

14 August 2024

India | Equity Research | Q1FY25 results review

## Muthoot Finance

Gold Loan

### Reasonable valuations, lower competitive intensity and high gold prices keep us constructive

Muthoot Finance's (Muthoot) standalone business has been largely steady in terms of AUM-yield balance, illustrated by +25%/18bps YoY change in standalone AUM/yields in Q1FY25. Key business drivers ahead include: 1) Managing NIMs (11.5% in Q1FY25) and growing tonnage/new clients (6.6%/9.2% YoY growth in Q1FY25). 2) Driving full benefit of branch expansions – opened 122/115 gold branches in FY23/24 in standalone and 703 new branches in FY24 at group level. 3) Growth in non-gold loan business (50% growth in Q1FY25 AUM and implied CAGR of 20% required over next 3-4 years to reach 15% of overall mix). 4) Managing asset quality in non-gold, especially MFI business. Risks include increase in competitive intensity in gold and weakness in asset quality in non-gold segment.

### Downgrade to ADD from Buy, TP at INR 1,956 (earlier 1,605)

Our target price is based on 2.3x FY26E P/B (earlier 1.9x) for standalone business and 1.2x FY26E P/B for others. This turns to 2.1x FY26E P/B on a consolidated basis vs the historical average of ~2x and peak of 3.3x in FY22. The increase in multiple is against the backdrop of better earnings growth prospects in gold loan (yields are already low and gold prices are high) as well as non-gold (reported PAT growth of 1.6x/1.3x YoY and AUM growth of 29%/60% YoY in FY23/FY24 and 68% YoY PAT growth in Q1FY25). Our rating change from Buy to **ADD** is derived from valuations starting to capture the possible earning growth till FY26E (stock has been up ~36% in last 6 months) and multiples are now more than long-term average.

### Factor in consolidated PAT CAGR of ~18% and RoE of ~20% for FY24-26E

We factor in ~17% gold AAUM CAGR for FY25-26E with yields of ~18% (8% growth in 9MFY25E). We model NIM/opex/credit cost to AUM at 11.5%/3.3%/0.8% for FY25E and 11.6%/3.2%/0.5% for FY26E for standalone segment which may lead to standalone RoE of 18.1%/18.9% in FY25/26E (vs RoE of 17.9%/17.7% in FY24/Q1FY25). For Belstar, we factor in 27%/21% FY25/26E AUM growth (vs 62%/42% AUM growth in FY24/Q1FY25) and NIM/opex/credit cost to AUM estimate at 11.7%/6.5%/3.8% in FY25E and 11.6%/6.5%/3.7% in FY26E, which should lead to RoE of 16.7%/17.4% in FY25/26E. This results in consolidated AAUM CAGR of 19% and interest income/PPOP/PAT CAGR of 19.4%/20%/18.1% between FY24-26E (vs CAGR of 13.5%/14.5%/16.3% between FY19-FY24). Consolidated RoAE stands at 19.0%/19.7% and RoAE at 4.9%/5.2% for FY25/26E, respectively.

### Financial Summary

Y/E March (INR mn)	FY23A	FY24A	FY25E	FY26E
Net Interest Income (NII)	73,464	91,156	1,11,922	1,29,937
PAT (Rs mn)	36,698	44,676	51,571	62,327
EPS (Rs)	91.4	111.3	128.5	155.3
% Chg YoY	(9.0)	21.7	15.4	20.9
P/E (x)	20.3	16.7	14.4	11.9
P/BV (x)	3.4	2.9	2.5	2.0
Gross Stage - 3 (%)	3.8	3.3	4.1	4.3
Dividend Yield (%)	1.1	1.3	1.4	1.7
RoA (%)	4.7	5.1	4.9	5.2
RoE (%)	18.1	19.1	19.0	19.7

