

**HFFCIL/BSE/NSE/EQ/14/2026-27**

**Date: 12-05-2026**

To, <b>BSE Limited,</b> Department of Corporate Services, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai- 400001. Scrip Code- <b>543259</b>	To, <b>The National Stock Exchange of India Limited,</b> The Listing Department, Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai- 400051. Scrip Symbol- <b>HOMEFIRST</b>
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**Sub: Transcript of the earnings conference call for the quarter and year ended March 31, 2026**

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the earnings conference call for the quarter and year ended March 31, 2026 conducted on May 07, 2026 for your information and records. The Company had referred to publicly available documents for discussions during the call.

The above information is also available on the website of the Company: [www.homefirstindia.com](http://www.homefirstindia.com)

This is for your information and record.

For **Home First Finance Company India Limited**

**Shreyans Bachhawat**  
**Company Secretary, Compliance Officer and Head - Legal**  
**ACS NO: 26700**



“Home First Finance Company India Limited  
Q4 & FY26 Earnings Conference Call”

May 07, 2026



**MANAGEMENT: MR. MANOJ VISWANATHAN – MANAGING DIRECTOR  
AND CHIEF EXECUTIVE OFFICER – HOME FIRST  
FINANCE COMPANY INDIA LIMITED  
MS. NUTAN GABA PATWARI – CHIEF FINANCIAL  
OFFICER – HOME FIRST FINANCE COMPANY INDIA  
LIMITED  
MR. SUNIL ANJANA – HEAD OF TREASURY AND  
INVESTOR RELATIONS – HOME FIRST FINANCE  
COMPANY INDIA LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to Home First Finance Company India Limited Q4 and FY26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, please signal an operator by pressing star and then zero on your touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sunil Anjana, Head of Treasury and Investor Relations of Home First Finance Company India Limited. Thank you, and over to you, sir.

**Sunil Anjana:** Thank you, Farah. Good afternoon, ladies and gentlemen, and welcome to Home First Finance Company's Earnings Conference Call to discuss the financial results for the quarter and financial year ended March 31, 2026. We hope you have had the chance to review our investor presentation and press release, both of which are available on our website and stock exchanges.

As per our practice, we have also uploaded an Excel fact sheet containing historical data on our website for your easy reference. From the management, we have with us today Mr. Manoj Viswanathan, MD and CEO and Ms. Nutan Gaba Patwari, CFO.

With that, I now invite Mr. Viswanathan to share his insights on overall performance and outlook. Over to you, sir.

**Manoj Viswanathan:** Thank you, Sunil. Good afternoon, everyone, and thank you for joining us today. FY26 has been a year of resilience and disciplined execution for Home First. We ended the year with healthy growth, record disbursements in Q4, over 41.4% profit growth for the full year, improving asset quality, and a balance sheet that remains very well capitalized.

What is important to us is not any one of these metrics in isolation, but the fact that all of them moved in the right direction together. We continue to grow well. Our assets under management stood at INR15,878 crores as of March '26, up 24.9% year-on-year and 6.4% sequentially. Disbursement in Q4 was the highest ever at INR1,572 crores, up 23.5% year-on-year and 19.3% q-o-q.

For FY26, the disbursement stood at INR5,424 crores, a growth of 12.9% over FY25. The strong exit run rate in Q4 gives us confidence as we enter FY27. Profitability remained robust. For FY26, PAT stood at INR540 crores, up 41.4% year-on-year. Reported return on equity for FY26 was 15.7%. And on a pre-money basis, adjusted ROE stood at 16.8%.

Even as we delivered this performance, we continue to invest for the next phase of growth. During the quarter, we added 6 new branches and 5 touch points, increasing the network to 171 branches and 373 touch points. During 2026, we also added net 221 employees in largely customer-facing goals, taking our total headcount to 1,855.

Our origination yield continues to be healthy at 13% with an 83% share of individual housing loans. That consistency in mix is important because it reflects both the strength of our core franchise and the granularity of our portfolio.

Now coming to asset quality, one of our key priorities over the last few quarters has been to strengthen the portfolio quality from the front end by tightening our focus on early bucket collection discipline and resolution intensity.

We are pleased with the pronounced improvement visible this quarter. Our 1+ DPD is at 4.7%, down 60bps sequentially. 30+ DPD improved to 3.2%, down by 50bps sequentially. Stage 2 reduced by 30bps to 1.4%. Gross Stage 3 improved to 1.8%, down by 20bps q-o-q.

Early indicators from April demonstrate good collection outcomes compared to the same month in previous years. Fresh slippage % is lower than what was seen in April 2025 as well as April 2024. We have not yet observed any significant impact from the ongoing war in the Middle East.

Let me now touch upon state-wise trends. To start with, all senior leadership positions in the branch network have been filled across all states and are now fully focused on delivering strong results in this financial year. Gujarat, MP, and Rajasthan are showing healthy growth and stable asset quality. Maharashtra has regained strong momentum, particularly in Mumbai and Pune, reflected in the robust AUM trajectory. All the southern states are on track for strong growth in this financial year, including Tamil Nadu and Karnataka. Also, the e-Khata issue is mostly behind us. In UP, the team is being built, and we are preparing a strong base for FY28.

Technology remains one of the key differentiators of Homefirst. It is central to how we source, underwrite, service, and scale the business. Homefirst's deep-rooted digital DNA built consistently since inception has created a strong foundation for accelerated AI adoption across the value chain. This digital-first approach has also given us clean, structured data assets stretching back to day one of the company, providing the high-quality training ground that modern AI systems demand. Our AI strategy is anchored on 3 outcomes, elevating customer experience, enhancing employee productivity, and driving structural cost efficiencies. In line with this framework, we have already operationalized proprietary AI agents for income assessment and contextual bank statement analysis. Parallely, AI-led interventions in lead qualification, legal and technical evaluation, and bureau analysis are currently in pilot and will progressively move to production as we scale our intelligent underwriting stack.

On sustainability, our green homes initiative continues to make progress. We certified 140 additional homes during the quarter, taking the cumulative total to 450 as of March 2026.

