June 08, 2026

Home First Finance Company India Limited: Ratings reaffirmed and rated amount enhanced for bank facilities

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term others – Fund based	5,300.00	6,300.00	[ICRA]AA (Stable); Reaffirmed/ Assigned for enhanced amount
NCD programme	561.00	561.00	[ICRA]AA (Stable); reaffirmed
Commercial paper	100.00	100.00	[ICRA]A1+; reaffirmed
Total	**5,961.0**	**6,961.0**	

**Instrument details are provided in Annexure II; NCD – Non-convertible debenture*

Rationale

The ratings consider Home First Finance Company India Limited's (Home First) established track record of operations and its strong capitalisation profile. The capitalisation profile is supported by Rs. 1,250 crore of equity capital raised through a qualified institutional placement (QIP) in April 2025, and healthy internal accruals. The company's assets under management (AUM) increased at a compound annual growth rate (CAGR) of 31% over the last five years to Rs. 15,878 crore as on March 31, 2026. Home First reported a profit after tax (PAT) of Rs. 540 crore in FY2026, translating into a return of 3.3% on average managed assets (AMA) and 15.7% on average net worth compared to Rs. 382 crore, 3.0% and 16.5%, respectively, in FY2025. In ICRA's opinion, the company is well capitalised to continue scaling up its AUM by 25-30% over the near-to-medium term while maintaining a prudent capitalisation profile, supported by a satisfactory profitability trajectory.

The ratings remain constrained by Home First's relatively high, albeit improving, geographical concentration with Gujarat accounting for 29% of its AUM as on March 31, 2026. ICRA notes that the share of Gujarat has been gradually declining along with the share of the top 3 states (~54% of the AUM as on March 31, 2026 vis-à-vis ~56% as on March 31, 2025) with the trend expected to continue. Also, Home First's AUM remains relatively unseasoned as a significant part of the growth was achieved in the last few years and mortgages are long-tenor assets. Further, the impact of the ongoing West Asia crisis on the asset quality remains monitorable. ICRA takes note of Home First's focus on the salaried affordable housing segment (68% share of salaried borrowers in AUM as on March 31, 2026), which is likely to be more resilient from an asset quality perspective, and the limited exposure to non-housing loans. Nonetheless, the company's ability to maintain the asset quality shall be important from a credit perspective.

The Stable outlook reflects ICRA's opinion that Home First will be able to maintain its credit profile, given its strong capitalisation, comfortable earnings profile and established track record.

Key rating drivers and their description

Credit strengths

Established track record of operations with healthy asset quality – Home First has an established track record of resilient performance with the AUM increasing at a CAGR of ~31% over the last five years to Rs. 15,878 crore as on March 31, 2026. As on March 31, 2026, 83% of the AUM comprised home loans with ~78% of the AUM comprising loans with ticket sizes up to Rs. 20 lakh. Home First is well placed to tap the demand in the low-income housing segment and ICRA expects the company to continue scaling up its operations at a healthy pace of 25-30% over the near-to-medium term.

The asset quality remains comfortable with gross non-performing advances (NPAs) of 1.8% and net NPAs of 1.4% as on March 31, 2026 (1.7% and 1.3%, respectively, as on March 31, 2025). Despite the uptick, delinquencies remain low in the overall AUM with the 30+ and 90+ days past due (dpd) at 2.9% and 1.5%, respectively, as of March 2026 (2.7% and 1.3%, respectively, as of March 2025). Nonetheless, the impact of the ongoing West Asia crisis on the asset quality remains monitorable.

Strong capitalisation profile – Home First's capitalisation profile strengthened in FY2026, following the Rs. 1,250-crore equity capital raise through a QIP in April 2025. This, along with healthy internal accruals, has resulted in its net worth increasing to ~Rs. 4,357 crore as on March 31, 2026 from Rs. 2,521 crore as on March 31, 2025. Consequently, the capital-to-risk weighted assets ratio (CRAR) and managed gearing improved to ~44% and 3.0x as on March 31, 2026, respectively, from ~33% and 4.6x, respectively, as on March 31, 2025. The company continues to generate healthy internal accruals, which are expected to support its growth while maintaining a prudent capitalisation profile. In ICRA's view, Home First is well positioned, from a capitalisation standpoint, to support its medium-term growth plans, with the managed gearing expected to remain below 5x.

