

# Home First Finance

Estimate change



TP change



Rating change



## Stock Info

Bloomberg	HOMEFIRS IN
Equity Shares (m)	104
M.Cap.(INRb)/(USDb)	115.6 / 1.3
52-Week Range (INR)	1519 / 839
1, 6, 12 Rel. Per (%)	3/-20/4
12M Avg Val (INR M)	458
Free float (%)	87.7

## Financials Snapshot (INR b)

Y/E March	FY26E	FY27E	FY28E
NII	8.8	10.9	13.1
PPoP	7.7	9.1	10.8
PAT	5.4	6.5	7.8
EPS (INR)	52.8	63.2	75.4
EPS Gr. (%)	24.4	19.7	19.4
BV/Sh. (INR)	415	473	544
ABV/Sh. (INR)	401	457	526
Ratios			
NIM (%)	6.2	6.1	5.9
C/I ratio (%)	32.1	32.7	32.8
RoAA (%)	4.0	4.0	3.8
RoAE (%)	16.0	14.2	14.8
Valuations			
P/E (x)	21.1	17.6	14.7
P/BV (x)	2.7	2.3	2.0
P/ABV (x)	2.8	2.4	2.1
Div. Yield (%)	0.4	0.4	0.4

## Shareholding Pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	12.4	12.4	14.3
DII	27.6	28.8	18.3
FII	40.8	40.0	37.9
Others	19.2	18.8	29.5

FII includes depository receipts

**CMP: INR1,113**
**TP: INR1,370 (+23%)**
**Buy**

## Stabilization in asset quality; business momentum to accelerate

### Stage 3 inches up, but early delinquencies improve; BT-Out rates dip

- HomeFirst's 3QFY26 PAT grew 44% YoY to INR1.4b (in line). Excluding the provisions on the new labor codes, PAT growth was 47% YoY. NII grew 44% YoY to INR2.3b (5% beat). Other income grew 6% YoY to INR549m (vs. MOFSLe of INR704m). The decline in other income was due to a dip in treasury income.
- Opex grew 23% YoY to INR926m (in line). The company made provisions of INR33m towards employee benefits on account of the new labor codes. PPoP rose ~41% YoY to INR2b (in line). Credit costs stood at INR142m (in line), translating into an annualized credit cost of ~46bp (PQ: ~53bp and PY: ~40bp).
- Manoj Viswanathan (MD & CEO) strongly reiterated that he does not have any plans to move out of HomeFirst and that he will be continuing in an executive role going forward as well.
- Management shared that the company is experiencing green shoots, and it is expecting renewed momentum in its origination and disbursement volumes in the coming quarters. The company guided for a ~25% AUM growth in FY27.
- Asset quality metrics remain healthy and largely range-bound, with improvement visible in early-stage delinquencies. Earlier in the year, the company had faced some asset quality pressures and elevated delinquencies, partly due to spillover from MFI-related stress. However, this stress is now easing, and management expects Stage 3 to also exhibit improvement from 4Q onwards. We model credit costs of 43bp/35bp in FY26/FY27.
- HOMEFIRST is a resilient franchise and has navigated the transitory headwinds well. Its execution track record has been consistently better than its peers, and we expect the company to emerge stronger from this transient stress in asset quality, with early warning indicators already showing signs of stabilization. We estimate a CAGR of ~24%/~27% in AUM/PAT over FY25-28E. **We reiterate our BUY rating with a TP of INR1,370 (based on 2.6x Dec'27E BV).**

## AUM rises ~25% YoY; BT-Out rates dip

- Disbursements grew 11% YoY to ~INR13.2b, and this led to AUM growth of 25% YoY to ~INR149b.
- The BT-OUT rate (annualized) in 3Q FY26 dipped to 6.6% (PQ: ~7.6%/PY ~7.3%).

## 1+dpd declines ~20bp QoQ; bounce rates increase

- GS3 rose ~10bp QoQ to 2.0% and NS3 also rose ~10bp QoQ to 1.6%. PCR improved ~1pp QoQ to ~22%.
- 1+dpd declined ~20bp QoQ to 5.3%. Bounce rates increased ~40bp QoQ to ~16.7% in 3QFY26 (v/s ~16.3% in 2QFY26). Jan'26 bounce rates came in at 16.9%. Capital adequacy stood at 49% (Tier 1: 48.6%) as of Dec'25.

### Yields remain stable QoQ; reported NIM expands ~60bp QoQ

- Reported yields and CoF remained stable at ~13.3% and 8.1%, respectively. Overall spreads were also stable QoQ at 5.2%. Management guided for spreads between ~5.0 and 5.2% and will pass on any further benefits on CoF to customers in line with fair practices.
- Incremental CoF and origination yield in 3QFY26 stood at 7.7% (PQ: 7.9%) and 13.1% (PQ: 13.3%), respectively. Reported NIM improved ~60bp QoQ to 6.0%.
- HomeFirst reduced its PLR by ~10bp, effective 1<sup>st</sup> Jan'26. Management shared that out of the cumulative 125bp repo rate cuts, the company has already benefited by ~40-50bp in its cost of borrowings, and with banks now starting to cut MCLR, management expects a further ~5-10bp benefit going forward. We model a NIM (calc.) of 6.2/6.1% in FY26/FY27 (FY25: 5.7%), which includes the benefit of the equity capital raise early in Apr'25.

### Highlights from the management commentary

- The company added two branches during the quarter, one each in Karnataka and MP. Management also shared that it has 6-8 branches in the pipeline, which are expected to be operational in 4Q, with a few of these located in Northern India, including Uttarakhand and Delhi.
- Management reiterated that co-lending will remain an important growth lever, with a target of scaling co-lending to ~10% of overall disbursements over time.