As we look ahead, we are entering FY27 from a position of strength. Growth momentum is healthy. Asset quality is improving. Margins remain robust. The balance sheet is strong, and the investments we are making in distribution, people, and technology are intended to support durable growth, not just near-term growth.

Based on where we are today, we are positioned to deliver around 25% year-on-year AUM growth. Our focus remains clear, grow with discipline, protect portfolio quality, improve productivity, and deepen our customer franchise, and continue delivering strong and sustainable profitability.

With that, I now hand it over to Nutan to take you through the financial performance in more detail. Over to you, Nutan.

**Nutan Gaba Patwari:**

Thank you, Manoj, and good afternoon, everyone. I will take you through the key financial highlights for the quarter and the full year.

**Let us start with the income statement.**

Total income for the quarter stood at INR505 crores, up by 21.3% Y-o-Y and 4.4% q-o-q-on-quarter. Specifically, the interest on term loans went up from INR406 crores in Q3 to INR412 crores in Q4, presenting 1.6% q-o-q increase. As against average principal outstanding growth of 5.5% on a q-o-q basis, in the interest income on term loans 2 lesser days in the quarter (Q4 Vs Q3) impacted 2.2%, 10bps PLR cut impacted by 80bps, and origination yields had an impact of another 80bps.

Portfolio yields, excluding co-lending, stood at 13.2%, while disbursement yields for the quarter stood at 13%, reflecting continued pricing discipline and healthy customer acquisition quality.

On the liability side, through proactive borrowing mix management, we were able to contract our cost of borrowing, excluding co-lending, by 10 basis points to 7.9%. Incremental borrowing costs during the quarter remained favourable at around 7.6%, which gives us confidence in the resilience of our spread profile. As a result, our spread, excluding co-lending, remained healthy at 5.3%.

Yields have to be looked at a portfolio level, and we run a 100% floating asset book, allowing us the ability to reprice as the cost of borrowing moves. This is an essential element of our financial strategy to not carry any interest rate risk on our balance sheet. Our aim remains to deliver a spread at a portfolio level in our guided range of 5% to 5.25%.

Net interest margin for Q4 stood at 5.9%, while there was a modest sequential compression of 10bps, NIM remains robust and continues to reflect the strength of our business model. For FY26, NIM stood around 5.7%.

**Moving to operating efficiency.**

It remains strong. Cost-to-income for Q4 was 32%, improving 10bps sequentially. For FY26, the cost-to-income stood at 32.5%, an improvement of 330bps y-o-y.. This is particularly encouraging because it comes alongside continued investments in distribution, headcount, and technology.

As a reminder, the full year opex includes a one-time gratuity provision of INR3.3 crores recorded earlier in Q3FY26, arising from the implementation of the new labour Code. Operating cost to assets was 2.7% for the quarter as well as for the full year. As we continue to invest for growth, we expect this ratio to remain broadly range-bound within 2.6% to 2.7%.

Pre-provision operating profit in Q4 stood at INR212 crores, up by 44.9% y-o-y. This reflects the operating leverage inherent in the franchise as the book continues to scale. Profit after tax for Q4 stood at INR149 crores, up by 42.7% y-o-y and 6.6% q-o-q. For FY26, profit after tax stood at INR540 crores, representing 41.4% y-o-y growth, return on assets of 3.9% and return on equity of 15.7%.

Following the INR1,250 crores QIP completed earlier in Apr'25, our balance sheet remains very well capitalized. On a pre-money basis, adjusted ROE for FY26 stood at 16.8%.

**Moving on to provisions and asset quality.**

Credit cost for Q4 and the year stood at 40bps. Provision on Stage 3 assets was increased to 24% as of Mar'26 from 22% in Dec'25. We continue to follow a conservative provisioning approach and maintain overlays above ECL requirements. As of Mar'26, our total provision coverage ratio stood at 44.9%. We believe this reflects the prudence with which we manage the balance sheet while preserving adequate flexibility for growth.

**Now coming to borrowings and liability profile.**

Our funding profile continues to be well diversified and cost-effective. As of Mar'26, 59% of funding came from private and public banks, 15% from NHB, 20% from assignment and co-lending, the balance from NCDs, ECBs, and NBFCs.

During Q4, we executed direct assignment transaction of INR264 crores. In co-lending, disbursement for FY26 doubled, rising from INR153 crores in FY25 to INR307 crores in FY26. The co-lending book grew to INR593 crores and now represents 3.7% of AUM.

In FY27, we will continue to scale the co-lending business by further strengthening the enabling infrastructure. This product line provides an opportunity to serve a wider customer base, while driving enhanced productivity and returns.

**Coming to capital adequacy and liquidity.**

As of Mar'26, our Capital to risk-weighted assets ratio (CRAR) stood at 44.1% with Tier I at 43.8%. As of Mar'25, prior to Apr'25 QIP, our capital adequacy stood at 32.8% with Tier I at 32.5%. Our net worth stood at INR4,357 crores, and the book value per share is INR418 as of Mar'26. This positions us well to continue investing in growth while maintaining a disciplined risk framework.

With that, we conclude our opening remarks and are now happy to take your questions.

**Moderator:** Thank you very much. The first question is from the line of Abhijit Tibrewal from Motilal Oswal. Please go ahead.

**Abhijit Tibrewal:** Yes. Thank you for taking my questions. Am I audible?

**Manoj Viswanathan:** Yes, Abhijit.

**Moderator:** Yes, sir.

**Abhijit Tibrewal:** Thank you. Manoj, two questions. One is, maybe near-term, what we have seen over the last one year. And then maybe I'll move to the second question. But the first question is more around, if you look at this financial year, which we just ended, the first part of the year was a little bit about weakness both in terms of demand as well as, I would say, asset quality. And then when we move to the third quarter, we saw some semblance of stability coming in. And then fourth quarter, obviously, we have ended on a high note, whether we look at the disbursement momentum, whether we look at the improvement in asset quality that we have reported. So, just trying to understand the first half weakness, which was there, was that more demand-led? And are you seeing demand improving now as you've exited Q4 on a high note That is the first part of the question.

