

Report on Asha Laghubitta Bittiya Sanstha Limited (ALBSL)

Company	Asha Laghubitta Bittiya Sanstha Ltd.
Industry	Microfinance
Ticker	ALBSL
LTP	1279*
PE	20.15*
PB	7.18*

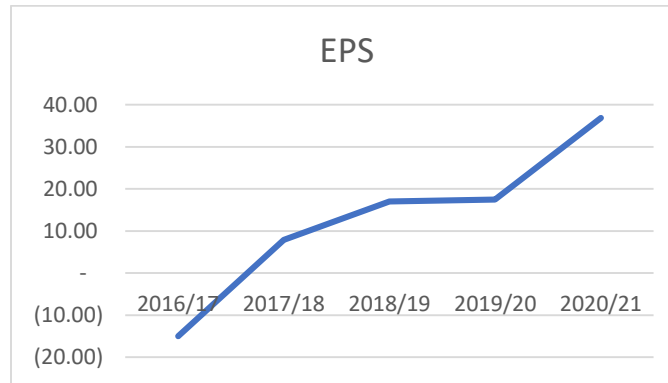


आशा लघुवित्त वित्तीय संस्था लि.
Asha Laghubitta Bittiya Sanstha Ltd.
(नेपाल राष्ट्र बैकबाट "ब" वर्गको इजाजतपत्र प्राप्त राष्ट्रिय स्तरको वित्तीय संस्था)

* Based on last trading price as at 8th December, 2021.
Annualized EPS and BVPS based on quarter 1 data of FY 2021/22.

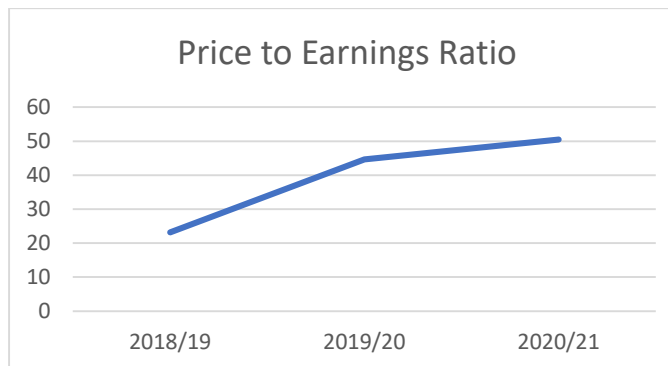
This report is a simple study of the general financial indicators of ALBSL based on annual data.

Earnings per Share



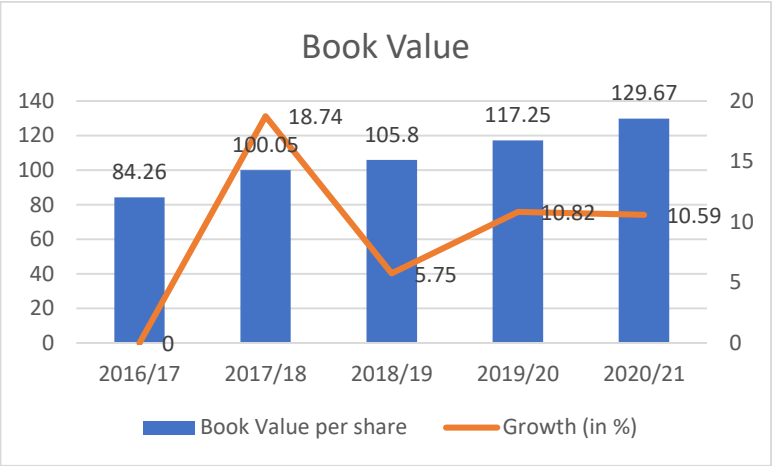
Here we see that the EPS of the company was negative in initial phase. But gradually it has shown an upward trend and is increasing at an average of 12.8% annually showing a healthy upward move.

