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To, <b>BSE Limited,</b> Department of Corporate Services, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001. Scrip Code- <b>543259</b>	To, <b>The National Stock Exchange of India Limited,</b> The Listing Department, Bandra Kurla Complex, Mumbai- 400 051. Scrip Symbol- <b>HOMEFIRST</b>
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**Sub: Transcript of the earnings conference call for the quarter ended December 31, 2025**

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the earnings call with analysts and investors for the quarter ended December 31, 2025 conducted on Friday, January 23, 2026. 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 at [www.homefirstindia.com](http://www.homefirstindia.com)

This is for your information and records.

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 Q3 FY26 Earnings Conference Call”

**January 23, 2026**



**MANAGEMENT:**    **MR. MANOJ VISWANATHAN – MD & CEO**  
                          **MS. NUTAN GABA PATWARI – CFO**  
                          **MR. SUNIL ANJANA – HEAD, TREASURY AND INVESTOR**  
                          **RELATIONS**

This document is a transcription of the conference call conducted on 23<sup>rd</sup> January, 2026.  
[Click here to listen to the original audio.](#)

Disclaimer: This transcript is edited for factual errors and does not purport to be a verbatim record of the proceedings. The reader is also requested to refer to audio recording of the call uploaded on the company website here on 23<sup>rd</sup> January, 2026. In case of discrepancy, the audio recordings will prevail. No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Home First Finance Company India Limited.

**Moderator:** Ladies and gentlemen, good evening and welcome to the Home First Finance Company India Limited Q3 FY26 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing '\*', then '0' 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. Good evening, ladies and gentlemen. Welcome to Home First Finance Company's Earnings Conference Call to discuss the Financial Results for the Quarter-Ended December 31, 2025. 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 & CEO; Ms. Nutan Gaba Patwari - CFO.

With that, I now invite Mr. Manoj Viswanathan to share his insights on Home First Finance. Over to you, sir.

**Manoj Viswanathan:** Thank you, Sunil. Good evening, everyone and thank you for joining us today. We are pleased to present the performance for Q3 FY26, which reflects the strong business momentum, robust profitability along with a stable asset quality and with improving early delinquencies.

Let me share the Q3 FY26 highlights:

- Annual growth remains strong, growing at 24.9% y-o-y and 5.3% q-o-q to reach Rs. 14,925 crore.
- In this quarter, we added two branches, with the latest additions comprising one in Karnataka and one in Madhya Pradesh. We have 6-8 branches in the pipeline and at least 6 branches will be added in Q4.
- Disbursements for the quarter stood at an all-time high of Rs. 1,318 crores, up 10.5% y-o-y and 2.2% Q-o-Q. Monthly disbursements crossed Rs. 500 crores for the first time in December 2025. Our origination yield continues to be healthy at 13.1%, with an 83% share of individual housing loans.
- Asset quality matrices remain healthy and range-bound. We continue to focus on early buckets and resolutions.
  - 1+ DPD is at 5.3%, an improvement of 20 bps on a Q-o-Q basis.

- 30+ DPD remains flat at 3.7%, with Stage 2 reducing by 10 bps.
- Gross Stage 3 is at 2%. This is increased by 10 bps Q-o-Q, and we are confident that this will improve going forward, as the early delinquencies have shown improvement and overall collection efficiency has also improved.
- Moving to state-specific updates:
  - Starting with our largest state of Gujarat: In Q1, we had flagged off an anticipated impact of tariffs. However, we are pleased to report that Gujarat has successfully overcome this on account of the overall economic vibrancy of the state. We continue to witness strong growth and stable asset quality in Gujarat.
  - In Maharashtra, we have successfully re-established a strong growth trajectory, especially in the larger and more competitive markets of Mumbai and Pune. This impact can be seen in the strong AUM growth in this state.
  - In Tamil Nadu, we faced both tariff-related delinquency issues as well as churn in the team. We have made good progress in stabilizing the team and we expect a strong turnaround in this state in FY27.
  - Regarding UP, we have adopted a calibrated approach. We are in the process of setting up a strong team in order to capitalize on the large potential in the state in the coming years. We can expect this state to be a large contributor for us from FY28 onwards. With respect to the other key states, Karnataka is emerging out of the e-khata overhang and has clocked a strong growth this quarter. Rajasthan, MP, AP and Telangana continue to deliver growth as planned.
- Technology remains the backbone of our company, complemented by a focus on developing in-house solutions that drive innovations and operational efficiency. To enhance operational efficiency and reduce costs, we have developed a separate grade document system that enables secure, structured and scalable document management. This system handles high volumes with robust security, tracking and safe archival for optimal storage and performance.
- Digital adoption continues to be strong and a key area of our focus as we grow.
  - 81% of our approvals in Q3 were facilitated via the account aggregator framework.
  - More than 80% of our loans are digitally fulfilled through e-agreements and e-NACH mandates.
  - 96% of our customers are registered on our mobile app, with 85% of the requests now raised digitally.
  - In addition, several AI pilots are in progress, and we expect these to deliver results in the coming years.
- During Q3, we received certification for 70 additional green homes, taking the total to 310.

- The PMAY 2.0 scheme saw further traction. As on date, we have received around 4,500 customer applications. Of these, 103 customers have already received the first tranche of the subsidy, with an additional 15 cases approved where subsidy will get credited shortly. We expect the scheme to pick up traction with the increase in customer awareness and streamlining of the process.
- As we move toward FY27, we are positioned to achieve 25% AUM growth driven by enhanced distribution, technology adoption supported by diversified funding and robust risk management.

Lastly, I also wanted to address the topic of my continuity at Home First. There could be some rumors and speculation on this topic which I want to state are completely baseless. I would like to strongly reiterate that I do not have any plans or intent to move out of Home First.

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

**Nutan Gaba Patwari:**

Thank you, Manoj. Thank you for that.

Let us start with the Key Financial Metrics:

- Total interest income for the quarter stood at Rs. 429 crores, up by 20.5% Y-o-Y and 4.8% Q-o-Q.
- Portfolio yields held constant at 13.4%. Disbursement yields for the quarter was at 13.1%.
- With proactive management, we were able to contract our cost of borrowing ex-co-lending by 10 bps at 8%, supporting our ex-co-lending spread of 5.4%.
- Net interest margin for the quarter was at 6.0 %, up from 5.4% in the previous quarter, supported by gearing, optimized liquidity position and lower cost of borrowing.
- Provisions arising from the implementation of new labour code have been recorded and these one-time expenses of Rs. 3.3 crores on account of gratuity provisions have impacted OPEX and earnings of Q3 FY26.
- Reported cost to income was 32%, up by 10 basis points on Q-o-Q basis. Ex-gratuity provision impact, it would have been 31%.
- Reported operating cost to asset was at 2.7% for the quarter. Ex-gratuity provision impact, this ratio stands at 2.6% for the quarter. We expect this ratio to remain range bound within 2.6%-2.7% as we focus on growth and expansion. Our Profit After Tax increased to Rs. 140 crores, up by 44% Y-o-Y and 6.3% Q-o-Q, with Return of Assets of 4% and Return of Equity of 13.7%. Ex-gratuity provision impact, the earnings growth in Q3 FY26 has improved by 46.6% Y-o-Y and 8.3% Q-o-Q, with Return on Assets of 4.1% and Return on Equity of 13.9%.
- We also had a QIP of Rs. 1,250 crores earlier in April. Pre-money adjusted ROE for Q3, stands at 17.1%.

