

Price: 1,181

Recommendation: Buy

Industry: Housing Finance Company

Sector: Financial Services

Report Date: 05-May-2025

Home First Finance Company India Ltd. (HomeFirst) specializes in affordable housing finance for first-time homebuyers, focusing on families with monthly incomes below 50,000. Leveraging technology, ESG initiatives, and a robust governance framework, HomeFirst delivers seamless services, drives financial inclusion, and sustains growth with a diversified lender base and scalable operations.

Sales		Profit & Loss		Profitability Matrix	
Current Year	1530 Cr	Operating Profit(Year)	1223 Cr	Operating Profit Margin	80.0 %
Previous Year	1157 Cr	Operating Profit(Quarter)	331 Cr	EBITDA Margin	80.52 %
Current Quarter	415 Cr	PAT (Year)	382 Cr	Net Profit Margin	25.0 %
Previous Quarter	406 Cr	PAT (Quarter)	105 Cr	EPS	42.4
Revenue (QYoY)	313 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	31.8	Sales Growth	32.3 %	Sales Growth	2.22 %
PEG Ratio	0.86	PAT Growth	24.84 %	Sales Growth QYoY	32.59 %
EV/EBITDA	16.9	EPS Growth	0.0 %	PAT Growth	7.8 %
P/B	4.20	Dividend Yield	0.28	PAT Growth QYoY	25.75 %
Capital Allocation		Holdings		Leverage	
RoE	16.5 %	Promoter	12.5 %	Debt/Equity	3.79
RoA	3.51 %	FII	36.5 %	Debt	9551 Cr
RoCE	11.3 %	DII	21.2 %	Market Cap	12162 Cr
RoIC	11.3 %	Public	29.8 %	Enterprise value	20775 Cr
		No of Shares	10.3 Cr	Cash Equivalents	938 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

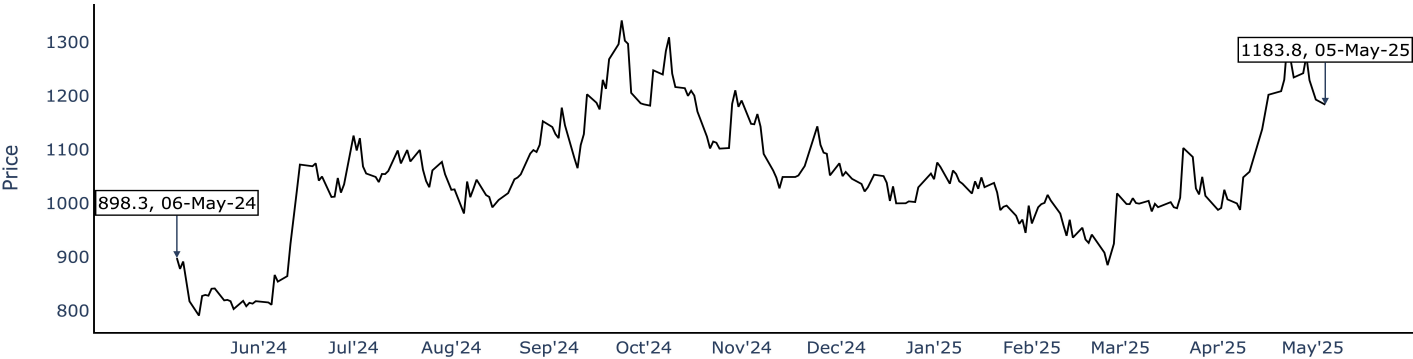
Home First Finance Company India Ltd. (HomeFirst) demonstrated robust performance in FY25, marked by strategic initiatives and consistent growth. The company raised 12,500 Mn through a Qualified Institutions Placement (QIP), strengthening its capital base and enabling expansion into new markets. This capital infusion, coupled with a diversified lender base of 35 banks and financial institutions, positions HomeFirst to deepen customer engagement and scale operations effectively. The company's focus on affordable housing finance for first-time homebuyers, particularly families with monthly incomes below 50,000, underscores its commitment to financial inclusion. With 84% of its AUM comprising housing loans and a granular loan book, HomeFirst continues to cater to underserved segments, leveraging proprietary customer scoring models and centralized underwriting processes.

HomeFirst's growth strategy is driven by technology adoption and operational scalability. The company expanded its network by adding 40 touchpoints, including 22 branches, reaching 10 new districts across 13 states and union territories. Its omni-channel lead generation strategy, supported by digital tools like the Connector App, ensures efficient customer acquisition and engagement. The company's end-to-end digital processes, including e-signatures, e-stamping, and digital document management, enhance operational efficiency while reducing its carbon footprint. Additionally, HomeFirst's ESG initiatives, such as Project Sashakt, have positively impacted over 6,500 families through skilling, education, and health programs, reflecting its commitment to social development.

Future growth perspectives remain promising, with HomeFirst achieving a 31.1% y-o-y increase in AUM to 1,27,127 Mn and a 25% y-o-y rise in PAT to 3,821 Mn. The company maintained stable asset quality with a GNPA of 1.7% and a competitive cost of borrowing at 8.4%. Its scalable operating model, supported by a robust ALM profile and liquidity buffer of 24,676 Mn, ensures resilience against market fluctuations. HomeFirst's focus on expanding its footprint in large affordable housing markets, coupled with its ability to leverage data analytics and machine learning for credit decisions, positions it for sustained growth.

