23 April 2025

Company Update| Sector: NBFCs

Home First Finance

BSE SENSEX	S&P CNX
80,116	24,329

Bloomberg	HOMEFIRS IN
Equity Shares (m)	90
M.Cap.(INRb)/(USDb)	133.9 / 1.6
52-Week Range (INR)	1383 / 777
1, 6, 12 Rel. Per (%)	14/17/43
12M Avg Val (INR M)	523

Financials &Valuations (INR b)

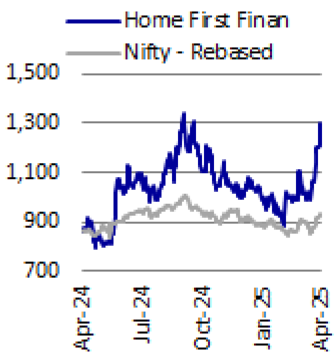
Y/E March	FY25E	FY26E	FY27E
NII	6.4	8.8	11.2
PPoP	5.3	7.4	9.1
PAT	3.8	5.3	6.5
EPS (INR)	43.0	52.0	63.8
EPS Gr. (%)	24.4	21.1	22.6
BV/Sh. (INR)	278	413	472
ABV/Sh. (INR)	267	402	459
Ratios			
NIM (%)	5.7	6.1	6.1
C/I ratio (%)	35.7	33.3	33.4
RoAA (%)	3.5	3.9	3.8
RoAE (%)	16.6	15.9	14.4
Valuations			
P/E (x)	30.3	25.0	20.4
P/BV (x)	4.7	3.2	2.8
P/ABV (x)	4.9	3.2	2.8
Div. yield (%)	0.3	0.3	0.3

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	14.3	14.3	23.6
DII	19.8	18.3	11.9
FII	36.0	37.9	25.1
Others	29.9	29.5	39.5

FII Includes depository receipts

Stock performance (one-year)



CMP: INR1,301 TP: INR1,500 (+15%) Buy

Well capitalized and ready to scale

Equity capital raise of INR12.5b via QIP strengthens the balance sheet

- **Home First Finance (HomeFirst) in Apr'25 raised INR12.5b through a qualified institutional placement (QIP) at INR970 per share. This capital will help the company scale up its business for the next 3-4 years, accelerate growth, execute its strategic initiatives, and solidify its leadership in the affordable housing finance (AHF) segment.**
- **HomeFirst has been strengthening its presence in the AHF segment by leveraging its technology-focused underwriting approach. The company has delivered a strong AUM CAGR of ~33% over FY22-25E. Backed by its customer-centric approach and solid risk management framework, HomeFirst is well positioned to deliver an AUM CAGR of 26%+ over FY25-27E.**
- **The recent equity raise has reduced HomeFirst's leverage (assets to net worth ratio) from ~4.9x as of Dec'24 to ~3.3x (proforma) as of Apr'25 and increased its CRAR (capital to risk-weighted assets ratio) from ~33% as of Dec'24 to ~50% (proforma) as of Apr'25. The strong balance sheet will enable the company to engage with credit rating agencies for a potential rating upgrade, which could subsequently lead to an improvement in its cost of funds.**
- **HomeFirst aims to accelerate its growth through a combination of branch network expansion and deeper market penetration. It plans to open 30-40 branches in FY26 and aims to penetrate deeper in states like UP, MP and Rajasthan to tap into rising housing demand in tier 2 and tier 3 cities.**
- **While there was a marginal rise in early delinquencies in the previous quarter, primarily due to a weak macroeconomic environment, the company remains confident that this does not indicate any underlying stress. HomeFirst maintains a conservative risk profile through disciplined underwriting and robust risk management, which will enable it to maintain its healthy asset quality.**
- **We have incorporated the recent equity raise of ~INR12.5b in our estimates. HomeFirst trades at ~2.8x FY27E (post money), which is attractive for an AUM/PAT CAGR of ~26%/31% over FY25-27E with RoA/RoE of 3.8%/14.4% in FY27E. HomeFirst is our preferred pick in the AHF segment and we reiterate our BUY rating on the stock with a TP of INR1,500 (based on 3.2x Mar'27E P/BV).**

Capital-rich, growth-ready

- A strong balance sheet (bolstered by the recent equity raise) positions HomeFirst well to capitalize on the long-term growth opportunities in India's affordable housing finance sector. HomeFirst's focus on technological innovation continues to drive greater a customer outreach and operational efficiency, reinforcing its competitive edge in the market.
- The company has a diversified sourcing mix, which extensively leverages its connector network for sourcing home loans and other mortgage products.
- HomeFirst has pivoted away from predominantly developer-driven projects to self-construction loans. It adopts a well-diversified approach and avoids concentration risk by defining clear risk guardrails and restricting its appetite in each of the developers/projects. It will continue to expand its distribution through its foray into underserved segments with significant housing activity and high demand. We estimate an AUM CAGR of ~26%+ over FY25-27E.

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NIM expansion to be driven by decline in leverage and potential CoB benefit

- HomeFirst reported a decline in NIMs over the past few quarters, primarily due to a pressure on yields (from heightened competition), a rise in the company's cost of funds and high liquidity on the balance sheet. Consequently, reported NIMs dropped from ~6.1% in 4QFY23 to ~4.9% as of 3QFY25.
- However, with the recent capital infusion, HomeFirst is expected to report an improvement in its NIMs, supported by a reduction in leverage and a potential decline in its CoB. Having surpassed INR100b in AUM and following this capital raise, the company will likely re-engage with credit rating agencies for a potential credit rating upgrade. An improved credit rating would further help lower its cost of borrowings (CoB). We project NIMs (calc.) of ~6.1% each in FY26/FY27. (vs. ~5.7% in FY25E).

