

# Muthoot Finance

Estimate change 

TP change 

Rating change 

**CMP: INR1,673**

**TP: INR1,620 (-3%)**

**Neutral**

## Gold loan growth accelerates; yield expansion boosts NIM

### Guidance of ~15% gold loan growth in FY25

- MUTH's 4QFY24 performance was characterized by: 1) gold loan growth of ~18% YoY to ~INR729b; 2) NIM expansion of ~75bp QoQ to 11.9%; and 3) the rise in gold tonnage by ~2% QoQ to 188 tons.
- 4Q PAT grew 17% YoY and 3% QoQ to ~INR10.6b (in line), while FY24 PAT grew 17% YoY to INR40.5b. Net total income grew 14% YoY to ~INR22b (8% beat), and PPOP grew 17% YoY to ~INR15.1b (9% beat).
- Gold loan growth was supported by gold tonnage growth, along with an increase in the customer base by ~2% QoQ to ~5.7m. Higher gold prices during the quarter resulted in LTV declining ~2pp QoQ to ~63%.
- We model a standalone AUM CAGR of ~14% over FY24-FY26E. This, we believe, will result in a PAT CAGR of ~17% over this period. We model RoA/RoE of ~5.3%/18% in FY26. Like last year, we expect higher gold prices to support gold loan growth for the sector as well as for MUTH, given that the company can further improve the LTV by leveraging top-ups on gold loans.
- We increase our FY25/FY26 EPS estimates by 5%/4% to factor in higher gold loan growth and higher other income. MUTH's valuations have re-rated in the last three months, aided by 1) higher gold prices resulting in better visibility on gold loan growth, and 2) expectations that the RBI's gold loan ban on (once) the second largest gold loan NBFC would potentially result in lower competitive intensity and better gold loan growth for other gold NBFC peers.
- MUTH now trades at 2.1x FY26E P/BV, and although we expect gold loan growth to remain buoyant in the near term, we believe the current valuations largely factor in the positives factors. **We maintain our Neutral rating with a revised TP of INR1,620 (based on 2.0x FY26E P/BV).**

### Strong AUM growth in Belstar; asset quality largely stable

- MUTH's microfinance subsidiary, Belstar, posted ~62% YoY AUM growth to ~INR100b. Reported PAT in 4Q stood at ~INR1b, up ~5% QoQ.
- Asset quality was broadly stable with GS3 declining ~5bp QoQ to ~1.8%.
- Belstar added ~246 branches in FY24, and CRAR stood at ~21%.

### Highlights from the management commentary

- The management continued to guide for ~15% YoY growth in gold loans and branch additions of 150-200 in FY25.
- The company shared that it has not seen any significant impact of the capping on cash disbursements in gold loans. Customers have taken it in stride and MUTH has seen healthy gold loan growth despite the capping on cash disbursements.
- Incremental CoB stood at ~8.8%-9.0%. In the subsequent quarters, MUTH expects weighted average CoB to rise to ~9%.

Bloomberg	MUTH IN
Equity Shares (m)	401
M.Cap.(INRb)/(USDb)	672 / 8.1
52-Week Range (INR)	1763 / 1104
1, 6, 12 Rel. Per (%)	-2/1/29
12M Avg Val (INR M)	790

### Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	77.9	90.7	102.2
PPP	56.5	66.7	75.3
PAT	40.5	48.6	55.2
EPS (INR)	100.9	121.1	137.6
EPS Gr. (%)	16.6	20.0	13.7
BV/Sh.(INR)	605	700	809
<b>Ratios</b>			
NIM (%)	11.2	11.1	11.0
C/I ratio (%)	29.8	28.8	28.6
RoA (%)	5.1	5.3	5.3
RoE (%)	17.9	18.6	18.2
Payout (%)	23.8	21.5	20.5
<b>Valuations</b>			
P/E (x)	16.6	13.8	12.2
P/BV (x)	2.8	2.4	2.1
Div. Yld. (%)	1.4	1.6	1.7

### Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	73.4	73.4	73.4
DII	14.7	14.6	12.7
FII	8.3	8.3	9.4
Others	3.6	3.7	4.6

FII Includes depository receipts

**Valuation and view**

- MUTH reported a healthy gold loan growth, aided by gold tonnage growth and stronger customer additions. We expect gold loan growth to remain buoyant in the near term, aided by higher gold prices and levers on LTV (~63% as of Mar'24). Lower competitive intensity due to the ban on gold lending on IIFL Finance will benefit other gold loan players, including MUTH.
- If and when the gold loan ban on IIFL Finance is revoked, we expect higher competitive intensity to again get restored in the gold loan ecosystem.  
**Maintain our Neutral rating with a revised TP of INR1,620 (based on 2.0x FY26E BVPS).**

## Quarterly Performance

(INR M)

