

Home First Finance Company India

Growth under pressure; downgrade to REDUCE

HOMEFIRST reported a mixed set of results with better-than-expected P&L outcomes, while AUM growth continued to moderate (+28.6% YoY). The pace of disbursement growth moderated for the fourth straight quarter to 7% YoY post strong growth during FY22-FY24. Volume throughput metrics (per branch/employee) seem to be peaked out, along with muted growth in average ticket size, necessitating the next round of investments in distribution. We expect HOMEFIRST's AUM growth to moderate to ~25% CAGR during FY26-FY27E. Further, the uptick in early delinquencies are a key monitorable. With equity capital raise of INR 12.5bn in Apr-25 (~50% of Mar-25 net worth), we expect RoEs to remain muted in the near term, along with moderation in loan growth. We downgrade HOMEFIRST from ADD to REDUCE with a revised RI-based TP of INR 1,235 (implying 2.8x Mar-27 ABVPS; 20x FY27E EPS).

- **NIM reflation, other income drives strong PPoP growth:** HOMEFIRST reported strong P&L outcomes with NII/PPoP growth of 33%/41% YoY. NIMs (calculated) reflat to 6.1% (Q4FY25: 5.8%) on the back of equity capital raise during Q1, while the core spreads remained steady at 5%. While cost of funds remained flat QoQ, management expects reduction in cost of funds by 20bps in Q2 and ~40-50bps by Q4, with gradual interest rate transmission by banks and the impact of credit rating upgrade. Other income remained strong (+60% YoY), with contribution of insurance distribution income and treasury income.
- **Disbursements growth moderating:** HOMEFIRST's disbursements growth moderated to 7% YoY in Q1 vs. 16% YoY in Q4FY25. While management indicated the month of Apr-25 to be muted, taking a toll on overall growth for Q1, disbursements growth moderated for several quarters. Elevated competitive intensity, along with increasing scale are likely to keep AUM growth lower compared to historical trends. HOMEFIRST continued its product (LAP at 15.7% vs. 7.8% in Mar-22) and customer (self-employed at 31.9% vs. 27.3% in Mar-22) diversification strategy to aid loan growth.
- **Uptick in early delinquencies key monitorable:** GS-III/NS-III deteriorated sequentially to 1.84%/1.44% (Q4FY25: 1.68%/1.27%), with GS-II at 1.61% (Q4FY25: 1.32%), driving credit costs of 42bps. Early delinquencies (dpd 1+/dpd 30+) also witnessed deterioration QoQ, along with higher bounce rates (16.8%). As per management, bulk of the stress emanated from two specific geographies, which are now gradually normalizing.
- **Surplus equity to drive NIMs but weigh on RoE; downgrade to REDUCE:** With debt to equity ratio at 2.5x post equity capital raise, HOMEFIRST's RoE is likely to remain muted in the near term. While HOMEFIRST has added 31%/17% employees/branches in FY25, disbursements has moderated. The moderation in pace of disbursements (+7% YoY in Q1FY26; +21% YoY in FY25) remains a key monitorable even as the BT-outs remain elevated (7.5% in Q4FY25; 6.0% in Q1FY26).

Financial Summary

Y/E Mar (INR bn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	FY24	FY25	FY26E	FY27E
NII	1.9	1.5	32.6	1.7	12.4	5.3	6.4	8.6	11.1
PPoP	1.7	1.2	41.2	1.5	15.5	4.3	5.3	7.0	9.0
PAT	1.2	0.9	35.5	1.0	13.6	3.1	3.8	4.9	6.3
EPS (INR)	11.5	9.7	19.0	11.5	0.3	34.5	42.4	47.8	61.6
ROAE (%)						15.5	16.5	14.6	14.0
ROAA (%)						3.8	3.5	3.5	3.6
ABVPS (INR)						228.6	264.9	394.4	447.0
P/ABV (x)						6.1	5.2	3.5	3.1
P/E (x)						40.1	32.6	29.0	22.5

Source: Company, HSIE Research

REDUCE

CMP (as on 28 Jul 2025) INR1,372

Target Price INR1,235

NIFTY 24,681

KEY CHANGES	OLD	NEW
Rating	ADD	REDUCE
Price Target	INR 1160	INR 1235
EPS %	FY26E 4.4%	FY27E 5.7%

KEY STOCK DATA

Bloomberg code	HOMEFIRS IN
No. of Shares (mn)	103
MCap (INR bn) / (\$ mn)	142/1,634
6m avg traded value (INR mn)	572
52 Week high / low	INR 1,519/839

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	10.4	42.6	29.2
Relative (%)	9.6	36.0	29.8

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	14.3	12.4
FIs & Local MFs	19.8	21.9
FPIs	36.0	37.2
Public & Others	29.9	28.5
Pledged Shares	0.0	

Source: BSE

Pledged shares as % of total shares

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Quarterly Financials

Exhibit 1: Quarterly Financials of HOMEFIRST

Y/E March (INR mn)	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)
Interest earned	3,944	3,032	30.1	3,629	8.7
Interest expended	2,003	1,568	27.8	1,903	5.2
Net interest income	1,941	1,464	32.6	1,726	12.4
Other income	609	382	59.5	533	14.3
Total Income	2,550	1,846	38.2	2,259	12.9
Operating expenses	868	655	32.6	803	8.1
Staff expenses	604	416	45.2	518	16.5
Operating profit	1,682	1,191	41.2	1,456	15.5
Non-tax provisions	117	56	110.4	77	51.7
Share of profit of associates & JVs	0	0	0.0	0	0.0
Exceptional gains	0	0	0.0	0	0.0
Profit before tax	1,565	1,135	37.9	1,379	13.5
Provision for tax	376	258	46.0	332	13.3
Effective Tax rate (%)	24%	23%	1bps	24%	0bps
Recurring Profit after Tax	1,189	878	35.5	1,047	13.6
Extraordinary income	0	0	0.0	0	0.0
Reported Profit after Tax	1,189	878	35.5	1,047	13.6
AUM (INR bn)	135	105	28.6	127	6.0
Disbursements (INR bn)	12	11.6	7.0	12.7	-2.3
Borrowings (INR bn)	97	79	22.5	96	1.3
Cost of funds (%)	8.3%	8.3%		8.1%	
NIM (%)	6.1%	6.0%		5.8%	
Cost to income (%)	34.0%	35.5%		35.5%	
Credit costs (%)	0.4%	0.3%		0.3%	
ROA (%)	3.7%	3.6%		3.5%	
ROE (%)	14.9%	16.3%		17.0%	
GS III (%)	1.84%	1.74%		1.68%	
NS III (%)	1.44%	1.27%		1.27%	
GS II (%)	1.61%	1.13%		1.32%	
PCR (%)	22.0%	27.5%		25.2%	
CRAR (%)	49.6%	36.2%		32.8%	