Efficient digital model to help sustain its cost leadership

- HomeFirst's cost ratios are expected to remain largely stable (and high at the current levels) because of its focus on growth and branch network expansion. Nevertheless, its cost metrics remain significantly better than those of most peers, underscoring the company's strong operational efficiency.
- In FY25E, the company's opex-to-AUM ratio stood at ~2.6%, positioning it favorably compared to peers, whose ratio ranged between ~2.5%-4.3%. This highlights the strength of its operating model, technology-led efficiencies, and prudent resource allocation. For HomeFirst, we model an opex-to-AUM ratio of 2.6%/2.5% in FY26/FY27.

Prudent risk management offers insulation from asset quality shocks

- HomeFirst has consistently upheld strong asset quality by concentrating on low-risk salaried customers, who constitute ~68% of its total AUM.
- The company's GNPA has improved from ~2.3% in Mar'22 to ~1.7% as of Dec'24. Moreover, its GNPA has remained largely stable over the past six quarters, reflecting the company's resilience and strong asset quality even amid tough macroeconomic conditions.
- The company recently tightened its underwriting norms by introducing additional screening measures. This move led to a minor slowdown in disbursements in the prior quarter but has notably enhanced the quality of its loan portfolio, reinforcing the company's commitment to prudent lending practices and long-term financial stability.
- HomeFirst utilizes a centralized underwriting system supported by data science-driven customer scoring models. This enables standardized credit assessments across all branches and geographies, ensuring consistent, efficient, and reliable underwriting of loans.
- We expect GNPA to improve to ~1.5%/1.4% in FY26/FY27 and credit costs to remain benign at ~25bp in each of FY26/FY27.

Accelerating digital adoption through a tech-first approach

- HomeFirst is committed to enhancing digital adoption as a cornerstone of its growth strategy. The company has made significant strides in integrating technology into its operations, aimed at providing a seamless and frictionless experience for its customers. Its strong technology infrastructure enables a turnaround time of just 48 hours, significantly faster than industry peers.
- As of Dec'24, ~96% of the company's customers were registered on its mobile app, and ~97% of collections are conducted through non-cash modes. The adoption of digital tools extends beyond customer interactions. Account aggregator adoption has improved to ~61% within new approvals and digital

fulfillment has reached ~80% with the use of digital agreements and e-NACH mandates.

- These technological advancements are not only enhancing the customer experience but also contributing to the company's strong asset quality and operational performance.

Valuation and view

- HomeFirst's disciplined cost management and a strong capital base should drive stable growth in the loan book. The company's robust fundamentals, healthy return ratios (even as RoE might decline in the near term because of lower leverage) and superior execution relative to peers reinforce its position as a high-quality franchise in the AHF segment. We believe HomeFirst has potential for scalable growth with strong risk-adjusted returns.
- HomeFirst currently trades at 2.8x FY27E BVPS (post money), which is at a slight discount to some of its peers in the AHF segment. HomeFirst has a strong governance framework, a validated business model led by a seasoned and transparent management team, a robust AUM growth outlook (2-year CAGR of ~26%) and superior asset quality. For a PAT CAGR of ~31% over FY25-27E and RoA/RoE of 3.8%/14.4% (post money), **we reiterate our BUY rating with a TP of INR1,500 (premised on 3.2x Mar'27E P/BV).**

Exhibit 1: Valuation matrix of affordable and large housing finance companies

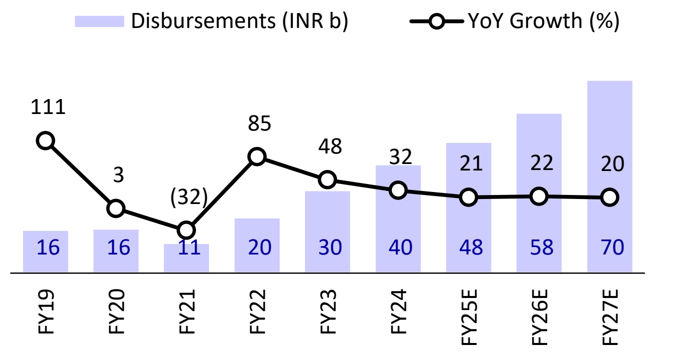
Val summary	Rating	CMP (INR)	TP (INR)	Mkt. Cap (INRb)	EPS (INR)		BV (INR)		RoA (%)		RoE (%)		P/E (x)		P/BV (x)	
					FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Affordable HFCs																
HomeFirst	Buy	1,301	1,500	134	52.0	63.8	413	472	3.9	3.8	15.9	14.4	25.0	20.4	3.2	2.8
Aavas	Neutral	2,119	2,000	174	87.5	105.5	637	743	3.3	3.4	14.7	15.3	24.2	20.1	3.3	2.9
Aptus Housing*	Not rated	336	NA	169	18.2	22.3	99	116	7.0	6.8	19.5	20.5	18.4	15.1	3.4	2.9
Aadhar Housing*	Not rated	870	NA	206	41.1	51.3	289	340	4.2	4.1	14.8	15.6	21.2	17.0	3.0	2.6
India Shelter*	Not rated	479	NA	933	26.4	31.5	176	205	4.4	4.4	16.2	16.5	18.2	15.2	2.7	2.3
Large HFCs																
Bajaj Housing*	Not rated	132	NA	1,099	3.1	3.8	28	31	2.2	2.1	11.8	12.8	42.0	34.3	4.7	4.2
LIC HF	Buy	614	670	335	94.8	107.1	723	808	1.6	1.7	13.8	14.0	6.5	5.7	0.8	0.8
PNB HF	Buy	1,000	1,150	258	88.3	107.2	725	818	2.5	2.6	12.9	13.9	11.3	9.3	1.4	1.2
Can Fin Homes	Neutral	745	725	99	68.5	78.6	446	518	2.1	2.2	16.5	16.3	10.9	9.5	1.7	1.4