### Valuation and view

- HomeFirst delivered a mixed performance during the quarter. While AUM and disbursement growth were slightly lower than estimates, they remained healthy, reflecting effective management of BT-Outs. Asset quality exhibited minor deterioration, with GS3 rising ~10bp QoQ and bounce rates increasing ~40bp QoQ, resulting in slightly elevated credit costs. However, management exuded confidence in asset quality improvement and acceleration in business volumes in the coming quarters.
- HOMEFIRST has invested in building a franchise, positioning itself well to capitalize on the significant growth opportunity in affordable housing finance. We estimate the company to clock a ~24% AUM CAGR over FY25-FY28 and NIM (as % of average AUM) of 6.2/6.1% in FY26/FY27. **We reiterate our BUY rating on the stock with a TP of INR1,370 (premised on 2.6x Dec'27E BVPS).**
- **Key downside risks:** a) higher BT-outs, leading to lower AUM growth; and b) deterioration in asset quality in its LAP product and self-employed customer segments, resulting in higher credit costs.

Quarterly Performance											(INR m)	
Y/E March	FY25				FY26E				FY25	FY26E	3Q 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	4,472	13,540	16,795	4,241	1
Interest expenses	1,568	1,756	1,926	1,903	2,003	2,026	1,941	2,035	7,153	8,005	2,010	-3
<b>Net Interest Income</b>	<b>1,464</b>	<b>1,566</b>	<b>1,631</b>	<b>1,726</b>	<b>1,941</b>	<b>2,065</b>	<b>2,347</b>	<b>2,437</b>	<b>6,388</b>	<b>8,790</b>	<b>2,231</b>	<b>5</b>
YoY Growth (%)	17.5	18.6	21.4	26.2	32.6	31.8	43.9	41.2	21.0	37.6	36.7	
Other Income	382	421	517	533	609	699	549	684	1,852	2,541	704	-22
<b>Net Income</b>	<b>1,846</b>	<b>1,987</b>	<b>2,148</b>	<b>2,259</b>	<b>2,550</b>	<b>2,764</b>	<b>2,896</b>	<b>3,121</b>	<b>8,239</b>	<b>11,331</b>	<b>2,935</b>	<b>-1</b>
YoY Growth (%)	20.6	23.4	25.8	31.4	38.2	39.1	34.8	38.2	25.5	37.5	36.6	
Operating Expenses	655	726	752	803	868	879	926	969	2,936	3,643	909	2
<b>Operating Profit</b>	<b>1,191</b>	<b>1,261</b>	<b>1,396</b>	<b>1,456</b>	<b>1,682</b>	<b>1,885</b>	<b>1,970</b>	<b>2,152</b>	<b>5,304</b>	<b>7,689</b>	<b>2,026</b>	<b>-2.8</b>
YoY Growth (%)	21.9	20.7	27.2	28.3	41.2	49.5	41.1	47.8	24.7	45.0	45.1	
Provisions and Cont.	56	57	98	77	117	152	142	111	288	522	140	1
<b>Profit before Tax</b>	<b>1,135</b>	<b>1,204</b>	<b>1,298</b>	<b>1,379</b>	<b>1,565</b>	<b>1,732</b>	<b>1,828</b>	<b>2,041</b>	<b>5,016</b>	<b>7,167</b>	<b>1,886</b>	<b>-3</b>
Tax Provisions	258	281	324	332	376	414	426	504	1,195	1,720	453	-6
<b>Net Profit</b>	<b>878</b>	<b>922</b>	<b>974</b>	<b>1,047</b>	<b>1,189</b>	<b>1,318</b>	<b>1,402</b>	<b>1,537</b>	<b>3,821</b>	<b>5,447</b>	<b>1,434</b>	<b>-2</b>
YoY Growth (%)	27.0	24.1	23.5	25.4	35.5	43.0	44.0	46.8	25.0	42.6	47.2	
<b>Key Operating Parameters (%)</b>												
Other income to Net Income Ratio	20.7	21.2	24.1	23.6	23.9	25.3	18.9					
Credit Cost	0.26	0.25	0.40	0.30	0.43	0.53	0.47					
Cost to Income Ratio	35.5	36.5	35.0	35.5	34.0	31.8	32.0					
Tax Rate	22.7	23.4	25.0	24.1	24.0	23.9	23.3					
<b>Balance Sheet Parameters</b>												
<b>AUM (INR b)</b>	<b>104.8</b>	<b>112.3</b>	<b>119.5</b>	<b>127.1</b>	<b>134.8</b>	<b>141.8</b>	<b>149.2</b>					
Change YoY (%)	34.7	34.2	32.6	31.1	28.6	26.3	24.9					
<b>Loans (INR b)</b>	<b>87.9</b>	<b>94.5</b>	<b>100.6</b>	<b>106.5</b>	<b>112.5</b>	<b>118.1</b>	<b>123.5</b>					
Change YoY (%)	34.9	34.5	33.3	30.8	27.9	25.0	22.7					
<b>Borrowings (INR b)</b>	<b>95.1</b>	<b>105.9</b>	<b>110.4</b>	<b>115.6</b>	<b>118.5</b>	<b>119.7</b>	<b>124.5</b>					
Change YoY (%)	39.4	45.4	33.8	31.4	24.6	13.1	12.8					
Loans/Borrowings (%)	92.5	89.2	91.2	92.1	95.0	98.6	99.2					
<b>Asset Quality Parameters (%)</b>												
GS 3 (INR m)	1,540	1,640	1,770	1,808	2,082	2,297	2,551					
Gross Stage 3 (% on Assets)	1.74	1.72	1.74	1.68	1.84	1.93	2.05					
NS 3 (INR m)	1,116	1,202	1,319	1,353	1,623	1,815	1,990					
Net Stage 3 (% on Assets)	1.26	1.26	1.30	1.26	1.43	1.53	1.60					
PCR (%)	27.5	26.7	25.5	25.2	22.0	21.0	22.0					
ECL (%)	0.83	0.80	0.80	0.77	0.77	0.77	0.81					
<b>Return Ratios (%)</b>												
ROAA (Rep)	3.6	3.4	3.4	3.5	3.7	3.8	4.0					
ROAE (Rep)	16.3	16.5	16.6	17.0	14.9	13.4	13.7					

E: MOFSL Estimates



## Highlights from the management commentary

### Guidance

- HomeFirst targets to end FY26 at 25% AUM growth and also guided ~25% AUM growth in FY27
- Expects to get to AUM of INR196b-197b by FY27
- Guided for spreads of 5.0%-5.2%; Anything more than that will follow the fair practice of passing it on to the customers.