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#### Market Data

Market Cap (INR)	744bn
Market Cap (USD)	8,866mn
Bloomberg Code	MUTH IN
Reuters Code	MUTT.BO
52-week Range (INR)	1,905 / 1,170
Free Float (%)	27.0
ADTV-3M (mn) (USD)	13.1

Price Performance (%)	3m	6m	12m
Absolute	9.5	35.5	37.3
Relative to Sensex	1.0	25.2	16.4

#### Previous Reports

05-03-2024: [Gold loan sector](#)

10-12-2023: [Gold loan sector](#)

## Q1FY25 business highlights

- **Consolidated AUM increased 10.1%/27.7% QoQ/YoY in Q1FY25 to INR 980bn. Subsidiaries reported growth of 3.6%/49.8% QoQ/YoY, while gold AUM reported 11.2%/24.7% QoQ/YoY growth in Q1FY25.** Gold/Home Finance/Belstar/Muthoot money/others contributed 86.0%/2.2%/10.2%/1.7%/0.1% in Q1FY25 vs 85.1%/2.3%/11.3%/1.3%/0.1% in FY24 and 88.4%/2%/8.7%/0.5%/0.4% in FY23 (share of Belstar is increasing in the mix). Gold holdings grew 6.6% YoY (3.2% QoQ) to 194te in Q1FY25. Consolidated credit cost increased to INR 3.7bn (1.6% of average AUM) in Q1FY25 vs INR 2.1bn (1% of average AUM) in Q4FY24 and INR 1.6bn (0.9% of average AUM) in Q1FY24. Consolidated PPOp reported a growth of 12.7%/29.1% QoQ/YoY in Q1FY25. Consolidated Q1FY25 PAT increased by 1.1%/14.4% QoQ/YoY to INR 11.9bn registering an RoA/RoE of 4.8%/18.5% in Q1FY25 vs 5.0%/18.8% in Q4FY24 and 5.1%/18.8% in Q1FY24.
- **Gold business better on key parameters.**
  - In Q1FY25, gold loan receivable increased by 22.5%/11.0% YoY/QoQ to INR 809bn in Jun'24 led by an increase in average ticket-size to INR 88.1k in Q1FY25 from INR 83.4k in Q4FY24 (vs INR 79.2k in Q4FY24).
  - Average LTV was lower at 63%, as gold prices remain high as on Jun'24.
  - Number of loan accounts was up 5.1% QoQ to 9.2mn and number of customers saw growth rate of 4.1% QoQ at 5.9mn.
  - Gold holdings increased at 3.2%/6.6% QoQ/YoY to 194te in Q1FY25.
- **Gold loan AUM growth guidance maintained at 15% as always.** Management stated it will revisit the guidance after Q2FY25.
- **Higher provisioning is partly volume driven but remains under control.**
  - Standalone GS-3 increased QoQ to 4.0% in Jun'24 vs 3.3% in Mar'24. Credit cost increased QoQ to INR 2.2bn in Q1FY25. ECL provisioning witnessed increase on sequential basis to 1.4% in Jun'24 (vs 1.2% in Mar'23) due to growth in loan assets.
  - Belstar's GS-3 (as percentage of AUM) increased to 2.1% in Q1FY25 from 1.6% in Q4FY25 and 1.3% in Q1FY24. Total ECL provisions were at 3.1% of the AUM as on Jun'24 (vs 2.3% in Mar'24).
  - Muthoot Home's GS-3 decreased QoQ at 1.5% in Jun'24, from 1.6% in Mar'24 and 3.1% in Jun'23. It remained lower YoY. Total ECL provisions were at 1.4% as on Jun'24. Muthoot Money's GS-3 increased to 1.7% in Jun'24 vs 1.5% in Mar'24.

