Arihant Capital
Generating Wealth

Q1FY27 - Result Update
29th July 2026

Home First Finance Company India Ltd

Well-positioned affordable housing financier with strong growth visibility

CMP: INR 1,181

Rating: ACCUMULATE

Target Price: INR 1,406

Stock Info	
BSE	543259
NSE	HOMEFIRST
Bloomberg	HOMEFIRS:IN
Reuters	HOME.NS
Sector	NBFC
Face Value (INR)	2
Equity Capital (INR Cr)	20.9
Mkt Cap (INR Bn)	123.4
52w H/L (INR)	1,375 / 894
Avg Yearly Vol (in 000')	346.58

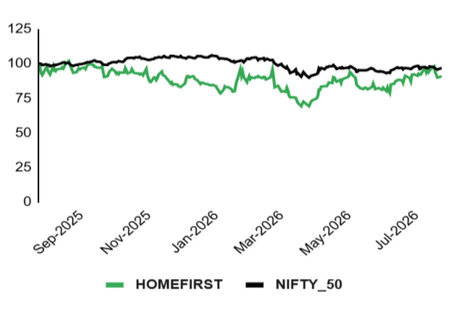
Shareholding Pattern %

(As on June, 2026)

Promoters	6.97
Public & Others	93.03

Stock Performance (%)	1m	6m	12m
Home First Finance	1.04	-4.00	7.19
Nifty 50	0.16	-5.64	-8.27

Home First Finance Vs Nifty 50



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The company reported a strong Q1FY27 performance, with NII growing 38.2% YoY to INR 2,315 Mn, supported by healthy loan growth of 24.3% YoY. PPOP increased 32.9% YoY to INR 2,235 Mn on the back of controlled operating expenses and improved operating leverage. PAT rose 34.5% YoY to INR 1,599 Mn, driven by strong core income and stable credit costs, while asset quality remained healthy with prudent provisioning. Advances stood at INR 1,39,856 Mn, up 24.3% YoY, and the balance sheet remained strong with total equity of INR 44,827 Mn. The company raised INR 5,814 Mn of liquidity during the quarter, with the liquidity buffer at INR 22,724 Mn as on Jun'26.

Strong and Sustainable Growth Visibility: The company delivered strong growth momentum in Q1FY27, with AUM rising 25.7% YoY and 6.7% QoQ to INR 16,938 crore, aided by broad-based traction across geographies and distribution channels. Disbursements reached a record INR 1,628 crore, up 31.0% YoY and 3.6% QoQ, marking a strong start to the year. The company continued expanding its franchise, adding 4 new branches to take the network to 175 branches and 373 touchpoints, while 133 net employee additions took total headcount to 1,988. Its granular loan book, with an average ticket size of INR 12.1 lakh and 83% exposure to housing loans, provides stability and lower concentration risk. BT out rate stayed contained at 4.5% annualised and the company remains confident of sustaining ~25% AUM growth in FY27.

Profitability with Healthy Margins: Strong profitability momentum continued in Q1FY27, with PAT growing 34.5% YoY and 7.0% QoQ to INR 160 crore, while net total income rose 29.9% YoY to INR 332 crore. Despite continued branch expansion, spreads remained healthy at 5.3% and NIM improved to 6.0% from 5.2% in Q1FY26, supported by portfolio yields of 13.0% and a lower cost of borrowing of 7.8%. Marginal cost of borrowing stood at 7.6% and origination yield at 13.0%, keeping incremental spreads intact. Operational efficiency remained steady, with the cost-to-income ratio at 32.7% and opex-to-assets at 2.8%, translating into RoA of 4.2% and RoE of 14.5%.

Stable Asset Quality and Strong Balance Sheet: Asset quality remained stable in Q1FY27, supported by disciplined underwriting and healthy collections. Gross Stage 3 GNPA stood at 1.8% and NNPA at 1.4%, both flat QoQ, while 1+ DPD and 30+ DPD were steady at 4.7% and 3.2% respectively. Collection efficiency remained strong at 98.4% in Jun'26 and bounce rates stayed range-bound at 16.3%, moderating further to 15.2% in Jul'26. Credit costs stayed controlled at 40 bps, with provision coverage improving to 45.3% from 43.1% a year ago. The balance sheet also remains strong, with net worth at INR 4,483 crore, CRAR at 42.6%, book value per share of INR 428.9 and a liquidity buffer of INR 2,272 crore, providing ample strength to support future growth.