And the other thing is, you'll remember first half of this fiscal year, we also spoke about weakness in asset quality, predominantly part of it coming from some impact of U.S. tariffs. How is credit trending now is something I wanted to understand. I remember you saying in your opening remarks that Apr'26 was better than Apr'25 and Apr'24. But just trying to understand how are these 2 things, demand and credit trending right now?

**Manoj Viswanathan:** Yes. So, looking at the first half, so there were two or three things that were happening simultaneously. One was that we were just coming out of the whole overhang of the credit issue. So the delinquencies were elevated and the collection was a bit difficult, also impacted by tariffs etc..

There was a bit of sluggishness in demand as well at that point in time. And we were also internally going through some issues. Some of the locations were not staffed properly. There was some attrition and so on. So, all of these things were happening simultaneously at that point, and hence, a little bit of weakness or sluggishness.

As the year progressed, some of the external factors got resolved, and then the internal factors also got resolved. We started filling up all the positions. We rebuilt the teams. And simultaneously, the external factors got resolved to some extent. So the credit weakness started coming down, collections started improving.

The tariff issue was also kind of put to rest at some point. And the demand also started improving from October onwards. So all these things kind of came together in the last two quarters and that helped us deliver these good results.

**Abhijit Tibrewal:** Got it, Manoj. And then the last question that I had was a little bit, I would say, a medium-term strategy. I remember you saying in your opening remarks that we are entering FY27 from a position of strength. You also acknowledged that there were some internal challenges as well last year in terms of staffing, which you acknowledge has now been resolved.

So, if you could just articulate how should we look at maybe the next two to three years? You did mention that we'll be looking to grow our AUM at 25% this year. So, what all changes have you made this year that are giving us confidence that we'll be able to sustain that 25% growth? And then, if you could also talk about how, you are looking at your distribution, your expansion into newer states, or rather, deepening into newer states? Just those two-three points if you can cover.

**Manoj Viswanathan:**

Yes. So one is the teams being rebuilt, and all senior leadership positions being filled across the country. I think that is the big positive with which we are entering this year. We have now the teams on the ground fully focused on delivering the results for the year. We are not distracted with any positions to be filled or any attrition, and so on and so forth. So that is the big positive starting point.

Second is that we have further improved our value proposition to the distribution channels in terms of turnaround times, in terms of the wide bouquet of products that we are able to offer. So there, the co-lending also comes into play, where we are going to a connector or to any distribution channel, we are able to offer them a larger bouquet of products where they can address a larger number of customers. It's a wider target market that they can address. That is being well recognized by the channels. You would see that there's a big jump in the number of connectors as well in the last quarter. So that is another big positive that we are entering with. So all of these and the other important development is our huge success that we have got in places like Mumbai and Pune, which were traditionally seen as formal markets and where only the banks could operate. So we have really turned around and created a huge success in some of these markets.

All of these things give us the confidence that the next two to three years, we are on a very strong growth trajectory. We have understood the kind of value proposition the market wants. We are able to deliver that and exceed the expectations of the channels. So that's what gives us the confidence that this year, definitely 25% AUM growth we can deliver. And if everything goes well, we should be able to continue that trend over the next couple of years as well.

**Abhijit Tibrewal:**

Got it. Thank you so much, Manoj. That answers my questions and I wish you and your team the very best.

**Moderator:**

Thank you. The next question is from the line of Prashant Kothari from Pictet. Please go ahead. Mr. Kothari, your line is unmuted. Yes, please go ahead, sir.

**Prashant Kothari:**

Hello. Two quick questions from my end. The first one would be that you mentioned that you're on track for growth in the Southern states in FY27. I just wanted to check how did our market share moved in, say, Karnataka and Tamil Nadu in FY26? And are there any specific competitors growing aggressively in these regions? That would be my first question. I'll come back with the second.

**Manoj Viswanathan:**

Sure. So, market share in Tamil Nadu was not very strong to start with. And it would have further dropped a little bit in this last year because the growth was very muted in Tamil Nadu. But we

will hopefully be able to make it up in the coming couple of years, because now the base is ready and the teams are there. So we should be able to catch up as far as Tamil Nadu is concerned.

In Karnataka, it has been a fairly steady growth, except for a minor blip we had for one or two quarters because of the e-khata issue. Otherwise, we would have sustained our market share in Karnataka.

**Prashant Kothari:** Got it, got it. And any specific competitors that you are sort of looking out for there or growing aggressively in the Southern states?

**Manoj Viswanathan:** No new names as such. Set of existing players, so depending on the season, depending on the year, there are some players who are more active. So nothing significant to report in terms of new competition.

**Prashant Kothari:** Got it. My next question is, how do we think about risk-adjusted yields when, say, compared to other pure play affordable housing finance players? Do we look at that? And then if so, what's the thinking there?

**Manoj Viswanathan:** On yields, our thinking is that we are offering a wide bouquet of products. Starting from INR5 lakh ticket size to a INR40 lakh ticket size. And we also do loan against property. So the idea is to provide a blended yield, or rather to deliver a spread of around 5% to 5.25%. If the borrowing cost drops further from here, then there will be a corresponding decline in the yields.

But overall, we are looking to maintain a spread of 5% to 5.25%. That is what we are looking to do. We will do that by using this whole blend of products. So there will be LAP on one side, maybe to the extent of 20%. There are smaller ticket loans, which will deliver slightly higher yields. And then we have slightly higher ticket loans.

And then, we also have co-lending, which is yield agnostic because we are anyway getting an effective spread of about 5%, So, the idea is to sustain the profit and deliver a respectable or the promised ROE that we have committed to.

**Prashant Kothari:** Helpful. I was seeing more around sort of risk-adjusted yield. So if we look at, say, the yield and take out the credit cost, how do we think about that on a portfolio basis on different segments, say, different states? And then how does it compare to our peers?