Moving to Provisions and Asset Quality:

- Credit cost for Q3 stood at 40 bps.
- Provision on Stage 3 has increased to 22% as on Dec'25 from 21% in the previous quarter.
- We continue to adopt a conservative approach to provisioning maintaining a provision overlay above ECL requirements. As of Dec'25, our total provision coverage is 40.4%.

Moving to Balance Sheet and Capital Position:

- Our funding profile continues to be well diversified and cost effective, reflecting our prudent financial management. 57% of the funding comes from public and private sector banks, 16% from NHB, 20% from assignment and co-lending, and balance from NCB, ECB and NBFC.
- During Q3, we executed direct assignment transactions of Rs. 215 crores. Our disbursement under co-lending business increased to Rs. 101 crores for Q3, taking co-lending book to Rs. 585 crores or 3.9% of the total AUM. Co-lending would continue to be an important part of our strategy to strengthen our ability to cater to higher ticket size segments. We aim to take co-lending contribution to 10% of AUM as we scale.

Coming to Capital Adequacy and Liquidity:

- Our capital adequacy ratio as of Dec'25 stands at 49% as compared to 48.4% in Q2. This increase in capital adequacy is due to lower cash held in mutual funds.
- Our net worth stands at Rs. 4,180 crores, up 73.6% Y-o-Y and 4.1% Q-o-Q. Book value per share as of Dec'25 is Rs. 402.

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

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Abhijit Tibrewal from Motilal Oswal Financial Services. Please go ahead.

**Abhijit Tibrewal:**

Good quarter. First of all, thank you so much for kind of reiterating towards the end of your opening remarks that you don't have any plans to move out of Home First. I think that is very reassuring. And like you said, we also kind of used to get questions around the continuity and your plans. So, first things first, thank you so much for that. Now, moving to business, very clearly, I think disbursements are starting to pick up. But I have two questions here. First thing is, disbursements, while they have improved sequentially, maybe they are still a shade lower than what we were expecting or penciling in. So, what is it that is leading to this? Is it a higher competitive intensity? Or was it in the nature of, I would say, some weakness in asset quality that we were seeing until last quarter, which was making us go a little conservative on more businesses and disbursements? If you could explain that. And the other thing is, now that asset quality looks like stabilizing, your 1+ has actually improved sequentially, 30+ is now stable.

And so, to that end, are we getting higher confidence to start accelerating the business from here? And we have already put out in the press release that next year, we will look to grow at 25% Y-o-Y. For the 4th quarter, at least what are the internal targets that you are working with?

**Manoj Viswanathan:** The target is to end the year at 25% AUM growth. And again, for the next year, we have given the guidance of 25% growth on AUM. And as you rightly mentioned, yes, the first half of this year, there were certain issues that we were grappling with, because of the environment. And as I have mentioned in my detailed, state-wise discussion, there are certain states where we are going through certain issues, etc., which are now gradually stabilizing, and which is the reason for the renewed confidence in disbursal numbers. And some of the overhang, which was there, because of the MFI delinquency, etc., is now coming to an end. It is kind of tapering off in the overall market environment. These are all the reasons why we are feeling more confident. And we are also seeing that uptake in numbers internally, in origination numbers, etc., which will eventually translate into disbursal. That is the reason we are feeling more confident about the disbursal numbers for Q4 as well as for next year.

**Abhijit Tibrewal:** I was just saying that this spillover of MFI stress, like you mentioned, at least in affordable, is coming to an end. So, just trying to understand in your detailed comments, you spoke about 3-4 states, where we are seeing things improve. Gujarat, you mentioned, the impact of tariffs, which was earlier anticipated, I think Gujarat has successfully managed it, Gujarat being one of our top states. So, just trying to understand, at least this increase in bounce rates, that doesn't bother us, right? I think that is a little bit more of a behavioral problem, right rather than of an asset quality issue?

**Manoj Viswanathan:** Correct. So, we are gradually seeing that divergence between bounce rates and actual collections. If you see last quarter also, the bounce rates were elevated, but then the collection was far better than the previous quarter. To some extent, it is becoming more of a behavioral issue, where customers have multiple accounts, so they end up missing the payment in one account, then they immediately transfer the payment from some other account. We have been talking about this for the last couple of years. But I think now that is coming out very clearly. So, collection efficiency is kind of getting disconnected from the bounce rate itself.

**Abhijit Tibrewal:** Got it. And lastly, Manoj, on asset quality, again, given that you have seen some stability in this quarter, you think Q4, again, a seasonally strong quarter, and given where we are, you think we can start looking at an improvement in asset quality, even in Stage 3 from this quarter onwards?

**Manoj Viswanathan:** Yes, we should see that in this quarter. Generally, Q4 is good. But what gives us more confidence is that we managed to bring down our early-stage delinquency also quite substantially this quarter, whereas, if you see the same quarter last year, it was actually elevated. So, better collection efficiency in Q3 is giving us the confidence that the Stage 3 also should start moving down.

**Abhijit Tibrewal:** Got it. And have you made any PLR changes in the last quarter or effective January?

**Manoj Viswanathan:** Yes, effective from 1st Jan, we have reduced our PLR by 10 bps. And we have passed on that benefit to customers from 1st of January.

**Abhijit Tibrewal:** Got it. That is all from my side. Thank you so much for taking on my questions and I wish you and the team the very best.

**Moderator:** Thank you. The 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 was on the PLR front. So, we have already done the reduction of 10 bps. But given the competition in the market, and I think even in the last quarter, the BT-out rate had increased. So, are we planning or is there any plan to further take a rate cut in the quarter? Or how is that aspect likely to shape up in the next, let us say, 3-4 months' time period?

**Manoj Viswanathan:** The PLR is a function of our own borrowing cost. So, that will work in sequence. As our borrowing cost comes off, we should be able to pass on the reduction to customers. Based on the reductions that we have experienced, in the middle of the last quarter, the ALCO decided to pass 10 bps reduction to the customer. If there is further reduction, the board / ALCO will decide how much to pass on in the coming quarter. The reduction in PLR is to be basically fair with the customer. It is not directly intended to reduce the BT-out. BT-out generally happens when there is a huge difference in the rate which the customer is getting compared to what they are experiencing with us. Minor reduction in PLR is not going to really materially impact the BT-out rates.

**Shreepal Doshi:** So, then in that case, what is the overall cost benefit that we have already seen from the 125 bps rate cut that we have seen at systemic level and what is it that is remaining?

**Nutan Gaba Patwari:** Shreepal, I will take you back to the overall benchmark led rates that we have. Repo link rates are about 15%, external benchmark is about 30% in total. To that extent, we have got the benefit. Out of the 125 bps in total, we would have now gotten the benefit about 40-50 bps. As we all know that the credit deposit ratio of banks are what they are, and the MCLR of banks are just about starting to come off. Moving forward, we should expect a little bit of maybe 5-10 bps every quarter for the next 2-3 quarters. And basis that we will have to go back to see how the rates are looking like, what we are getting and eventually look at the PLR. I would think that we will not do any more PLR reduction in this quarter, which is Q4 of this year. Anything from here on will be next year only.

**Shreepal Doshi:** Got it. The other question, ma'am, again was on the liability side only. So, on the NHB borrowing, what is the sanction pool that we have there and what is the borrowing rate that you are seeing from that avenue?

