

Home First Finance

Estimate change

TP change

Rating change



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

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.

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



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.

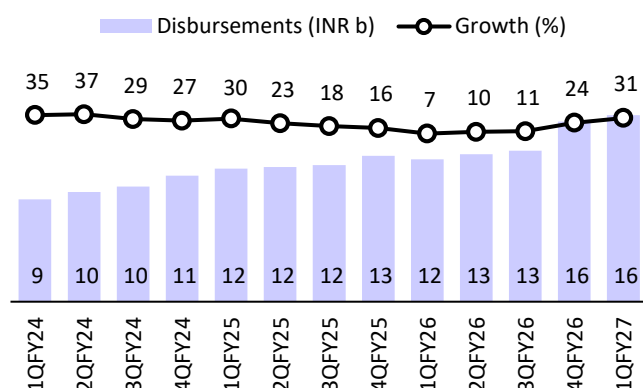
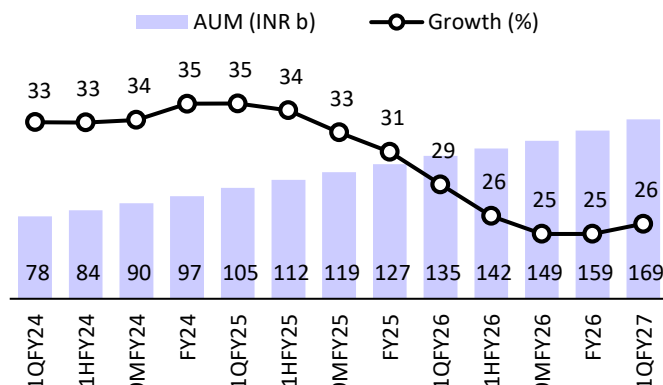
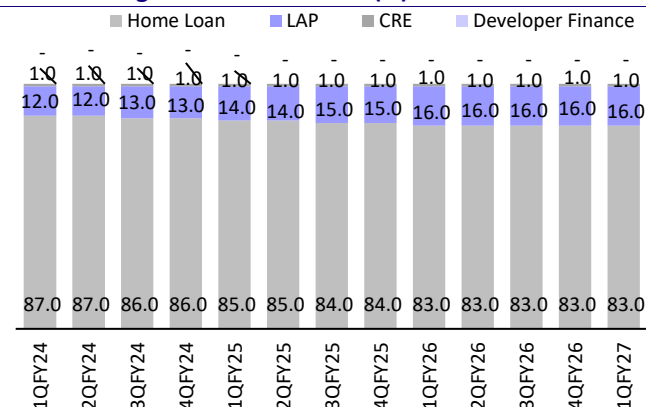
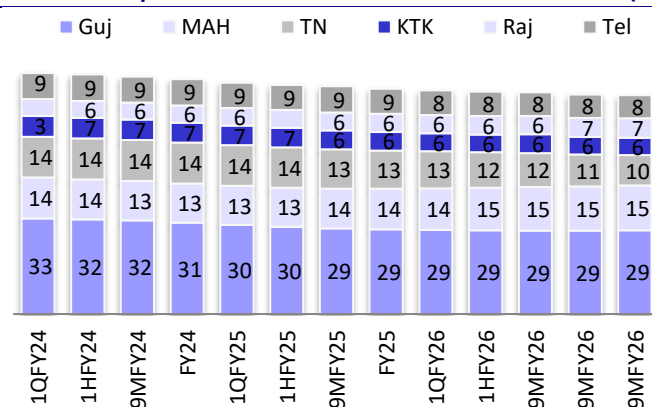
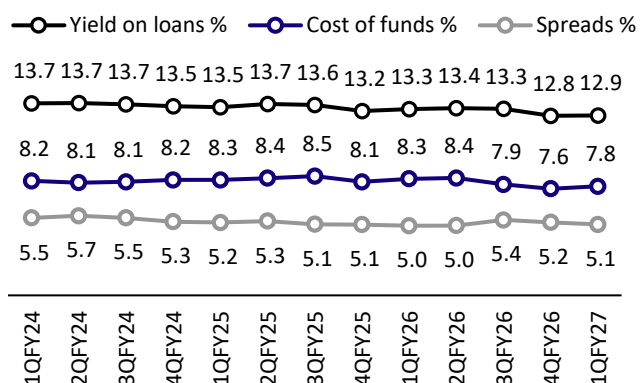
BT-Outs and Customer Retention

- 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.

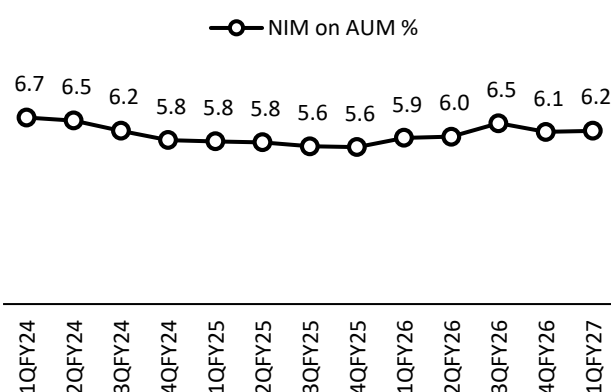
Others

- 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

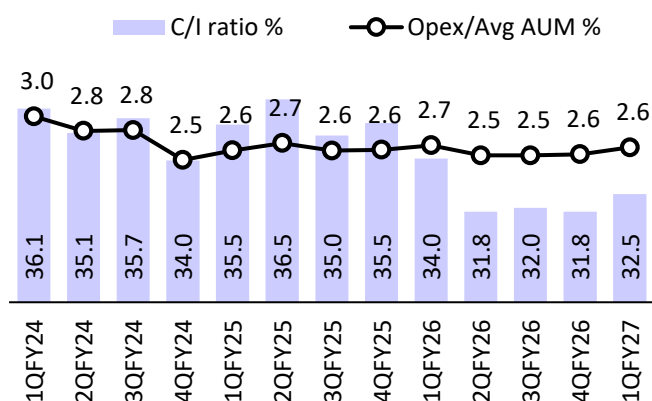
Exhibit 1: Disbursements grew ~31% YoY

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 (%)