Y/E March	FY23				FY24				FY23	FY24	4QFY24E	Act v/s Est. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	24,816	24,746	26,184	27,940	29,577	30,147	31,176	33,575	1,03,686	1,24,476	32,568	3
Other operating income	223	231	414	594	410	450	501	514	1,462	1,874	570	-10
<b>Total Operating income</b>	<b>25,039</b>	<b>24,977</b>	<b>26,598</b>	<b>28,534</b>	<b>29,987</b>	<b>30,597</b>	<b>31,677</b>	<b>34,089</b>	<b>1,05,148</b>	<b>1,26,350</b>	<b>33,138</b>	<b>3</b>
YoY Growth (%)	-7.7	-11.8	-7.3	6.9	19.8	22.5	19.1	19.5	-5.1	20.2	16.1	
Other income	54	58	73	104	276	139	80	95	289	590	154	-39
<b>Total Income</b>	<b>25,093</b>	<b>25,036</b>	<b>26,671</b>	<b>28,638</b>	<b>30,263</b>	<b>30,736</b>	<b>31,757</b>	<b>34,184</b>	<b>1,05,437</b>	<b>1,26,940</b>	<b>33,293</b>	<b>3</b>
YoY Growth (%)	-7.6	-11.6	-7.1	6.9	20.6	22.8	19.1	19.4	-5.0	20.4	16.3	
Interest Expenses	9,416	9,027	9,141	9,407	10,638	11,563	12,119	12,228	36,991	46,548	12,920	-5
<b>Net Income</b>	<b>15,677</b>	<b>16,009</b>	<b>17,530</b>	<b>19,231</b>	<b>19,625</b>	<b>19,173</b>	<b>19,638</b>	<b>21,956</b>	<b>68,446</b>	<b>80,393</b>	<b>20,373</b>	<b>8</b>
Operating Expenses	5,435	4,522	4,905	6,314	5,620	5,751	5,696	6,861	21,177	23,927	6,579	4
<b>Operating Profit</b>	<b>10,241</b>	<b>11,487</b>	<b>12,624</b>	<b>12,917</b>	<b>14,006</b>	<b>13,422</b>	<b>13,942</b>	<b>15,095</b>	<b>47,270</b>	<b>56,466</b>	<b>13,794</b>	<b>9</b>
YoY Growth (%)	-23.2	-18.8	-13.9	5.7	36.8	16.9	10.4	16.9	-13.0	19.5	6.8	
Provisions	-577	-127	557	753	860	120	137	860	605	1,978	-9	
<b>Profit before Tax</b>	<b>10,818</b>	<b>11,614</b>	<b>12,068</b>	<b>12,164</b>	<b>13,145</b>	<b>13,302</b>	<b>13,805</b>	<b>14,236</b>	<b>46,664</b>	<b>54,488</b>	<b>13,803</b>	<b>3</b>
Tax Provisions	2,798	2,942	3,051	3,138	3,394	3,392	3,532	3,673	11,929	13,991	3,500	5
<b>Net Profit</b>	<b>8,020</b>	<b>8,672</b>	<b>9,017</b>	<b>9,027</b>	<b>9,751</b>	<b>9,910</b>	<b>10,273</b>	<b>10,563</b>	<b>34,735</b>	<b>40,497</b>	<b>10,303</b>	<b>3</b>
YoY Growth (%)	-17.4	-12.8	-12.4	-6.0	21.6	14.3	13.9	17.0	-12.2	16.6	14.1	
<b>Key Operating Parameters (%)</b>												
Yield on loans (Cal)	17.5	17.5	18.5	18.9	18.3	17.9	18.1	18.6				
Cost of funds (Cal)	7.9	7.8	8.0	8.0	8.4	8.7	8.6	8.4				
Spreads (Cal)	9.6	9.7	10.5	10.9	9.9	9.2	9.5	10.2				
NIMs (Cal)	10.9	11.2	12.2	12.7	12.0	11.2	11.2	11.9				
Credit Cost	-0.4	-0.1	0.4	0.5	0.5	0.1	0.1	0.5				
Cost to Income Ratio	34.7	28.2	28.0	32.8	28.6	30.0	29.0	31.2				
Tax Rate	25.9	25.3	25.3	25.8	25.8	25.5	25.6	25.8				
<b>Balance Sheet Parameters</b>												
<b>AUM (INR b)</b>	567	572	577	632	676	690	712	758				
Change YoY (%)	7.7	3.8	5.6	8.9	19.3	20.6	23.3	20.0				
<b>Gold loans (INR b)</b>	562	565	568	619	660	675	692	729				
Change YoY (%)	7.9	3.3	4.8	7.6	17.6	19.5	21.8	17.8				
Gold Stock Holding (In tonnes)	178	177	175	180	182	183	184	188				
Avg gold loans per branch (INR m)	122	122	122	131	139	142	145	150				
<b>Borrowings (INR b)</b>	454	468	443	498	513	553	580	588				
Change YoY (%)	-5.0	-4.1	-6.0	-0.2	12.8	18.2	31.0	18.1				
<b>Borrowings Mix (%)</b>												
Listed secured NCDs	27.0	24.2	25.2	27.5	24.8	24.4	28.8	27.9				
Term loans	51.4	55.9	62.3	59.5	59.8	65.4	61.6	63.0				
Commercial Paper	0.0	0.0	0.0	2.3	7.7	8.3	8.0	7.9				
Others	4.2	2.5	2.3	1.6	2.6	1.9	1.6	1.3				
Debt/Equity (x)	2.3	2.2	2.0	2.1	2.3	2.3	2.2	2.6				
<b>Asset Quality Parameters (%)</b>												
GS 3 (INR m)	12,078	9,558	14,896	23,986	28,789	27,639	25,767	24,845				
Gross Stage 3 (% on Assets)	2.1	1.7	2.6	3.8	4.3	4.0	3.6	3.3				
Total Provisions (INR m)	9,548	9,380	9,904	10,612	11,422	11,486	11,542	12,304				
<b>Return Ratios (%)</b>												
RoAUM (Rep)	5.6	6.1	6.3	6.0	6.0	5.8	5.9	5.8				
RoE (Rep)	17.5	18.5	18.3	17.5	18.5	18.3	18.1	17.8				

