2.6–2.7% in FY27, with management expecting ~10bp YoY improvement.
- The company aims to control BT-outs within a 5-6% range, supported by internal process improvements.
- Management expects 1+ DPD to remain around current levels in the near term.
- Co-lending volumes are expected to normalize and gradually pick up as partners adapt to revised policies and processes.
- Benefits from AI adoption are expected to accrue progressively through improved underwriting, collections, cost efficiency and customer experience.

### Growth and Business Momentum

- The company delivered a strong start to FY27, with AUM growth of 25.7% YoY and 6.7% QoQ to INR169b, while disbursements grew 31% YoY to INR1,63b.
- Origination momentum remained healthy, with disbursements growing ~31% YoY. Management indicated that ~50% of growth was driven by higher origination volumes and the remaining ~50% by an increase in average ticket sizes.
- Housing loan originations and disbursement volumes remained strong, with gradual improvement in ticket sizes.
- Management continues to address the same underserved customer segment, with higher ticket sizes reflecting increasing borrowing capacity rather than a shift toward a materially different customer profile.
- The company remains confident of sustaining 25% AUM growth, supported by healthy demand, a granular secured portfolio, disciplined underwriting and stable asset quality.
- Maharashtra, Gujarat and MP remained key growth markets, while TN, Rajasthan, UP and other southern markets are gaining traction.
- Tamil Nadu growth had been impacted by tariff-related challenges and team issues, both of which have now been addressed. Successful team-building efforts in Madhya Pradesh have improved business momentum in the state.

### Asset Quality and Collections

- Asset quality remained stable despite the seasonal weakness typically associated with 1Q, with 1+ dpd at 4.7%, 30+ dpd at 3.2%, and GNPA at 1.8%, broadly unchanged sequentially.
- Bounce rates have improved marginally over the past two quarters, while collection performance remains healthy.
- Stress was observed in pockets such as Surat and Tirupur, partly linked to tariff-related challenges and not due to the West Asia crisis; however, there was no impact on asset quality or collections for the company, and they are now showing signs of improvement.
- Home loan and LAP asset quality remain broadly comparable, although LAP constitutes only ~13% of the overall portfolio.

- Data-driven collection processes and AI-led interventions, including automated calling, have improved collection efficiency and reduced the workload of relationship managers who are responsible for both sales and collections.
- Management expects 1+ DPD to remain around current levels for now and would prefer to see improvement sustain for 2-3 quarters before committing to a lower target.

## Yield, Spreads and Pricing

- Origination yield remained healthy at ~13%, while portfolio yield stood at 13.1%, reflecting continued pricing discipline.
- The company's fully floating-rate loan book provides flexibility to pass on any increase in borrowing costs through lending rate adjustments.
- Management remains committed to maintaining spreads in the 5-5.25% range over the long term.
- Current spreads remain slightly above the committed range, supported by healthy origination yields and disciplined pricing.
- Management does not expect a meaningful compression in spreads from the gradual increase in ticket sizes, as the increase is primarily driven by higher customer incomes within the existing target segment.
- Over the longer term, the company expects only marginal yield compression as customers become more rate-sensitive, particularly in larger-ticket property segments.
- Any gradual pressure on yields and spreads is expected to be offset by operating leverage and continued improvement in cost efficiency.

## Funding and Co-lending

- Cost of borrowing declined 10bp QoQ to 7.8%, while incremental borrowing cost remained favorable at 7.6%, supporting spreads of 5.3%.
- NHB borrowings remained broadly unchanged at INR3.5b-4b as of Jun'26 vs. Mar'26, with management planning to raise additional funds through NHB in 4QFY27.
- Co-lending activity witnessed some temporary disruption due to changes in policies and processes, resulting in near-term execution challenges. Management is gradually resolving these issues, and volumes are expected to normalize as partners adapt to the revised processes.
- The company has ~4,200 active connectors, providing a sizeable sourcing network to support future origination growth.

## Opex and productivity

- Management expects opex-to-assets to remain broadly range-bound at 2.6-2.7% for FY27, implying ~10bp YoY improvement despite continued investments in branch expansion and growth.
- Around 130 employees were added during the quarter, primarily in customer-facing branch functions, with total branch network expanding to 175 branches and 373 touchpoints.
- Management expects relationship manager productivity to improve gradually as origination per RM increases, although productivity will vary depending on the mix of new vs. experienced employees and attrition levels.