**Manoj Viswanathan:** It would be in certain segments similar to peers. It also depends upon the kind of markets etc, we are comparing. So some of our peers operate in more rural or semi-rural markets where the yields would probably be higher. Also, in some cases, they operate in LAP, and they have a higher proportion of LAP and micro-LAP segments, so the yields are again higher.

In comparable products, the yields will be largely comparable. It's not going to be very different. Just to give you a range, we operate in a yield range of between, say, 12% to about 14%. So ticket size is one axis. And the other is the nature of the product, which is whether it's a LAP or a housing loan. So, 12% to 14% is generally the range in which we operate. It doesn't vary beyond that.

- Prashant Kothari:** Got it. And then just on that, on the LAP segment compared to the home loan segment, are the yields higher, and then is the credit cost comparable, or let's say, is it very different?
- Manoj Viswanathan:** See, credit costs also don't fluctuate a lot. We are talking about the overall credit cost of 40 basis points for the year. I mean the range will be between, say, 20bps to 60bps. So we are not operating a product where the credit cost is substantially higher and we are just delivering a higher yield, because that is not our strategy.
- Prashant Kothari:** Got it. For LAP, also, it will be in the same range, right?
- Manoj Viswanathan:** LAP also will be in the same range, correct.
- Prashant Kothari:** Got it. But yield will be higher. Is that correct?
- Manoj Viswanathan:** Yes. The yield is higher. So again, we are not operating in the very high-yielding LAP category. Our LAP yields are also in the, say, 14%, 14.5% range.
- Prashant Kothari:** Got it, got it. Helpful. Thank you so much.
- Moderator:** Thank you. Our next question is from the line of Shreepal Doshi from Equirus. Please go ahead.
- Shreepal Doshi:** Hi sir. Thank you for giving me the opportunity. My question is pertaining to PLR. So we have taken a 10bps PLR cut last quarter. Now with rates likely to go up, systemic rates likely to go up, would we make any adjustment there? Or would we continue with our pricing strategy that we have as of today?
- Nutan Gaba Patwari:** Shreepal, we will wait for the repo hike, if at all, they were to happen in the later part of the year. We will also have to watch out how banks are repricing from the MCLR line. And only if we need, we will make the decision to hike. As I explained in my opening remarks, we have a fully floating book.
- And our history also has indicated that we have the capability to increase rates as well as reduce rates. And so we will take a call based on as and when the hike comes through. In the next one quarter, we are not seeing that as a possibility. In fact, I would say we should be able to maintain our cost of borrowing in Q1'27 at around the levels of last quarter.
- Shreepal Doshi:** Got it. My second question was on branch expansion. So I was looking at the disbursement upon branch number, and it's already closer to INR30crs per branch. And this is really at a peak level. So what is our branch expansion strategy? Where do you see the disbursement per branch as a run rate? And also wanted to understand which locations we would add branches to? And what is the number of branches or percentage of branches with disbursement per branch below INR10 crores?
- Manoj Viswanathan:** So generally, our strategy to put up a branch is only if the branch has the potential to reach this average branch disbursement potential, which is INR2 crores to INR3 crores a month. So we would

typically not put a branch where the potential is only INR1 crores a month. So there we would just operate as a touch point or a satellite location.

Our branch strategy is to add about 30 to 40 branches every year. So that is what we are planning. And productivity of the branch, obviously the disposal for branch should keep inching up, you know, as we scale up. That has always been the principle under which we are operating. So productivity of the branch and overall AUM per branch, disbursal per branch, and AUM per employee should keep on going up.

**Shreepal Doshi:** Okay. But sir then, where I'm coming from is that while we focus on business, our employees at the branch level is responsible for collections as well. So in that case, the AUM per employee continues to inch up. In that case are we planning to create a bandwidth for buckets like, let's say, 31 to 60 and 60 to 90 with additional bandwidth there?

**Manoj Viswanathan:** No. So, how we facilitate this increase in productivity is only through technology and tools which are made available to the employees. So the idea is to take away the time they are spending in mundane tasks and just focus their attention more on customer-facing activities. So originating leads, closing the transaction with the customer and collecting from more difficult customers.

These are the key front facing or the customer facing activities that we want to spend the time of the front-end teams on. So if they are spending time on any other activity like making receipts or you know, updating records, things like that, so those we continue to keep observing and automating those activities.

**Shreepal Doshi:** Got it. Sir, just two follow-ups here. One was that in terms of AUM per branch, if you could highlight number of branches or percentage of branches with, let's say, AUM per branch having below INR10 crores sort of a number? And the second question was where would we plan to add these 30 to 40 branches in incoming year? Thank you.

**Manoj Viswanathan:** So 30 to 40 branches would be broad-based. We are not really targeting a specific state as such. We are looking at a two-pronged strategy. There will be a few additions in new locations or new cities that we have identified across various states. And a lot of addition will also be in existing cities where we are increasing the density of the branches.

So larger cities where we have a few branches, we would be increasing the number of branches in the larger cities to improve our distribution and access to the customer. It's going to be a two-pronged strategy. Number of branches which are less than INR10 crores would be very small. Maybe 10 odd branches.

