

# Pick of the week

## Home First Finance Ltd. (HOMEFIRS)

Recommendation: **BUY**

Current Price: ₹777

Potential Upside: **23.6%**

Date: **11th April 2022**

Time Period: **12 Months**

Target Price: ₹960

### Why invest?

- 📌 We like the affordable housing space in general and Home First remains our top pick.
- 📌 Home First's 3QFY22 performance reflects a firm exit from the Covid-related slowdown with 8% qoq loan growth for the second consecutive quarter.
- 📌 Home First's business model is relatively more scalable compared to most other affordable housing financiers who expand in a contiguous manner.
- 📌 We have good visibility for medium-term growth trajectory. High loan growth (28% loan book CAGR during FY2022-25E) driving 22% EPS CAGR with 2-7-3% RoA and mid-teens RoE.
- 📌 A likely rating upgrade for Home First may be positive in this regard.
- 📌 BUY with RGM-based FV of Rs. 960 (4.2X book March 2024E).