

Estimate change

TP change

Rating change



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Bloomberg	AAVAS IN
Equity Shares (m)	78
M.Cap.(INRb)/(USD\$)	198.1 / 2.7
52-Week Range (INR)	3068 / 1285
1, 6, 12 Rel. Per (%)	-6/26/54
12M Avg Val (INR M)	246

## Financials & Valuations (INR b)

Y/E March	2021	2022E	2023E
NII	5.2	6.4	7.7
PPP	3.9	4.6	5.7
PAT	2.9	3.4	4.2
EPS (INR)	36.9	42.9	54.0
EPS Gr. (%)	15.9	16.3	26.0
BV/Sh. (INR)	306	349	403
<b>Ratios (%)</b>			
NIM	7.6	7.7	7.6
C/I ratio	39.7	40.0	38.3
Credit cost	0.54	0.48	0.35
RoA	3.5	3.4	3.6
RoE	12.9	13.1	14.4
Payout (%)	0.0	0.0	0.0
<b>Valuation</b>			
P/E (x)	68.4	58.8	46.7
P/BV (x)	8.2	7.2	6.3
Div. Yield (%)	0.0	0.0	0.0

## Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	50.1	50.1	53.5
DII	8.1	8.5	13.0
FII	32.1	31.9	24.5
Others	9.7	9.6	9.1

FII Includes depository receipts

**CMP: INR2,530**
**TP: INR2,820 (+12%)**
**Neutral**

## Ability to recover and bounce back will be put to test

### Increase in 1+dpd transitory in our view

- PAT grew 20% YoY, but fell 32% QoQ, to INR599m (in line) in 1QFY22. NII rose 14% QoQ and 29% YoY, while operating profit fell 10% QoQ (7% beat). However, higher-than-expected credit cost of INR170m (est. INR110m) led to the in line PAT.
- Sharp deterioration in 1+dpd to 12.7% (up 620bp QoQ), relative to some of its other peers who have reported their 1QFY22 numbers, could be indicative of the stress that was seen at the time of demonetization and higher proportion of self-employed customers in the mix.
- Given the strength of this franchise, we remain convinced that it can script a gradual improvement in its 1+dpd and GS3 once collections further improve, led by a recovery in economic activity. Our estimates are largely unchanged and we are building in ~50bp/35bp of credit costs in FY22E/FY23E. We maintain our Neutral rating with a TP of INR2,820/share, given that the stock trades at rich valuations of 6.3x FY23E P/BV.

### Disbursements decent, but could have been better; AUM up 21% YoY

- Disbursements fell 54% QoQ to INR4.63b.** Unlike preceding quarters, the disbursement mix was unusually skewed towards other Mortgage loans. Disbursements in 1QFY22 included 15% of MSME loans (v/s 7.3% in 1QFY21), which were classified as other Mortgage loans. However, the company clarified that this skew was more pronounced in Apr-May'21 and got normalized towards its usual mix in Jun'21.
- The repayment rate declined to ~13% v/s the trend rate of 16-17%. Mitigated by a slightly lower run-off, AUM was up 21% YoY and 2% QoQ.
- It is important to note here that AAVAS did not undertake any direct assignments in 1QFY22, which led to nil upfront assignment income.
- AAVAS entered Odisha and opened its first branch.** Odisha has low penetration in the low-ticket Housing Finance segment, and anyone establishing distribution here could have a first-mover advantage.

### Minor deterioration in asset quality; restructuring pool at 1.2%

- AAVAS reported a Gross Stage 3 of 1.14% (up 16bp QoQ). PCR on Stage 3 assets fell to 25% (down 220bp QoQ), but provisions on S1/S2 loans (including restructuring provisions) rose 18bp.
- There was a sharp deterioration in 1+dpd, which stood at 12.7% (up 620bp QoQ) and is more indicative of the stress that was seen at the time of demonetization. The management said a very high proportion of its customers, who missed their EMIs in Apr-May'21, paid their EMI in Jun'21. This suggests that while there is less likelihood of forward flows, improvement in 1+dpd will be gradual over the next three quarters.
- AAVAS has restructured loans worth INR1.15b (1.2% of AUM) under RBI OTR 2.0. At the end of RBI OTR 2.0 restructuring window, the management said that the total restructured pool could potentially be less than 2%.

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- It utilized part of the COVID-19 management overlay in 1QFY22. Aggregate COVID-19 overlay declined to INR148m (~15bp of AUM/~19bp of on book loans) v/s INR190m QoQ.

