

# Muthoot Finance

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	MUTH IN
Equity Shares (m)	401
M.Cap.(INRb)/(USD\$)	442.2 / 5.4
52-Week Range (INR)	1723 / 950
1, 6, 12 Rel. Per (%)	0/-17/-34
12M Avg Val (INR M)	1083

## Financials & Valuations (INR b)

Y/E March	FY22	FY23E	FY24E
NII	71.2	64.1	71.9
PPP	54.4	45.0	51.0
PAT	39.5	33.5	37.6
EPS (INR)	98.6	83.6	93.6
EPS Gr. (%)	6.2	-15.2	12.0
BV/Sh.(INR)	457	521	595

## Ratios

NIM (%)	12.9	10.9	11.4
C/I ratio (%)	25.1	31.5	30.5
RoA (%)	5.9	4.7	4.9
RoE (%)	23.5	17.1	16.8
Payout (%)	20.3	23.3	21.8

## Valuations

P/E (x)	11.2	13.2	11.8
P/BV (x)	2.4	2.1	1.9
Div. Yld. (%)	1.8	1.8	1.8

## Shareholding pattern (%)

As On	Sep-22	Jun-22	Sep-21
Promoter	73.4	73.4	73.4
DII	11.8	10.5	8.3
FII	9.9	11.0	14.2
Others	5.0	5.2	4.2

FII Includes depository receipts

**CMP: INR1,102 TP: INR1,130 (+3%) Neutral**

## Gold loan growth remain muted; Margin recovery still elusive

- MUTH's 2QFY23 results were characterized by: a) muted gold loan growth of 3% YoY to INR565b (PY:547b); b) maturity of much higher interest rate gold loans (disbursed prior to the introduction of teaser rate gold loans), keeping the yield improvement muted; c) retirement of higher cost liabilities, aiding benign borrowing costs (CoB) in a rising rate environment, and d) lower reported operating expenses, translating into an inline PPOp
- Standalone PAT declined ~13% YoY to ~INR8.7b (in-line), led by a 13% YoY decline in NII. Standalone yields (calc.) increased marginally ~8bp QoQ to 17.5%, while the CoB declined ~8bp QoQ, leading to a ~15bp/30bp sequential improvement in spreads and margins, respectively. Both the yield improvement and the margin recovery were below expectations.
- The trade-off between loan growth and margin, which has been evident in the last five quarters, will continue to persist in the foreseeable future. We expect the continued aggression of Banks and FinTechs to eventually make Gold loan NBFCs pivot their business models to lower spreads and margin (than they did in the past), complemented with steady gold loan growth.
- Delivering on the guided 10% YoY gold loan growth in FY23 will be difficult, in our view. This is backed by our hypothesis that MUTH and others are unlikely to pursue loan growth at the cost of profitability. Moreover, we expect elevated run-off from the maturity of higher-ticket gold loans for MUTH in 4QFY23 and now model standalone AUM growth of ~3% in FY23.
- We estimate standalone AUM CAGR of 7% over FY22-FY24, with spreads improving marginally to ~10%. We model an RoA/RoE of 4.9%/17%, respectively, in FY24. Given the lack of loan growth visibility and a structural change in Gold loan NBFC business models that we foresee, we expect limited upside catalysts for the stock. **We reiterate our Neutral rating with a TP of INR1,130 (based on 1.9x FY24E P/BV).**

## Gold loans growth muted, with a decline in gold holdings

- Gold loan AUM was flat QoQ and grew 3% YoY to ~INR565b, while the consolidated AUM at INR644b grew ~6% YoY. The MFI subsidiary (Belstar) reported a 53% YoY growth (albeit on a small base) in AUM to ~INR51.4b.
- Gold tonnage declined 1% YoY and QoQ to 177tonne. The number of loan accounts declined ~7% YoY and grew 1% QoQ to 8.16m, while the number of active customers also grew 1% QoQ to 5.22m.
- The average monthly disbursement of INR88b in 2QFY23 (v/s INR127b in 1QFY23) suggests that Gold-NBFCs like MUTH have now gravitated toward lower-ticket gold loans.

## Yield expansion will remain slow; opex likely to be higher in 3Q/4QFY23

- The company shared that all teaser loans have been migrated to higher interest rate loans (upwards of 10%) and this is expected to contribute toward an expansion in yields in the subsequent quarters.