### Management Continuity

- Manoj Viswanathan (MD/CEO) strongly reiterated that it does not have any plans to move out of HomeFirst. He will be continuing in an Executive role going forward as well.

### Asset Quality

- Asset quality metrics remain healthy and range-bound, and there has been an improvement in the early delinquencies.
- 1+dpd improved ~20bp QoQ and stood at 5.3%, 30+dpd was flat QoQ at 3.7%, and the Stage 2 improved by 10bp QoQ. GS3 increased ~10bp QoQ to 2%, and the company is confident that this will also improve, given that the early delinquencies have improved.
- Earlier in the year, it was grappling with some asset quality issues and higher delinquencies. Some problems from the spillover of MFI stress are now coming to an end.
- Recovery will take another two quarters in Tamil Nadu; From 2QFY27 onwards, one would expect recovery in TN.
- Bounce rate was elevated in 2Q as well, but the collections in 3Q were better than those in 2QFY26.
- It is coming out very clearly that the company should start seeing an improvement in Stage 3 from 4Q onwards, as the company has managed to bring down its early-stage delinquencies.
- Increase in Bounce Rates is only behavioral in nature, and the customers repay using other payment instruments.
- LAP Stage 3 stood at 1.4%, and HL Stage 3 stood at 2%; LAP NPA is slightly lower than the HL NPA

### State-specific color

- **Gujarat:** The company had earlier anticipated the impact of tariffs; Gujarat has successfully overcome this on account of the overall economic vibrancy of the State. Continues to witness strong growth and stable asset quality in Gujarat.
- **Maharashtra:** Successfully re-established a strong growth trajectory, particularly in larger and more competitive markets like Mumbai and Pune. It has seen a strong AUM growth in this State.
- **Tamil Nadu:** Faced both tariff-related delinquency issues and churn in the team. Made good progress in stabilizing the team and expects a strong turnaround in the State in FY27.
- **Uttar Pradesh:** Calibrated approach and in the process of setting up a strong team, and UP will be a large contributor from FY28 onwards.
- Karnataka is emerging out of the eKhata overhang and has brought strong growth in this quarter,

- Rajasthan/MP/AP/Telangana: Continue to deliver growth as planned.

### **Status in Tamil Nadu**

- TN Ordinance is several months old, and it did have some temporary impact on collections.
- HomeFirst has stabilized the team in TN, and now it is gradually building the portfolio.
- TN is still growing, but not at the same pace that it used to grow earlier. Growth in TN was muted, and it expects TN to start accelerating from 2QFY27 onwards.

### **Yields and Pricing**

- HomeFirst has reduced its PLR by ~10bp effective 1<sup>st</sup> Jan'26.
- PLR is a function of the borrowing cost, and if there is a decline in the borrowing cost, it will be passed on to the customers. If there is a further reduction, the Board will decide on the quantum of PLR reduction to be done.
- Out of the 125bp Repo Rate cut, it would have received a 40-50bp benefit in its CoB. Now that the Banks have started reducing their MCLR, it expects a benefit of another 5-10bp in its CoB.
- It does not expect to effect any more PLR cuts in 4QFY26, and any PLR cuts (if any) will be done only from 1Q onwards.
- Because the marginal CoF has dropped by 30-40bp, it is likely to reflect in the new origination yields as well.

### **Branch Additions**

- Added 2 branches in the quarter - one each in Karnataka and MP. The company has 6-8 branches in the pipeline, and they will be added in 4Q. A few of these branches are coming up in North Uttarakhand and Delhi.
- In FY27, it will look to add 25-30 branches across MP/AP/TN/Maharashtra.

### **Liabilities**

- Optical spreads in co-lending are lower than the directly originated pool. That is why the company also reports its cost of borrowings (excl. co-lending)
- HomeFirst is still having co-lending conversations with 3 Banks and expects to start co-lending with at least one of those banks.

### **Financial performance**

- AUM grew ~25% YoY and 5% QoQ to INR149.2b
- The company is experiencing green shoots, and it is positive about its originations and disbursement numbers in the coming quarters.
- Origination yields stood at 13.1%.
- Strong business momentum and robust profitability; stable asset quality and improving delinquencies.
- NIM expanded 60bp QoQ to 6%.
- Provisions arising from the implementation of the new labor code were INR33m.
- The reported cost-income ratio (excl. the gratuity provision) stood at 31%.
- PAT increased to INR1.4b with RoA of 4% and RoE of 13.7% (excl. gratuity impact, the PAT was up 47% YoY).

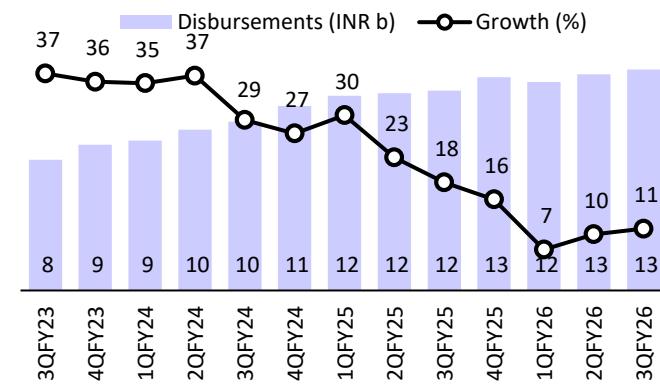
- Credit costs stood at 40bp; PCR on Stage 3 improved to 22% (PQ: 21%). Continues to maintain a conservative provisioning and a management overlay above the ECL provision requirement.
- 1+dpd has already turned around, and even the GNPA should moderate in the coming months
- Executed assignment transactions of INR2.15b in the quarter, and co-lending will continue to be an important contributor, aiming to take co-lending to 10% of the disbursements as it scales.

