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To, BSE Limited, Department of Corporate Services, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001. Scrip Code- 543259	To, The National Stock Exchange of India Limited, The Listing Department, Bandra Kurla Complex, Mumbai- 400 051. Scrip Symbol- HOMEFIRST
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Sub: Transcript of the earnings conference call for the quarter ended September 30, 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 September 30, 2025 conducted on Tuesday, November 04, 2025. 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

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 Q2 FY26 Earnings Conference Call”

November 04, 2025



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

This document is a transcription of the conference call conducted on 4th November, 2025.

[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 4th November, 2025. 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 day, and welcome to the Home First Finance Company India Limited Q2 FY26 Earnings Conference Call.

As a reminder, all participants' 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 the 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, Swapnali. Good evening, ladies and gentlemen. Welcome to Home First Finance Company's Earnings Conference Call to discuss the Financial Results for the Quarter Ended September 30, 2025. I am Sunil Anjana. I head the Treasury Function at Home First, and I have been with the Company since 2017. While I continue to lead our Treasury team, I am excited to now also steer our Investor Relations efforts.

We hope you have had the chance to review our investor presentation and press release, both of which are available on our website and the Stock Exchanges. As per our practice, we have also uploaded an Excel factsheet containing historical data on our website for your easy reference.

From the Management, we have with us today, Mr. Manoj Viswanathan – MD & CEO; and Ms. Nutan Gaba Patwari – CFO.

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

Manoj Viswanathan: Thank you, Sunil. Congratulations on assuming the additional responsibility of the Investor Relations role. Looking forward to working with you as we build a best-in-class Investor Relations function at Home First.

Good evening, everyone, and thank you for joining us today.

Let me share the Q2 FY26 highlights:

- The AUM growth remains strong, growing at 26.3% y-o-y and 5.2% q-o-q to reach Rs. 14,178 crores.
- We continue to broaden our distribution footprint, strategically adding to our presence in existing markets. In the last three years, we have expanded our distribution from 249 to 366 touchpoints, (up 47%). Branch count has also increased from 101 branches to 163 branches, (up 61%). Of these 62 new branches, 36 branches were established in our focus states of Gujarat, Maharashtra, Tamil Nadu, AP&T and Karnataka, and 26 in the emerging and other states.

- In this quarter, we added five branches, with the latest additions comprising three in Maharashtra, one in Andhra Pradesh and one in Gujarat. We plan to add four to five new branches in the upcoming quarter.
- Disbursements for the quarter stood at Rs. 1,289 crores, up 9.6% y-o-y and 3.7% q-o-q.
- Overall, disbursement momentum has remained healthy despite subdued macroeconomic environment stemming from prolonged monsoon and tariff uncertainty.
- Our origination yield continues to be healthy at 13.3% despite an 83% share of individual housing loans. This is a significant growth lever at our disposal in a reducing interest rate environment.
- Asset quality metrics have remained healthy and range-bound. We continue to focus on early bucket resolutions.
 - 1+DPD is at 5.5%,
 - 30+DPD is at 3.7% and
 - Gross Stage 3 is at 1.9%.
- In the previous quarter, we had noted a marginal rise in delinquencies with a more pronounced impact in Surat and Coimbatore-Tirupur. This quarter, Surat has shown signs of recovery, while Coimbatore-Tirupur continues to see some challenges, largely driven by tariff-related impacts on businesses. Our credit costs remain at 40 bps.
- Technology forms the backbone of our company, complemented by a focus on developing in-house solutions that drive innovations and operational efficiency. We recently adopted an in-house developed treasury management system designed to strengthen liquidity risk management, streamline manual operations, and enhance regulatory compliance. It also supports advanced cash flow forecasting and scenario analysis, enabling more effective funding strategies, optimized returns and reduced idle cash.
- Digital adoption continues to be strong and a key area of our focus as we grow.
 - 83% of our approvals in Q2 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 registered on the mobile app, with 87% of the service requests now raised digitally.
- During Q2, we got 50 additional Green Homes certified, taking the total to 240. I am pleased to share that Morningstar Sustainalytics reaffirmed our 'Low ESG Risk' category with an improved score of 13.6 versus 16.2 last year. This reflects our commitment towards sustainability and good governance.
- PMAY 2.0 scheme saw further traction. As on date, we have received over 3,500 customer applications. Of these, 38 customers have already received their first tranche of the subsidy, with an additional 53 cases approved, where the subsidy will get

credited shortly. We expect the scheme to pick up traction with an increase in customer awareness and streamlining of the process.

As we enter H2, we remain optimistic about our business momentum on the back of improving macro environment, easing interest rate cycle, benign inflationary trajectory, and proactive government and regulatory measures.

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. Good Evening, everyone.

Starting with the Key Financial Metrics:

- Total income for the quarter stood at Rs. 479 crores, up 28% y-o-y and 5.2% q-o-q.
- With proactive management, we were able to reduce our cost of borrowing, excluding co-lending, by 30 bps at 8.1%, supporting our ex-co-lending spread of 5.3%. Disbursement yields for the quarter were at 13.3%.
- Net interest margin for Q2 was 5.4%, up from 5.2% in the previous quarter.
- Cost to income at 32% in Q2FY26 decreased 220 bps on a q-o-q basis. Operating Expenses to assets was at 2.6% for the quarter, in line with our expectations. We expect this ratio to remain range-bound within 2.6% to 2.7% as we focus on growth and expansion.
- Our Profit After Tax increased to Rs. 132 crores, up 43% y-o-y and 10.9% q-o-q, with Return on Assets of 3.8% and Return on Equity of 13.4%.
- Our pre-money adjusted ROE for Q2 stands at 16.7%.

Moving to Provisions and Asset Quality:

- Credit cost for Q2 stood at 40 bps.
- We continue to adopt a conservative approach to provisioning, maintaining a provision overlay above ECL requirements. As of Sep'25, our total provision coverage is 40.8%.