- The company believes higher ticket sizes and improving employee productivity should support operating leverage over time.
- AI-led underwriting tools, including bureau analysis and contextual bank statement analysis, have improved underwriting efficiency, reduced turnaround times, and enhanced lead qualification.
- AI-led collection interventions, including automated calling and data-driven customer prioritization, are already supporting collection efficiency and improving RM productivity.
- Management believes the benefits of AI and technology will emerge progressively across three key areas: cost efficiency, portfolio quality and customer experience, rather than through any single technology-specific metric.

### Customer Segment

- Management believes the definition of affordable housing has progressively moved up from the earlier INR1.5m threshold to INR2.5m and potentially INR5m+.
- As banks increasingly focus on larger-ticket home loans of INR5-7.5m and above, affordable housing lenders are gaining access to the underserved INR2.5-5m segment.
- Customers in this segment often face challenges in accessing bank credit due to documentation gaps, informal income sources and fragmented employment histories, creating a sizeable opportunity for specialized affordable housing lenders.
- The company continues to focus on this underserved customer segment, which provides pricing power and supports healthy yields and spreads.
- The company is gradually improving the credit profile and bureau scores of its borrowers while continuing to maintain attractive pricing and spreads.

### BT-Outs and Customer Retention

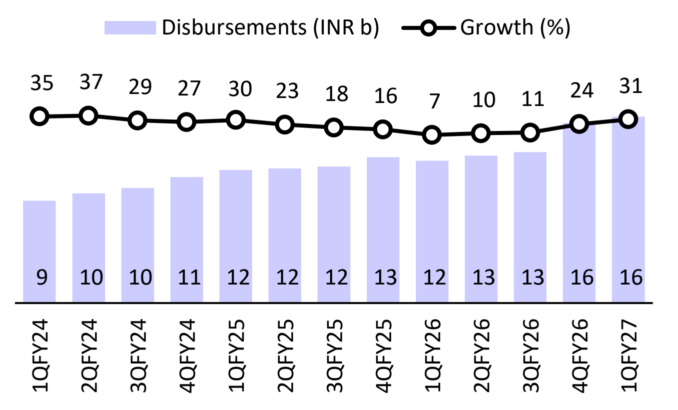
- The company has implemented internal processes to control balance transfer (BT) outflows and expects to maintain BT-outs in the 5-6% range.
- BT-outs were particularly strong at ~4.5% during the quarter, supported by the benefits of recent internal process improvements.
- Management indicated that competitive intensity remains broadly unchanged, suggesting that the improvement in BT-outs has been primarily driven by internal process changes rather than a reduction in competitive pressure.
- The company expects to sustain the improvement in customer retention through continued strengthening of internal processes.

### Others

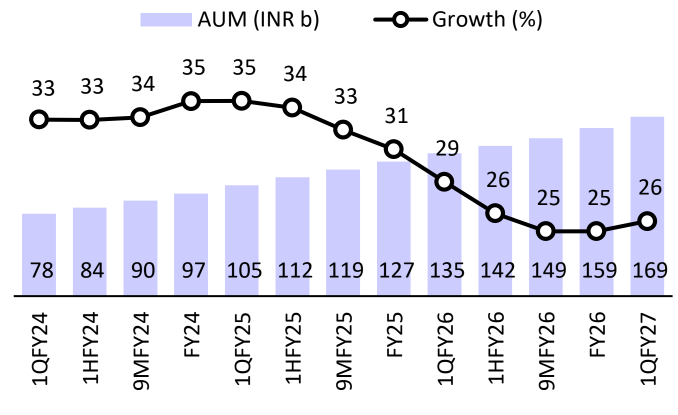
- The login-to-sanction ratio remains broadly stable at ~40%, implying that around 60% of applications are declined, with trends largely consistent across channels and quarters.
- The stable approval funnel indicates continued underwriting discipline despite strong growth in originations.
- The company certified an additional 100 homes under its Green Homes initiative during the quarter, taking cumulative certified homes to 550 as of June 2026.