E: MOFSL estimates

**Gold loans grew ~5% QoQ; limited impact of cash disbursement capping**

- Gold loan AUM grew ~5% QoQ and ~18% YoY to ~INR729b, while consolidated AUM at ~INR891b rose ~25% YoY.
- Gold tonnage increased ~2% QoQ to 188 tons. Gold loan LTV declined ~2pp QoQ to ~63% (PQ: 65%) and the number of gold loan accounts rose to 8.7m (PQ: 8.6m).
- Average monthly disbursement rose to INR150b in 4QFY24 (PQ: INR120b), with average ticket size increasing to ~INR83K (PQ: INR81K).
- The management shared that the industry-wide cap on cash disbursements in gold loans at INR20k is expected to have a limited impact on business volumes. While some customers (who necessarily seek disbursements in cash) may turn to the unorganized sector, well-managed NBFCs should not face significant challenges.
- The management continued to guide for ~15% YoY gold loan growth, supported by the addition of 150-200 new branches in FY25. However, we expect gold AUM CAGR of ~13% over FY24-FY26E.

**Improvement in both NIM and spreads**

- MUTH reported a ~45bp QoQ expansion in yields and ~20bp decline in CoB, resulting in a ~65bp expansion in spreads to ~10.2%.
- NIM (calc.) expanded ~75bp QoQ to ~11.9%. We expect NIM of 11.1%/11.0% in FY25/FY26. In our view, MUTH should pivot to a lower (than historical) margin business model that will aid stronger and more stable gold loan growth. With an opex-to-average asset ratio of ~3%, MUTH can still make the choice of generating a lower RoA but can build higher leverage to deliver a healthy RoE.

**Asset quality improves but Stage 2 assets rose QoQ**

- GS3% declined ~35bp QoQ to ~3.3%. However, GS2% increased by ~120bp to 1.8%. 30+dpd increased ~80bp QoQ to 5.1%.
- Stage 2 loans rose QoQ as customers were given more time to repay their loans. Despite this, MUTH remains profitable due to higher gold prices.
- ECL Provisions stood at INR6.2b for Stage 1, INR280m for Stage 2 and INR2.88b for Stage 3. Increase in ECL provisions during the quarter were predominantly because of increase in the provisions on standard loan assets.



## Highlights from the management commentary

### Business Update

- Standalone AUM crossed a milestone of INR750b. Gold AUM grew ~6% QoQ and 18% YoY to ~INR729b.
- The contribution of subsidiaries to consol. AUM grew to ~15% (vs. ~12% as of FY23), while the contribution of subsidiaries to consol. PAT grew to 10% (vs. ~6% as of FY23).
- Despite industry hiccups, MUTH has maintained its leadership position in the gold loan industry.

### Capping on cash disbursements in gold loans

- Confident that the impact of capping on cash disbursements on business volumes will be limited since it is an industry-wide capping on all gold loan players. Customers who want gold loan disbursements in cash will go to the unorganized sector. However, well-run NBFCs will not have any problem.
- There is no significant impact of the capping on cash disbursements in gold loans; Customers have taken it in stride and it has seen good gold loan growth despite the capping on cash disbursements.

### Guidance

- MUTH guided for ~15% AUM growth in gold loans.
- The company guided for branch additions of 150-200 in FY25.
- Incremental CoB stood at ~8.8%-9.0%. In the subsequent quarters, the overall cost of borrowings will move up to ~9%.

