

## Home First Finance (HOMEFIRS) - BUY

### Result Update

Current Market Price (CMP)

**Rs. 1153**

Target Price

**Rs. 1300**

### Rationale:

- Home First kept up with expectations of superior performance.
- Reported strong (35%) loan growth and stable asset quality performance.
- Positive trends were observed during Q1FY25 in internals.
- NIM compression, leading to lower NII growth, will anniversarize in H2.
- Retain BUY with FV of Rs1300 (Rs1250 earlier).

### Q1FY25 Earnings Update:

#### **Positives:**

- Home First reported 27% earnings growth, with 18% growth in core PBT.
- Higher ticket size loans grew faster at 44-82% yoy in Q1FY25.
- Co. centralized underwriting model provides leeway to grow/expand in newer markets faster than peers.
- We expect Home First to add 20 branches per year, expanding its footprint.

#### **Negatives:**

- Reported spreads have compressed sharply over the previous four quarters.
- Stressed loans up 19 bps qoq.
- Home First has higher delinquency ratios compared with peers.

(NII – Net Interest Income, NIM – Net Interest Margin, AUM – Asset Under Management)

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For detailed report dated 27th July 2024. Note: CMP & valuation may differ due to difference in dates.



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