

# Muthoot Finance

Estimate change

TP change

Rating change



Bloomberg	MUTH IN
Equity Shares (m)	401
M.Cap.(INRb)/(USD\$)	1362.2 / 15.4
52-Week Range (INR)	3407 / 1752
1, 6, 12 Rel. Per (%)	3/48/82
12M Avg Val (INR M)	1773

## Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	104.5	153.9	179.8
PPP	78.4	121.2	138.0
PAT	52.0	86.3	98.0
EPS (INR)	129.5	215.0	244.2
EPS Gr. (%)	28.4	66.0	13.6
BV/Sh.(INR)	708	888	1,091
<b>Ratios</b>			
NIM (%)	11.3	11.9	11.1
C/I ratio (%)	26.9	23.1	24.7
RoA (%)	5.0	5.9	5.4
RoE (%)	19.7	26.9	24.7
Payout (%)	20.1	16.4	16.9
<b>Valuations</b>			
P/E (x)	26.2	15.8	13.9
P/BV (x)	4.8	3.8	3.1
Div. Yld. (%)	0.8	1.0	1.2

## Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	73.4	73.4	73.4
DII	11.4	12.2	13.3
FII	11.6	10.8	9.8
Others	3.7	3.6	3.5

FII includes depository receipts

**CMP: INR3,393**

**TP: INR3,800 (+12%)**

**Neutral**

## Shining stronger; margin expansion and recoveries lift earnings

### Stellar gold loan growth of ~45% YoY; calc. NIM expanded ~60bp QoQ

- Muthoot Finance's (MUTH) strong operating performance in 2QFY26 was driven by: 1) strong gold loan growth of ~45% YoY to ~INR1.25t, 2) ~35bp QoQ improvement in GS3 to 2.25%, aided by NPA recoveries, 3) an increase in gold tonnage by ~5% YoY to 209 tons, and 4) spreads rose ~60bp QoQ to ~11.8%, driven by NPA recoveries and a decline in the CoF.
- MUTH's 2QFY26 PAT grew 87% YoY and 15% QoQ to ~INR23.5b (~23% beat). This included a one-time interest income write-back of ~INR3-3.5b arising from the liquidation of deep/old NPA accounts. The yield improvement was driven partly by this one-off in interest income and partly by a higher share of high-yield gold loan disbursements over the past two quarters. PAT grew 88% YoY in 1HFY26 and is expected to grow ~48% YoY in 2HFY26. Reported RoA/RoE in 2QFY26 was strong at 7.2%/30%.
- Net total income grew 61% YoY to ~INR41.5b (~18% beat). Opex grew ~34% YoY to INR8.8b (in line), resulting in a cost-to-income ratio of ~21.3% (PY: 25.7% and PQ: 22.6%). PPOP grew 71% YoY to ~INR32.7b (~22% beat). Provisions stood at ~INR1.1b (vs. MOFSL of ~INR1b) and translated into annualized credit costs of ~35bp (PY: ~100bp and PQ: ~15bp) in 2QFY26.
- Gold tonnage rose 5% YoY but remained flat QoQ. The customer base grew ~1.7% QoQ to ~6.57m. Gold loan LTV declined ~5pp QoQ to ~56.6%.
- MUTH upgraded its FY26 gold loan growth guidance to 30-35% (from 15% earlier), driven by favorable regulatory changes, higher gold prices, and rising demand amid tightening in unsecured lending segments. We model gold loan growth of ~38% in FY26E.
- We raise our FY26/FY27 EPS estimates by ~10% each to factor in higher loan growth and sustenance of current NIMs in the next fiscal as well. We model a standalone AUM/PAT CAGR of ~23%/29% over FY25-28E. We model an RoA/RoE of 5.3%/23% for FY28E.
- MUTH now trades at 3.1x FY27E P/BV and 14x P/E and, in our view, has benefited from the tailwinds of: 1) a sharp rise in gold prices and 2) an improvement in gold loan demand due to the industry-wide rationing in unsecured credit. MUTH is indeed one of the best franchises for gold loans in the country, as is evident from its ability to deliver industry-leading gold loan growth and best-in-class profitability. **Reiterate our Neutral rating with a revised TP of INR3,800 (based on 3.2x Sep'27E P/BV).**

### Belstar: AUM flat sequentially; GNPA rises ~15bp QoQ

- MUTH's MFI subsidiary, Belstar, reported a ~3% QoQ and 23% YoY decline in AUM to ~INR77b. Reported loss stood at ~INR1.3b during the quarter (vs. a loss of INR1.2b in 4QFY25).
- Asset quality improved, with GS3 declining ~55bp QoQ to ~4.45% (PQ: 5%).
- Belstar opened 23 new gold loan branches to diversify the portfolio. It has obtained IRDAI approval to act as a corporate agent for the distribution of insurance products.

### Highlights from the management commentary

- The company aims to add 100-200 gold loan branches annually and has applied to the RBI for additional branch opening approvals to further improve its distribution.
- MUTH stated that while competition exists, the gold loan market remains sufficiently large to support growth for all players. The company believes there is ample room for all gold loan lenders, with gold loan demand expected to strengthen further.
- The company has a residual ARC pool of INR900m and also expects an additional recovery of ~INR300-400m.
- The Board of Directors approved an equity infusion of ~INR5b into Muthoot Money, a wholly-owned subsidiary of MUTH.

