

**Price:** 1,229

**Recommendation:** Buy

**Industry:** Housing Finance Company

**Sector:** Financial Services

**Report Date:** 01-May-2025

Home First Finance Company India Limited (HFFCIL) is a leading provider of affordable housing loans, known for its robust growth and innovative use of technology. With an AUM exceeding INR 12,000 crore, 359 touchpoints across 141 districts, and a focus on asset quality, HFFCIL aims to achieve INR 20,000 crore AUM by FY27, driving financial inclusion and sustainable growth in emerging markets.

Sales		Profit & Loss		Profitability Matrix	
Current Year	1428 Cr	Operating Profit(Year)	1147 Cr	Operating Profit Margin	80.3 %
Previous Year	796 Cr	Operating Profit(Quarter)	325 Cr	EBITDA Margin	64.08 %
Current Quarter	406 Cr	PAT (Year)	306 Cr	Net Profit Margin	26.4 %
Previous Quarter	373 Cr	PAT (Quarter)	97.4 Cr	EPS	40.5
Revenue (QYoY)	296 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	35.1	Sales Growth	35.8 %	Sales Growth	8.85 %
PEG Ratio	0.76	PAT Growth	34.21 %	Sales Growth QYoY	37.16 %
EV/EBITDA	17.5	EPS Growth	17.39 %	PAT Growth	5.64 %
P/B	4.82	Dividend Yield	0.28	PAT Growth QYoY	23.6 %
Capital Allocation		Holdings		Leverage	
RoE	15.5 %	Promoter	12.5 %	Debt/Equity	3.87
RoA	3.76 %	FII	36.5 %	Debt	8867 Cr
RoCE	11.2 %	DII	21.2 %	Market Cap	12655 Cr
RoIC	11.2 %	Public	29.8 %	Enterprise value	20286 Cr
		No of Shares	10.3 Cr	Cash Equivalents	1236 Cr

source : Company filings

## Company's Overview Based on Recent Concall and Performance:

Home First Finance Company India Limited (HFFCIL) showcased robust performance in Q3 FY25, maintaining over 30% AUM growth and delivering a 16.6% ROE. The company continues to expand its distribution footprint, adding 69 branches over 11 quarters, with 45 in new markets and 24 in existing ones. In Q3 FY25 alone, seven new branches were established across states like Gujarat, Rajasthan, and Tamil Nadu, alongside eight touchpoints, bringing the total operational reach to 359 touchpoints across 141 districts. The company plans to add 10 more branches in Q4 FY25. Technology remains central to its strategy, with 96% of customers registered on its app and 88% of service requests raised digitally, reflecting its commitment to operational efficiency and customer engagement. Additionally, HFFCIL has crossed INR 12,000 crore in AUM and is preparing for its next growth phase by approving an equity capital raise of up to INR 1,250 crore.

The company is focused on maintaining asset quality, with early-stage delinquencies largely range-bound. Gross Stage 3 NPA stood at 1.7%, and credit costs were at 30 basis points, reflecting prudent risk management. Despite minor seasonal upticks in delinquencies, management remains confident about asset quality stability. HFFCIL has tightened credit filters for specific products, ensuring robust underwriting standards. The company's diversified borrowing profile, with 59% from banks and 17% from NHB, has enabled effective cost management, maintaining spreads at 5.2%. Co-lending partnerships are expected to contribute 10% of disbursements in the medium term, while direct assignment transactions worth INR 170 crore were executed during the quarter.

Looking ahead, HFFCIL aims to achieve INR 20,000 crore AUM by FY27, targeting 27%-30% annual growth. The company plans to expand its LAP portfolio from 15% to 20% of AUM while maintaining a strong focus on affordable housing loans. Strategic investments in emerging markets like Uttar Pradesh, Madhya Pradesh, and Rajasthan will drive growth, supported by deeper penetration into Tier 3 and Tier 4 geographies. The company is also enhancing its employee base, growing from 1,249 in March 2024 to 1,704 in December 2024, with robust training programs to ensure operational excellence. Co-lending and LAP are expected to play a larger role in the product mix, alongside continued investments in technology and data analytics.

HFFCIL's proactive approach to scaling operations, leveraging technology, and maintaining asset quality positions it well for sustainable growth. The planned equity raise reflects confidence in its ability to capture market share in the affordable housing segment. Improved ESG scores and strategic leadership changes further underscore its commitment to governance and long-term value creation. With a strong foundation, diversified borrowing profile, and prudent risk management, HFFCIL is poised to achieve its ambitious growth targets while delivering consistent returns to stakeholders.

