HFFCIL/BSE/NSE/EQ/16/2025-26 Date: 08-05-2025

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BSE Limited, Department of Corporate Services, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001. Scrip Code- **543259**	**The National Stock Exchange of India Limited,** The Listing Department, Bandra Kurla Complex, Mumbai- 400 051. Scrip Symbol- **HOMEFIRST**

Sub: Transcript of the earnings conference call for the quarter and year ended March 31, 2025

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the earnings conference call for the quarter and year ended March 31, 2025 conducted on May 2, 2025 for your information and records. 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: www.homefirstindia.com

This is for your information and record.

For **Home First Finance Company India Limited**

SHREYANS BACHHAWAT

Digitally signed by SHREYANS BACHHAWAT
Date: 2025.05.08 14:59:26 +05'30'

Shreyans Bachhawat
Company Secretary and Compliance Officer
ACS NO: 26700

"Home First Finance Company India Limited

Q4 & FY25 Earnings Conference Call"

May 02, 2025

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

This document is a transcription of the conference call conducted on 2nd May, 2025. Click here to listen to the original audio.

Moderator: Ladies and gentlemen, good day, and welcome to the Home First Finance Company India Limited Q4 and FY25 Earnings Conference Call. As a reminder, all participant line will be in listen only mode and there will be an opportunity for you to ask question after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing " * " then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Deepak Khetan, Head Investor Relations of Home First Finance Company India Limited. Thank you, and over to you, sir.

Deepak Khetan: Thank you, Sejal. Good afternoon, everyone. Welcome to Home First Finance Company's earnings conference call to discuss the financial results for the quarter and financial year ended March 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. Additionally, we have uploaded an excel fact sheet containing historical data on our website for your easy reference.

From the management today, we have Mr. Manoj Viswanathan, Managing Director and Chief Executive Officer; Ms. Nutan Gaba Patwari, Chief Financial Officer. With that, I now invite Mr. Manoj Viswanathan to share his insight on our overall performance. Over to you, sir.

Manoj Viswanathan: Thank you, Deepak. Good afternoon, everyone, and thank you for joining us today.

Before diving into our business performance, I would like to touch upon a significant strategic milestone that we recently achieved. During our previous call, we mentioned about the enabling resolution by the Board to raise fresh equity. In April 2025, we successfully raised Rs. 1,250 crores through a qualified institutional placement, issuing 1.3 crore equity shares to market institutional investors, details of which are available on our website and exchanges. The overwhelming response to our QIP reflects the market's strong confidence in our vision, business model and execution capability. This capital infusion will enable us to accelerate network expansion, enhance operational capabilities and seize emerging opportunities in the affordable housing space.

Coming back to the business. We are absolutely delighted to share that FY25 has been another year of strong and consistent performance for Home First, marked by robust growth, our operational excellence and strategic execution. Let me walk you through some highlights.

- Our assets under management grew to Rs. 12,713 crores, registering a 31.1% yoy and 6.4% qoq increase while delivering a PAT of Rs 382 crores with an ROE of 16.5% for the full year 2025. We touched an ROE of 17% in Q4 FY25.
- Our disbursements for FY25 stood at Rs. 4,805 crores, up 21.2% yoy, in line with our guidance for the year. For the quarter, disbursements grew notably up by 6.7% qoq.
- Business growth is driven by expansion and distribution strength in large affordable housing markets. During the fiscal 2025, we further expanded our network, adding 40 touch points, including 22 branches. This added our reach to 10 more districts within our 13 states and emerging territory. As of March 2025, our total touch points stand at 361 with 155 branches. As we expand our operations, we also added a net of 385 employees during the fiscal 2025 taking the total employee strength to 1,634.
- Importantly, despite the continued rise in the MCLR of banks we were able to leverage our strong balance sheet and well diversified borrowing mix to maintain a competitive cost of borrowing (ex-colending) of 8.4% for the fiscal 2025. Our borrowings stood at Rs. 9,551 crores as of March 2025, and we are carrying a solid liquidity buffer of Rs. 2,468 crores.
- Our asset quality remains resilient with sequential improvement in early delinquencies.
    - 1+ DPD improved to 4.5%, which is a decline of 30 bps on a qoq basis.
    - 30+ DPD improved to 3.3%, which is a decline of 10 bps on a qoq basis.

- Gross Stage 3 assets remained stable at 1.7%.
- Our credit costs continue to be contained at around 30 bps. We maintain our conservative annual credit cost guidance of 30 to 40 bps.

- Now turning to technology, which continues to give us a competitive edge.
  - Today, 75% of our sanctions are being facilitated by the account aggregator framework.
  - 80% of our loans are digitally fulfilled through the agreements in E-NACH mandates.
  - And 96% of our customers are registered on our mobile app with 88% of service requests being raised digitally.
- On the regulatory front, environment continues to be supportive, with two back-to-back rate cuts of 25 basis points each by the RBI and clear policy focus on promoting liquidity growth and governance, the conditions arise for strong momentum in housing demand.
- Finally, I am thrilled to share that our ESG journey is accelerating. We expanded our Green Home initiative during the year with 120 homes certified as of March 2025. ESG efforts are being acknowledged and appreciated by independent global agencies in the form of high ESG scores – 46 by S&P Global for 2024 and 16.2 by Morningstar Sustainalytics indicating "low risk".

All in all, it has been another exciting year. India's housing story is only getting started, and Home First is uniquely positioned to lead this transformation.

With that, I may now hand it over to Ms. Nutan Gaba Patwari to take you through the financials in a little more detail. Over to you, Nutan.

Nutan Gaba Patwari: Thank you, Manoj. Good afternoon, everyone.

Let us start with the key financial metrics:

- Total income for the year stood at Rs. 1,539 crores, up 33.1% yoy and our profit after tax increased by 25% to Rs 382 crores. This translates into a very healthy return on assets of 3.5% and ROE of 16.5%. For the quarter, we crossed Rs. 100 crore profit as we posted a net profit of Rs. 105 crores with ROE of 17% demonstrating that even as we grow, we continue to deliver on profitability.
- For Q4 FY25, our spread, excluding co-lending, is at 5.1%. Our cost of borrowing, excluding co-lending, is maintained at 8.4%. Net interest margin for Q4 was at 5.1%. It expanded by 20 bps on a qoq basis, driven largely by better liquidity management.
- Operating expenses to assets was at 2.7% for the quarter, in line with our expectations.

Moving to provisions and asset quality:

- Credit cost for Q4 and for the year stood at 30 basis points. We continue to maintain our conservative medium-term credit cost guidance of 30 to 40 bps.

- We continue to adopt a conservative approach to provisioning, maintaining a provision overlay above ECL requirements. As of March 2025, our total provision coverage ratio is 46.6% as against 50.9% as of March 2024.

Moving to balance sheet and capital position

- Our balance sheet remains robust providing a solid foundation to support the company's growth plans. Our borrowing profile continues to be well diversified and cost-effective, reflecting our prudent financial management. 60% of borrowing comes from public and private sector banks, 16% from NHB, 17% co-lending, and balance from NCDs, ECBs and NBFC.
- As part of our liquidity management strategy, we executed direct assignment transaction worth Rs. 230 crores during the quarter. We continue to focus on co-lending business and are looking to scale with newer partner. We aim to take co-lending contribution to 10% of disbursements as we scale.
- Our cost of borrowing is competitive at 8.4%, enabling us to maintain our spreads. Our current rating is AA- from leading rating agencies.