### Valuation and view

- MUTH delivered a healthy all-round beat in the quarter, even after adjusting for the one-offs in interest income. Gold loan growth remained strong, while asset quality improved on the back of recoveries from the NPA pool. NIMs and spreads also expanded during the quarter, driven by higher yields and a decline in CoF.
- With a favorable demand outlook for gold loans, driven by the limited availability of unsecured credit, the company is well-positioned to maintain its healthy loan growth momentum. **Reiterate our Neutral rating with a revised TP of INR3,800 (based on 3.2x Sep'27E BVPS).**

## Quarterly Performance

(InR M)

Y/E March	FY25				FY26E				FY25	FY26E	2QFY26E	Act v/s Est. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	36,560	40,685	43,690	47,836	55,923	63,044	62,983	67,530	1,68,770	2,49,480	57,574	10
Other operating income	478	489	545	708	1,110	1,279	654	67	2,221	3,109	685	87
<b>Total Operating income</b>	<b>37,038</b>	<b>41,174</b>	<b>44,235</b>	<b>48,544</b>	<b>57,033</b>	<b>64,322</b>	<b>63,637</b>	<b>67,597</b>	<b>1,70,991</b>	<b>2,52,589</b>	<b>58,259</b>	<b>10</b>
YoY Growth (%)	23.5	34.6	39.6	42.4	54.0	56.2	43.9	39.2	35.3	47.7	41.5	
Other income	63	88	77	341	167	286	272	-64	569	660	159	80
<b>Total Income</b>	<b>37,101</b>	<b>41,262</b>	<b>44,312</b>	<b>48,885</b>	<b>57,200</b>	<b>64,608</b>	<b>63,908</b>	<b>67,532</b>	<b>1,71,560</b>	<b>2,53,249</b>	<b>58,418</b>	<b>11</b>
YoY Growth (%)	22.6	34.2	39.5	43.0	54.2	56.6	44.2	38.1	35.1	47.6	41.6	
Interest Expenses	13,511	15,505	16,476	18,797	21,191	23,126	24,722	26,543	64,288	95,583	23,141	0
<b>Net Income</b>	<b>23,590</b>	<b>25,758</b>	<b>27,836</b>	<b>30,088</b>	<b>36,009</b>	<b>41,482</b>	<b>39,186</b>	<b>40,989</b>	<b>1,07,271</b>	<b>1,57,666</b>	<b>35,277</b>	<b>18</b>
Operating Expenses	6,437	6,608	7,243	8,610	8,121	8,827	9,445	10,049	28,898	36,442	8,487	4
<b>Operating Profit</b>	<b>17,153</b>	<b>19,150</b>	<b>20,593</b>	<b>21,478</b>	<b>27,887</b>	<b>32,655</b>	<b>29,742</b>	<b>30,940</b>	<b>78,373</b>	<b>1,21,224</b>	<b>26,790</b>	<b>22</b>
YoY Growth (%)	22.5	42.7	47.7	42.3	62.6	70.5	44.4	44.1	38.8	54.7	39.9	
Provisions	2,236	2,070	2,088	1,274	433	1,141	1,400	1,610	7,667	4,583	1,000	14
<b>Profit before Tax</b>	<b>14,917</b>	<b>17,080</b>	<b>18,505</b>	<b>20,204</b>	<b>27,455</b>	<b>31,514</b>	<b>28,342</b>	<b>29,330</b>	<b>70,706</b>	<b>1,16,641</b>	<b>25,790</b>	<b>22</b>
Tax Provisions	4,130	4,568	4,874	5,126	6,992	8,063	7,284	7,988	18,698	30,327	6,705	20
<b>Net Profit</b>	<b>10,787</b>	<b>12,511</b>	<b>13,631</b>	<b>15,078</b>	<b>20,463</b>	<b>23,452</b>	<b>21,058</b>	<b>21,342</b>	<b>52,008</b>	<b>86,314</b>	<b>19,085</b>	<b>23</b>
YoY Growth (%)	10.6	26.3	32.7	42.7	89.7	87.4	54.5	41.5	28.4	66.0	52.5	
<b>Key Operating Parameters (%)</b>												
Yield on loans (Cal)	18.50	18.87	18.85	18.84	19.95	20.39	18.68	18.62				
Cost of funds (Cal)	8.7	9.0	8.7	8.9	8.8	8.6	8.5	8.5				
Spreads (Cal)	9.84	9.91	10.13	9.92	11.18	11.80	10.16	10.14				
NIMs (Cal)	11.8	11.81	11.9	11.7	12.6	13.15	11.5	11.3				
Credit Cost	1.12	0.95	0.89	0.49	0.15	0.36	0.41	0.44				
Cost to Income Ratio	27.3	25.7	26.0	28.6	22.6	21.3	24.1	24.5				
Tax Rate	27.7	26.7	26.3	25.4	25.5	25.6	25.7	27.2				
<b>Balance Sheet Parameters</b>												
<b>AUM (INR b)</b>	843	902	975	1,086	1,200	1,323	1,402	1,502				
Change YoY (%)	24.7	30.7	37.0	43.3	42.3	46.7	43.9	38.3				
<b>Gold loans (INR b)</b>	<b>809</b>	<b>862</b>	<b>930</b>	<b>1,030</b>	<b>1,132</b>	<b>1,249</b>	<b>1,324</b>	<b>1,420</b>				
Change YoY (%)	22.54	27.6	34.30	41.27	39.88	45.0	42.44	37.90				
Gold Stock Holding (In tonnes)	194	199	202	208	209	209						
Avg gold loans per branch (INR m)	167	177	192	212	232	252						
<b>Borrowings (INR b)</b>	659	724	787	899	1,033	1,120	1,201	1,304				
Change YoY (%)	28.7	30.8	35.6	52.9	56.7	54.7	52.6	45.1				
<b>Borrowings Mix (%)</b>												
Listed secured NCDs	28.0	27.2	26.0	26.2	30.3	28.7						
Term loans	55.0	57.2	55.7	53.0	50.5	49.7						
Commercial Paper	7.2	5.9	4.9	6.9	6.3	5.0						
Others	1.6	1.0	0.9	0.6	1.3	0.8						
Debt/Equity (x)	2.6	2.7	2.8	3.0	3.2	3.3						
<b>Asset Quality Parameters (%)</b>												
GS 3 (INR m)	33,532	38,807	41,179	37,004	30,945	29,774						
Gross Stage 3 (% on Assets)	4.0	4.3	4.2	3.4	2.6	2.3						
Total Provisions (INR m)	14,413	16,327	18,165	18,685	18,601	18,940						
<b>Return Ratios (%)</b>												
RoAUM (Rep)	5.4	5.7	5.8	5.9	7.2	7.4						
RoE (Rep)	17.7	20.0	20.7	21.7	27.7	30.0						