#### **Passing on lower CoF benefit to stem BT-OUT to peers**

- Cost of borrowings fell 15bp QoQ. While reported yields declined by ~17bp QoQ, spreads were broadly stable. On a calculated basis, yields/spreads were actually up ~15bp/30bp QoQ.
- AAVAS reduced its base rate by 15bp from 1 Apr'21 onwards. Contrary to what others may interpret, we don't see yield pressures for AAVAS. Given its relatively better ability to borrow from NHB (1QFY22 incremental borrowing cost: 4.62%), it saw its blended CoF decline by ~15bp. AAVAS is passing on the benefits in its CoF to retain customers and ensure that the BT-OUT to peers remains low.

#### **Highlights from the management commentary**

- The management expects a gradual reduction in 1+dpd, based on its experience from the first COVID wave last year.
- AAVAS was not able to process 100% of the restructuring pipeline because of time constraints. It expects total restructured pool at less than 2% by the end of the restructuring window for OTR 2.0.

#### **Valuation and view**

- AAVAS has a sustainable business model, which it can utilize to scale up profitably across geographies over the long term. Its technology adoption and relentless focus on asset quality have made it stand out among peers. While there appears to be a transient stress build-up in asset quality (particularly in the elevated 1+dpd), we expect AAVAS to start moving towards the more sustainable 1+dpd of ~5% from 2Q onwards and reach there by FY22-end, provided there are no more disruptions from any new COVID wave. Disbursements (though slightly skewed towards MSME and other Mortgage loans) were decent, but we expected slightly better. With no undue pressure on spreads, levers to further reduce the opex ratio, and ability to deliver superior asset quality, with benign credit costs, AAVAS is well positioned to take advantage of the huge opportunity in the low-ticket Housing Finance segment.
- While transitory disruptions because of COVID-19 cannot be completely ruled out, it has all the ingredients in place to deliver calibrated AUM growth (by penetrating deeper in existing geographies and expanding to newer states). AAVAS can sustainably grow its AUM by ~20% over the next five years. Over the next three years, we expect productivity improvements from past investments in people/branches and build up in operating leverage to lead to ~40bp reduction in the cost ratio to 2.7%. While its RoE is slightly muted because of low leverage, we model in a RoA/RoE of 3.6%/14.4% in FY23E. We maintain our Neutral rating, with a TP of INR2,820/share (7x FY23E P/BV).

## Quarterly performance

(INR m)