Moving to Balance Sheet and Capital Position:

- Our funding profile continues to be well diversified and cost-effective, reflecting our prudent financial management. 60% of funding comes from public and private sector banks, 15% from NHB, 19% from assignment and co-lending, and balance from NCBs, ECBs, and NBFCs.
- During Q2, we executed direct assignment transactions of Rs. 175 crores. Our disbursements under co-lending business increased by 179% y-o-y and 24% q-o-q to Rs. 97 crores for Q2, taking co-lending book to Rs. 508 crores or 3.6% of the total AUM. Co-lending will 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 disbursements as we scale.

- Our cost of borrowing has already reduced by 30 bps, driven by downward shift in benchmark rates, with incremental borrowing now being secured at even more competitive rates. In the upcoming quarters, we expect further improvement in our cost of borrowing, enabling us to maintain our healthy spreads.

Coming to Capital Adequacy and Liquidity:

- Our Capital to Risk-Weighted Assets Ratio as of Sep'25 stands at 48.4%, with Tier 1 at 48.0%.
- Our net worth stands at Rs. 4,014 crores, up 75% y-o-y and 4% q-o-q. Book Value per Share (BVPS) as of Sep'25 is Rs. 388
- Our strong balance sheet with high capital base underlines our readiness to take on the growth ambitions of the company.

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 Renish from ICICI. Please go ahead.

Renish: Hi. Congrats on a good set of numbers. Just two things. One on this bounce rate data which is 17%, highest since COVID. And I am just wondering, despite generally, second half being better, bounce rate increasing in October implies some weakness at some level. I just wanted to understand what is happening on the asset quality front. And factoring the October trend, what is your outlook on the credit cost?

Manoj Viswanathan: Yes, the bounce rate was slightly higher than expected. But then our recovery during the month did not reflect that. We had good recoveries during the month. Our first bucket recovery, which is a barometer we use, was actually pretty good. It was better than what we had seen in the last couple of months. So, maybe it was just more of a seasonal uptick. And I think there was some confusion in terms of the dates also, the date of presentation was extended by one day in October. Since fourth was a Saturday, we ended up presenting on 6th. There was some confusion on the presentation date, as a result of which there was a slight delay.

Renish: Okay. Keeping aside the operational thing, there is no weakness in drawing our attention to this what you are trying to highlight, right sir?

Manoj Viswanathan: The recovery was normal or even better than normal. So, we think that it was just a seasonal uptick.

Renish: Got it. And any colour on this, let's say, incremental higher flows in October. I mean, roughly your 16.3% bounce rate increased to 17.4%, so that 1% increase month-on-month basis works

out to be Rs. 150 odd crores. So, this Rs. 150 odd crores is coming from which geography? I mean, is there any specific would you like to share on this general uptick?

Manoj Viswanathan: No, I do not think there was any regional skew in terms of bounce rate. It was sporadic. As I mentioned, in some of the markets, the recovery was good. Like, Gujarat generally in Diwali month the recovery suffers, but this time the recovery was good. But in some of the other tariff-impacted markets, it was a little slow.

Renish: Got it. So, are we confident of maintaining 30 to 40 basis points of credit cost for the full year?

Manoj Viswanathan: Yes, we should be in that 40-basis points ballpark. I think next two quarters, we will have to do some hard work in terms of pulling back the collection numbers. Whatever uptick we saw in the first quarter, some of that is flowing into higher buckets. We will have to work hard on trying to pull that back, but I think we should be able to do that by March.

Renish: Got it. And sir secondly, on the disbursement, last quarter, we did highlight that we were short a few crores because of seasonality and sort of low disbursement in April, and July has already seen improvement. And since you are expecting better disbursement in Q2, but it sort of remains slightly lower than the expected level. So, would you like to share any colour on the disbursement part?

Manoj Viswanathan: Last quarter if you see, the y-o-y growth was around 7% and we had a discussion on disbursal. This quarter the disbursal growth has improved to 10% y-o-y. Still slightly lower than what we expected. But given the conditions in the market, we are happy with our number. We have also done a lot of internal re-configuration, etc. in terms of some of the segments and so on. Given all the changes that we have made, we are happy with this number. And I think with some tailwinds coming in the second half, we should be better than Q2.

Renish: So, I mean, just a follow-up on that. So, you mean rejection rate has gone up in Q2?

Manoj Viswanathan: Yes. In fact, rejection rate has gone up and, in some cases, we have softly conveyed to the market that these are certain segments of customers that we will not be onboarding.

Renish: Okay. Good to hear this, sir. Thank you and best of luck.

Moderator: Thank you. The next question is from Abhijit Tibrewal from Motilal Oswal. Please go ahead.

Abhijit Tibrewal: Yes, good evening. Thank you for taking my question. If I look at this quarter, you will also acknowledge disbursements are a notch lower than maybe what we would have targeted in the beginning of the quarter, the BT outs are inching up. Likewise, when we look at the asset quality, the Stage 2, Stage 3 has inched up, the respective provision covers have come down. So, is this something that you have seen industry-wide or do you think this has to do with the customer segment and the geography, which is more, I would say, urban, metros, peripheries of metros?

So, are you seeing something which is more pronounced, like you said, Manoj, maybe Surat you mentioned, Coimbatore you mentioned, Tirupur you mentioned. I remember in your opening remarks you also shared that Surat has seen some improvements, but Coimbatore and Tirupur kind of continue to exhibit some weakness, like you shared on the back of tariff uncertainty. Is it something specific to us, the customer segments, the way we are positioned geographically? Or is it something that you are seeing across the industry today?

Manoj Viswanathan:

It is obviously not specific to us. It is a more industry-wide phenomenon. Across last year, if you see, we had the entire commentary on MFI and MSME segment, etc., going through a tough phase. And we always maintained that the impact on us is going to be much lesser. But in the last two quarters we said that a little bit of that impact is probably going to blow over us in the coming quarters. It is a bit of that which I think, is coming through.

