

Home First Finance Company India Limited

February 05, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	1,500.00 (Enhanced from 1,000.00)	CARE AA; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of the rating for bank facilities of Home First Finance Company India Limited (HomeFirst) factors in the improvement in its scale of operations, supported by continued branch expansion and enhanced geographical diversification in the year ended March 31, 2025. For three-years ending FY25, the company's assets under management (AUM) registered a robust compound annual growth rate (CAGR) of 33%, increasing from ₹5,380 crore in FY22 to ₹12,713 crore in FY25. Growth momentum continued, with AUM rising by 25% year-on-year to ₹14,925 crore as on December 31, 2025, driven by sustained network expansion and deeper penetration across key operating geographies.

The rating also factors in the company's strengthened capital position, supported by a successful equity infusion of ₹1,250 crore through a qualified institutional placement (QIP) in April 2025. This capital raise resulted in a notable improvement in leverage, with gearing reducing to 2.6x, and further moderating to 2.4x as on December 31, 2025. Profitability remains healthy, reflected in a return on total assets (ROTA) of 3.41% in FY25, aided by well-contained credit costs of 0.26% and a diversified funding mix. Profitability improved further in 9MFY26, with annualized ROTA rising to 3.93% supported by an expansion in spreads and an improvement in net interest margin.

Asset quality exhibited marginal moderation, with Gross Stage 3 (GS3) assets increasing to 2.0% as on December 31, 2025, compared to 1.7% as on March 31, 2025, which is expected to stabilise by March 2026-end. The company continues to benefit from a well-diversified lender base, comprising banks, the National Housing Bank (NHB), and capital-market borrowings, enabling it to access funding at competitive rates.

However, the rating remains constrained by the moderate seasoning of the loan portfolio, given the high growth trajectory of recent years. As the portfolio matures, greater visibility on long-term asset quality outcomes is expected. Lower softer delinquencies compared to peers provide some comfort. While share of top three states in the AUM declined from 64.3% in FY22 to 55.8% in FY25, Gujarat continues to account for ~29% of the portfolio. Continued expansion into newer geographies, particularly in southern and northern markets, is expected to support further diversification.

The company's focus on salaried borrowers, who constitute ~68% of the portfolio, lends some stability. However, the borrower base predominantly comprises low-income households that remain susceptible to economic shocks. HomeFirst's ability to sustain asset quality, maintain operating efficiency, and continue scaling profitably will remain key monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Significant scaling up AUM and improvement in seasoning.
- Significant improvement in geographical diversification.

Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Deterioration in asset quality with GS3 over 3%
- Moderation in profitability with ROTA less than 2% on a sustained basis.
- Increase in gearing levels (debt to equity) beyond 5x on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

The “Stable” outlook factors in the continuation of growth in portfolio and improvement in asset quality. Going forward, continuation of growth momentum and diversification in borrowing profile, comfortable capital and earnings growth will be a key monitorable.

Detailed description of key rating drivers:

Key strengths

Comfortable capitalisation levels

Since inception, HomeFirst demonstrated a consistent ability to raise capital at regular intervals, supported by a strong and reputed investor base. As of January 16, 2026, the company’s key shareholders include established private equity investors such as True North Fund V LLP (7.5%) and Aether Mauritius Limited (4.9%), who have infused growth capital over FY17–FY21. Further strengthening its capital position, the company successfully raised ₹1,250 crore through a QIP in April 2025, which materially enhanced its net worth to ~₹3,750 crore. The net worth stood at ₹4,180 crore as on December 31, 2025.

The capital adequacy ratio (CAR) stood comfortable at 32.8% (March 2024: 39.5%), while Tier I CAR stood at 32.4% (March 2024: 39.1%) as on March 31, 2025, significantly above regulatory requirements for housing finance companies. As on December 31, 2025, capital adequacy further improved with CAR at 49.0%.