*based on Bloomberg consensus

Source: Company, MOFSL

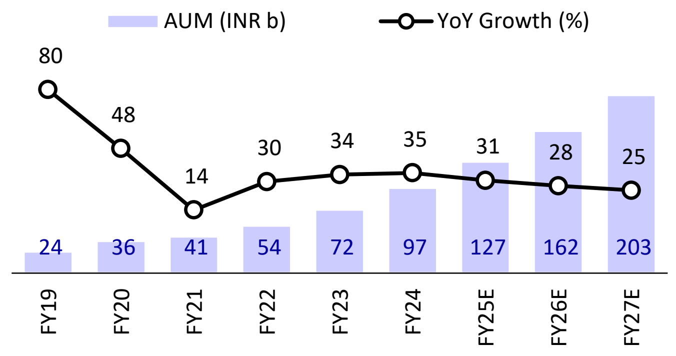
Key exhibits

Exhibit 2: Expect disbursement CAGR of 21% over FY25E-27E



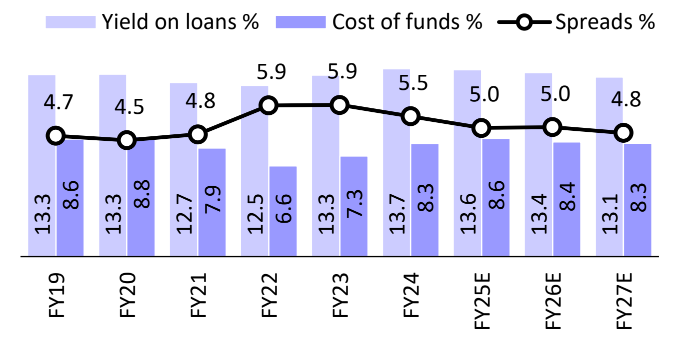
Source: MOFSL, Company

Exhibit 3: Estimate AUM CAGR of ~26% over FY25E-27E



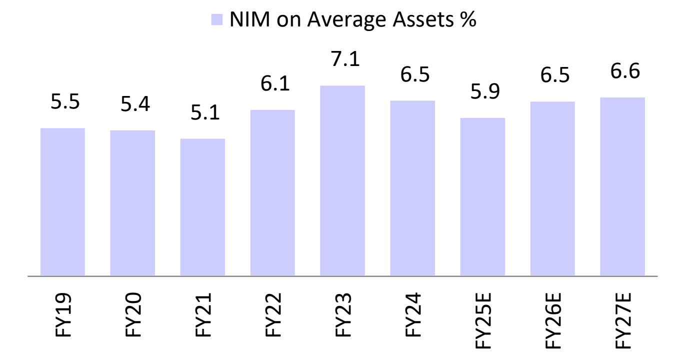
Source: MOFSL, Company

Exhibit 4: Spreads to dip due to pressure in yields (%)