Y/E March	FY21				FY22				FY21	FY22	1Q FY22E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	2,286	2,430	2,577	2,470	2,630	2,709	2,831	3,127	9,764	11,298	2,519	4
Interest Expenses	1,118	1,144	1,169	1,152	1,128	1,162	1,220	1,392	4,582	4,902	1,134	-1
<b>Net Income</b>	<b>1,168</b>	<b>1,287</b>	<b>1,408</b>	<b>1,318</b>	<b>1,502</b>	<b>1,548</b>	<b>1,611</b>	<b>1,735</b>	<b>5,182</b>	<b>6,396</b>	<b>1,385</b>	<b>8</b>
YoY Growth (%)	15	23	32	12	29	20	14	32	20	23	19	
Other income	49	274	523	443	90	305	447	450	1,289	1,292	145	-38
<b>Total Income</b>	<b>1,218</b>	<b>1,560</b>	<b>1,932</b>	<b>1,761</b>	<b>1,592</b>	<b>1,853</b>	<b>2,058</b>	<b>2,185</b>	<b>6,471</b>	<b>7,688</b>	<b>1,530</b>	<b>4</b>
YoY Growth (%)	4	6	34	28	31	19	7	24	18	19	26	
Operating Expenses	526	634	665	742	673	730	800	875	2,566	3,078	668	1
YoY Growth (%)	6	21	6	14	28	15	20	18	12	20	27	
<b>Operating Profit</b>	<b>692</b>	<b>927</b>	<b>1,267</b>	<b>1,019</b>	<b>919</b>	<b>1,123</b>	<b>1,258</b>	<b>1,310</b>	<b>3,905</b>	<b>4,610</b>	<b>862</b>	<b>7</b>
YoY Growth (%)	2	-3	55	40	33	21	-1	28	23.0	18.1	25	0.0
Provisions	60	81	162	70	170	90	80	61	371	401	110	55
<b>Profit before Tax</b>	<b>632</b>	<b>846</b>	<b>1,105</b>	<b>950</b>	<b>749</b>	<b>1,033</b>	<b>1,178</b>	<b>1,249</b>	<b>3,533</b>	<b>4,209</b>	<b>752</b>	
Tax Provisions	131	184	249	74	150	207	236	249	638	842	158	-5
<b>Profit after tax</b>	<b>501</b>	<b>662</b>	<b>856</b>	<b>876</b>	<b>599</b>	<b>826</b>	<b>943</b>	<b>1,000</b>	<b>2,895</b>	<b>3,367</b>	<b>594</b>	<b>1</b>
YoY Growth (%)	11	-13	26	46	20	25	10	14	16.2		19	
<b>Key Parameters (%)</b>												
Yield on loans	13.6	13.5	13.4	13.2	13.0				13.2	12.7		
Cost of funds	8.1	7.9	7.7	7.4	7.3				7.8	7.0		
Spread	5.5	5.6	5.7	5.8	5.7				5.4	5.8		
NIM - YTD	6.2	6.8	7.4	7.7	6.9				7.6	7.7		
Credit cost	0.3	0.4	0.8	0.3	0.7	0.4	0.3	0.2	0.5	0.5		
Cost-to-Income Ratio (%)	43.2	40.6	34.4	42.1	42.3	39.4	38.9	40.1	39.7	40.0		
Tax Rate (%)	20.8	21.8	22.5	7.8	20.1	20.0	20.0	20.0	18.1	20.0		
<b>Balance Sheet parameters</b>												
<b>AUM (INR b)</b>	<b>79.4</b>	<b>83.7</b>	<b>88.2</b>	<b>94.5</b>	<b>96.2</b>	<b>99.7</b>	<b>104.2</b>	<b>114.1</b>	<b>94.5</b>	<b>114.1</b>		
Change YoY (%)	24.7	23.9	22.6	21.3	21.2	19.2	18.1	20.7	21.3	20.7		
<b>AUM mix (%)</b>												
Home loans	73.4	73.5	73.4	73.5	72.7				73.5	72.8		
Mortgage loans	26.6	26.5	26.6	26.5	27.3				26.5	27.2		
<b>Loans (INR b)</b>	<b>63.6</b>	<b>66.9</b>	<b>69.7</b>	<b>75.2</b>	<b>77.6</b>	<b>79.8</b>	<b>83.4</b>	<b>91.3</b>	<b>75.2</b>	<b>91.3</b>		
% of AUM	80.1	79.9	79.0	79.6	80.7	80.0	80.0	80.0	21.7	21.4		
<b>Disbursements (INR b)</b>	<b>2.1</b>	<b>6.7</b>	<b>7.6</b>	<b>10.1</b>	<b>4.6</b>	<b>7.4</b>	<b>8.5</b>	<b>12.4</b>	<b>26.6</b>	<b>33.0</b>		
Change YoY (%)	-68.3	3.5	1.5	17.5	117.1	11.0	11.3	22.6	-9.3	24.0		
<b>Borrowings (INR b)</b>	<b>56.8</b>	<b>60.3</b>	<b>64.8</b>	<b>63.5</b>	<b>64.9</b>	<b>68.1</b>	<b>71.5</b>	<b>77.6</b>	<b>63.5</b>	<b>77.6</b>		
Change YoY (%)		42.9	42.2	18.6	14.3	13.0	10.3	22.3	18.6	22.3		
Borrowings/Loans (%)	89.3	90.1	93.0	84.3	83.6	85.4	85.8	85.0	84.3	85.0		
Debt/Equity (x)	2.6	2.7	2.8	2.6	2.6	2.7	2.7	2.8	2.6	2.8		
<b>Asset Quality (%)</b>												
<b>GS 3 (INR m)</b>	<b>294.8</b>	<b>312.7</b>	<b>704.6</b>	<b>739.1</b>	<b>894.2</b>							
G3 (%)	0.46	0.5	1.0	0.98	1.14							
<b>NS 3 (INR m)</b>	<b>205.4</b>	<b>211.5</b>	<b>503.8</b>	<b>537.7</b>	<b>670.4</b>							
NS3 (%)	0.3	0.3	0.7	0.7	0.9							
<b>PCR (%)</b>	<b>30.3</b>	<b>32.4</b>	<b>28.5</b>	<b>27.2</b>	<b>25.0</b>							
ECL (%)	0.4	0.5	0.7	0.7	0.8							
<b>Return Ratios - YTD (%)</b>												
RoA (Rep.)	2.6	2.9	3.2	3.5	2.6							
RoE (Rep.)	9.4	10.8	12.2	12.9	9.8							



## Highlights from the management commentary

### Business updates

#### Asset quality

- **1+dpd stood at 12.67%. The management expects it to bounce back and sees a gradual reduction in 1+dpd, based on its experience from last year.**
- It intends to maintain the COVID-19 overlay provisions and restructuring provisions on the Balance Sheet (rather than reversing it), if the portfolio behaves better than expected.
- ECL provisions include INR310m of provisions on account of the COVID-19 management overlay and provisions on the restructured pool of advances.
- Rajasthan 1+dpd stood at 13%. The same in Maharashtra would be 2-2.5% higher than Rajasthan.
- **The bounce rate in Jun'21 stood at 18-19%.**

#### Restructuring

- AAVAS has restructured loans worth INR1.15b (~1.2% of AUM) under RBI OTR 2.0. Restructuring was done across 1,400 customer accounts.
- It adopted a more prudent policy towards restructured advances and classified it under Stage 2. AAVAS has ~14% PCR on its restructured pool.
- **AAVAS was not able to process 100% of the restructuring pipeline because of time constraints. It expects total restructured pool at less than 2% by the end of the restructuring window for OTR 2.0.**
- Around 75% of the restructured loan book had a vintage of over two years.