PE Ratio



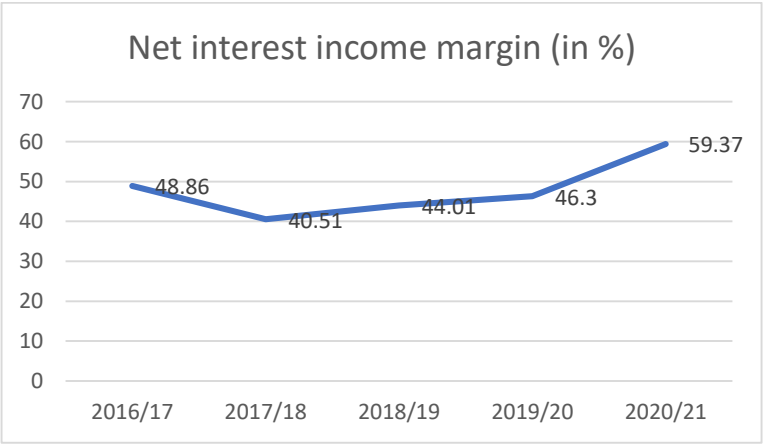
The share price of the company has increased significantly over three years' time period, which has had an impact on the PE ratio as it has also increased to 50.45 times. However, the PEG ratio of the company is 2.66% which is good enough and on the similar level as other companies of the sector.

Book Value per Share



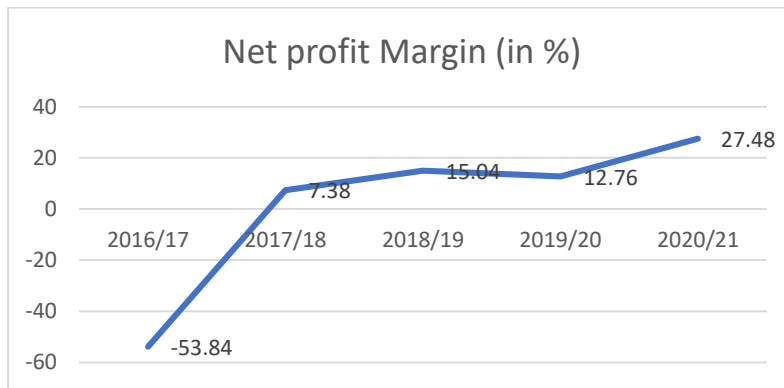
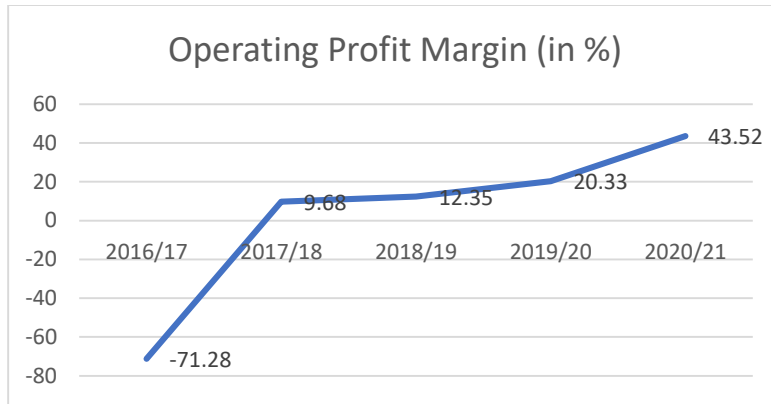
As shown in the graph, the growth in book value per share reached great height in the beginning, fell down and now has maintained a satisfactory level 11%.

Net Interest Income Margin



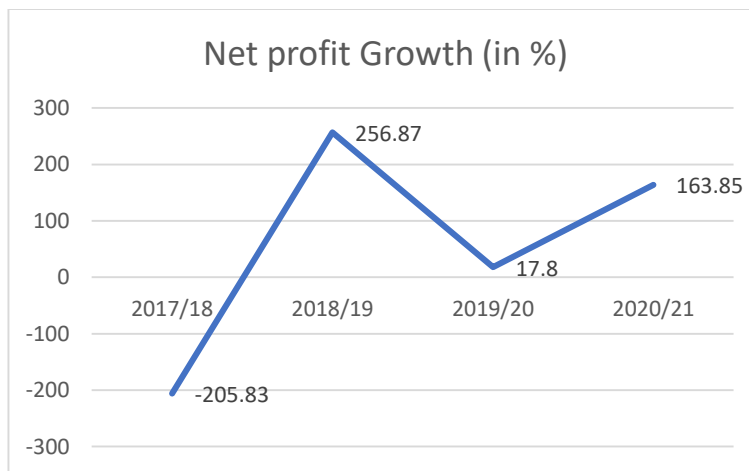
The net interest income margin showed a slight dip in the beginning but is better currently at almost 60% which shows that the company is able to earn competitive interest income from the loans.