Coming to capital adequacy and liquidity

- As of March 2025, prior to April QIP, our capital adequacy stands at 32.8% with Tier 1 at 32.4%. As of the end of fiscal year 2025, our networth stands at Rs. 2,521 crores, with book value (BVPS) of Rs. 280, reflecting a strong capital position.
- The capital position looks very robust post the QIP. I would like to highlight some proforma key numbers. Given our enlarged equity base post the capital infusion, our proforma leverage has come down to 3.3x. Proforma capital adequacy (CRAR) post capital raise will be 51% and a net worth of Rs. 3,751 crores.

To summarize, our financial position is extremely strong. Our balance sheet is well capitalized, and we are sharply focused on scaling profitability while maintaining high asset quality.

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

Moderator: The first question is from the line of Renish from ICICI Securities.

Renish: Congrats on a great set of numbers Manoj and Nutan. Also, congrats for successful QIP. Just two things. One on the spread side. So, when we look at the incremental spread and when we look at the last 4 quarters, spread is declining. So how confident we are that we will be able to sustain this 5% to 5.25% of a medium-term range when it comes to spreads?

Manoj Viswanathan: Renish, if you look at the book spreads, we are above the 5% mark. And we have always maintained that we run a fully floating rate book. So, depending upon how the cost of borrowings is moving, we will transmit difference to the customer. Of course, now we are kind of entering a declining interest rate situation. That is why we have not really embarked on any increase in rate. So, the trend should reverse and the margin should be maintained on the book. That is how we are looking at it.

Renish: So basically, we don't foresee any pressure on spread from this level? I mean, is that a fair assumption with lower end of the guidance is at 5%?

Manoj Viswanathan: Correct. 5% plus we should be able to maintain because it is a floating rate book. If we are going below 5%, we will transmit that difference to the customer.

Nutan Gaba Patwari: Renish, just to be clear, the guidance is on spread excluding co-lending book.

Renish: Yes, but then that is only 10 basis points of difference. Right?

Nutan Gaba Patwari: Our expectation is that we will be able to hold on to the cost of borrowing moving ahead. So, we are comfortable with that 5% plus guidance on the spread, excluding co-lending.

Renish: Got it. And just a hypothetical situation. Let us say if there is no rate-cut cycle, how do you see the asset yield moving just from a competitive perspective?

Manoj Viswanathan: Asset yields will largely hold in the 13.5% kind of a range. 13% to 13.5% we normally maintain the yields. You are talking about the incremental origination yield?

Renish: Yes.

Manoj Viswanathan: We should be able to maintain it at that level.

Renish: Okay. And the LAP mix, how should it pan out over the next couple of years?

Manoj Viswanathan: LAP mix broadly will end up in 15% to 20% range. 15% is the current share of AUM while share of disbursal is slightly higher at 16%-17%. That catch-up is something which we have already communicated that over the next 5 years, it can move up from 15% to 20%.

Renish: Okay. And lastly, on PCR on the stage 3. Last year we were close to 30%. Now, we are close to 25%. So, how one should read this data point on the PCR?

Nutan Gaba Patwari: Renish, it is essentially an outcome from the ECL model. The only way to read is that the credit cost is improving. And the resultant requirement of provisioning on the book is now coming at around 25%.

Renish: And how often we refresh our ECL? On annual basis?

Nutan Gaba Patwari: Every year. Yes. Every March, we do the full activity of refresh. We have just done this exercise in the last 2 - 3 months.

Renish: Okay. And just to clarify, on Stage 1, we will be using 12 months rolling database. Right?

Nutan Gaba Patwari: On Stage 1, we use 12 months probability of default. But the data that is used is from business to date. For additional comfort, we have just had new auditors this time, as we know that auditors have to rotate every 3 years. This is BSR's first audit, and they have done a full detailed verification of the ECL model. And as you can see, there is no meaningful change to what we were doing in the past.

Moderator: The next question is from the line of Abhijit Tibrewal from Motilal Oswal Financial Services Limited.

Abhijit Tibrewal: Congratulations on a good quarter. I am just nit-picking. I just wanted to understand bounce rates have inched up a little bit sequentially, though it came down again in April. Also, when we look at the asset quality – GS3, for last 7 quarters, has been in that 1.7% range. I would admit we are seeing shades of this in other product segments as well given how the economy was. I am just trying to understand, today, are there any customer segments, some cohorts or maybe geography-wise where you are seeing some stress which is actually leading to this? Or is it just pure weak macro, which is leading us where we are today in terms of collections or asset quality?

Manoj Viswanathan: No. As we have mentioned in the past, we cannot read too much into the bounce rate because that is just the data immediately after the first presentation. A large percentage of customers actually make the payments immediately after the bounce. If you see our early delinquencies has actually compressed this quarter. Even in spite of the bounce rate being a little high last quarter, you can see that the early delinquencies have come down.

The 1+ delinquency has come down to 4.5%; there is 30 basis point reduction. And even 30-day past due has come down by 10 basis points. I would say we are not seeing anything other than what you are seeing on the asset quality. There is nothing which we are reading from the ground level data that we are getting.

Abhijit Tibrewal: Got it. So basically, bounce is more like some behavioural change that has happened in customers and which is where maybe they bounce when the NACH mandate is presented, but they pay up later when they follow.

Nutan Gaba Patwari: That's right.

Manoj Viswanathan: Correct.

Abhijit Tibrewal: The second question that I had was for Nutan. This is more on the cost of the borrowing trajectory in the upcoming financial year, let us say, with a 75 to 100 basis points cumulative rate cut – what is the benefit that we are going to see in our cost of borrowings? The related question here is – now that we have already seen 50 basis points, have there been any changes in our PLR? Lastly, how are we thinking about margins in this year?

Nutan Gaba Patwari: Abhijit, I'll try to go in the sequential order. Assuming a 100 basis points cumulative rate cut. What we have observed, generally, is that there's a 60% transmission if we take a very long-term 10-year data. But the transmission takes about 12 months to happen. So, by now, 50 basis points has happened and another 50 basis points for this conversation, gives us about 60 basis points, but it will take cumulatively 12 months to come through on the bank borrowings. Logically speaking, it should also happen on the repo book and other EBLR book as well. That is the answer to your first question.

On PLR, no changes have been made. What benefit has come through thus far is that if you remember, our projection was 8.5% for Q4 and we have been able to hold it at 8.4%. So, we have been able to actually hold the cost of borrowing flat for quarters despite the MCLR creep up because there are some shorter tenures linked lines, which are getting repriced downwards.

Moving to margins. I think before margins, spreads are important. Spread is going to be in that 5% to 5.25% range that we have guided. Margin is an outcome of equity. Because we have just had an equity raise. The margins will expand for next few quarters. As leverage starts to pick up, 6 - 8 quarters out, we will see compression on margin. So, the right number would be to look at spreads of 5%+.