Valuation and View: The company remains optimistic on FY27 and the medium-term growth outlook, guiding for ~25% AUM growth supported by record disbursements, an expanded branch network, stable collections and healthy affordable housing demand. Spreads are expected to remain resilient in the 5.0% to 5.25% range despite interest-rate volatility, aided by the floating-rate loan book and pricing flexibility, while credit costs are guided at a stable 30 bps to 40 bps. However, with CRAR at 42.6% and leverage at 3.5x post the QIP, RoE moderates to ~14% in FY27E before recovering, which caps near-term re-rating headroom. **We therefore revise our Target Price to INR 1,406 based on 2.17x FY29E ABV of INR 647.8 and revise our rating to ACCUMULATE, implying an upside of 19% from CMP.**

Exhibit: Financial Performance

Y/E Mar (Rs Cr)	FY25	FY26A	FY27E	FY28E	FY29E
NII	639	872	1,066	1,315	1,571
PAT	382	540	662	905	1,041
Net worth	2,521	4,357	5,019	5,924	6,964
Adj BVPS	265	404	466	551	648
EPS (Rs)	42	52	63	87	100
P/ABV (x)	4.5	2.9	2.5	2.1	1.8
P/E (x)	28	23	19	14	12
RoA (%)	3.5	3.9	4.0	4.6	4.4
RoE (%)	16.5	15.7	14.1	16.5	16.1

Quarterly Result Update (Rs Mn)	Q1FY27	Q4FY26	Q1FY26	Q-o-Q	Y-o-Y
Interest Income	5,380.1	5,014.1	4,536.1	7.30%	18.61%
Interest Expended	2,084.5	1,953.2	2,002.8	6.72%	4.08%
Net Interest Income	3,295.7	3,060.9	2,533.3	7.67%	30.09%
Other Income	18.3	33.3	16.5	-44.96%	10.84%
Operating Income	3,314.0	3,094.1	2,549.8	7.10%	29.97%
Operating Expenses	1,078.6	984.4	868.1	9.57%	24.26%
Employee Expenses	762.3	649.2	603.7	17.42%	26.29%
Other Operating Expenses	316.3	335.2	264.4	-5.63%	19.62%
PPOP	2,235.3	2,109.8	1,681.8	5.95%	32.92%
Provisions	159.0	157.9	116.8	0.72%	36.11%
PBT	2,076.4	1,951.9	1,565.0	6.38%	32.68%
Tax Expenses	477.8	457.5	376.1	4.46%	27.06%
Net Profit	1,598.5	1,494.5	1,188.9	6.96%	34.45%
Spreads (%)					
Spread	5.30%	5.30%	5.10%	0bps	20bps
Yield on Average Advances	13.10%	13.20%	13.50%	-10bps	-40bps
CAR (%)	42.60%	44.10%	49.60%	-150bps	-700bps
Asset Quality (%)					
GNPA	1.8%	1.8%	1.8%	0bps	0bps
NNPA	1.40%	1.40%	1.40%	0bps	0bps
DPD 1+	4.70%	4.70%	5.40%	0bps	-70bps
DPD 30+	3.20%	3.20%	3.50%	0bps	-30bps
Returns & Expenses					
RoA	4.20%	4.10%	3.70%	10bps	50bps
RoE	14.50%	14.00%	14.90%	50bps	-40bps
Cost / Income Ratio (%)	32.70%	32.00%	34.20%	70bps	-150bps
Asset growth trend					
Total AUM	1,69,379.0	1,58,780.0	1,36,029.1	6.68%	24.52%
- Home Loans	1,40,584.6	1,31,787.4	1,14,264.4	6.68%	23.03%
- Loan for Commecial property	1,693.8	1,587.8	1,360.3	6.68%	24.52%
- LAP	27,100.6	25,404.8	20,404.4	6.68%	32.82%
Disbursements	15,720.0	13,180.0	12,730.0	19.27%	23.49%
AUM by customer segment (%)					
Salaried	68.00%	68.00%	68.00%	0bps	0bps
Self Employed	32.00%	32.00%	32.00%	0bps	0bps
AUM by Geography (%)					
Gujarat	28.60%	28.60%	29.20%	0bps	-60bps
Maharashtra	14.80%	14.50%	13.60%	30bps	120bps
Tamil Nadu	13.40%	12.10%	13.40%	130bps	0bps
Karnataka	6.00%	6.00%	6.40%	0bps	-40bps
Rajasthan	6.40%	6.30%	6.20%	10bps	20bps
Telangana	8.10%	8.40%	8.60%	-30bps	-50bps
Madhya Pradesh	9.70%	9.10%	7.60%	60bps	210bps
Uttar Pradesh & Uttarakhand	6.20%	6.30%	6.70%	-10bps	-50bps
Others	6.80%	8.70%	8.30%	-190bps	-150bps