**Exhibit 1: Q1FY25 standalone result review**

	Q1FY25	Q1FY24	% Chg YoY	Q4FY24	%Chg QoQ
Net interest Income	23,049	18,939	21.7%	21,348	8.0%
Add: Other Income	541	686	-21.1%	609	-11.1%
<b>Total Net income</b>	<b>23,590</b>	<b>19,625</b>	<b>20.2%</b>	<b>21,956</b>	<b>7.4%</b>
Less: Operating expenses	6,437	5,620	14.5%	6,861	-6.2%
-Employee benefit expense	3,832	3,349	14.4%	4,096	-6.4%
-Depreciation & amortization	182	133	36.6%	194	-6.3%
-OTHER Expense	2,422	2,137	13.3%	2,571	-5.8%
<b>Pre-provisioning profit</b>	<b>17,153</b>	<b>14,006</b>	<b>22.5%</b>	<b>15,095</b>	<b>13.6%</b>
Less: Provisions & write-offs	2,236	860	159.9%	860	160.1%
-Standard assets and NPA	2,236	813	174.9%	860	160.1%
-Write offs	-	47			
<b>PBT</b>	<b>14,917</b>	<b>13,145</b>	<b>13.5%</b>	<b>14,236</b>	<b>4.8%</b>
Less: Taxes	4,130	3,394	21.7%	3,673	12.5%
<b>PAT</b>	<b>10,787</b>	<b>9,751</b>	<b>10.6%</b>	<b>10,563</b>	<b>2.1%</b>
<b>Balance sheet key items (INR mn)</b>					
AUM	8,43,238	6,76,385	24.7%	7,58,270	11.2%
Loan assets on balance sheet	8,50,451	6,86,034	24.0%	7,70,014	10.4%
Net worth	2,43,808	2,11,771	15.1%	2,42,903	0.4%
Borrowings	6,58,906	5,12,258	28.6%	5,87,831	12.1%
<b>Asset Quality</b>					
Gross stage 3 (Rs mn)	33,532	28,789	16.5%	24,845	35.0%
Gross stage 3	4.0%	4.3%	-28 bps	3.3%	70 bps
ECL Provisions on gross assets (Rs mn)	11,459	8,468	35.3%	9,350	22.6%
ECL Provisions on gross assets	1.4%	1.3%	11 bps	1.2%	13 bps
Credit cost	1.1%	0.5%	59 bps	0.5%	64 bps
<b>Key ratios (annualised)</b>					
Yield on AUM	18.3%	18.1%	18 bps	18.3%	-1 bps
Cost of funds	8.7%	8.4%	23 bps	8.4%	29 bps
NIMs on AUM	11.5%	11.6%	-8 bps	11.6%	-11 bps
Other income on AUM	0.3%	0.4%	-15 bps	0.3%	-7 bps
Cost to income	27.3%	28.6%	-135 bps	31.2%	-397 bps
Opex to AUM	3.2%	3.4%	-23 bps	3.7%	-52 bps
RoA	4.9%	5.3%	-46 bps	5.0%	-17 bps
RoE	17.7%	18.5%	-74 bps	17.8%	-5 bps
Debt to Equity (times)	2.7%	2.4%	28 bps	2.4%	28 bps
Tier 1	26.7%	29.3%	-254 bps	29.6%	-288 bps
CAR	27.5%	30.0%	-256 bps	30.4%	-290 bps