### Competitive Intensity and Pricing Power

- Most of the gold loan companies, which are based out of Kerala (and are regulated by local Kerala/Thiruvananthapuram regulatory body), have been disciplined in pricing of gold loans.
- Lenders, who did reckless gold lending, are finding skeletons in their closets, while MUTH has always grown in a calibrated manner.

### Asset Quality and ECL Provisions

- The increase in ECL provisions has come from the increase in standard loan assets.
- Stage 2 grew QoQ as the company gave extra time to customers to repay their gold loans. MUTH shared that given the rise in gold prices, the company is still in the money despite giving more time to the customers to repay their gold loans.

### Gold Loans

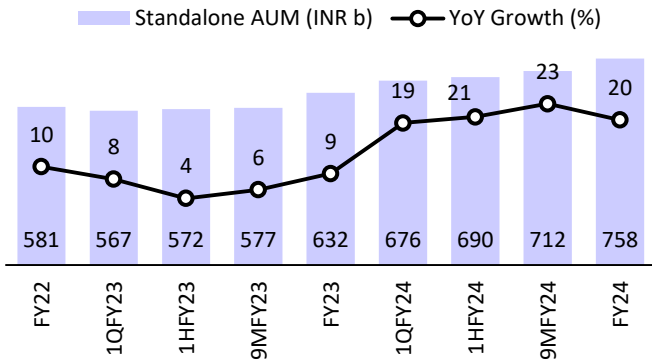
- Gold auctions stood at ~INR1.62b (FY24: INR8.92b); MUTH does not increase its lending rates just because the competitive intensity is lower.
- Accrued interest stood at INR21.8b (Mar'23: INR18.53b).
- ECL provisions stood at INR6.2b for Stage 1, INR280m for Stage 2 and INR2.88b for Stage 3.
- The number of customer loan accounts increased by ~200k between Dec'23 and Mar'24.
- Gold tonnage also rose ~4t QoQ to 188 tons.
- Gold loan split by ticket size
- <INR100k: 35%
- INR100k-300k: 37%
- >INR300k: 29%

**Others**

- MUTH has also become more active in MSME and salaried personal loans. Vehicle finance is a very crowded space and the company does not have much capabilities/strength in this segment.
- When gold prices increase, gold tonnage declines.
- Loans of ~INR5b in the standalone AUM are toward a wholly owned subsidiary and the remaining non-gold loan-book in the standalone entity is unsecured.
- Management incentives are paid out in the fourth quarter and there was an impact of ~INR500m in 4QFY24.
- Personal loans are 2-year products; It was started 8-10 years back; Good team in place to scale up this business. These loans are disbursed based on proper credit assessment, including CIBIL score. There are 10 parameters which are verified/evaluated before disbursing a personal loan.