Gearing improved from 3.8x as of March 31, 2025 (3.4x as on March 31, 2024) stood at 2.4x as on December 31, 2025. CARE Ratings (CareEdge Ratings) expects leverage to remain comfortable below 4.5x over the near term. Strengthened capitalisation is expected to support the company’s medium-term growth plans

Diversified resource profile

As of December 31, 2025, the company’s funding mix comprised 57% bank term loans, 1% borrowings from NBFCs, 16% NHB refinance, 2% non-convertible debentures, 16% direct assignment, 5% co-lending, and 4% external commercial borrowings (ECBs). In 9MFY26, HomeFirst raised ₹4,443 crore, including direct assignment sanctions of ₹617 crore and co-lending sanctions of ₹276 crore. The company has strategically utilised direct assignment transactions to bolster liquidity and optimise borrowing costs. CareEdge Ratings notes that the company intends to maintain its current funding mix, supporting effective asset–liability management (ALM).

Growth in scale of operations over the years

For three years ending March 31, 2025, the company’s AUM grew at a CAGR of 33% to ₹12,713 crore, supported by favourable demand dynamics in the affordable housing finance segment. AUM grew further by 25% year-on-year to ₹14,925 crore as of December 31, 2025, with home loans comprising 83% of the portfolio and LAP forming the remaining 17%.

In 9MFY26, HomeFirst disbursed ₹3,851 crore, achieving an average monthly run-rate of ₹428 crore (9MFY25: ₹392 crore). The company continued to expand its operational footprint, taking its branch count to 165 (9MFY26: 149), reflecting disciplined and scalable growth. Going forward, the company is expected to scale its operations at a comparable growth rate.

Comfortable profitability metrics

The company demonstrated sustainable profitability with controlled credit costs in FY25. Net interest margin (NIM) stood at 5.2% in FY25 (FY24: 5.8%), moderating due to an increase in cost of funds. Operating expense to average assets improved to 2.6% in FY25 (FY24: 2.9%) driven by scale efficiencies. Credit costs improved to 0.26% in FY25 (FY24: 0.31%). ROTA remained healthy at 3.41% in FY25 (FY24: 3.76%), while return on net worth (RONW) improved to 16.24% (FY24: 15.54%).

In 9MFY26, PAT stood at ₹391 crore with total income of ₹1,418 crore, up 41% year-on-year, driven by higher net interest income. ROTA improved to 3.93% as on December 31, 2025. Maintaining healthy profitability while controlling credit costs and operating expenses will remain a key monitorable.

Stable asset quality

The portfolio mix continues to be stable, with the company primarily catering to the retail affordable housing segment. Conservative underwriting is reflected in the 68% share of salaried borrowers within AUM. As on March 31, 2025, GS3 ratio remained stable at 1.70% and NS3 ratio at 1.3%.

As on December 31, 2025, asset quality moderated with GS3 at 2.0% and NS3 at 1.6%. Early delinquencies increased marginally, with 1+ dpd rising to 5.3% (Mar-25: 4.5%) and 30+ dpd rising to 3.7% (Mar-25: 3.0%). The rise in GS3 was largely attributable to slippages from Stage 2 accounts, which historically spike in Q3, with recovery actions typically initiated in the following quarter. CareEdge Ratings notes that while asset quality remains comfortable, maintaining it as the portfolio scales will be a key monitorable.

Experienced promoters and management team

HomeFirst is led by Managing Director and CEO Manoj Vishwanathan, who brings over 27 years of experience in consumer lending across mortgages, vehicle loans, and unsecured products. He is supported by an experienced senior management team. The Board includes nominee directors from key private equity investors. The company continues to invest significantly in technology, digital capabilities, and MIS systems.

Key weaknesses

Geographical concentration despite improvement

As of December 31, 2025, the portfolio remains concentrated in Gujarat (~29%), followed by Maharashtra (~15%) and Tamil Nadu (~12%). Although this reflects an improvement from December 31, 2024, where Maharashtra and Tamil Nadu accounted for ~14% and ~13% respectively, Gujarat continues to be the dominant exposure.

The company has expanded within existing states across Tier-2 and Tier-3 locations. Incremental AUM growth is expected from Andhra Pradesh, Uttar Pradesh, Tamil Nadu, Madhya Pradesh, and Rajasthan, helping reduce concentration gradually over time.