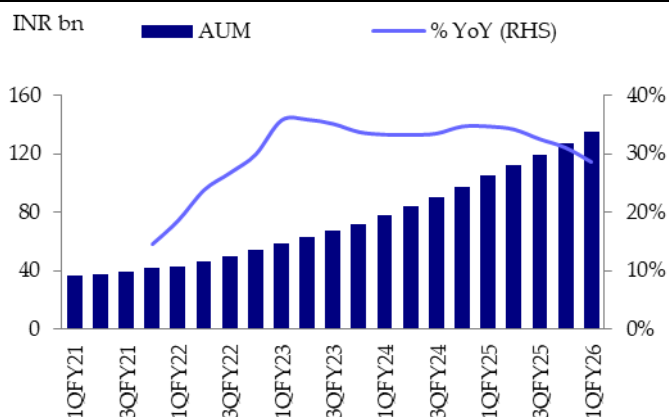
Source: Company, HSIE Research

Slowing down of disbursements growth

- AUM/disbursements growth moderating following a strong FY23-FY25:** HOMEFIRST's AUM growth has gradually moderated to 28.6% YoY, following the 33% CAGR during FY22-FY25. This has been driven by a slowdown in the pace of disbursements growth since Q2FY24 (Exhibit 3). Management has indicated ~20-21% growth in disbursements for FY26.

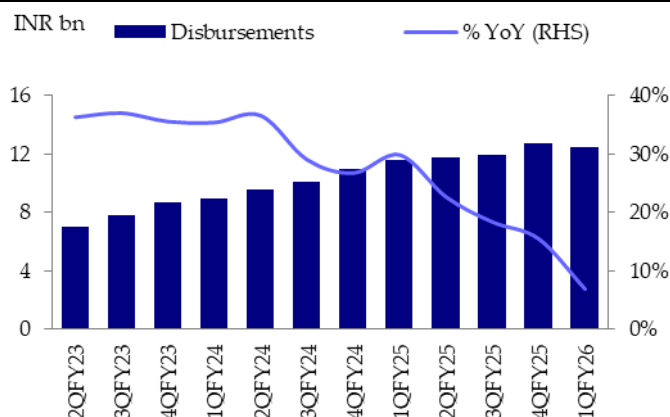
Elevated competitive intensity from both banks and HFCs, along with increasing scale and moderation in overall housing demand, are likely to keep the AUM growth lower compared to historical trends. Further, balance transfers (BT-outs) remained high at ~6-7%, leading to higher run-off rates.

Exhibit 2: AUM growth has moderated since Q2FY25



Source: Company, HSIE Research

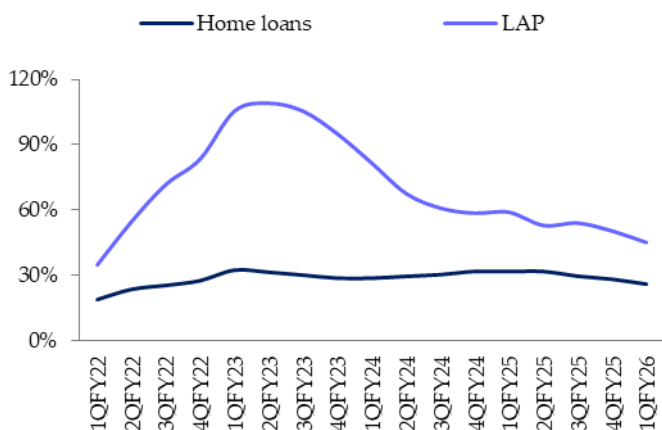
Exhibit 3: Disbursements growth at ~7% YoY for Q1FY26



Source: Company, HSIE Research

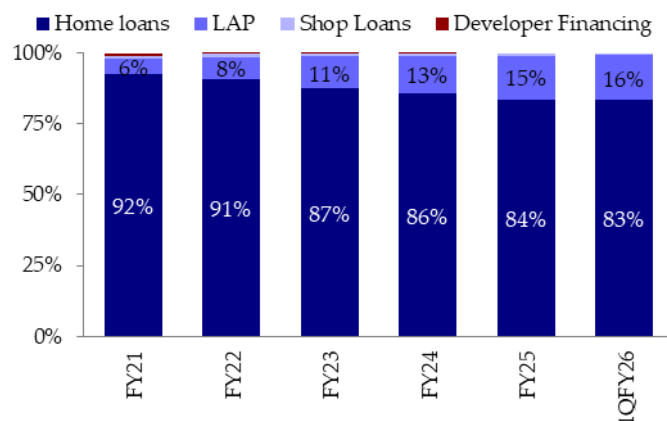
- Product diversification strategy playing out:** HOMEFIRST continued its diversification strategy to augment loan growth, as well as to aid margins. The share of the LAP portfolio has now increased to 15.7% vs. 7.8% in Mar-22, while the share of self-employed has increased to 31.9% vs. 27.3% in Mar-22. With sufficient head room to diversify its loan book (~67% of assets as individual housing loans), HOMEFIRST is likely to further increase the share of LAP, as growth in home loans portfolio has come off to 26% YoY.