#### ECLGS

- Total ECLGS outstanding stood at INR146m.

#### Strategy of branch expansion

- AAVAS looks to enter 3-4 new states in every contiguous period of five year. In the first block, it entered Rajasthan, Gujarat, Maharashtra, and Madhya Pradesh. In the next block of five years, it entered Haryana, Uttar Pradesh, Chhattisgarh, and Uttarakhand. Over the next 4-5 years, AAVAS targets to enter 3-4 new states including Odisha and Karnataka.
- **It will be looking to add 30-40 branches every year and 100 branches over the next three years. Around 20% of the new branches will be opened in new states. The remaining new branches will be opened in existing states.**

#### Disbursements

- Disbursements were slightly skewed towards other Mortgage loans in 1QFY22. However, this skew was more pronounced in Apr-May'21 and has since normalized (in Jun'21) to the mix of 72:28 between Home loans and other Mortgage loans.

#### Yields and margins

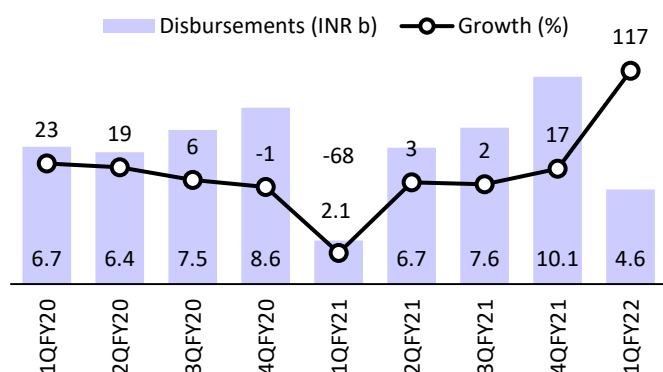
- AAVAS reduced its base rate by 15bp from 1 Apr'21 onwards. There has been some yield decline in the normal course of business as well.

#### Others

- Live accounts stood at 128K, a growth of 20% YoY
- AAVAS has not undertaken any major top-up loans in 1QFY22. Top-up loans would be less than 1% of total disbursements.
- In FY21, it adopted a prudent interest recognition policy. It does not recognize any interest income on Stage 3 assets.
- For NHB borrowings, which are less than 3%, the spreads are capped at 6-7%.