E: MOFSL estimates

### Strong gold loan growth of 45% YoY; gold tonnage at 209 tons

- Gold loan AUM grew ~10% QoQ and ~45% YoY to ~INR1.25t, while the consolidated AUM rose ~42% YoY to ~INR1.48t.
- Gold tonnage rose ~5% YoY and remained flat QoQ at 209 tons. Gold loan LTV declined ~5pp QoQ to ~57%, and the number of gold loan accounts rose to 10.66m (PQ: 10.46m). The Group opened 133 new branches in 1HFY26.
- Average monthly disbursement in 2QFY26 rose to INR527b (PQ: INR414b and PY: INR151b), with an increase in average ticket size to ~INR117K (PQ: INR108K).

### Calc. NIM expands ~60bp sequentially; CoB declines ~20bp QoQ

- Yields rose ~45bp QoQ, while CoB declined ~20bp QoQ, resulting in a ~60bp expansion in spreads to ~11.8%. Management indicated that it expects a further decline in the CoF by 1QFY27, as banks continue to pass on the benefits of MCLR reduction.
- NIM (calc.) in 2QFY26 expanded ~60bp QoQ at ~13.2%. We estimate an NIM of 11.9%/11.1% in FY26/FY27 (vs FY25: 11.3%). NIM in FY26 has the benefit of one-off in interest income from NPA and ARC recoveries.

### Asset quality improves; GS3 dips ~35bp QoQ

- GS3 improved ~35bp QoQ to ~2.25%, driven by strong recoveries during the quarter. GS2% declined ~50bp QoQ to 0.4%. 30+dpd declined ~80bp QoQ to ~2.7%.
- Credit costs (including provisions and write-offs) in 2QFY26 stood at ~INR1.1b and translated into annualized credit costs of ~35bp (PY: 100bp and PQ: 15bp).



## Highlights from the management commentary

### Guidance

- MUTH upgraded its FY26 gold loan growth guidance to 30-35% (from 15% earlier), driven by favorable regulatory changes, higher gold prices, and rising demand amid tightening in unsecured lending segments.
- It expects a further decline in CoF and steady yields of ~18.5% in the coming quarters. The company expects a further 15-20bp decline in CoF.
- Belstar MFI's profitability is expected to gradually normalize in 2HFY26.
- The company targets to add 100-200 gold loan branches every year. It has applied for additional branch opening approvals from the RBI to further deepen penetration.

### Financial Performance

- Consolidated PAT in 1HFY26 stood at INR43.9b, up 88% YoY, supported by strong growth in gold loans and improved yields.
- Standalone PAT rose 88% YoY to INR43.9b. 2QFY26 PAT was INR23.5b vs INR12.5b, an increase of 87% YoY.
- Standalone loan AUM grew 47% YoY to INR1.32t. Gold loan AUM rose 45% YoY to INR1.25t.
- Muthoot Home Finance reported a PAT of INR100m with Stage 3 at 1.69%.
- Muthoot Insurance reported a PAT of INR230m in 1HFY26.
- Muthoot Money's AUM grew 63% YoY to INR649b, with revenue rising 244% YoY to INR5b and PAT at INR1.1b vs INR50m in 1HFY25.

### Competitive Landscape

- MUTH stated that although competition exists, the market remains large enough to accommodate growth for all players
- Banks have ~INR13t of gold loan portfolio compared to NBFCs' INR3t, indicating significant growth headroom.
- There is ample space for all players in the gold loan segment, with demand expected to improve industry-wide.