HomeFirst's strong governance practices and customer-centric approach further reinforce its market position. With a high representation of independent directors and a clean track record, the company ensures ethical and transparent operations. Its emphasis on customer satisfaction, reflected in an NPS score of 80 and a 96% app adoption rate, highlights its ability to deliver seamless service. By aligning its business strategies with ESG principles and leveraging technology for operational excellence, HomeFirst is well-equipped to scale new heights in the affordable housing finance sector while creating sustained value for 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	45883.56	17.14	13.17%	9.63%	37.14%	6.74%	41.56%
LIC Housing Fin.	33471.35	6.52	16.22%	1.91%	3.91%	8.07%	22.75%
PNB Housing	27580.68	14.15	12.27%	5.57%	12.73%	20.30%	27.79%
Aadhar Hsg. Fin.	20443.32	23.57	18.41%	4.36%	18.51%	5.20%	17.17%
Aptus Value Hou.	16231.51	22.93	17.22%	6.80%	28.07%	4.69%	20.88%

Aspect	Commentary
Revenue	Revenue grew 32.3% YoY to Rs.1,530 Cr, driven by strong demand for affordable housing finance. Quarterly revenue increased marginally by 2.22% QoQ to Rs.415 Cr, reflecting stable operational performance. The company’s focus on underserved segments continues to support consistent revenue growth.
Profit & Loss	Operating profit for FY25 reached Rs.1,223 Cr, with a robust margin of 80%. PAT grew 24.84% YoY to Rs.382 Cr, showcasing efficient cost management. Quarterly PAT rose 7.8% QoQ to Rs.105 Cr, indicating steady profitability despite modest revenue growth.
Profitability Matrix	Operating profit margin remained strong at 80%, reflecting efficient cost control. Net profit margin stood at 25%, showcasing profitability in a competitive sector. EPS of Rs.42.4 highlights shareholder value creation, supported by consistent earnings growth.
Valuation Matrix	Trailing P/E of 31.8 and PEG ratio of 0.86 indicate reasonable valuation given growth prospects. EV/EBITDA of 16.9 reflects operational efficiency. P/B of 4.20 suggests premium valuation, while dividend yield of 0.28% highlights modest shareholder returns.
Growth (YoY)	Sales grew 32.3% YoY, driven by expansion into new markets and efficient customer acquisition. PAT growth of 24.84% YoY reflects strong profitability. EPS growth remained flat, indicating stable earnings per share despite revenue and PAT growth.
Growth (QoQ)	Sales grew 2.22% QoQ, reflecting stable demand. PAT increased 7.8% QoQ, showcasing improved profitability. Sales growth QYoQ of 32.59% highlights strong performance compared to the same quarter last year, driven by operational scalability.
Capital Allocation	RoE of 16.5% and RoA of 3.51% reflect efficient capital utilization. RoCE and RoIC at 11.3% indicate strong returns on invested capital. Cash equivalents of Rs.938 Cr provide liquidity, supporting operational resilience and future growth initiatives.
Holdings	Promoter holding at 12.5% ensures alignment with shareholder interests. FII ownership of 36.5% reflects confidence in growth prospects. DII holding at 21.2% and public ownership of 29.8% indicate balanced investor participation in the company.
Leverage	Debt/Equity ratio of 3.79 reflects high leverage, typical for housing finance companies. Debt of Rs.9,551 Cr is supported by a diversified lender base. Market cap of Rs.12,162 Cr and enterprise value of Rs.20,775 Cr highlight strong market positioning.

Analyst viewpoint: Home First Finance Company India Ltd. (HomeFirst) presents a compelling investment opportunity in the short to mid-term, driven by its robust growth trajectory and strategic initiatives. The company reported a 32.3% YoY increase in revenue to Rs. 1,530 Cr, supported by strong demand for affordable housing finance and expansion into new markets. Quarterly PAT grew 7.8% QoQ to Rs. 105 Cr, showcasing steady profitability despite modest revenue growth. With an operating profit margin of 80% and a net profit margin of 25%, HomeFirst demonstrates efficient cost management and profitability in a competitive sector. Its scalable operating model, supported by technology adoption and ESG initiatives, positions the company to sustain growth while creating value for stakeholders. The recent capital infusion through QIP and a diversified lender base further strengthen its ability to scale operations and deepen customer engagement.

Valuation metrics such as a trailing P/E of 31.8 and PEG ratio of 0.86 indicate reasonable pricing given its growth prospects, while a RoE of 16.5% and RoA of 3.51% reflect efficient capital utilization. Peer comparison highlights HomeFirst's competitive edge, with superior QoQ and YoY growth metrics compared to industry players like LIC Housing Finance and PNB Housing. However, the company's high leverage, with a debt/equity ratio of 3.79, warrants monitoring as it continues to expand. Overall, HomeFirst's focus on underserved segments, operational scalability, and customer-centric approach make it a strong candidate for investment in the affordable 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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