

# Muthoot Finance

Estimate change



TP change



Rating change



Bloomberg	MUTH IN
Equity Shares (m)	401
M.Cap.(INRb)/(USD\$)	415.4 / 5
52-Week Range (INR)	1213 / 911
1, 6, 12 Rel. Per (%)	-4/-2/-26
12M Avg Val (INR M)	827

## Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
NII	66.7	76.8	84.4
PPP	47.3	55.2	60.5
PAT	34.7	40.7	44.7
EPS (INR)	86.5	101.4	111.3
EPS Gr. (%)	-12.2	17.2	9.7
BV/Sh.(INR)	525	602	688

## Ratios

NIM (%)	11.0	11.7	11.8
C/I ratio (%)	30.9	29.9	29.9
RoA (%)	4.9	5.4	5.4
RoE (%)	17.6	18.0	17.3
Payout (%)	23.0	23.7	22.5

## Valuations

P/E (x)	12.0	10.2	9.3
P/BV (x)	2.0	1.7	1.5
Div. Yld. (%)	2.1	2.3	2.4

## Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	73.4	73.4	73.4
DII	12.7	12.0	9.7
FII	9.4	10.0	12.1
Others	4.6	4.6	4.8

FII Includes depository receipts

**CMP: INR1,035**

**TP: INR1,125 (+9%)**

**Neutral**

## Strong gold loan growth without compromise on margins

### Good operational performance but earnings in line due to higher opex

- MUTH's 4QFY23 performance was characterized by: 1) gold loan growth of ~9% QoQ to ~INR619b, indicating early green-shoots of demand revival; 2) a ~50bp QoQ expansion in NIM; 3) higher ECL provisioning due to slippages from Stage 2 to Stage 3; and 4) a higher cost-to-income ratio of ~33% (PY: ~31%) primarily because of higher employee expenses.
- 4QFY23 standalone PAT declined ~6% YoY to ~INR9b (in line) despite ~9% YoY growth in NII. PPOp rose 6% YoY to INR12.9b (in line). FY23 PAT declined 12% YoY to ~INR34.7b.
- The management acknowledged that in addition to higher gold prices, strong sequential growth in gold loans was supported by 1) demand revival due to improvement in economic activity, and 2) slightly lower competitive intensity from banks. Considering the current demand momentum, the company has guided for over 15% growth in gold loans in FY24.
- Notably, MUTH was able to achieve healthy gold loan growth without a trade-off in NIM/spreads, which was increasingly pronounced in the prior two quarters. However, we still do not see strong signs of an organic improvement in gold loan demand, even as banks remain aggressive in this segment.
- MUTH, in our view, is unlikely to pursue gold loan growth at the cost of profitability. Moreover, we expect elevated run-off from the maturity of higher-ticket gold loans for MUTH in 1HFY24 and model ~9% growth in standalone AUM in FY24. We have increased our FY24E/FY25E EPS by ~5% each to factor in slightly higher gold loan growth.
- We estimate a standalone AUM CAGR of ~9% over FY23-FY25, with spreads remaining stable at ~9.4%. We model RoA/RoE of 5.4%/17% in FY25. Despite expectations of higher gold prices aiding sectoral gold loan growth, we believe gold-NBFCs like MUTH will see little benefit given an aggressive competitive landscape. With limited upside catalysts for the stock, we **maintain our Neutral rating with a TP of INR1,125 (based on 1.6x Mar'25E P/BV).**

## Record-high disbursements and strong gold loan growth of 9% QoQ

- Gold loan AUM grew ~9% QoQ and ~8% YoY to ~INR619b while consolidated AUM at ~INR715b rose ~11% YoY. MFI subsidiary (Belstar) reported 42% YoY growth (albeit on a small base) in AUM to ~INR62b.
- Gold tonnage rose 3% QoQ to 180 tonne, suggesting that MUTH also added fresh gold loan customers during the quarter. LTV declined ~270bp QoQ, largely due to higher average gold prices during the quarter. The number of loan accounts increased to 8.15m (PQ: 8.1m).
- Average monthly gold disbursements in 4QFY23 grew to INR173b (PQ: INR103b), with an increase in the ticket size to ~INR76k (PQ: INR70k).

