

# Muthoot Finance

Estimate change 

TP change 

Rating change 



Bloomberg	MUTH IN
Equity Shares (m)	401
M.Cap.(INRb)/(USDb)	542 / 6.5
52-Week Range (INR)	1380 / 911
1, 6, 12 Rel. Per (%)	6/24/5
12M Avg Val (INR M)	760

## Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
NII	66.7	80.0	90.3
PPP	47.3	58.3	66.0
PAT	34.7	42.9	48.7
EPS (INR)	86.5	106.8	121.4
EPS Gr. (%)	-12.2	23.4	13.7
BV/Sh.(INR)	525	607	704

## Ratios

NIM (%)	11.0	11.7	11.8
C/I ratio (%)	30.9	29.3	28.7
RoA (%)	4.9	5.5	5.7
RoE (%)	17.6	18.9	18.5
Payout (%)	23.0	22.5	20.6

## Valuations

P/E (x)	15.6	12.6	11.1
P/BV (x)	2.6	2.2	1.9
Div. Yld. (%)	1.6	1.8	1.9

## Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	73.4	73.4	73.4
DII	13.7	12.7	10.5
FII	8.7	9.4	11.0
Others	4.2	4.6	5.2

FII Includes depository receipts

**CMP: INR1,350**

**TP: INR1,290 (-4%)**

**Neutral**

## Healthy gold loan growth but NIM compression leads to earnings miss

- Muthoot Finance (MUTH)'s 1QFY24 performance was characterized by: 1) healthy gold loan growth at ~7% QoQ to reach ~INR660b, 2) ~70bp QoQ contraction in NIM; 3) higher ECL provisioning due to rise in Stage 2 and Stage 3; and 4) a moderation in cost-to-income ratio to ~29% (PY: ~35%) primarily owing to higher NII and lower advertisement & publicity expenses.
- Standalone PAT grew ~22% YoY to ~INR9.75b (5% miss). Net total income grew 25% YoY to ~INR19.6b while PPop rose 37% YoY to INR14b (in line).
- Healthy gold loan growth was supported by: a) higher gold prices allowing an increase in LTV to ~68% (PQ: ~63%), b) gold tonnage growth of ~1% QoQ and increase in customer base of ~2% QoQ.
- MUTH reported a ~55bp QoQ decline in yields and ~40bp increase in CoB resulting in a ~1pp decline in spreads. Management guided that it would endeavor to maintain spreads at current levels of ~10%.
- We model ~16% growth in standalone AUM in FY24. We estimate a standalone AUM CAGR of ~13% over FY23-FY25 and model RoA/RoE of 5.7%/18.5% in FY25. Higher gold prices have aided sectoral gold loan growth and even MUTH has benefitted from the same. We are still not sure, though, if MUTH is over the hump of a trade-off between gold loan growth and margin.
- With limited upside catalysts for the stock, we **maintain our Neutral rating with a TP of INR1,290 (based on 1.8x Mar'25E P/BV)**.

## Highlights from the management commentary

- Management guided for NIM of ~11% and spreads of 10%. MUTH admitted that spreads of ~12% achieved in the past are not sustainable.
- Management guided that Housing Finance AUM would grow to INR18-19b and Belstar MFI AUM would grow to ~INR90b by Mar'24.

## Belstar MFI: Healthy AUM growth of 49% YoY with better asset quality

- MUTH's MFI subsidiary (Belstar) posted ~49% YoY AUM growth to ~INR70b. Reported PAT surged 275% YoY (albeit on a lower base) to INR517m.
- Belstar is expanding beyond Tamil Nadu (the company's home state), in alignment with its long-term strategy to reduce concentration to ~35% (from current levels of ~49%) by FY26.
- Asset quality improved sequentially with GS3 declining ~80bp QoQ to 1.6% and collection efficiency on regular accounts being at ~99.4%.
- CAR stood at ~22% and Belstar is evaluating various fund raising options.

## Sustenance of strong gold loan growth uncertain; reiterate Neutral

- MUTH reported a healthy sequential growth in gold loans but this growth was accompanied by a corresponding trade-off between spreads and margins. Striking an appropriate balance between loan growth and margin will still remain an important deliverable in FY24.
- With limited upside catalysts, a not so benign competitive landscape and clouded outlook on the margin trajectory, **we maintain our Neutral rating with a TP of INR1,290 (based on 1.8x Mar'25E BVPS)**.