**Shreepal Doshi:** INR10 crores to INR50 crores.

**Manoj Viswanathan:** Less than INR50 crores you are talking about?

**Shreepal Doshi:** Yes, sir.

**Manoj Viswanathan:** Less than INR50 crores will be about 50 branches.

- Shreepal Doshi:** Got it. Thank you so much for answering my questions. Good luck for the next quarter.
- Moderator:** Thank you. Our next question is from the line of Kunal Shah from Citigroup. Please go ahead.
- Kunal Shah:** Thanks for taking the question. So, not sure if the co-lending piece got addressed. So this quarter, it was low. How much time would it take to rectify this and again scale it up? I understand that the regulatory changes have led to this. But it is addressed to a larger extent and when should we again start seeing a pickup in this?
- Manoj Viswanathan:** It should get addressed this quarter. Some progress has been made in the first month of April. And by the end of May, hopefully, all the issues should get addressed. So I think June should be a normal month.
- Kunal Shah:** Okay. So thereafter, the run rate of co-lending would be similar or maybe better than what we saw last year?
- Manoj Viswanathan:** That's right.
- Kunal Shah:** And secondly, in terms of the bounce rates, we have heard from many that the bounce rates have been better in April than those of March. But I hear you mentioned that at least it's better than that of April of the previous year. But how has it been trending and is it showing any sign of worry in any of the pockets because of the macroeconomic factors at this point in time?
- Manoj Viswanathan:** No. As of now, there is absolutely no visible impact. I mean there are sporadic anecdotal discussions going on, but really nothing that we are seeing at a central level in terms of a visible impact from this whole Middle East issue.
- Kunal Shah:** Okay. Got it. Thank you.
- Moderator:** Thank you. The next question is from the line of Gaurav Khandelwal from JP Morgan. Please go ahead.
- Gaurav Khandelwal:** Hi, good afternoon. Thanks for taking the questions. My first question is on the sourcing rate. Is the 13% number average for the quarter or is that the exit sourcing rate?
- Nutan Gaba Patwari:** Average for the quarter.
- Gaurav Khandelwal:** And where are we at the quarter-end, the exit rates?
- Nutan Gaba Patwari:** It's similar, Gaurav. It doesn't vary month-to-month. So, probably it will be 2bps plus or 2bps minus that will be range.
- Manoj Viswanathan:** The pricing is largely centrally driven in our case. So it's all algorithm based. The loan applications get locked in and there is a risk-adjusted rate that gets generated and communicated to the customer and there is a little bit of a cushion for negotiating that is left. So this is a process we have been following since several years. So generally, there will not be a month-to-month variation once we have fixed a certain rate.

- Gaurav Khandelwal:** Got it. Thanks. That's very helpful. Second question is are you seeing more competition in your product segments, your ticket sizes by the larger housing finance companies off late, the competition is always high, but any new incremental there?
- Manoj Viswanathan:** Nothing new as such to report, frankly. It's always up and down depending upon the month or season. But otherwise, there is nothing as such new or significant to report.
- Gaurav Khandelwal:** Got it. The place where I'm coming from is effectively all of these large HFCs are losing out to the big banks in terms of the prime loans and hence based on my discussions with some of these, they are trying to target some of the ZIP codes where you excel in and hence the question?
- Manoj Viswanathan:** Yes. But there is nothing significant that we have seen or any new activity that we have seen as of now.
- Gaurav Khandelwal:** Got it. No worries. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Jyoti Khatri from Ambit Wealth. Please go ahead.
- Jyoti Khatri:** Yes. Thanks for taking my question. One was with respect to the ticket size of the loans. This quarter around, we are seeing higher growth coming in from the high-ticket-size loans, from INR15 lakhs to INR20 lakhs and INR20 lakhs to INR25 lakhs ticket size. So what's the outlook there? So assume that this run rate continues, will it exert some pressure on the margin side, because I assume that even in the high-ticket-size loans, competition is relatively higher and therefore margin pressure too? So what is the outlook there?
- Manoj Viswanathan:** As we have been saying since last couple of years, there is a customer segment, the same customer who used to purchase a smaller house or a lower-ticket-size property earlier, is migrating upwards. But his or her challenges continue to remain the same in terms of difficulty in getting loans from the larger lenders.
- So we are not targeting a more premium customer as such. It's the same customer we are targeting. It's just that the requirements have gone up. The size of the price and price of houses have gone up. So which is why you're seeing if you look at there has been an increase in the ticket size, but you are not seeing such an impact on the yield. We are still reporting an origination yield of 13% and the slight drop is largely also because of the drop in borrowing cost.
- So adjusted for borrowing cost there is actually no decline in yields at all. The reason is that we are addressing the same customer and the customer is willing to pay that premium for us to solve this problem. So, 5 years down the line, we will probably be talking about an INR40 lakh ticket size. But the customer segment is going to remain the same. The challenges are going to remain the same. And obviously, then the yields will also be the same.
- Jyoti Khatri:** Fine. And second thing is on the fact that over the last 3 months, we have seen interest rates hardening. Do you foresee, although your incremental cost of borrowing has come down and

your guidance sustains 5% to 5.25% margins. Do you feel that this might continue in FY27 as well, given that the interest rates have hardened in Q4?

**Nutan Gaba Patwari:** So let me take it in two parts. Q1, we have enough visibility to ensure that the cost of borrowing is, by and large, in the same range. For the rest of the year, we will have to see how the actual pricing moves in the market. And based on that, we will have to decide to reprice the customers or not to reprice. That decision is not available today. We are very confident of maintaining the spread above 5%, which is in our guidance range of 5% to 5.25%.

**Jyoti Khatri:** Thank you. Thanks so much.

**Moderator:** Thank you. The next question is from the line of Kushan Parikh from Morgan Stanley. Please go ahead.

**Kushan Parikh:** Thanks for taking my question. Just wanted to understand how you are seeing asset quality on the ground in the month of April and I mean what is your assessment for the year? And also, what is your guidance on the credit cost side? Lastly, one specific question around collections. I mean, peers have been highlighting some collection issues in the state of Karnataka. I just wanted to get your assessment. Yes, those are my questions?

**Manoj Viswanathan:** So asset quality-wise, as I mentioned April experience has been good and it's been better than the last 2 years. So, it gives us a lot of confidence in terms of how it's going to pan out for the rest of the year, because if you remember last year April was much worse than March. But this year, we have not seen that. I mean, it's been much better than the last 2 years.

And overall, for the coming year we feel that, if this is a kind of indicator, it should be good. The credit quality experience should be good for this year. We don't have any issues as far as Karnataka is concerned. Generally, our portfolio quality has been extremely good there and we are not seeing anything on the ground.