Exhibit 4: LAP AUM growing at a faster pace compared to home loans



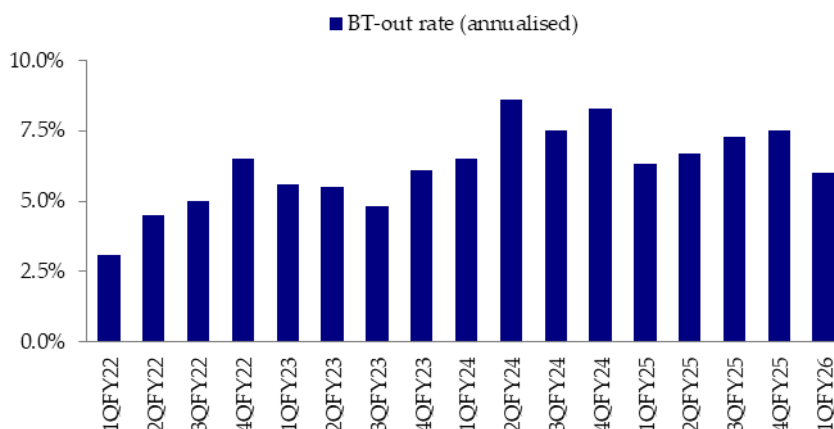
Source: Company, HSIE Research

Exhibit 5: Increasing share of LAP portfolio in HOMEFIRST's AUM



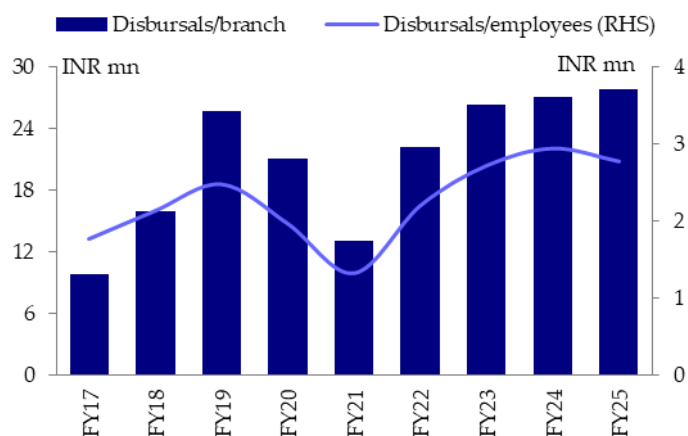
Source: Company, HSIE Research

- **High BT-outs; rate cut cycle key monitorable:** HOMEFIRST's BT-out rates (balance transfers) have hovered at around ~6-7% for several quarters. With reduction in repo rate by ~100bps and no reduction in benchmark lending rate by HOMEFIRST likely during H1FY26, BT-outs remain a key monitorable in the near term.

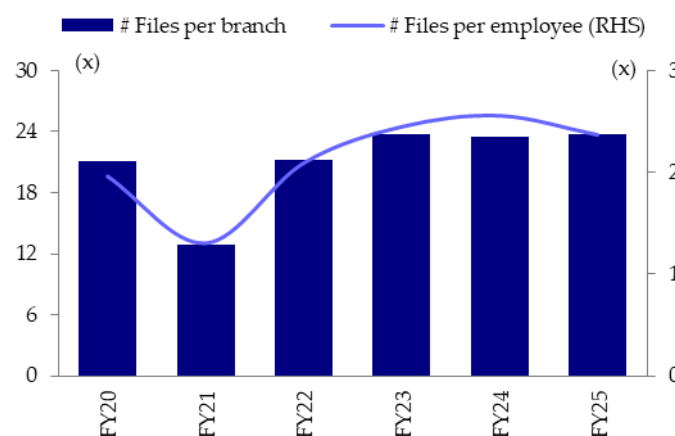
Exhibit 6: BT-outs (annualized) hovering at around ~7% for HOMEFIRST


Source: Company, HSIE Research

- **Productivity metrics peaking out:** HOMEFIRST's productivity metrics (disbursements per employee/per branch), in terms of both value and volume, has remained nearly stagnant during FY23-FY25. This is likely to cap any further operating efficiency gains in the near-term.

Exhibit 7: HOMEFIRST's productivity metrics (by value) plateauing out


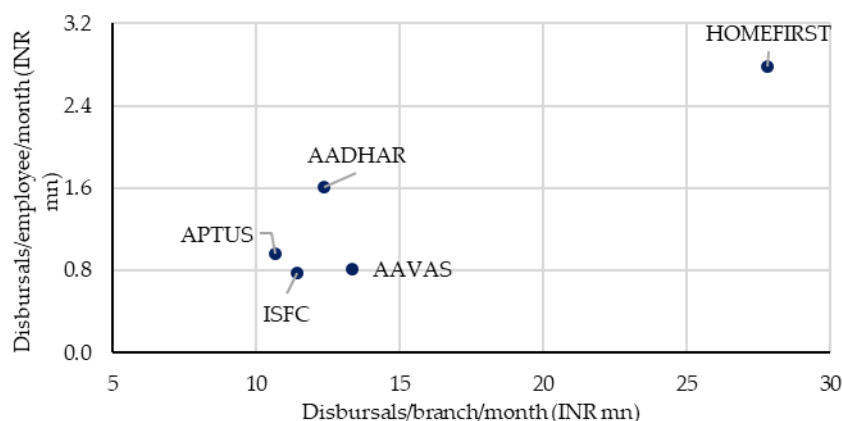
Source: Company, HSIE Research

Exhibit 8: HOMEFIRST's productivity metrics (by volume) remained stagnant


Source: Company, HSIE Research | Note: Calculated using average ticket size of disbursements

- **Productivity levels superior to peers:** HOMEFIRST's productivity metrics are well ahead of peers, primarily due to structural differences in the operating model. While the peers have dedicated teams for sales, credit and collections, HOMEFIRST' operating model revolves around the relationship manager (RM), who is responsible for sourcing, doing groundwork for credit appraisal and collections, with a centralized credit underwriting team. However, this model also exposes HOMEFIRST to operational risks in this informal segment (limited touchpoints with the borrower), which it has so far navigated well.