### Others

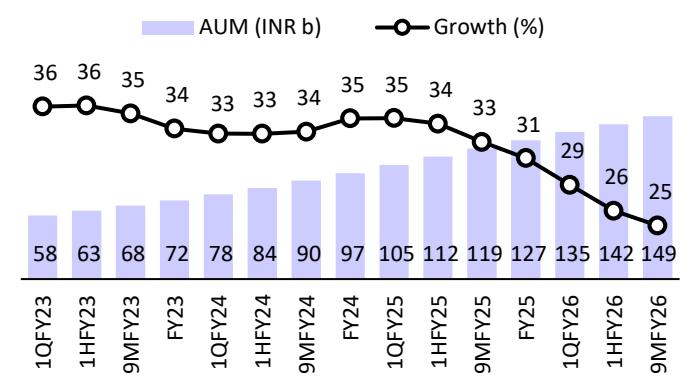
- About 83% of the approvals happened through the Account Aggregator framework.
- Several AI pilots are in progress, and it expects them to give operational efficiency improvements.
- Expects PMAY 2.0 to pick up traction as the awareness improves and the process gets more streamlined.
- Increase in CRAR was due to lower cash held in Mutual Funds
- Faster disbursement growth in the coming quarters will not come from relaxation of the credit filters.
- Tightening of filters is an ongoing process; When the macros are not doing well, these trends emerge and help the company tighten the credit filters.
- Employee count declined QoQ, and attrition has remained in the 35% range. It has about 250 people who are joining the company in Jan'26.
- UP expansion was always part of the plan. However, its early experience in UP was not very good, so the company decided to go slow in UP. However, it has not deterred the company from expanding into UP. It will take a few more quarters for the company to put the team together, and UP will become a significant contributor to disbursements from FY28 onwards.
- As the country grows and the income grows, the availability of housing in lower ticket sizes is shrinking. Ticket sizes will continue to increase by 3-5% in the coming quarters to account for inflation.
- Active Connectors stood at 3600 in 3QFY26
- The affordable housing market is shrinking in <INR1m ticket size and the affordable housing market is expanding in the INR1m-4m ticket size.
- All Home Loans given out to customers are floating-rate loans.
- Originations have also been gradually improving now. Disbursals to Origination ratio stood at 80%.

## Key exhibits

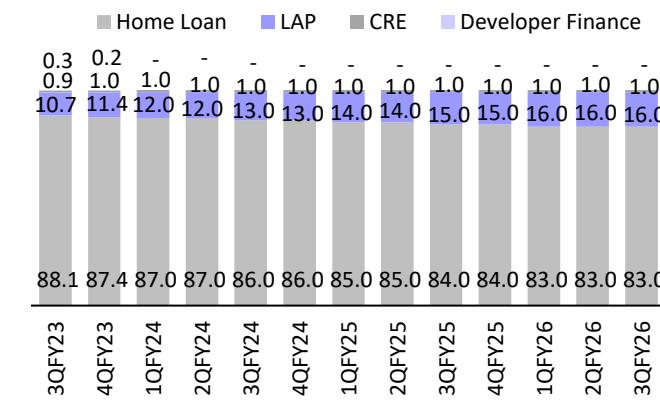
### Exhibit 1: Disbursements grew ~11% YoY



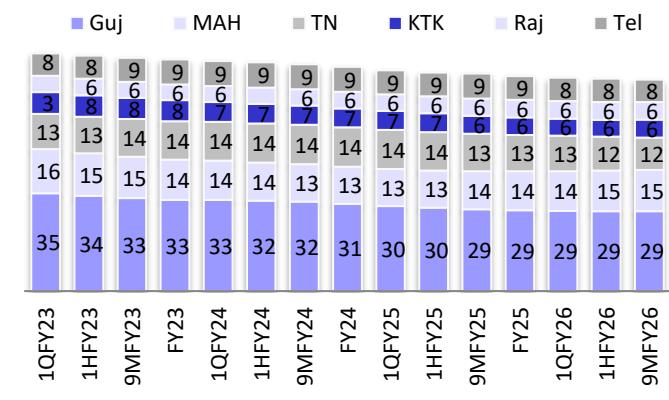
### Exhibit 2: AUM grew ~25% YoY



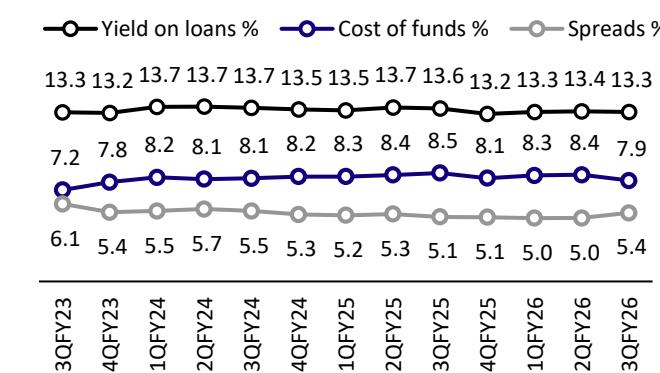
### Exhibit 3: Segment-wise loan mix (%)