Source: Company, Arihant Research

Q1FY27 Concall Highlights

Home First Finance Company India Limited delivered a strong performance in Q1FY27, marked by steady disbursement momentum, expanding distribution, and resilient asset quality. Assets Under Management (AUM) reached INR 169.38 bn, representing a growth of 25.7% YoY and 6.7% QoQ, while Profit After Tax (PAT) expanded 34.5% YoY to INR 1.60 bn. Profitability metrics improved, with Return on Assets (ROA) rising to 4.2% and Return on Equity (ROE) reaching 14.5%. Net Interest Margin (NIM) expanded to 6.0%, supported by a 10 bps sequential drop in borrowing costs and stable origination yields. Backed by a strong capital position (CAR at 42.6%), an expanding network of 175 branches, and advanced AI-driven execution tools, the operational outlook remains positive with sustained multi-quarter growth momentum.

Robust Business Growth & Disbursement Momentum
- AUM expanded by 25.7% YoY and 6.7% QoQ to INR 169.38 bn, supported by quarterly disbursements of INR 16.28 bn (+31.0% YoY, +3.6% QoQ).
- Individual housing loans continue to anchor the portfolio, comprising 83% of total AUM with an Average Ticket Size (ATS) of INR 1.21 mn, while Loan Against Property (LAP) and shop loans constitute 16% and 1% respectively.
- Disbursement growth was evenly split between volume expansion (~50% unit growth) and ticket size increases (~50%), driven by higher income levels within the target customer demographic.
- Direct Assignment (DA) execution stood at INR 2.85 bn for the quarter, while co-lending disbursements reached INR 0.46 bn, bringing the co-lending book to INR 6.17 bn (3.6% of AUM).

Resilient Margins & Competitive Liability Profile
- Total Revenue from Operations rose 18.6% YoY to INR 5.40 bn, while Net Interest Income (NII) surged 38.2% YoY to INR 2.31 bn, lifting NIMs to 6.0% (vs 5.9% in Q4FY26).
- Average Cost of Borrowings (CoB) dropped 10 bps sequentially to 7.8%, while incremental borrowing costs came in lower at 7.6% due to tactical timing on institutional drawdowns.
- Portfolio yield (ex-colending) held firm at 13.1% and origination yield stood at 13.0%, keeping portfolio spreads (ex-colending) stable at 5.3%.
- Funding structure remains diversified across 32 lending institutions, consisting of 57% banks, 19% NHB refinance, 21% direct assignment/co-lending, and the balance in NCDs, ECBs, and NBFC lines.

Stable Asset Quality & Risk Metrics
- Asset quality indicators remained steady QoQ, with Gross Stage 3 (GNPA) flat at 1.8% and Net Stage 3 (NNPA) holding at 1.4%.
- Early delinquency trends were range-bound, with 1+ DPD flat QoQ at 4.7% and 30+ DPD flat at 3.2%, validating central underwriting mechanisms.
- Credit cost for the quarter was contained at 0.40% (INR 159.0 mn), while Stage 3 Provision Coverage Ratio (PCR) stood at 23.4% and overall PCR (inclusive of prudential overlays) reached 45.3%.
- Active internal retention efforts successfully reduced annualized balance transfer (BT-out) rates to 4.5%.

Network Expansion & Technology Deployment
- Physical network expanded to 175 branches across 145 districts in 13 states/UTs (added 4 branches across Gujarat, Andhra Pradesh, Tamil Nadu, and Madhya Pradesh), alongside 373 total touchpoints.
- Employee strength grew by a net 133 additions to 1,988, primarily in customer-facing Relationship Manager (RM) roles to support originations and soft collections.
- Operationalized 'Q', an in-house AI-orchestrated conversational platform supporting Voice, WhatsApp, SMS, and Email in 7 Indian languages for lead qualification and customer servicing.
- Deployed AI-based credit bureau analysis and bank statement processing models into production, while launching pilots for legal/technical property valuations and income analysis.