Source: I-Sec research, Company data

## Exhibit 2: Standalone Dupont

Dupont %	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
Interest Income	14.6	14.8	15.6	16.1	16.1	15.7	15.3	16.0	16.5
Interest Expense	5.5	5.4	5.5	5.4	5.8	6.0	6.0	5.8	6.1
Net Interest Income	9.0	9.4	10.2	10.7	10.3	9.7	9.4	10.2	10.4
Other Income	0.2	0.2	0.3	0.4	0.4	0.3	0.3	0.3	0.2
Total Net Income	9.2	9.6	10.5	11.1	10.7	10.0	9.7	10.4	10.6
Operating Expenses	3.2	2.7	2.9	3.6	3.1	3.0	2.8	3.3	2.9
Pre-Provision Operating Profit	6.0	6.9	7.5	7.5	7.6	7.0	6.9	7.2	7.7
Provisions	-0.3	-0.1	0.3	0.4	0.5	0.1	0.1	0.4	1.0
PBT	6.3	6.9	7.2	7.0	7.2	6.9	6.8	6.8	6.7
Tax	1.6	1.8	1.8	1.8	1.8	1.8	1.7	1.7	1.9
Reported PAT	4.7	5.2	5.4	5.2	5.3	5.2	5.1	5.0	4.9
Leverage (avg. assets/avg. equity)	3.7	3.6	3.4	3.4	3.5	3.5	3.6	3.5	3.6
RoE	17.5	18.5	18.3	17.5	18.5	18.3	18.1	17.8	17.7

Source: I-Sec research, Company data

## Exhibit 3: Q1FY25 consolidated result review

INR mn	Q1FY25	Q1FY24	%Chg YoY	Q4FY24	%Chg QoQ
Net interest Income	27,538	21,424	28.5%	25,322	8.8%
Add: Other Income	1,442	1,303	10.6%	2,006	-28.1%
<b>Total Net income</b>	<b>28,980</b>	<b>22,728</b>	<b>27.5%</b>	<b>27,328</b>	<b>6.0%</b>
Less: Operating expenses	8,776	7,074	24.1%	9,394	-6.6%
-Employee benefit expense	5,176	4,273	21.1%	5,424	-4.6%
-Depreciation & amortization	258	192	34.6%	266	-2.9%
-OTHER Expense	3,342	2,609	28.1%	3,704	-9.8%
<b>Pre-provisioning profit</b>	<b>20,203</b>	<b>15,654</b>	<b>29.1%</b>	<b>17,934</b>	<b>12.7%</b>
Less: Provisions & write-offs	3,746	1,586	136.2%	2,082	79.9%
<b>PBT</b>	<b>16,457</b>	<b>14,068</b>	<b>17.0%</b>	<b>15,852</b>	<b>3.8%</b>
Less: Taxes	4,500	3,620	24.3%	4,029	11.7%
<b>PAT</b>	<b>11,957</b>	<b>10,447</b>	<b>14.4%</b>	<b>11,823</b>	<b>1.1%</b>
<b>Balance sheet key items (INR mn)</b>					
AUM	9,80,478	7,67,990	27.7%	8,90,786	10.1%
Loan assets on balance sheet	9,69,013	7,58,097	27.8%	8,81,872	9.9%
Net worth	2,52,590	2,18,318	15.7%	2,51,072	0.6%
Borrowings	7,16,740	5,76,168	24.4%	6,82,610	5.0%
<b>Asset Quality</b>					
Gross stage 3 (Muthoot Homefin)	1.5%	3.1%	-161 bps	1.6%	-10 bps
Net stage 3 (Muthoot Homefin)	0.4%	0.9%	-50 bps	0.5%	-5 bps
Gross stage 3 (Belstar)	2.1%	1.3%	80 bps	1.6%	52 bps
Net stage 3 (Belstar)	0.2%	0.2%	5 bps	0.2%	6 bps
Gross stage 3 (Muthoot Money)	1.7%	2.5%	-79 bps	1.5%	19 bps
Net stage 3 (Muthoot Money)	1.3%	1.5%	-29 bps	1.0%	21 bps
Credit cost	1.6%	0.9%	74 bps	1.0%	63 bps
<b>Key ratios (annualised)</b>					
Yield on AUM	18.4%	18.2%	21 bps	18.5%	-9 bps
Cost of funds	8.9%	8.7%	18 bps	8.6%	28 bps
NIMs on AUM	11.8%	11.6%	21 bps	11.8%	-2 bps
Other income on AUM	0.6%	0.7%	-9 bps	0.9%	-32 bps
Cost to income	30.3%	31.1%	-85 bps	34.4%	-409 bps
Opex to AUM	3.8%	3.8%	-7 bps	4.4%	-63 bps
RoA	4.8%	5.1%	-39 bps	5.0%	-24 bps
RoE	18.5%	18.8%	-27 bps	18.8%	-28 bps