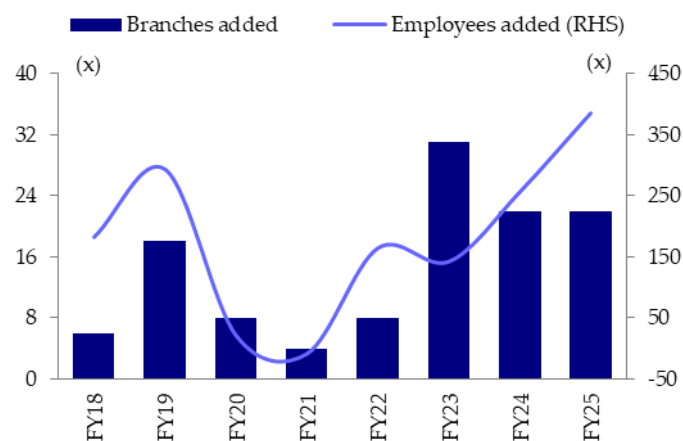
Exhibit 9: HOMEFIRST's productivity metrics vs. peers (FY25)



Source: Company, HSIE Research

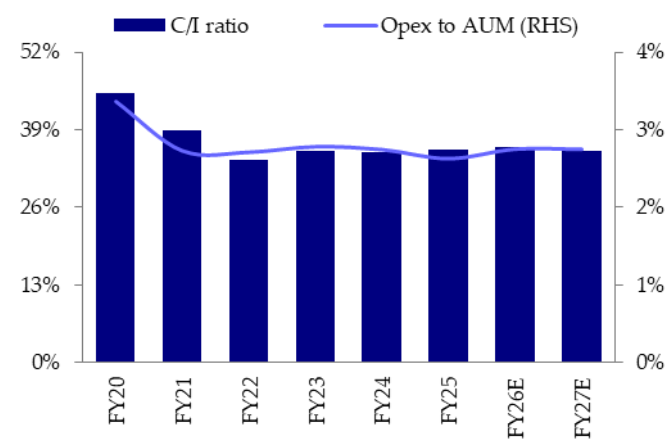
- Next round of investments to keep opex ratios marginally higher:** HOMEFIRST has significantly ramped up its distribution network, with 31%/17% employee/branch additions during FY25. This is likely to keep the opex ratios higher in the near-term.

Exhibit 10: Distribution network increase during FY23-FY25



Source: Company, HSIE Research | Note: Net additions

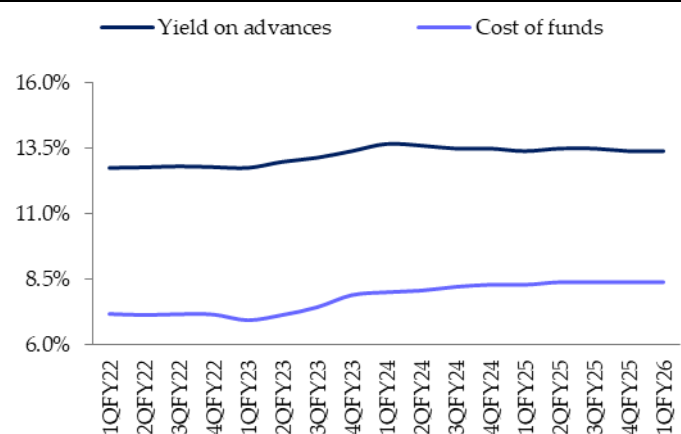
Exhibit 11: Operating efficiency ratios



Source: Company, HSIE Research

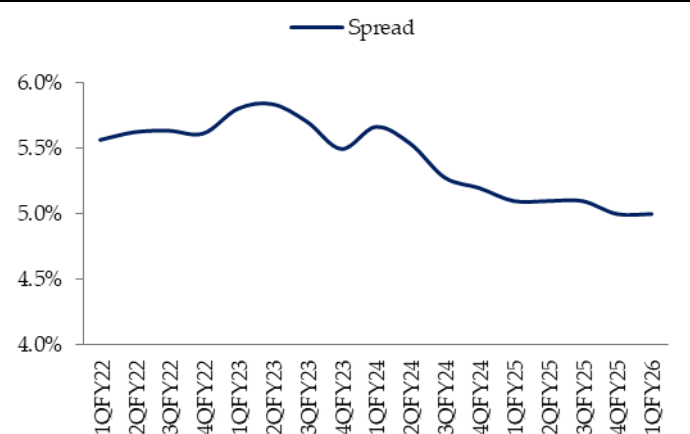
- **Core spreads under pressure:** HOMEFIRST's core spreads have moderated during FY24-FY25 with increase in cost of funds, while yields have remained steady. This could partly be attributed to rising cost of funds, along with competitive intensity thwarting commensurate hike in benchmark lending rates. The spread has moderated despite shift towards LAP portfolio, which is typically higher yielding.