### Exhibit 4: Top 6 states contributed ~79% to the loan mix (%)

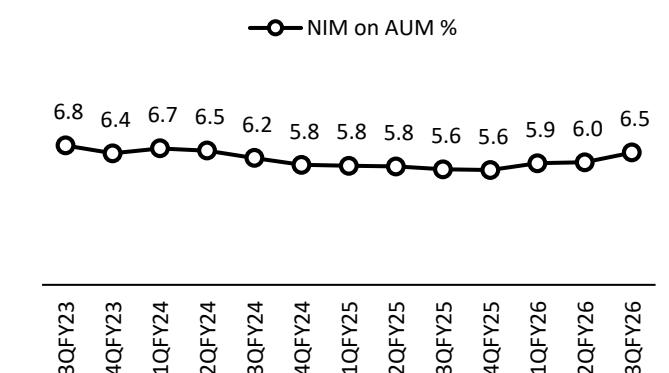


### Exhibit 5: Spreads (calc.) rose ~40bp QoQ (%)



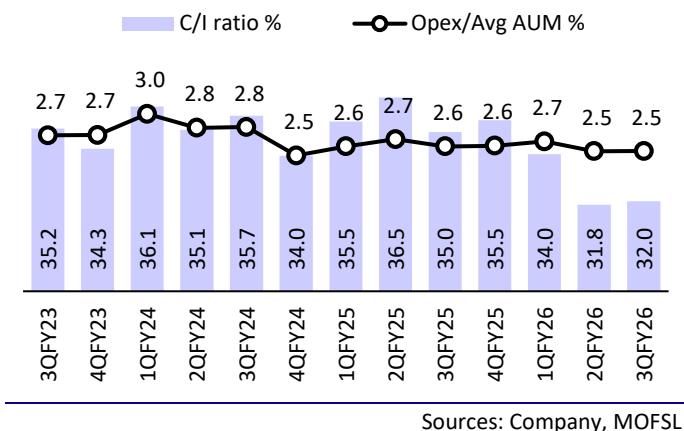
Sources: Company, MOFSL

### Exhibit 6: NIMs (calc.) rose ~50bp QoQ (%)



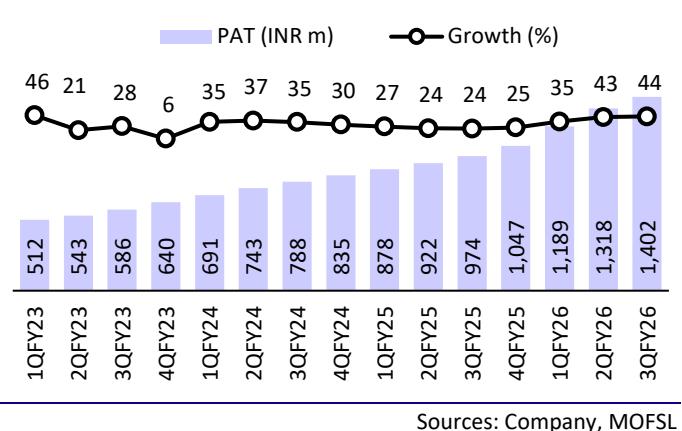
Sources: Company, MOFSL

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



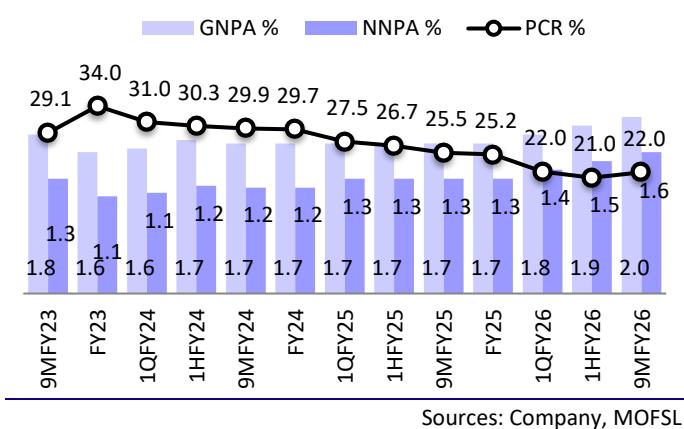
Sources: Company, MOFSL

**Exhibit 8: PAT rose ~44% YoY**



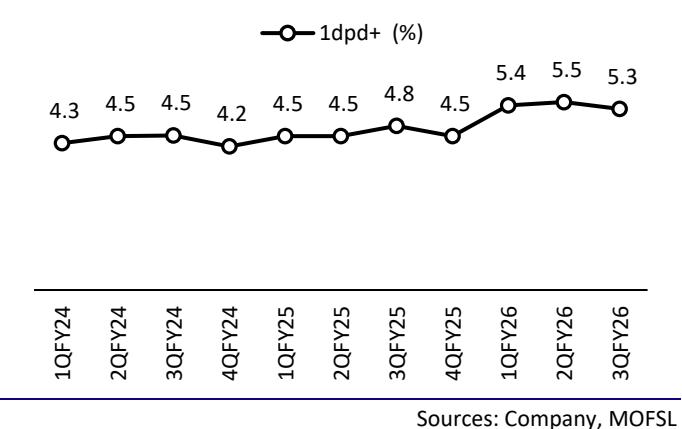
Sources: Company, MOFSL

**Exhibit 9: GS3 rose ~10bp QoQ (%)**



Sources: Company, MOFSL

**Exhibit 10: 1+dpd declined ~20bp QoQ to 5.3%**



Sources: Company, MOFSL

**Exhibit 11: We keep our FY26/FY27/FY28E EPS estimates broadly unchanged**

INR B	Old Est.			New Est.			% Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
NII	8.7	10.9	13.0	8.8	10.9	13.1	1.3	0.4	0.7
Other Operating Income	1.9	2.0	2.3	1.9	2.0	2.3	0.0	0.0	0.0
Other Income	0.8	0.7	0.8	0.6	0.6	0.7	-22.6	-15.9	-15.7
<b>Total Income</b>	<b>11.4</b>	<b>13.6</b>	<b>16.1</b>	<b>11.3</b>	<b>13.5</b>	<b>16.1</b>	<b>-0.6</b>	<b>-0.5</b>	<b>-0.2</b>
Operating Expenses	3.7	4.4	5.3	3.6	4.4	5.3	-1.0	-0.6	-0.6
<b>Operating Profits</b>	<b>7.7</b>	<b>9.1</b>	<b>10.8</b>	<b>7.7</b>	<b>9.1</b>	<b>10.8</b>	<b>-0.4</b>	<b>-0.5</b>	<b>0.0</b>
Provisions	0.5	0.5	0.6	0.5	0.5	0.6	1.6	2.8	0.0
<b>PBT</b>	<b>7.2</b>	<b>8.6</b>	<b>10.2</b>	<b>7.2</b>	<b>8.6</b>	<b>10.2</b>	<b>-0.5</b>	<b>-0.7</b>	<b>0.0</b>
Tax	1.7	2.1	2.5	1.7	2.1	2.5	-0.5	-0.7	0.0
<b>PAT</b>	<b>5.5</b>	<b>6.6</b>	<b>7.8</b>	<b>5.4</b>	<b>6.5</b>	<b>7.8</b>	<b>-0.5</b>	<b>-0.7</b>	<b>0.0</b>
Loans	158	197	245	158	197	245	0.0	0.0	0.0
Borrowings	103	131	165	104	131	165	1.8	-0.3	-0.3
<b>RoA</b>	<b>4.1</b>	<b>4.0</b>	<b>3.8</b>	<b>4.0</b>	<b>4.0</b>	<b>3.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.2</b>