In a way, we are uniquely placed because we are slightly more urban in our distribution. We get a larger proportion of our business from urban areas. So, to that extent, we are a little more insulated. But then some of these loans that we have done in some of the smaller places, etc., are getting impacted, especially in the tariff-impacted areas. There is an impact of tariff in the leather industry, which is in and around Chennai, and in the textile industry in and around Coimbatore-Tirupur. So, these markets are getting impacted and there is an uptick there in terms of delinquency.

But at closer look, we feel that, like I said, we should be able to kind of pull this back in the next two quarters. Does not look like a very big challenge to us. But yes, it will require maybe three, four months of work. It is a reflection of the whole challenge the industry is facing. If you see, many of the other companies have also reported varying degrees of uptick in delinquencies. It is more of a reflection of that. But we do not see it as a very big challenge, we should be able to pull this back.

Abhijit Tibrewal:

Got it. And just a follow-up on that bit that you explained before I asked you my last question. So, fair to conclude that whatever asset quality weakness that we have seen during this quarter was concentrated in that leather industry around Chennai and a little bit of maybe textile industry around Tirupur, maybe Salem, Erode? I mean, largely restricted here? All that I am trying to understand is, is this more local in nature? Or, is it some spillovers that we have seen? Like you mentioned last year we saw MFI spilling into micro-LAP, so all of us are naturally worried that are there some spillovers that we have seen from micro-LAP into little bit of affordable housing now?

Manoj Viswanathan:

Yes, so some spillover is there, Abhijit. But if it was only the spillover, probably there would have been a lesser impact. But the spillover got amplified by the tariff issue as well. So, in some places, and even in Surat there is a bit of uncertainty. We are working a little harder to get the same recoveries which would have probably come easily, etc. So, everywhere, there was already a kind of overhang of the MFI and the SME, MSME segment, and the credit squeeze that was

going on, which we were able to manage. But then it got accentuated by this whole tariff uncertainty. And so, in some places, the impact became even larger. That is really what it is.

Also, some of it is also spilling over to the disbursement side, because when you see a clear impact in certain segments, then you obviously do not want to underwrite those segments. While, obviously, what we underwrite today is going to probably show up after two years. But then, when you are seeing a certain segment getting impacted, you obviously want to kind of put some stops and restrictions on those segments. That is what is impacting the disbursement to some extent.

Abhijit Tibrewal: Got it, Manoj. So, just to conclude that, I mean, on the disbursement side, some lower numbers in disbursement that we have seen is also a conscious choice, like you mentioned, given that, maybe there are some slippages that we are seeing in some pockets. So, maybe we ourselves are choosing to go a little slow, right, in some of these markets?

Manoj Viswanathan: Correct. Because this delinquency is showing up, we are also able to figure out certain segments which are getting impacted. Those segments we have put in certain restrictions. It is a bit of proactive caution that we are applying.

Abhijit Tibrewal: Got it. Thank you, Manoj. Just one last question for you, Nutan. Very good improvement that we have seen in cost of borrowings in the quarter. Your incremental cost of borrowings continue to trend, kind of, lower than your portfolio cost of borrowings. How should we look at spreads and margins evolving in the second half?

Nutan Gaba Patwari: The cost of borrowing will come down. We are aiming to get it under 8%, let us say, by March. And we also want to actively look at pricing, both on origination as well as on the back book. We do not have a specific decision on the back book as of now. However, the spread, we should be able to maintain in the 5% to 5.25% that we have always guided. As far as the NIMs are concerned, they will marginally expand from here with now large part of the cash consumption done post the QIP and leverage also picking up. So, NIMs will expand faster than spreads.

Abhijit Tibrewal: Got it. Nutan, because we have not taken any PLR cuts yet, any plans of taking it in maybe December after the policy rate cut? Or at least we are confident that maybe we will take it only in the fourth quarter, the PLR rate cut, if any?

Nutan Gaba Patwari: Abhijeet, there is a lot of discussion internally. Frankly, this is a price-sensitive matter, so we cannot comment about it on a call. But yes, the policy rate will definitely be an input into the discussions.

Abhijit Tibrewal: Got it. This is useful. Thank you so much, Nutan. Thank you, Manoj. All the very best to you and your team.

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

Kushan Parikh: Thanks for taking my questions. Two questions, both for Nutan. Just looking at the reported borrowing costs, which have gone from 8.4% in Q1 to 8.1% in Q2. When I compare that to basically my calculations, I mean, we have the quarterly averages. We do not see a similar drop in the borrowing costs. So, just reverse calculating that, when I take the interest expense for the quarter and the reported borrowing costs for the quarter and compute out the average borrowings during the quarter, what I am seeing is that on a q-o-q basis there is about 5% Q-o-Q increase in the average borrowings versus the period end number increasing by only about 2.7% Q-o-Q.

Actually, even in the previous quarter in Q1 there was about a 5% increase in the computed average borrowings versus the period end borrowing decline of 1.6%. So, I am just trying to understand the missing piece over here. Why the average borrowings are growing at a faster pace than the period-end borrowing? And, if you could give us some directional sense around this piece.

Should I ask my second question as well? Or would you like to answer?

Nutan Gaba Patwari: No, please go ahead.

Kushan Parikh: Okay. So, my second question is around the asset quality and the provision coverage. So, over the last few quarters, we have seen provision coverage coming down across the different stages, whether Stage 3, Stage 2, or even Stage 1 provisioning. I understand that this is more computational and driven by the ECL model and the experience that we have for the data that we are using for the ECL model. But directionally, if you could give us some guidance as to where do you see these coverage numbers settling at? And I mean, does this go back up going forward given the current environment that we are seeing in terms of asset quality? Yes, those are my questions.