Abhijit Tibrewal - Research Analyst (Abhijit.Tibrewal@MotilalOswal.com)

Research Analyst: Nitin Aggarwal (Nitin.Aggarwal@MotilalOswal.com) | Parth Desai (parth.desai@MotilalOswal.com)

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

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**Improvement in yields and decline in CoB led to margin expansion**

- Reported yields improved ~25bp QoQ and the reported spreads expanded ~35bp QoQ, aided by a ~10bp decline in the borrowing costs (CoB).
- Given the gold loan rates offered by the competition, MUTH will have little pricing power to hike interest rates on gold loans. Moreover, given its emphasis on loan growth, we expect it to remain competitive in pricing rather than lose market share to the competition.
- We expect NIM to improve ~70bp YoY to 11.7% in FY24. In our view, MUTH should 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 higher write-off**

- GS3 increased ~120bp QoQ to ~3.8%, while GS2 declined by ~100bp to 1.3%. 30+dpd rose ~25bp QoQ to 5.1%.
- The 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. Given higher gold prices, MUTH shared that it does not expect any loss of accrued interest on these NPAs.

**Highlights from the management commentary**

- Guides for gold loan growth of over 15% in FY24 and spreads of ~10%.
- Higher employee expenses were primarily on account of higher incentives paid out to employees because of high gold loan disbursements and increase in Directors' remuneration.

**Valuation and view: Limited upside catalysts; Maintain Neutral**

- MUTH reported a strong operational quarter, with a healthy sequential growth in gold loans without the associated trade-offs in spreads/margins. However, striking an appropriate balance between loan growth and margin will still remain an important deliverable in FY24.
- With limited upside catalysts, an aggressive competitive landscape and the need for a shift in gold loan NBFCs' business model, we maintain our Neutral rating with a TP of INR1,125 (based on 1.6x Mar'25E BVPS).