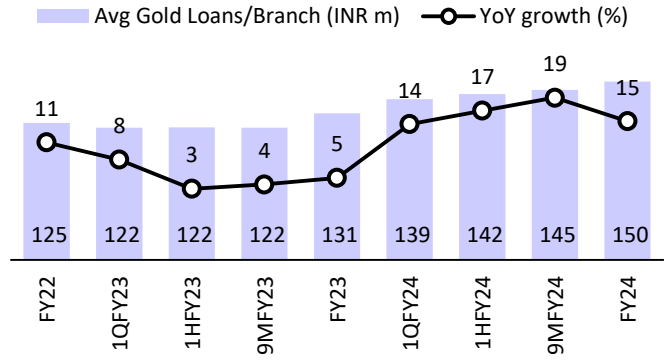
## Key exhibits

**Exhibit 1: Standalone AUM grew 20% YoY**



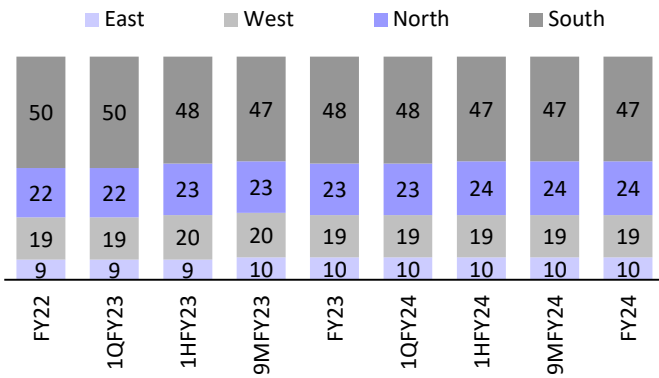
Source: MOFSL, Company

**Exhibit 2: Trend in productivity**



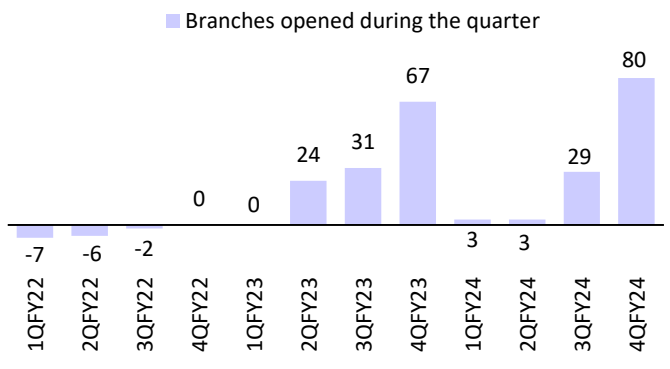
Source: MOFSL, Company

**Exhibit 3: Regional mix of gold loans stable**



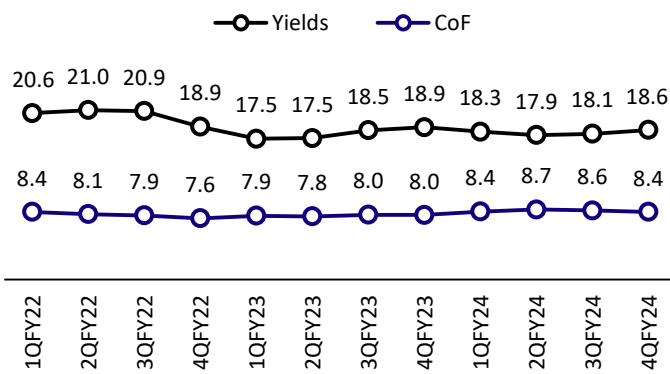
Source: MOFSL, Company, Gold loan portfolio mix