Operating Profit Margin and Net Profit Margin



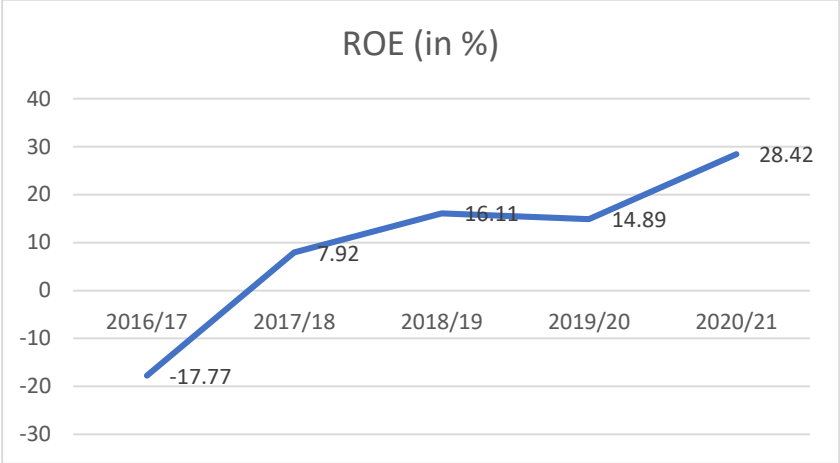
Both the operating profit margin and net profit margin were at negative around the time the company started. However, the average CAGR growth in net profit of the company of 83% and arithmetic average growth of around 58% is at a competitive level.

Net Profit Growth



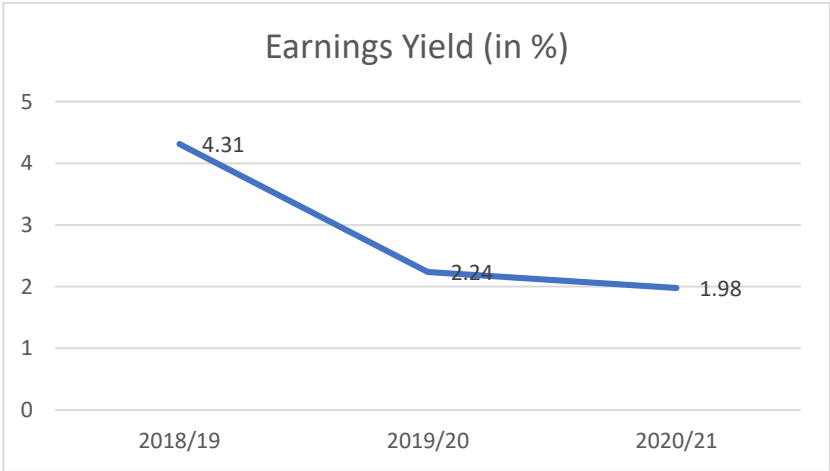
As the graph shows, the net profit saw a sharp decline in the year 2019/20 which might have been due to the pandemic that hit financial industry. However, it again showed a positive growth in the fiscal year 2020/21.

