

Pick of *the week*

India Shelter

Recommendation: **Buy**

Target Price: **₹685**

Current Price: **₹598**

Time Period: **12 Months**

Date: **15th April 2024**



- India Shelter, with its small base, focus on self-employed individuals in Tier-II/III cities and rapid footprint expansion is well-placed for sustaining high growth (33%) in affordable housing finance.
- High yield in the self-employed/LAP segment drives strong RoAs.
- Sharp increase in branch count in FY2023 (up 41%) has led to skewed vintage mix, as branches mature, productivity will improve, leading to improvement in cost ratios.
- We expect India Shelter to deliver 35% CAGR in core earnings over FY2023-27E, driven by AUM growth (33% CAGR) and improving operating leverage.
- We are valuing at 18X earnings and 2.4X book FY2026E.
- We have a BUY rating and residual growth model based (RGM)-based FV of Rs685

Note: The above is a brief note on the company, based on the inputs of KIE research report dated 27 March 2024, which is available on our website at: <https://www.kotaksecurities.com/ksweb/ResearchCall/Fundamental>.

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