### Business Highlights

- Management shared that robust standalone growth was led by high gold prices, regulatory tailwinds, and tighter credit rationing in unsecured product segments.
- The non-gold portfolio forms 12-15% of overall book; this is expected to expand further through products like personal loans and MFI loans.
- Focus remains on expanding branch presence, with plans to open 100-200 new branches in FY26.
- The company continues to maintain pricing discipline, with no signs of irrational pricing or teaser-rate competition in the market.
- Investments in branch expansion, brand building, and digital infrastructure remain key focus areas.
- The company adds 400k-420k new customers every quarter; similar run rate in new customer additions is expected to continue.

- The company continues to accelerate its digital transformation to provide faster, seamless, and technology-driven credit access to customers.

#### NIM and Yield Trends

- Yields were higher during the quarter, driven by the liquidation of deep (significantly old) NPA accounts, which resulted in interest income write-backs. One-off in interest income in 2QFY26 stood at INR3b-4b. Higher yields in the quarter came from accrued interest recognition in renewed and closed NPA accounts.
- Organic yields stood 18.5-18.75% and are expected to remain range-bound at the same levels.
- Gold loan interest rates range from 10-21%, with various schemes being tweaked based on market trends.
- Higher contribution from high-yield segments might have supported overall yield improvement during the quarter.

#### Funding and CoF

- Average CoF declined from 8.88% to 8.78% QoQ; a further 15-20bp reduction is expected by 1QFY27 as MCLR for banks have decline and NCD rates have soften.
- Incremental bank borrowings cost stood at 8.65-8.75%. All bank borrowings of the company are linked to MCLR.
- ECB borrowings form ~16% of total borrowings, primarily through bonds.

#### Asset Quality

- GNPA stands below INR30b. Auctions during 2QFY26 were INR50m (vs INR130m in 1QFY26).
- Average disbursement LTV stands at 70-71%.
- Customer recoveries remain strong; most borrowers redeem pledged gold instead of defaulting, as gold prices have increased significantly over the past year.
- The company has INR900m of the ARC pool left. It expects additional INR300-400m recovery apart from the INR900m.

#### Belstar MFI

- Belstar MFI reported an AUM of INR77b, with revenue of INR8.4b and a loss of INR1.6b in 1HFY26. GNPA stood at 4.58%.
- Losses declined to INR320m in 2QFY26 from INR1.28b in 1QFY26.
- The company opened 23 new gold loan branches and is diversifying beyond MFI following RBI's relaxation to hold up to 40% non-qualifying assets.
- Belstar is expected to focus on consolidation and improvement of the portfolio quality over the next 2-3 quarters. It expects gradual AUM growth thereafter.
- The MFI sector is showing renewed resilience, aided by adherence to MFIN guardrails and better underwriting.

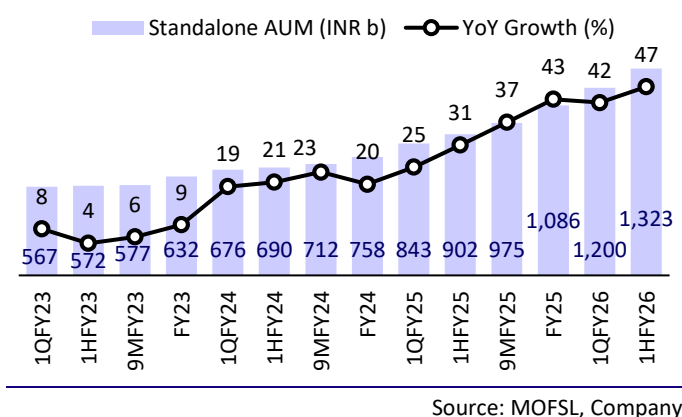
#### Others

- Gold loan portfolio with ticket size above INR300k is 44% and between INR100-300k is 33%.

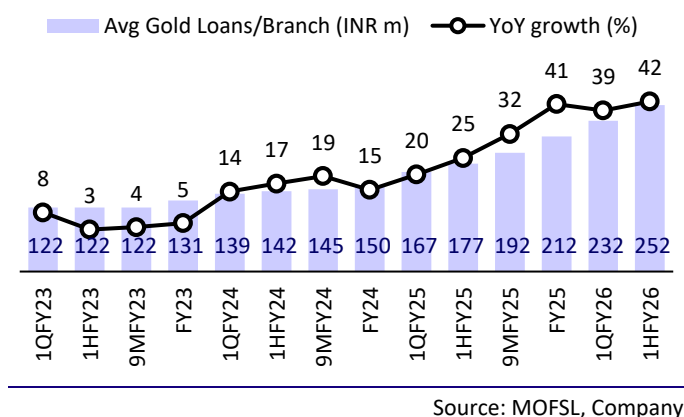
- Major operating expenses will continue to be on employee additions and advertising to support growth.