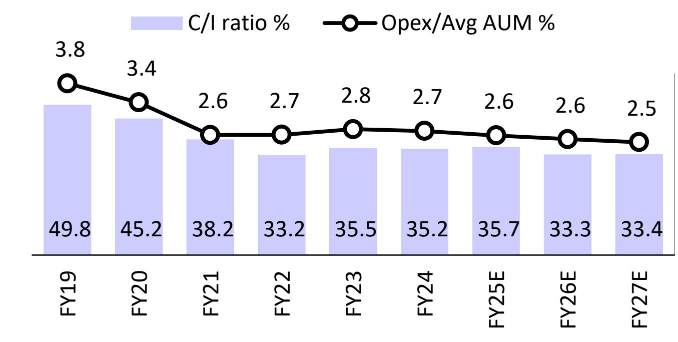
Source: MOFSL, Company

Exhibit 5: NIMs to improve due to decline in leverage driven by capital raise



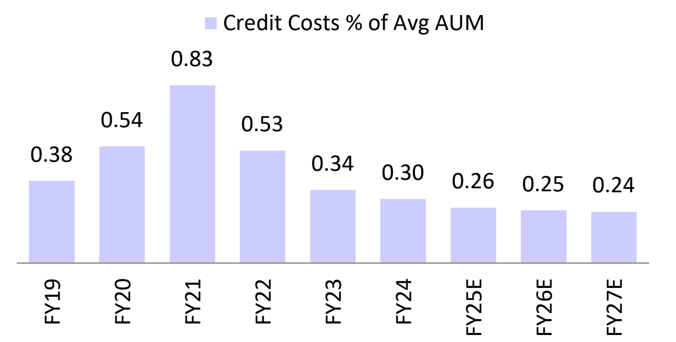
Source: MOFSL, Company

Exhibit 6: Cost ratios to remain elevated for next two years



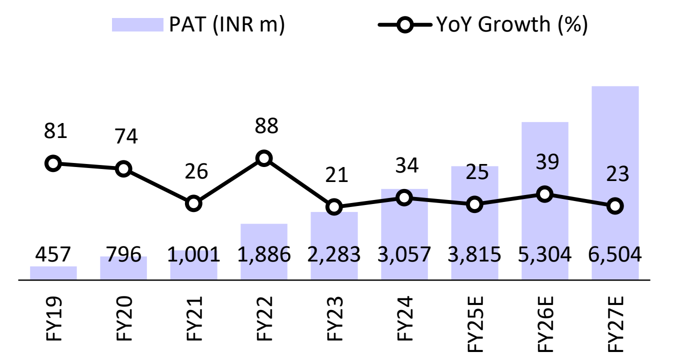
Source: MOFSL, Company

Exhibit 7: Credit costs to remain range-bound over FY26-27



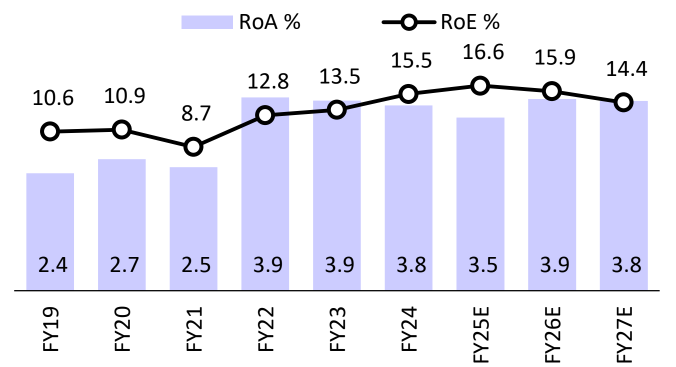
Source: MOFSL, Company

Exhibit 8: Expect PAT CAGR of ~31% over FY25-27E



Source: MOFSL, Company

Exhibit 9: RoE of ~16%/14.4% in FY26E/27E

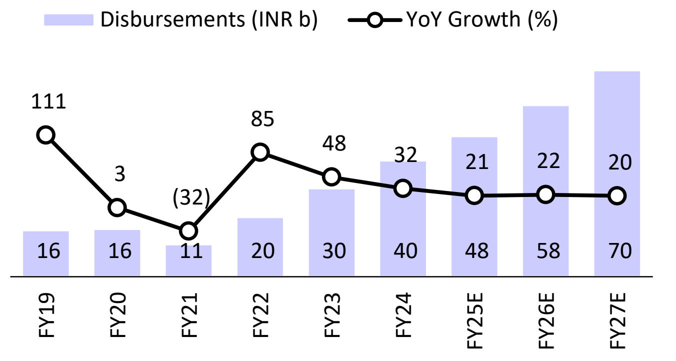


Source: MOFSL, Company

Well positioned for healthy growth in affordable housing

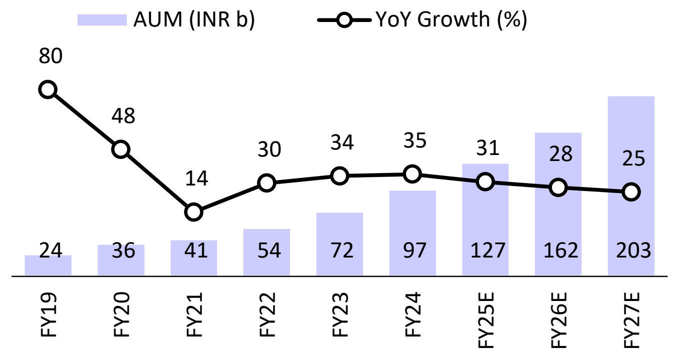
- HomeFirst has consistently delivered AUM growth of over 30% in the past four years. As of Dec'24, the company's AUM stood at INR119b, reflecting a growth of 33% YoY. Backed by a robust disbursement CAGR of ~21% over FY25-27E, the company is well positioned to deliver a strong AUM CAGR of ~26% during the same period.
- HomeFirst aims to accelerate its growth through a combination of branch network expansion and deeper market penetration. The company plans to open 30-40 new branches in FY26, focusing on states such as UP, MP, and Rajasthan. This expansion aims to tap into the growing housing demand in tier 2 and tier 3 cities, aligning with HomeFirst's commitment to providing accessible housing finance solutions.

Exhibit 10: Expect disbursement CAGR of 21% over FY25-27E



Source: MOFSL, Company

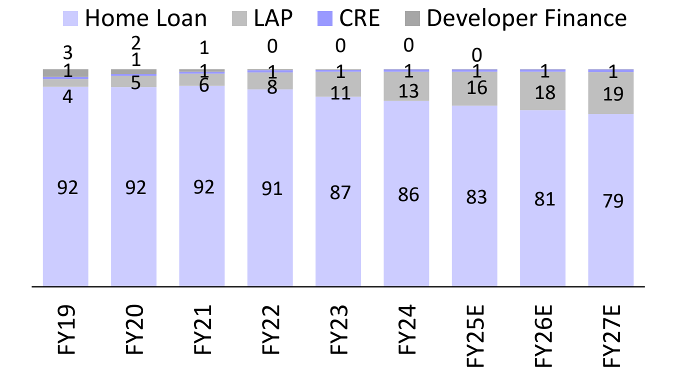
Exhibit 11: Estimate AUM CAGR of ~26% over FY25-27E



Source: MOFSL, Company

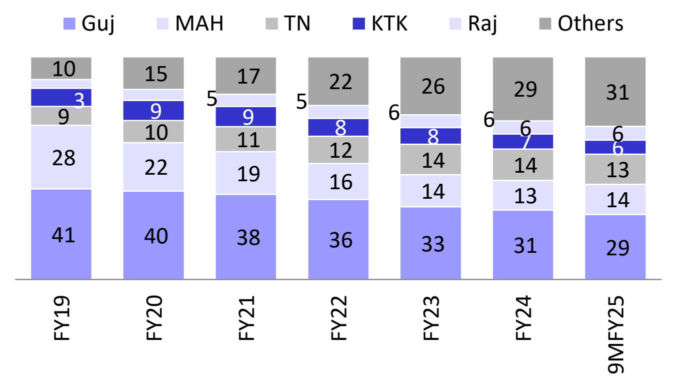
- HomeFirst has strategically diversified its geographic footprint to mitigate concentration risk and tap into emerging markets. As a result, the contribution of the top five states to total AUM has declined from ~78% in FY22 to 69% as of Dec'24, effectively mitigating concentration risk.
- This positions the company well to capitalize on the growing demand for affordable housing across various parts of India. Such a geographic diversification enhances the resilience of the company's portfolio and underscores its commitment to sustainable growth.

Exhibit 12: Proportion of LAP to gradually increase (%)