**Nutan Gaba Patwari:** We got an approval this year of about Rs. 900 crores. We have actually put that in the liquidity position slide last quarter and this quarter also. In terms of pricing, pricing remains pretty



comparable to the banks. We are now in that broad region of 7.5% and it is a good pool of liquidity for us and we want to expand both NHB as well as banks.

**Shreepal Doshi:** So, has there been a PLR cut at the NHB level as well or not yet?

**Nutan Gaba Patwari:** Yes, there has been.

**Shreepal Doshi:** Got it. Thank you, ma'am. Thank you so much and good luck for the next quarter. I will come in the queue for additional questions if any.

**Moderator:** Thank you. The next question is from the line of Rajiv Mehta from YES Securities. Please go ahead.

**Rajiv Mehta:** Good evening. Congrats on good performance. So, my first question is on Tamil Nadu. I think you spoke in the initial remarks that the team is in gate now. So, where do you expect the productivity from the team to come through? And can you also comment about the competitive intensity impacting the volume recovery out there? And are you also budgeting that in FY27, disbursement in Tamil Nadu would outgrow that of the company?

**Manoj Viswanathan:** I think the recovery will take probably another 2 quarters, Rajiv. Probably from Q2 of the coming years, we should expect the turnaround in Tamil Nadu.

**Rajiv Mehta:** And Manoj, were there any underwriting changes done across markets because of the difficult macro that we saw? And can such changes be released, giving you better approval rates or helping you in recovering your disbursement volumes in FY27?

**Manoj Viswanathan:** Not really. Since it is a home loan product, generally, the impact of your underwriting is visible after maybe 18-24 months. And generally, these things become more visible when there is some stress in the economy, like what we saw over the last 12-18 months. When we realize that this is likely to happen to a specific cohort of customers, then, generally, you do not reverse those changes. To give you an example of, let us say, customers with certain type of bureau score are going to default in a certain situation. Then you would not reverse that going forward, unless there is something really changes in the environment. And these are ongoing changes. And as we keep discovering, let us say, new cohorts, which may be defaulting, it can happen on both sides, positive as well as negative. When we realize there are certain cohorts which are behaving well, we kind of double down on those. Certain cohorts which are not doing well, we kind of restrict those profiles. This is an ongoing process. And there is no immediate knee-jerk reversal that we are going to carry out.

**Rajiv Mehta:** Understood. And the last thing is about the origination yield. The origination yield has actually come down by 20 bps on Q-on-Q basis. Now, is this largely a function of we incrementally doing higher tickets in our own books as well? Or is it also the thought process that whatever decline we are seeing in the marginal cost of funds, we are concurrently passing it on the new layer?

- Manoj Viswanathan:** It is more of the latter. The marginal cost of funds has dropped by about 30-40 bps So, that is likely to reflect in new origination as well.
- Rajiv Mehta:** So, broadly, book spreads should kind of stabilize around 5.0%-5.4% and you would want to kind of prioritize growth and push volumes for any incremental benefit?
- Manoj Viswanathan:** Yes. We have always maintained that the book spreads will be in 5.0%-5.20% range.
- Rajiv Mehta:** That is a long-term number. Yes.
- Manoj Viswanathan:** Anything more than that, we will basically follow a fair practice of passing that on to the customer.
- Rajiv Mehta:** Got it. Thank you so much.
- Moderator:** Thank you. We have the next question from the line of Raghav from Ambit Capital. Please go ahead.
- Raghav:** Hi. Thanks for the opportunity and congrats on this quarter. I just have two questions. One, I wanted to ask what will be your disbursement target for FY27? I am estimating somewhere around Rs. 6,400-Rs. 6,500 crores. Is that a fair estimate? That is about 18% higher versus FY26?
- Manoj Viswanathan:** So, Raghav, we are not giving a specific number for disbursal for next year because there are multiple levers by which we can reach our even growth target. So, we are not giving a specific disbursal number.
- Raghav:** But you would have done your budgeting or some sort of numbers for FY27. So, is that a fair estimate of around Rs. 6,500 crores for next year or do you think that?
- Nutan Gaba Patwari:** Yes, Raghav, when you do the budgeting, there are multiple scenarios involving a lot of business factors. There could be more than 20 factors contributing to the AUM final growth number. We want to keep those variables flexible and under control. And what we want to guide the market is to AUM number and then deliver that number. So, that is how we are thinking.
- Raghav:** Sure, fair enough. Will reducing the repayment rates be under consideration, say, for example, if you want to deliver a 25% growth on the AUM front, then do you also have some strategies around reducing your repayment rates next year?
- Nutan Gaba Patwari:** Yes, it will be one of those many variables.
- Raghav:** Understood. So, it is fair to say that what you are looking at is probably the FY25 repayment rate. The way that we calculate should be lower compared to FY26, right? That is a fair assumption to make?

**Nutan Gaba Patwari:** I can separately run the model discussion with you. But like I said, we want to stick to the AUM guidance of 25%.

**Raghav:** Understood. And then besides this 10 bps PLR cut, I think you have partly answered that. Any further PLR cuts will be considered only from next quarter onwards, if at all. But do you sense that there will be a requirement for you to cut the PLR given the competitive intensity in the affordable home loan segment, the moderation and volume growth and in this slide, do you think that you will be required to take a PLR cut further?

**Nutan Gaba Patwari:** Raghav, the business has to react much faster. Therefore, it will be very difficult to say what could be reality on the ground 4-6- 8 months down the line. And hence, the whole spread guidance of FY25, the whole AUM growth guidance as well, we want to stick to that and then let the rest of the interplaying forces be with the internal teams and then deliver on the guidance. So, today, it will be very hard to say what could competitive pressure look like in July or in October and how we will choose to react to that.

**Raghav:** Understood. On another aspect, I saw your employee number that is down Q-o-Q. Is that because of high attrition that is continuing for the larger industry as well as for you? And what are you doing to control that? That is my last question?

**Nutan Gaba Patwari:** Attrition has remained in that broad 35% range. What we are seeing, yes, you are right, the overall number Q-o-Q is down. We actually have about 250 people who are joining us. It just got delayed between Dec and Jan. So, we expect that number should increase in March when you see the numbers next time.

**Raghav:** Understood. Generally, out of the 1700 employees that you have, there would be different cohorts wherein there is going to be a set of people which are highly productive and then there will be another set of people which are not as productive. Is it usually the ones which are less productive getting weeded out or are leaving to join other companies and therefore, you are left with the more productive ones and that is something that is going to be an input to your AUM growth or disbursement growth next year? Is that the right way to think about this or not really?

**Manoj Viswanathan:** Yes, that is how we think about it and the aim is to retain the more productive sales people. All our efforts in terms of reward recognition etc., work towards retaining the more productive people. But some of them also leave us for various other reasons. Some of them want to go to a larger brand or they want to take up a more senior role or some other kind of role etc. Those factors are also at play. But yes, of course, internally the efforts are on to retain the more productive employees.

**Raghav:** Understood. Thank you, a lot, and that is all from my side. Thank you.

**Moderator:** Thank you. We have the next question from the line of Adityapal from MSA Capital Partners. Please go ahead.