**Kushan Parikh:** Thanks for that. Just a guidance on credit cost for the next year?

**Manoj Viswanathan:** Guidance on the credit cost is the same. 30bps to 40bps.

**Kushan Parikh:** Got it. Those were my questions. Thank you.

**Moderator:** Thank you. The next question is from the line of Meghna Luthra from Incred Equities. Please go ahead.

**Meghna Luthra:** Yes. Thank you sir for the opportunity.

**Moderator:** I'm sorry, ma'am your line is not audible. Could you repeat.

**Meghna Luthra:** Thank you for the opportunity for the question. I had one quick question, what has changed on the sourcing strategy in Pune and Mumbai. And any plan to replicate the same in some other locations?

- Manoj Viswanathan:** Yes. So, Mumbai-Pune are more formal apartment markets, where the sourcing largely comes from the developers who are building housing projects. We have developed a good strategy to kind of tap into that market and get leads from there. We already had a good, similar you can say, sourcing structure in places like Ahmedabad, Surat, etc., which are large developer-led markets. So we've managed to replicate that well in places like Mumbai and Pune, where banks used to be much stronger in these markets. So we have been able to kind of penetrate that. So that is the main difference in the sourcing strategy.
- Meghna Luthra:** Can we get some more colour on how? I mean builders have already been there in Mumbai and it has been performing as a good market since, I think, many quarters. So what is this that happened during the quarter? If you can give some more colour to that?
- Manoj Viswanathan:** No, not specifically with respect to the previous quarter. I mean, Mumbai-Pune, you can say transition has been taking place over the last almost 18 to 24 months. It's just that it's become much larger now. So we started this transformation about 24 months ago and entering these developers, entering into the developer segment and sourcing customers from there. It's just that it has become much larger now and it's really taking off. This transformation started some time ago.
- Meghna Luthra:** And we plan to replicate this in Bangalore, Delhi, Hyderabad?
- Manoj Viswanathan:** Sorry, can you just repeat that?
- Meghna Luthra:** Do we plan to replicate this in Bangalore, Delhi and Hyderabad? Are we going to see higher flows from the bigger cities?
- Manoj Viswanathan:** Yes, to some extent. But if you compare Mumbai and Pune with, say the other cities that you are talking about, those are more individual housing markets as far as affordable housing is concerned. But yes, some part of our Mumbai-Pune strategy will be replicated in those markets.
- Meghna Luthra:** And lastly, is it fair to assume that the co-lending and DA book is largely the large ticket, high ticket AUM that we have?
- Manoj Viswanathan:** A large part of it is, yes. So, co-lending is largely INR20 lakhs plus. So INR20 lakhs to INR40 lakhs is where we do co-lending. So a large part of the higher ticket is co-lending.
- Meghna Luthra:** Got it. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Suraj Das from Sundaram Mutual Fund. Please go ahead.
- Suraj Das:** Hi, thanks ma'am. Two questions. First, if I look at the number of employees per branch, it has steadily increased, let us say, from 9 in FY23 to almost 11 now. Do you believe further strengthening of the manpower will be required given probably the higher attrition in the sector and also the competitive intensity in the sector? This number can go up further. What is your opinion on that? So that is point one.

Second question on this origination yield, I mean, looking beyond the quarterly movements, you have taken a 35-basis-point PLR increase in FY25, still the yields remain broadly flat on FY 25 versus FY 24.. Now, over the past few quarters, the origination yields are coming down and then you have also taken a PLR cut. So over the next couple of years, do you think yield could remain under pressure given the competitive intensity to sustain growth?

**Manoj Viswanathan:**

Okay. So, on the first question, as far as the number of employees per branch is concerned, there will be some fluctuation. So, for example, if we add another, let's say, 30 branches next year, that number can maybe come down for a couple of quarters and then again pick up. But broadly, it will be in that 9 to 10-11 range. It's not going to substantially jump up.

It will only gradually move up as the company scales up. So maybe 2 to 3 years down the line, that number can be a higher number. But otherwise, broadly, it will range bound in that 9 to 12 number. As far as the yields are concerned, I want to just draw your attention to the spread. So we have been able to maintain the spread. So if you see the last three-four quarters, 5.2%, 5.3% that we have been talking about, we have been able to maintain that spread.

So that is the number that we are trying to anchor to. So if the borrowing cost reduces, then we will pass on some of that to customers and the yield reduces, but we are still able to maintain the spread. And our increase in the LAP ratio is not very substantial. So we have always been in that 14%, 15% range. It's just maybe a 1% increase, which does not move the needle much.

So broadly we are operating in that 5% to 5.25% spread kind of a construct, depending upon whatever the borrowing cost is at that point in time and we run a fully floating-rate book. So we will ensure that we maintain that 5% to 5.25% spread. So we either pass on the benefit to the customer, or if there is an increase, then we pass that increase to the customer.

**Nutan Gaba Patwari:**

Suraj, just one additional point. You referred to FY24 versus FY25. What we had done essentially was that we were looking forward to the cost of borrowing hike that was coming our way, and we had led with the price increase at that point in time, which led to a slightly higher spread. And even if you go back to that year, our guidance has always remained spread in 5% to 5.25% range. We enjoyed a higher spread for a shorter period. And in our conversations, we've always been guiding to this product mix that we are broadening now and we will stick to our spread guidance for some time to come.

**Suraj Das:**

Okay. Sure. ma'am. Thanks sir. That's it from my side.

**Moderator:**

Thank you. The next question is from the line of Aravind Ravichandran from Sundaram Alternatives. Please go ahead.

**Aravind Ravichandran:**

Thank you so much for the opportunity. My question was on the similar lines of Suraj, but let us say do we really see the need to cut PLR further at least in the short term if the borrowing rates especially the incremental borrowing rates are broadly stable vis-a-vis the book?

**Nutan Gaba Patwari:**

Not at the moment. We have already done with the 10 basis points in January. So we will want to stay put for now.