## Quarterly Performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23	4QFY23E	Act v/s Est. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Income from operations	26,837	27,920	28,394	26,410	24,816	24,746	26,184	27,940	1,09,560	1,03,686	27,551	1
Other operating income	301	385	288	289	223	231	414	594	1,263	1,462	370	61
<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>26,598</b>	<b>28,534</b>	<b>1,10,823</b>	<b>1,05,148</b>	<b>27,921</b>	<b>2</b>
YoY Growth (%)	13.8	9.6	3.7	-5.5	-7.7	-11.8	-7.3	6.9	5.0	-5.1	4.6	
Other income	11	29	36	85	54	58	73	104	161	289	35	199
<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>26,671</b>	<b>28,638</b>	<b>1,10,984</b>	<b>1,05,437</b>	<b>27,956</b>	<b>2</b>
YoY Growth (%)	13.8	9.6	3.4	-5.3	-7.6	-11.6	-7.1	6.9	5.0	-5.0	4.4	
Interest Expenses	9,822	9,794	9,533	9,208	9,416	9,027	9,141	9,407	38,358	36,991	9,658	-3
<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>17,530</b>	<b>19,231</b>	<b>72,626</b>	<b>68,446</b>	<b>18,298</b>	<b>5</b>
Operating Expenses	3,989	4,397	4,519	5,357	5,435	4,522	4,905	6,314	18,262	21,177	5,436	16
<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>12,624</b>	<b>12,917</b>	<b>54,364</b>	<b>47,270</b>	<b>12,862</b>	<b>0</b>
YoY Growth (%)	17.0	16.8	5.5	-10.2	-23.2	-18.8	-13.9	5.7	6.6	-13.0	5.3	
Provisions	337	744	889	-700	-577	-127	557	753	1,270	605	302	
<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>12,068</b>	<b>12,164</b>	<b>53,094</b>	<b>46,664</b>	<b>12,560</b>	<b>-3</b>
Tax Provisions	3,290	3,458	3,488	3,315	2,798	2,942	3,051	3,138	13,551	11,929	3,256	-4
<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>9,017</b>	<b>9,027</b>	<b>39,543</b>	<b>34,735</b>	<b>9,304</b>	<b>-3</b>
YoY Growth (%)	15.5	11.1	3.8	-3.6	-17.4	-12.8	-12.4	-6.0	6.2	-12.2	-3.1	
<b>Key Operating Parameters (%)</b>												
Yield on loans (Cal)	20.6	21.0	20.9	18.9	17.5	17.5	18.5	18.9				
Cost of funds (Cal)	8.4	8.1	7.9	7.6	7.9	7.8	8.0	8.1				
Spreads (Cal)	12.3	12.9	12.9	11.4	9.6	9.7	10.5	10.8				
NIMs (Cal)	13.2	13.8	14.0	12.5	10.9	11.2	12.2	12.7				
Credit Cost	0.3	0.6	0.6	-0.5	-0.4	-0.1	0.4	0.5				
Cost to Income Ratio	23.0	23.7	23.6	30.5	34.7	28.2	28.0	32.8				
Tax Rate	25.3	25.8	25.3	25.7	25.9	25.3	25.3	25.8				
<b>Balance Sheet Parameters</b>												
<b>AUM (INR b)</b>	526	551	547	581	567	572	577	632				
Change YoY (%)	27.4	17.3	8.5	10.3	7.7	3.8	5.6	8.9				
<b>Gold loans (INR b)</b>	521	547	542	575	562	565	568	619				
Change YoY (%)	28.6	18.3	9.1	10.8	7.9	3.3	4.8	7.6				
Gold Stock Holding (In tonnes)	171	178	178	187	178	177	175	180				
Avg gold loans per branch (INR m)	113	118	117	125	122	122	122	131				
<b>Borrowings (INR b)</b>	478	488	471	499	454	468	443	486				
Change YoY (%)	23.0	15.6	1.2	8.4	-5.0	-4.1	-6.0	-2.5				
<b>Borrowings Mix (%)</b>												
Listed secured NCDs	27.8	26.2	26.2	24.7	27.0	24.2	25.2	28.1				
Term loans	43.6	46.9	52.2	55.5	51.4	55.9	62.3	60.9				
Commercial Paper	9.1	8.0	1.8	2.0	0.0	0.0	0.0	0.0				
Others	3.9	3.7	4.0	2.7	4.2	2.5	2.3	1.6				
Debt/Equity (x)	2.7	2.7	2.4	2.4	2.3	2.2	2.0	2.1				
<b>Asset Quality Parameters (%)</b>												
GS 3 (INR m)	6,408	10,213	20,908	17,372	12,078	9,558	14,896	23,986				
Gross Stage 3 (% on Assets)	1.2	1.9	3.8	3.0	2.1	1.7	2.6	3.8				
Total Provisions (INR m)	9,455	10,129	10,951	10,173	9,548	9,380	9,904	10,612				
<b>Return Ratios (%)</b>												
RoAUM (Rep)	7.4	7.4	7.5	6.8	5.6	6.1	6.3	6.0				
RoE (Rep)	25.4	25.0	24.4	21.5	17.5	18.5	18.3	17.5				

E: MOFSL estimates



## Highlights from the management commentary

### Guidance

- MUTH has guided for gold loan growth of over 15% in FY24.
- Standalone yields stood at 18.48% (PQ: 18.22%). MUTH has guided that yields should remain around the current levels. It has guided for spreads of 10.0% (+/- 50bp)
- The company has guided for an opex ratio of 3.5%.
- MUTH had RBI approval to open 150 new gold loan branches and it has already opened 122 branches over the last three quarters. It plans to add 100-150 branches every year.

### Gold loans

- Economic activity has been picking up. Gold loan demand increased during the quarter.
- Higher gold prices have indeed helped gold loan growth, but gradually the competition is easing and the aggression of banks is waning.
- Gold loan average ticket size: INR75,940 (PQ: INR70,000)

### Impact of penal interest draft circular

- About 90-95% of the gold loans are closed before 12 months. Only ~10% of the gold loans complete the full tenor of 12 months.
- The penal charge circular is still in the draft form and final guidelines are awaited. Whatever revenue has to be raised will be raised, either in the form of penal charges or interest income. The company will take a call on this when the final circular is published.
- Gold loan rates rise to 22-24% after 12 months and 2% penal interest is charged on overdue loans.

### Asset Quality

- Gold NPAs have increased because they have crossed the 12+3M period. These customers have paid partial interest and have requested for time to redeem their gold jewelry.
- MUTH does not expect any loss of accrued interest. High NPAs should not translate into a large block of gold auctions in the first half of FY24.

### Employee Expenses

- MUTH added more than 1,000 employees during the quarter and gave increments to employees.
- Directors' remuneration was also higher.