Nutan Gaba Patwari: Thanks, Kushan. Let us start with the first one. I think there is a reconciliation that you are to do between the reported cost of borrowing and what is coming through the P&L. Now, what is coming in the P&L is actually the daily charge that gets debited to the company based on the outstanding of that particular day. So, it is the actual that we have paid. What comes in the reported borrowing is a weighted average of all the lines we have through the quarter. The comparison like-for-like is not identical. The benefit in the P&L will, of course, come with a slight lag. Specific numbers, I will call you separately and go through the reconciliation and sort that out, I do not see there should be any material issues there. It is just the reconciliation could be as simple as a 2-point average to a daily average. That is my initial thought.

Your second question on asset quality and resultant provision coverage. This point was discussed last quarter as well. There are two aspects that I wanted to call out. One, we are watchful on asset quality and collection efficiency at a unique customer level is still around 97%. If we are

seeing that the collection efficiency is materially dropping and if there is a concern on a large impact coming in the near future, then we should be changing our ECL or overlays in between quarters. Otherwise, the ECL true-up typically will be done in March.

Secondly, we already have a decent amount of overlay. Now, as you can imagine, if the overall NPA has increased and we have not added additional overlay, the percentage is looking lower. So, 22% has come down to 21% for Stage 3, not a material change. Again, the number that we have always kind of tried to link this conversation to is the 80 bps of ECL provision on the total book. We are still at 80 bps for last many, many quarters. Therefore, we did not feel the need for any significant change on this. But come March, if we are seeing that our LGDs are throwing up a totally different number or if the underlying performance on collection efficiency is looking much weaker, we will also go through the financial true-up at that point of time.

Kushan Parikh: Yes, that's understood. And for the reconciliation, we can follow-up. Thank you.

Nutan Gaba Patwari: Thank you so much, yes.

Moderator: Thank you. The next question comes from the line of Nidhesh Jain from Investec. Please go ahead.

Nidhesh Jain: Thanks for the opportunity. First question is on disbursement. So, how are the trends in terms of market share in your state-wise market share in the segment where you operate, which is Rs. 5 lakh to Rs. 25 lakh? Because disbursement-wise, we are seeing a bit of moderation for last three quarters. But in terms of market share, any trend you want to call out across states where we operate?

Manoj Viswanathan: If you see a three-year period, market share has moved up from 1.5% to about 2.2%. This is across all the markets that we are operating in. Of course, in some of the specific markets our market share is touching, somewhere between 4% to 5% where we have operated for a longer period. If you take Indore, Surat, Ahmedabad and Nagpur, and places like that, our market share is closer to 5%. Otherwise, on an all-India basis, across all markets where we operate, it is 2.2%. It has increased from 1.5% to 2.2%.

Nidhesh Jain: And how are the trends in near term, last three, four quarters? Because longer term we have gained market share, but have we also gained market share in last four quarters, let's say?

Manoj Viswanathan: Yes, so q-o-q, the market share improvement will be very subtle, very nominal. We also keep adding new markets, so to some extent, that kind of pulls down the ratio. It is a 70-bps increase over a three-year period. So, q-o-q, it will be literally in basis points.

Nidhesh Jain: Sure. And second question is on the operating expenses. Your Opex to AUM ratio has been gradually coming down, how should we see the trend going forward? And any medium-term guidance on the OPEX to AUM ratio?

- Manoj Viswanathan:** Opex to AUM, our numbers are fairly low compared to the average industry numbers. We are not really trying to optimize it from here. Of course, on a longer-term basis, or even on a medium-term basis, it will keep going down as the AUM scales up. But we are not trying to optimize it at this point, our focus is more on ensuring growth.
- Nutan Gaba Patwari:** So, Nidhesh, there I would just like to add. As and when our disbursals start to move upwards, the productivity will start to show and operating cost itself will improve. I think, therefore, the focus is to understand the market, look at where we want to proactively manage credit quality, and then do the right quality of disbursals, that is how we would like to put it at the moment. The next two quarters will be around making sure we do right disbursals.
- Nidhesh Jain:** Sure. And last question is that in terms of branch expansion we have not been adding branches in UP and Uttarakhand, which I think we thought that it's a growth market for us. And I think in Rajasthan also the branch count has been broadly flat in the last four quarters. So, these two geographies, any change in strategy in these two geographies?
- Manoj Viswanathan:** UP, we called out the change in strategy. After our initial foray into UP, we have kind of taken a pause. We would like to understand the market better before we expand more aggressively there. That is the reason you are not seeing any new branches coming up there. Plus, in UP, the larger market is in four or five cities, after that it becomes very small. We would rather first consolidate in those four or five cities before we kind of go deeper.
- In Rajasthan, again, we are present in all the key markets. So, now our strategy will be to kind of deepen our share in those markets. Because in Rajasthan, again, majority of the business is done in the top 10 cities. We would again try to deepen our presence in those cities before we go any further.
- Nidhesh Jain:** Sure. Thank you. That's it from my side.
- Moderator:** Thank you. The next question comes 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 pertaining to the geographies that you highlighted which were the stress source for us in Q1. Has there been any addition to that list apart from, let's say, Surat, Coimbatore, and Tirupur? So, because 1+, 30+, and GS3, all these indicators have deteriorated only. So, was there any further addition there? And secondly, apart from the leather and the textile industry, any other industry that you see where the stress is building up because the tariff-related impact still persists? So, which are the industries where you see there could be further deterioration and which could get added to the list that you have highlighted with this textile and leather industry?
- Manoj Viswanathan:** The concentrated delinquency impact is only in these markets because there is a large population in these markets which are dependent on that particular sector. In most of the other places there

is no such concentrated set of customers who are dependent on a particular segment, which is why we are not seeing such a deep impact in other places. So, it is largely these markets.

Export-related markets are basically Surat which is basically diamond exports. There is some amount of gems and jewellery export from Rajasthan as well, but we are not seeing any impact there.