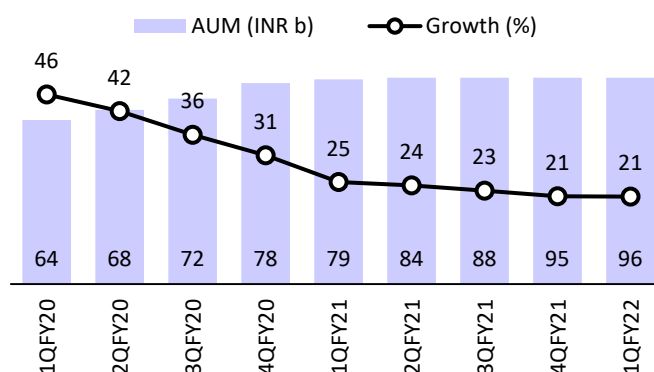
## Key exhibits

**Exhibit 1: Muted disbursements in 1QFY22...**



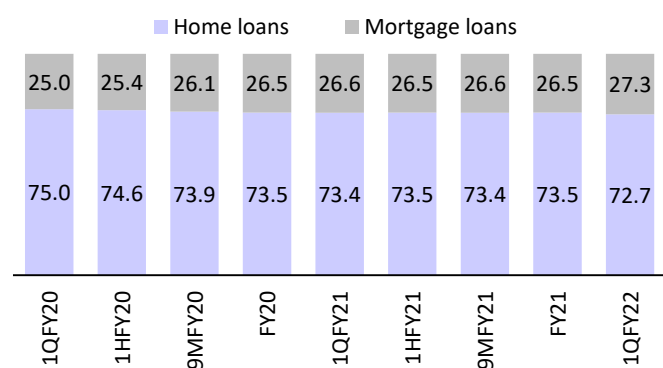
Source: MOFSL, Company

**Exhibit 2: ....led to a 2% sequential growth in AUM**



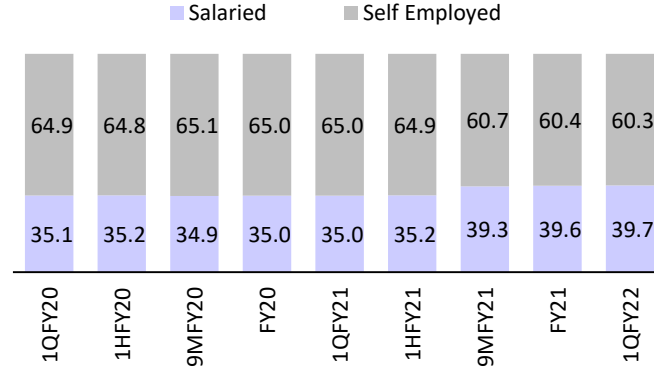
Source: MOFSL, Company

**Exhibit 3: Share of Home loans down 80bp QoQ (%)**



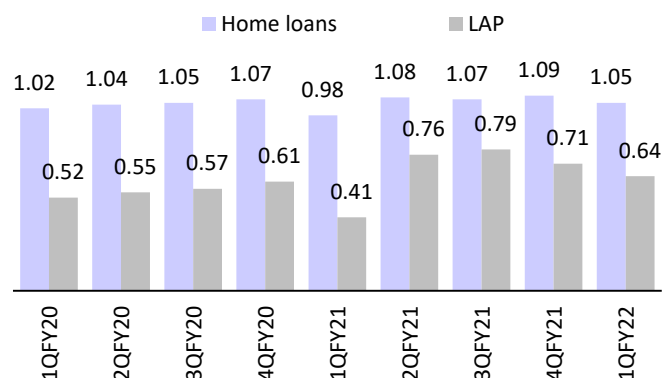
Source: MOFSL, Company

**Exhibit 4: Customer mix stable QoQ (%)**



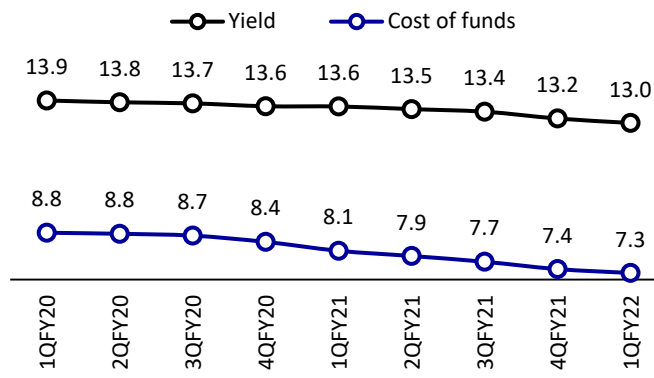
Source: MOFSL, Company

**Exhibit 5: ATS for 'other mortgage loans' declines sequentially**



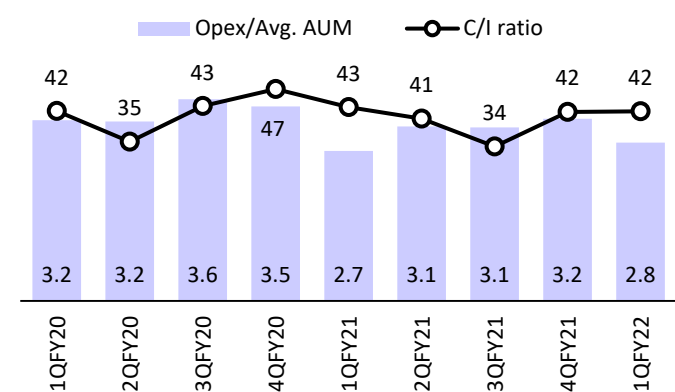
Source: MOFSL, Company

**Exhibit 6: Decline in yields mitigated by a fall in CoF; spreads largely stable sequentially**



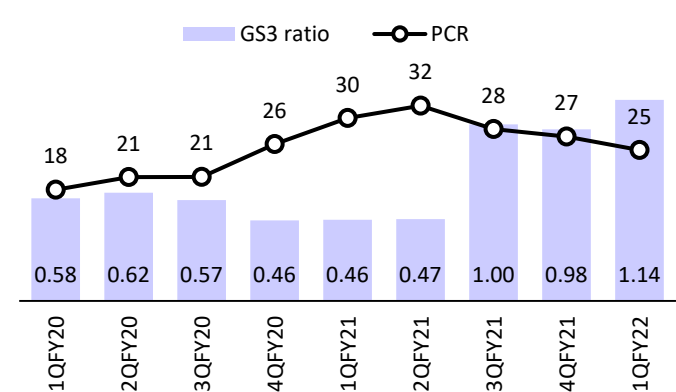
Source: MOFSL, Company

Exhibit 7: C/I ratio remains stable at 42% QoQ



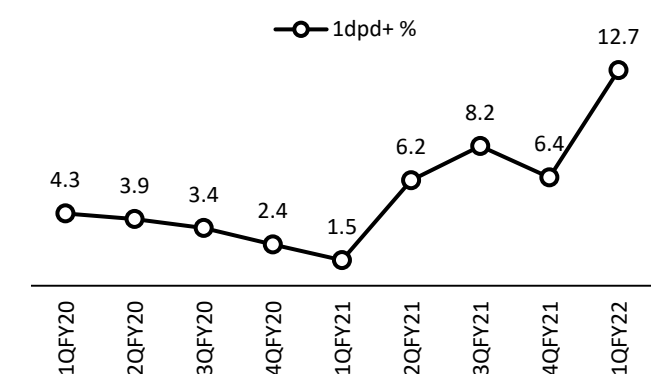
Source: MOFSL, Company

Exhibit 8: PCR down ~220bp QoQ to 25%



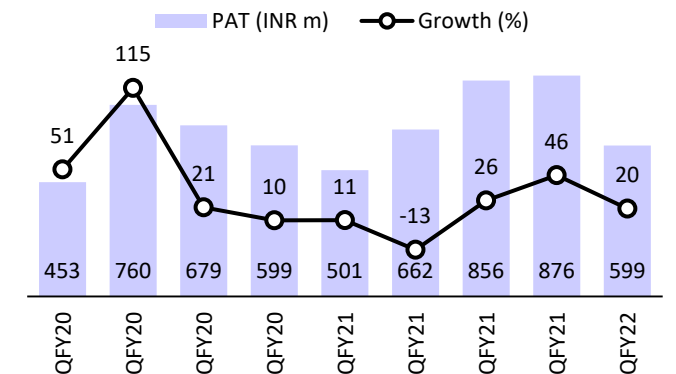
Source: MOFSL, Company, PCR in %

Exhibit 9: Over 1dpd inches up to 12.7% and is suggestive of a build-up of stress in the loan portfolio



Source: MOFSL, Company

Exhibit 10: Despite no assignment income in 1QFY22, it delivered decent PAT growth of 20% YoY



Source: MOFSL, Company