Source: MOFSL, Company

Exhibit 13: Diversification beyond top five states has been improving

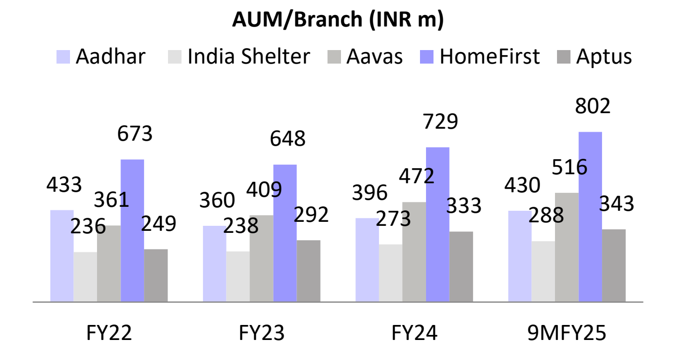


Source: MOFSL, Company

Efficient digital model to help sustain cost leadership

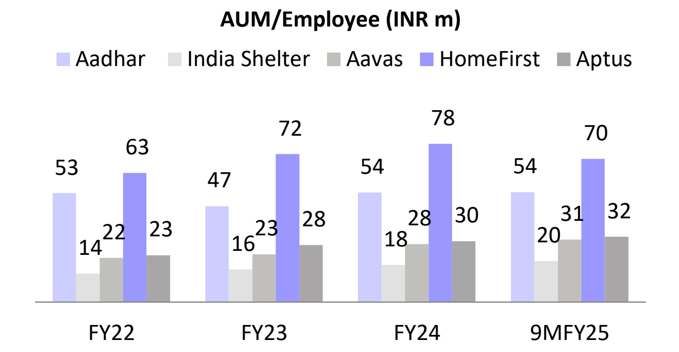
- HomeFirst's cost ratios are expected to remain largely stable despite its ongoing focus on growth and branch network expansion. Nevertheless, its cost metrics continue to be better than most peers, underscoring the company's strong operational efficiency. We model an opex-to-avg. AUM ratio of 2.6%/2.5% in FY26/FY27.
- The company focuses on enhancing employee and branch productivity by effectively leveraging its robust technology infrastructure. Through the adoption of digital tools, process automation, and data-driven decision-making, HomeFirst has streamlined operations, improved turnaround times, and empowered its workforce to deliver superior customer service.

Exhibit 14: HomeFirst has highest AUM per branch…



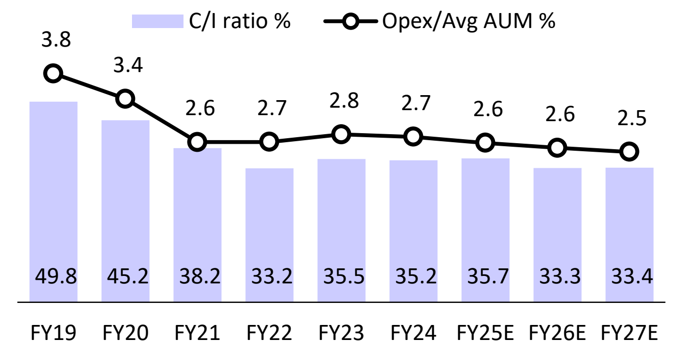
Source: MOFSL, Company

Exhibit 15: …and highest AUM per employee among peers



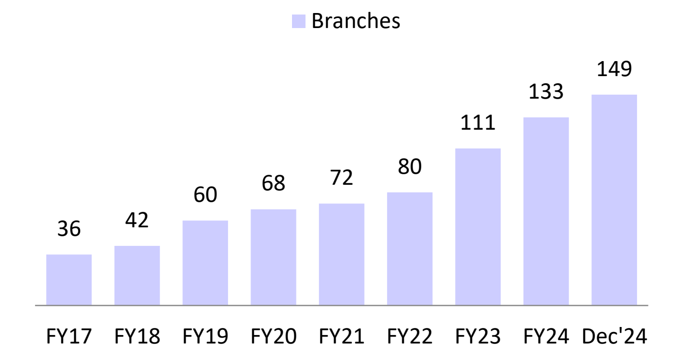
Source: MOFSL, Company

Exhibit 16: Cost ratios to moderate in FY27



Source: MOFSL, Company

Exhibit 17: No. of branches stood at 149 as of Dec'24



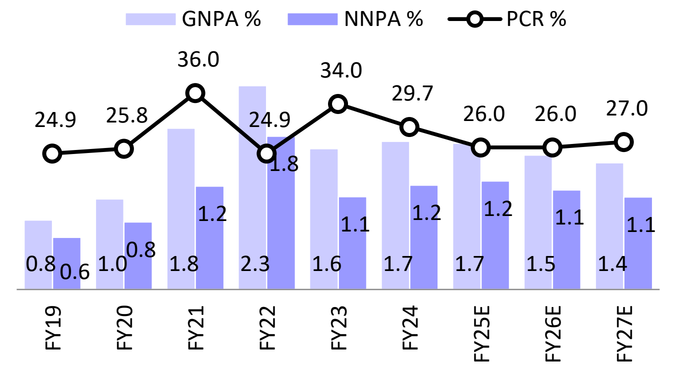
Source: MOFSL, Company

- Given its lean physical distribution network and ability to effectively utilize the connector and builder channels, HomeFirst enjoys the best productivity metrics (AUM per branch or per employee) among its peers that will help drive cost efficiencies.
- The company's AUM per branch stood at an impressive ~INR800m as of Dec'24, significantly ahead of peers. Similarly, its AUM per employee is also the highest at INR70m, compared to its peers that range between INR20m-INR54m. This highlights the company's strong focus on operational excellence and effective resource utilization.

Prudent risk management offers insulation from asset quality shocks

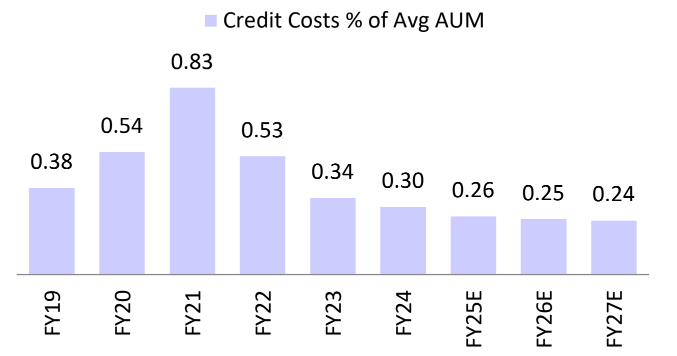
- HomeFirst has consistently upheld strong asset quality by concentrating on low-risk salaried customers, who constitute ~68% of its total AUM. The company's GNPA has improved from ~2.3% in FY22 to ~1.7% as of Dec'24. Moreover, HomeFirst's GNPA has remained largely stable over the past six quarters, reflecting the company's resilience and strong asset quality even amid tough macroeconomic conditions.
- The company has a centralized underwriting system supported by data science-driven customer scoring models. This enables standardized credit assessments across all branches and geographies, ensuring consistent, efficient, and reliable underwriting of loans.
- We estimate GNPA to improve to ~1.5%/1.4% in FY26/FY27 and credit costs to remain benign.