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

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Quarterly Performance												(INR m)
Y/E March	FY23				FY24E				FY23	FY24E	1Q FY24E	Act v/s Est. %
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Income from operations	24,816	24,746	26,184	27,940	29,577	31,056	32,050	33,198	1,03,686	1,25,880	30,175	-2
Other operating income	223	231	414	594	410	430	473	266	1,462	1,579	327	25
<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>31,486</b>	<b>32,523</b>	<b>33,464</b>	<b>1,05,148</b>	<b>1,27,460</b>	<b>30,502</b>	<b>-2</b>
YoY Growth (%)	-7.7	-11.8	-7.3	6.9	19.8	26.1	22.3	17.3	-5.1	21.2	21.8	
Other income	54	58	73	104	276	249	199	76	289	800	83	233
<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>31,735</b>	<b>32,722</b>	<b>33,539</b>	<b>1,05,437</b>	<b>1,28,260</b>	<b>30,585</b>	<b>-1</b>
YoY Growth (%)	-7.6	-11.6	-7.1	6.9	20.6	26.8	22.7	17.1	-5.0	21.6	21.9	
Interest Expenses	9,416	9,027	9,141	9,407	10,638	11,276	11,783	12,150	36,991	45,847	10,489	1
<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>20,459</b>	<b>20,939</b>	<b>21,390</b>	<b>68,446</b>	<b>82,413</b>	<b>20,096</b>	<b>-2</b>
Operating Expenses	5,435	4,522	4,905	6,314	5,620	5,901	6,137	6,471	21,177	24,129	5,998	-6
<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>14,558</b>	<b>14,802</b>	<b>14,919</b>	<b>47,270</b>	<b>58,284</b>	<b>14,098</b>	<b>-1</b>
YoY Growth (%)	-23.2	-18.8	-13.9	5.7	36.8	26.7	17.2	15.5	-13.0	23.3	37.7	
Provisions	-577	-127	557	753	860	90	81	-325	605	707	200	
<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>14,468</b>	<b>14,721</b>	<b>15,244</b>	<b>46,664</b>	<b>57,578</b>	<b>13,898</b>	<b>-5</b>
Tax Provisions	2,798	2,942	3,051	3,138	3,394	3,718	3,783	3,823	11,929	14,719	3,600	-6
<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>10,750</b>	<b>10,937</b>	<b>11,421</b>	<b>34,735</b>	<b>42,859</b>	<b>10,298</b>	<b>-5</b>
YoY Growth (%)	-17.4	-12.8	-12.4	-6.0	21.6	24.0	21.3	26.5	-12.2	23.4	28.4	
<b>Key Operating Parameters (%)</b>												
Yield on loans (Cal)	17.5	17.5	18.5	18.9	18.3	18.4	18.4	18.5				
Cost of funds (Cal)	7.9	7.8	8.0	8.0	8.4	8.6	8.7	8.8				
Spreads (Cal)	9.6	9.7	10.5	10.9	9.9	9.7	9.7	9.7				
NIMs (Cal)	10.9	11.2	12.2	12.7	12.0	11.9	11.9	11.8				
Credit Cost	-0.4	-0.1	0.4	0.5	0.5	0.1	0.0	-0.2				
Cost to Income Ratio	34.7	28.2	28.0	32.8	28.6	28.8	29.3	30.3				
Tax Rate	25.9	25.3	25.3	25.8	25.9	25.7	25.7	25.1				
<b>Balance Sheet Parameters</b>												
<b>AUM (INR b)</b>	567	572	577	632	676	696	717	732				
Change YoY (%)	7.7	3.8	5.6	8.9	19.3	21.6	24.2	15.8				
<b>Gold loans (INR b)</b>	562	565	568	619	660	679	697	710				
Change YoY (%)	7.9	3.3	4.8	7.6	17.6	20.2	22.6	14.8				
Gold Stock Holding (In tonnes)	178	177	175	180	182							
Avg gold loans per branch (INR m)	122	122	122	131	139							
<b>Borrowings (INR b)</b>	454	468	443	498	513	535	547	561				
Change YoY (%)	-5.0	-4.1	-6.0	-0.2	12.8	14.4	23.5	12.8				
<b>Borrowings Mix (%)</b>												
Listed secured NCDs	27.0	24.2	25.2	27.5	24.8							
Term loans	51.4	55.9	62.3	59.5	59.8							
Commercial Paper	0.0	0.0	0.0	2.3	7.7							
Others	4.2	2.5	2.3	1.6	2.6							
Debt/Equity (x)	2.3	2.2	2.0	2.1	2.3							
<b>Asset Quality Parameters (%)</b>												
GS 3 (INR m)	12,078	9,558	14,896	23,986	28,789							
Gross Stage 3 (% on Assets)	2.1	1.7	2.6	3.8	4.3							
Total Provisions (INR m)	9,548	9,380	9,904	10,612	11,422							
<b>Return Ratios (%)</b>												
RoAUM (Rep)	5.6	6.1	6.3	6.0	6.0							
RoE (Rep)	17.5	18.5	18.3	17.5	18.5							