# Key exhibits

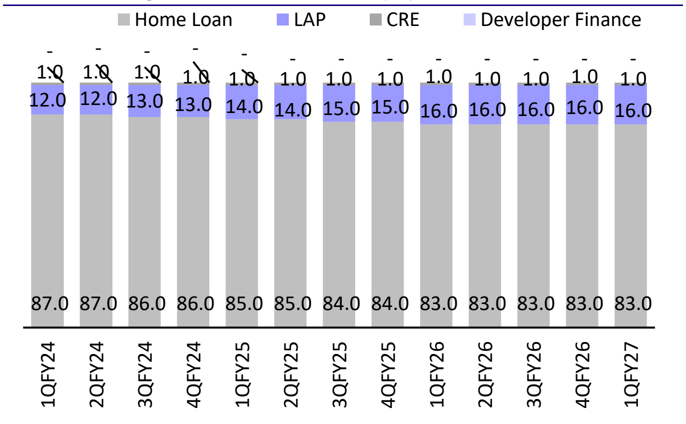
### Exhibit 1: Disbursements grew ~31% YoY



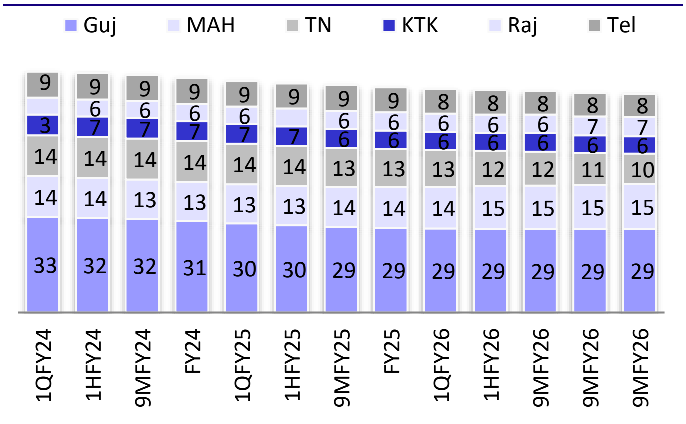

### Exhibit 2: AUM grew ~26% YoY to ~INR169b



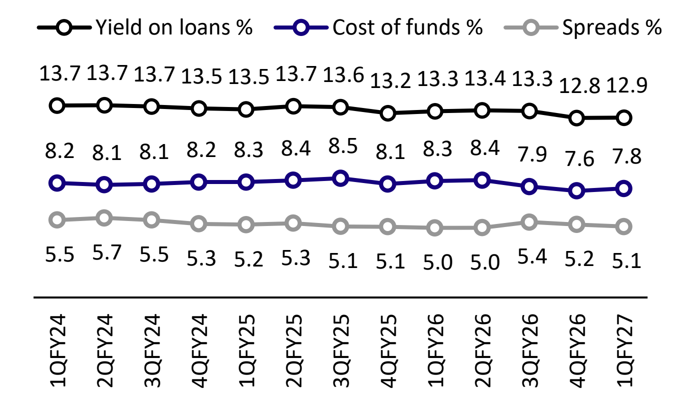

### Exhibit 3: Segment-wise loan mix (%)




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

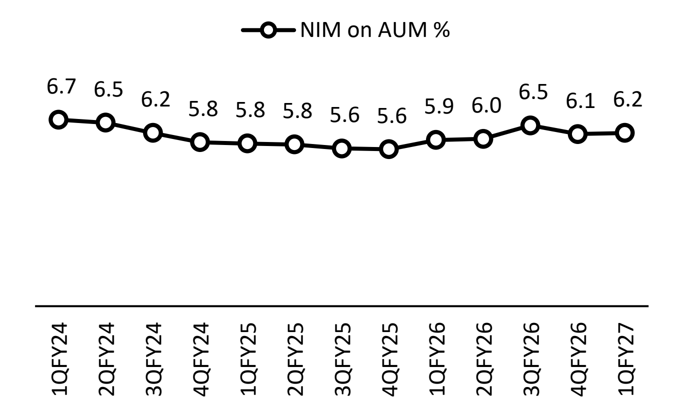



### Exhibit 5: Spreads (calc.) declined ~10bp QoQ (%)



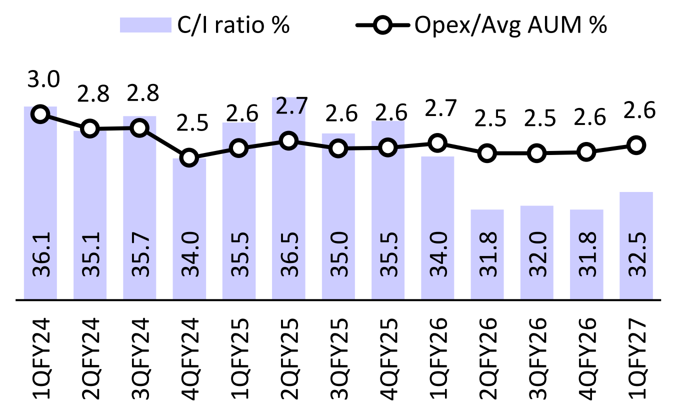

Sources: Company, MOFSL

### Exhibit 6: NIM (calc.) improved ~10bp QoQ (%)



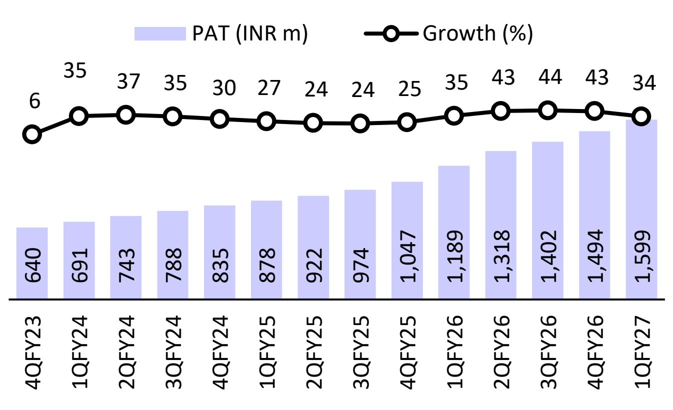

Sources: Company, MOFSL

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



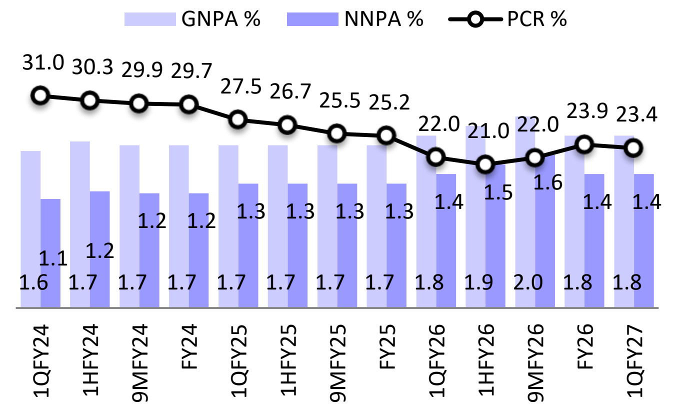

Sources: Company, MOFSL