Exhibit 12: Yields on advances and cost of funds



Source: Company, HSIE Research

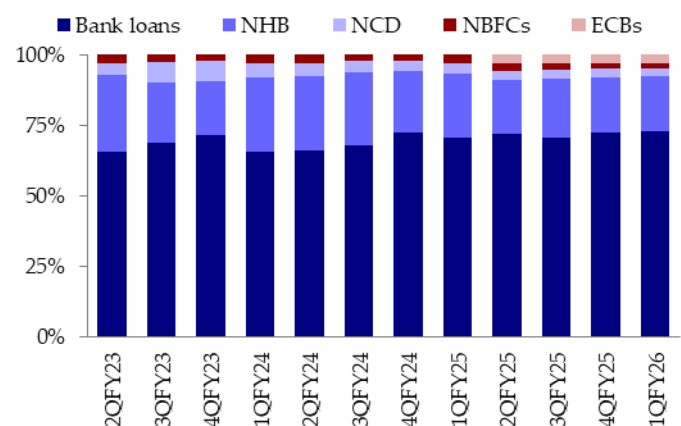
Exhibit 13: Core spreads have moderated during FY24-FY25



Source: Company, HSIE Research

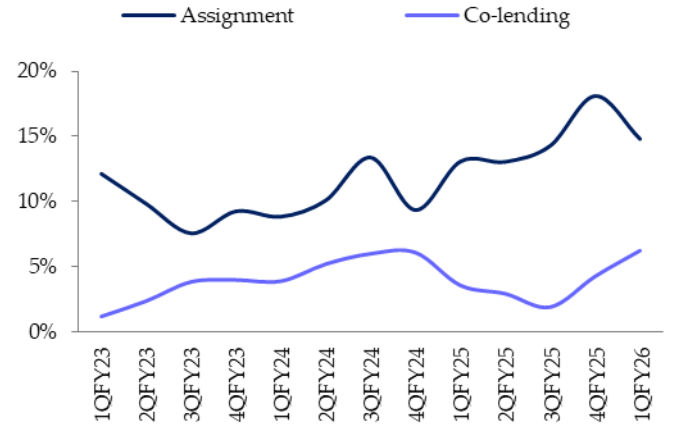
- **Borrowings mix remains skewed towards Banks; repo rate cut benefits yet to accrue:** HOMEFIRST's liability mix remains heavily skewed towards Banks and NHB refinancing, which are more cost effective compared to debt markets. However, the benefits of the recent credit rating upgrade to AA, as well as repo rate cuts, are yet to accrue to HOMEFIRST. Management has indicated reduction in cost of funds by 20bps during Q2 and 40-50bps by Q4FY26.

Exhibit 14: Bank borrowings, NHB refinance remains the key avenue for borrowings



Source: Company, HSIE Research

Exhibit 15: Co-lending and direct assignment as percentage of disbursements during the quarter



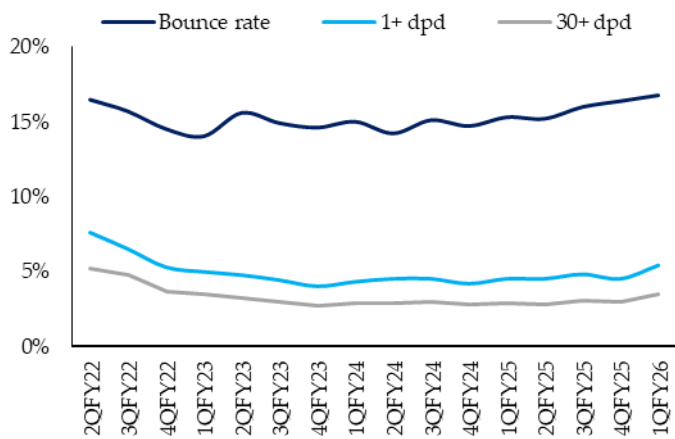
Source: Company, HSIE Research

Asset Quality | early signs of deterioration

- **Early delinquencies continue to inch up:** HOMEFIRST's asset quality deteriorated in Q1, with increase in early delinquencies. Bounce rates, as well as 1+ dpd, have witnessed an uptick, reflecting an increase in GS-II as well. Management has indicated asset quality deterioration in a couple of regions due to wage-related issues, which are likely to gradually normalize.

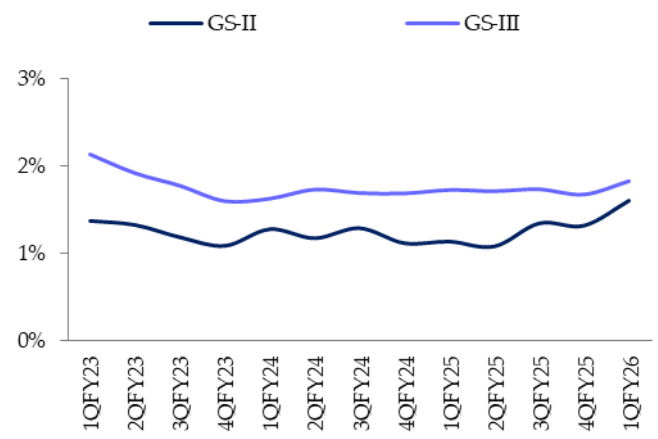
However, sustained uptick in delinquencies could pose a downside risk to credit costs guidance of 30-40bps by the management.