## Key exhibits

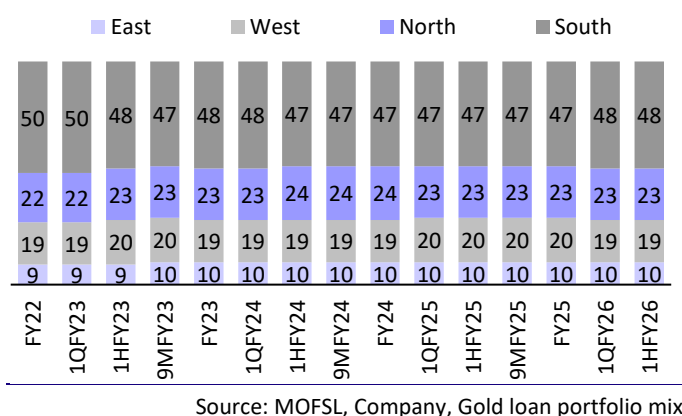
**Exhibit 1: Standalone AUM grew 47% YoY**



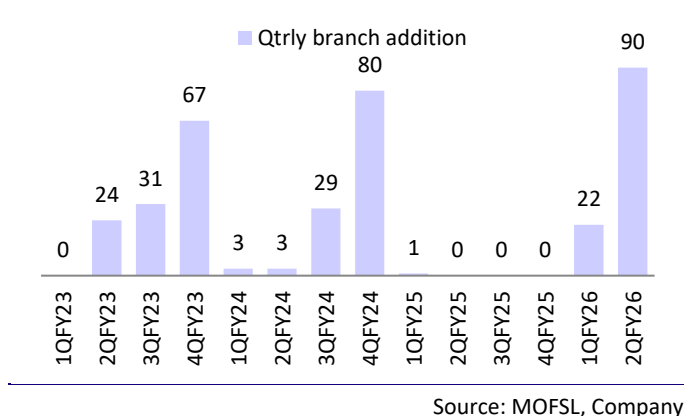
**Exhibit 2: Trends in productivity**



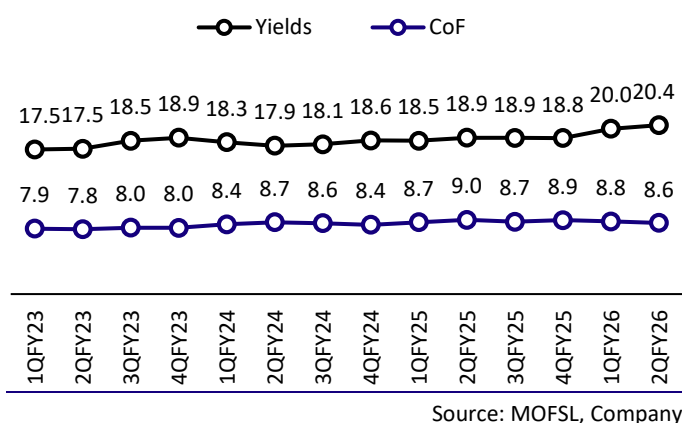
**Exhibit 3: Regional mix of gold loans stable**



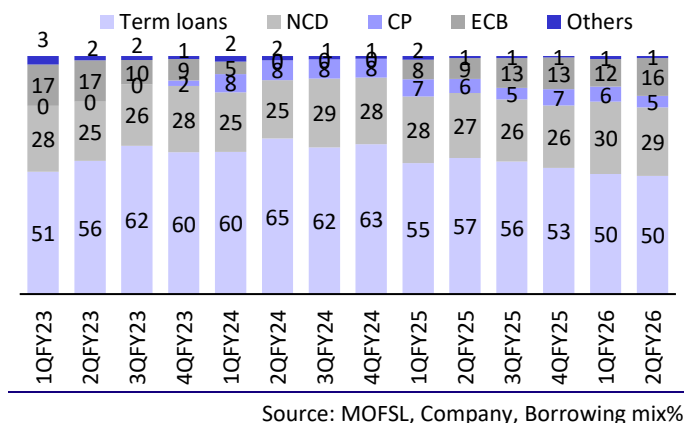
**Exhibit 4: 90 new gold loan branches opened in 2Q**