<b>RoE</b>	<b>16.1</b>	<b>14.3</b>	<b>14.8</b>	<b>16.0</b>	<b>14.2</b>	<b>14.8</b>	<b>-0.1</b>	<b>-0.1</b>	<b>0.1</b>

Sources: MOFSL, Company

Exhibit 12: One-year forward P/B

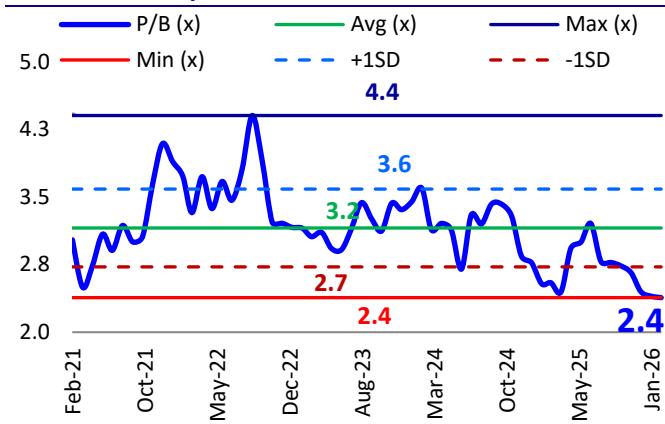
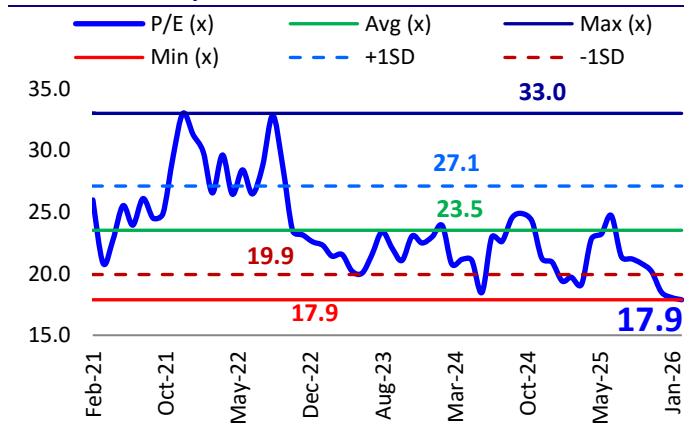


Exhibit 13: One-year forward P/E



Dupont %	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	11.9	10.6	10.6	12.2	12.6	12.5	12.4	12.3	12.3
Interest Expenses	6.5	5.5	4.5	5.1	6.1	6.6	5.9	5.7	5.8
<b>Net Interest Income</b>	<b>5.4</b>	<b>5.1</b>	<b>6.1</b>	<b>7.1</b>	<b>6.5</b>	<b>5.9</b>	<b>6.5</b>	<b>6.6</b>	<b>6.5</b>
Gain on DA	1.2	1.1	1.4	0.6	0.8	0.8	0.8	0.7	0.6
Other Income (incl fees)	0.9	0.5	0.3	0.6	0.8	0.9	1.1	0.9	0.8
<b>Total Income (net of int exp)</b>	<b>7.6</b>	<b>6.7</b>	<b>7.9</b>	<b>8.3</b>	<b>8.1</b>	<b>7.6</b>	<b>8.4</b>	<b>8.2</b>	<b>8.0</b>
<b>Operating Expenses</b>	<b>3.4</b>	<b>2.6</b>	<b>2.6</b>	<b>2.9</b>	<b>2.8</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>	<b>2.6</b>
<i>Cost to Income Ratio (%)</i>	45.2	38.2	33.2	35.5	35.2	35.6	32.1	32.7	32.8
Employee Expenses	2.0	1.7	1.7	1.8	1.8	1.8	1.8	1.8	1.7
Other Expenses	1.4	0.9	0.9	1.1	1.0	0.9	0.9	0.9	0.9
<b>PPoP</b>	<b>4.2</b>	<b>4.2</b>	<b>5.3</b>	<b>5.3</b>	<b>5.2</b>	<b>4.9</b>	<b>5.7</b>	<b>5.5</b>	<b>5.3</b>
Provisions/write offs	0.6	0.8	0.5	0.4	0.3	0.3	0.4	0.3	0.3
<b>PBT</b>	<b>3.6</b>	<b>3.4</b>	<b>4.8</b>	<b>5.0</b>	<b>4.9</b>	<b>4.6</b>	<b>5.3</b>	<b>5.2</b>	<b>5.1</b>
Tax provisions	0.9	0.8	0.8	1.1	1.2	1.1	1.3	1.2	1.2
<b>RoAA</b>	<b>2.7</b>	<b>2.5</b>	<b>3.9</b>	<b>3.9</b>	<b>3.8</b>	<b>3.5</b>	<b>4.0</b>	<b>4.0</b>	<b>3.8</b>
Leverage (x)	4.1	3.5	3.3	3.5	4.1	4.7	4.0	3.6	3.9
<b>RoAE</b>	<b>10.9</b>	<b>8.7</b>	<b>12.8</b>	<b>13.5</b>	<b>15.5</b>	<b>16.5</b>	<b>16.0</b>	<b>14.2</b>	<b>14.8</b>