Exhibit 16: Early delinquencies have inched up during Q1FY26



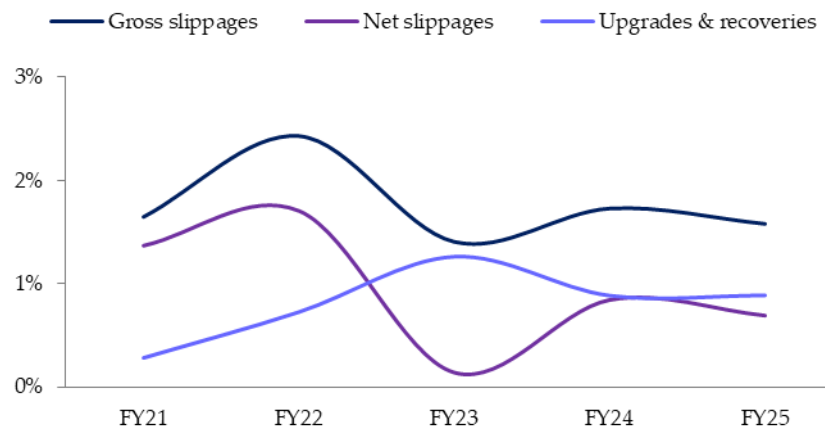
Source: Company, HSIE Research

Exhibit 17: GS-II/GS-III



Source: Company, HSIE Research

Exhibit 18: Slippages have remained steady during FY24-FY25



Source: Company, HSIE Research | As a percentage of opening gross advances

Home First Finance Company India: Company Update

Exhibit 19: Annual report dashboard

HOMEFIRST IN	Units	FY20	FY21	FY22	FY23	FY24	FY25
AUM (INR bn)	INR bn	36	41	54	72	97	127
As % of gross advances							
CRE exposure	%	4%	3%	2%	2%	2%	1%
Capital market exposure	%	0%	0%	0%	0%	0%	0%
Secured	%	100%	100%	100%	100%	100%	100%
RWA as % of assets	%	56%	55%	53%	55%	57%	56%
Productivity (per month)							
AUM/branch	INR mn	565.4	591.6	707.9	753.7	794.9	882.8
AUM/employee	INR mn	52.8	59.9	70.0	78.1	86.5	88.2
Disbursements/branch	INR mn	21.1	13.1	22.3	26.3	27.1	27.8
Disbursements/employee	INR mn	2.0	1.3	2.2	2.7	2.9	2.8
% YoY							
AUM/branch	%	18%	5%	20%	6%	5%	11%
AUM/employee	%	14%	13%	17%	12%	11%	2%
Disbursements/branch	%	-18%	-38%	71%	18%	3%	3%
Disbursements/employee	%	-21%	-33%	66%	24%	8%	-6%
Concentration metrics							
Top 20 - % of advances	%	2.6%	1.7%	0.9%	0.5%	0.3%	0.2%
Top 20 - % of exposure	%	2.8%	1.8%	0.9%	0.5%	0.3%	0.2%
Top 20 - % of deposits	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Top 10 - % GNPA	%	13.8%	4.4%	3.6%	2.8%	2.8%	2.5%
Off-balance sheet							
% opening AUM assigned	%	16.8%	9.9%	13.8%	6.6%	6.8%	8.6%
Income from portfolio assigned %	%	10.3%	14.6%	14.6%	13.1%	15.2%	12.9%
Assets assigned o/s (% of AUM)	%	16.0%	18.6%	19.1%	15.9%	15.3%	15.6%
Liabilities							
Borrowings mix							
Banks - Term loans	%	71%	55%	58%	71%	73%	72%
ECB	%	0%	0%	0%	0%	0%	3%
Debentures	%	0%	8%	5%	7%	4%	3%
Tier II	%	0%	0%	0%	0%	0%	0%
Securitisation	%	0%	0%	0%	0%	0%	0%
NHB	%	26%	36%	34%	19%	21%	20%
Others	%	2%	1%	2%	2%	2%	2%
LCR %	%			0%	157%	180%	156%
Employee attrition rate %	%	38%	18%	37%	40%	32%	31%
Asset Quality							
GS II %	%	0.9%	2.3%	1.6%	1.1%	1.1%	1.3%
GS III %	%	1.0%	1.8%	2.3%	1.6%	1.7%	1.7%
Write-offs (%)	%	0.00%	0.40%	0.58%	0.26%	0.21%	0.19%
Gross Slippages (%)	%	0.00%	1.65%	2.43%	1.41%	1.73%	1.58%
Upgrades & recoveries (%)	%	0.00%	0.28%	0.73%	1.27%	0.89%	0.89%
Net Slippages (%)	%	0.00%	1.37%	1.71%	0.14%	0.84%	0.69%
PCR - Stage I (%)	%	0.5%	0.3%	0.3%	0.3%	0.3%	0.2%
PCR - Stage II (%)	%	12.2%	14.0%	13.0%	10.5%	8.2%	9.1%
PCR - Stage III (%)	%	25.8%	36.0%	24.9%	34.0%	29.7%	25.2%
Portfolio mix							
% assets (net of intangibles)							
Housing	%		63%	69%	70%	66%	67%
Housing (Individuals)	%		62%	69%	70%	66%	67%

Source: Company, HSIE Research

Home First Finance Company India: Company Update

Exhibit 20: Peer comparison

FY25	Units	AAVAS	HOMEFIRST	APTUS	ISFC	AADHAR
AUM	INR bn	204	127	109	82	255
Disbursements	INR bn	61	48	36	34	82
Growth (% YoY)						
AUM	%	18%	31%	25%	35%	21%
Disbursements	%	10%	21%	15%	27%	16%
Margins %						
Yield on advances	%	12.2%	13.8%	17.0%	14.8%	13.7%
Cost of funds	%	7.7%	8.5%	9.0%	8.5%	7.8%
Spread	%	4.5%	5.3%	8.0%	6.4%	6.0%
NIM	%	5.9%	5.7%	11.2%	8.9%	7.4%
% Borrowings						
Banks	%	68%	72%	52%	68%	53%
NCD + CPs	%	12%	3%	19%	1%	21%
NHB	%	19%	20%	15%	18%	23%
Off balance sheet	%	19%	16%	1%	15%	19%
Cost efficiency						
Cost-to-income ratio	%	44%	36%	20%	37%	36%
Opex-to-AUM ratio	%	3.1%	2.6%	2.6%	4.3%	3.0%
Other opex/branch	INR mn	5.6	6.9	2.8	3.1	4.4
Portfolio mix						
Home loans	%	68%	84%	60%	57%	74%
ATS - Home loans	INR mn	1.2	1.2	0.9	1.0	1.0
Self-employed mix %	%	60%	32%	78%	75%	44%
Productivity						
AUM/branch	INR mn	535	883	387	335	463
Disbursals/branch (/month)	INR mn	13.3	27.8	10.7	11.4	12.4
Repayment rate	%	17%	18%	17%	21%	18%
Asset Quality						
GS III	%	1.1%	1.7%	1.2%	1.1%	1.1%
NS III	%	0.9%	1.3%	0.9%	0.9%	0.7%
GS II	%	1.5%	1.3%	4.7%	2.7%	4.0%
PCR - Stage III	%	27%	25%	25%	22%	36%
Credit costs	%	0.2%	0.3%	0.3%	0.4%	0.3%
(% of avg. assets)						
Interest earned	%	11.5%	12.5%	16.5%	13.9%	11.7%
Interest expended	%	5.7%	6.6%	5.3%	5.2%	5.1%
Net interest income	%	5.7%	5.9%	11.2%	8.7%	6.7%
Non-interest income	%	1.9%	1.7%	1.3%	3.4%	1.7%
Operating expenses	%	3.4%	2.7%	2.5%	4.5%	3.0%
Pre-provisioning profit	%	4.3%	4.9%	9.9%	7.6%	5.3%
Provisions	%	0.2%	0.3%	0.3%	0.4%	0.2%
PBT	%	4.2%	4.6%	9.6%	7.2%	5.1%
ROAA	%	3.2%	3.5%	7.4%	5.6%	3.9%
Assets/Equity (x)	x	4.3	4.7	2.5	2.7	3.9
RoAE	%	14.0%	16.5%	18.6%	15.1%	15.4%