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

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

- Opex stood at INR4.5b (18% lower than MOFSLe), mainly driven by lower employee expenses and a moderation in the advertising/publicity costs, which stood at INR238m (PQ: INR467m and PY: INR288m) in 2QFY23.

#### Highlights from the management commentary

- The company had received RBI approval for opening 150 new branches. About 24 new branches were opened until Sep'22 and the company expects to open all the remaining branches by Dec'22.
- The company guided for margins in the range of 11-12% and is reasonably confident in its ability to maintain CoF at its current levels of ~8% in 3QFY23 despite rising interest rates.
- Muthoot Finance has applied to the RBI for approval of credit cards business, but the company has not heard back from the regulator as yet.

#### Valuation and view

- As highlighted earlier, there is a tradeoff between spreads/margins and growth in Gold loans. Gold loan NBFCs have now reverted to restoring spreads and margins. We believe this will translate into muted gold loan growth. Striking an appropriate balance between loan growth and margin is important.
- We have cut our FY23/FY24 EPS by 2%/4% to factor in a moderation in our gold loan growth estimates. We see limited upside catalysts, given the concerns around Gold loan growth and the need to evolve the Gold loan NBFC business model. We reiterate our Neutral rating with a TP of INR1,130 (based on 1.9x FY24E BVPS).