E: MOFSL estimates

**Strong gold loan growth at 7% QoQ driven by record-high disbursements**

- Gold loan AUM grew ~7% QoQ and ~18% YoY to ~INR660b while consolidated AUM stood at ~INR768b (+ ~19% YoY) as of Jun'23.
- Gold tonnage grew ~1% QoQ to 182 tonne, suggesting that the gold loan growth was a combination of both LTV increase as well as increase in customer base.
- Gold loan LTV rose to ~68% (PQ: 63%) while number of loan accounts increased to 8.34m (PQ: 8.15m).
- Average monthly gold disbursements in 1QFY24 rose to INR179b (PQ: INR173b), with an increase in the ticket size to ~INR79K (PQ: ~INR76K). MUTH reported gold loan disbursements of ~INR536b in 1QFY24.

**Decline in yields and rise in CoB lead to margin compression**

- Reported yields declined ~40bp QoQ and the reported CoF increased ~40bp QoQ, leading to ~80bp contraction in spreads.
- We expect NIM to improve ~70bp YoY to 11.7% in FY24. In our view, MUTH will now pivot to a lower (than historical) margin business model that will aid stronger and stable gold loan growth. With an opex-to-average assets 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 deterioration unlikely to translate into a higher write-off**

- GS3 increased ~50bp QoQ to ~4.3%, while GS2 rose ~80bp to 2.1%. 30+dpd rose ~120bp QoQ to 6.3%.
- Management shared that customers who have slipped into Stage 3 have made partial interest payments and the company has given them additional time to redeem their gold jewelry. MUTH shared that, given higher gold prices it does not expect any loss of principal or accrued interest on these NPAs.



## Highlights from the management commentary

### Business update

- Consolidated AUM stood at INR768b and grew 21% YoY. Consolidated PAT stood at INR10.45b for 1QFY24 and grew 27% YoY.
- Standalone PAT stood at INR9.75b and grew 22% YoY
- Gold Loan AUM grew 18% YoY and 7% QoQ
- Received permission from the RBI in Jul'23 to open ~140 new branches

### Guidance

- Continued to guide for Gold AUM growth of ~15% and there could be upside risks to this guidance.
- Guided for NIM of ~11% and Spreads of 10%; Spreads of ~12% achieved in the past are not sustainable.
- Guided for Housing Finance to grow to INR18b-19b and Belstar MFI to ~INR90b by Mar'24.

### Gold loans

- Gold loan auctions stood at ~INR1.1b and Interest accrued stood at INR18.7b;
- The company has been adding various celebrity endorsements. It further started doing more local marketing initiatives;
- There is a high churn in gold loans - Endeavor is to get the inactive customers to take gold loans again or get new customers to take gold loans

### Gold loan split by ticket size

- <INR100K: 35%
- INR100K-300K: 38%
- >INR300K: 27%

### Spreads and margins

- CoB for the quarter stood at 8.4% (PQ: ~8.0%). Gradually the CoB should move towards the MCLR of the banks which is at 8.6-8.65%
- Yields stood at 18.08% (PQ: 18.48%) - Company will increase its lending rates to maintain its spreads/margins.
- Yields will be a function of the borrowing costs - lending rates will increase in line with the increase in the CoB. The endeavor will be to maintain the spreads/margins.

### Asset quality

- The company has been quite supportive of the customers and has been collecting part interest only from many of the Stage 3 customers;
- Customers who have slipped into Stage 3 have also paid part interest - MUTH is supporting customers who request their gold jewelry not to be auctioned.