- Aravind Ravichandran:** And this PLR cut, is it effective for the entire book and is it transmitted over time.,
- Manoj Viswanathan:** PLR cut has to get transmitted to the entire book.
- Aravind Ravichandran:** Yes. Okay. Sure.
- Moderator:** Thank you. The next question is from the line of Nischint Chawathe from Kotak Institutional Equities. Please go ahead.
- Nischint Chawathe:** Hi, thanks for taking my question. If I look at the AUM growth trajectory, we've come down from around 30% to around 25%-odd. What gives us conviction and confidence that you will sustain this trajectory? Are we actively going to shift into segments or is it the same segment that we pursue? Are there liability-side tailwinds? What is it that gives you this conviction that this 25% will kind of remain here and not further taper down?
- Manoj Viswanathan:** So one is the organizational distribution strength that we have built in terms of our connector network, branches, distribution, RMs etc, that we have across the country. Last year for a couple of quarters, we were still in the process of rebuilding that. But now we have completed that process and our delivery of the last two quarters gives us the confidence that yes, this is a good formula to kind of use or keep building on.
- And that is what gives us the confidence that we should be able to do this 25% growth. So as far as FY27 is concerned, our exit momentum, our continued disbursal in April, that's what gives us the confidence to project that number for FY27. And beyond that, hopefully, whatever good work we do this year in terms of building distribution and team etc, should help us to keep going with the same momentum for the next couple of years.
- Nischint Chawathe:** Okay. Let me be a little more specific. See, if I look at your loan book growth in the last year and loan growth accretion, almost one-third of the incremental loan growth comes in from ticket sizes above INR25 lakhs. I think you rightly mentioned that loans above INR20 lakhs are largely kind of co-originated?
- So is this kind of a strategy? How much is the funding cost differential between your balance sheet borrowings and co-lending, or basically on co-lending and yield differential above INR25 lakhs? Is this really the way forward in terms of slowly reducing the gap between us and maybe the target segment of larger housing finance companies?
- Manoj Viswanathan:** So co-lending is one way to bridge that gap. And we are using it more as a productivity enhancement tool. So when our distribution comes across a customer who is, let's say, a formal customer and who can get a loan from a bank, we push it through the co-lending channel. In the normal course, we are sourcing customers who are from the informal segment and that gets booked as a normal regular Homefirst customer.
- So it's just a way to increase the target market, offer a better proposition to our channels and increase the productivity of the team. So that is the strategy behind co-lending. But having said that, at the moment, it is only about 4% of our AUM and about maybe 10% of our originations.

So a good part of the INR20 lakh-plus is also coming as regular customers, which, as I said, is where there is an increase in ticket size. So same customer segment who are from the informal segment, but with a larger ticket size, also forms a part of the INR20 lakh-plus cohort.

- Nischint Chawathe:** What is the difference in cost of funding between co-lending and balance sheet borrowings?
- Nutan Gaba Patwari:** Very similar, Nischint. I mean, it depends from bank to bank, but the range will be less than 20bps.
- Nischint Chawathe:** And how much is the catch-up between you and, let's say, the larger housing finance, the AAA rated housing finance companies in cost of funding?
- Nutan Gaba Patwari:** Cost of funding difference will be 40bps or at best 50bps, not more than that.
- Nischint Chawathe:** So just as these companies have a strategy of having a small affordable housing book, you can probably also have a strategy of having a small prime book.
- Nutan Gaba Patwari:** No, I think I want to come in here and address it, it's not prime. The customer segment is the same. There is inflation, which is causing the ticket size to rise. There is lack of documentation in these borrower segments. Otherwise, we wouldn't have been able to deliver the yields. We are not targeting a prime book. I think it's very important to differentiate that.
- Manoj Viswanathan:** The prime customer would see a rate in today's market between 7.25% to 8%. He is not going to pay a penny above 8% today. So that is not the customer we are targeting. I mean, we cannot offer 8% even in co-lending. Rates we are offering in co-lending is anywhere between 8% to 10%.
- So these are the customers who have some formal sources of income etc, but who are willing to pay us that premium. So that is the co-lending portion. And then we also have, in the same cohort, customers who are affordable housing customers who have informal incomes and who are willing to pay us the rate, which is, say, 12.5% or 13%. Earlier, the ticket size used to be lower. I mean, they would have bought a smaller house, but now they are going for a larger house. Their incomes have gone up. And hence, they are looking to take a larger ticket housing loan. That's the only difference.
- Nischint Chawathe:** Just one last one. In markets like Mumbai and Delhi, the properties would be similar to those of the prime segment, but just that the customer segment would be different looking at?
- Manoj Viswanathan:** Yes. Absolutely right. So if you see Mumbai and Pune, as I was mentioning, always the mainstay of large banks. So these are projects, which are all RERA-approved projects. Most of the banks operate in these projects. So they would take away ~90% of the customers who have formal incomes and documentation and so on.
- But there are always 10 customers who are left, who have informal income, who struggle to get loans from the banks. But they are purchasing properties in the same projects. And these are all

from the deep suburbs. We are talking about Kalyan, Ambernath, Badlapur, Palghar these kind of places.

**Nischint Chawathe:** Got it. Thank you very much for answering all the questions and all the best.

**Moderator:** Thank you. The next question is from the line of Shubhramshu Mishra from Phillip Capital. Please go ahead.

**Shubhramshu Mishra:** Hi, good evening. Thank you for the opportunity. Sir, just wanted to understand this growth that we are forecasting, what proportion would come from home loans and what proportion would be from LAP? And how do we think of the demand with the West Asia crisis? Is it going to have a dip in terms of the down payment capabilities? Any kind of uptick that we are seeing in demand may be because of the PMAY or is it a very stringent PMAY this time around? So I just wanted to pick your brains on these aspects.

**Manoj Viswanathan:** Yes. So our mix is likely to remain the same. We are looking at somewhere between 15% to 20% loan against property. We are somewhere in the middle of that 16% or 17%. So the ratio of housing to LAP will broadly remain in the same ballpark, which is about 80%-20%. So 80% housing and 20% loan against property. So that will be the mix.

As far as the West Asia crisis is concerned, at the moment, we are not seeing any impact on the demand. So hopefully, it should be behind us soon and things will move ahead. So as of now, we are not seeing any drop in demand. April has also been fairly good.

**Shubhramshu Mishra:** On PMAY 2.0, is it a more stringent policy than the previous one? Are we seeing any kind of throughput increase because of that?