Exhibit 18: Expect gradual improvement in asset quality



Source: MOFSL, Company

Exhibit 19: Credit costs to remain benign over FY26-27



Source: MOFSL, Company

Valuation and View

- HomeFirst is committed to enhancing digital adoption as a cornerstone of its growth strategy. The company has made significant strides in integrating technology into its operations to provide a seamless and frictionless experience for its customers. Its strong technology infrastructure enables a TAT of just 48 hours, significantly faster than industry peers.
- HomeFirst's disciplined cost management and a strong capital base should drive stable growth in the loan book. The company's robust fundamentals, healthy return ratios (even as RoE might decline in the near term because of lower leverage) and superior execution relative to peers reinforce its position as a high-quality franchise in the AHF segment. We believe HomeFirst has potential for scalable growth with strong risk-adjusted returns.
- HomeFirst currently trades at 2.8x FY27E BVPS (post money), which is at a slight discount to some of its peers in the affordable housing segment. HomeFirst has a strong governance framework, a validated business model led by a seasoned and transparent management team, a robust AUM growth outlook (2-year CAGR of ~26%) and superior asset quality. For a PAT CAGR of ~31% over FY25-27E and RoA/RoE of 3.8%/14.4% (post-money), **we reiterate our BUY rating with a TP of INR1,500 (premised on 3.2x Mar'27E P/BV).**

Exhibit 20: Expect PAT CAGR of ~31% over FY25E-27E

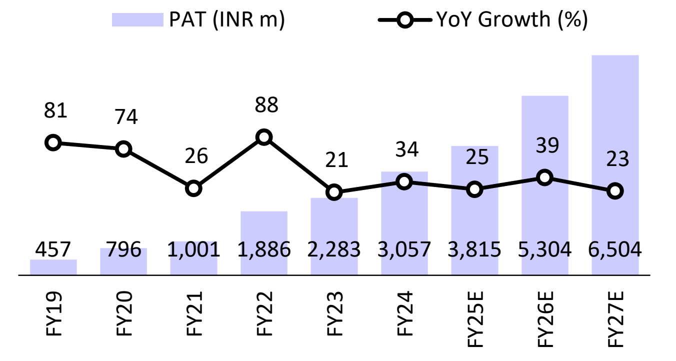


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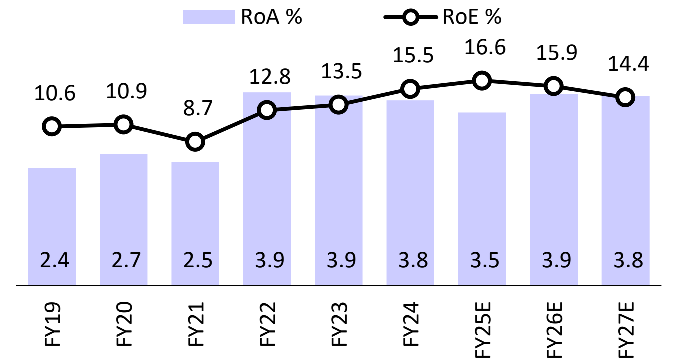
Exhibit 21: RoE of ~16%/14.4% in FY26E/27E



Source: MOFSL, Company

Exhibit 22: Valuation matrix of affordable and large housing finance companies

Val summary	Rating	CMP (INR)	TP (INR)	Mkt. Cap (INRb)	EPS (INR) FY26E	EPS (INR) FY27E	BV (INR) FY26E	BV (INR) FY27E	RoA (%) FY26E	RoA (%) FY27E	RoE (%) FY26E	RoE (%) FY27E	P/E (x) FY26E	P/E (x) FY27E	P/BV (x) FY26E	P/BV (x) FY27E
Affordable HFCs																
HomeFirst	Buy	1,301	1,500	134	52.0	63.8	413	472	3.9	3.8	15.9	14.4	25.0	20.4	3.2	2.8
Aavas	Neutral	2,119	2,000	174	87.5	105.5	637	743	3.3	3.4	14.7	15.3	24.2	20.1	3.3	2.9
Aptus Housing*	Not rated	336	NA	169	18.2	22.3	99	116	7.0	6.8	19.5	20.5	18.4	15.1	3.4	2.9
Aadhar Housing*	Not rated	870	NA	206	41.1	51.3	289	340	4.2	4.1	14.8	15.6	21.2	17.0	3.0	2.6
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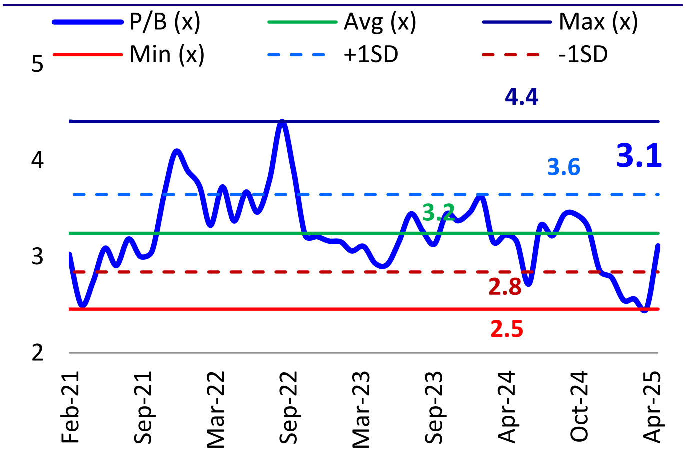
PNB HF	Buy	1,000	1,150	258	88.3	107.2	725	818	2.5	2.6	12.9	13.9	11.3	9.3	1.4	1.2
CanFin	Neutral	745	725	99	68.5	78.6	446	518	2.1	2.2	16.5	16.3	10.9	9.5	1.7	1.4