Comfortable earnings profile – Home First's earnings profile has remained comfortable, supported by healthy margins and operating efficiency. The company's net interest margin (NIM) increased to 6.1% in FY2026 (with respect to AMA) from 5.7% in FY2025, supported by the improvement in the cost of funds and gearing. Credit costs remained under control at 0.4% of AMA in FY2026 (0.2% in FY2025) while the operating efficiency continued to be healthy with operating expenses at 2.3% of AMA in FY2026 (2.3% in FY2025). The company reported a PAT of Rs. 540 crore in FY2026, translating into a return of 3.3% on AMA and 15.7% on average net worth compared to Rs. 382 crore, 3.0% and 16.5%, respectively, in FY2025. With healthy margins and operating efficiency, ICRA expects the overall profitability to remain comfortable in the near-to-medium term.

Credit challenges

Relatively high, albeit improving, geographical concentration of portfolio – Although Home First's loan book is spread across 13 states/Union Territories, a large part remains concentrated in a few states. Gujarat accounted for ~29% of AUM as on March 31, 2026, followed by Maharashtra (~15%), Tamil Nadu (~11%) and Madhya Pradesh (~10%). Given its borrower profile, such concentration exposes the company to risks from region-specific issues. ICRA notes that geographical diversity has been improving gradually with the share of the top 3 states reducing to ~54% of AUM as on March 31, 2026 from ~56% as on March 31, 2025 (~58% as on March 31, 2024); ICRA expects this diversification trend to continue.

Exposure to relatively vulnerable borrower profile and limited portfolio seasoning – Home First operates in the affordable housing segment, which is relatively riskier due to the low-to-middle-income profile of the borrowers. Most of the borrowers work in small private enterprises or proprietorships and remain vulnerable to economic cycles with limited income buffers to absorb income shocks. Further, a significant portion of the company's book was sourced in the last few years like most of its peers. Home First's disbursements in the last three fiscals (FY2024 to FY2026) were equivalent to around 89% of the AUM as on March 31, 2026, indicating limited portfolio seasoning.

ICRA takes note of the relatively higher share of salaried borrowers (~68% of AUM as on March 31, 2026), moderate loan-to-value (LTV; average LTV of ~56% on AUM as on March 31, 2026) and fixed obligation-to-instalment ratio (FOIR; ~12% of AUM as of March 2026 had a FOIR of more than 50%). Further, ultimate losses on default are expected to be limited, considering the secured nature of the portfolio and the moderate LTV. Nevertheless, the company's ability to contain slippages and manage recoveries from its overdue portfolio will remain important from a credit perspective.

Liquidity position: Strong

Home First continues to maintain a strong liquidity profile with an unencumbered cash and bank balance and liquid investments of ~Rs. 1,610 crore as on March 31, 2026. This, along with scheduled collections of ~Rs. 2,010 crore over the next 12 months (i.e. till March 31, 2027), is expected to be sufficient to meet its scheduled debt repayments of ~Rs. 2,330 crore during this period. The company's asset-liability management profile, as of March 2026, was characterised by positive cumulative mismatches across buckets. Additionally, Home First had ~Rs. 1,516 crore of sanctioned unutilised funding lines [excluding sanctions for direct assignment (DA)] from various lenders as on March 31, 2026. The company's liquidity coverage ratio of ~151% for the quarter ended March 31, 2026 was well above the regulatory requirement.

Rating sensitivities

Positive factors – A significant improvement in the company's market position and geographical diversity while maintaining healthy asset quality and earnings could positively impact the rating.

Negative factors – Continued weakening of the asset quality and earnings (return on AMA of less than 2.5%) could negatively impact the ratings. Further, sustained deterioration in the capitalisation profile (increase in the managed gearing beyond 5x) could exert pressure on the ratings.