Abhijit Tibrewal: Now that the equity raise is complete, have we or are we at least thinking about engaging with the credit rating agencies once again? And lastly, Manoj! From what we picked up from other housing finance companies during this quarter is maybe in the month of March, the PSU banks were a little aggressive in mortgages, but we have not really seen that kind of a competitive intensity from the private banks just yet. If you could just briefly give some colour on how the competitive intensity has been?

Nutan Gaba Patwari: The credit rating agencies, yes, we have started doing some work because the results have just got signed yesterday. We are hopeful that in the next few months, let us put a 6-month time line to this, that we should be able to see initial signs of a credit rating upgrade. From my conversation with the banks, you're right, private sector banks are not so focused today on mortgage. In fact, there's a significant sell-down of book from their side on the secured side. From a more on-ground market feedback, I will just hand over to Manoj to walk you through.

Manoj Viswanathan: Yes. On-ground feedback, I think, news in the market is that the private banks are slightly less excited about mortgage, but there is more activity amongst the nationalized banks. And of course, the larger HFCs are also quite active.

Moderator: The next question is from the line of Raghav Garg from Ambit Capital.

Raghav Garg: Congrats on the quarter and capital raise. I have three questions. One is on the employee part. You hired a lot of people in FY25. The employee base is up some 31%. This is highest growth in any of the last 4 to 5 years. What are your hiring plans for FY26? Will you continue at this rate or will the hiring tone down materially compared to 31% growth rate in FY25?

Let me also ask my second question, which is connected to the first one. Historically, you have not seen such a dip in 4Q employee base. This time, it is around 4% lower quarter-on-quarter. I understand that employee attrition has been a challenge for the sector in general. In this backdrop, how was attrition in FY25 and what do you expect for FY26 on the attrition part?

Nutan Gaba Patwari: On the employee part, yes, in absolute terms, the increase has been close to 400 employees. This is representative of our branch growth and our overall scale. The right way to calculate and forecast this will be about 10 to 11 employees per branch at an organization level. Actuals will be split between head office and branch. But from a modelling perspective, 10 to 11 employees per branch is what you should look at.

Attrition for last year is 30%. It will be disclosed in our annual report, which we will publish shortly. YoY attrition has come down by 2% to 3%.

Manoj Viswanathan: I think you are looking at Q4 over Q3 and why the number of employees has gone down. That is largely because the hiring gets bunched up. In Q1 there would be a large influx of employees and in Q4, normally, there is no such influx of additional employees because we largely do campus hiring. The campus season or the hiring season ends in March and then people start joining from April. The number of people joining in the last quarter is a little less. So, the attrition catches up and there is a reduction in employee base in the last quarter.

Raghav Garg: And you expect that attrition would continue to come down even in FY26? Is that the expectation right now?

Manoj Viswanathan: Between FY24 and FY25 attrition movement is just 2% to 3%. Broadly, we think the attrition in this segment remains at this level only. 25% to 30% attrition is something that is kind of par for the course in our business.

Raghav Garg: Okay. If you look at some of the data points that you provide, then it appears that the productivity has come down in FY25, obviously because of such hiring, which indicates that it's more of a denominator effect. Do you expect that employee productivity will go up substantially? And if yes, can you give a number, say, 5%, 10% or 15% increase over FY25 or you think that the productivity gains will be very limited given that you are already best in the industry.

Manoj Viswanathan: I would not project too much increase or decrease in the productivity. Those would be largely, like I said, quarterly movements depending upon addition of new employees etc. When there is a large influx of new employees, the productivity drops a little bit. But broadly, it will be range bound. We cannot expect a substantial improvement in productivity.

Raghav Garg: Understood. So, whatever run rate that was there for FY25, maybe a marginal improvement over that, not more than 3%. Is that something that we can assume?

Manoj Viswanathan: Yes, broadly in the same range. You can say last 2 years average productivity is what we will be able to maintain.

Moderator: The next question is from the line of Mona Khetan from Dolat Capital.

Mona Khetan: Firstly, was there any element of recovery from written off this quarter because I see that the net write-offs are higher and yet credit cost is low.

Nutan Gaba Patwari: Yes, very minimal, not significant, Mona.

Mona Khetan: Okay. And just on the co-lending business, I wanted to understand if it is ROA accretive. And given that the yields are lower than the overall portfolio yields, where is the accretion coming in the P&L? If you could throw some light there? Or is it more like a volume business?

Nutan Gaba Patwari: The co-lending structure is ROE accretive because we are able to move away the assets from the balance sheet. That is the main reason why it becomes ROE accretive. In the P&L, it appears in the interest income line and the interest expense line, unlike assignment, if that's your question.

Mona Khetan: Right. Okay. So, ROA wise, it may be a little dilutive, but it's ROE accretive because you use less capital?

Nutan Gaba Patwari: Absolutely, yes.

Mona Khetan: Got it. And just finally, on the opex to assets. So, we did see some improvement last fiscal and opex to assets seem to be at the lower end of your guidance at this point or for the full year FY25. Any colour on the trajectory as we go ahead?

Nutan Gaba Patwari: Broadly in the same line. The opex has a significant contribution of employee cost, and we are assuming the productivity at similar levels, we just touched upon that. So operating cost to assets, we will also want to keep in this 2.7% to 2.8% range. We are more focused on growth for the next few years now.

Moderator: The next question is from the line of Nidhesh from Investec.

Nidhesh: First question is on growth for next year. What is the target of disbursement growth that we are targeting in FY26? And how do you plan that in terms of new branch addition as well as growth from the existing branches?

Manoj Viswanathan: Disbursement growth, we are targeting it on 20%+; somewhere in the range of 20% to 25% is what we are looking at for disbursement growth. And the trend will be similar – about 20% to 25% will come from new locations, branches, expansion, distribution and 75% will continue to come from existing branches.

Nidhesh: Okay. Second is on co-lending. There have been draft guidelines from the regulator. Do you see any adverse impact of these guidelines on us?

Manoj Viswanathan: One thing that we are watching out for is that they have not mentioned the modus operandi of how those assets will get transferred. Till now, we were following the co-lending model 2, but the draft guidelines do not have mention of that co-lending model 2. If the co-lending model 2 is not allowed, then how the assets will get transferred to the bank is something that we will have to see. If it is as per model 1, then it is a little tedious from a logistics perspective. Operationally, it is a little tedious. So, we have to watch out for that.

Nidhesh: Sure. And lastly, a data keeping question is active connectors as of March 2025 and number of RMs as of March 2025 and what percentage of disbursement has come from top 10 connectors.

Manoj Viswanathan: Total connectors active, as of now, is about 3,800. And number of relationship managers that the sales team would be about close to 1,200 sales people.

Nutan Gaba Patwari: And disbursement from top 10 connector is below 4%.

Moderator: The next question is from the line of Rajiv Mehta from Yes Securities.

Rajiv Mehta: Congrats on strong results in QIP. My question is on Tamil Nadu. If I were to calculate growth on a sequential basis, we are seeing some moderation in growth of Tamil Nadu market. And we also have not been adding many branches in the last few quarters out there. How should we read this? Are we seeing any competitive pressure, pricing pressure out there or any delinquency issue? And the reverse question is for Madhya Pradesh, where we have been growing very fast and by adding a lot of branches. Is that market, besides the opportunity, behaving well in terms of early delinquency trends and hence, that is giving us confidence to grow there?