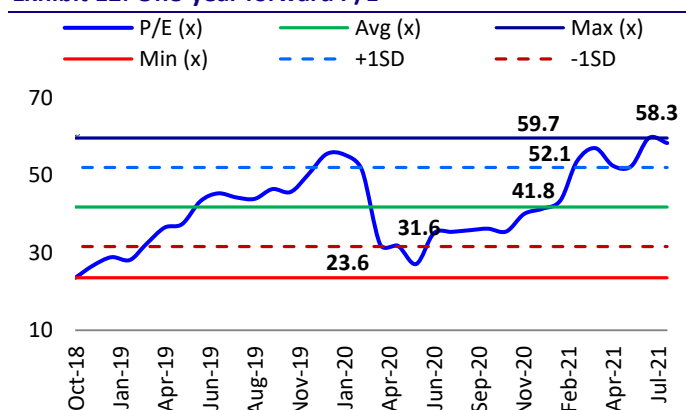
## Valuation and view

- The low-ticket Housing Finance business is geography-specific. There is no listed large pan-India player in this segment. **AAVAS has grown its branch network to 280 branches in FY21 from 94 in FY17. It has also entered five new states in the last five years. It now has more branches than peers such as REPCO and CANF.** We believe AAVAS has the right capabilities in place to deliver ~20% AUM CAGR over the next decade.
- AAVAS has a proven execution track record, and it would be fair to say that its loan portfolio is now adequately seasoned. Despite the seasoning, it has managed to deliver best-in-class asset quality among its peer set. Credit cost (normalized for COVID disrupted years) continues to remain benign.
- Over the next three years, we expect productivity improvements from past investments in people/branches and build up in operating leverage to lead to a ~40bp reduction in the cost ratio to 2.7%. While its RoE is slightly muted because of low Balance Sheet leverage, we model in a RoA/RoE of 3.6%/14.4% for FY23E.
- Even though we have a great confidence in the ability of the franchise to keep delivering high risk-adjusted returns, valuations of ~6.3x FY23E BVPS are rich. We maintain our Neutral rating with a TP of INR2,820/share (7x FY23E BVPS).