*Bloomberg consensus

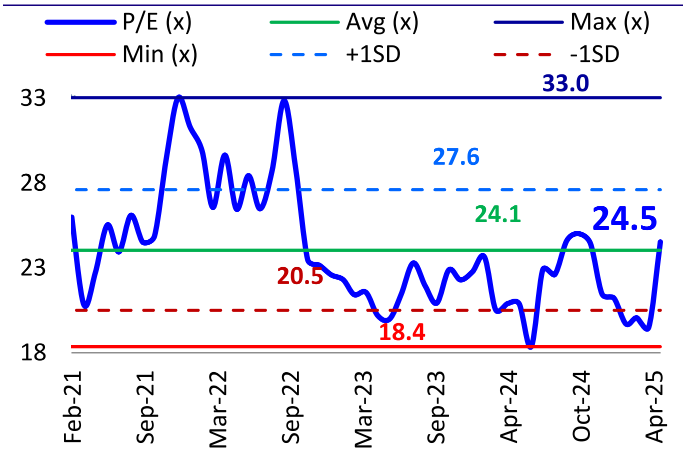
Source: Company, MOFSL

Exhibit 23: One-year forward P/B



Source: MOFSL, Company

Exhibit 24: One-year forward P/E



Source: MOFSL, Company

Financials and Valuation

Income statement								(INR M)
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
Interest Income	3,548	4,237	5,117	7,222	10,277	13,654	17,346	21,330
Interest Expenses	1,938	2,202	2,157	3,043	4,999	7,285	8,528	10,145
Net Interest Income	**1,610**	**2,035**	**2,960**	**4,179**	**5,278**	**6,369**	**8,818**	**11,185**
Change (%)	52.6	26.4	45.4	41.2	26.3	20.7	38.5	26.8
Gain on Direct assignment	371	439	678	380	631	852	904	945
Fee and Commissions	38	35	13	104	99	445	655	704
Other Income	239	180	148	249	558	593	691	753
Total Income (net of interest expenses)	**2,258**	**2,690**	**3,800**	**4,913**	**6,567**	**8,260**	**11,067**	**13,587**
Change (%)	56.3	19.1	41.3	29.3	33.7	25.8	34.0	22.8
Employee Expenses	611	661	808	1,070	1,483	1,954	2,436	2,979
Depreciation	72	76	75	91	117	155	190	230
Other Operating Expenses	337	291	379	585	712	841	1,059	1,324
Operating Expenses	**1,020**	**1,028**	**1,262**	**1,746**	**2,313**	**2,949**	**3,686**	**4,533**
PPoP	**1,238**	**1,662**	**2,538**	**3,167**	**4,254**	**5,311**	**7,382**	**9,054**
Change (%)	70.6	34.2	52.7	24.8	34.3	24.8	39.0	22.6
Provisions/write offs	165	322	250	215	254	291	357	439
PBT	**1,073**	**1,340**	**2,288**	**2,952**	**4,000**	**5,020**	**7,025**	**8,614**
Tax	278	339	402	669	942	1,205	1,721	2,110
Tax Rate (%)	25.9	25.3	17.6	22.7	23.6	24.0	24.5	24.5
PAT	**796**	**1,001**	**1,886**	**2,283**	**3,057**	**3,815**	**5,304**	**6,504**
Change (%)	74	26	88	21	34	25	39	23

Balance sheet								
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
Equity Capital	157	175	175	176	177	178	204	204
Reserves & Surplus	9,178	13,631	15,562	17,997	21,038	24,536	41,887	47,932
Net Worth	**9,334**	**13,805**	**15,737**	**18,173**	**21,215**	**24,714**	**42,091**	**48,136**
Borrowings	**24,938**	**30,537**	**34,668**	**48,135**	**73,021**	**96,005**	**1,07,534**	**1,37,503**
Change (%)	29.5	22.5	13.5	38.8	51.7	31.5	12.0	27.9
Other liabilities	530	759	764	1,062	1,104	1,214	1,396	1,606
Total Liabilities	**34,802**	**45,102**	**51,169**	**67,370**	**95,340**	**1,21,933**	**1,51,021**	**1,87,245**
Loans	**30,139**	**33,265**	**43,049**	**59,957**	**81,434**	**1,05,966**	**1,35,604**	**1,69,757**
Change (%)	41.2	10.4	29.4	39.3	35.8	30.1	28.0	25.2
Investments	**1,456**	**3,750**	**0**	**2,808**	**3,788**	**4,167**	**4,584**	**5,042**
Change (%)	41.4	157.6	-100.0		34.9	10.0	10.0	10.0
Fixed Assets	210	167	202	257	302	347	400	459
Cash and cash equivalents	2,221	6,799	6,678	2,984	8,215	9,665	8,470	9,829
Other assets	777	1,121	1,239	1,364	1,600	1,788	1,964	2,157
Total Assets	**34,802**	**45,102**	**51,169**	**67,370**	**95,340**	**1,21,933**	**1,51,021**	**1,87,245**

AUM and Disbursements (in INR m)	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
AUM	36,184	41,411	53,800	71,980	96,978	1,26,726	1,61,762	2,02,506
On-book Loans	30,407	33,718	43,515	60,521	82,126	1,06,830	1,36,689	1,71,118
Off-book Loans	5,777	7,693	10,285	11,459	14,852	19,896	25,073	31,388
Disbursements	16,183	10,966	20,304	30,127	39,632	47,836	58,440	70,391

E: MOFSL Estimates

Financials and Valuation

Ratios								
Growth %	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
AUM	48.1	14.4	29.9	33.8	34.7	30.7	27.6	25.2
Disbursements	2.9	-32.2	85.2	48.4	31.6	20.7	22.2	20.4
Loan book (on balance sheet)	41.6	10.9	29.1	39.1	35.7	30.1	27.9	25.2
Total Assets	40.2	29.6	13.5	31.7	41.5	27.9	23.9	24.0
NII	52.6	26.4	45.4	41.2	26.3	20.7	38.5	26.8
PPOP	70.6	34.2	52.7	24.8	34.3	24.8	39.0	22.6
PAT	74.0	25.8	88.4	21.1	33.9	24.8	39.0	22.6
EPS	40.7	12.7	87.9	20.5	33.2	24.4	21.1	22.6