Manoj Viswanathan: As far as Tamil Nadu is concerned, we already have about 24 branches there. We are just kind of taking a step back and to see where we can expand, etc., and some leadership changes – kind of a recalibration there. In MP, you are right. Our initial calculations have gone right, and we are able to expand and do well over there. So, we are investing more there.

These kind of, opportunistic movements will be there. There will be some states where we are kind of taking a step back, whereas in other places where we are expanding. This will continue. It's not that we have kind of capped out in Tamil Nadu. We are looking at making some changes and we will come back stronger.

Rajiv Mehta: About borrowing mix. When I look at from a lenders profile, we have reduced our dependence on private banks and increased our dependence on PSU banks pretty significantly over the last 7-8 quarters. How does it help us in the rate easing cycle? Does it help us in terms of benchmarking of loans or negotiations? If you can explain that?

Nutan Gaba Patwari: Not so much specifically like that, Rajiv. It is largely driven by relationship depth or size. For example, one of the reasons I can call out for the public sector bank expansion in March quarter is a large line from SBI. And it just happens to be bunched up in a particular quarter. So that would expand substantially. But broadly, it is 30% and +/- 5% between either of the 2 pools.

Rajiv Mehta: The borrowings from PSU banks, the stock and even incremental are they coming at a finer rate than the private banks?

Nutan Gaba Patwari: At par, I would say. That would be one of the key considerations for us to move ahead.

Rajiv Mehta: Got it. And just one clarification about this when you report collection efficiency and then you also give collection efficiency for unique customers. So, the difference will be your OD collections and NPA recovery?

Manoj Viswanathan: No. It is basically the number of collections. If the same customer, for example, makes 2 payments in the same month, that will get counted in the first bar, the higher one. But in the other one, it will be counted as one.

Rajiv Mehta: Okay. So, it can also be in advance and not just OD

Manoj Viswanathan: No, we don't take advance. It will be basically customers, for example, who are overdue by, let's say, 2 or 3 payments.

Rajiv Mehta: So, OD collections and NPA recoveries as well?

Manoj Viswanathan: Yes, overdue on NPA recovery.

Moderator: The next question is from the line of Anusha Raheja from Dalal & Broacha.

Anusha Raheja: My question is on the margin side. Of the total borrowing 60% comes from bank. If you could tell us how much is repo rate linked or the MCLR rate linked? And secondly, NHB drawdown, if I am not mistaken, is close to around 16% up. So how do we see this number in FY26? More drawdowns are expected?

And thirdly, again, on the margin side, the origination yield in Q4 is 13.3% versus 13.5% of your blended yield. So that is lower around by 20 basis points, what the blended average yield is. And on the borrowing side, I think incremental marginal cost of borrowing is at 8.6% versus 8.4% blended cost of borrowing. So, if you can just throw some light on all these things and how this could impact the margins? I understand that you said that you will be maintaining 5%+, but if you can also throw some light on all these things.

Nutan Gaba Patwari: Starting with the first question on the repo and short-term linked borrowing, that is about 18% to 19%. And I also mentioned to one of the previous questions that we have already started getting some benefit through that, and that is one of the primary reasons why we have been able to hold the cost of borrowing flat.

Your second question was on NHB mix. NHB mix is about 16%. So NHB mix is in that range of 15% to 20%, which we feel is appropriate for the size of our company. We will continue to try to maintain in that range.

On the last question that you had around yields. Yields, right now is about 13.3%. And like we mentioned just a few minutes ago, the origination yield is range bound between 13% to 13.5%, and we have a fully floating book. So, if we have an origination yield in that range and when we start seeing the cost of borrowing moving downwards, we have the flexibility to pass it on to the borrower. And that gives us the confidence why we will be able to maintain this 5%+ spread on an ex-colending basis.

Anusha Raheja: Okay. And ma'am, you also mentioned the disbursement run rate of around 20% to 25% and is that sufficient to maintain the AUM growth of 30%? What is the broad assumption on the run-off of the book that you would have taken here?

Manoj Viswanathan: Run-off we have assumed is around 17% to 18%. With the 20% to 25% disbursal growth, we should be able to get to about 26%-27% to about 30% range of AUM growth.

Anusha Raheja: In that 17% - 18%, how much is the BT out rate?

Manoj Viswanathan: BT out rate is about 7.5%.

Anusha Raheja: Sorry, I did not understand 17% - 18% is the total rundown or 20% - 25%?

Manoj Viswanathan: 17% to 18% is the total run down.

Moderator: The next question is from the line of Sanjay Jain from Aventus Capital.

Sanjay Jain: My first question is on AUM. Your guidance, by the management, is for AUM of Rs. 20,000 crores for FY27. So how comfortable are we to achieve that in the next 2 financial years? And also, are there any hindrances or risks that we may be facing to achieve those numbers?

Manoj Viswanathan: No, we are fairly confident of achieving the Rs. 20,000 crores mark in the next 2 years. At this point, we don't see anything which could be a hindrance to achieving the Rs. 20,000 crores.

Sanjay Jain: Okay. And could you give me any guidance on the Rs. 35,000 crores AUM as guided for FY30?

Manoj Viswanathan: Yes. So there, again, we don't see anything that is seen as a major hindrance to reaching that number. Overall, we seem to be on track to achieving those numbers.

Moderator: The next question is from the line of Shreya Shivani from CLSA.

Shreya Shivani: Congratulations on everything. Only one of my questions is unanswered. It's again on the cost of funds. So, you have reduced the liquidity buffer this quarter. And also, you mentioned 18% - 20% is your repo linkages. So, shouldn't the cost of fund reduction have been a little more? Or maybe if you can quantify the breakup of how much benefit came in from repo, how much came in from lower liquidity? Or something like that, that will be a little useful.

Nutan Gaba Patwari: No problem. Lower liquidity benefit will not come in the cost of borrowing line. It will come in the NIM line. When we focus on the cost of borrowing line, essentially, what we are talking about is just the repo linked. When we talk about repo EBLR and short term, it also includes, for example, a 3-month T-bill. But a 3-month T-Bill has not got repriced substantially. Also, there is a repricing date. So, everything has to be in order for it to become effective. What has become effective is broadly just the repo rate. Then you start slicing the 18% down to somewhere, let's say, 10%. So that is why you see rather a flatter curve. Now let's take a hypothetical situation. If this policy rate had not happened, then we would have been at 8.5%. So, the delta really is about 10 basis points.

The second question, which you had was around liquidity. Liquidity is now giving an effect in the net interest margin line. Net interest margin has improved from 4.9% to 5.1% largely contributed by liquidity. I would say you can consider about half of it that has come through the liquidity line. And there are some other accounting entries that we have to take on mark-to-market transactions that form part of the borrowing cost. Those 2 have contributed to the expansion of NIM.

Shreya Shivani: Got it. So, of the 20 bps, 10 bps is just from the liquidity benefit that has flown into the margins. Has there been a pickup in the cost of borrowing for any other lines that we have?