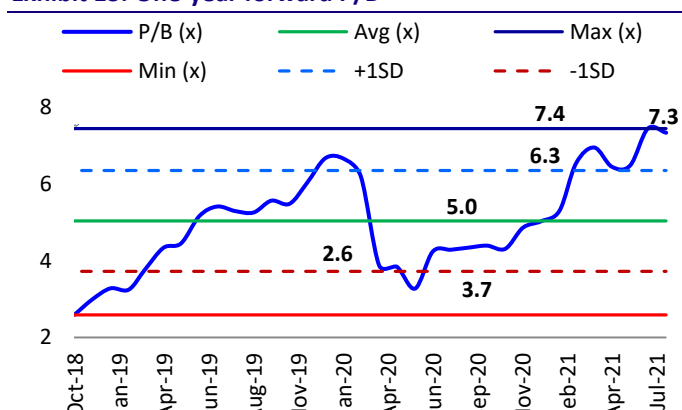
**Exhibit 11: We have kept our estimates largely unchanged**

INR b	Old estimate			New estimate			Change (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
NII	6.0	7.2	8.9	6.4	7.7	9.2	6.0	5.7	3.5
Other Income	1.6	1.8	2.1	1.3	1.5	1.7			
<b>Total Income</b>	<b>7.6</b>	<b>9.1</b>	<b>11.0</b>	<b>7.7</b>	<b>9.2</b>	<b>11.0</b>	<b>1.4</b>	<b>0.9</b>	<b>-0.4</b>
Operating Expenses	3.0	3.4	3.9	3.1	3.5	4.0	2.6	2.7	2.1
<b>Operating Profit</b>	<b>4.6</b>	<b>5.7</b>	<b>7.1</b>	<b>4.6</b>	<b>5.7</b>	<b>7.0</b>	<b>0.5</b>	<b>-0.2</b>	<b>-1.8</b>
Provisions	0.4	0.4	0.4	0.4	0.3	0.3	8.0	-9.3	-11.8
<b>PBT</b>	<b>4.2</b>	<b>5.3</b>	<b>6.7</b>	<b>4.2</b>	<b>5.3</b>	<b>6.6</b>	<b>-0.1</b>	<b>0.5</b>	<b>-1.3</b>
Tax	0.9	1.1	1.4	0.8	1.1	1.3	-4.9	-4.3	-6.0
<b>PAT</b>	<b>3.3</b>	<b>4.2</b>	<b>5.3</b>	<b>3.4</b>	<b>4.2</b>	<b>5.3</b>	<b>1.2</b>	<b>1.7</b>	<b>0.0</b>
AUM	113	139	175	114	139	172	1.2	0.1	-1.7
Borrowings	76	92	114	78	95	117	2.4	3.1	2.5
NIM (%)	7.3	7.3	7.2	7.7	7.6	7.4			
RoA (%)	3.4	3.6	3.8	3.4	3.6	3.7			
RoE (%)	13.0	14.2	15.6	13.1	14.4	15.5			

Source: MOFSL, Company

**Exhibit 12: One-year forward P/E**

Source: MOFSL, Company

**Exhibit 13: One-year forward P/B**

Source: MOFSL, Company



## Financials and valuations

Income statement									INR m
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Interest Income	1,725	2,707	3,926	5,935	7,864	9,764	11,298	13,901	17,245
Interest Expended	969	1,428	1,931	2,554	3,561	4,582	4,902	6,243	8,032
<b>Net Interest Income</b>	<b>757</b>	<b>1,279</b>	<b>1,995</b>	<b>3,382</b>	<b>4,304</b>	<b>5,182</b>	<b>6,396</b>	<b>7,657</b>	<b>9,213</b>
Change (%)	76.3	69.0	56.0	69.5	27.3	20.4	23.4	19.7	20.3
Gain on Securitization	0	5	602	783	766	864	777	933	1,119
Other Operating Income	244	343	417	391	401	426	515	570	625
<b>Total Income</b>	<b>1,001</b>	<b>1,627</b>	<b>3,014</b>	<b>4,556</b>	<b>5,470</b>	<b>6,471</b>	<b>7,688</b>	<b>9,160</b>	<b>10,957</b>
Change (%)	86.5	62.5	85.3	51.2	20.1	18.3	18.8	19.1	19.6
Operating Expenses	466	673	1,645	1,890	2,296	2,566	3,078	3,508	3,976
<b>Operating Income</b>	<b>535</b>	<b>953</b>	<b>1,369</b>	<b>2,666</b>	<b>3,174</b>	<b>3,905</b>	<b>4,610</b>	<b>5,652</b>	<b>6,981</b>
Change (%)	71.0	78.1	43.6	94.7	19.1	23.0	18.1	22.6	23.5
Provisions	47	67	26	89	153	371	401	350	337
<b>PBT</b>	<b>489</b>	<b>887</b>	<b>1,343</b>	<b>2,577</b>	<b>3,020</b>	<b>3,533</b>	<b>4,209</b>	<b>5,302</b>	<b>6,644</b>
Tax	168	308	412	818	529	638	842	1,060	1,329
Tax Rate (%)	34.4	34.7	30.7	31.7	17.5	18.1	20.0	20.0	20.0
<b>PAT</b>	<b>321</b>	<b>579</b>	<b>931</b>	<b>1,759</b>	<b>2,491</b>	<b>2,895</b>	<b>3,367</b>	<b>4,242</b>	<b>5,315</b>
Change (%)	68.0	80.4	60.9	89.0	41.6	16.2	16.3	26.0	25.3
Proposed Dividend	0	0	0	0	0	0	0	0	0