**Exhibit 8: PAT rose ~34% YoY**



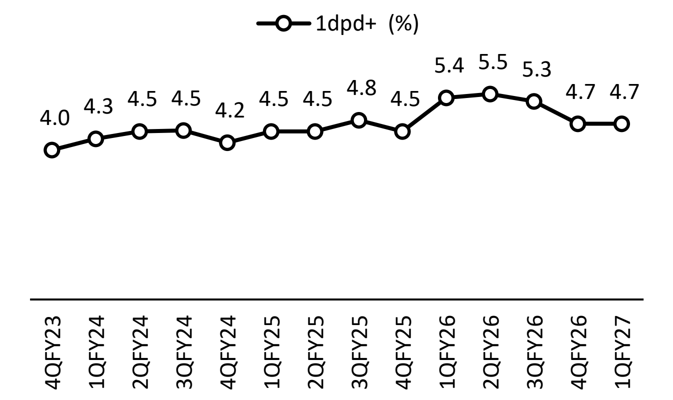

Sources: Company, MOFSL

**Exhibit 9: GS3 was stable QoQ (%)**




Sources: Company, MOFSL

**Exhibit 10: 1+DPD was stable QoQ at 4.7%**

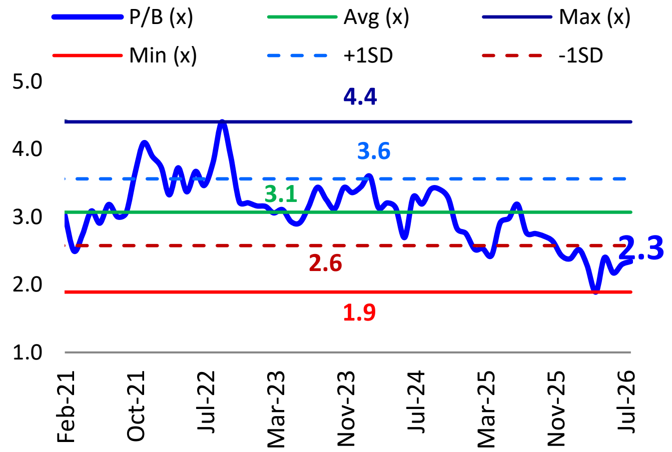



Sources: Company, MOFSL

**Exhibit 11: We raise our FY27/FY28 EPS estimates by 3%/2% to factor in slightly higher growth, assignment volumes, and NIM**

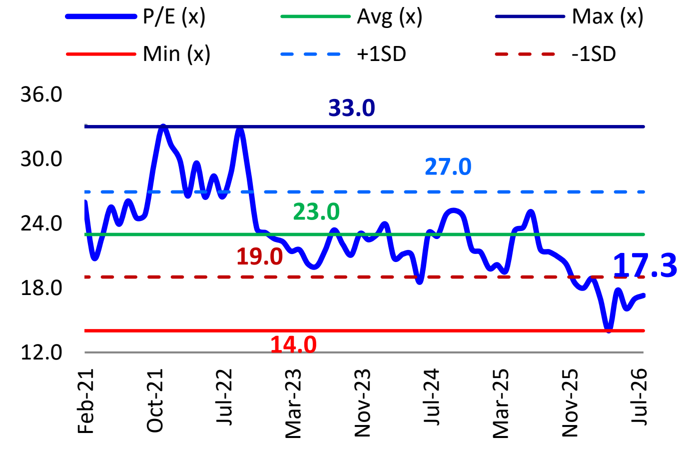
| INR B | Old Est. | | New Est. | | % Change | |
|---|---|---|---|---|---|---|
| | FY27E | FY28E | FY27E | FY28E | FY27E | FY28E |
| NII | 10.9 | 12.9 | 11.1 | 13.2 | 2.0 | 2.5 |
| Other operating Income | 2.3 | 2.5 | 2.5 | 2.6 | 7.0 | 3.5 |
| Other Income | 0.7 | 0.8 | 0.7 | 0.8 | 0.0 | 0.0 |
| **Total Income** | **13.9** | **16.2** | **14.3** | **16.7** | **2.7** | **2.5** |
| Operating Expenses | 4.5 | 5.4 | 4.6 | 5.6 | 2.3 | 3.9 |
| **Operating Profits** | **9.4** | **10.9** | **9.7** | **11.1** | **3.0** | **1.8** |
| Provisions | 0.6 | 0.7 | 0.6 | 0.7 | 0.7 | 0.6 |
| **PBT** | **8.8** | **10.2** | **9.1** | **10.4** | **3.1** | **1.9** |
| Tax | 2.1 | 2.4 | 2.1 | 2.4 | 3.1 | 1.9 |
| **PAT** | **6.7** | **7.8** | **6.9** | **7.9** | **3.1** | **1.9** |
| Loans | 198 | 244 | 199 | 246 | 0.6 | 0.8 |
| Borrowings | 133 | 165 | 134 | 167 | 1.2 | 1.3 |
| **RoA** | **4.0** | **3.8** | **4.1** | **3.8** | **0.1** | **0.9** |
| **RoE** | **14.4** | **14.6** | **14.8** | **14.8** | **0.4** | **1.4** |