Nutan Gaba Patwari: Yes. Whenever there is a historical, like a 6-month MCLR or 12-month MCLR. Because the bank MCLR has not come down yet, especially for public sector banks. As and when they are coming on the repricing date, they will increase. But if you are asking me from a marginal cost of borrowing, the answer is no. We have been able to maintain in the broad range of 8.4% to 8.6% and we are hopeful that now we should start improving on that starting this quarter.

Moderator: The next question is from the line of Aravind from Sundaram Alternates.

Aravind: Congrats on the good set of numbers. Sir, BT out rate has been going up for a few quarters now, is there any competition increasing? What to read there? That is my first question. And the second question is on the co-lending norms which came out. So, what do you see as the opportunities or the headwinds and tailwinds to our existing co-lending model in terms of either margin impact or for the growth opportunities like whatever you would like to call out in terms of very important takeaways from there.

Manoj Viswanathan: On the BT out rate, it is largely range bound. We normally see last 2 quarters, it is slightly higher, first 2 quarters is slightly lower. That trend continued last year also. If you see Q4FY25 versus Q4Fy24, it is a little lesser. FY24, Q4 was 8.3%. This time, it is 7.5%. So slightly lower the BT out rate is. We expect it to be largely in that range bound between 6% to 8% only. And as far as co-lending was your second question, right?

Aravind: Yes, sir.

Manoj Viswanathan: Yes. On co-lending, new guidelines have been released, and we have to wait as they are still under discussions. We have to wait and watch. On certain areas, it is definitely beneficial because now there is no ticket size gap on the co-lending part. That is actually beneficial. And of course, as I mentioned earlier in the call, there is no mention of the co-lending model 2 in the draft guidelines. That is something that we need to watch out for because that if co-lending Model 2 is eliminated from the co-lending process, then it will make the co-lending process a little tedious. That is the thing that we need to watch out for. But otherwise, the guidelines are beneficial in the sense that it expands the addressable market for us.

Moderator: The next question is from the line of Pavan from RatnaTraya Capital.

Pavan: Congratulations on the results. I just wanted to understand the growth of this particular quarter has been pretty good. Actually, it has been much better than the last 2 to 3 quarters. So what has changed in this quarter? And there seems to be a spike in disbursements, not only in Home First, but almost all the home finance lenders. So, I just wanted to understand, is there any structural change? Or is this a seasonal thing that happens in Q4?

Manoj Viswanathan: So generally, Q4 is always a big quarter for all the companies. And I think the same trend that we are seeing this year also. In our case, generally, Q4 is not such a big skew. There is no major skew in Q4 and it is slightly better than the other quarters. The same trend continues for us as well. Like we mentioned in last quarter call also that we are broadly on track to achieve the annual numbers. There was a slight increase in the quarter 4 and which helped us meet the annual numbers.

Pavan: Okay. On the assignment book, do we have any targets on direct assignments per year? Or how do we look at it overall?

Nutan Gaba Patwari: Overall, largely driven by liquidity needs, relationship with the bank, pricing, some of those factors. No targets per se.

Manoj Viswanathan: No targets per se but broadly range bound if you see as a percentage of AUM.

Nutan Gaba Patwari: Yes.

Pavan: Okay. And last question on the leverage side. Now since we have raised money, so how do we think about the leverage in, let's say, 2 years ahead? What is the kind of leverage we would like to operate on.

Nutan Gaba Patwari: See, right now, immediately after the fundraise, we are at 3.3x. We can easily go up to 5x+. So, we are good for 4 years, thereabouts.

Pavan: Okay. So you are saying until next 4 years, you might not need to raise again.

Nutan Gaba Patwari: That's right. Because right now, we will have an optical reduction in ROEs. And eventually, that will also start catching up. So, the equity will start accruing and that will also further support the growth on the AUM. So, probably until FY30, we are good. unless, of course, we grow faster than our projection, then it is another story.

Pavan: Okay. And as per your projections, when will we get back to the ROE of, let's say, around 16% - 17% that we currently have?

Nutan Gaba Patwari: Our first milestone is to get to 15%+, which is in about 6 to 7 quarters from now.

Moderator: The next question is from the line of Ravi Naredi from Naredi Investments.

Ravi Naredi: Manoj Ji, you are really doing great. My question to Gaba Ji. Our borrowing rates are 8.4%, which is higher than other NBFC. They borrowed at 7.2% to 7.4%. Why you pay higher rate? This rate of interest came down to us 7.2% in financial year 2022. But again, it has risen.

Nutan Gaba Patwari: Yes, sir. Sir, I think the larger NBFCs that you are comparing us with will be likes of Bajaj and PNB Housing and perhaps some of the other names. Sir, their credit rating is AAA. We are a professionally set-up entity. Our credit rating is AA- and the big difference is scale. Sir, we are hopeful that one day we will definitely get to AAA, and then we will match those rates, but we need some time to get there, sir.

Ravi Naredi: In how many years we will attain AAA?

Manoj Viswanathan: Sir, right now, we are AA-, and we are hopeful that with this capital raise that we have done recently, we should be able to get one notch improvement that has moved to AA. After that, there will be AA+, which would probably take several years to get to a AA+. After that, we can look at further increase.

Ravi Naredi: We maintain liquidity Rs 2,700 crores almost equal to 1 year AUM. Why we maintain such a higher liquidity buffer when we have unavailed bank credit limit?

Nutan Gaba Patwari: Sir, the Rs. 2,500 crores that you are seeing is not on the balance sheet. Out of that Rs 1,200 crores is on the balance sheet, the rest is unavailed lines only.

Ravi Naredi: Okay. And Rs. 28.7 crores we write-off this year, how much recovery of earlier year write-off we received during the year?

Nutan Gaba Patwari: Sir, you are looking at the credit cost line, right?

Ravi Naredi: Right.

Nutan Gaba Patwari: Sir, it's not full write-off. The write-off portion of that number is about Rs 17 crores and the recovery that we have had is about Rs 2 crores.

Ravi Naredi: So Rs 15 crores is a net loss.

Manoj Viswanathan: Yes sir.

Moderator: The next question is from the line of Abhishek Jain from Alfaccurate Advisors Private Limited.

Abhishek Jain: Congrats for a strong set of numbers. Sir, my first question on the industry growth in the affordable housing segment. So, what is your expectation for FY26 and we have seen that many financial institutions are increasing their presence into this space. So how do you see competition over there?

Manoj Viswanathan: As far as the overall market is concerned for FY26, we think it should be another year of good or decent demand because affordable housing demand has largely been secular. The growth has been secular in the range of 10% to 15% a year. So, we are expecting a similar kind of a growth rate this year as well.

As far as competition is concerned, it has been very uniform across several years. Every year, there are some new players entering this business. But at the same time, there are some of the larger entities who move up in terms of the ticket sizes and customer profile. So, in some ways, they kind of exit this segment. So, from a competition perspective, we expect it to be another year, nothing very different.

Abhishek Jain: What is your current market share in this space? And how do you see the market share going ahead?

