

**Price:** 1,202

**Recommendation:** Buy

**Industry:** Housing Finance Company

**Sector:** Financial Services

**Report Date:** 19-Apr-2025

Home First Finance Company India Limited is focused on growth and market presence, reporting over 30% AUM growth and 16.6% ROE. They expanded their branch network from 80 to 149 in emerging markets like MP, UP, and Rajasthan. Emphasizing technology, 96% of customers use their app. Diversifying with Loan Against Property, they aim for a balanced portfolio. Despite challenges, they target 30% AUM growth, planning equity raises and focusing on co-lending.

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	34.3	Sales Growth	35.8 %	Sales Growth	8.85 %
PEG Ratio	0.74	PAT Growth	34.21 %	Sales Growth QYoY	37.16 %
EV/EBITDA	17.2	EPS Growth	17.39 %	PAT Growth	5.64 %
P/B	4.71	Dividend Yield	0.28	PAT Growth QYoY	23.6 %
Capital Allocation		Holdings		Leverage	
RoE	15.5 %	Promoter	14.2 %	Debt/Equity	3.87
RoA	3.76 %	FII	36.5 %	Debt	8867 Cr
RoCE	11.2 %	DII	21.2 %	Market Cap	12377 Cr
RoIC	11.2 %	Public	29.8 %	Enterprise value	20008 Cr
		No of Shares	10.3 Cr	Cash Equivalents	1236 Cr

source : Company filings

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

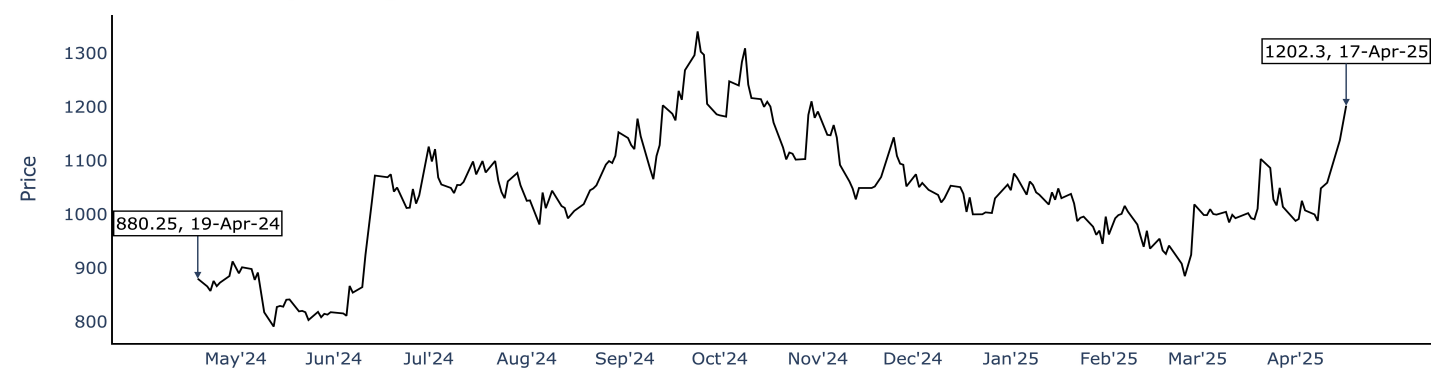
In the recent conference call, Home First Finance Company India Limited highlighted several new initiatives and business strategies aimed at sustaining growth and enhancing market presence. The company reported a robust AUM growth of over 30% and a profitability with an ROE of 16.6%. A key strategy involves expanding their distribution footprint, with 69 new branches added over the last 11 quarters, nearly doubling their branch count from 80 in March 2022 to 149 in December 2024. This expansion includes both existing and new markets, with a focus on emerging states like MP, UP, and Rajasthan. The company also emphasized the importance of technology, with 96% of customers registered on their app and 88% of service requests being raised through it.

Home First is also focusing on diversification through its Loan Against Property (LAP) product, which is expected to grow from 15% to 20% of AUM in the near term. This diversification is part of their strategy to maintain a balanced portfolio and manage risk effectively. The company has tightened its underwriting norms based on early warning signals and market feedback, ensuring a conservative approach to credit risk. Despite these measures, the company remains optimistic about its growth prospects, with plans to add around 10 new branches in the ongoing quarter and continue investing in human resources, increasing their employee strength significantly.