### Borrowing Costs

- Over the last few weeks, MUTH has seen some softening in incremental borrowing costs but unless it sustains, the CoB will increase to 8.5% over the next few quarters.

### Business Update

- MUTH recorded the highest-ever gold loan disbursements at INR519b in 4QFY23.

- Consolidated PAT grew 8% QoQ to INR10.09b.
- Total branches (including non-gold) stood at 5,838, with ~259 branches opened in FY23.
- Consolidated AUM grew 10% QoQ to INR715b, while standalone AUM grew 9% QoQ to INR632b.
- 4QFY23 standalone PAT stood at INR9.03b.

### **New product launches - Small Business Loans and Micro Personal Loans**

- **Small Business Loans** address the prevailing gap in the MSME market. Unsecured loans with ticket size of INR1m; started with metros and plans to expand it to Tier1/2 cities
- **Micro Personal Loans:** Pre-approved Personal loans of 9-12 months tenors; maximum loan amount of up to INR100k and the entire journey is digital

### **Performance of Subsidiaries**

#### **Home Finance**

- 4QFY23 disbursements grew 153% QoQ (on a small base)
- Plans to grow disbursement by 400% YoY and expand its branch network by opening 26 new branches across states in FY24

#### **Muthoot Money (Vehicle Finance)**

- 4QFY23 vehicle loan disbursements stood at INR240m v/s 9MFY23 disbursements of INR200m

#### **Belstar MicroFinance**

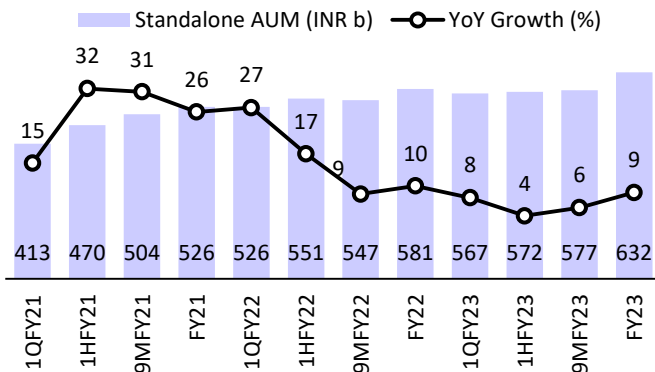
- Belstar crossed INR61.9b loan AUM; net-worth crossed INR10b

#### **Others**

- Number of fresh loans to new customers stood at 334K during 4QFY23
- Accrued interest stood at INR18.43b
- Personal loans to salaried customers where ATS of INR400k and book of ~INR5.44b; started this business 7-8 years back. MUTH has been very careful to understand this business and will do a calibrated growth in personal loans.
- Interim dividend for FY23 of INR22/- share involving a payout of INR8.83b
- Raised ~INR2.5b from a public NCD issue during the quarter
- Launched a new marketing campaign, which has aided in stronger demand and gold loan growth
- Gold Loan business of MUTH is an operationally intensive business. A team of more than 1,000 auditors/inspectors who visit branches frequently to randomly check gold packets with numbers and authenticity.
- MUTH does not employ external appraisers and it trains its employees for appraisal of gold loans.
- The company does not do digital lending and it lends personal loans only to existing customers.