Quarterly Performance												(INR M)
Y/E March	FY22				FY23E				FY22	FY23E	2QFY23E	Act v/s Est. (%)
	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23E	4QFY23E				
Income from operations	26,837	27,920	28,394	26,410	24,816	24,746	25,984	26,922	109,560	102,467	26,305	-6
Other operating income	301	385	288	289	223	231	254	530	1,263	1,238	245	-6
<b>Total Operating income</b>	<b>27,138</b>	<b>28,304</b>	<b>28,682</b>	<b>26,699</b>	<b>25,039</b>	<b>24,977</b>	<b>26,238</b>	<b>27,451</b>	<b>110,823</b>	<b>103,705</b>	<b>26,550</b>	<b>-6</b>
YoY Growth (%)	13.8	9.6	3.7	-5.5	-7.7	-11.8	-8.5	2.8	5.0	-6.4	-6.2	
Other income	11	29	36	85	54	58	50	58	161	220	43	35
<b>Total Income</b>	<b>27,149</b>	<b>28,333</b>	<b>28,718</b>	<b>26,784</b>	<b>25,093</b>	<b>25,036</b>	<b>26,287</b>	<b>27,509</b>	<b>110,984</b>	<b>103,925</b>	<b>26,593</b>	<b>-6</b>
YoY Growth (%)	13.8	9.6	3.4	-5.3	-7.6	-11.6	-8.5	2.7	5.0	-6.4	-6.1	
Interest Expenses	9,822	9,794	9,533	9,208	9,416	9,027	9,569	10,311	38,358	38,323	9,793	-8
<b>Net Income</b>	<b>17,327</b>	<b>18,539</b>	<b>19,185</b>	<b>17,575</b>	<b>15,677</b>	<b>16,009</b>	<b>16,719</b>	<b>17,198</b>	<b>72,626</b>	<b>65,602</b>	<b>16,801</b>	<b>-5</b>
Operating Expenses	3,989	4,397	4,519	5,357	5,435	4,522	5,016	5,665	18,262	20,639	5,497	-18
<b>Operating Profit</b>	<b>13,338</b>	<b>14,142</b>	<b>14,666</b>	<b>12,218</b>	<b>10,241</b>	<b>11,487</b>	<b>11,703</b>	<b>11,532</b>	<b>54,364</b>	<b>44,964</b>	<b>11,304</b>	<b>2</b>
YoY Growth (%)	17.0	16.8	5.5	-10.2	-23.2	-18.8	-20.2	-5.6	6.6	-17.3	-20.1	
Provisions	337	744	889	-700	-577	-127	33	433	1,270	-239	26	-
<b>Profit before Tax</b>	<b>13,001</b>	<b>13,398</b>	<b>13,777</b>	<b>12,918</b>	<b>10,818</b>	<b>11,614</b>	<b>11,670</b>	<b>11,100</b>	<b>53,094</b>	<b>45,203</b>	<b>11,278</b>	<b>3</b>
Tax Provisions	3,290	3,458	3,488	3,315	2,798	2,942	3,011	2,911	13,551	11,662	2,921	1
<b>Net Profit</b>	<b>9,712</b>	<b>9,940</b>	<b>10,289</b>	<b>9,603</b>	<b>8,020</b>	<b>8,672</b>	<b>8,659</b>	<b>8,189</b>	<b>39,543</b>	<b>33,540</b>	<b>8,357</b>	<b>4</b>
YoY Growth (%)	15.5	11.1	3.8	-3.6	-17.4	-12.8	-15.8	-14.7	6.2	-15.2	-15.9	
<b>Key Operating Parameters (%)</b>												
Yield on loans (Cal)	20.6	21.0	20.9	18.9	17.5	17.5	18.1	18.5				
Cost of funds (Cal)	8.4	8.1	7.9	7.6	7.9	7.8	8.0	8.4				
Spreads (Cal)	12.3	12.9	12.9	11.4	9.6	9.7	10.1	10.1				
NIMs (Cal)	13.2	13.8	14.0	12.5	10.9	11.2	11.5	11.6				
Credit Cost	0.3	0.6	0.6	-0.5	-0.4	-0.1	0.0	0.3				
Cost to Income Ratio	23.0	23.7	23.6	30.5	34.7	28.2	30.0	32.9				
Tax Rate	25.3	25.8	25.3	25.7	25.9	25.3	25.8	26.2				
<b>Balance Sheet Parameters</b>												
<b>AUM (INR b)</b>	526	551	547	581	567	572	587	600				
Change YoY (%)	27.4	17.3	8.5	10.3	7.7	3.8	7.4	3.3				
<b>Gold loans (INR b)</b>	521	547	542	575	562	565	576	592				
Change YoY (%)	28.6	18.3	9.1	10.8	7.9	3.3	6.3	3.0				
Gold Stock Holding (In tonnes)	171	178	178	187	178	177						
Avg gold loans per branch (INR m)	113	118	117	125	122	122						
<b>Borrowings (INR b)</b>	478	488	471	499	454	468	487	497				
Change YoY (%)	23.0	15.6	1.2	8.4	-5.0	-4.1	3.3	-0.3				
<b>Borrowings Mix (%)</b>												
Listed secured NCDs	27.8	26.2	26.2	24.7	27.0	24.2						
Term loans	43.6	46.9	52.2	55.5	51.4	55.9						
Commercial Paper	9.1	8.0	1.8	2.0	0.0	0.0						
Others	3.9	3.7	4.0	2.7	4.2	2.5						
Debt/Equity (x)	2.7	2.7	2.4	2.4	2.3	2.2						
<b>Asset Quality Parameters (%)</b>												
GS 3 (INR m)	6,408	10,213	20,908	17,372	12,078	9,558						
Gross Stage 3 (% on Assets)	1.2	1.9	3.8	3.0	2.1	1.7						
Total Provisions (INR m)	9,455	10,129	10,951	10,173	9,548	9,380						
<b>Return Ratios (%)</b>												
RoAUM (Rep)	7.4	7.4	7.5	6.8	5.6	6.1						
RoE (Rep)	25.4	25.0	24.4	21.5	17.5	18.5						

E: MOFSL estimates



## Highlights from the management commentary

### Spreads and NIM

- Portfolio gold loan yields stood at 17.3%: Yields in 2QFY23 was a function of very high rate gold loans (disbursed prior to introduction of teaser-rate loans) getting redeemed and which were offset by new loans (in 2QFY23) at interest rates which were higher than teaser rate loans.
- Yields are improving but they have not reached the levels which were there prior to the introduction of teaser rate loans. Company has migrated all teaser-rate loans to higher interest rates (upwards of 10%). Drag from teaser-rate loans on the yields will not be there from next quarter onwards.
- ECB of USD450m retired in Oct'22; Borrowing costs stood at 7.98% in 2QFY23. Expects borrowing costs to remain around the same ball park in the Dec'22 quarter.