E: MOFSL Estimates

## Financials and Valuation

Income statement									(INR M)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	3,548	4,237	5,117	7,222	10,277	13,540	16,795	20,239	24,812
Interest Expenses	1,938	2,202	2,157	3,043	4,999	7,153	8,005	9,341	11,678
<b>Net Interest Income</b>	<b>1,610</b>	<b>2,035</b>	<b>2,960</b>	<b>4,179</b>	<b>5,278</b>	<b>6,388</b>	<b>8,790</b>	<b>10,898</b>	<b>13,133</b>
Change (%)	52.6	26.4	45.4	41.2	26.3	21.0	37.6	24.0	20.5
Gain on Direct assignment	371	439	678	380	631	912	1,068	1,102	1,234
Fee and Commissions	38	35	13	104	99	453	850	924	1,047
Other Income	239	180	148	249	558	486	623	596	673
<b>Total Income (net of interest expenses)</b>	<b>2,258</b>	<b>2,690</b>	<b>3,800</b>	<b>4,913</b>	<b>6,567</b>	<b>8,239</b>	<b>11,331</b>	<b>13,519</b>	<b>16,086</b>
Change (%)	56.3	19.1	41.3	29.3	33.7	25.5	37.5	19.3	19.0
Employee Expenses	611	661	808	1,070	1,483	1,944	2,466	2,932	3,462
Depreciation	72	76	75	91	117	155	191	231	277
Other Operating Expenses	337	291	379	585	712	836	985	1,255	1,542
<b>Operating Expenses</b>	<b>1,020</b>	<b>1,028</b>	<b>1,262</b>	<b>1,746</b>	<b>2,313</b>	<b>2,936</b>	<b>3,643</b>	<b>4,418</b>	<b>5,281</b>
<b>PPoP</b>	<b>1,238</b>	<b>1,662</b>	<b>2,538</b>	<b>3,167</b>	<b>4,254</b>	<b>5,304</b>	<b>7,689</b>	<b>9,102</b>	<b>10,806</b>
Change (%)	70.6	34.2	52.7	24.8	34.3	24.7	45.0	18.4	18.7
Provisions/write offs	165	322	250	215	254	288	522	523	565
<b>PBT</b>	<b>1,073</b>	<b>1,340</b>	<b>2,288</b>	<b>2,952</b>	<b>4,000</b>	<b>5,016</b>	<b>7,167</b>	<b>8,579</b>	<b>10,240</b>
Tax	278	339	402	669	942	1,195	1,720	2,059	2,458
Tax Rate (%)	25.9	25.3	17.6	22.7	23.6	23.8	24.0	24.0	24.0
<b>PAT</b>	<b>796</b>	<b>1,001</b>	<b>1,886</b>	<b>2,283</b>	<b>3,057</b>	<b>3,821</b>	<b>5,447</b>	<b>6,520</b>	<b>7,782</b>
Change (%)	74	26	88	21	34	25	43	20	19
Balance sheet									
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Capital	157	175	175	176	177	180	206	206	206
Reserves & Surplus	9,178	13,631	15,562	17,997	21,038	25,033	42,572	48,628	55,946
<b>Net Worth</b>	<b>9,334</b>	<b>13,805</b>	<b>15,737</b>	<b>18,173</b>	<b>21,215</b>	<b>25,213</b>	<b>42,779</b>	<b>48,834</b>	<b>56,153</b>
<b>Borrowings</b>	<b>24,938</b>	<b>30,537</b>	<b>34,668</b>	<b>48,135</b>	<b>73,021</b>	<b>95,507</b>	<b>1,04,358</b>	<b>1,30,631</b>	<b>1,65,026</b>
Change (%)	29.5	22.5	13.5	38.8	51.7	30.8	9.3	25.2	26.3
Other liabilities	530	759	764	1,062	1,104	1,397	1,606	1,847	2,125
<b>Total Liabilities</b>	<b>34,802</b>	<b>45,102</b>	<b>51,169</b>	<b>67,370</b>	<b>95,340</b>	<b>1,22,117</b>	<b>1,48,743</b>	<b>1,81,313</b>	<b>2,23,303</b>
E: MOFSL Estimates									
<b>Loans</b>	<b>30,139</b>	<b>33,265</b>	<b>43,049</b>	<b>59,957</b>	<b>81,434</b>	<b>1,06,487</b>	<b>1,31,932</b>	<b>1,64,316</b>	<b>2,04,241</b>
Change (%)	41.2	10.4	29.4	39.3	35.8	30.8	23.9	24.5	24.3
<b>Investments</b>	<b>1,456</b>	<b>3,750</b>	<b>0</b>	<b>2,808</b>	<b>3,788</b>	<b>3,602</b>	<b>3,062</b>	<b>3,368</b>	<b>3,705</b>
Change (%)	41.4	157.6	-100.0		34.9	-4.9	-15.0	10.0	10.0
Fixed Assets	210	167	202	257	302	461	530	610	701
Cash and cash equivalents	2,221	6,799	6,678	2,984	8,215	9,382	10,817	10,376	11,750
Other assets	777	1,121	1,239	1,364	1,600	2,184	2,402	2,642	2,907
<b>Total Assets</b>	<b>34,802</b>	<b>45,102</b>	<b>51,169</b>	<b>67,370</b>	<b>95,340</b>	<b>1,22,117</b>	<b>1,48,743</b>	<b>1,81,313</b>	<b>2,23,303</b>
E: MOFSL Estimates									