### Balance Sheet

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Capital	384	582	692	781	783	785	785	785	785
Reserves and Surplus	1,647	5,082	11,207	17,589	20,196	23,229	26,596	30,838	36,153
<b>Net Worth</b>	<b>2,031</b>	<b>5,663</b>	<b>11,899</b>	<b>18,370</b>	<b>20,979</b>	<b>24,014</b>	<b>27,381</b>	<b>31,623</b>	<b>36,938</b>
<b>Borrowings</b>	<b>14,572</b>	<b>17,935</b>	<b>27,376</b>	<b>36,533</b>	<b>53,520</b>	<b>63,454</b>	<b>77,610</b>	<b>94,621</b>	<b>1,16,760</b>
Change (%)	104.2	23.1	52.6	33.4	46.5	18.6	22.3	21.9	23.4
Other liabilities	505	908	1,126	1,366	2,081	2,132	2,559	3,070	3,684
<b>Total Liabilities</b>	<b>17,108</b>	<b>24,507</b>	<b>40,401</b>	<b>56,268</b>	<b>76,580</b>	<b>89,600</b>	<b>1,07,550</b>	<b>1,29,315</b>	<b>1,57,383</b>
<b>Loans</b>	<b>14,702</b>	<b>21,638</b>	<b>33,334</b>	<b>47,245</b>	<b>61,808</b>	<b>75,233</b>	<b>91,306</b>	<b>1,11,319</b>	<b>1,37,365</b>
Change (%)	75.9	47.2	54.1	41.7	30.8	21.7	21.4	21.9	23.4
<b>Investments</b>	<b>0</b>	<b>8</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>
Change (%)	NM	NM	NM	0.0	0.0	0.0	0.0	0.0	0.0
Other assets	2,405	2,861	7,022	8,978	14,727	14,323	16,199	17,951	19,973
<b>Total Assets</b>	<b>17,108</b>	<b>24,507</b>	<b>40,401</b>	<b>56,268</b>	<b>76,580</b>	<b>89,600</b>	<b>1,07,550</b>	<b>1,29,315</b>	<b>1,57,383</b>

E: MOFSL estimates



## Financials and valuations

Ratios	(%)								
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
<b>Spreads Analysis (%)</b>									
Avg. Yield on Housing Loans	15.0	14.8	14.2	13.9	13.5	13.2	12.7	12.9	13.1
Avg. Cost of Int. Bear. Liabilities	8.9	8.8	8.5	8.0	7.9	7.8	7.0	7.3	7.6
Interest Spread	6.0	6.1	5.7	5.9	5.6	5.4	5.8	5.7	5.5
Net Interest Margin	6.6	7.0	7.3	8.4	7.9	7.6	7.7	7.6	7.4
<b>Profitability Ratios (%)</b>									
RoE	21.1	15.0	10.6	11.6	12.7	12.9	13.1	14.4	15.5
RoA	2.5	2.8	2.9	3.6	3.8	3.5	3.4	3.6	3.7
Loans/Equity (x)	7.2	3.8	2.8	2.6	2.9	3.1	3.3	3.5	3.7
Cost/Income	46.5	41.4	54.6	41.5	42.0	39.7	40.0	38.3	36.3
<b>Asset Quality (%)</b>									
Gross NPAs	80	169	107	158	210	739	1,037	1,498	1,959
Gross NPAs-to-Adv.	0.6	0.8	0.3	0.3	0.3	1.0	1.1	1.3	1.4
Net NPAs	62	129	83	112	171	538	726	1,049	1,371
Net NPAs-to-Adv.	0.4	0.6	0.2	0.2	0.3	0.7	0.8	0.9	1.0
<b>Valuation</b>									
Book Value (INR)	52.9	97.4	172.0	235.2	267.9	305.9	348.8	402.8	470.5
<b>Price-to-BV (x)</b>						<b>8.2</b>	<b>7.2</b>	<b>6.3</b>	<b>5.4</b>
EPS (INR)	8.4	9.9	13.5	22.5	31.8	36.9	42.9	54.0	67.7
EPS Growth YoY	44.1	19.1	35.3	67.3	41.2	15.9	16.3	26.0	25.3
<b>Price-to-Earnings (x)</b>						<b>68.4</b>	<b>58.8</b>	<b>46.7</b>	<b>37.3</b>
Dividend per share (INR)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Dividend yield (%)</b>						<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

E: MOFSL estimates

## NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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