**Exhibit 4: MUTH opened 80 new gold loan branches in 4QFY24**



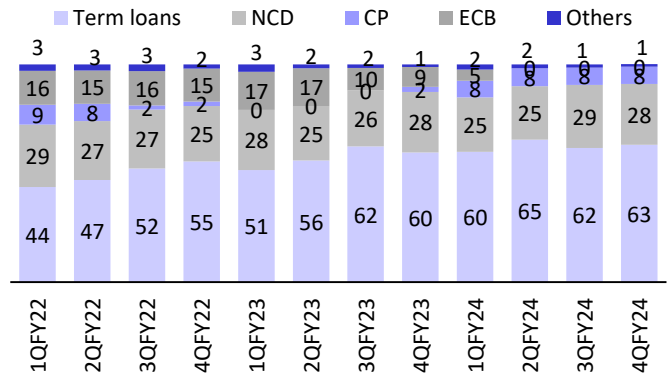
Source: MOFSL, Company

**Exhibit 5: Spreads (calc.) expanded ~65bp QoQ (%)**



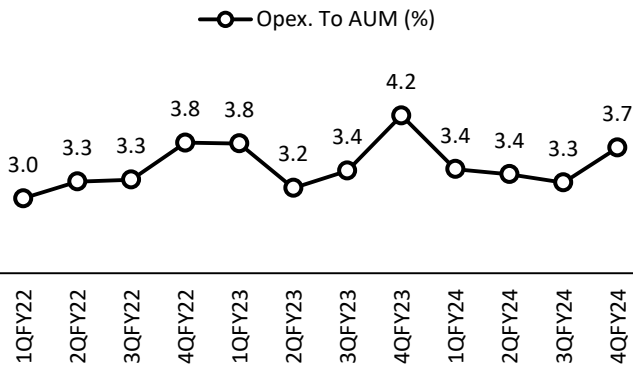
Source: MOFSL, Company

**Exhibit 6: Borrowing mix (%)**



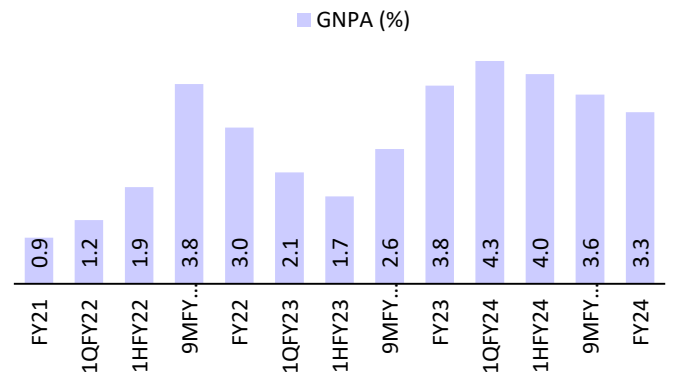
Source: MOFSL, Company, Borrowing mix%

**Exhibit 7: OPEX/AUM increased ~40bp QoQ to 3.7%**



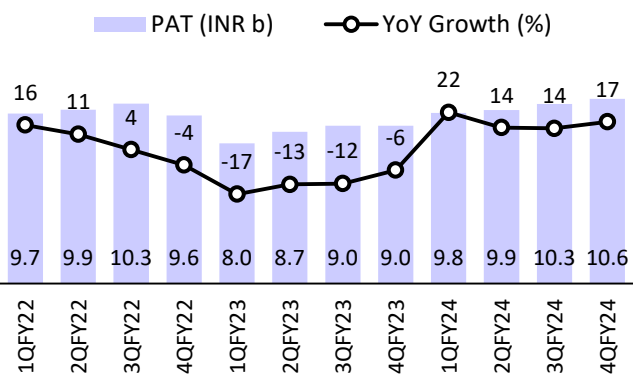
Source: MOFSL, Company

**Exhibit 8: GNPA declined ~35bp QoQ (%)**



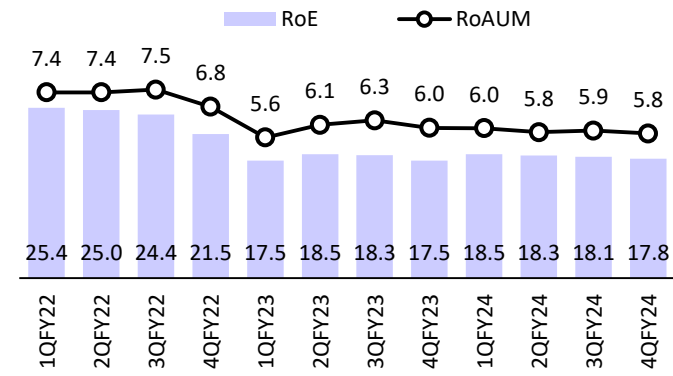
Source: MOFSL, Company

**Exhibit 9: PAT grew 17% YoY**



Source: MOFSL, Company

**Exhibit 10: RoA/RoE at ~5.8%/18.0% in 4QFY24**



Source: MOFSL, Company

**Valuation and view**

- MUTH reported a healthy gold loan growth, aided by gold tonnage growth and stronger customer additions. We expect gold loan growth to remain buoyant in the near term, aided by higher gold prices and levers on LTV (~63% as of Mar’24). Lower competitive intensity due to the ban on gold lending on IIFL Finance will benefit other gold loan players, including MUTH.
- If and when the gold loan ban on IIFL Finance is revoked, we expect higher competitive intensity to again get restored in the gold loan ecosystem.

**Maintain our Neutral rating with a revised TP of INR1,620 (based on 2.0x FY26E BVPS).**

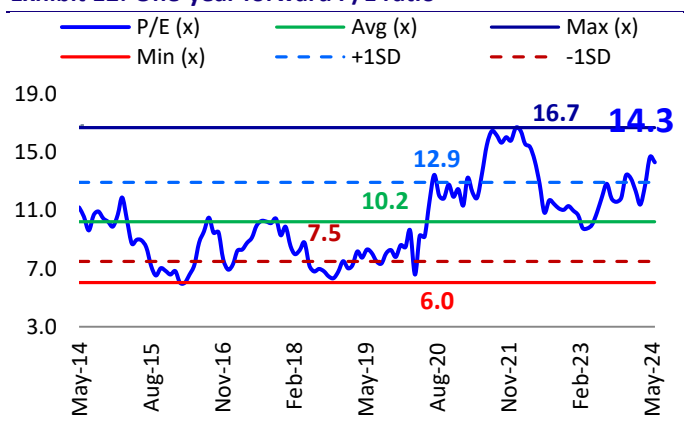


**Exhibit 11: Increase our FY25/FY26 estimates by 5%/4% to factor in higher gold loan growth and higher other income**

INR B	Old Est		New Est		% Change	
	FY25	FY26	FY25	FY26	FY25	FY26
NII	86.4	97.2	90.7	102.2	5.0	5.2
Other Income	2.6	3.0	2.9	3.2	8.7	6.8
<b>Net Income</b>	<b>89.0</b>	<b>100.2</b>	<b>93.6</b>	<b>105.4</b>	<b>5.1</b>	<b>5.2</b>
Operating Expenses	26.0	28.4	26.9	30.1	3.6	6.2
<b>Operating Profits</b>	<b>63.0</b>	<b>71.8</b>	<b>66.7</b>	<b>75.3</b>	<b>5.7</b>	<b>4.8</b>
Provisions	0.6	0.5	1.3	0.9	110.7	72.8
<b>PBT</b>	<b>62.4</b>	<b>71.3</b>	<b>65.4</b>	<b>74.3</b>	<b>4.7</b>	<b>4.3</b>
Tax	16.0	18.2	16.8	19.1	5.2	4.8
<b>PAT</b>	<b>46.5</b>	<b>53.0</b>	<b>48.6</b>	<b>55.2</b>	<b>4.6</b>	<b>4.1</b>
Loans	851	936	893	1,000	5.0	6.9
Borrowings	660	709	687	752		
Spread (%)	8.8	8.8	8.8	8.7		
<b>RoA (%)</b>	<b>5.1</b>	<b>5.3</b>	<b>5.3</b>	<b>5.3</b>		
<b>RoE (%)</b>	<b>17.8</b>	<b>17.7</b>	<b>18.6</b>	<b>18.2</b>		