### Guidance

- Guided for NIM in the range of 11-12%
- Company guided that it hopes to achieve the guided gold loan growth of 10% in FY23

### Liquidity and Liability

- As far as the level of bank borrowings are concerned, it will depend on the availability and the cost of the funding from the respective sources.
- Liquidity levels as on Sep'22 were kept higher because the first tranche of ECB bonds of USD450m were due for maturity in Oct'22. It has brought down the levels of liquidity in the ongoing quarter. Company does not want to keep a higher liquidity and bear a higher negative carry. It will prune its liquidity to reasonable levels while maintaining their LCR.
- Next tranche of ECB Bonds are due for maturity on Sep 1, 2023

### Newer Branches

- Company had received RBI approval for the first tranche of 150 branches. 24 new branches were opened until Sep'22 and it expects all the remaining branches to be opened until Dec'22.
- It takes a year or two for a new branch to stabilize and gain good traction. It depends on the locality of the branch and need of the customers in the vicinity and the mindset of such customers to take gold loans.
- A branch becomes profitable (or achieves break-even) within 12 months

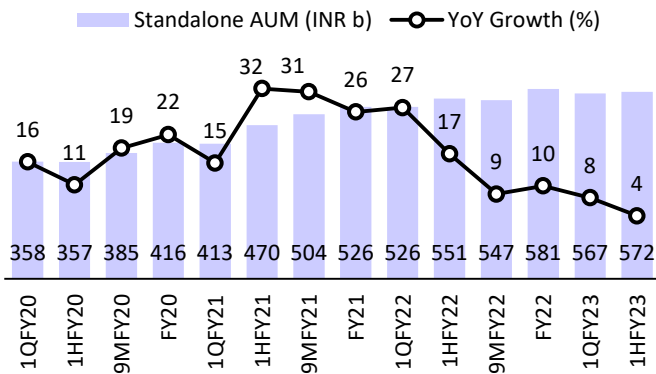
### Others

- The company does not plan to reduce the advertisement and promotion expenses and expects them to remain at the current levels in subsequent quarters.
- Company started the Milligram Gold Program - First such gold reward program for all its customers.
- Auctions were the highest in 2016 because there was a steep decline in the gold prices. Gold auctions are not lumpy anymore and some gold auctions are business as usual.

- Quantum (principal) of gold auctions in 2QFY23 stood at INR5.78b (v/s 1QFY23: INR13.74b | 4QFY22: INR21b | 3QFY22: INR28b | 2QFY22: INR2.7b, 1QFY22: INR370m | FY22: INR52.1b | FY21: INR1.71b | FY20: INR5b | FY19: INR10b).
- NBFCs are not permitted to lend to customers who pool gold ornaments from other individual customers.
- Muthoot Finance has applied to the RBI for approval for credit cards business but the company has not heard back from the regulator as yet.