**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 | 20,138 | 24,745 |
| Interest Expenses | 1,938 | 2,202 | 2,157 | 3,043 | 4,999 | 7,153 | 7,923 | 9,061 | 11,530 |
| **Net Interest Income** | **1,610** | **2,035** | **2,960** | **4,179** | **5,278** | **6,388** | **8,717** | **11,077** | **13,215** |
| Change (%) | 52.6 | 26.4 | 45.4 | 41.2 | 26.3 | 21.0 | 36.5 | 27.1 | 19.3 |
| Gain on Direct assignment | 371 | 439 | 678 | 380 | 631 | 912 | 1,122 | 1,446 | 1,504 |
| Fee and Commissions | 38 | 35 | 13 | 104 | 99 | 453 | 827 | 1,020 | 1,135 |
| Other Income | 239 | 180 | 148 | 249 | 558 | 486 | 638 | 721 | 796 |
| **Total Income (net of interest expenses)** | **2,258** | **2,690** | **3,800** | **4,913** | **6,567** | **8,239** | **11,304** | **14,265** | **16,651** |
| Change (%) | 56.3 | 19.1 | 41.3 | 29.3 | 33.7 | 25.5 | 37.2 | 26.2 | 16.7 |
| Employee Expenses | 611 | 661 | 808 | 1,070 | 1,483 | 1,944 | 2,487 | 3,146 | 3,820 |
| Depreciation | 72 | 76 | 75 | 91 | 117 | 155 | 189 | 229 | 274 |
| Other Operating Expenses | 337 | 291 | 379 | 585 | 712 | 836 | 982 | 1,198 | 1,497 |
| **Operating Expenses** | **1,020** | **1,028** | **1,262** | **1,746** | **2,313** | **2,936** | **3,658** | **4,572** | **5,592** |
| **PPoP** | **1,238** | **1,662** | **2,538** | **3,167** | **4,254** | **5,304** | **7,646** | **9,693** | **11,059** |
| Change (%) | 70.6 | 34.2 | 52.7 | 24.8 | 34.3 | 24.7 | 44.2 | 26.8 | 14.1 |
| Provisions/write offs | 165 | 322 | 250 | 215 | 254 | 288 | 569 | 637 | 675 |
| **PBT** | **1,073** | **1,340** | **2,288** | **2,952** | **4,000** | **5,016** | **7,078** | **9,056** | **10,384** |
| Tax | 278 | 339 | 402 | 669 | 942 | 1,195 | 1,674 | 2,128 | 2,440 |
| Tax Rate (%) | 25.9 | 25.3 | 17.6 | 22.7 | 23.6 | 23.8 | 23.6 | 23.5 | 23.5 |
| **PAT** | **796** | **1,001** | **1,886** | **2,283** | **3,057** | **3,821** | **5,404** | **6,928** | **7,943** |
| Change (%) | 74 | 26 | 88 | 21 | 34 | 25 | 41 | 28 | 15 |

| 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 | 49,815 | 57,289 |
| **Net Worth** | **9,334** | **13,805** | **15,737** | **18,173** | **21,215** | **25,213** | **43,565** | **50,024** | **57,498** |
| **Borrowings** | **24,938** | **30,537** | **34,668** | **48,135** | **73,021** | **95,507** | **1,05,900** | **1,34,128** | **1,67,311** |
| Change (%) | 29.5 | 22.5 | 13.5 | 38.8 | 51.7 | 30.8 | 10.9 | 26.7 | 24.7 |
| 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** | **1,87,011** | **2,28,240** |
| E: MOFSL Estimates | | | | | | | | | |
| **Loans** | **30,139** | **33,265** | **43,049** | **59,957** | **81,434** | **1,06,487** | **1,31,326** | **1,65,590** | **2,05,542** |
| Change (%) | 41.2 | 10.4 | 29.4 | 39.3 | 35.8 | 30.8 | 23.3 | 26.1 | 24.1 |
| **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 | 10,629 | 12,219 |
| 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** | **1,87,011** | **2,28,240** |