Environmental and social risks

While housing finance companies (HFCs) like Home First do not face material physical climate risks, they are exposed to environmental risks indirectly through their portfolio of assets. If the borrowers, to which such HFCs have an exposure, face livelihood disruption because of physical climate adversities, it could translate into credit risks for the HFCs. However, such risk is not material for Home First, given its granular portfolio.

With regard to social risks, data security and customer privacy are among the key sources of vulnerability for HFCs, as any material lapse could be detrimental to their reputation and invite regulatory censure. Home First has not faced any material lapses over the years, which highlights its sensitivity to such risks. While it contributes to promoting financial inclusion by lending to underserved segments, the company's lending practices remain prudent as reflected in the healthy asset quality numbers in this segment. Home First is seen to be operating responsibly in terms of its business practices with no material instances of fines being imposed by regulatory authorities in the recent past.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Non-banking finance companies (NBFCs)
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Home First Finance Company India Limited (Home First) is a housing finance company founded on February 3, 2010 with offices in various cities across India. It is a public limited company, listed on stock exchanges since February 3, 2021. The company primarily provides housing loans, loans for the purpose of purchasing commercial property, and loan against property (LAP) under the affordable finance category.

Home First's AUM stood at Rs. 15,878 crore as on March 31, 2026, managed through 171 branches (excluding satellite branches) spread across 13 states and Union Territories in India. It primarily caters to the affordable housing segment (both home loans and non-housing loans) with an average ticket size of Rs. 11-12 lakh and an average rate of interest (RoI) of ~13%. The company also offers relatively higher-ticket loans of Rs. 20-25 lakh under co-lending arrangements with partner banks.

Home First reported a net profit of Rs. 540 crore in FY2026 with a net worth of Rs. 4,357 crore and a total managed asset base of Rs. 17,966 crore (including off-book and impairment provision) as on March 31, 2026 compared to Rs. 382 crore, Rs. 2,521 crore and Rs. 14,302 crore, respectively, in FY2025 (March 31, 2025).

Key financial indicators (audited)

Home First	FY2024	FY2025	FY2026
Total income	1,157	1,539	1,923
PAT	306	382	540
Total managed assets	11,096	14,302	17,966
Return on managed assets	3.2%	3.0%	3.3%
Managed gearing (times)	4.2	4.6	3.0
Gross NPA	1.7%	1.7%	1.8%
CRAR	39.5%	32.8%	44.1%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2027)					Chronology of rating history for the past 3 years					
	FY2027					FY2026		FY2025		FY2024	
	Type	Amount rated (Rs. crore)	June 08, 2026	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Long-term others – Fund based	Long term	6,300.00	[ICRA]AA (Stable)	May 27, 2026	[ICRA]AA (Stable)	May 29, 2025	[ICRA]AA (Stable)	Jul 19, 2024	[ICRA]AA- (Stable)	Nov 6, 2023	[ICRA]AA- (Stable)
						-	-	-	-	-	-
Commercial paper	Short term	100.00	[ICRA]A1+	May 27, 2026	[ICRA]A1+	May 29, 2025	[ICRA]A1+	Jul 19, 2024	[ICRA]A1+	Nov 6, 2023	[ICRA]A1+
						-	-	-	-	-	-
NCDs	Long term	561.00	[ICRA]AA (Stable)	May 27, 2026	[ICRA]AA (Stable)	May 29, 2025	[ICRA]AA (Stable)	Jul 19, 2024	[ICRA]AA- (Stable)	Nov 6, 2023	[ICRA]AA- (Stable)
								-	-	Nov 6, 2023	[ICRA]AA- (Stable)

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ($)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

($) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutal Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI

5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
NCD programme	Simple
Long-term others – Fund based	Simple
Commercial paper programme	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Long-term others – Fund based**	Mar 2014 to Dec 2024	NA	NA	6,300.00	[ICRA]AA (Stable)
Not issued	**NCD programme**	NA	NA	NA	561.00	[ICRA]AA (Stable)
Not issued	**CP programme**	NA	NA	NA	100.00	[ICRA]A1+

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure III: List of entities considered for consolidated analysis

Not applicable

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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