### Competitive landscape

- MUTH has been able to demonstrate healthy gold loan growth despite competition from banks

**Belstar Microfinance**

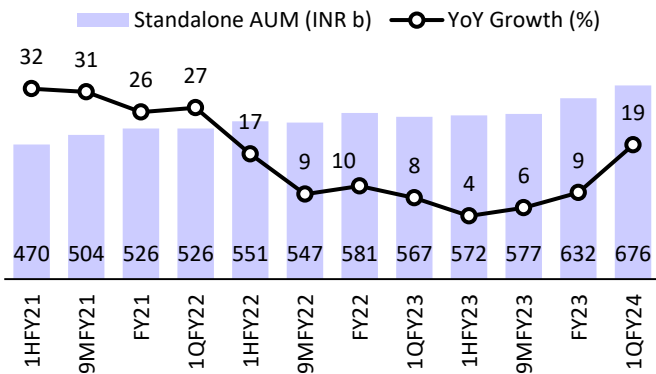
- Improvement in the disbursements MoM to ~INR7b per month
- Gross loan AUM surpassed ~INR70b. Collection Efficiency on regular accounts stood at 99.4%
- GNPA/NNPA at ~1.6%/0.2%
- Expansion in Non-Tamil Nadu states initiated to reduce concentration in Tamil Nadu (Home State). This is in line with its long-term strategy to reduce concentration to ~ 35% (from current ~49%) by FY26
- Yields stood between 24% and 25%; CoB stood at 10%
- CRAR at ~20%; it is evaluating various fund-raising options in Belstar MFI
- Belstar is on the SHG model. Asset quality in the SHG group is better than JLG groups. Unlike JLG model, in SHG model, the customers come and deposit the money.

**Muthoot Money**

- The company has approved equity infusion of INR4b in Muthoot Money Limited, a wholly owned subsidiary.
- Continuous decline in NPA through physical collections witnessed consistently throughout the quarter. NPA declined to ~2.5% from 3.7%.
- Gross loan assets increased to INR5b from INR3.9b QoQ
- Branch network increased to 185 (PQ: 149)
- Yields in 2Ws - 22-23% | Cost of Borrowings would be 8.3-8.5%
- Focusing purely on the retail customers with products like 2W and Used Cars. Discontinued CV and CE around two years back.