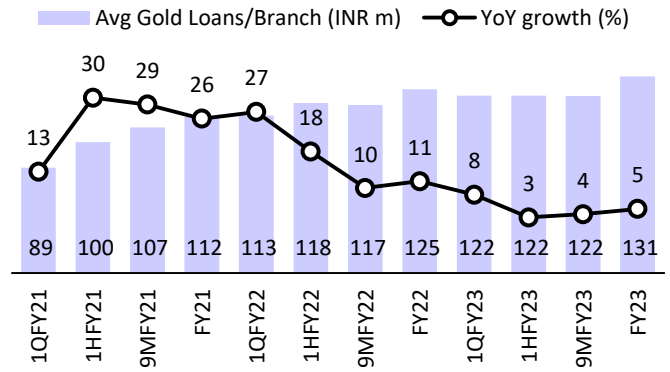
## Key exhibits

Exhibit 1: Standalone AUM grew 9% YoY



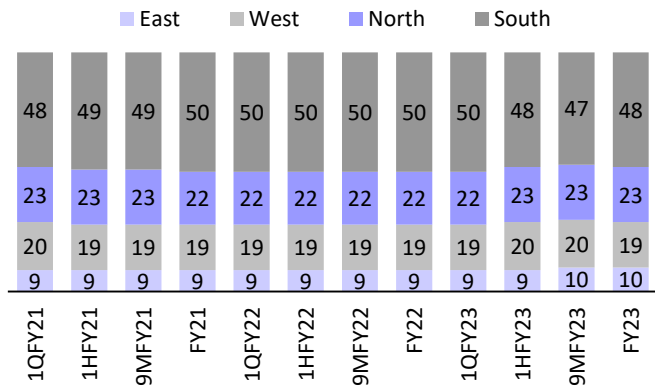
Source: MOFSL, Company

Exhibit 2: Trend in productivity



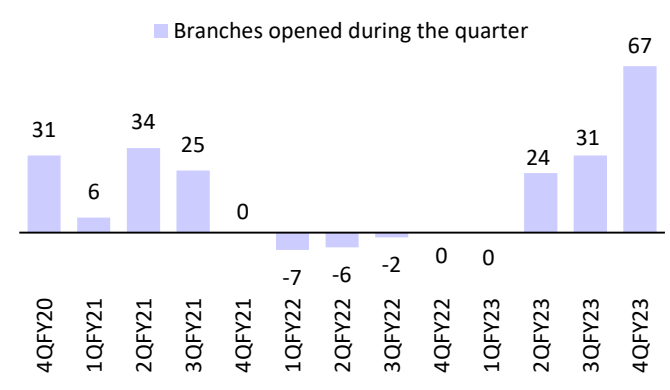
Source: MOFSL, Company

Exhibit 3: Regional mix of gold loans largely stable



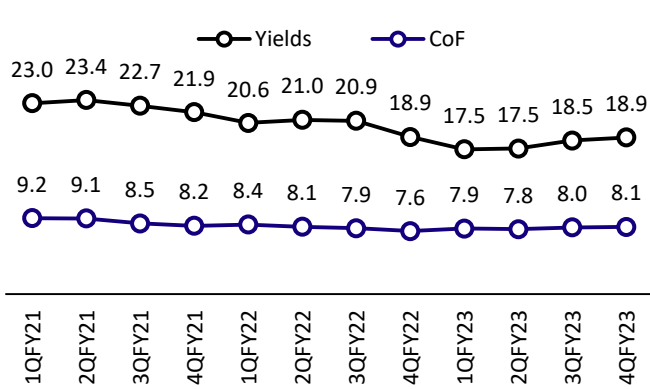
Source: MOFSL, Company, Gold loan portfolio mix

Exhibit 4: MUTH opened 67 new gold branches in 4QFY23



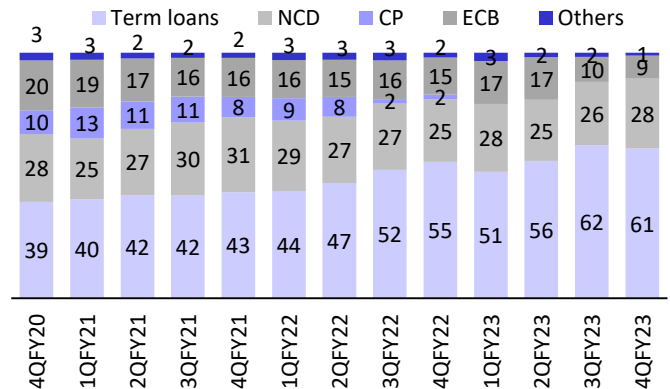
Source: MOFSL, Company

Exhibit 5: Spreads (calculated) improved by ~30bp QoQ (%)