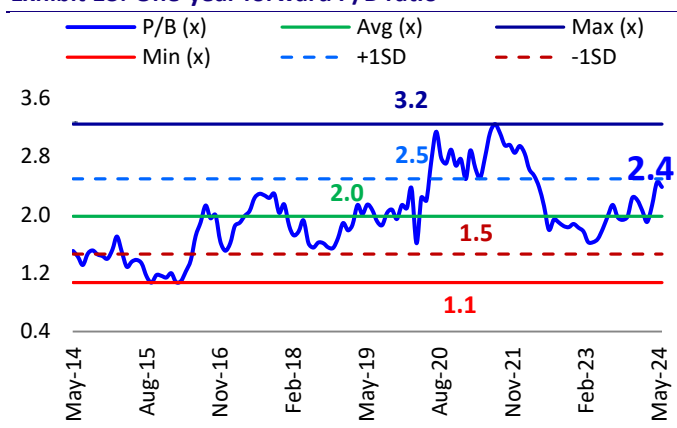
Source: MOFSL, Company

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



Source: MOFSL, Company

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



Source: MOFSL, Company

## Financials and valuations

INCOME STATEMENT								(INR M)
Y/E MARCH	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Interest Income	67,570	85,644	103,285	109,560	103,686	124,476	147,196	166,639
Interest Expense	22,368	27,909	36,924	38,358	36,991	46,548	56,479	64,407
<b>Net Interest Income</b>	<b>45,202</b>	<b>57,735</b>	<b>66,361</b>	<b>71,203</b>	<b>66,695</b>	<b>77,928</b>	<b>90,717</b>	<b>102,231</b>
Change (%)	5.8	27.7	14.9	7.3	-6.3	16.8	16.4	12.7
Other income	1,236	1,584	2,458	1,424	1,751	2,465	2,856	3,171
<b>Net Income</b>	<b>46,438</b>	<b>59,319</b>	<b>68,819</b>	<b>72,626</b>	<b>68,446</b>	<b>80,393</b>	<b>93,573</b>	<b>105,402</b>
Change (%)	5.5	27.7	16.0	5.5	-5.8	17.5	16.4	12.6
Operating Expenses	15,394	17,787	17,804	18,262	21,177	23,927	26,919	30,147
<b>Pre Provision Profits</b>	<b>31,044</b>	<b>41,531</b>	<b>51,015</b>	<b>54,364</b>	<b>47,270</b>	<b>56,466</b>	<b>66,653</b>	<b>75,255</b>
Change (%)	0.6	33.8	22.8	6.6	-13.0	19.5	18.0	12.9
Provisions	275	957	950	1,270	605	1,978	1,254	929
<b>PBT</b>	<b>30,768</b>	<b>40,574</b>	<b>50,065</b>	<b>53,094</b>	<b>46,664</b>	<b>54,488</b>	<b>65,399</b>	<b>74,327</b>
Tax	11,047	10,391	12,843	13,551	11,929	13,991	16,793	19,085
Tax Rate (%)	35.9	25.6	25.7	25.5	25.6	25.7	25.7	25.7
<b>PAT</b>	<b>19,721</b>	<b>30,183</b>	<b>37,222</b>	<b>39,543</b>	<b>34,735</b>	<b>40,497</b>	<b>48,606</b>	<b>55,241</b>
Change (%)	10.9	53.0	23.3	6.2	-12.2	16.6	20.0	13.7
Proposed Dividend	4,818	6,022	8,029	8,029	8,832	9,635	10,450	11,324