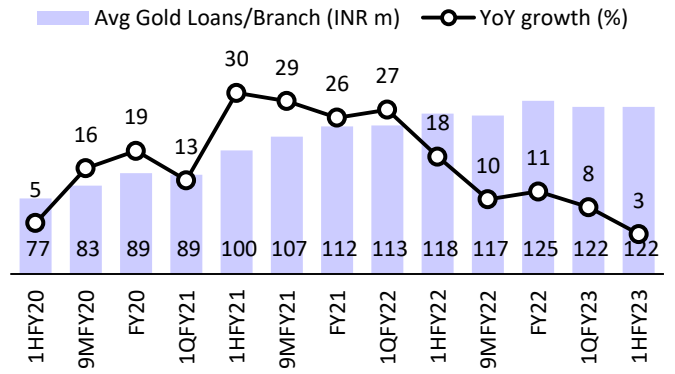
## Key exhibits

**Exhibit 1: Standalone AUM grew 4% YoY**



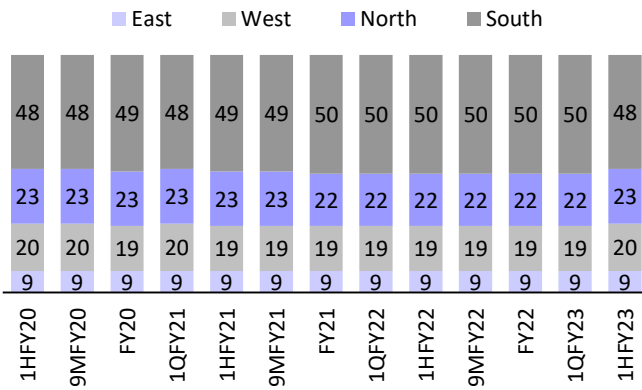
Source: MOFSL, Company

**Exhibit 2: Trend in productivity**



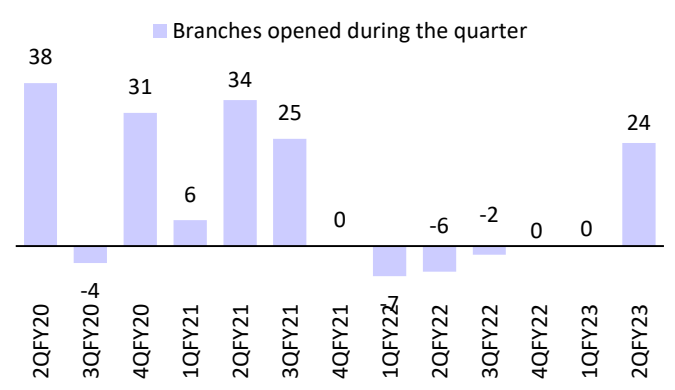
Source: MOFSL, Company

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



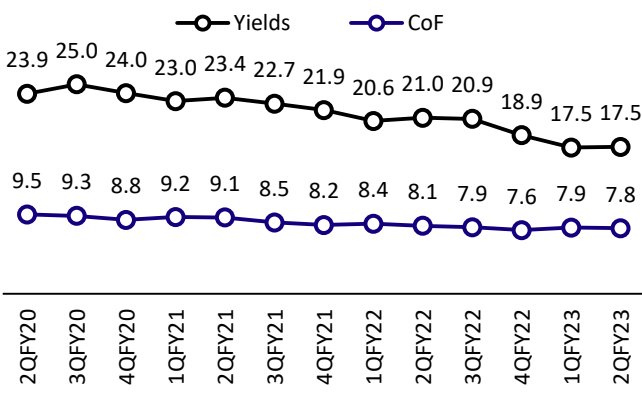
Source: MOFSL, Company, Gold loan portfolio mix