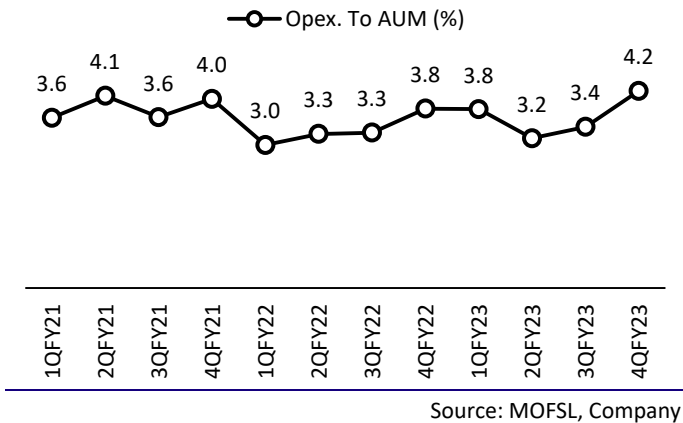
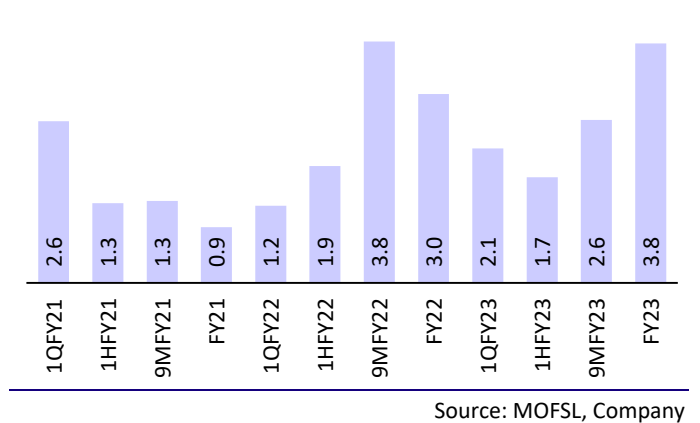
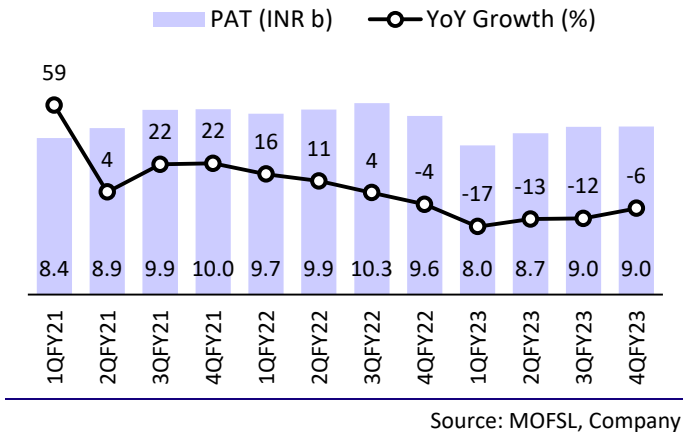
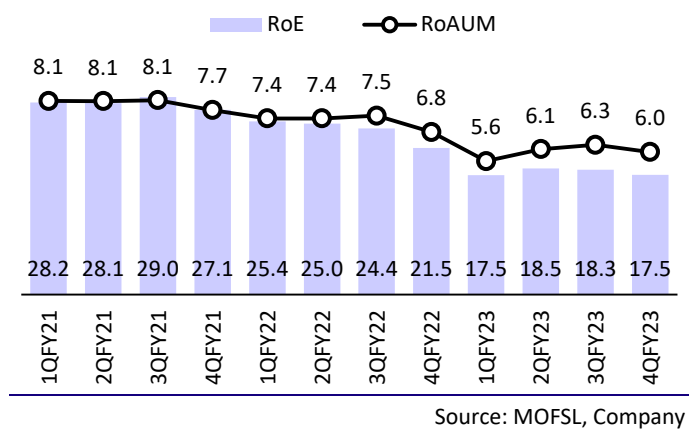


Source: MOFSL, Company

Exhibit 6: Borrowing mix (%)



Source: MOFSL, Company, Borrowing mix%

**Exhibit 7: OPEX/AUM increased QoQ due to higher employee expenses****Exhibit 8: GNPA increased ~120bp QoQ (%)****Exhibit 9: PAT declined 6% YoY****Exhibit 10: RoE declined ~30bp QoQ**