BALANCE SHEET								(INR M)
Y/E MARCH	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	4,007	4,010	4,012	4,012	4,014	4,015	4,015	4,015
Reserves & Surplus	88,151	111,708	148,377	179,432	206,605	238,888	277,044	320,961
<b>Equity Networth</b>	<b>92,158</b>	<b>115,718</b>	<b>152,389</b>	<b>183,444</b>	<b>210,619</b>	<b>242,903</b>	<b>281,059</b>	<b>324,976</b>
<b>Networth</b>	<b>92,158</b>	<b>115,718</b>	<b>152,389</b>	<b>183,444</b>	<b>210,619</b>	<b>242,903</b>	<b>281,059</b>	<b>324,976</b>
<b>Borrowings</b>	<b>268,332</b>	<b>371,300</b>	<b>459,463</b>	<b>498,113</b>	<b>497,343</b>	<b>587,831</b>	<b>687,090</b>	<b>752,183</b>
Change (%)	26.8	38.4	23.7	8.4	-0.2	18.2	16.9	9.5
<b>Other liabilities</b>	<b>20,198</b>	<b>17,578</b>	<b>22,798</b>	<b>23,990</b>	<b>18,236</b>	<b>19,551</b>	<b>21,506</b>	<b>23,656</b>
Change (%)	11.4	-13.0	29.7	5.2	-24.0	7.2	10.0	10.0
<b>Total Liabilities</b>	<b>380,687</b>	<b>504,597</b>	<b>634,649</b>	<b>705,547</b>	<b>726,198</b>	<b>850,284</b>	<b>989,654</b>	<b>1,100,814</b>
<b>Loans</b>	<b>349,329</b>	<b>426,042</b>	<b>540,634</b>	<b>593,842</b>	<b>642,649</b>	<b>770,014</b>	<b>893,217</b>	<b>1,000,403</b>
Change (%)	18.4	22.0	26.9	9.8	8.2	19.8	16.0	12.0
<b>Investments</b>	<b>9,826</b>	<b>14,383</b>	<b>15,903</b>	<b>13,205</b>	<b>13,169</b>	<b>22,683</b>	<b>24,952</b>	<b>27,447</b>
Net Fixed Assets	1,867	2,227	2,416	2,637	2,682	3,462	3,808	4,189
Other assets	19,666	61,944	75,697	95,863	67,699	54,125	67,678	68,776
<b>Total Assets</b>	<b>380,687</b>	<b>504,597</b>	<b>634,649</b>	<b>705,547</b>	<b>726,198</b>	<b>850,284</b>	<b>989,654</b>	<b>1,100,814</b>

E: MOFSL Estimates

## Financials and valuations

RATIOS							(%)	
Y/E MARCH	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Spreads Analysis (%)</b>								
Avg Yield on loans	21.0	22.1	21.4	19.3	16.8	17.6	17.7	17.6
Avg Cost of funds	9.3	8.7	8.9	8.0	7.4	8.6	8.9	9.0
Spreads on loans	11.7	13.4	12.5	11.3	9.3	9.0	8.8	8.7
NIMs on AUM	14.3	15.2	14.1	12.9	11.0	11.2	11.1	11.0
<b>Profitability Ratios (%)</b>								
RoE	23.2	29.0	27.8	23.5	17.6	17.9	18.6	18.2
RoA	5.7	6.8	6.5	5.9	4.9	5.1	5.3	5.3
RoA on AUM	6.2	8.0	7.9	7.1	5.7	5.8	5.9	6.0
Cost to Income	33.2	30.0	25.9	25.1	30.9	29.8	28.8	28.6
Empl. Cost/Op. Exps.	58.3	57.8	56.5	56.4	56.6	58.0	59.2	60.3
<b>Asset-Liability Profile (%)</b>								
GNPL ratio (%)	2.7	2.2	0.9	3.0	3.8	3.3	2.7	2.2
Debt/Equity (x)	2.9	3.2	3.0	2.7	2.4	2.4	2.4	2.3
Average leverage	2.8	3.1	3.1	2.9	2.5	2.4	2.4	2.4
CAR	26.1	25.5	27.4	30.0	31.8	30.4	0.0	0.0
<b>Valuations</b>								
Book Value (INR)	230	289	380	457	525	605	700	809
<b>Price-BV (x)</b>	<b>7.3</b>	<b>5.8</b>	<b>4.4</b>	<b>3.7</b>	<b>3.2</b>	<b>2.8</b>	<b>2.4</b>	<b>2.1</b>
EPS (INR)	49.2	75.3	92.8	98.6	86.5	100.9	121.1	137.6
EPS Growth (%)	10.8	52.9	23.3	6.2	-12.2	16.6	20.0	13.7
<b>Price-Earnings (x)</b>	<b>34.0</b>	<b>22.2</b>	<b>18.0</b>	<b>17.0</b>	<b>19.3</b>	<b>16.6</b>	<b>13.8</b>	<b>12.2</b>
Dividend	12.0	15.0	20.0	20.0	22.0	24.0	26.0	28.2
<b>Dividend Yield (%)</b>	<b>0.7</b>	<b>0.9</b>	<b>1.2</b>	<b>1.2</b>	<b>1.3</b>	<b>1.4</b>	<b>1.6</b>	<b>1.7</b>

E: MOFSL Estimates

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NOTES

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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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Nainesh Rajani

Email: [nainesh.rajani@motilaloswal.com](mailto:nainesh.rajani@motilaloswal.com)

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Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

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