Manoj Viswanathan: The market share, if you look at it as a percentage of the overall affordable housing segment, we are at about 2% share of the market. And our ambition is to reach somewhere between 4% to 5% market share in the medium term. That is maybe in the 3 to 5 years kind of horizon.

Abhishek Jain: Okay. And in terms of the ticket size, what kind of the growth you are looking in the coming years average ticket size?

Manoj Viswanathan: The average ticket size has been growing at about 3% to 4% every year, and we expect a similar kind of increase in the coming years. Every year, maybe around 3% to 5% increase in ticket size.

Abhishek Jain: Okay. And my last question on the delinquency side. So are you seeing any increase in the delinquencies in the few states and courses would like to give some comment on that.

Manoj Viswanathan: No, broadly, at least last several quarters, we have seen most of the states moving together. That is when there is increase, there is an increase across the board and there is a decrease across the board. Largely, it is seasonal. We are not seeing anything specific to any market or any particular state or region where there is an increase or decrease for any reason.

Moderator: The next question is from the line of Aditya Pal Singh from MSA Capital Partners.

Aditya Pal Singh: Congratulations, Nutan and Manoj sir, for great performance. Wanted to quickly understand that when we look at the branches which have a vintage of more than 2 years, what would be the profile of these branches in terms of AUM per branch, opex to AUM, ROA ex-head office?

Manoj Viswanathan: 2+ years, generally, the branches reach AUM of between Rs. 30 crores to Rs.50 crores. And in terms of opex to assets, if the country is at 2.7%, these would be slightly higher than country because they still have not reached kind of a mature level. So maybe around 3% to 4% opex to assets would be the broad range. We would call these kind of just pre-midsize branches – Midsize would be around Rs. 50 crores to Rs. 70 crores of AUM. By the time they reach about 3 to 4 years, they reach the midsize which is about Rs. 50 crores to Rs. 75 crores.

Aditya Pal Singh: Understood. And if you have the number handy with you, would you know vintage-wise number of branches today? We have total branches of 155. Of these, how many would be less than 1 year, 1 to 2 years, 2 to 3 years and 3 years plus?

Manoj Viswanathan: Yes. Broadly, we categorize in 3 buckets. There are smaller branches, which are less than Rs. 25 crores AUM and there are Rs 25 crores to Rs 75 crores which would be the midsized branches and Rs 75 crore+ branches. Generally, the ratio is around 1/3 each. You can say 50 to 60 branches in the smaller category, about 50 branches in the midsize and about 50 branches in the larger category.

Aditya Pal Singh: Understood. Another question was that now that we raised INR1,250 crores in QIP, many congratulations on that. Do we see our branch expansion that is number of branches per year increasing from what a status quo was 22 to 25 branches per year? And another question would be that our target of Rs. 35,000 crores in FY30, would we need another fundraise in the interim before we reach that?

Manoj Viswanathan: The number of branches will increase because of the base being higher. We would like to expand at about 20% to 30% every year. The AUM is expanding at about 25% to 30% every year. The branches also will expand at the same pace. So, we were growing at about 20 - 25 branches every year. That number will go up slightly maybe 30 to 35 or 35- 40 every year. As far as capital is concerned, we are good for about 4 years now. So, maybe by 2030 is when we will need to look for fresh capital.

Aditya Pal Singh: Understood. Just one last question. This was more to do with the thought process. When we see state-wise AUM per branch, so they are quite different. For example, there are states with Rs. 65 crores to Rs. 70 crores AUM per branch like Maharashtra, Tamil Nadu. And then there are states which have an AUM per branch of Rs. 100 crores plus like Gujarat, Karnataka, Telangana. Just trying to understand, is there any different strategy we are deploying in the states or the states which have Rs. 100 crore AUM per branch, these are more high conviction states for Home First?

Manoj Viswanathan: No. It will be largely to do with the vintage. So, where we have started the branches a little earlier, the size would have become bigger. The AUM per branch would have become larger.

There will be newer states like MP, where we started the expansion over the last 2 - 3 years. So there, you would have a lower AUM per branch.

Aditya Pal Singh: Understood. But a state like Tamil Nadu also or Maharashtra, which we have been there for a very long time, but they have the same, I would say, somewhat similar AUM per branch to or lower than Madhya Pradesh.

Manoj Viswanathan: Yes, because it will also go in line with the growth rate in that particular state. Some states are growing faster, some states are growing at a slower pace. So, AUM per branch also would reflect that.

Aditya Pal Singh: But there's no different strategy that we are deploying these states will have larger AUM per branches?

Manoj Viswanathan: No, nothing of that sort. There is nothing of that sort. Our general position is that irrespective of where the branch is located, it should be able to run at about Rs. 200 crores per branch.

Aditya Pal Singh: Understood. Last question was for Nutan. So Nutan, when I calculate the yield, I am getting 13.2% as my portfolio yield. This is including the co-lending. Is it a timing difference that because we would have disbursed a lot in the fag-end of March?

Nutan Gaba Patwari: Not fag-end of March. When you look at the monthly disbursement, it will be about first half to second half, about 40:60, and maybe in some months 35:65, which will lead to the dispersion that you just mentioned. But like you just mentioned, it is a timing difference.

Moderator: The next question is from the line of Nupur Kogta from Naredi Investments.

Nupur Kogta: I have two questions. First one is – we could see a good AUM growth of 31% and interest income growth of 32%, but growth in profit is 25%. Further looking into this, I got to know that there was an increase in our overall interest cost by 43% year-on-year despite our cost of borrowings rising only marginally to 8.4% vis-a-vis 8.2% last year. So, can you throw some light on this increase in interest cost?

Nutan Gaba Patwari: When you look at the fact sheet and you analyze the P&L, the total income has gone up by 31%, but the net interest income has gone up by 26%, which is broadly where the overall profit increase is also. So, the cost of borrowing rise has been slightly higher. Your question on yoy or qoq?

Nupur Kogta: Year-on-year

Nutan Gaba Patwari: When you look at the fact sheet, the interest expense has gone up by 43% because the cost of borrowing has gone up and the total income has gone up by 33%.

Nupur Kogta: Exactly.

Nutan Gaba Patwari: Yes. So that is the most important reason.

Nupur Kogta: Yes. So, what is the reason behind the rise in interest cost by 43%, because our cost of borrowings is almost at the same level of 8.4%.

Nutan Gaba Patwari: No. So, if you look at yoy, it has gone up from 8.2% to 8.4%. That is a 20 basis point increase on a sharply increasing growing borrowing book. That is the contributor to the difference.

Nupur Kogta: Okay. And my second question is how much commission do we give to our connectors and also do our connectors help in recoveries.

Manoj Viswanathan: No. Commission, we give about 40 to 50 basis points to connectors. And helping in recovery is more ad hoc. It is not part of their contract or part of their agreement with us.

Moderator: The next follow-up question is from the line of Anusha Raheja from Dalal & Broacha.

Anusha Raheja: Sir, in newer geographies that you have catered to, for example, in MP or UP, so how has been the asset quality performance in these newer states? How is the credit discipline?

Manoj Viswanathan: Credit Discipline has been fairly good if you see the 4 new states that we are present – MP, Rajasthan, Uttarakhand and UP. I would say in MP, Rajasthan and Uttarakhand, the performance has been better than what we expected. And UP, it is just what we expected.