- Adityapal:** Just a couple of questions to Nutan and Manoj. So, over the last couple of quarters, we have gone from saying 27%-30% AUM growth to 26% and now today we are saying 25% AUM growth for FY26 as well as FY27. Now, this is the guidance I agree and the branch additions are also not keeping up the pace to what we had said a couple of quarters back. What are we seeing on the ground? Is there any change because now the cycle has turned somewhat, the credit cycle. Do you see any green shoots now going forward, maybe say exiting December?
- Nutan Gaba Patwari:** Let me just straight away take the question on the guidance that you referred to. The guidance we had given was Rs. 20,000 crores by March 2027. With 25% growth, next year, we will hit about Rs. 19,600-Rs. 19,700 crores. Essentially the overall impact in a medium-term is about Rs. 300 crores of AUM and we all know how the credit cycle has been in the last 12 months. It would not be very fair to say that we are dropping numbers Q-o-Q. I think we need to look at numbers in the medium term and whether the business is geared to take on challenges and do the right thing when the cycle is difficult. I think that is how I would like to address the first part of your question. The second part, you talked about the branch additions. Branch additions again take place on a regular basis. Yes, this particular quarter we had two branch additions, but come March, we are expecting 6-8 branch additions. Again, it is not a linear number, Aditya, I would request you to consider that.
- Manoj Viswanathan:** So, to address the last part, you were talking about green shoots. The aim is to convey that yes, we are seeing those green shoots. We have got over some of the challenges that we had in some of the markets. We are feeling more positive about our origination as well as disbursement numbers for the coming quarters. So, definitely want to put it out there and convey that.
- Adityapal:** Understood. Thank you so much for this detailed answer. The other part is asset quality. So, I definitely understand that last quarter, we tightened our credit filters and even after tightening our credit filters, which would have definitely led to higher rejection rates, we posted this good disbursement growth. Now, because of a tightening of credit filters, do you see that this is the peak in terms of 1+ DPD as well as the GNPA?
- Manoj Viswanathan:** Yes. 1+ DPD already has turned around and the GNPA also should start moving down in the coming quarters.
- Adityapal:** Perfect. Wishing you and the team all the very best. Again, great set of performance. Congratulations.
- Moderator:** Thank you. We have the next question from the line of Prithviraj Patil from Investec. Please go ahead.
- Prithviraj Patil:** Hi, thanks for the opportunity. Sir, I just wanted one clarification on the cost of borrowing. We have given the cost of borrowing ex of co-lending. So, I just wanted to know what that metric is and how do you calculate?

- Nutan Gaba Patwari:** We give two lines, Prithvi. One is the total cost of borrowing. It includes the total bank borrowings, the assignment transactions, the co-lending transactions. Because the optical spread in a co-lending book is low, we started giving the cost of borrowing and spread excluding co-lending as well. What we basically do for that Rs. 530 crores pool, whatever the cost of borrowing is, we take that out and recompute the cost of borrowing and we put it in a separate line for full disclosure.
- Moderator:** Thank you. We have the next question from the line of Divyansh Gupta from Latent PMS. Please go ahead.
- Divyansh Gupta:** Yes. Hi, Nutan and Manoj. A couple of data keeping questions. What will be our LAP AUM mix and what would be the HL NPA and LAP NPA?
- Nutan Gaba Patwari:** LAP AUM is 15%. And the GNPA in LAP will be about 1.4%. HL will be slightly above 2%, just because it is a higher book
- Divyansh Gupta:** Sorry, higher book as in?
- Nutan Gaba Patwari:** Mix is higher.
- Divyansh Gupta:** Sorry, I didn't get. Can you repeat?
- Manoj Viswanathan:** LAP NPA will be slightly lower than the HL NPA.
- Divyansh Gupta:** Got it. Understood. And the second question was, any early read on the CLM-1? How is it impacting us or the customer experience and any from our industry as well as HomeFirst specific?
- Nutan Gaba Patwari:** The co-lending guidelines have become effective from January 2026. We are in this transition mode as we speak. Some banks are ahead; some banks are taking some time. In my view, we will take another 2 weeks to fully settle the process, but it is a matter of transition and we will be done with it quickly. As we speak today, we are still undergoing conversations with some banks. We do expect that one out of the 3 banks, we will do a transaction this month as well.
- Divyansh Gupta:** So, does it mean that, let us say, this, at least the period, at least in the first month, our co-lending disbursement is a bit slower and we expect to ramp it up in the next 2 months?
- Nutan Gaba Patwari:** Yes, but I also have to add that some variations on the M-o-M basis are normal.
- Divyansh Gupta:** Got it. Understood. This is helpful. And the next question was that, if I remember, last con-call only we said that UP, there are 4 or 5 big cities and the market is not as big. But in the opening remarks, we mentioned that we expect to make UP a big business by FY28. So, has there been a change in strategy or product or anything, some light if you can shed on that?

**Manoj Viswanathan:** UP was part of our plan. If you see, last 2 years ago when we started our expansion into North, UP was part of our plan. But some of our early experiences in UP was not so good and hence we kind of decided to take a more careful approach. In terms of size of the market, it is large and yes there are 3 or 4 large cities which have a larger amount of business and then it is more fragmented. But however, that will not deter us from going into UP. It is one of our key markets which we have for future. It is just that by the time we kind of put together the team and create the foundation for expansion to UP, it could take us another few quarters. So, which is why we have mentioned in the call that in FY28, it would start becoming a large contributor.

**Divyansh Gupta:** Got it. And just two more questions. So, first is I think in the deck, we mentioned that our average CIBIL is around 747. This is at the time of origination or after because once someone takes a home loan, then CIBIL score anyways goes up?

**Manoj Viswanathan:** Correct. It is at the time of origination.

**Divyansh Gupta:** Got it. Understood. And the last question was that the increase in GNPA, let us say, looking at the Stage 3 absolute growth Y-o-Y, has been faster than the increase in the AUM, which is also therefore reflecting in the higher NPA percentage?

Now, given that, let us say, some green shoots and let us say, overall, let us say, the pain being done, how should we expect, let us say, in the next few quarters, this ratio, should we expect GNPA to come down with some flow backs or is just that the growth of the book will more or less make the denominator big and therefore, the percentage will come down?

**Manoj Viswanathan:** No, both will happen. The absolute value should also come down and because of the denominator going up, there will be some impact on that as well.

**Divyansh Gupta:** Got it. And is it through any specific collection effort or just generally reduction in stress and therefore, people are expected to pay back and expecting it to revert or we are doing much more for collections?

**Manoj Viswanathan:** In some markets where delinquencies are elevated, obviously, there is a greater collection effort. But for us, collection is, the entire team is tasked on collection. It is part and parcel of the day-to-day activity for every employee in the branches. And also, to some extent, because of the green shoots in the economy and the overhang of all this delinquency going away, some customers also kind of proactively come forward to settle their accounts and repay and come back to normal.

**Divyansh Gupta:** Understood. Got it. I will join back the queue for any further questions. Thank you and all the best.

**Moderator:** Thank you. We have the next question from the line of Chintan Shah from ICICI Securities. Please go ahead.

**Chintan Shah:** Hello. Thank you for the opportunity. So, I had a question on AUM growth. On the disbursements, we have clocked around Rs. 500 crores disbursements per month. So, I just wanted to understand in terms of the tariff-impacted states, which is Tamil Nadu and Gujarat, we had tightened our underwriting filters, and now, have we loosened the filters? Also, what is actually driving this Rs. 500 crores and makes us confident that this will be sustainable?