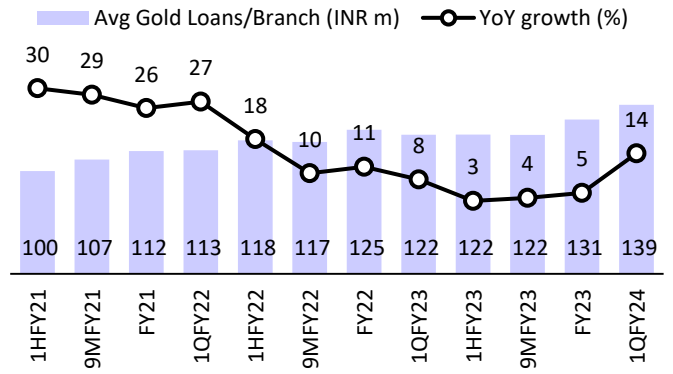
## Key exhibits

**Exhibit 1: Standalone AUM grew 7% YoY**



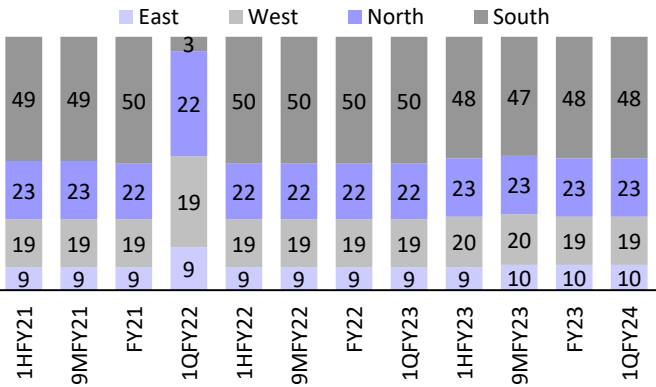
Source: MOFSL, Company

**Exhibit 2: Trend in productivity**



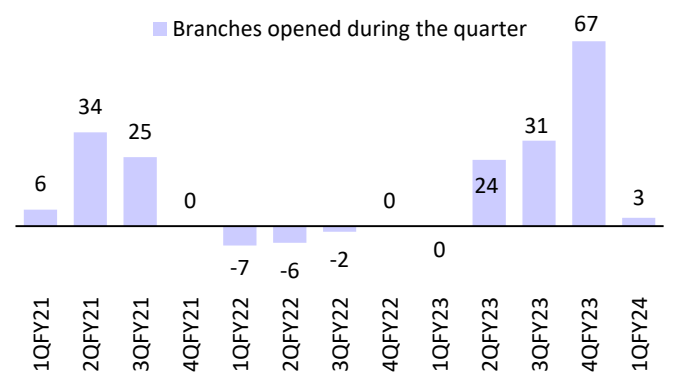
Source: MOFSL, Company

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



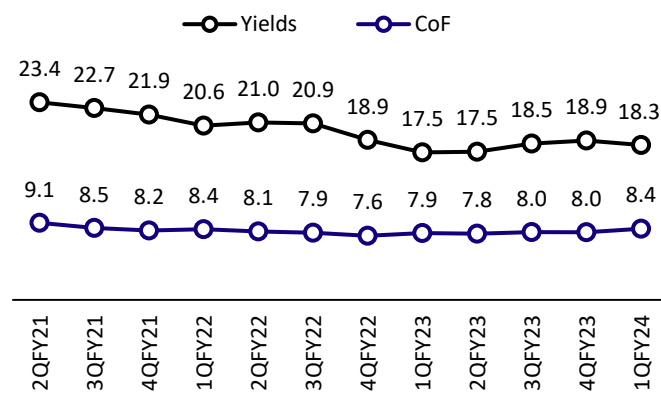
Source: MOFSL, Company, Gold loan portfolio mix