**Exhibit 5: Spreads (calc.) expanded ~60bp QoQ (%)**

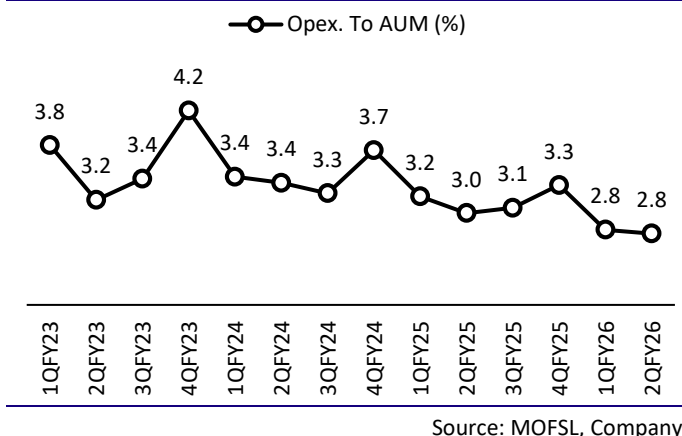


**Exhibit 6: Borrowing mix (%)**

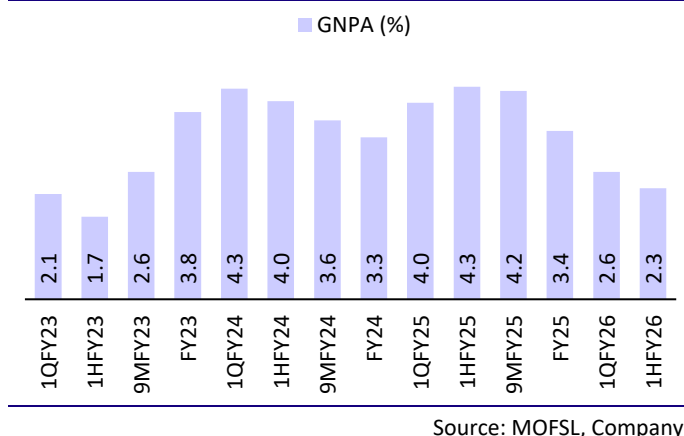




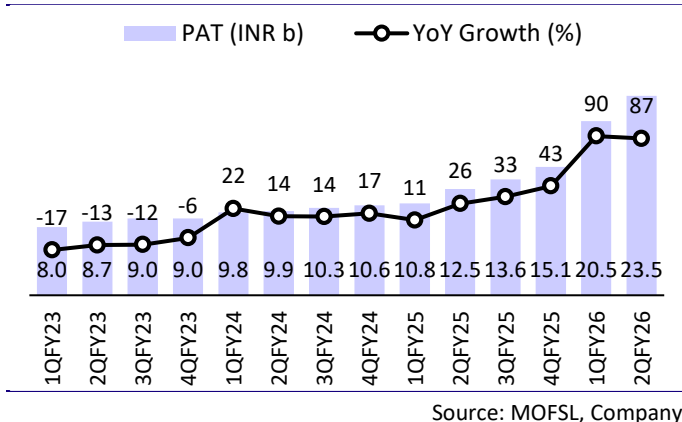
**Exhibit 7: Opex/AUM remained stable QoQ**



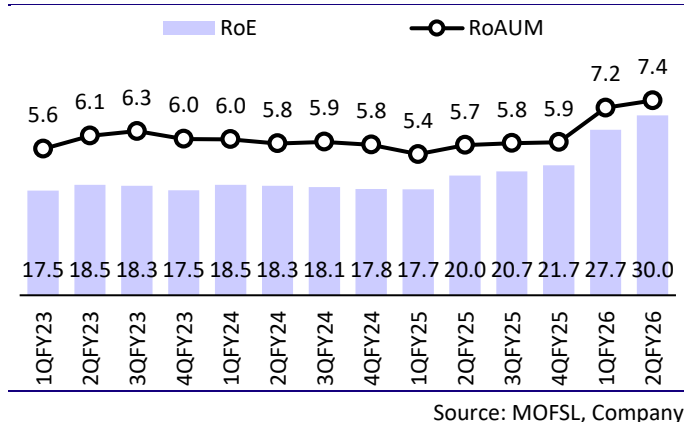
**Exhibit 8: GNPA declined ~30bp QoQ (%)**



**Exhibit 9: PAT in 2QFY26 grew ~87% YoY**



**Exhibit 10: RoA/RoE at ~7.4%/30% in 2QFY26**



## Valuation and view

- MUTH delivered a healthy all-round beat in the quarter, even after adjusting for one-offs in interest income. Gold loan growth remained strong, while asset quality improved on the back of recoveries from the NPA pool. NIMs and spreads also expanded during the quarter, driven by higher yields and a decline in CoF.
- With a favorable demand outlook for gold loans, driven by the limited availability of unsecured credit, the company is well-positioned to maintain its healthy loan growth momentum. **Reiterate our Neutral rating with a revised TP of INR3,800 (based on 3.2x Sep'27E BVPS).**

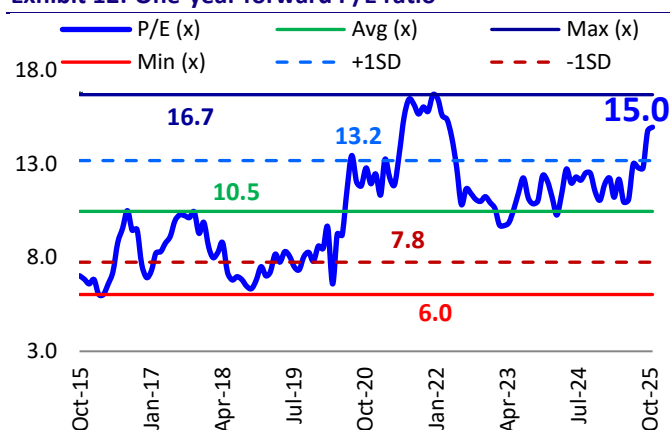


**Exhibit 11: We raise our FY26E/FY27E EPS by ~10% each to factor in higher loan growth and higher one-offs in interest income from NPA and ARC recoveries**