**Exhibit 4: MUTH opened 24 new branches in 2QFY23**



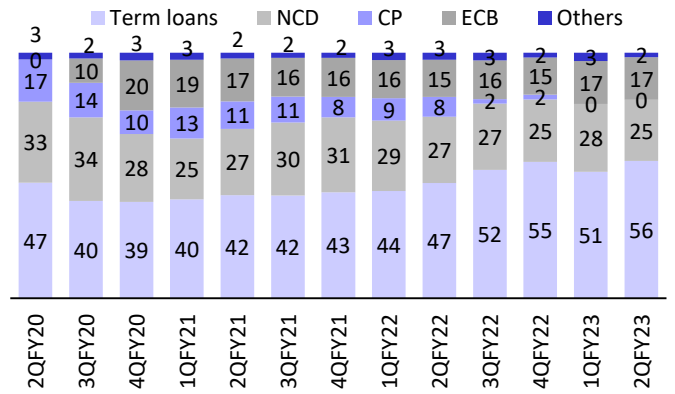
Source: MOFSL, Company

**Exhibit 5: Spreads (calculated) improved by ~15bp QoQ (%)**



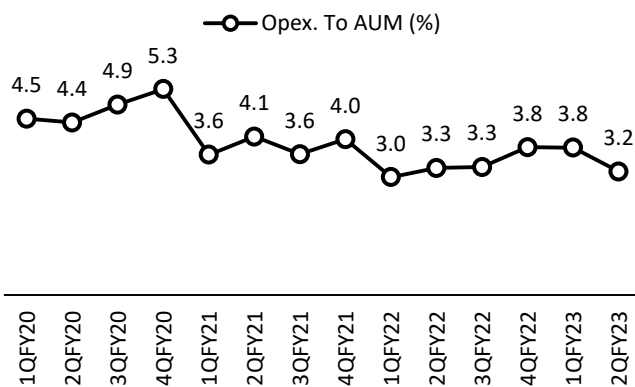
Source: MOFSL, Company

**Exhibit 6: Borrowing mix increased towards bank loans(%)**



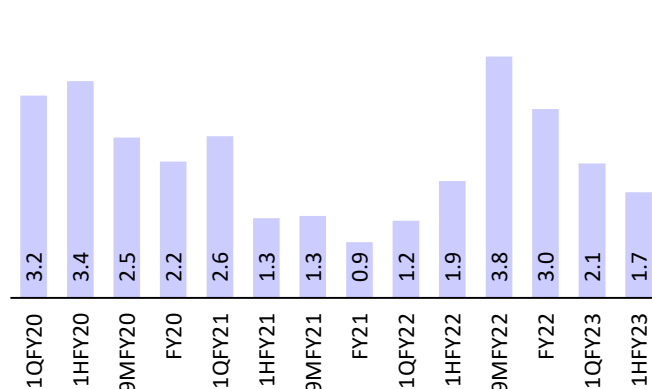
Source: MOFSL, Company, Borrowing mix%

**Exhibit 7: OPEX/AUM declined QoQ driven by lower employee and advertisement expenses**



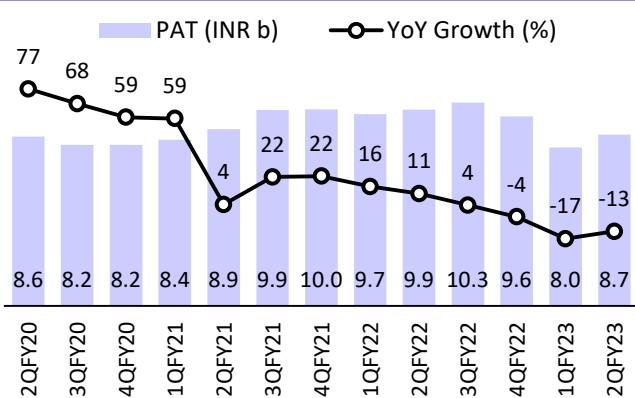
Source: MOFSL, Company

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



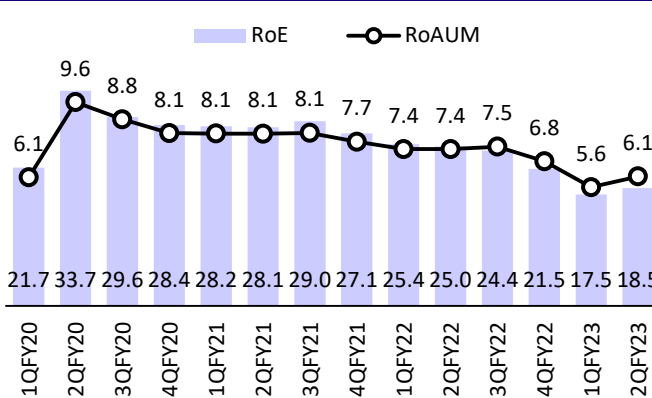
Source: MOFSL, Company

**Exhibit 9: PAT declined 13% YoY**



Source: MOFSL, Company

**Exhibit 10: RoE improved QoQ**



Source: MOFSL, Company

### Valuation and view

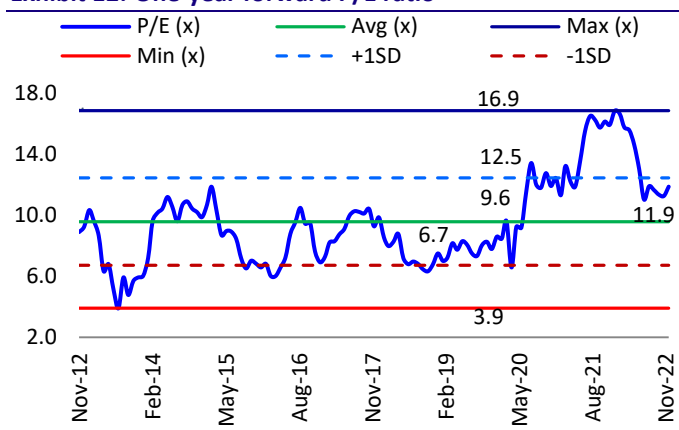
- As highlighted earlier, there is a tradeoff between spreads/margins and growth in Gold loans. Gold loan NBFCs have now reverted to restoring spreads and margins. We believe this will translate into muted gold loan growth. Striking an appropriate balance between loan growth and margin is important.
- We have cut our FY23/FY24 EPS by 2%/4% to factor in a moderation in our gold loan growth estimates. We see limited upside catalysts, given the concerns around Gold loan growth and the need to evolve the Gold loan NBFC business model. We reiterate our Neutral rating with a TP of INR1,130 (based on 1.9x FY24E BVPS).

