Home First Finance Company India Limited

September 01, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term bank facilities	RBI	2,300.00 (Enhanced from 1,500.00)	CARE AA; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings for bank facilities of Home First Finance Company India Limited (HomeFirst) factors in improvement in its scale of operations, supported by continued branch expansion and improved geographical diversification. For three-years ending FY26, the company's assets under management (AUM) registered a compounded annual growth rate (CAGR) of 30%, increasing from ₹7,198 crore in FY23 to ₹15,878 crore in FY26. Growth momentum continued, with AUM rising by 27% year-on-year to ₹16,938 crore as on June 30, 2026, 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 of 2.43x as on March 31, 2026. Profitability remains healthy, reflected in a return on total assets (ROTA) of 3.95% in FY26, aided by net interest margin (NIM) of 5.73% in FY26, stable operating expense as a percentage of total assets at 2.69%, moderate credit costs of 0.42%. Profitability improved further in Q1FY27, with annualised ROTA rising to 4.16% supported by an improvement in net interest margin and increased fee and other income.

Asset quality exhibited marginal moderation due to forward flows, with Gross Stage 3 (GS3) assets increasing to 1.82% as on March 31, 2026, compared to 1.68% as on March 31, 2025. With continued collection efforts, the GS3 stabilised at 1.77% as on June 30, 2026. 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 continues to be constrained by relatively moderate seasoning of the loan portfolio, given the strong growth in recent years. As the portfolio matures, greater visibility into its long-term asset quality performance is expected. The company's lower levels of early-stage delinquencies provide some comfort. Geographic concentration moderated, with the share of the top three states in the AUM declining from 61% as on March 31, 2023, to 54% as on March 31, 2026. However, Gujarat remains a key market, accounting for ~29% of the portfolio. Continued expansion into newer geographies, particularly across southern and few northern regions, is expected to further enhance portfolio diversification and reduce concentration risks over time.

The company's focus on salaried borrowers, who constitute ~70% 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 of 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

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

[2]Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Outlook: Stable

The “Stable” outlook factors in the continuation of growth in portfolio and improvement in asset quality. Going forward, continuation of growth momentum and further 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 has demonstrated a consistent ability to raise capital at regular intervals, supported by a strong and reputed investor base. In the last decade, the company’s promoter group has included established private equity investors such as True North, Aether Mauritius. While these investors have progressively reduced their shareholding over recent years, the stake dilution has been accompanied by significant value creation and monetisation. As on June 30, 2026, the promoter group comprised True North Fund V LLP (4.7%) and Aether Mauritius Limited (2.3%), with the remaining ~93% shareholding held by publicly. As on June 30, 2026, the top five shareholders include Fidelity International (9.6%), HDFC mutual Fund (7.6%), Capital Group (7.1%), Norges Bank (5.3%). In April 2025, the company further strengthened its capital base through a successful QIP of ₹1,250 crore, resulting in a significant increase in net worth. Supported by healthy internal accruals, tangible net worth increased further to ₹4,483 crore as on June 30, 2026.

The company continues to maintain a strong capitalisation profile. HomeFirst’s capital adequacy ratio (CAR) stood at a comfortable level of 44.12% as on March 31, 2026 (March 31, 2025: 32.84%), while the Tier-I CAR stood at 43.77% (March 31, 2025: 32.47%), remaining significantly above regulatory requirements applicable to housing finance companies. Capital position remained robust, with CAR of 42.56% as on June 30, 2026.

HomeFirst’s leverage profile strengthened materially, with gearing improving to 2.43x as on March 31, 2026, from 3.79x as on March 31, 2025, supported by the QIP proceeds and continued accretion to net worth. CARE Ratings Limited (CareEdge Ratings) expects leverage to remain comfortable at 5x in the medium term, while strengthened capital base is expected to provide adequate headroom to support the company’s growth strategy and business expansion plans.

Diversified resource profile

As on March 31, 2026, the company’s funding mix comprised of 74% term loans from banks (FY25: 74%), 18% NHB refinance (FY25: 20%), 2% non-convertible debentures (FY25: 3%) and 5% external commercial borrowings (ECBs) (FY25: 3%). The company has relationship with 35+ lenders comprising of private banks, public banks and non-banking financial institutions (NBFCs).