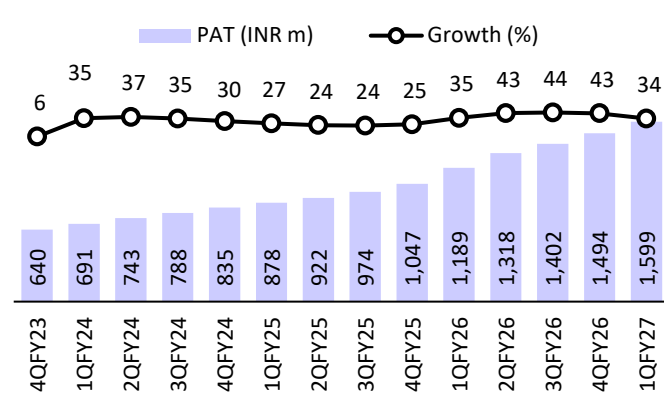
Sources: Company, MOFSL

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



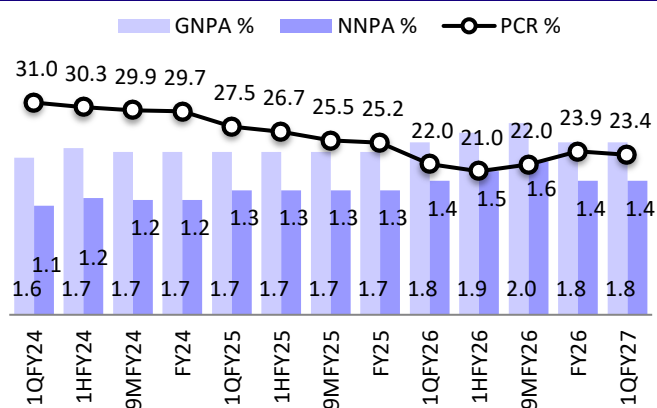
Sources: Company, MOFSL

Exhibit 8: PAT rose ~34% YoY



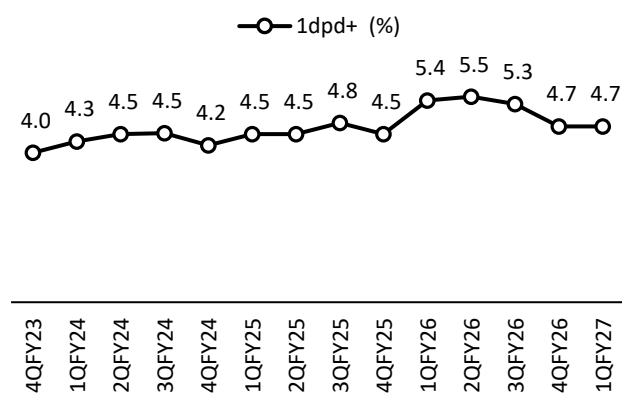
Sources: Company, MOFSL

Exhibit 9: GS3 was stable QoQ (%)



Sources: Company, MOFSL

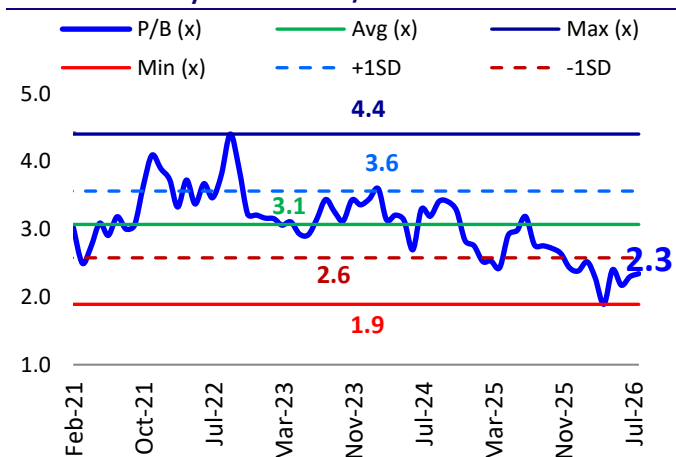
Exhibit 10: 1+DPD was stable QoQ at 4.7%



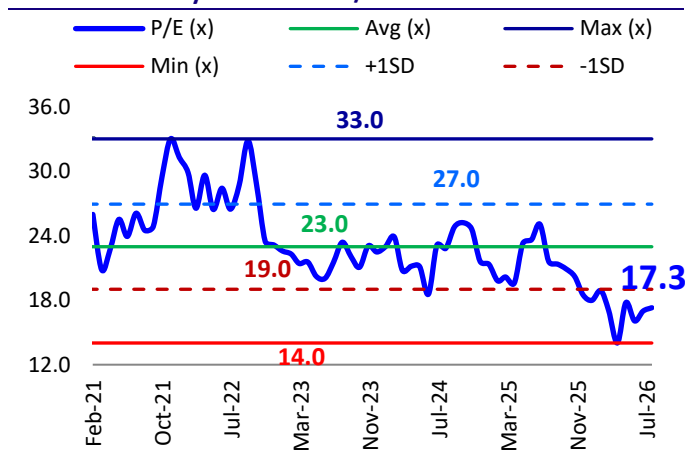
Sources: Company, MOFSL

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
<i>Cost to Income Ratio (%)</i>	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

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