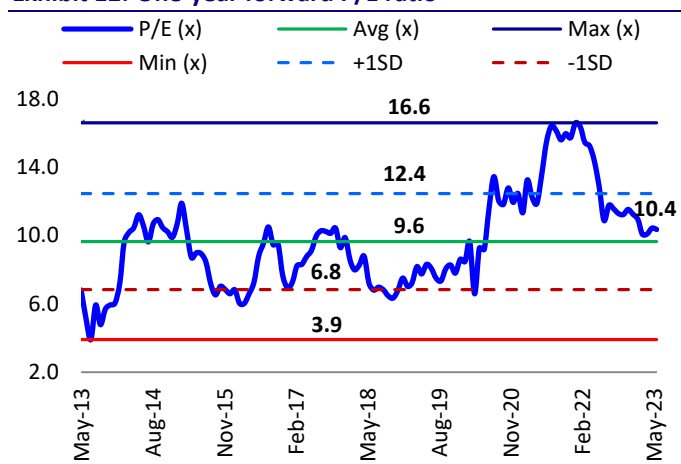
### Valuation and view

- MUTH reported a strong operational quarter, with a healthy sequential growth in gold loans without the associated trade-offs in spreads/margins. However, striking an appropriate balance between loan growth and margin will still remain an important deliverable in FY24.
- With limited upside catalysts, an aggressive competitive landscape and the need for a shift in gold loan NBFCs' business model, we maintain our Neutral rating with a TP of INR1,125 (based on 1.6x Mar'25E BVPS).

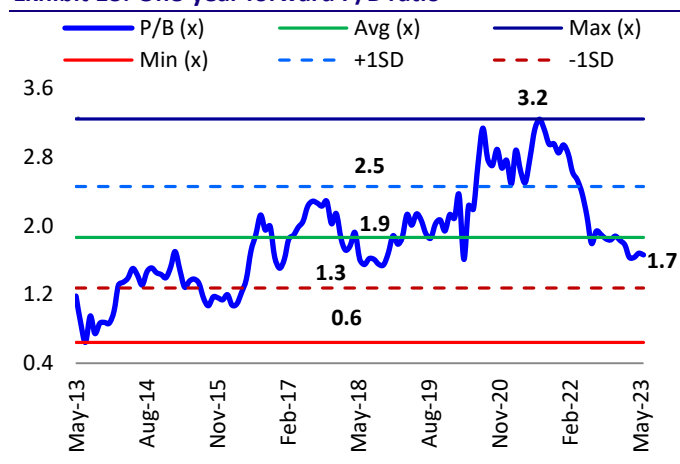
**Exhibit 11: Increase our FY24/FY25 EPS estimate by ~5% each to factor in slightly higher gold loan growth**

INR B	Old Est		New Est		% Change	
	FY24	FY25	FY24	FY25	FY24	FY25
NII	73.1	79.5	76.8	84.4	5.1	6.2
Other Income	1.6	1.7	1.8	1.9		
<b>Net Income</b>	<b>74.8</b>	<b>81.3</b>	<b>78.7</b>	<b>86.4</b>	<b>5.3</b>	<b>6.3</b>
Operating Expenses	22.1	23.9	23.5	25.9	6.6	8.2
<b>Operating Profits</b>	<b>52.7</b>	<b>57.4</b>	<b>55.2</b>	<b>60.5</b>	<b>4.7</b>	<b>5.5</b>
Provisions	0.3	0.4	0.4	0.5	28.9	20.6
<b>PBT</b>	<b>52.3</b>	<b>57.0</b>	<b>54.7</b>	<b>60.0</b>	<b>4.6</b>	<b>5.4</b>
Tax	13.4	14.6	14.0	15.3	4.4	5.2
<b>PAT</b>	<b>38.9</b>	<b>42.4</b>	<b>40.7</b>	<b>44.7</b>	<b>4.6</b>	<b>5.4</b>
Loans	657	723	700	764	6.6	5.6
Borrowings	518	574	527	561		
Spread (%)	9.7	9.7	9.4	9.3		
<b>RoA (%)</b>	<b>5.2</b>	<b>5.1</b>	<b>5.4</b>	<b>5.4</b>		
<b>RoE (%)</b>	<b>17.3</b>	<b>16.5</b>	<b>18.0</b>	<b>17.2</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	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	120,882	131,762
Interest Expense	22,938	19,314	22,368	27,909	36,924	38,358	36,991	44,033	47,332
<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>76,849</b>	<b>84,429</b>
Change (%)	31.5	27.7	5.8	27.7	14.9	7.3	-6.3	15.2	9.9
Other income	1,098	1,310	1,236	1,584	2,458	1,424	1,751	1,849	1,948
<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>78,699</b>	<b>86,378</b>
Change (%)	31.9	27.5	5.5	27.7	16.0	5.5	-5.8	15.0	9.8
Operating Expenses	12,503	13,174	15,394	17,787	17,804	18,262	21,177	23,545	25,864
<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>55,154</b>	<b>60,513</b>
Change (%)	48.9	40.0	0.6	33.8	22.8	6.6	-13.0	16.7	9.7
Provisions	2,816	2,397	275	957	950	1,270	605	445	485
<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>54,708</b>	<b>60,028</b>
Tax	7,411	10,671	11,047	10,391	12,843	13,551	11,929	13,985	15,345
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>40,723</b>	<b>44,683</b>
Change (%)	45.7	50.7	10.9	53.0	23.3	6.2	-12.2	17.2	9.7
Proposed Dividend	2,397	4,014	4,817	6,022	8,029	8,029	7,989	9,651	10,054