Looking ahead, Home First is committed to maintaining its growth trajectory with a target of 30% AUM growth. The company plans to raise equity funds over the next 6 to 9 months to support this growth, aiming for a Mar'27 AUM of INR 20,000 crores. The management is confident in their ability to manage borrowing costs effectively, maintaining competitive spreads and leveraging their strong capital position. The company's focus on co-lending and direct assignment transactions is expected to contribute significantly to their disbursements in the medium term.

While the company's performance and strategies are promising, there are areas for improvement. The sequential disbursement growth has been slightly lower than expected, partly due to external factors like the Karnataka e-khatas issue and tighter credit filters. Additionally, the company's asset yield has remained flat despite rate increases, indicating room for optimization in pricing strategies. However, the management is confident that these challenges are temporary and expects a solid performance in the upcoming quarters. Overall, Home First's strategic initiatives and focus on technology and diversification position it well for future growth, though careful monitoring of market conditions and internal processes will be crucial to sustaining this momentum.

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
H U D C O	45811.48	17.08	13.17%	9.63%	37.14%	6.74%	41.56%
LIC Housing Fin.	33248.56	6.46	16.22%	1.91%	3.91%	8.07%	22.75%
PNB Housing	25749.47	14.10	11.80%	2.96%	9.99%	-0.06%	36.04%
Aadhar Hsg. Fin.	20937.24	24.10	18.41%	4.36%	18.51%	5.20%	17.17%
Aptus Value Hou.	16153.99	22.81	17.22%	6.80%	28.07%	4.69%	20.88%

Aspect	Commentary
Revenue	The company shows strong revenue growth with a significant increase from the previous year and quarter. This indicates a robust sales performance and effective market strategies, contributing to the overall financial health and expansion potential of the company.
Profit & Loss	Operating profit and PAT have shown substantial growth, reflecting efficient cost management and revenue generation. This profitability indicates a strong operational performance, enhancing investor confidence and supporting future growth initiatives.
Profitability Matrix	High operating and EBITDA margins suggest efficient operations and cost control. The net profit margin and EPS indicate strong profitability, making the company attractive to investors seeking stable returns and growth potential.
Valuation Matrix	The valuation metrics, including P/E and PEG ratios, suggest the company is reasonably valued with growth potential. The EV/EBITDA and P/B ratios indicate a solid market position, appealing to value and growth investors alike.
Growth (YoY)	Year-over-year growth in sales, PAT, and EPS highlights the company's strong performance and market expansion. This consistent growth trajectory underscores the company's strategic effectiveness and potential for sustained success.
Growth (QoQ)	Quarter-over-quarter growth in sales and PAT reflects ongoing operational improvements and market responsiveness. This steady growth pattern indicates the company's ability to adapt and thrive in changing market conditions.
Capital Allocation	The company's return metrics, including RoE and RoCE, demonstrate effective capital utilization and investment strategies. This efficient capital allocation supports sustainable growth and enhances shareholder value.
Holdings	The diverse shareholder base, with significant FII and DII holdings, indicates strong institutional confidence. This diversified ownership structure supports stability and potential for future capital inflows, enhancing market credibility.
Leverage	The company's leverage ratios indicate a high debt level, which could pose risks if not managed carefully. However, the market cap and enterprise value suggest a strong market position, providing a buffer against potential financial challenges.

**Analyst viewpoint:** Home First Finance Company India Limited showcases a promising outlook in the short to mid-term, evidenced by its strong growth metrics and strategic expansions. The company has sustained significant quarter-over-quarter sales growth of 8.85% and a PAT growth of 5.64%, reinforcing its robust operational model and profitability. Key factors driving this momentum include a marked emphasis on expanding its geographical footprint, as seen through the near doubling of its branch network from 80 to 149, with a focus on emerging markets like MP, UP, and Rajasthan. Furthermore, Home First's adept capital allocation, with a RoE of 15.5% and a RoCE of 11.2%, highlights effective financial management contributing to a stable market positioning against competitors. Valuation metrics, such as a P/E ratio of 34.3 and a PEG ratio of 0.74, compactly suggest room for value appreciation, aligning with investor growth strategies.

The company's innovative growth in digital technologies, with 96% customer engagement on its app and an increase in diversified products like the Loan Against Property, underline its commitment to maintaining a balanced portfolio and adaptability. The management's initiative to set a target of 30% AUM growth through equity raising and co-lending strategies reinforces their competitive edge in the housing finance sector. Nevertheless, a minor note of caution lies in the flat asset yield despite interest rate upticks, suggesting potential areas for optimization in pricing strategies. This calls for vigilant market analysis and dynamic adjustments to sustain growth and maximize investor value.

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