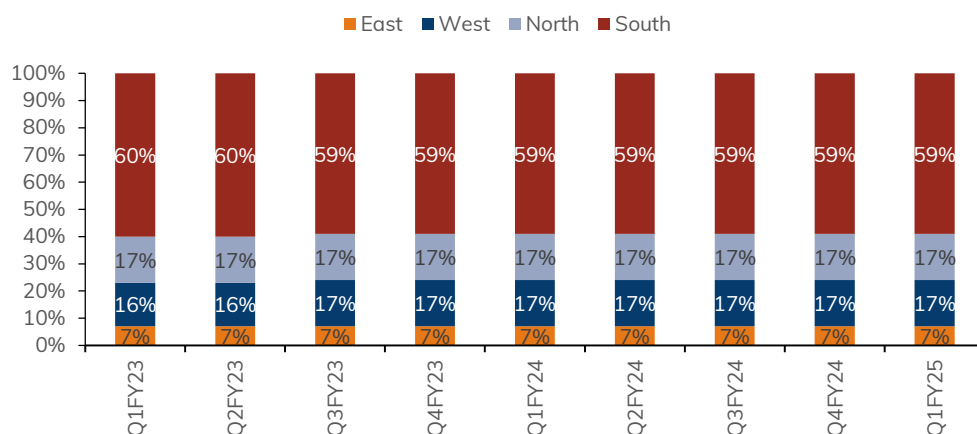
Source: I-Sec research, Company data

#### Exhibit 4: Consolidated Dupont

Dupont %	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
Interest Income	14.8	15.2	16.0	16.4	16.6	16.5	16.3	16.8	17.3
Interest Expense	5.7	5.6	5.7	5.7	6.1	6.3	6.2	6.1	6.3
Net Interest Income	9.1	9.6	10.3	10.7	10.6	10.2	10.0	10.7	11.0
Other Income	0.4	0.5	0.5	0.9	0.6	0.6	0.7	0.8	0.6
Total Net Income	9.5	10.0	10.8	11.6	11.2	10.8	10.7	11.5	11.5
Operating Expenses	3.5	3.4	3.4	4.0	3.5	3.5	3.5	4.0	3.5
Pre Provision Operating Profit	6.0	6.6	7.5	7.6	7.7	7.3	7.2	7.6	8.0
Provisions	-0.1	-0.0	0.7	0.5	0.8	0.4	0.5	0.9	1.5
PBT	6.0	6.6	6.8	7.1	6.9	6.9	6.8	6.7	6.6
Tax	1.6	1.7	1.7	1.6	1.8	1.8	1.7	1.7	1.8
Reported PAT	4.5	5.0	5.1	5.5	5.1	5.1	5.1	5.0	4.8
Leverage (avg. assets/avg. equity)	3.9	3.8	3.6	3.6	3.7	3.8	3.9	3.9	4.0
RoE	17.6	18.7	18.5	19.8	19.2	19.6	19.5	19.3	19.0