**Exhibit 4: MUTH opened 3 new gold loan branches in 1QFY24**



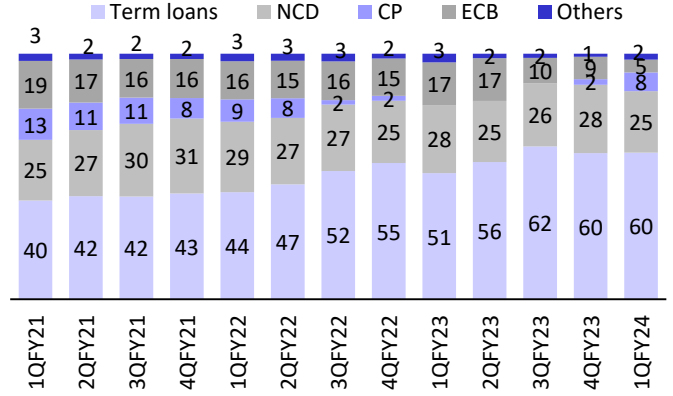
Source: MOFSL, Company

**Exhibit 5: Spreads (calc.) contracted ~100bp QoQ (%)**



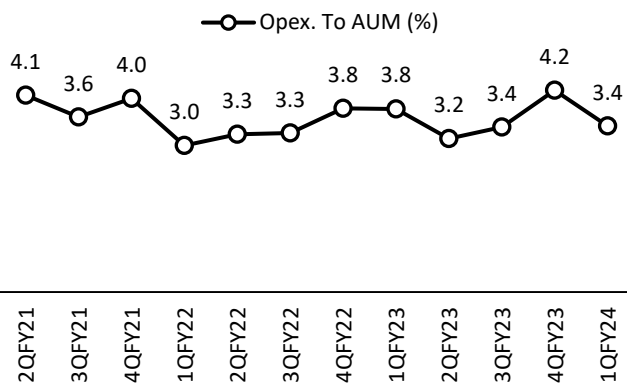
Source: MOFSL, Company

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



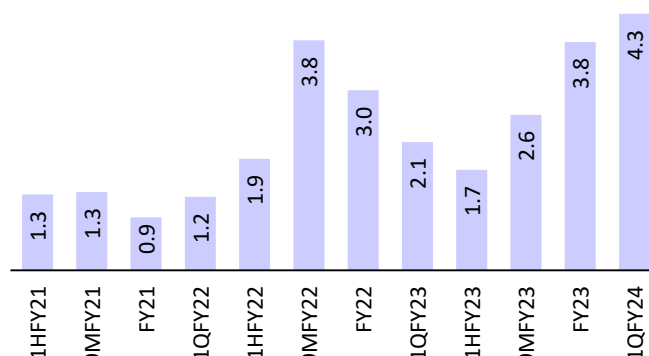
Source: MOFSL, Company, Borrowing mix%

**Exhibit 7: OPEX/AUM declined ~80bp QoQ**



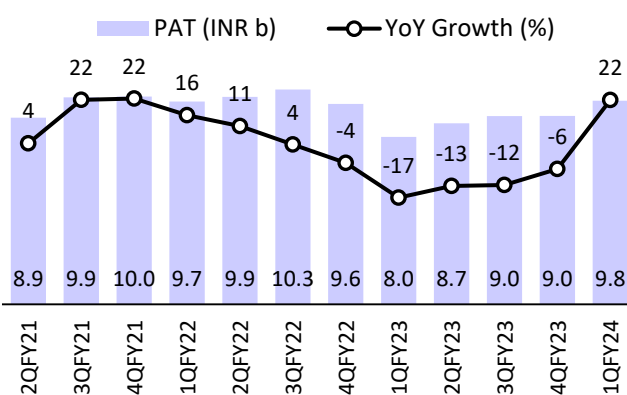
Source: MOFSL, Company

**Exhibit 8: GNPA increased ~50bp QoQ (%)**



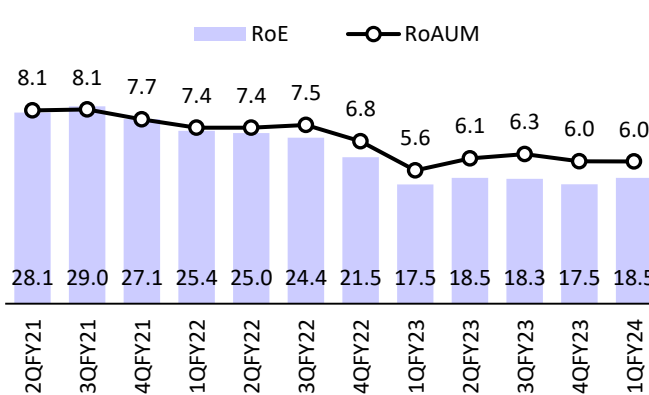
Source: MOFSL, Company

**Exhibit 9: PAT grew 22% YoY**



Source: MOFSL, Company

**Exhibit 10: RoE improved ~100bp QoQ**



Source: MOFSL, Company

**Valuation and view**

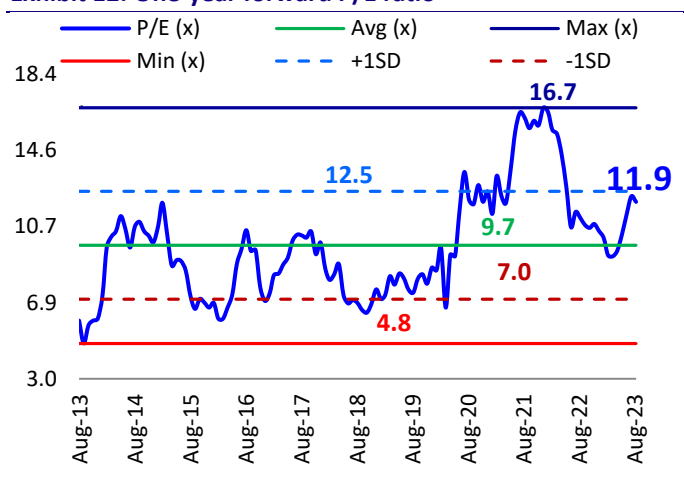
- MUTH reported a healthy sequential growth in gold loans but this growth was accompanied by a corresponding trade-off between spreads and margins. Striking an appropriate balance between loan growth and margin will still remain an important deliverable in FY24E.
- With limited upside catalysts, a not so benign competitive landscape and clouded outlook on the margin trajectory, **we maintain our Neutral rating with a TP of INR1,290 (based on 1.8x Mar’25E BVPS).**

**Exhibit 11: Increase our FY25 EPS estimate by ~2% to factor in slightly higher loan growth**

INR B	Old Est		New Est		% Change	
	FY24	FY25	FY24	FY25	FY24	FY25
NII	80.1	89.0	80.0	90.3	-0.1	1.4
Other Income	1.8	1.9	2.4	2.2		
<b>Net Income</b>	<b>82.0</b>	<b>90.9</b>	<b>82.4</b>	<b>92.5</b>	<b>0.6</b>	<b>1.7</b>
Operating Expenses	23.9	26.3	24.1	26.5	0.9	0.9
<b>Operating Profits</b>	<b>58.0</b>	<b>64.7</b>	<b>58.3</b>	<b>66.0</b>	<b>0.4</b>	<b>2.0</b>
Provisions	0.5	0.5	0.7	0.5	36.5	1.3
<b>PBT</b>	<b>57.5</b>	<b>64.1</b>	<b>57.6</b>	<b>65.5</b>	<b>0.1</b>	<b>2.1</b>
Tax	14.7	16.4	14.7	16.7	0.1	2.1
<b>PAT</b>	<b>42.8</b>	<b>47.7</b>	<b>42.9</b>	<b>48.7</b>	<b>0.1</b>	<b>2.1</b>
Loans	733	806	747	814	1.9	1.0
Borrowings	564	620	561	594		
Spread (%)	9.7	9.6	9.5	9.3		
<b>RoA (%)</b>	<b>5.5</b>	<b>5.5</b>	<b>5.5</b>	<b>5.7</b>		
<b>RoE (%)</b>	<b>18.9</b>	<b>18.2</b>	<b>18.9</b>	<b>18.5</b>		