And then it is the leather industry which is outside the periphery of Chennai. Then there is a textile and then there is shrimps. Shrimps is basically southern part of Tamil Nadu and some coastal areas in Andhra. Our exposure in those markets is less which is why the key impact in Tamil Nadu is in Coimbatore-Tirupur belt and outside of Chennai. Surat is something that we flagged off, although we have still not seen the impact there. If this tariff prolongs for a longer period, then yes, there could be some impact on Surat. As of now, the impact has not come through.

Shreepal Doshi: Got it, sir. So, in that case, like for the full year we had guided for a Rs. 5,600 crores to Rs. 5,800 crore disbursement. I mean, because of this, now we would have, on a conservative basis, I think with prudence playing out we are slowing down our disbursements as well. So, where do you see the disbursement for the full year stabilizing and also the impact on credit cost? Like, we still continue to maintain the 30 to 40 basis points or do we see some breach there for the full year?

Manoj Viswanathan: On credit cost, we are still looking at 40 bps for the full year. And as far as disbursement is concerned, we are still recalibrating. And we would not like to give a specific number at this point of time, we would like to see how this quarter goes. If some of the GST impact and other changes and overall second half tailwinds come, then we will have a different disbursement figure. But broadly, we are guiding to that 25% plus AUM growth, so this quarter it was 26%.

Shreepal Doshi: Got it, sir. Sir, I just have one last question, which is pertinent to your commentary that since we are present in urban markets, we are relatively better positioned. So, in rural, let us say in Tier 3, 4, 5 geographies, you see the stress moderating or is it still at an elevated level?

Manoj Viswanathan: We do not have very strong rural presence. It is more of a semi-urban or city-periphery kind of a presence that we have. So, we cannot really comment on the rural sector.

Shreepal Doshi: Okay, sir. Got it. Thank you. And good luck with the next quarter. Thank you.

Moderator: Thank you, Shreepal. Thank you. The next question is from the line of Raghav from Ambit Capital. Please go ahead.

Raghav: Hi. Good evening. I just have a couple of questions. So, one is, when I look at your bounce rate data that you report, the bounce for the whole quarter tends to be about 40 to 70 bps higher than the number that you report in the first month of the quarter. So, since your October '25 bounce

rate is at 17.4%, do you expect that this could get closer to 18% for the third quarter? And then a related question is that, should this be a worry for the industry, the increase in bounce rates or generally the increase in slippages? That is my first question.

Manoj Viswanathan: No, we are not reading into like a trend like that. Last few quarters, the first month was generally lower and then it inched up. But there is no such pattern.

Raghav: So, Manoj, when I look at the last five quarters, right, the overall quarterly bounce rate was about 40 to 50 basis points higher than the first month bounce rate of that quarter, which is where my question was coming from. Just wanted some clarity there.

Manoj Viswanathan: Yes, understood that. We do not see any such pattern, that the first month is an indicator of what is going to come. Generally, in Q3, there is a Diwali impact, which is unpredictable. We are hopeful that November and December the bounce rate should moderate.

Raghav: Okay, sure. Second question is, can you comment on how is your attrition trending? I noticed that your employee count has been stagnant around 1,700 for last, four or five quarters. But despite that, the disbursement value and volume per employee is lower than what you had about two quarters or three quarters ago. So, is attrition impacting your employee productivity? And if yes, how do you plan to solve for it? That's one question.

And then the another related question is that, given your NPAs and bounce rates are up and collection efforts have also gone up, how is the team on the ground able to manage between collection and sales? I am assuming that because of higher collections, the sales efforts would have come down, so do you think that that can be a risk to your growth for the year?

Manoj Viswanathan: Attrition has slightly inched up. We used to be trending at around 30%, but last quarter it was 34%. But for productivity, the number is basically a derivative of disbursement. Since we have moderated disbursement, the productivity is also looking a bit lower.

As far as collection load is concerned, we are basically talking about 50 bps increase in the overall collection numbers. That would be effectively be 500 to 1,000 customers in the entire country as an incremental collection load, which means maybe one or two loans per employee. It is not significant to really change their workload dynamics on the ground. We are talking about one day past due, which has moved from about 4.5% to 5.5%, which is basically 1%. 1% on about 130,000 customers is about 1,300 customers. That is literally only one extra loan per employee to collect.

Raghav: Understood. That was all from my side. And congrats on the numbers. Thank you.

Moderator: Thank you. The next question comes from the line of Aravind Ravichandran from Sundaram Alternates. Please go ahead.

Aravind Ravichandran: Thank you so much for the opportunity. Again, the question is on the asset quality side. This collection efficiency data we offer every quarter, like, I can see like compared to FY24 it has dipped by almost 1% for the past several quarters. What is contributing to that, like, what was it like FY24 was a bit more optimistic kind of season and, I mean, like things are much better there and things are normalizing now. What is happening there on collection efficiency, both on total collection efficiency and the unique collection efficiency we have seen that dip compared to FY24 and compared to the last four quarters. I am just trying to get a sense there.

And also, another question is, you also mentioned that rejection rate has moved up. So, I am trying to get a sense of what kind of in the case of particular geographies where we talked about the issues are there, like Coimbatore, Tirupur, Chennai peripheries or Surat to some extent. Is it those regions where the rejection rates have gone up or is it some particular customer cohort which we were offering loans now we are like going out of that particular segment?

Manoj Viswanathan: I will address the second question. As far as the cohorts which we have kind of tempered down as concerned, it is a combination of customer, some regional factors are there, like Tamil Nadu is one of the locations where we are looking at things. There is the bureau score, property types. So, it is a combination of factors. We have our analytics, where we look at various cohorts and we kind of look at the delinquencies and how they are moving. Based on that, we have taken some calls of restricting certain cohorts. So, it is a combination of all these factors which I mentioned.

Aravind Ravichandran: Yes. So, the collection efficiency, what we have seen during FY24 and all, it was close to 99, now it has come down to 98 or even slightly below that. I am just trying to get a sense, like, what is happening there? Why is our collection efficiency like suddenly dropping very slowly but marginally where it is falling? That's what I wanted to understand.