**Exhibit 11: Cut our FY23/FY24 EPS estimate by 2%/4% to factor in lower loan growth**

INR B	Old Est		New Est		% Change	
	FY23	FY24	FY23	FY24	FY23	FY24
NII	66.3	75.1	64.1	71.9	-3.2	-4.2
Other Income	1.5	1.5	1.5	1.5		
<b>Net Income</b>	<b>67.7</b>	<b>76.6</b>	<b>65.6</b>	<b>73.5</b>	<b>-3.1</b>	<b>-4.1</b>
Operating Expenses	21.4	23.3	20.6	22.4	-3.5	-3.7
<b>Operating Profits</b>	<b>46.3</b>	<b>53.3</b>	<b>45.0</b>	<b>51.0</b>	<b>-3.0</b>	<b>-4.3</b>
Provisions	0.3	0.5	-0.2	0.4	-194.5	-10.3
<b>PBT</b>	<b>46.1</b>	<b>52.8</b>	<b>45.2</b>	<b>50.6</b>	<b>-1.9</b>	<b>-4.2</b>
Tax	11.9	13.6	11.7	13.1	-1.9	-4.2
<b>PAT</b>	<b>34.2</b>	<b>39.2</b>	<b>33.5</b>	<b>37.6</b>	<b>-1.9</b>	<b>-4.2</b>
Loans	641	718	612	673	-4.6	-6.3
Borrowings	526	589	497	547		
Spread (%)	9.4	9.5	9.3	9.7		
<b>RoA (%)</b>	<b>4.7</b>	<b>4.8</b>	<b>4.7</b>	<b>4.9</b>		
<b>RoE (%)</b>	<b>17.4</b>	<b>17.4</b>	<b>17.1</b>	<b>16.8</b>		

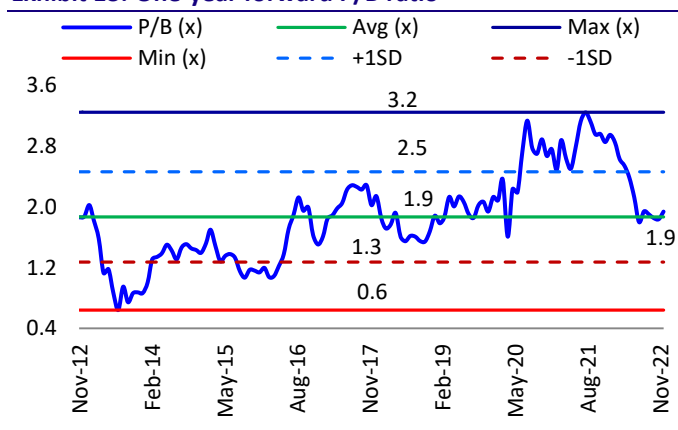
Source: MOFSL, Company

**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	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Interest Income	47,995	56,369	62,021	67,570	85,644	1,03,285	1,09,560	1,02,467	1,15,282
Interest Expense	22,577	22,938	19,314	22,368	27,909	36,924	38,358	38,323	43,338
<b>Net Interest Income</b>	<b>25,418</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>64,145</b>	<b>71,944</b>
Change (%)	17.9	31.5	27.7	5.8	27.7	14.9	7.3	-9.9	12.2
Other income	755	1,098	1,310	1,236	1,584	2,458	1,424	1,458	1,550
<b>Net Income</b>	<b>26,173</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>65,602</b>	<b>73,494</b>
Change (%)	18.0	31.9	27.5	5.5	27.7	16.0	5.5	-9.7	12.0
Operating Expenses	11,381	12,503	13,174	15,394	17,787	17,804	18,262	20,639	22,448
<b>Pre Provision Profits</b>	<b>14,792</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>44,964</b>	<b>51,045</b>
Change (%)	38.9	48.9	40.0	0.6	33.8	22.8	6.6	-17.3	13.5
Provisions	1,624	2,816	2,397	275	957	950	1,270	-239	437
<b>PBT</b>	<b>13,168</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>45,203</b>	<b>50,608</b>
Tax	5,072	7,411	10,671	11,047	10,391	12,843	13,551	11,662	13,057
Tax Rate (%)	38.5	38.6	37.5	35.9	25.6	25.7	25.5	25.8	25.8
<b>PAT</b>	<b>8,096</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>33,540</b>	<b>37,551</b>
Change (%)	20.7	45.7	50.7	10.9	53.0	23.3	6.2	-15.2	12.0
Proposed Dividend	2,393	2,397	4,010	4,812	6,016	8,021	8,021	7,815	8,186