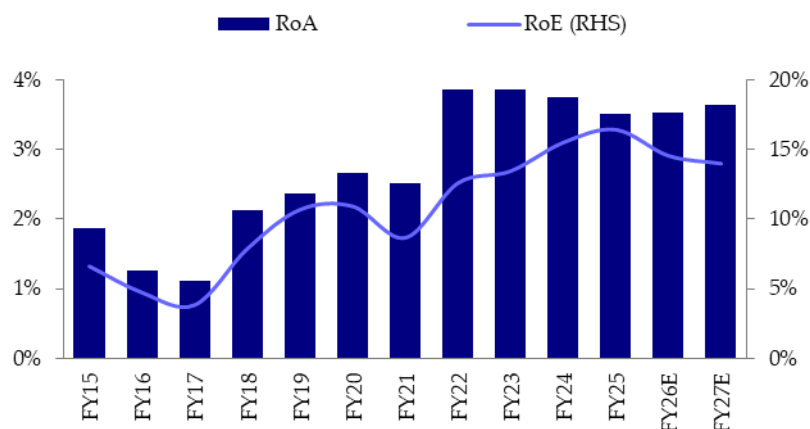
Source: Company, HSIE Research

Growth under pressure; downgrade to REDUCE

- **AUM growth under pressure:** HOMEFIRST has delivered strong AUM and disbursements growth during FY22-FY25 along with improving profitability, leading to significant re-rating. However, the growth momentum has moderated in the last few quarters. Further, the equity capital raise is likely to keep RoEs muted in the near term.

We downgrade HOMEFIRST from ADD to REDUCE, with a revised RI-based TP of INR 1,235 (implying 2.8x Mar-27 ABVPS; 20x Mar-27 EPS). We revise our FY26/FY27 earnings estimates, largely to factor in higher NIMs and higher other income due to insurance income and treasury income.

Exhibit 21: HOMEFIRST's RoE likely to moderate during FY26-FY27E



Source: Company, HSIE Research | IND AS from FY18 onwards

Exhibit 22: Change in estimates

(INR bn)	FY26E			FY27E		
	Old	New	Change	Old	New	Change
AUM	161	161	0.0%	200	200	0.0%
NIM (%)	6.1	6.3	19 bps	6.3	6.5	20 bps
NII	8.4	8.6	3.2%	10.7	11.1	3.4%
PPOP	6.7	7.0	4.1%	8.5	9.0	5.3%
PAT	4.7	4.9	4.4%	6.0	6.3	5.7%
Adj. BVPS (INR)	392.3	394.4	0.5%	441.8	447.0	1.2%

Source: Company, HSIE Research

Financials

Income Statement

(INR mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Interest earned	5,117	7,222	10,277	13,540	17,199	21,349
Interest expended	2,157	3,043	4,999	7,153	8,552	10,290
Net interest income	2,960	4,179	5,278	6,388	8,647	11,059
Other income	840	734	1,289	1,852	2,276	2,847
Total income	3,800	4,913	6,567	8,239	10,923	13,906
Operating expenditure	1,287	1,746	2,313	2,936	3,947	4,939
Pre-provisioning operating profit	2,513	3,167	4,254	5,304	6,975	8,967
Non-tax provisions	250	215	254	288	522	656
Profit before tax	2,263	2,952	4,000	5,016	6,453	8,311
Share of net profit of associates and joint ventures	0	0	0	0	0	0
Exceptional gain/(loss)	0	0	0	0	0	0
Tax expenditure	402	669	942	1,195	1,533	1,974
Profit attributable to non-controlling interests	0	0	0	0	0	0
Profit after tax	1,861	2,283	3,057	3,821	4,920	6,337
Adjusted Profit after tax	1,861	2,283	3,057	3,821	4,920	6,337

Source: Company, HSIE Research

Balance Sheet

(INR mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Share capital	175	176	177	180	206	206
Reserves and surplus	15,424	17,757	20,648	24,458	41,519	47,364
Net worth	15,737	18,173	21,215	25,213	42,300	48,145
Borrowings	34,668	48,135	73,021	95,507	112,099	140,978
Other liabilities and provisions	764	1,062	1,104	1,397	2,275	2,818
Total equity and liabilities	51,169	67,370	95,340	122,117	156,674	191,940
Cash and cash equivalents	6,678	2,984	8,215	9,382	10,237	10,036
Investments	0	2,808	3,788	3,602	8,882	11,571
Advances	43,049	59,957	81,434	106,487	133,845	165,774
Fixed assets	202	257	302	461	576	721
Other assets	1,239	1,364	1,600	2,184	3,133	3,839
Total assets	51,169	67,370	95,340	122,117	156,674	191,940