Operational Guidance & Forward-Looking Outlook
- **AUM Growth Target**: Reaffirmed guidance to deliver ~25% YoY AUM growth over the medium term, supported by market penetration in primary growth states like Uttar Pradesh, Tamil Nadu, Andhra Pradesh, and Telangana.
- **Spread & Margin Targets**: Long-term spread target maintained at 5.00%–5.25% on a fully floating asset portfolio, allowing back-to-back asset repricing to protect spreads against benchmark rate changes.
- **Opex Ratio Guidance**: Full-year Operating Cost-to-Assets is projected to normalize within the target band of 2.6%–2.7% (compared to 2.8% in Q1FY27).
- **Portfolio Run-Down & BT-Out**: Portfolio run-down rate assumed at 16%–17% over the long term, with BT-out rates expected to stabilize between 5% and 6%.
- **Leadership Transition**: Chief Financial Officer Nutan Gakharware will step down effective August 31, 2026, with the board in advanced evaluations to appoint a successor.

Key Financials

P&L (INR in Cr)	FY25	FY26	FY27e	FY28e	FY29e
Interest income	1,354	1,664	2,054	2,505	2,992
Interest expense	715	792	988	1,189	1,422
NII	**639**	**872**	**1,066**	**1,315**	**1,571**
Non-interest income	185	259	354	526	636
Net revenues	**824**	**1,130**	**1,420**	**1,841**	**2,206**
Operating expenses	294	366	469	554	722
PPOP	**530**	**765**	**951**	**1,287**	**1,484**
Provisions	29	57	66	77	93
PBT	**502**	**708**	**885**	**1,210**	**1,391**
Tax	120	167	223	305	351
PAT	**382**	**540**	**662**	**905**	**1,041**

Balance sheet	FY25	FY26	FY27e	FY28e	FY29e
Share capital	18	21	21	21	21
	2,503	4,336	4,998	5,903	6,943
Reserves & surplus	**2,521**	**4,357**	**5,019**	**5,924**	**6,964**
Net worth	9,568	10,590	12,928	15,387	18,465
Borrowings	122	220	178	204	234
Other liability	**12,212**	**15,166**	**18,125**	**21,515**	**25,663**
Total liabilities					
Fixed assets	45	54	71	163	374
Investments	360	812	853	895	940
Loans	10,649	13,133	15,256	17,849	21,419
Cash	938	841	1,653	2,309	2,626
Other assets	241	326	292	298	304
Total assets	**12,233**	**15,166**	**18,125**	**21,515**	**25,663**

Source: Arihant Research, Company Filings

Key Ratios

Ratios	FY25	FY26	FY27e	FY28e	FY29e
Growth (%)					
Advances	30.8	23.3	16.2	17.0	20.0
Borrowings	31.0	10.7	22.1	19.0	20.0
Total assets	28.3	24.0	19.5	18.7	19.3
NII	21.0	36.5	22.3	23.3	19.4
PPOP	24.7	44.2	24.4	35.3	15.3
PAT	25.0	41.4	22.5	36.7	15.0
Balance sheet ratios (%)					
Advances/Total assets	87.1	86.6	84.2	83.0	83.5
CAR	36.1	49.2	46.5	45.4	44.0
CAR - Tier I	35.8	48.9	46.3	45.2	43.8
Operating efficiency (%)					
Cost/income	35.6	32.4	33.0	30.1	0.0
Opex/total assets	2.7	2.6	2.6	2.7	2.9
Profitability (%)					
NIM	6.0	6.5	6.6	6.8	6.8
RoA	3.5	3.9	4.0	4.6	4.4
RoE	16.5	15.7	14.1	16.5	16.1
Asset quality (%)					
Gross NPAs	1.7	1.5	1.5	1.5	1.5
Net NPAs	1.3	1.1	1.0	1.0	1.0
PCR	25.2	29.0	31.4	33.2	34.2
Per share data / Valuation					
EPS	42.4	51.8	63.4	86.7	99.7
BV	280.0	417.6	481.0	567.8	667.5
ABV	265.0	403.9	465.9	550.6	647.8
P/E	26.2	21.5	17.5	12.8	11.1
P/BV	4.0	2.7	2.3	2.0	1.7
P/ABV	4.2	2.8	2.4	2.0	1.7

Source: Arihant Research, Company Filings

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Stock Rating Scale	**Absolute Return**
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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