INR B	Old Est			New Est			% Change		
	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28
NII	143.3	166.4	190.9	153.9	179.8	206.0	7.4	8.0	7.9
Other Income	3.8	3.5	3.6	3.8	3.5	3.6	0.0	0.0	0.0
<b>Net Income</b>	<b>147.0</b>	<b>169.9</b>	<b>194.5</b>	<b>157.7</b>	<b>183.3</b>	<b>209.7</b>	<b>7.2</b>	<b>7.8</b>	<b>7.8</b>
Operating Expenses	36.0	44.5	53.1	36.4	45.2	54.2	1.2	1.6	2.2
<b>Operating Profits</b>	<b>111.0</b>	<b>125.4</b>	<b>141.5</b>	<b>121.2</b>	<b>138.0</b>	<b>155.4</b>	<b>9.2</b>	<b>10.1</b>	<b>9.9</b>
Provisions	5.0	5.2	5.8	4.6	5.5	6.2	-8.3	6.0	6.0
<b>PBT</b>	<b>106.0</b>	<b>120.2</b>	<b>135.6</b>	<b>116.6</b>	<b>132.5</b>	<b>149.3</b>	<b>10.0</b>	<b>10.2</b>	<b>10.0</b>
Tax	27.6	31.2	35.3	30.3	34.4	38.8	10.0	10.2	10.0
<b>PAT</b>	<b>78.5</b>	<b>88.9</b>	<b>100.4</b>	<b>86.3</b>	<b>98.0</b>	<b>110.5</b>	<b>10.0</b>	<b>10.2</b>	<b>10.0</b>
Loans	1,445	1,662	1,895	1,532	1,762	2,009	6.0	6.0	6.0
Borrowings	1,215	1,365	1,528	1,304	1,466	1,635			
Spread (%)	9.9	9.3	9.2	10.4	9.6	9.4			
<b>RoA (%)</b>	<b>5.6</b>	<b>5.2</b>	<b>5.1</b>	<b>5.9</b>	<b>5.4</b>	<b>5.3</b>			
<b>RoE (%)</b>	<b>24.7</b>	<b>23.0</b>	<b>21.6</b>	<b>26.9</b>	<b>24.7</b>	<b>22.8</b>			

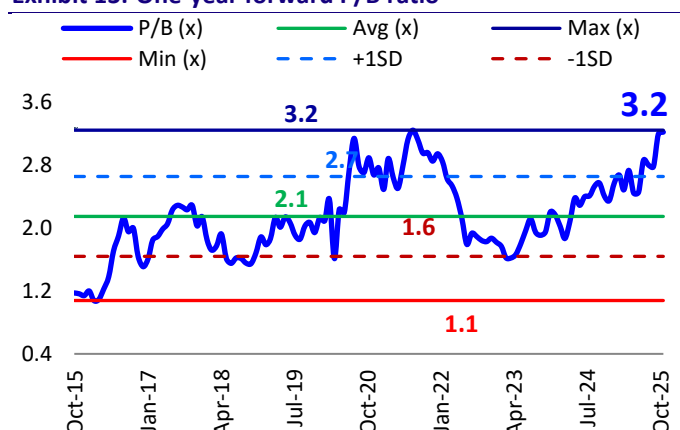
Source: MOFSL, Company

**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	FY25	FY26E	FY27E	FY28E
Interest Income	67,570	85,644	1,03,285	1,09,560	1,03,686	1,24,476	1,68,770	2,49,480	2,96,520	3,35,640
Interest Expense	22,368	27,909	36,924	38,358	36,991	46,548	64,288	95,583	1,16,767	1,29,611
<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>1,04,482</b>	<b>1,53,897</b>	<b>1,79,752</b>	<b>2,06,029</b>
Change (%)	5.8	27.7	14.9	7.3	-6.3	16.8	34.1	47.3	16.8	14.6
Other income	1,236	1,584	2,458	1,424	1,751	2,465	2,789	3,769	3,498	3,638
<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>1,07,271</b>	<b>1,57,666</b>	<b>1,83,251</b>	<b>2,09,667</b>
Change (%)	5.5	27.7	16.0	5.5	-5.8	17.5	33.4	47.0	16.2	14.4
Operating Expenses	15,394	17,787	17,804	18,262	21,177	23,927	28,898	36,442	45,239	54,229
<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>78,373</b>	<b>1,21,224</b>	<b>1,38,012</b>	<b>1,55,438</b>
Change (%)	0.6	33.8	22.8	6.6	-13.0	19.5	38.8	54.7	13.8	12.6
Provisions	275	957	950	1,270	605	1,978	7,667	4,583	5,529	6,164
<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>70,706</b>	<b>1,16,641</b>	<b>1,32,483</b>	<b>1,49,274</b>
Tax	11,047	10,391	12,843	13,551	11,929	13,991	18,698	30,327	34,446	38,811
Tax Rate (%)	35.9	25.6	25.7	25.5	25.6	25.7	26.4	26.0	26.0	26.0
<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>52,008</b>	<b>86,314</b>	<b>98,038</b>	<b>1,10,463</b>
Change (%)	10.9	53.0	23.3	6.2	-12.2	16.6	28.4	66.0	13.6	12.7
Proposed Dividend	4,818	6,022	8,029	8,029	8,832	9,635	10,438	14,156	16,519	18,613