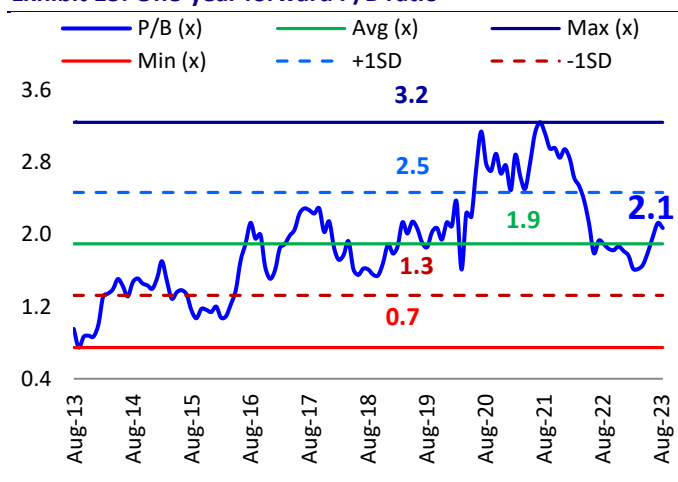
Source: MOFSL, Company

**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	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Interest Income	56,369	62,021	67,570	85,644	103,285	109,560	103,686	1,25,880	1,41,246
Interest Expense	22,938	19,314	22,368	27,909	36,924	38,358	36,991	45,847	50,962
<b>Net Interest Income</b>	<b>33,431</b>	<b>42,707</b>	<b>45,202</b>	<b>57,735</b>	<b>66,361</b>	<b>71,203</b>	<b>66,695</b>	<b>80,034</b>	<b>90,283</b>
Change (%)	31.5	27.7	5.8	27.7	14.9	7.3	-6.3	20.0	12.8
Other income	1,098	1,310	1,236	1,584	2,458	1,424	1,751	2,379	2,211
<b>Net Income</b>	<b>34,529</b>	<b>44,017</b>	<b>46,438</b>	<b>59,319</b>	<b>68,819</b>	<b>72,626</b>	<b>68,446</b>	<b>82,413</b>	<b>92,494</b>
Change (%)	31.9	27.5	5.5	27.7	16.0	5.5	-5.8	20.4	12.2
Operating Expenses	12,503	13,174	15,394	17,787	17,804	18,262	21,177	24,129	26,501
<b>Pre Provision Profits</b>	<b>22,026</b>	<b>30,843</b>	<b>31,044</b>	<b>41,531</b>	<b>51,015</b>	<b>54,364</b>	<b>47,270</b>	<b>58,284</b>	<b>65,993</b>
Change (%)	48.9	40.0	0.6	33.8	22.8	6.6	-13.0	23.3	13.2
Provisions	2,816	2,397	275	957	950	1,270	605	707	530
<b>PBT</b>	<b>19,210</b>	<b>28,447</b>	<b>30,768</b>	<b>40,574</b>	<b>50,065</b>	<b>53,094</b>	<b>46,664</b>	<b>57,578</b>	<b>65,463</b>
Tax	7,411	10,671	11,047	10,391	12,843	13,551	11,929	14,719	16,734
Tax Rate (%)	38.6	37.5	35.9	25.6	25.7	25.5	25.6	25.6	25.6
<b>PAT</b>	<b>11,799</b>	<b>17,776</b>	<b>19,721</b>	<b>30,183</b>	<b>37,222</b>	<b>39,543</b>	<b>34,735</b>	<b>42,859</b>	<b>48,728</b>
Change (%)	45.7	50.7	10.9	53.0	23.3	6.2	-12.2	23.4	13.7
Proposed Dividend	2,397	4,014	4,817	6,022	8,029	8,029	7,989	9,643	10,038