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 | 1,98,817 | 2,45,948 |
| On-book Loans | 30,407 | 33,718 | 43,515 | 60,521 | 82,126 | 1,07,308 | 1,32,376 | 1,67,006 | 2,07,334 |
| Off-book Loans | 5,777 | 7,693 | 10,285 | 11,459 | 14,852 | 19,819 | 26,401 | 31,811 | 38,614 |
| Disbursements | 16,183 | 10,966 | 20,304 | 30,127 | 39,632 | 48,052 | 54,237 | 68,019 | 81,086 |

# 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 | 25.2 | 23.7 |
| Disbursements | 2.9 | -32.2 | 85.2 | 48.4 | 31.6 | 21.2 | 12.9 | 25.4 | 19.2 |
| Loan book (on balance sheet) | 41.6 | 10.9 | 29.1 | 39.1 | 35.7 | 30.7 | 23.4 | 26.2 | 24.1 |
| Total Assets | 40.2 | 29.6 | 13.5 | 31.7 | 41.5 | 28.1 | 24.2 | 23.3 | 22.0 |
| NII | 52.6 | 26.4 | 45.4 | 41.2 | 26.3 | 21.0 | 36.5 | 27.1 | 19.3 |
| PPOP | 70.6 | 34.2 | 52.7 | 24.8 | 34.3 | 24.7 | 44.2 | 26.8 | 14.1 |
| PAT | 74.0 | 25.8 | 88.4 | 21.1 | 33.9 | 25.0 | 41.4 | 28.2 | 14.7 |
| EPS | 40.7 | 12.7 | 87.9 | 20.5 | 33.2 | 22.8 | 22.1 | 28.2 | 14.7 |

| 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 | 12.9 | 12.8 |
| Avg. cost of funds | 8.8 | 7.9 | 6.6 | 7.3 | 8.3 | 8.5 | 7.9 | 7.6 | 7.7 |
| Interest Spread | 4.5 | 4.8 | 5.9 | 5.9 | 5.5 | 5.1 | 5.4 | 5.3 | 5.2 |
| NIM on AUM | 5.3 | 5.2 | 6.2 | 6.6 | 6.2 | 5.7 | 6.1 | 6.2 | 5.9 |

| 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 | 2.7 | 2.9 |
| CAR | 49.0 | 56.2 | 58.6 | 49.4 | 39.5 | 33.2 | 44.1 | 44.9 | 42.3 |
| Tier-I | 47.7 | 55.2 | 58.1 | 48.9 | 39.1 | 32.8 | 43.8 | 44.6 | 42.0 |
| Leverage | 3.7 | 3.3 | 3.3 | 3.7 | 4.5 | 4.8 | 3.5 | 3.7 | 4.0 |
| RoAA | 2.7 | 2.5 | 3.9 | 3.9 | 3.8 | 3.5 | 3.9 | 4.1 | 3.8 |
| RoAE | 10.9 | 8.7 | 12.8 | 13.5 | 15.5 | 16.5 | 15.7 | 14.8 | 14.8 |
| ROAAUM | 2.6 | 2.6 | 4.0 | 3.6 | 3.6 | 3.4 | 3.8 | 3.9 | 3.6 |
| Int. Expended/Int.Earned | 54.6 | 52.0 | 42.1 | 42.1 | 48.6 | 52.8 | 47.6 | 45.0 | 46.6 |
| Other Inc./Net Income | 10.6 | 6.7 | 3.9 | 5.1 | 8.5 | 5.9 | 5.6 | 5.1 | 4.8 |

| 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 | 32.0 | 33.6 |
| 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 | 2.6 | 2.5 |
| Non-interest income as % of Total income | 10.6 | 6.7 | 3.9 | 5.1 | 8.5 | 5.9 | 5.6 | 5.1 | 4.8 |
| AUM/employee (INR m) | 52 | 60 | 63 | 72 | 78 | 78 | 86 | 95 | 109 |
| AUM/ branch (INR m) | 532 | 575 | 673 | 648 | 729 | 820 | 929 | 1,052 | 1,200 |
| Empl. Cost/Op. Exps. (%) | 60 | 64 | 64 | 61 | 64 | 66 | 68 | 69 | 68 |