Manoj Viswanathan: On your first question, the collection efficiency dropping is reflecting in the delinquency numbers. If you see last September too for comparison, 98.5% was the collection efficiency, whereas this September it was 97.9%. It has dropped by about 50 to 60 bps. That is reflecting in the one day past due, effectively, which has gone up by 40 to 50 bps, which is what we are saying that it is the impact of the overall industry, some of the impact of MFI sector plus tariff impact, etc. All of these factors, working at the same time has resulted in that 50 to 60 bps impact on collection efficiency and corresponding impact on the delinquencies.

Aravind Ravichandran: Thank you. Thank you so much.

Moderator: Thank you. The next question is from the line of Shweta from Elara Capital. Please go ahead.

Shweta: Thank you, sir, for the opportunity. Sir, I have three questions. Sir, one of our peers invariably highlighted challenges in lower ticket segments, and we have almost (+20%) kind of exposure in less than Rs. 1 million ticket size. So, any pronounced challenges here in this particular

customer cohort? And any re-strategizing in terms of shift in ticket sizes or where the growth particularly would lie going forward? That's my first question.

Second, ma'am, did I get it right that the cost of funds, larger part of improvement is there? Of course, you have guided slightly higher net interest margins already. But given the fact that our BT-outs have been slightly on the higher side around 7.6%, so that will give us a little lower legroom, right, for aggressive repricing on the yield side, and larger part of cost of funds improvement has come by. So, in this context, how will you see the incremental growth versus NIM kind of scenario shaping up?

And lastly, sir, you did highlight about Opex to assets remaining almost steady going forward. And any plans, because considering the kinds of architecture and technology we have, any plans there wherein you can tweak files per loan officer per month so that it helps you enhance your productivity

Manoj Viswanathan: First question was whether lower ticket is causing challenges in collections, etc. We cannot classify it in very simple terms as lower ticket, but it is probably a combination of factors - ticket size, type of property, type of location, type of bureau score, etc. A combination of some of these things is the cohorts that we are looking at. Specifically in lower ticket size, we are not facing a challenge. as a whole in the lower ticket size segment. The second question was, I think, BT-outs and corresponding impact on the margins, Nutan, you want to cover that?

Nutan Gaba Patwari: On the second question, the BT-out portion is a small portion, Shweta. But the cost of borrowing benefit as well as the benefit of reduced cash will give us enough headroom to expand NIMs. What we are saying is that while we will maintain spreads, which will be an outcome of improvement in cost of borrowing, better pricing to customers, which includes the BT-out impact, the benefit coming from better managed cash and leverage will allow us to expand net interest margin in the quarters coming ahead. Your third question was on operating cost to assets being steady and productivity drivers, yes, we are working on them and that is what Manoj commented about our more medium-term outlook. Manoj, if you want to detail that out.

Manoj Viswanathan: We are working on some of those things. But again, this will take time to show impact. But yes, in the medium term, that is one of the things that we are working towards, which is reducing the cost of doing business. So, Opex to assets, over time, you should see the impact of some of these tech and AI interventions flowing through.

Shweta: Thank you, sir. And all the best.

Moderator: Thank you. The next question comes from the line of Anusha Raheja from Dalal & Broacha. Please go ahead.

Anusha Raheja: Yes, thanks for taking my question. Sir, my question pertains on the asset quality side. Sir, you said that Coimbatore, Tirupur and Surat are witnessing relatively higher delinquencies. So, apart

from these states or cities, you feel that other cities, the performance there is satisfactory or they are showing rising concerns? Any of the states wherein you feel currently wherein delinquency might rise?

Manoj Viswanathan: There are no state-specific issues other than what I mentioned in Tamil Nadu. In other states, we do not have any state-specific issues, maybe certain geographies within the state, certain branches within the state, which is always kind of part of business-as-usual delinquencies.

Anusha Raheja: Looking at the current junction, you feel that NPAs can go off the mark sizably or a small rise, there can be marginal small rise the way that we are seeing currently, or no concern of going off the mark by a very high margin?

Manoj Viswanathan: As I mentioned, it will take us a couple of quarters to bring this back to an earlier situation. Generally, in Q4, anyway, there is a drastic improvement. But it will probably take a few months to pull this back to earlier levels.

Anusha Raheja: Also, during the quarter, we had seen that higher growth has been seen in the higher ticket size loans, like 15 to 20, 20 to 25 lakhs ticket size segment. So, any change in the strategy? Or is it just because NPAs have come in, so there is change in strategy to grow higher in the higher ticket size segment?

Manoj Viswanathan: No, not a change in strategy, but it is just more of a movement or migration linked to the overall change in the market situation. At a very small ticket size, properties are no longer available, there is an inflation as well as the overall impact of people's incomes going up. That is really playing out on the ticket size as well. The same type of customers is now going in for larger properties, larger ticket sizes. What used to be earlier at Rs. 10 lakhs is now Rs. 15 lakhs. That migration is gradually happening, that is all. We are not consciously going after the higher profile customer. It is the same customer whose incomes have gone up over time and who are now aspiring for slightly larger properties.

Anusha Raheja: Okay. And just one last thing. So, assume that if the asset quality performance is satisfactory or it improves, then previous growth rates that we have seen in the AUM, you can retrace back to those levels?

Manoj Viswanathan: Yes. AUM growth in any case, is broadly in the ballpark. We are guiding to a 25% plus only. We used to say or deliver around 30%, but broadly 25% plus is something that we are confident of.

Anusha Raheja: No, assume that if the asset quality performance is better than your expectation, we can go back to 30% plus sort of growth.

Manoj Viswanathan: Probably, we should be able to give a more convincing commentary, maybe after this quarter or after two quarters.

Anusha Raheja: Sure, sir. Thanks.