Moderate seasoning of portfolio and exposure to under-banked segment of borrowers

HomeFirst operates in the affordable housing segment, with 71% of cumulative disbursements made in the last four years. The home loan portfolio has a long-tenor structure (16–20 years), while behavioural maturity is only 6–7 years; hence long-term asset quality performance is still evolving.

Borrowers typically belong to economically weaker or low-to-middle income groups, making them more vulnerable to income shocks. Around 90% of the AUM has FOIR below 50%, while new-to-credit customers form ~14% of the AUM. Risks are partially mitigated by the high proportion of salaried borrowers, conservative underwriting practices, and low loan to value (LTV) levels.

Liquidity: Strong

As on December 31, 2025, the company reported positive cumulative ALM mismatches. Debt obligations of ₹2,442 crore due within one year are supported by ₹1,897 crore of expected inflows from advances. The company maintained unencumbered liquidity of ₹1,573 crore through bank balances, fixed deposits, and liquid investments. It had undrawn sanctioned lines of ₹2,784 crore, providing a strong liquidity buffer. As a policy, HomeFirst maintains liquidity to the tune of five months of debt repayment.

Environment, social, and governance (ESG) risks

Although HomeFirst's service-oriented business model limits its direct exposure to environmental risks, credit risk may arise if the operations of any asset class in the portfolio are adversely impacted by environmental factors. Under its partnership with IFC, the company has been promoting the development of energy-efficient "Green" homes. These houses consume less water and energy, making them 20% more energy efficient. As on December 31, 2025, the company had 310 homes certified under this initiative.

Social risks, such as cybersecurity threats, customer data breaches, or mis-selling practices, can affect HomeFirst's regulatory compliance and reputation, and hence remain key areas to monitor. The company remains committed to promoting financial inclusion through affordable housing finance. In the year, the company disbursed loans worth ₹3,851 crore for affordable housing, enabling over 20,000 families in the economically weaker section and low-income groups to realise their dream of owning a home.

HomeFirst's Board comprises seven directors, including four independent directors and two female directors. The company has a robust grievance redressal mechanism that ensures customer concerns are promptly resolved, fostering trust and accountability.

Applicable criteria

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios - Financial Sector](#)

[Housing Finance Companies](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Housing finance company

Set up in February 2010, HomeFirst is registered with the NHB and is engaged in providing affordable housing loans. The company was co-founded by Jaithirth (Jerry) Rao (former Chairman of Mphasis Ltd), PS Jayakumar (former Head of Consumer Banking of Citibank India and former MD & CEO of Bank of Baroda) and Manoj Vishwanathan who is presently serving as the Managing Director and CEO. HomeFirst operates through a network of 165 branches as on December 31, 2025, spread across 13 states in India. As on December 31, 2025, the company had a total headcount of 1,706 and serviced 1,33,702 unique customer accounts. The portfolio primarily comprises home loans with an average ticket size of ₹12 lakh, extended for an average tenure of 18 years at an interest rate of 13%. The company also offers loans against property (LAP) with an average ticket size of ₹10.5 lakh, an average tenure of 14 years, and an average yield of 15%. New-to-credit customers account for 13% of the total AUM, and the borrower mix stands at 68% salaried and 32% self-employed.

Brief Financials- Standalone (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	December 31, 2025 (UA)
Total income	1,157	1,539	1,418
Profit after tax (PAT)	306	382	391
Assets under management (AUM)	9,698	12,713	14,925
On-book gearing (x)	3.45	3.79	2.37
AUM / tangible net-worth (TNW) (x)	4.58	5.04	3.57
Gross non-performing assets (NPA) / gross stage 3 (%)	1.7	1.7	2.0
Return on managed assets (ROMA) (%)	3.24	3.03	3.36
Capital adequacy ratio (CAR) (%)	39.5	32.8	49.0

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	-	-	-	December 2027	1500.00	CARE AA; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	1500.00	CARE AA; Stable	1)CARE AA; Stable (25-Jul-25) 2)CARE AA; Stable (12-Jun-25)	1)CARE AA-; Stable (01-Jul-24)	1)CARE AA-; Stable (03-Jul-23)	1)CARE AA-; Stable (04-Jul-22)

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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