Anusha Raheja: Okay. And in Gujarat, which is a domain state, the growth is coming down in that state relatively on a Y-o-Y basis. So is it because the other states are growing at a higher rate or demand per se in that state is relatively lower or you would choose to grow at lower there?

Manoj Viswanathan: No. We are still growing at about 21% - 22% in Gujarat. And we have some plans to re-energize there. As I mentioned earlier on the call, there are some states where we are, kind of, restructuring the teams, and we will come back strongly. There are some places where we are growing at 20%, there are places we are going at 30% - 40%. So, there is a range. There will always be that strategy of going very strong in a particular state in a particular year. And in other states, we are kind of regrouping or consolidating.

Anusha Raheja: Okay. And lastly, you said that co-lending model 2 is eliminated from the new RBI guidelines and co-lending model 1 is tedious. So, in what way that is that tedious?

Manoj Viswanathan: What I mentioned was they have omitted mention of co-lending model 2. Everybody is still wondering whether it is allowed or not allowed. And I think there is still discussions going on, on whether this will be allowed. We are hoping that the co-lending model 2 will be allowed. But if it is not allowed, then yes, we have to go to co-lending model 1, which is a little more tedious. It is tedious is because as per co-lending model 1, the disbursal of the loan has to be done simultaneously by both the entities. So primarily, that makes the process more tedious because when the loan is onboarded, the 20% sits on our books and 80% will sit on the bank's books. And the disbursal also has to be then proportionately done by the respective entities. Currently, the disbursal is done by us, and then it is paid back by the bank to us. Which is the easier model. But if all disbursals have to be made simultaneously by the two entities, then it makes it more tedious.

Anusha Raheja: Okay. And you call a co-lending model 2?

Manoj Viswanathan: Correct. We follow co-lending model 2.

Moderator: The next question is from the line of Divyansh Gupta from Latent Advisors.

Divyansh Gupta: A couple of questions around the LAP book. Would you be able to break up our NPAs between LAP and home loan separately because last time we discussed the ECL is coming down because LAP is going up and we end up incurring a lesser loss there. What would be the NPA trajectory for LAP versus home loan and what would have been this number in FY24?

Nutan Gaba Patwari: Yes. I can tell you the March 2025 numbers right away. LAP is around 1.2% - 1.3% NPA and home loan is about 1.9%. Actually, the numbers are disclosed in our QIP placement document, and it is already published on the stock exchanges. You will get the full detail with a 3-year comparison there.

Divyansh Gupta: Got it. I missed it, I'll check back. Typically, LAP would have a higher NPA and home loan would have lower NPAs. But our numbers are a bit different from, let's say, the general expectations. So how should we read into?

Manoj Viswanathan: The way we are reading it is that because we have a lower proportion of LAP, our teams have the luxury of selecting better customers. And we don't have aggressive targets for LAP. So, they have the luxury of selecting better customers for LAP and which is the reason our NPAs are slightly lower compared to the market as well as compared to our own other products.

Divyansh Gupta: Got it. And when you say LAP, it is not a top-up on home loan, right? Because then you can get that advantage on a home loan, you are giving a top-up and then it is considered LAP and this is pure play LAP?

Manoj Viswanathan: Yes. These are new customers we are acquiring from the market.

Divyansh Gupta: And second question related to LAP. Our presentation shows that our LTV at origination less than 80% is going down, which can also be a factor because of LAP going up, right? Because LAP, I don't think you will do at 80% LTVs. So, what would be our more than 80% LTV at origination for home loans business?

Manoj Viswanathan: LAP forms a smaller proportion. I would say because LAP is only 15% of the AUM. So, to that extent, it should not impact the ratios too much.

Nutan Gaba Patwari: Yes, that's right.

Divyansh Gupta: That effectively LAP is also given at 80% LTV, that way is a risky thing

Manoj Viswanathan: No, LAP would be given 80% LTV. LAP LTV will be generally or rather in almost all cases, it will be less than 60%.

Divyansh Gupta: In our presentation, we give a pie chart on LTV at origination. If I look at the more than 80% has been consistently coming down, which makes sense if you are giving LAP loans because they will be at lower LTV.

Manoj Viswanathan: Yes. More than 80% LTV actually is in developer-led apartment segment. Over the years, our exposure to apartment segment has been coming down because we are doing more of self-construction, more of retail and other products compared to new apartments. That is the reason for the marginal decrease in LTV, which is above 80%.

Divyansh Gupta: Understood. And the last on the LAP is that if I look at the mix of self-employed and salaried and LAP and other LAP and home loan, would it be a fair statement to say that salaried LAP is going up?

Manoj Viswanathan: Why do you say that? We don't have any such direction internally.

Divyansh Gupta: It might be not deliberately, but just happening because if I see the self-employed mix, it is going down. LAP is going up and self-employed is largely similar at whatever range it was. It has not fallen down. So, then it implies that LAP would be taken up by salaried also?

Manoj Viswanathan: Yes. LAP is taken by salaried also. We have an equal mix of salaried and self-funded as far as LAP is concerned, and the ratio has been largely constant across the years.

Divyansh Gupta: Got it. So, the question was that what would be the purpose? Is it loan consolidation or any other?

Manoj Viswanathan: Purpose is threefold. There are basically broadly 3 purposes of LAP. There are some customers, about 30%, who would have actually started their construction by borrowing from others and would have kind of finished the construction. And then now they want to repay those loans. That is one reason. It's like a delayed housing loan. That is one key reason for LAP. The other reasons are the normal traditional reasons where it is used for consumption or it is used for business purpose.

Divyansh Gupta: Got it. So, the other one was that last time we mentioned that we studied Bajaj and Chola and we figured out that, let's say, we will come back to markets every 2 to 3 years to raise equity. Now in this call, we said that this equity raise will suffice for us for at least 4 to 5 years. So, is there a change in thought process of the growth assumptions that, let's say, we had earlier versus now? Or how should we read into that?

Nutan Gaba Patwari: The change is in the amount of equity that we raised. When we were on the call last time, the number that we had in mind was Rs. 1,000 crores and we have taken an enabling resolution for Rs. 1,250 crores, but because of the response, we actually ended up raising the full Rs. 1,250 crores, which has added the additional year.

Divyansh Gupta: Understood. The next question was that sourcing through digital partnerships saw a big raise from 1 point something to 2.2. Is it a one-off? Is it some structural changes that we have done, which is, let's say, which has taken it to this level? Or just trying to see is it a one-off or some structural changes that we have introduced?

Manoj Viswanathan: Not a one-off. Last couple of quarters back, a new partnership was added, which is Phone Pe. And that is giving us a slightly increased number as far as digital partnership is concerned.

Divyansh Gupta: Got it. But is it a BT product or it's a fresh new home loan kind of loan that we are getting?

Manoj Viswanathan: We don't do BT product. We only do new home loans. I mean BT product is not a focus area for us. It is a very insignificant portion of our business. And in all these digital partnerships also, the focus is on new acquisition only.

Divyansh Gupta: Got it. Because for them, it becomes a very easier sell home loan and we can give it at a cheaper one. That's why I thought...