BALANCE SHEET									(INR M)
Y/E MARCH	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Equity Share Capital	3,990	3,995	4,000	4,007	4,010	4,012	4,012	4,012	4,012
Reserves & Surplus	52,202	61,170	74,120	88,151	1,11,708	1,48,377	1,79,432	2,05,158	2,34,523
<b>Networth</b>	<b>56,192</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>2,09,170</b>	<b>2,38,535</b>
<b>Borrowings</b>	<b>1,85,670</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>4,97,283</b>	<b>5,47,011</b>
Change (%)	-4.5	13.0	0.9	26.8	38.4	23.7	8.4	-0.2	10.0
<b>Other liabilities</b>	<b>28,625</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>26,389</b>	<b>29,028</b>
Change (%)	27.2	12.2	-43.5	11.4	-13.0	29.7	5.2	10.0	10.0
<b>Total Liabilities</b>	<b>2,70,487</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>7,32,841</b>	<b>8,14,574</b>
<b>Loans</b>	<b>2,45,241</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>6,11,658</b>	<b>6,72,823</b>
Change (%)	4.2	11.8	7.6	18.4	22.0	26.9	9.8	3.0	10.0
<b>Investments</b>	<b>983</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>12,545</b>	<b>13,799</b>
Net Fixed Assets	2,274	2,182	1,922	1,867	2,227	2,416	2,637	2,874	3,162
Other assets	21,990	28,615	6,978	19,666	61,944	75,697	95,863	1,05,765	1,24,790
<b>Total Assets</b>	<b>2,70,487</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>7,32,841</b>	<b>8,14,574</b>

E: MOFSL Estimates

## Financials and valuations

RATIOS								(%)	
Y/E MARCH	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>Spreads Analysis (%)</b>									
Avg Yield on loans	20.1	21.8	21.8	21.0	22.1	21.4	19.3	17.0	18.0
Avg Cost of funds	11.9	11.6	9.2	9.3	8.7	8.9	8.0	7.7	8.3
Spreads on loans	8.2	10.2	12.7	11.7	13.4	12.5	11.3	9.3	9.7
NIMs on AUM	10.6	12.9	15.1	14.3	15.2	14.1	12.9	10.9	11.4
<b>Profitability Ratios (%)</b>									
RoE	15.1	19.4	24.8	23.2	29.0	27.8	23.5	17.1	16.8
RoA	3.0	4.1	5.8	5.7	6.8	6.5	5.9	4.7	4.9
Cost to Income	43.5	36.2	29.9	33.2	30.0	25.9	25.1	31.5	30.5
Empl. Cost/Op. Exps.	56.4	61.1	59.4	58.3	57.8	56.5	56.4	55.9	57.1
<b>Asset-Liability Profile (%)</b>									
GNPL ratio (%)	2.2	2.8	4.4	2.7	2.2	0.9	3.0	2.4	2.0
Debt/Equity (x)	3.3	3.2	2.7	2.9	3.2	3.0	2.7	2.4	2.3
Average leverage	3.6	3.3	2.9	2.8	3.1	3.1	2.9	2.5	2.3
<b>Valuations</b>									
Book Value (INR)	141	163	195	230	289	380	457	521	595
<b>Price-BV (x)</b>					<b>3.8</b>	<b>2.9</b>	<b>2.4</b>	<b>2.1</b>	<b>1.9</b>
EPS (INR)	20.3	29.5	44.4	49.2	75.3	92.8	98.6	83.6	93.6
EPS Growth (%)	20.4	45.6	50.4	10.8	52.9	23.3	6.2	-15.2	12.0
<b>Price-Earnings (x)</b>					<b>14.7</b>	<b>11.9</b>	<b>11.2</b>	<b>13.2</b>	<b>11.8</b>
Dividend	6.0	6.0	10.0	12.0	15.0	20.0	20.0	19.5	20.4
<b>Dividend Yield (%)</b>					<b>1.4</b>	<b>1.8</b>	<b>1.8</b>	<b>1.8</b>	<b>1.8</b>

E: MOFSL Estimates

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
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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