In FY26, HomeFirst raised ₹4,789 crore, including direct assignment sanctions of ₹838 crore and co-lending sanctions of ₹308 crore. In Q1FY27, the company raised ₹581 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

HomeFirst has demonstrated strong and sustained growth, with its AUM increasing at a CAGR of 30% for three years ended March 31, 2026, to ₹15,878 crore, supported by favourable demand dynamics in the affordable housing finance segment and continued branch expansion. Growth momentum remained healthy, with AUM increasing by 27% year-on-year to ₹16,938 crore as on June 30, 2026. The portfolio composition remained largely stable, with home loans constituting ~85% of the AUM and loan against property (LAP) accounting for the remaining ~15%.

The company continued to demonstrate strong business sourcing capabilities, disbursing ₹1,628 crore in Q1FY27, translating into an average monthly run rate of ₹542 crore compared to ₹414 crore in Q1FY26. HomeFirst further expanded its distribution network, increasing its branch count to 175 as on June 30, 2026, from 158 branches as on June 30, 2025. The company's calibrated branch expansion strategy, and established underwriting and collection infrastructure, is expected to support business growth while maintaining portfolio quality. CareEdge Ratings expects the company to sustain a healthy growth trajectory in the medium term, supported by favourable industry dynamics, increasing geographic penetration, and a scalable operating model with ~25% growth in its AUM in FY27.

Comfortable profitability metrics

HomeFirst continued to demonstrate strong and sustainable profitability, supported by healthy net interest margins. The company's NIM improved to 5.73% in FY26 from 5.21% in FY25, aided by improvement in cost of borrowings. Fee and other income increased to 1.89% of average assets in FY26 from 1.65% in FY25, driven by expansion in the loan book and the resultant increase in fee-linked income streams. Operating expenses remained well contained, with the operating expense-to-average assets ratio at 2.69% in FY26 (FY25: 2.63%), reflecting the benefits of scale despite continued business expansion. Credit costs remained manageable at 0.42% in FY26 compared to 0.26% in FY25. Consequently, the company's profitability metrics strengthened, with ROTA improving to 3.95% in FY26 from 3.40% in FY25. Return on net worth (RONW) remained healthy at 15.72% in FY26, although marginally lower than 16.24% in FY25 due to the increase in net worth following the QIP-led capital infusion.

The healthy earnings momentum continued in Q1FY27, with profit after tax (PAT) increasing to ~₹160 crore on total income of ~₹540 crore, representing a year-on-year growth of 34%, primarily driven by higher net interest income. Consequently, ROTA improved further to 4.16% in Q1FY27. Maintaining healthy profitability while controlling credit costs and operating expenses will remain a key monitorable.

Stable asset quality

The portfolio mix remained stable, with the company primarily focused on the retail affordable housing segment. HomeFirst's conservative underwriting approach is reflected in the high proportion of salaried borrowers, accounting for ~70% of the AUM as on March 31, 2026. Asset quality moderated with GS3 and net stage 3 (NS3) ratios at 1.82% and 1.39%, respectively, as on March 31, 2026, compared to 1.68% and 1.27% as on March 31, 2025. Rise in GS3 was largely attributable to slippages from Stage two accounts, which historically spike in second half of , with recovery actions typically initiated in the following quarter. Asset quality improved marginally as on June 30, 2026, with GS3 and NS3 moderating to 1.77% and 1.37%, respectively.

Early delinquency indicators remained stable, with 1+ days past due (dpd) at 4.7% and 30+ dpd at 3.2% as on June 30, 2026. While asset quality metrics remain comfortable, the company's ability to maintain portfolio performance amid continued growth and portfolio seasoning remains a key monitorable.

Experienced promoters and management team

HomeFirst is led by its Managing Director and CEO, Manoj Vishwanathan, who brings over three decades of experience in consumer lending, with deep expertise across mortgage finance, vehicle loans, and unsecured lending products. He is supported by a seasoned management team possessing significant domain knowledge across key business and support functions.

In FY26, Nutan Gaba Patwari resigned from her position as Chief Financial Officer (CFO), with August 31, 2026, being her last working day in the executive role. However, she will continue to be associated with the company as a consultant, while the process of appointing a successor is currently underway.

The company benefits from a robust governance framework overseen by an experienced and well-qualified Board of Directors, including nominee directors representing prominent private equity investors. Over the years, HomeFirst has continued to enhance its operational capabilities through sustained investments in technology and digitalisation initiatives, including AI-driven underwriting models, digital customer interfaces, and comprehensive management information systems (MIS). These investments have strengthened process efficiencies, enhanced underwriting and risk assessment capabilities, streamlined customer onboarding, and supported scalable growth while ensuring effective portfolio monitoring and risk control.