BALANCE SHEET										(INR M)
Y/E MARCH	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	4,007	4,010	4,012	4,012	4,014	4,015	4,015	4,015	4,015	4,015
Reserves & Surplus	88,151	1,11,708	1,48,377	1,79,432	2,06,605	2,38,888	2,80,361	3,52,519	4,34,038	5,25,887
<b>Equity Networth</b>	<b>92,158</b>	<b>1,15,718</b>	<b>1,52,389</b>	<b>1,83,444</b>	<b>2,10,619</b>	<b>2,42,903</b>	<b>2,84,375</b>	<b>3,56,534</b>	<b>4,38,052</b>	<b>5,29,902</b>
<b>Networth</b>	<b>92,158</b>	<b>1,15,718</b>	<b>1,52,389</b>	<b>1,83,444</b>	<b>2,10,619</b>	<b>2,42,903</b>	<b>2,84,375</b>	<b>3,56,534</b>	<b>4,38,052</b>	<b>5,29,902</b>
<b>Borrowings</b>	<b>2,68,332</b>	<b>3,71,300</b>	<b>4,59,463</b>	<b>4,98,113</b>	<b>4,97,343</b>	<b>5,87,831</b>	<b>8,98,198</b>	<b>13,04,172</b>	<b>14,66,108</b>	<b>16,34,645</b>
Change (%)	26.8	38.4	23.7	8.4	-0.2	18.2	52.8	45.2	12.4	11.5
<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>29,915</b>	<b>32,907</b>	<b>36,197</b>	<b>39,817</b>
Change (%)	11.4	-13.0	29.7	5.2	-24.0	7.2	53.0	10.0	10.0	10.0
<b>Total Liabilities</b>	<b>3,80,687</b>	<b>5,04,597</b>	<b>6,34,649</b>	<b>7,05,547</b>	<b>7,26,198</b>	<b>8,50,284</b>	<b>12,12,488</b>	<b>16,93,612</b>	<b>19,40,358</b>	<b>22,04,364</b>
<b>Loans</b>	<b>3,49,329</b>	<b>4,26,042</b>	<b>5,40,634</b>	<b>5,93,842</b>	<b>6,42,649</b>	<b>7,70,014</b>	<b>10,86,810</b>	<b>15,32,402</b>	<b>17,62,262</b>	<b>20,08,979</b>
Change (%)	18.4	22.0	26.9	9.8	8.2	19.8	41.1	41.0	15.0	14.0
<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>44,991</b>	<b>49,490</b>	<b>54,439</b>	<b>59,883</b>
Net Fixed Assets	1,867	2,227	2,416	2,637	2,682	3,462	4,892	5,381	5,919	6,511
Other assets	19,666	61,944	75,697	95,863	67,699	54,125	75,796	1,06,340	1,17,738	1,28,992
<b>Total Assets</b>	<b>3,80,687</b>	<b>5,04,597</b>	<b>6,34,649</b>	<b>7,05,547</b>	<b>7,26,198</b>	<b>8,50,284</b>	<b>12,12,488</b>	<b>16,93,612</b>	<b>19,40,358</b>	<b>22,04,364</b>

E: MOFSL Estimates

## Financials and valuations

RATIOS										(%)
Y/E MARCH	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Spreads Analysis (%)</b>										
Avg Yield on loans	21.0	22.1	21.4	19.3	16.8	17.6	18.2	19.1	18.0	17.8
Avg Cost of funds	9.3	8.7	8.9	8.0	7.4	8.6	8.7	8.7	8.4	8.4
Spreads on loans	11.7	13.4	12.5	11.3	9.3	9.0	9.5	10.4	9.6	9.4
NIMs on AUM	14.3	15.2	14.1	12.9	11.0	11.2	11.3	11.9	11.1	11.1
<b>Profitability Ratios (%)</b>										
RoE	23.2	29.0	27.8	23.5	17.6	17.9	19.7	26.9	24.7	22.8
RoA	5.7	6.8	6.5	5.9	4.9	5.1	5.0	5.9	5.4	5.3
RoA on AUM	6.2	8.0	7.9	7.1	5.7	5.8	5.6	6.7	6.1	6.0
Cost to Income	33.2	30.0	25.9	25.1	30.9	29.8	26.9	23.1	24.7	25.9
Empl. Cost/Op. Exps.	58.3	57.8	56.5	56.4	56.6	58.0	58.7	58.7	58.6	58.7
<b>Asset-Liability Profile (%)</b>										
GNPL ratio (%)	2.7	2.2	0.9	3.0	3.8	3.3	3.4	2.8	2.7	2.8
Debt/Equity (x)	2.9	3.2	3.0	2.7	2.4	2.4	3.2	3.7	3.3	3.1
Average leverage	2.8	3.1	3.1	2.9	2.5	2.4	2.8	3.4	3.5	3.2
CAR	26.1	25.5	27.4	30.0	31.8	30.4	23.7	0.0	0.0	0.0
<b>Valuations</b>										
Book Value (INR)	230	289	380	457	525	605	708	888	1,091	1,320
Price-BV (x)	14.7	11.8	8.9	7.4	6.5	5.6	4.8	3.8	3.1	2.6
EPS (INR)	49.2	75.3	92.8	98.6	86.5	100.9	129.5	215.0	244.2	275.1
EPS Growth (%)	10.8	52.9	23.3	6.2	-12.2	16.6	28.4	66.0	13.6	12.7
Price-Earnings (x)	68.9	45.1	36.5	34.4	39.2	33.6	26.2	15.8	13.9	12.3
Dividend	12.0	15.0	20.0	20.0	22.0	24.0	26.0	35.3	41.1	46.4
Dividend Yield (%)	0.4	0.4	0.6	0.6	0.6	0.7	0.8	1.0	1.2	1.4

E: MOFSL Estimates

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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