Manoj Viswanathan: That is right. It is more of a strategy by some of the larger lenders because they have a cost of borrowing advantage and they can pass it on to the customer. We don't have that advantage, so we only focus on new.

Divyansh Gupta: Understood. So two more questions. The Rs. 300 crores of net gain on DA and if I look at our PPoP or even PBT. Around 20% of our profit is coming from this upfronting of DA sales, which does not necessarily lead to actual profit.

Nutan Gaba Patwari: Rs. 30 Crores

Divyansh Gupta: Yes, Rs. 30 crores. Sorry, my bad. Rs. 30 crores, but at PBT it is still 20%. The question was -- one, if you can break the split into what was the net gain from fresh DA done and the earlier ones would have been some assumption change. So, if you can just give a breakup of this?

Nutan Gaba Patwari: The breakup largely is not more than 10%, which will be there from the old one. But I want to address the more important point of whether this is sustainable. The thing is that we are upfronting the income because it is a requirement. Now the question is, if I did not upfront it and if I drew up my P&L and look at the profit after tax or the net worth in the old IGAAP method, what would be the difference? I can do either IGAAP accounting or I can do Ind AS accounting. It is a timing difference at the end of the day and I'm still going to recover the same amount of money from the customer and my spread is not going to change. From a net worth basis, the difference is not more than Rs. 30 crores - Rs. 40 crores. From an annual profitability perspective, the difference is less than Rs. 10 crores. And it fluctuates depending on whether the assignment proportion to the AUM is increasing or decreasing. Because the gap is so narrow, we have chosen to kind of focus on more why DA needs to be done rather than the contribution to the income because either it will come through the net gain line in Ind AS accounting or will come through the interest income and expense line in IGAAP accounting.

Divyansh Gupta: This quarter itself, it was Rs.30 crores. And you said for the year, it is around Rs. 10 crores. Am I missing something? Did I misunderstood something? Because every year, there's a net gain, right? So if I just cumulatively look at it, it would be a higher number.

Nutan Gaba Patwari: No. If I did not do a net gain, I have a DA book on which I would earn the spread.

Divyansh Gupta: Yes. That would have been Rs. 10 crores is what you're saying?

Nutan Gaba Patwari: No. My DA book is about Rs. 1,500 crores on which I would earn a 5% plus spread.

Manoj Viswanathan: He is saying that done it that way, it would be Rs. 10 crores lesser than the total for this year.

Nutan Gaba Patwari: Yes. Profitability would have been in the range of Rs. 7 crores - Rs. 10 crores difference.

Divyansh Gupta: Got it. And what is the overlays that we are carrying in our ECL?

Nutan Gaba Patwari: Rs. 13 crores.

Divyansh Gupta: Rs. 13 crores. And what would be the write-off in this quarter and for the whole year?

Manoj Viswanathan: Full year is Rs. 17 crores approximately.

Divyansh Gupta: This is the gross write-off, right, not net of recovery.

Manoj Viswanathan: That's right.

Nutan Gaba Patwari: This quarter, I think it's Rs. 4 or Rs. 5 crores.

Manoj Viswanathan: Yes, about Rs. 5 crores

Moderator: The next question is from the line of Siraj Khan from Ascendent Capital Partners.

Siraj Khan: Good set of numbers. I have two questions. One with respect to the data that is given in the fact sheet of the new to credit loan accounts. From FY24 to FY25, that has reduced. This is by design or by default? Are we actively going towards having credit information customers or the number of customers in the new to credit segment are reducing? How is that?

Manoj Viswanathan: Yes, the number of customers in the new to credit segment are reducing. We are not actively seeking out customers with credit history. It's just that in the market such customers are reducing because the credit is easily available now.

Siraj Khan: Okay. And on similar lines, the self-employed AUM is constant. It inched up very moderately. What is the split that you see, for FY26 or ahead?

Manoj Viswanathan: Broadly in the same range. Right now, it is 68:32. 1 or 2 percentage points, we can't say, but broadly 65:35 to 70:30 is the range that we see.

Siraj Khan: Understood. And what will be the incremental ticket size of loans because what I can also see in the fact sheet is the proportion of the AUM in the 1.5mn to 2mn and 2mn to 2.5mn has jumped by 2% odd each. So is the incremental ticket size higher than, say, Rs 18 lakh to Rs 20 lakh or above?

Manoj Viswanathan: No. The growth zone for us is Rs. 10 lakhs to Rs. 25 lakhs. Below Rs. 10 lakhs is not a very large growing segment. So, between Rs. 10 lakhs to Rs. 25 lakhs, you will see more growth.

Siraj Khan: But what would be the incremental disbursement

Nutan Gaba Patwari: Ticket Size is Rs. 11.7 lakhs.

Siraj Khan: I think that is the average. What will be the incremental disbursements that would have happened in FY25?

Nutan Gaba Patwari: Rs. 13 lakhs to Rs. 14 lakhs.

Siraj Khan: And the final one on the promoters. With the capital raise, each of their holdings has come down below 10% - 7% and 5%. And now Warburg remains the single largest holder at approximately 11%. So, what will be their role going ahead? And will there be any specific change in the management or anything of that sort with respect to the direction? That is a question.

Manoj Viswanathan: No, there is no change. The promoters have largely functioned like public market shareholders over the last 3 - 4 years also since the time we listed. We do not anticipate any change as such as far as the management or company functioning is concerned because we have been led by the independent Board also these years. So, no change anticipated.

Siraj Khan: So, no specific change in strategy or anything with respect to sourcing or anything of that sort?

Manoj Viswanathan: No, absolutely not because like I said, we have been led by the independent Board even over the last 4 to 5 years. We don't expect any changes. So largely, it has been management and independent Board-led strategy. The promoters, our large shareholders, have not played a role in that. So, nothing is expected to change.

Siraj Khan: Okay. And just a final one on the state-wise asset quality. We have seen good growth in Madhya Pradesh and Karnataka and others. But what I want to know is, are you seeing any signs of early stress maybe in the 30+ DPD or 1+ DPD, because it has been inching up, although it's been controlled, but it has been inching up year-over-year. So is there any specific state or any specific product or customer type that is seeing any early signs of a warning? Because, say, for example, Madhya Pradesh has grown approximately 72% Y-o-Y, but Tamil Nadu and other states have grown slightly lower. So, is there a region-wise issue or some state-wise issue, anything of that sort?

Manoj Viswanathan: No, pace of growth is not directly linked to the asset quality experience that we are facing in the state. It is more related to various other things like getting the right people, expansion of branches and various other factors. Most of the locations have a similar profile as far as the credit behaviour is concerned. We are not seeing any dramatically different behaviour.

Siraj Khan: Understood. And just a clarification, the active connector count that was shared earlier was?

Nutan Gaba Patwari: 3,800

Moderator: Ladies and gentlemen, that was the last question for today. I now hand the conference over to Mr. Manoj Viswanathan for closing comments. Over to you, sir.

Manoj Viswanathan: Thank you, everyone, for participating and engaging in the call. We hope that 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 Deepak Khetan or write to us on 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, and you may now disconnect your lines.