Moderator: Thank you. The next question is from the line of Siraj Khan from Ascendancy Capital. Please go ahead.

Siraj Khan: Hello. Thank you for taking my question. A good set of numbers, sir. A few statistics before I ask my question. What is the individual housing loan portfolios on September?

Nutan Gaba Patwari: 83%.

Siraj Khan: What is the active connector count and the number of files sanctioned in H1 and the BT-in rate?

Nutan Gaba Patwari: BT-in is negligible, under 1%. The active connector is 3,657.

Siraj Khan: And the number of files in H1 that we have done through the connectors?

Manoj Viswanathan: About 77% of the business comes through connectors, that number is given in page number 13 of the Investor Presentation.

Siraj Khan: Understood. Thank you very much. Now, coming to my questions. Firstly, what I wanted to understand was with respect to the cost of borrowing and the benefit that we have seen 30 bps, this is largely because of the movement in the rates that we have received from our borrowing mix? Or is there a part of it from our credit rating update also? And how much of additional benefit over and above the general repricing in our borrowing through our different lines, how much more benefits are we supposed to receive with respect to the credit rating upgrade?

Nutan Gaba Patwari: The only way to estimate that is, prior to the repo rate cuts, there was a difference between us and the next rating category of about 10 to 20 bps. One can assume that is the benefit that we will get. And that benefit will come to us over time, that will not come to us immediately. One can assume that the 30 bps benefit that we have is probably 20 bps from rate cut and 10 bps from credit rating upgrades. There is no better way to estimate this.

Siraj Khan: Okay. So, I think so with respect to the borrowing cost, we are optimally placed. I mean, we do not see much of a downward pressure on the borrowing piece?

Nutan Gaba Patwari: No, we do, which is what I mentioned in the first few questions, that we do expect this to come under 8% by March.

Siraj Khan: Under 8% by March. Okay, great. And with respect to the asset quality, I mean, a lot of questions have come. But what I wanted to understand was, with the 1+DPD also continuously inching up every quarter, for the last three quarters it has gone up and we are above 5%, so how do you see that trending, I mean, on a longer term basis? Do we see it coming back to, say, closer to 4% or will it stay steady around the 5% mark in, say, one year period time or 18 months? I mean, how long do you think this whole tariff and all of the things will take to come back to normalcy?

- Manoj Viswanathan:** I think longer term, where that number will trend is something that we will have to probably relook at maybe after one or two quarters. Because when some of these things happen, it takes some time for these things to pull back. Broadly, I would say, if you were to ask me for a very long-term trend, I would say it should remain in that 5% ballpark number.
- Siraj Khan:** 1+DPD, and 30+?
- Manoj Viswanathan:** 30+, between 3% to 3.5%, in that range it should be, on a long-term basis.
- Siraj Khan:** And just a quick couple of points. The assignment volume that we are doing around the Rs. 170 crores, Rs. 180 crores, and approximately as per the fact sheet that I can see is about 12% to 13% of our total gross loan book. So, will this remain steady state or do you see this increasing as we go ahead? And finally, with respect to the branch addition, what is like the quarterly branch addition that we look at for say two, three quarters down the line? And any specific states that we are targeting?
- Nutan Gaba Patwari:** Assignment, yes, this will remain steady in this broad Rs. 150 crores to Rs. 200 crores range per quarter. This is what we had mentioned earlier also. Branch count, again, around that five to seven branches per quarter is what we have been maintaining as a guidance.
- Manoj Viswanathan:** Branch expansion will be kind of equally split between our focus and emerging states. Emerging states between MP and Rajasthan, we should have most of the expansion. And focus states, which were the six states which we were presented earlier, Gujarat, Maharashtra, Andhra, Telangana and Tamil Nadu, and Karnataka to some extent.
- Siraj Khan:** Understood. Got it. Thank you very much.
- Moderator:** Thank you. The next question comes from the line of Adityapal from MSA Capital Partners. Please go ahead.
- Adityapal:** Thank you so much for the opportunity. Congratulations on the great set of operational performance. Just wanted to quickly understand, when I look at your focus states and emerging states, the growth rate, Y-o-Y, sequentially have been decreasing. And for focus states, we have come closer to 22% odd growth rate. And you have already highlighted the case of Tamil Nadu and Gujarat growth rate peeking out, and Tamil Nadu facing internal issue which you will talk maybe in the next couple of quarters. How should we read into it maybe say over an 18 to 24 months' timeline?
- Manoj Viswanathan:** See, it is not that there is some pattern like that. If we go back four quarters, you would have seen that in Maharashtra the growth rate tapered off to 10% and 14%, but now it has come back to 30% plus. And because, again, if you rewound maybe to four to six quarters, Tamil Nadu was growing very fast, but then tapered a little bit. So, to some extent, it depends upon leadership in the state, some of the tactical things that happen in the state at that point of time. Somebody has

offered a scheme in the market, as a result of which we lose a bit of market share, so our growth comes down there.

These are business ups and downs which happen on a tactical basis. Gujarat today is around 20% - 22%, but there is nothing stopping us from probably reaching 30% in Gujarat, maybe in a few quarters. Because our share is still 3%-4% in Gujarat, so there are still 96% customers who are taking loans from somewhere else. And there is a possibility that we can capture that share. So, till our share reaches something significant there is opportunity in every state to grow at 30%.

Adityapal: Understood. And when I look at the product-wise growth, that is our individual housing loans, LAP for commercial and LAP business, again, in IHL business, the growth is again tapering off, how should one read it? Is it a base effect? Is it the new normal? Or is it just a momentary pause before we resume back to our 25% plus growth rate?

Manoj Viswanathan: It is a reflection of the overall numbers. Because overall, the AUM growth is at 26%, and because of the base effect the LAP is at a slightly higher rate, and because of that the housing is showing slightly lower than 25%. So, it is a reflection of the overall numbers. As the overall numbers pick up, that number also will move up.