HOMEFIRST Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
HUDCO	44734.46	16.68	13.17%	9.63%	37.14%	6.74%	41.56%
LIC Housing Fin.	33056.04	6.42	16.22%	1.91%	3.91%	8.07%	22.75%
PNB Housing	26257.63	13.47	12.27%	5.57%	12.73%	20.30%	27.79%
Aadhar Hsg. Fin.	20147.81	23.19	18.41%	4.36%	18.51%	5.20%	17.17%
Aptus Value Hou.	15926.58	22.49	17.22%	6.80%	28.07%	4.69%	20.88%

Aspect	Commentary
Revenue	Revenue grew significantly, with YoY growth of 35.8% and QoQ growth of 8.85%. The company's focus on affordable housing loans and geographic expansion has driven consistent top-line growth, supported by technology adoption and operational efficiency.
Profit & Loss	Operating profit margin is robust at 80.3%, with PAT growing 34.21% YoY. Quarterly PAT growth of 23.6% reflects strong profitability. EPS of 40.5 highlights shareholder value creation, driven by prudent cost management and asset quality focus.
Profitability Matrix	Net profit margin of 26.4% and EBITDA margin of 64.08% underscore operational efficiency. ROE at 15.5% and ROA at 3.76% reflect effective capital utilization. The company's profitability metrics are supported by stable spreads and credit filters.
Valuation Matrix	Trailing P/E of 35.1 and PEG ratio of 0.76 indicate growth at a reasonable valuation. EV/EBITDA of 17.5 and P/B of 4.82 suggest premium valuation, justified by consistent growth and strong fundamentals. Dividend yield of 0.28% adds shareholder returns.
Growth (YoY)	Sales growth of 35.8% and PAT growth of 34.21% YoY reflect strong operational performance. EPS growth of 17.39% highlights earnings expansion. The company's focus on geographic penetration and product diversification drives sustainable growth.
Growth (QoQ)	QoQ sales growth of 8.85% and PAT growth of 5.64% indicate steady quarterly performance. Sales growth QYoY of 37.16% and PAT growth QYoY of 23.6% reflect resilience in demand. Expansion into new markets supports consistent growth momentum.
Capital Allocation	RoCE and RoIC at 11.2% demonstrate efficient capital allocation. Cash equivalents of INR 1,236 crore provide liquidity for growth initiatives. Equity capital raise of INR 1,250 crore signals confidence in scaling operations and capturing market share.
Holdings	Promoter holding at 12.5% and FII at 36.5% reflect strong institutional interest. DII holding of 21.2% and public holding of 29.8% indicate balanced ownership. The diversified shareholder base supports stability and long-term governance.
Leverage	Debt/Equity ratio of 3.87 and debt of INR 8,867 crore highlight leverage usage to fund growth. Gross Stage 3 NPA at 1.7% reflects prudent risk management. Diversified borrowing profile ensures cost efficiency, maintaining spreads at 5.2%.

**Analyst viewpoint:** Home First Finance Company India Limited (HFFCIL) demonstrates strong growth potential in the short to mid-term, supported by robust operational performance and strategic initiatives. The company achieved impressive QoQ sales growth of 8.85% and PAT growth of 5.64%, with YoY sales growth at 35.8% and PAT growth at 34.21%. Its focus on affordable housing loans, geographic expansion, and technology adoption has driven consistent top-line growth, while maintaining operational efficiency. With an operating profit margin of 80.3% and net profit margin of 26.4%, HFFCIL showcases strong profitability metrics, further supported by stable spreads and prudent credit filters. The planned equity capital raise of INR 1,250 crore reflects management's confidence in scaling operations and capturing market share in the affordable housing segment. Additionally, the company's diversified borrowing profile and co-lending partnerships position it well for sustained growth, while its strategic penetration into Tier 3 and Tier 4 geographies enhances its competitive edge.

Valuation metrics such as a trailing P/E of 35.1 and PEG ratio of 0.76 indicate growth at a reasonable valuation, justified by consistent performance and strong fundamentals. HFFCIL's focus on maintaining asset quality, with Gross Stage 3 NPA at 1.7%, underscores its prudent risk management approach. The company's ability to deliver steady quarterly performance, coupled with its ambitious AUM target of INR 20,000 crore by FY27, highlights its growth trajectory. However, the relatively high debt/equity ratio of 3.87 warrants close monitoring to ensure leverage remains manageable as the company scales further. Overall, HFFCIL's proactive strategy, operational excellence, and commitment to financial inclusion make it a compelling investment opportunity in the housing finance sector.

Please read detailed disclosure on next page.

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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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