**Manoj Viswanathan:** As I mentioned, the tightening of filters is an ongoing process. It is just that when there is an event in the environment, economy not doing well, some of these trends emerge much faster. And it helps us to take those decisions on which segments to tighten and so on which we did over the last few quarters. The growth is not coming from relaxing those norms. The growth is coming from increased distribution and maybe just a bit of better momentum in the environment, so not from relaxing of credit filters.

**Chintan Shah:** Sure. Are we also planning to relax those filters? And if we do, then could it further accelerate the growth then?

**Manoj Viswanathan:** No, we are not looking to relax those credit filters. Because the credit filters, as I mentioned, the impact of the credit filter comes only after 18-24 months. Once we have already realized that a certain cohort will not behave, then it doesn't make sense to kind of relax the criteria on that cohort.

**Chintan Shah:** Sure. And do we have any limit on a maximum exposure to a single state, any internal ceiling or limit?

**Manoj Viswanathan:** No, at the moment, we have not set any limit for a particular state. If you see our market share in each state, it is still in low single digits, which is why we have not set any cap for any state. In any state where we are present, there are obviously other players who have much larger share, including banks, so which is why we have not, at this point, put any cap on any state.

**Chintan Shah:** Sure. And one last question, in future or in the coming years, do we intend to reduce ticket size at any point of time or to just get out into a higher yielding segment like 6-8 lakh ticket size or this is the current ticket size will only continue?

**Manoj Viswanathan:** Our proposal always has been that as the country grows and incomes grow in most of the states, the availability of housing in this lower ticket sizes is shrinking. We have always said that every year the ticket sizes will grow by 3%-5% as a natural progression. And we continue on that path. We are not going into lower ticket size.

**Chintan Shah:** Got it. Thank you and all the very best for the future. Thank you.

**Moderator:** Thank you. We have the next question from the line of Nidhesh Jain from Investec. Please go ahead.

- Nidhesh Jain:** Thanks for the opportunity and thanks for the clarification on rumors around management changes. So, first question is on management change only to Manoj that you will be continuing as an executive role as MD and CEO going forward as well, right?
- Manoj Viswanathan:** Absolutely.
- Nidhesh Jain:** Second is how has the approval rate changed, let us say, last year to this year? Is there a drop in approval rates that we have witnessed?
- Manoj Viswanathan:** Not significantly because the way we operate is that if any new credit screens have to be implemented, we convey that to the front-end teams. And a lot elimination happens in the front-end itself. By the time the proposal comes for underwriting, it has already gone through those screens. At the head office level, there is no significant change in approval levels.
- Nidhesh Jain:** Sure. And what are the plans for branch addition in FY27 and which are the states which you are looking to add branches?
- Manoj Viswanathan:** We have about 6-8 branches in the pipeline. It is kind of spread across several states. There are couple of branches coming up in the north, Uttarakhand, Delhi. They are basically spread across the various states. One or two branches across 4-5 states.
- Nidhesh Jain:** Yes, I think that is for Q4. Any planned addition for FY27?
- Manoj Viswanathan:** FY27, again, we are looking to add about 25-30 branches. It will again follow the same path where we are concentrating. MP will be one of the states. Andhra Pradesh, Madhya Pradesh, Tamil Nadu, Maharashtra, these would be frontrunners next year in terms of branch additions.
- Nidhesh Jain:** Sure. And UP will pick up in FY28, is the plan?
- Manoj Viswanathan:** That is right.
- Nidhesh Jain:** And lastly, a data keeping question on what is the count of active connectors for the quarter?
- Manoj Viswanathan:** Count of active connectors is around 3600.
- Nidhesh Jain:** That is, it for my side. Thank you.
- Moderator:** Thank you. We have the next question from the line of Maulik Chaudhari from Monarch Network Capital Limited. Please go ahead.
- Maulik Chaudhari:** I just have one broad question. there was an article in Economic Times 4 days ago stating that sales in affordable housing have declined. I just wanted to know your take on the overall loan demand momentum?



**Manoj Viswanathan:** Affordable housing, we have to kind of narrow down the definition to understand where it is shrinking and where it is growing. As we have always said, the lower ticket sizes in affordable housing, if you look at ticket sizes less than Rs. 10 lakhs, there are markets where that is shrinking. And the growth has moved to the ticket sizes between Rs. 10-40 lakhs, which is a natural progression of country progressing, incomes increasing and so on. But of course, different states are in different stages of this evolution. There are some states where they are already at average ticket size of Rs.15 or 20 lakhs plus. In some states, there are still properties available between Rs. 10-15 lakhs. State-wise, there are differences. But yes, if you were to look at an overall commentary, the ticket sizes below Rs. 10 lakhs are shrinking. That is because of the increase in incomes in most of the pockets in the country. In order to keep track of affordable housing, we will have to index the ticket size by about 3%-5% every year to account for inflation.

**Maulik Chaudhari:** Thank you. Thank you so much. That is all.

**Moderator:** Thank you. We have the next question from the line of Bunty Chawla from Ask Wealth. Please go ahead.

**Bunty Chawla:** Thank you, sir. Thank you for giving me the opportunity. Actually, I have joined late if I am repetitive, Sorry for that. What is the situation in Tamil Nadu as such as we have seen one of your peers has said that there has been some issue from the ordinance point of view, how you are seeing the situation currently and any changes in terms of disbursement and all we have taken there?

**Manoj Viswanathan:** Yes, the ordinance issue is several months old now. And of course, it had some temporary impact on collections. Besides various other issues, which Tamil Nadu was going through, including tariffs or some overhang of microfinance, delinquency, etc., but as I mentioned in my opening speech, we have stabilized the team, which we had a challenge with last year. And now gradually we are building the portfolio over there. We should start seeing good traction in Tamil Nadu from quarter 2 of FY27.

**Bunty Chawla:** Sir, during this quarter, how was the growth in Tamil Nadu, if you can say stabilizing down, up, something like that?

**Manoj Viswanathan:** It is still growing. Tamil Nadu is still growing, but obviously, not at a pace that it used to grow earlier. Growth has been very muted.

**Bunty Chawla:** So, now situation has been under control means has changed from last year?

**Manoj Viswanathan:** That is right. Last year, there is a substantial difference in terms of stabilizing the teams.

**Bunty Chawla:** And any change in terms of focusing on different ticket size or in different areas in Tamil Nadu where the situation is much better? Is it a well thought process or is it completely on that now the team is stable, now we can grow again?