Return on Equity



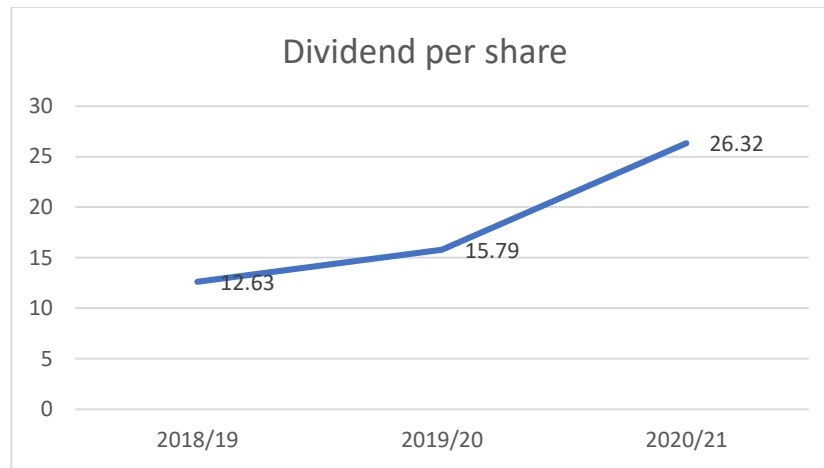
Given that the current average cost of equity is at 15%, the return on equity of the company is almost 30% which again is a very good profitability indicator for the company.

Earning Yield



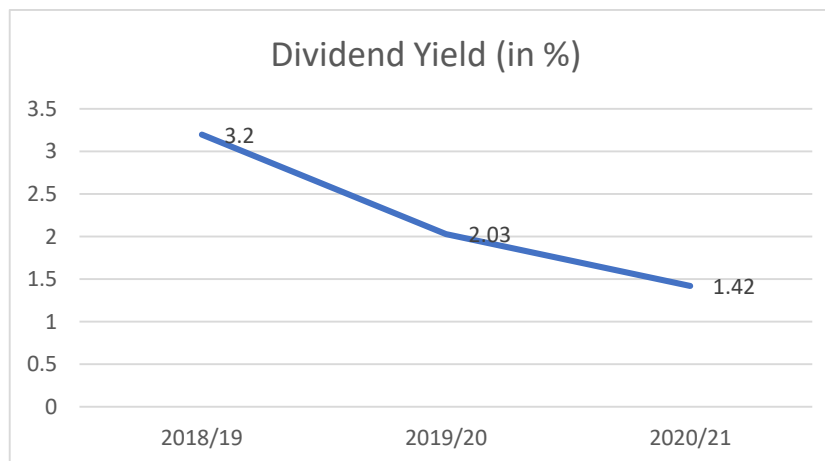
The earnings yield has been decreasing constantly which may be due to the high stock price of the company with relatively lower dividend growth rate. In 2018/19, the price was Rs. 395. In 2019/20, the price increased to Rs. 780 which further increased to Rs. 1859 in the year 2020/21, almost 138% growth.

Dividends per Share



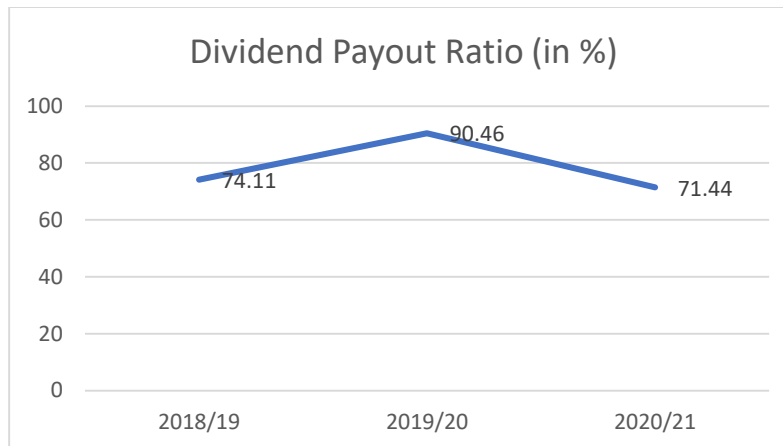
The dividend declared by the company has been increasing every year hinting towards increase in payout capacity to the shareholders.

Dividend Yield



Although the dividend distributed by the company has increased every year, the Dividend Yield which basically shows how much a company pays out in dividends each year relative to its stock price, has been decreasing. The probable reason for this might again be the high stock price of the company.

Dividend Payout Ratio



Looking at the trend, the dividend payout ratio has been maintained at around 70% which is well enough except for the year 2019/20. The reason for the spike in the payout ratio may have been due to the pandemic which decreased the net profit of the company in the year 2019/20.

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