Key weaknesses

Geographical concentration despite improvement

HomeFirst's portfolio remains geographically concentrated, with Gujarat accounting for the largest share of AUM at 29% as on March 31, 2026, followed by Maharashtra (15%) and Tamil Nadu (11%). While the company has diversified its portfolio in the last four years through expansion into newer markets, Gujarat continues to remain the single largest state exposure.

Going forward, HomeFirst plans to deepen its presence within existing states by expanding into the top 200-250 cities. Incremental AUM growth is expected to be driven by expansion in underpenetrated markets, particularly in Uttar Pradesh, Tamil Nadu, and other focus states, which should support gradual diversification of the portfolio over the medium term.

Moderate seasoning of portfolio and exposure to under-banked segment of borrowers
HomeFirst caters to the affordable housing segment and started operations in FY10 with 70% cumulative disbursements made in the last four years. The company's AUM grew at a 3YCAGR of 30% as on March 31, 2026. The sanctioned tenure of the home loans is 16-20 years forming 68% of the total AUM with behavioural maturity of the loans being 6-7 years, and thus, sustenance of the portfolio's asset quality is yet to be witnessed. As such, seasoning of the portfolio is improving though it remains moderate. Customers in the affordable housing segment are from economically weaker, low-to-middle income segments, having an annual household income of less than ₹60,000, who are vulnerable to economic downturns and increases risk for maintaining asset quality especially in times of stress. Of the AUM, ~88% have a fixed obligation to instalment ratio (FOIR) of less than 50%. New to-credit customers form ~12% of the total AUM. This is partly offset by the higher share of the relatively low-risk segment of salaried borrowers in HomeFirst's portfolio, secured nature of the asset class with lower loan to value ratio (LTV) and conservative lending practices.

Liquidity: Strong

As on June 30, 2026, there are positive cumulative mismatches across the time buckets. The company has contractual debt repayments of ₹2,582 crore up to one year, against which, there are expected inflow from advances of ₹2,098 crore. To take for these mismatches, the company had unencumbered liquidity to the tune of ₹1,143 crore in the form of fixed deposits, bank balances and liquid investments. HomeFirst also maintained undrawn lines of ₹1129 crore as on June 30, 2026, further strengthening its liquidity buffer. As a policy, HomeFirst always 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 development of energy-efficient "Green" homes. These houses consume less water and energy, making them 20% more energy efficient. As on June 30, 2026, the company had 550 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 FY26, the company disbursed loans worth ₹5424 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, of which six are independent. Among the independent directors, two are women. 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 registered with the NHB and is engaged in providing affordable housing loans. The company was co-founded by former Mphasis Chairman, Jaithirth (Jerry) Rao and PS Jayakumar (former Citibank Consumer Banking Head and former MD & CEO of Bank of Baroda). Currently, Manoj Vishwanathan is the Managing Director and CEO. HomeFirst operates through a network of 175 branches as on June 30, 2026, spread across 13 states in India. As on June 30, 2026 the company had a total headcount of 1,988 and serviced 1,45,117 unique customer accounts.

Brief Financials (₹ crore)	FY25	FY26	Q1FY27
Standalone	A	A	UA
Total income	1539	1923	540
Profit after tax (PAT)	382	540	160
Assets under management (AUM)	12,713	15,878	16,938
On-book gearing (x)	3.79	2.43	2.41
AUM / tangible net-worth (TNW) (x)	5.04	3.65	3.78
Gross non-performing assets (NPA) / gross stage 3 (%)	1.68	1.82	1.77
Return on managed assets (ROMA) (%)	3.03	3.38	3.52
Capital adequacy ratio (CAR) (%)	32.84	44.12	42.56

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

Rating history for last three years: Annexure-2

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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	RBI	Simple	-	-	-	31-12-2033	2300.00	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 2026-2027	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
1	Fund-based - LT-Term Loan	LT	2300.00	CARE AA; Stable	-	1)CARE AA; Stable (05-Feb-26) 2)CARE AA; Stable (25-Jul-25) 3)CARE AA; Stable (12-Jun-25)	1)CARE AA-; Stable (01-Jul-24)	1)CARE AA-; Stable (03-Jul-23)

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: 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.

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About us:
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