- Manoj Viswanathan:** Yes, now that the team is stable, we are looking to again re-establish our growth. In any case, we were not focusing too much on the lower ticket sizes, below Rs. 10 lakhs. Largely the focus will be on core affordable housing the way we see it, which is between Rs. 10-40 lakhs.
- Bunty Chawla:** That was very helpful, sir. Thank you. Thank you very much.
- Moderator:** Thank you. We have the next question from the line of Smaran from Money Stories Asset Management. Please go ahead.
- Smaran:** Yes. Hi team. So, I have two questions. The first one is that I have noticed that recently the bounce rates and growth NPAs and net NPAs have seen a marginal increase. So, I wanted to understand what is the core reason for that? And my second question is regarding the loan book and the borrowings percentage of fixed and floating population? So, because in this falling interest rate environment, I wanted to understand if the yield of the borrowing versus the yield of the loan book, is it an advantageous portion or not?
- Manoj Viswanathan:** Bounce rates, if you see last 2-3-4 quarters, they have moved up by about 1%-1.5%. In the last quarter, we had the collection efficiency was much better. That is why we are slowly starting to see divergence in the bounce rate versus the actual collection efficiency. Customers have other accounts where the money is parked, etc. So, they end up bouncing the payment, but then they pay off immediately. So, bounce rate is no longer a strong reflection of how the collection is going to go in that particular month. As far as fixed versus floating is concerned, our entire book is floating rate. We don't have fixed rate loans for the customer.
- Smaran:** Got it. So, how will it affect in terms of borrowing and lending?
- Manoj Viswanathan:** So, on the borrowing side also we have floating rate borrowing. It is back-to-back floating only.
- Smaran:** Got it. Thank you.
- Moderator:** Thank you. The next question is from the line of Siraj Khan from Ascendancy Capital. Please go ahead.
- Siraj Khan:** Hi, team. Thank you for the question. First, a clarification. Can you call on the logins growth, and also the number of logins that you have plugged during this quarter? Because there has been a little bit of a noise, yes, you said that the affordable housing piece is starting to come out of the woods, but what was the login group, if that number could be called out?
- Manoj Viswanathan:** Yes, origination has also been growing. We don't normally mention that number in the discussions. But, yes, ultimately, the disbursement, there is a certain disbursement rate. If 100 cases get logged in or originated, there is a certain disbursement rate, which is a kind of constant. If the disbursement goes up, that means origination also has gone up.

- Siraj Khan:** So, if you could give me like the funnel, then what will be the login to disbursement funnel? So, like if 100 cases were logged in, what would be the disbursement rate just to get it?
- Manoj Viswanathan:** 80% is the disbursement rate to origination. We are not talking about login. So, we are talking about origination, the number of loans that get sanctioned or approved.
- Siraj Khan:** Understood. And the 250 number of employees that was being mentioned that are going to join in Q4, which particular cohort is this? Like mostly sales, collection, what is this? What I am trying to understand is over the last 3-4 quarters, what we have seen is the per employee disbursement number has been around the 30 million mark. If the number will add up, that will get impacted. But is the 30 million number, like the peak number or is there aspiration something higher that we target for per employee disbursement for us?
- Manoj Viswanathan:** Yes, the aim is always to improve on that number, but it has been static at least last 5-6 quarters. But of course, last 5-6 quarters have also been difficult from an environment perspective. Definitely, I think if there are tailwinds and the environment improves, that number can also improve. But as of now, we are budgeting on the basis of the 30 million number.
- Siraj Khan:** Understood. And just a final quick one, with respect to the growth that we are seeing in peak, it seems to be one of our fastest growing states. Tamil Nadu is coming out of, as we are seeing from the MFI issue and other certain states are also recovering from, say for Karnataka coming out of the e-khata thing. The 25% that you are looking at is like a conservative piece because what I want to understand is in the growth wave, are we entering towards the top of the wave, at the bottom of the wave or we are coming out of the trough and going up towards up of the growth wave? I am trying to understand how the swing might happen?
- Manoj Viswanathan:** We are basically giving a projection or a guidance based on how we are seeing it today. And of course, if let us say, 6 months down the line, there is more bullishness in the market and there is a greater momentum, then of course, we will revise our guidance at that point of time.
- Siraj Khan:** Understood. And just a quick one, we have seen approximately 3% drop in our less than 15 lakh portfolio on ticket size basis, which has correspondingly increased in more than Rs. 20 lakh. So, is this like more so driven by on the ground or part of it is down to the natural inflation because the 25% growth rate that we are targeting, I think you said 5% would be from ATS, then what will be the balance 20% coming from?
- Manoj Viswanathan:** See, we are open to customers coming in all of these segments. We are not declining customers from any of these segments. This is more of a natural phenomenon that we are observing in the market. As you see across the years, the lower ticket sizes, the proportions are reducing and it is increasing in the medium or higher ticket sizes. It is a more of a natural phenomenon of what is coming through the door. We don't have any particular policy which says that below a certain ticket size, you have to decline the loan, etc. It is like I mentioned, natural progression. In some

states, incomes have arisen. Customers are aspiring for larger ticket size or larger homes. It is just what is coming through the door.

**Siraj Khan:** I was not saying that you are declining, but you are not categorically pushing for a higher ticket size. It is just whatever is on the merit, even though if it is higher ticket size, you are going with it?

**Manoj Viswanathan:** Absolutely. We are open to; we are not competitive in the extremely high-ticket sizes where banks are active. We don't actively pursue those ticket sizes. If we go by the RBI definition of affordable housing, which is all the way up to Rs. 55 lakhs in metros, we are open to customers in that entire range. Customers who are facing a difficulty in getting loans from larger lenders is whom we are facilitating. We are open to all of those customers. And so typically, now the customers are coming from slightly higher ticket sizes, lower ticket sizes, the market is shrinking.

**Siraj Khan:** Understood. I will turn back in the queue, but your outlook on the yields, how do you see the yields moving? Thank you very much.

**Manoj Viswanathan:** Yields, as we mentioned, we should be able to maintain the spread at between 5% and 5.2%. Yields, of course, will move depending upon the rates in the market, but the spread we should be able to maintain between 5% and 5.2%.

**Moderator:** Thank you. We have the next question from the line of Shubhankar Gupta from Equitree Capital. Please go ahead.

**Shubhankar Gupta:** Yes, sure. So, I will continue. 2-3 questions from my end, I will make it quick. Just want to understand MP actually has a lot of share, nearing 10% of overall gross loan book. So, just want to understand what is enabling this sort of growth in MP? And is it a model which we can learn from and apply to, let us say, states like UP?

**Manoj Viswanathan:** When we are operating in multiple states, we always have certain growth drivers, certain markets are going through some challenges, so which is the whole advantage of diversification and which is why we are present in 13 states and other than Gujarat and most of the states are kind of equal contributors to our business. This is the advantage of the diversification so we find that certain states, there is more industrialization or urbanization happening at a rapid pace, incomes are going up rapidly, overall law and order situation is improving more rapidly. The demand for affordable housing also kind of goes up fast and it also to some extent depends upon the team, you may have a stronger team in one state whereas versus another state so the things go better in a particular state. There will be a few states which are firing this year, some state is firing next year so that is the whole advantage of diversification.

**Shubhankar Gupta:** Actually, I get your point, I just want to understand. So, one is external elements which are not in our control, I was talking more from the internal elements bit that okay, there are stronger

teams in the part of the state or some other factors which have contributed to, let us say, this state gaining more than others was my key question?

**Manoj Viswanathan:** What we have realized over time is that each state has its own characteristics. When we try to kind of cut paste something that has happened in one state into another state it never works.

**Shubhankar Gupta:** Got it. So, that is fair, that is helpful. Second question is on the lead generation strategy bit. So, I saw that builder ecosystem has gained a bit there. So, I just wanted to understand is there some cohorting pareto of lead generation which is connectors and how do you strategically look at cohorting within this and then kind of using it to increase lead generation?

**Manoj Viswanathan:** Our aim is to have a very granular connector network. When we are analyzing connectors, our main focus is to drive to particular two metrics which is that the number of connectors which are handled by Relationship Manager, can we drive that number up and the number of active connectors. So, these are two metrics that we drive actively. We are not really interested in trying to maximize the business from a connector because then that leads to aggregation and a different model which is an aggregation model. We try to increase the number of connectors which are handled by Relationship Managers, capacity of a Relationship Manager to handle more connectors and the number of active connectors, overall number of active connectors.