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	111,708	148,377	179,432	206,605	237,677	272,306
<b>Equity Networth</b>	<b>65,164</b>	<b>78,120</b>	<b>92,158</b>	<b>115,718</b>	<b>152,389</b>	<b>183,444</b>	<b>210,619</b>	<b>241,691</b>	<b>276,320</b>
<b>Networth</b>	<b>65,164</b>	<b>78,120</b>	<b>92,158</b>	<b>115,718</b>	<b>152,389</b>	<b>183,444</b>	<b>210,619</b>	<b>241,691</b>	<b>276,320</b>
<b>Borrowings</b>	<b>209,855</b>	<b>211,670</b>	<b>268,332</b>	<b>371,300</b>	<b>459,463</b>	<b>498,113</b>	<b>497,343</b>	<b>526,682</b>	<b>561,420</b>
Change (%)	13.0	0.9	26.8	38.4	23.7	8.4	-0.2	5.9	6.6
<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>307,131</b>	<b>307,923</b>	<b>380,687</b>	<b>504,597</b>	<b>634,649</b>	<b>705,547</b>	<b>726,198</b>	<b>788,432</b>	<b>859,806</b>
<b>Loans</b>	<b>274,242</b>	<b>295,068</b>	<b>349,329</b>	<b>426,042</b>	<b>540,634</b>	<b>593,842</b>	<b>642,649</b>	<b>700,487</b>	<b>763,531</b>
Change (%)	11.8	7.6	18.4	22.0	26.9	9.8	8.2	9.0	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	70,510	77,095
<b>Total Assets</b>	<b>307,131</b>	<b>307,923</b>	<b>380,687</b>	<b>504,597</b>	<b>634,649</b>	<b>705,547</b>	<b>726,198</b>	<b>788,432</b>	<b>859,806</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	18.0	18.0
Avg Cost of funds	11.6	9.2	9.3	8.7	8.9	8.0	7.4	8.6	8.7
Spreads on loans	10.2	12.7	11.7	13.4	12.5	11.3	9.3	9.4	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	18.0	17.2
RoA	4.1	5.8	5.7	6.8	6.5	5.9	4.9	5.4	5.4
RoA on AUM	4.6	6.3	6.2	8.0	7.9	7.1	5.7	6.2	6.2
Cost to Income	36.2	29.9	33.2	30.0	25.9	25.1	30.9	29.9	29.9
Empl. Cost/Op. Exps.	61.1	59.4	58.3	57.8	56.5	56.4	56.6	57.6	58.7
<b>Asset-Liability Profile (%)</b>									
GNPL ratio (%)	2.8	4.4	2.7	2.2	0.9	3.0	3.8	3.3	2.9
Debt/Equity (x)	3.2	2.7	2.9	3.2	3.0	2.7	2.4	2.2	2.0
Average leverage	3.3	2.9	2.8	3.1	3.1	2.9	2.5	2.3	2.1
<b>Valuations</b>									
Book Value (INR)	163	195	230	289	380	457	525	603	690
Price-BV (x)				3.6	2.7	2.3	2.0	1.7	1.5
EPS (INR)	29.5	44.4	49.2	75.3	92.8	98.6	86.5	101.4	111.3
EPS Growth (%)	45.6	50.4	10.8	52.9	23.3	6.2	-12.2	17.2	9.7
Price-Earnings (x)				13.7	11.2	10.5	12.0	10.2	9.3
Dividend	6.0	10.0	12.0	15.0	20.0	20.0	22.0	22.8	25.0
Dividend Yield (%)				1.4	1.9	1.9	2.1	2.2	2.4

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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Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

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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