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Spreads and margin (%)								
Avg yield on loans	13.3	12.7	12.5	13.3	13.7	13.6	13.4	13.1
Avg. cost of funds	8.8	7.9	6.6	7.3	8.3	8.6	8.4	8.3
Interest Spread	4.5	4.8	5.9	5.9	5.5	5.0	5.0	4.8
NIM on AUM	5.3	5.2	6.2	6.6	6.2	5.7	6.1	6.1

Capital Structure & Profitability Ratios (%)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Debt-Equity ratio	2.7	2.2	2.2	2.6	3.4	3.9	2.6	2.9
CAR	49.0	56.2	58.6	49.4	39.5	34.1	46.8	43.2
Tier-I	47.7	55.2	58.1	48.9	39.1	33.8	46.5	42.8
Leverage	3.7	3.3	3.3	3.7	4.5	4.9	3.6	3.9
RoAA	2.7	2.5	3.9	3.9	3.8	3.5	3.9	3.8
RoAE	10.9	8.7	12.8	13.5	15.5	16.6	15.9	14.4
ROAAUM	2.6	2.6	4.0	3.6	3.6	3.4	3.7	3.6
Int. Expended/Int.Earned	54.6	52.0	42.1	42.1	48.6	53.4	49.2	47.6
Other Inc./Net Income	10.6	6.7	3.9	5.1	8.5	7.2	6.2	5.5
Cost/Productivity Ratios (%)	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
Cost/Income	45.2	38.2	33.2	35.5	35.2	35.7	33.3	33.4
Op. Exps./Avg Assets	3.4	2.6	2.6	2.9	2.8	2.7	2.7	2.7
Op. Exps./Avg AUM	3.4	2.6	2.7	2.8	2.7	2.6	2.6	2.5
Non interest income as % of Total income	10.6	6.7	3.9	5.1	8.5	7.2	6.2	5.5
AUM/employee (INR m)	52	60	63	72	78	91	104	119
AUM/ branch (INR m)	532	575	673	648	729	856	992	1,138
Empl. Cost/Op. Exps. (%)	60	64	64	61	64	66	66	66
Asset Quality (INR m)								
Gross NPA	315	622	1,015	974	1,393	1,789	2,103	2,480
GNPA %	1.0	1.8	2.3	1.6	1.7	1.7	1.5	1.4
Net NPA	234	398	763	643	979	1,324	1,556	1,810
NNPA %	0.8	1.2	1.8	1.1	1.2	1.2	1.1	1.1
PCR %	25.8	36.0	24.9	34.0	29.7	26.0	26.0	27.0
Credit cost % of avg AUM (bps)	54	83	53	34	30	26	25	24
Valuation	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
No.of Shares (m)	**78.3**	**87.4**	**87.6**	**88.0**	**88.5**	**88.8**	**101.9**	**101.9**
EPS	10.2	11.5	21.5	25.9	34.5	43.0	52.0	63.8
P/E (x)	**128.1**	**113.6**	**60.5**	**50.2**	**37.7**	**30.3**	**25.0**	**20.4**
BV (INR)	119	158	180	206	240	278	413	472
Price-BV (x)	**10.9**	**8.2**	**7.2**	**6.3**	**5.4**	**4.7**	**3.2**	**2.8**
Adjusted BV (INR)	117	155	173	201	231	267	402	459
Price-ABV (x)	**11.1**	**8.4**	**7.5**	**6.5**	**5.6**	**4.9**	**3.2**	**2.8**
DPS (INR)	0.0	0.0	0.0	2.6	3.4	4.0	4.5	4.5
Dividend yield (%)	**0.0**	**0.0**	**0.0**	**0.2**	**0.3**	**0.3**	**0.3**	**0.3**

E: MOFSL Estimates

Dupont %	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	11.9	10.6	10.6	12.2	12.6	12.6	12.7	12.6
Interest Expenses	6.5	5.5	4.5	5.1	6.1	6.7	6.2	6.0
Net Interest Income	**5.4**	**5.1**	**6.1**	**7.1**	**6.5**	**5.9**	**6.5**	**6.6**
Gain on DA	1.2	1.1	1.4	0.6	0.8	0.8	0.7	0.6
Other Income (incl fees)	0.9	0.5	0.3	0.6	0.8	1.0	1.0	0.9
Total Income (net of int exp)	**7.6**	**6.7**	**7.9**	**8.3**	**8.1**	**7.6**	**8.1**	**8.0**
Operating Expenses	**3.4**	**2.6**	**2.6**	**2.9**	**2.8**	**2.7**	**2.7**	**2.7**
Cost to Income Ratio (%)	45.2	38.2	33.2	35.5	35.2	35.7	33.3	33.4
Employee Expenses	2.0	1.7	1.7	1.8	1.8	1.8	1.8	1.8
Other Expenses	1.4	0.9	0.9	1.1	1.0	0.9	0.9	0.9
PPoP	**4.2**	**4.2**	**5.3**	**5.3**	**5.2**	**4.9**	**5.4**	**5.4**
Provisions/write offs	0.6	0.8	0.5	0.4	0.3	0.3	0.3	0.3
PBT	**3.6**	**3.4**	**4.8**	**5.0**	**4.9**	**4.6**	**5.1**	**5.1**
Tax provisions	0.9	0.8	0.8	1.1	1.2	1.1	1.3	1.2
RoAA	**2.7**	**2.5**	**3.9**	**3.9**	**3.8**	**3.5**	**3.9**	**3.8**
Leverage (x)	4.1	3.5	3.3	3.5	4.1	4.7	4.1	3.7
RoAE	**10.9**	**8.7**	**12.8**	**13.5**	**15.5**	**16.6**	**15.9**	**14.4**

E: MOFSL Estimates

NOTES

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