| Asset Quality (INR m) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Gross NPA | 315 | 622 | 1,015 | 974 | 1,393 | 1,808 | 2,404 | 3,106 | 3,831 |
| GNPA % | 1.0 | 1.8 | 2.3 | 1.6 | 1.7 | 1.7 | 1.8 | 1.9 | 1.8 |
| Net NPA | 234 | 398 | 763 | 643 | 979 | 1,353 | 1,829 | 2,329 | 2,874 |
| 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 | 43 | 36 |
| | | | | | | 1.5 | | | |

| 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 | 66.4 | 76.1 |
| **P/E (x)** | **116.1** | **103.0** | **54.8** | **45.5** | **34.2** | **27.8** | **22.8** | **17.8** | **15.5** |
| BV (INR) | 119 | 158 | 180 | 206 | 240 | 280 | 418 | 479 | 551 |
| **Price-BV (x)** | **9.9** | **7.5** | **6.6** | **5.7** | **4.9** | **4.2** | **2.8** | **2.5** | **2.1** |
| Adjusted BV (INR) | 117 | 155 | 173 | 201 | 231 | 269 | 404 | 463 | 530 |
| **Price-ABV (x)** | **10.1** | **7.6** | **6.8** | **5.9** | **5.1** | **4.4** | **2.9** | **2.6** | **2.2** |
| 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

# Financials and Valuation

| Dupont % | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|---|---|---|---|---|
| Interest Income | 11.9 | 10.6 | 10.6 | 12.2 | 12.6 | 12.5 | 12.2 | 11.9 | 11.9 |
| Interest Expenses | 6.5 | 5.5 | 4.5 | 5.1 | 6.1 | 6.6 | 5.8 | 5.4 | 5.6 |
| **Net Interest Income** | **5.4** | **5.1** | **6.1** | **7.1** | **6.5** | **5.9** | **6.4** | **6.5** | **6.4** |
| Gain on DA | 1.2 | 1.1 | 1.4 | 0.6 | 0.8 | 0.8 | 0.8 | 0.9 | 0.7 |
| Other Income (incl fees) | 0.9 | 0.5 | 0.3 | 0.6 | 0.8 | 0.9 | 1.1 | 1.0 | 0.9 |
| **Total Income (net of int exp)** | **7.6** | **6.7** | **7.9** | **8.3** | **8.1** | **7.6** | **8.3** | **8.4** | **8.0** |
| **Operating Expenses** | **3.4** | **2.6** | **2.6** | **2.9** | **2.8** | **2.7** | **2.7** | **2.7** | **2.7** |
| *Cost to Income Ratio (%)* | *45.2* | *38.2* | *33.2* | *35.5* | *35.2* | *35.6* | *32.4* | *32.0* | *33.6* |
| Employee Expenses | 2.0 | 1.7 | 1.7 | 1.8 | 1.8 | 1.8 | 1.8 | 1.9 | 1.8 |
| Other Expenses | 1.4 | 0.9 | 0.9 | 1.1 | 1.0 | 0.9 | 0.9 | 0.8 | 0.9 |
| **PPoP** | **4.2** | **4.2** | **5.3** | **5.3** | **5.2** | **4.9** | **5.6** | **5.7** | **5.3** |
| Provisions/write offs | 0.6 | 0.8 | 0.5 | 0.4 | 0.3 | 0.3 | 0.4 | 0.4 | 0.3 |
| **PBT** | **3.6** | **3.4** | **4.8** | **5.0** | **4.9** | **4.6** | **5.2** | **5.3** | **5.0** |
| Tax provisions | 0.9 | 0.8 | 0.8 | 1.1 | 1.2 | 1.1 | 1.2 | 1.3 | 1.2 |
| **RoAA** | **2.7** | **2.5** | **3.9** | **3.9** | **3.8** | **3.5** | **3.9** | **4.1** | **3.8** |
| Leverage (x) | 4.1 | 3.5 | 3.3 | 3.5 | 4.1 | 4.7 | 4.0 | 3.6 | 3.9 |
| **RoAE** | **10.9** | **8.7** | **12.8** | **13.5** | **15.5** | **16.5** | **15.7** | **14.8** | **14.8** |

E: MOFSL Estimates

| 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 |

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