Adityapal: Understood. Last question from my side, just trying to solve for growth. So, any green shoot that you are seeing now that we are one month in this quarter, compared to the second quarter exit, any green shoot that you are seeing that you want to call out?

Manoj Viswanathan: I actually do not want to call out any green shoots because last quarter also we saw green shoots.

Adityapal: No, but just a qualitative commentary would be helpful.

Manoj Viswanathan: Yes. We will wait for the quarter to speak for itself. There are so many things which are happening on a tactical basis which are impacting things on the ground. So, let us just wait for this quarter to end.

Adityapal: No, the question that I am trying to ask is, because your operational performance, your cost measures, everything has been off the charts, has been phenomenal. Just trying to solve for the growth aspect, that is it.

Nutan Gaba Patwari: Yes, Aditya. Thank you. On the macro side there is a lot of positives, so there's GST, there's early news of the tariff coming to a closure. But like Manoj said, we want have a stellar quarter rather than talk about it much earlier. So, allow us 40 days more probably, and we are good to go.

Adityapal: Thank you so much. And wishing you and the team all the very best. Great work. Keep up the great work. Thank you so much.

Nutan Gaba Patwari: Thank you, Aditya, for giving us so much confidence.

- Moderator:** Thank you. The next question comes from the line of Shubhranshu Mishra from PhillipCapital. Please go ahead.
- Shubhranshu Mishra:** Hi, Nutan and Manoj. I heard the comments on the BT-out, so I just wanted to understand what is the team size to arrest this iteration of BT-out? And how many files do we really see on a monthly basis of which how many files really go out? Because there would be a difference in the fees also, this guy has to pay these fees at the other financial as well, which also would be seen. So, do we explain the entire math and what would be the reasons of this BT-out?
- Manoj Viswanathan:** Right now we have a three-member team which is addressing this problem. We are trying different tactics to arrest the BT-out. We have a tiered plan. As you mentioned, there are multiple things which are communicated to the customer. Our first pitch is to convey that they will be incurring various kinds of charges at the other end. And hence, it obviously does not work out.
- Secondly, we also convey that we can provide a top-up. And then the last part is, if we can provide some kind of a small pricing break to retain the customer. So, there is a tiered approach that we adopt with each customer. Some part of it is done at the branches, we also have a central team of three people who are doing this on a continuous basis.
- It has given us some benefit or impact in the last few quarters. But then the BT-out action is also intensified. Earlier, the BT-outs were largely to the nationalized banks or larger banks. But off late, there are a lot of our own peers who are very aggressively doing BTs. But we are still able to protect to some extent. And we are also stepping up the activity at our end. Hopefully, in coming quarters we should be able to see some impact.
- Shubhranshu Mishra:** So, how many files are we seeing for this BT-out right now? And how many customers really take the risk of going out on a monthly basis?
- Manoj Viswanathan:** It is not a very clear funnel in that sense. There are many customers who approach us for account statements, some of them end up doing a balance transfer. So, I would say, from the time we know that there is an actual balance transfer, our hit rate is probably maybe 20%- 25% at this point.
- Shubhranshu Mishra:** So, 25% stay back and 75% are the guys who take that rate of going ahead with the balance transfer?
- Manoj Viswanathan:** Yes, I am saying, 75% go ahead with the balance transfer and 25% we are able to retain.
- Shubhranshu Mishra:** So, what I was asking is that 75% go out and 25% is what we arrest?
- Manoj Viswanathan:** Correct.

- Shubhramshu Mishra:** Okay. And just one last question, what would be the reason of these 75% people going out? It's just the dip in the interest rate, is that the only reason? What is that big reason for the slip of it that they are taking?
- Manoj Viswanathan:** Yes. The reduction in interest rate is one of the key factors. Second is also our ability to reach the customer at the right point. Because the customer is already deeply invested in the new loan, then they would find it difficult. Even if we are able to convince them, we will find it difficult to retain them. They would have probably paid the fee over there or made some investment in that transaction. So, then they become too invested in the transaction to backtrack.
- Shubhramshu Mishra:** Understood. I look forward to interacting with you in the ensuing quarters. Best of luck.
- Moderator:** Thank you. The next question is from the line of Siraj Khan from Ascendancy Capital. Please go ahead.
- Siraj Khan:** Thank you for the follow-up. With respect to the quarterly run rate, I mean, since the March quarter we have been around the Rs. 400 crores to Rs. 450 crores per month run rate. So, with H2 being a stronger quarter, can we see like a Rs. 450 crores to Rs. 500 crores or maybe higher disbursement rate, would that be fair to assume?
- Manoj Viswanathan:** I know you are indirectly asking about the number, but as I mentioned, we will let this quarter pass and then we will give you a better guidance.
- Siraj Khan:** Understood. And a quick one on the other income with respect to the fees, the insurance income has seen a good increase. So, are we trying to leverage with respect to the fees, commission and other incomes to boost the NIMs? And how will that NIM trajectory, so NII plus the fee income, specifically the fee, not the other income, but how will the NII plus fee income go in the coming quarters, specifically with respect to the fee and commission income? Could you give some color on that.
- Nutan Gaba Patwari:** Siraj, the insurance commission income will likely remain in this Rs. 18 – 20 crores range, broadly. We have already discussed the NII and the impact on NIMs. NIMs are likely to expand as an outcome of now reduced cash on the balance sheet as well as improvement in leverage. We should start to see that, and this commission line will broadly remain in the same ballpark.
- Siraj Khan:** Okay. So, as a percentage of the total income, will it remain in the same steady state rate or will it increase, I mean, as a percentage basis?
- Nutan Gaba Patwari:** It will remain the same.
- Siraj Khan:** Understood. Thank you very much. That was helpful.

Moderator: Thank you. Ladies and gentlemen, as there are no further participants, that was the last question for today. I would now like to hand the conference over to Mr. Manoj Viswanathan for 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. Thank you very much.

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