**Shubhankar Gupta:** And what will be the key, let us say, steps or acquisition strategies to increase the number of active connectors or even connectors?

**Manoj Viswanathan:** One is that just addition of the denominator itself which is just adding the total number of connectors and the second part is the activation. Activation is the process of identifying which connector can be, who is dormant. Somebody who has given us a loan or referred a loan to us in the past but has gone dormant. So, how do we activate that person? What has stopped them from referring cases later on? That is the whole science.

**Shubhankar Gupta:** So, sir, as I am getting you are saying that there is a full funnel for connectors, acquisition, activation and probably retention also. What I am asking is within the acquisition funnel or the bucket, cohorting, what is the strategies or the ways you are looking to acquire these connectors? Is it digital mediums, physical mediums and within that also is their further segmentation? What is the acting value?

**Manoj Viswanathan:** The acquisition is largely physical. Each Relationship Manager is tasked with acquiring connectors. And we have found it to be most effective at this stage. At some point if there is a digital or centralized process, we will adopt that. Some pilots are going on. But at the moment physical acquisition by the Relationship Manager is the most active method of getting connectors.

- Shubhankar Gupta:** Got it. One last question for you, sir. So, if there is a change in the early delinquencies as mentioned, just want to understand what are the major steps you have taken over the last 2-3 quarters which have led to this change in early delinquencies?
- Manoj Viswanathan:** When the environment is tough, we basically try to increase the collection intensity. We will increase the step of the monitoring at a Relationship Manager level, number of visits and so on and so forth. Some of those steps are paid off and improvement is also a reflection of how the environment is easing off. Yes, our efforts were elevated for couple of quarters. But then the environment easing off combined with our efforts has helped to reduce the early delinquency.
- Shubhankar Gupta:** Alright. Thank you so much, sir. Thank you for answering the question.
- Moderator:** Thank you. We have the next question from the line of Ravi Naredi from Naredi Investments. Please go ahead.
- Ravi Naredi:** Thank you very much to give me opportunity. Mr. Manoj and Nutan Gabaji, your entire team is doing fantastic work and your confirmation, you will remain with company will play a new confidence in company. Sir, my only question is there, can you give figure in December '25 quarter, how much money we write off completely in auction of house property took on possession? And can you give this figure for 9 months also?
- Nutan Gaba Patwari:** Raviji, for the quarter of December, we have not done any write off which is a complete write off. For the first 2 quarters we have done, my sense is in the range of Rs. 4-Rs. 5 crores, but allow me a minute and I will confirm that number to you.
- Manoj Viswanathan:** Rs. 3.3 crores in quarter 1.
- Ravi Naredi:** Total?
- Manoj Viswanathan:** Total Rs. 10 crores for the year.
- Ravi Naredi:** Thank you very much and all the best.
- Moderator:** Thank you. We have the next question from the line of Ruhitash, an Individual Investor. Please go ahead.
- Ruhitash:** Sir, what are the disbursal trend in January month?
- Nutan Gaba Patwari:** Sir, January is still not closed.
- Ruhitash:** No, current trend means up to 20 days trend?
- Manoj Viswanathan:** Strong, sir.

- Ruhitash:** Thank you. And are there any specific states which are contributing for the NPA and GNPA?
- Manoj Viswanathan:** Yes, as we discussed in the past, Tamil Nadu has been one of the more difficult states for us last year. Other than that, at a state level, we don't have any challenges. There would be obviously specific branches where there are challenges in some states. But as a whole we faced a challenge last year in Tamil Nadu.
- Ruhitash:** No, this quarter only. GNPA's are increased from last quarter and in this quarter which states are having a higher stress?
- Manoj Viswanathan:** Sir, the stress continues in Tamil Nadu. The stress that we had which was building up. So, the higher delinquency, some of it is coming from Tamil Nadu only.
- Ruhitash:** Is the stress due to tariff issues?
- Manoj Viswanathan:** Yes, tariff issues have also contributed to it.
- Ruhitash:** That is it from my side.
- Moderator:** Thank you. We have the next question from the line of Divyansh Gupta from Latent PMS. Please go ahead.
- Divyansh Gupta:** Hi, thanks for allowing me another question. Just one question I had. Let me know if my understanding is not correct. Typically, home loans will have a higher LTV compared to a LAP. Given our NPAs are higher in home loans on, let us say, even historically as well as let us say as the talk right now, the simple mathematical assumption would be that the Stage 3 LGD or ECL number should go up?
- Nutan Gaba Patwari:** Yes, but what we will have to do is not look at a single year. We will have to look at a one cycle trend which is at least 7 years. And when you look at that ultimately it depends on what the equity of the customer is. It is not a very mathematical formula on one year basis or one quarter basis.
- Manoj Viswanathan:** Also, within housing loans, there are different products which are different LTVs. LTVs are high in certain apartment products, but then when it comes to resale or self-construction the LTVs are actually low. They could be as low as a LAP itself.
- Divyansh Gupta:** Let us say if you are doing a plot purchase plus construction on plot. But my understanding was that we had more or less exited from the apartment led credit, right?
- Manoj Viswanathan:** Entire Gujarat is largely apartment led only.

- Divyansh Gupta:** Got it. So, basically, there is no change in ECL model or any assumptions which might be leading. It is just purely driven by various factors of the loan characteristics. Is that a fair understanding?
- Manoj Viswanathan:** All of that gets reflected in the ECL model. The changes in the portfolio, the changes in the LGDs from time to time, all of that gets reflected in the ECL model.
- Divyansh Gupta:** Got it. And just one last question, what could be a GNPA on a managed book? Because the GNPA that we report is more on the on-book GNPA?
- Nutan Gaba Patwari:** 1.8%
- Divyansh Gupta:** 1.8% which means that then it is a fair assumption that mostly home loans are taken away in DA. And also, probably more premier or better profile customers are in the managed book?
- Manoj Viswanathan:** Yes, it is a vintage issue also. So, what happens is the lower vintages go off in the assignment and higher vintages remain with us. So, that difference also comes through.
- Divyansh Gupta:** Got it. You were saying fresh vintages goes away?
- Manoj Viswanathan:** Yes.
- Divyansh Gupta:** And the old vintage. But over a period of time, it will equalize only.
- Manoj Viswanathan:** Correct. But it will take some time because the large part of assignments started after COVID. Probably it should get normalized in maybe next 2 years.
- Divyansh Gupta:** Got it. And then we should see 1.8% kind of number. Is that correct understanding or?
- Manoj Viswanathan:** At some point there should be a convergence. There will still be some difference because of the quality of the book. Because by definition, the assignment book is taken away after a certain seasoning. In that seasoning the quality is already checked in that seasoning. And then the book is then assigned. That difference will still remain. But yes, there will be a greater convergence in a couple of years.
- Divyansh Gupta:** Got it. Understood. Thank you.
- Moderator:** Thank you. We have the next follow-up question from Siraj Khan from Ascendancy Capital. Please go ahead.
- Siraj Khan:** Thank you for the follow-up. Can you just give me a breakup of the AUM with respect to apartment? How much is apartment? How much is P+C? How much is self-construction? Would that be possible to provide?