## Financials and Valuation

AUM and Disbursements (in INR m)	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
AUM	36,184	41,411	53,800	71,980	96,978	1,27,127	1,58,188	1,97,239	2,45,097
On-book Loans	30,407	33,718	43,515	60,521	82,126	1,07,308	1,33,036	1,65,680	2,05,881
Off-book Loans	5,777	7,693	10,285	11,459	14,852	19,819	25,152	31,558	39,216
Disbursements	16,183	10,966	20,304	30,127	39,632	48,052	53,450	66,003	80,523
<b>Ratios</b>									
Growth %	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
AUM	48.1	14.4	29.9	33.8	34.7	31.1	24.43	24.7	24.3
Disbursements	2.9	-32.2	85.2	48.4	31.6	21.2	11.2	23.5	22.0
Loan book (on balance sheet)	41.6	10.9	29.1	39.1	35.7	30.7	24.0	24.5	24.3
Total Assets	40.2	29.6	13.5	31.7	41.5	28.1	21.8	21.9	23.2
NII	52.6	26.4	45.4	41.2	26.3	21.0	37.6	24.0	20.5
PPOP	70.6	34.2	52.7	24.8	34.3	24.7	45.0	18.4	18.7
PAT	74.0	25.8	88.4	21.1	33.9	25.0	42.6	19.7	19.4
EPS	40.7	12.7	87.9	20.5	33.2	22.8	24.4	19.7	19.4
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Spreads and margin (%)</b>									
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	8.0	8.0	7.9
Interest Spread	4.5	4.8	5.9	5.9	5.5	5.1	5.2	5.0	5.0
NIM on AUM	5.3	5.2	6.2	6.6	6.2	5.7	6.2	6.1	5.9
Capital Structure & Profitability Ratios (%)	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	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	48.3	45.2	42.2
Tier-I	47.7	55.2	58.1	48.9	39.1	32.8	47.9	44.9	41.9
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	4.0	4.0	3.8
RoAE	10.9	8.7	12.8	13.5	15.5	16.5	16.0	14.2	14.8
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	47.7	46.2	47.1
Other Inc./Net Income	10.6	6.7	3.9	5.1	8.5	5.9	5.5	4.4	4.2
Cost/Productivity Ratios (%)	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Cost/Income	45.2	38.2	33.2	35.5	35.2	35.6	32.1	32.7	32.8
Op. Exps./Avg Assets	3.4	2.6	2.6	2.9	2.8	2.7	2.7	2.7	2.6
Op. Exps./Avg AUM	3.4	2.6	2.7	2.8	2.7	2.6	2.6	2.5	2.4
Non-interest income as % of Total income	10.6	6.7	3.9	5.1	8.5	5.9	5.5	4.4	4.2
AUM/employee (INR m)	52	60	63	72	78	78	89	101	117
AUM/ branch (INR m)	532	575	673	648	729	820	904	1,033	1,184
Empl. Cost/Op. Exps. (%)	60	64	64	61	64	66	68	66	66
<b>Asset Quality (INR m)</b>									
Gross NPA	315	622	1,015	974	1,393	1,808	2,473	2,904	3,377
GNPA %	1.0	1.8	2.3	1.6	1.7	1.7	1.9	1.8	1.6
Net NPA	234	398	763	643	979	1,353	1,904	2,207	2,567
NNPA %	0.8	1.2	1.8	1.1	1.2	1.3	1.4	1.3	1.2
PCR %	25.8	36.0	24.9	34.0	29.7	25.2	23.0	24.0	24.0
Credit cost % of avg loans (bps)	64	100	65	41	36	30	43	35	30
Valuation	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>No. of Shares (m)</b>	<b>78.3</b>	<b>87.4</b>	<b>87.6</b>	<b>88.0</b>	<b>88.5</b>	<b>90.1</b>	<b>103.2</b>	<b>103.2</b>	<b>103.2</b>
EPS	10.2	11.5	21.5	25.9	34.5	42.4	52.8	63.2	75.4
<b>P/E (x)</b>	<b>109.4</b>	<b>97.1</b>	<b>51.7</b>	<b>42.9</b>	<b>32.2</b>	<b>26.2</b>	<b>21.1</b>	<b>17.6</b>	<b>14.7</b>
BV (INR)	119	158	180	206	240	280	415	473	544
<b>Price-BV (x)</b>	<b>9.3</b>	<b>7.0</b>	<b>6.2</b>	<b>5.4</b>	<b>4.6</b>	<b>4.0</b>	<b>2.7</b>	<b>2.3</b>	<b>2.0</b>
Adjusted BV (INR)	117	155	173	201	231	269	401	457	526
<b>Price-ABV (x)</b>	<b>9.5</b>	<b>7.2</b>	<b>6.4</b>	<b>5.5</b>	<b>4.8</b>	<b>4.1</b>	<b>2.8</b>	<b>2.4</b>	<b>2.1</b>
DPS (INR)	0.0	0.0	0.0	2.6	3.4	3.7	4.0	4.5	4.5
<b>Dividend yield (%)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.2</b>	<b>0.3</b>	<b>0.3</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>

E: MOFSL Estimates

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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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