**Manoj Viswanathan:** Yes. So, I mean, it has a slightly more elaborate process. But I think some of the teething issues are getting addressed and we should see good traction this year in terms of transmitting the benefit to a larger number of customers. In terms of generating new demand, it probably does not have that kind of impact, but maybe gradually it will pick up. As more customers get the benefit of the scheme, it will kind of pull in more customers.

**Shubhramshu Mishra:** Got it. And just one last question in terms of data keeping. What is the differential between the home loan and the LAP product at the blended level?

**Manoj Viswanathan:** The yield difference?

**Shubhramshu Mishra:** Yes, the Yield differential?

**Manoj Viswanathan:** 100 to 150 basis points.

**Shubhramshu Mishra:** And this would be the same on an APR basis also?

**Manoj Viswanathan:** Yes, the rate that we are charging, it's a reducing balance rate. So the APR is almost the same as the interest rate which is charged.

- Shubhramshu Mishra:** Because the APR calculation also takes into account the fee income. So sometimes the fee income in LAP is slightly more?
- Manoj Viswanathan:** Very minimal. So those are very minimal. So that's why I said it doesn't move the needle that much. I mean, it would be a 10-basis points difference.
- Shubhramshu Mishra:** Okay. Thank you so much. These were my questions.
- Moderator:** Thank you. The next question is from the line of Ravi Kumar Naredi from Naredi Investments. Please go ahead.
- Ravi Naredi:** Thank you for giving me the opportunity. Sir, how much is write-off of bad debt from the profit and loss account this year and how many units did we auction?
- Manoj Viswanathan:** Total write-off has been – this year has been about INR36 crores.
- Ravi Naredi:** Okay. So you think this amount is extraordinarily high?
- Manoj Viswanathan:** It's the scale of the business is growing. So it's more or less in line with the growth in the business.
- Ravi Naredi:** And how many units we auction?
- Manoj Viswanathan:** Sir we auctioned anywhere between 50 and 100 units a month. So for the year, it will be around 1,000 units.
- Ravi Naredi:** And sir AUM growth we achieved between March '23 and March '26 is 30% CAGR. Same growth can we expect over next 3 years?
- Manoj Viswanathan:** So we have guided to a 25% growth, sir.
- Ravi Naredi:** That I have listened. But can it be 30%, not possible in the current circumstances?
- Manoj Viswanathan:** At this point, difficult to say, sir.
- Ravi Naredi:** Okay. Thank you very much and all the best.
- Moderator:** Thank you. The next question is from the line of Mayank Mistry from Antique Stock Broking. Please go ahead.
- Mayank Mistry:** Sir, just one question on the connectors. I think there are many players who are increasing the connector fees. Just wanted to know, has there been any higher demand from their side, even in your case? And if you can highlight how the connector fees have moved since the last few years and maybe how they should trend going forward?
- Manoj Viswanathan:** Yes. So, this is an ongoing negotiation with the connectors. So, any connector, whatever fee structure he is at, if you are going to ask him, he's going to always want a higher fee. So that is

a constant negotiation with them. How we normally address that is by also addressing other issues that the connectors have, which are timely payouts, a wider bouquet of products and faster turnaround.

A faster turnaround to some extent compensates for the higher fees. Because if they're able to turn around one more case or two more loans in a particular month, that more than compensates for the higher commission that they would probably be earning with somebody else.

So that is how we address the commission issue. And if there are specific tactical moves that we need to make in a particular market, we do that. So in a particular location, a particular connector, we need to increase the fees; we do that. But on an overall basis we would have 10 to 15 basis points movement in the commissions.

**Mayank Mistry:** So basically, it varies across the connectors and across the geographies?

**Manoj Viswanathan:** Yes, varies across connectors and geographies, and we also kind of plan it depending upon the connectors' throughput, the quality of files and various other metrics that we track the connectors on.

**Mayank Mistry:** Okay, sir. Thank you. That was all my questions.

**Moderator:** Thank you. We have a question from the line of Aditya pal from MSA Capital Partners. Please go ahead.

**Adityapal:** Yes. Thank you so much for the opportunity. Great set of results and really commendable performance on the asset quality. Just wanted to quickly understand what the issue is with Tamil Nadu and Telangana is. Is it just a human capital issue or is it something else that you're seeing on the ground?

**Manoj Viswanathan:** No. As we had mentioned, it is, I think, largely to do with internal teams and building the team. But now those things are behind us and we should have a good year as far as Tamil Nadu and Telangana are concerned.

**Adityapal:** Understood. And the other question is on strategy. So, in your opening remarks, you had said that you have successfully implemented agentic AI, and some piece of work has already been automated. So, how are we thinking? Will it increase our productivity in terms of growth or will it increase the productivity in terms of opex cost?

**Manoj Viswanathan:** So as of now can more confidently predict the outcomes on the cost side. It is little more difficult to predict what outcomes it will have on the origination side. But eventually, it should have origination outcomes as well. On the cost side, definitely, yes, there will be a strong outcome because of the implementation of AI, because of higher productivity.

As far as new origination are concerned, there are some pilots going on. It could be a more gradual impact over there. I mean, the outcome that we are looking for there is the ability for us to capture loans, which may otherwise get declined on the ground, proactively. So that is

something that is going on. If it is successful, of course, it should help us to improve productivity. But that is something difficult to predict at this point.

**Adityapal:** Understood. That's all from my side. Wishing you and the entire team all the very best.

**Moderator:** Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Manoj Viswanathan for closing comments. Over to you, sir.

**Manoj Viswanathan:** Thank you, everyone, for joining us today and for your continued interest in Homefirst. We hope we were able to address your questions satisfactorily. For any further queries, please feel free to reach out to Sunil Anjana or write to us at [investor.relations@homefirstindia.com](mailto:investor.relations@homefirstindia.com). Thank you.

**Moderator:** Thank you. On behalf of Home First Finance Company India Limited, that concludes this conference call. Thank you all for joining us and you may now disconnect your lines. Thank you.