Source: Company, HSIE Research

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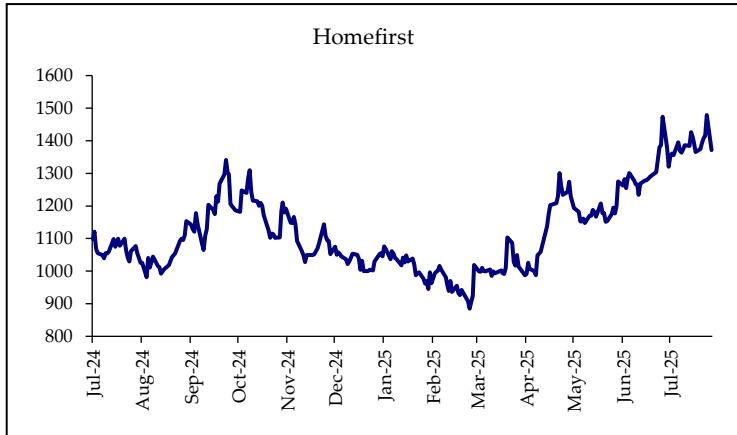
Key Ratios

	FY22	FY23	FY24	FY25	FY26E	FY27E
VALUATION RATIOS						
EPS (INR)	21.2	25.9	34.5	42.4	47.8	61.6
Earnings Growth (%)	85.8%	22.7%	33.9%	25.0%	28.8%	28.8%
BVPS (ex reval.) (INR)	179.6	206.5	239.7	280.0	410.9	467.7
Adj. BVPS (ex reval. & 100% cover) (INR)	170.9	199.2	228.6	264.9	394.4	447.0
ROAA (%)	3.9%	3.9%	3.8%	3.5%	3.5%	3.6%
ROAE (%)	12.6%	13.5%	15.5%	16.5%	14.6%	14.0%
P/E (x)	65.2	53.4	40.1	32.6	29.0	22.5
P/ABV (x)	8.1	7.0	6.1	5.2	3.5	3.1
P/PPOP (x)	48.3	38.5	28.8	23.5	20.4	15.9
Dividend yield (%)	0.0%	0.2%	0.2%	0.3%	0.3%	0.4%
PROFITABILITY (%)						
Yield on Advances (%)	12.9%	13.6%	13.9%	13.8%	13.7%	13.6%
Cost of Funds (%)	6.6%	7.3%	8.3%	8.5%	8.2%	8.1%
Core Spread (%)	6.3%	6.2%	5.7%	5.3%	5.4%	5.4%
NIM (%)	6.3%	7.2%	6.6%	6.0%	6.3%	6.5%
OPERATING EFFICIENCY						
Cost to average AUM ratio (%)	2.7%	2.8%	2.7%	2.6%	2.7%	2.7%
Cost-income ratio (%)	33.9%	35.5%	35.2%	35.6%	36.1%	35.5%
BALANCE SHEET STRUCTURE RATIOS						
Loan growth (%)	29.4%	39.3%	35.8%	30.8%	25.7%	23.9%
AUM growth (%)	29.9%	33.8%	34.7%	31.1%	26.3%	24.5%
Borrowing growth (%)	13.5%	38.8%	51.7%	30.8%	17.4%	25.8%
Debt/Equity (x)	2.2	2.6	3.4	3.8	2.7	2.9
Equity/Assets (%)	30.8%	27.0%	22.3%	20.6%	27.0%	25.1%
Equity/Loans (%)	36.6%	30.3%	26.1%	23.7%	31.6%	29.0%
Total Capital Adequacy Ratio (CAR) (%)	58.6%	49.4%	39.5%	32.8%	43.9%	41.1%
Tier I CAR (%)	58.0%	48.9%	39.1%	32.5%	43.6%	40.8%
ASSET QUALITY						
GS III (INR mn)	1,015	974	1,393	1,808	2,306	2,909
NS III (INR mn)	763	643	979	1,353	1,704	2,131
Slippages (%)	2.4%	1.4%	1.7%	1.6%	1.3%	1.3%
GS III (%)	2.3%	1.6%	1.7%	1.7%	1.7%	1.7%
NS III (%)	1.8%	1.1%	1.2%	1.3%	1.3%	1.3%
Coverage Ratio (%)	24.9%	34.0%	29.7%	25.2%	26.1%	26.8%
Provision/AUM (%)	0.5%	0.3%	0.3%	0.3%	0.4%	0.4%
Provision/Gross advances (%)	0.6%	0.4%	0.4%	0.3%	0.4%	0.4%
(% of average assets)						
Interest earned	10.6%	12.2%	12.6%	12.5%	12.3%	12.2%
Interest expended	4.5%	5.1%	6.1%	6.6%	6.1%	5.9%
Net interest income	6.1%	7.1%	6.5%	5.9%	6.2%	6.3%
Non-interest income	1.7%	1.2%	1.6%	1.7%	1.6%	1.6%
Operating expenses	2.7%	2.9%	2.8%	2.7%	2.8%	2.8%
Pre-provisioning profit	5.2%	5.3%	5.2%	4.9%	5.0%	5.1%
Non-tax provisions	0.5%	0.4%	0.3%	0.3%	0.4%	0.4%
Others	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Provision for tax	0.8%	1.1%	1.2%	1.1%	1.1%	1.1%
ROAA	3.9%	3.9%	3.8%	3.5%	3.5%	3.6%
Average assets/Average equity (x)	3.3	3.5	4.1	4.7	4.1	3.9
ROAE	12.6%	13.5%	15.5%	16.5%	14.6%	14.0%

Source: Company, HSIE Research

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Price Movement



Rating Criteria

- BUY: >+15% return potential
- ADD: +5% to +15% return potential
- REDUCE: -10% to +5% return potential
- SELL: >10% Downside return potential

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