BALANCE SHEET									(INR m)
Y/E MARCH	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	3,995	4,000	4,007	4,010	4,012	4,012	4,014	4,014	4,014
Reserves & Surplus	61,170	74,120	88,151	1,11,708	1,48,377	1,79,432	2,06,605	2,39,821	2,78,511
<b>Equity Networth</b>	<b>65,164</b>	<b>78,120</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>2,43,835</b>	<b>2,82,525</b>
<b>Networth</b>	<b>65,164</b>	<b>78,120</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>2,43,835</b>	<b>2,82,525</b>
<b>Borrowings</b>	<b>2,09,855</b>	<b>2,11,670</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>5,61,472</b>	<b>5,94,136</b>
Change (%)	13.0	0.9	26.8	38.4	23.7	8.4	-0.2	12.9	5.8
<b>Other liabilities</b>	<b>32,112</b>	<b>18,132</b>	<b>20,198</b>	<b>17,578</b>	<b>22,798</b>	<b>23,990</b>	<b>18,236</b>	<b>20,059</b>	<b>22,065</b>
Change (%)	12.2	-43.5	11.4	-13.0	29.7	5.2	-24.0	10.0	10.0
<b>Total Liabilities</b>	<b>3,07,131</b>	<b>3,07,923</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>8,25,366</b>	<b>8,98,726</b>
<b>Loans</b>	<b>2,74,242</b>	<b>2,95,068</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>7,46,758</b>	<b>8,13,966</b>
Change (%)	11.8	7.6	18.4	22.0	26.9	9.8	8.2	16.2	9.0
<b>Investments</b>	<b>2,091</b>	<b>3,954</b>	<b>9,826</b>	<b>14,383</b>	<b>15,903</b>	<b>13,205</b>	<b>13,169</b>	<b>14,485</b>	<b>15,934</b>
Net Fixed Assets	2,182	1,922	1,867	2,227	2,416	2,637	2,682	2,950	3,245
Other assets	28,615	6,978	19,666	61,944	75,697	95,863	67,699	61,173	65,581
<b>Total Assets</b>	<b>3,07,131</b>	<b>3,07,923</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>8,25,366</b>	<b>8,98,726</b>

E: MOFSL Estimates

## Financials and valuations

Ratios	(%)								
Y/E MARCH	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Spreads Analysis (%)</b>									
Avg Yield on loans	21.8	21.8	21.0	22.1	21.4	19.3	16.8	18.1	18.1
Avg Cost of funds	11.6	9.2	9.3	8.7	8.9	8.0	7.4	8.7	8.8
Spreads on loans	10.2	12.7	11.7	13.4	12.5	11.3	9.3	9.5	9.3
NIMs on AUM	12.9	15.1	14.3	15.2	14.1	12.9	11.0	11.7	11.8
<b>Profitability Ratios (%)</b>									
RoE	19.4	24.8	23.2	29.0	27.8	23.5	17.6	18.9	18.5
RoA	4.1	5.8	5.7	6.8	6.5	5.9	4.9	5.5	5.7
RoA on AUM	4.6	6.3	6.2	8.0	7.9	7.1	5.7	6.3	6.4
Cost to Income	36.2	29.9	33.2	30.0	25.9	25.1	30.9	29.3	28.7
Empl. Cost/Op. Exps.	61.1	59.4	58.3	57.8	56.5	56.4	56.6	57.2	58.3
<b>Asset-Liability Profile (%)</b>									
GNPL ratio (%)	2.8	4.4	2.7	2.2	0.9	3.0	3.8	3.1	2.7
Debt/Equity (x)	3.2	2.7	2.9	3.2	3.0	2.7	2.4	2.3	2.1
Average leverage	3.3	2.9	2.8	3.1	3.1	2.9	2.5	2.3	2.2
<b>Valuations</b>									
Book Value (INR)	163	195	230	289	380	457	525	607	704
<b>Price-BV (x)</b>			<b>5.9</b>	<b>4.7</b>	<b>3.6</b>	<b>3.0</b>	<b>2.6</b>	<b>2.2</b>	<b>1.9</b>
EPS (INR)	29.5	44.4	49.2	75.3	92.8	98.6	86.5	106.8	121.4
EPS Growth (%)	45.6	50.4	10.8	52.9	23.3	6.2	-12.2	23.4	13.7
<b>Price-Earnings (x)</b>			<b>27.4</b>	<b>17.9</b>	<b>14.6</b>	<b>13.7</b>	<b>15.6</b>	<b>12.6</b>	<b>11.1</b>
Dividend	6.0	10.0	12.0	15.0	20.0	20.0	22.0	24.0	25.0
<b>Dividend Yield (%)</b>				<b>1.1</b>	<b>1.5</b>	<b>1.5</b>	<b>1.6</b>	<b>1.8</b>	<b>1.9</b>

E: MOFSL Estimates

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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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