- Manoj Viswanathan:** Sure. We can give you that. Apartments on AUM is around 16%. Self-construction is around 26%. And yes, anything else you wanted to know?
- Siraj Khan:** Plot plus Construction and?
- Manoj Viswanathan:** So, plot plus construction and self-construction will be part of the self-construction group which is 26%.
- Siraj Khan:** Will you do only plot or only construction?
- Manoj Viswanathan:** Only plot will be very small. It is about 1% of the pool.
- Siraj Khan:** And just a quick one on the BT-out rate. So, Q-o-Q we can see that the number has fallen. Last quarter, it was 7.6%. Now it is 6.6%. What do you look at the number with respect to the BT-out overall runoff? Because what I have seen from the ground, speaking with some of the people on the ground, some of the affordable housing and some housing finance companies are doing 12% or sub-12% rates in this quarter. And even a little bit in the last end of the last quarter. So, the yield outlook question was purely because of that. Because if you are seeing less than 15 lakhs or less than 20 lakhs customers being offered 12%, maybe even sub-12 rates, then that creates a question mark with respect to the whole spread and the entire ROE Tree?
- Manoj Viswanathan:** Yes. This is something that we have been also flagging off since the last several quarters. That there are the balance transfers are fairly aggressive even in the affordable segment now. And the rates being offered by various affordable housing players are also fairly aggressive. It is something that we had flagged off. However, we have also reinforced or renewed our efforts for retention in order to prevent balance transfers. Hopefully, at least in this quarter, it has yielded some results, and we have managed to reduce the balance transfer. This effort will be on to speak, and we will counsel the customers and reduce the balance transfers.
- Siraj Khan:** So, a steady state BT-out rate that you feel safe, say, FY26 to FY27?
- Manoj Viswanathan:** Yes, our aim is to kind of continue this success that we have had in this quarter. If the effort that we have put in this quarter continues to give us results, then it will stabilize around 6%-6.5%.
- Siraj Khan:** And finally, an aspirational overall thing. Like, we have seen some of our peers, slowing down post there is a Rs. 20,000 crores mark. You are saying that you will be reaching the Rs. 20,000 crores mark in a couple of years' time. Yes, because the base is higher, the growth rate is moderate. But what do you think is a sustainable steady state growth for you and what you are looking? Like a longer-term frame, this is a question, like, where do you see the book and what is a sustainable growth rate and like a sustainable ROA that you see? Just a big picture question?
- Manoj Viswanathan:** As we had mentioned the Rs. 20,000 crores number by March of 27. And as we discussed earlier in the call, we may only miss it by maybe 1 or 2 months. Similarly, are you can say guidance

or our vision or projection for 2030 is Rs. 35,000 crores. That is where we want to get to. That will be in the region of around 20%-23% AUM growth Y-o-Y if we have to get to Rs. 35,000 crores.

**Siraj Khan:** Understood. Thank you very much and this is great. Couple of suggestions on the fact sheet, if you could start giving the statistics with respect to those numbers of the sanction ratios and etc., it is a very useful number that generally as analyst see, if you could add that number into the fact sheet.

**Manoj Viswanathan:** Number of approvals?

**Siraj Khan:** Yes, the approval ratio, like log into sanction or sanction to disbursement. That ratio would be really helpful. Thank you very much.

**Moderator:** Thank you. We have the next question from the line of Adityapal from MSA Capital Partners. Please go ahead.

**Adityapal:** Just wanted to understand the color, qualitative aspects of 1+ DPD as well as GNPA. So, you answered a few data points to previous participants. The nature of these customers, is there any commonality between these customers that are not paying? It can be either vintage, it can be income profile, it can be state level?

**Manoj Viswanathan:** Most of the customers default because of some unforeseen event in the family. It could be largely medical events, accidents, some major illness. That is a big contributor. Another contributor is, of course, losses in business, loss of job and so on. These are the key contributors to the default. And if this is combined with, let us say, some weakness in the property value that is where the NPA and losses take place. If the property is strong and there is a lot of equity for the customer in the property, then they typically either sell the property or settle and square off the loan. But if there is a weakness in the property, as well as there is obviously the weakness in the income, then we end up with NPA.

**Adityapal:** No, I understand that aspect, and that is something which is business as usual. But my question is more to do with, if you look at it from 1-year basis, obviously there has been a macroeconomic issue and we all know that the country went through a rough economic or credit patch over the last 15-18 months. But is there, as in the company, for HomeFirst, Now, our 1+ DPD over the last 12 months went from 4.5% in FY25 Q1 to 5.5% last quarter and 5.3% this quarter. Who are these customers and what is it that the economy or the customer profile that needs to turn for you to come back to, say, a closer to 5% or sub-5% range that we were doing historically? And same color for NPA. NPA, there has been a 30 bps jump over the last 12 months. I think a large part of that chunk would be Tamil Nadu, if I am not wrong. You can correct me if my understanding is wrong. So, that is what I want to understand. I completely agree that there would be family issues, there would be medical emergencies, there would be decrease in house prices. But those are business as usual and that is something that all the affordable housing

finance across cycles will go through. But this cycle was a bit different. So, that is why I wanted to know the color?

**Manoj Viswanathan:** What will change things is basically easy availability of credit, which is important for a customer at the lower income segments. Typically, when there is a stress in the family, like somebody has lost the job or there is a sudden medical expense that has come up, they need immediate cash flow from some other source. If you are expecting them to continue to pay the home loan EMI, then in order to attend to their other problem, they will have to get immediate cash flow from somewhere. Which was earlier available because there were a lot of companies providing quick personal loans and so on. But that dried up over the last 12-18 months. And as a result of which some of these customers were kind of left high and dry, you can say. When there is a sudden crisis, they don't have anywhere to turn, anywhere to go to. So, they had to then stop their home loan payment and kind of dip into that as a last resort for their emergency needs. That is something that when it changes and we know that it has changed over the last 3-4 months, customers find it a little easier to tide over that phase, of 2-3 months when there is a liquidity problem for them. That is one of the important things that can change in the economy. What can obviously change at a macro level is obviously there is more job creation, there is higher income or wage inflation or income inflation. That then helps the customer to create a financial cushion for difficult situations.

**Adityapal:** Understood. And out of this Rs. 255 crores of gross NPA that we have, how much would be because of Tamil Nadu or for that matter because of tariff-related stress? We already commented that we are seeing a good turnaround in Gujarat?

**Manoj Viswanathan:** Yes, so see, Tamil Nadu is as a percentage of the AUM, it is about 12%. The ratio of NPA will be slightly higher, probably around 15%-18% of the NPA cohort. And at least in some pockets, it is largely because of the tariffs. For example, Tirupur has a much higher NPA ratio because the economy there has been under stress.

**Adityapal:** Understood. Thank you so much and wishing you all the very best again.

**Moderator:** Thank you very much. As there are no further questions from the participants, that concludes the question-and-answer session. I now hand the conference over to Mr. Manoj Viswanathan for the closing comments. Thank you and over to you, sir.

**Manoj Viswanathan:** Thank you, everyone for participating and engaging in the call. We hope we have been able to answer the questions to your satisfaction. In case you want to reach out for further questions, you can always reach out to Sunil Anjana or write to us at [investor.relations@homefirstindia.com](mailto:investor.relations@homefirstindia.com). Thank you so much.

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