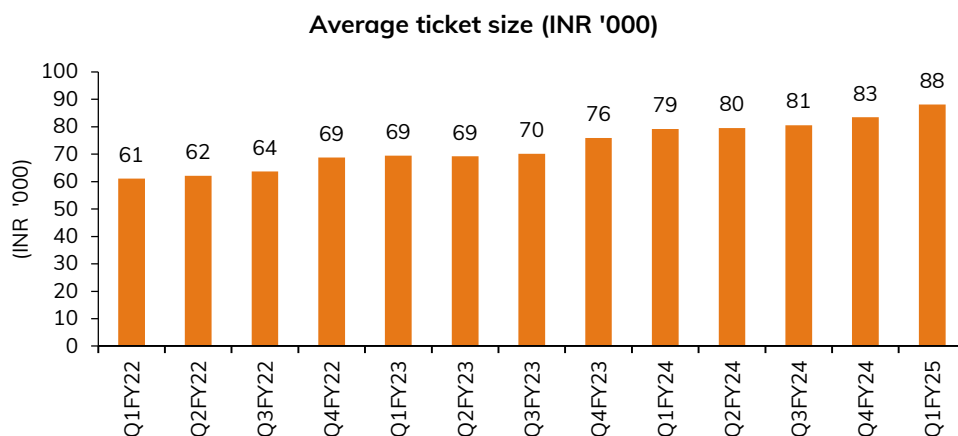
Source: I-Sec research, Company data

#### Exhibit 5: South continues to be dominant in terms of branch presence



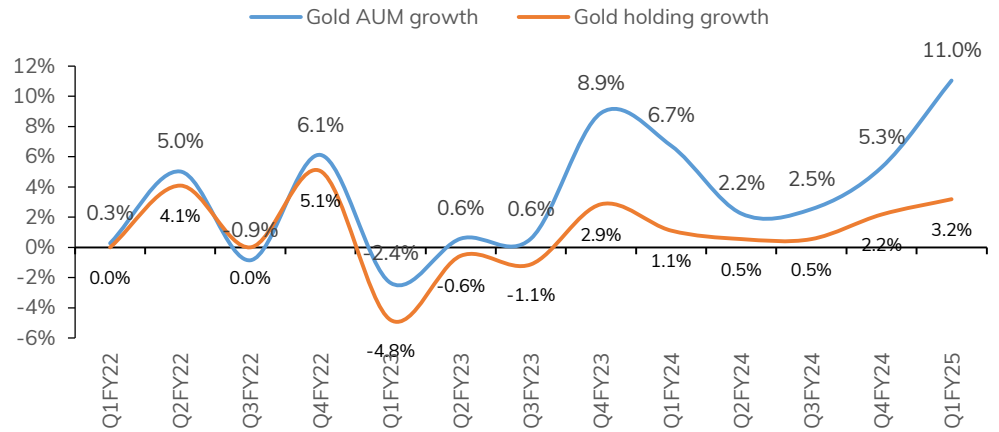
Source: I-Sec research, Company data

#### Exhibit 6: Average ticket-size of gold loans increased



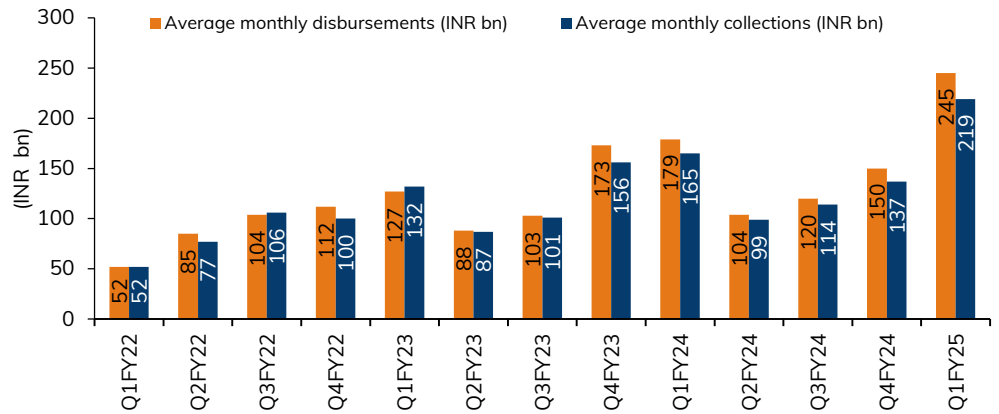
Source: I-Sec research, Company data

### Exhibit 7: AUM growth QoQ remains strong in Q1FY25



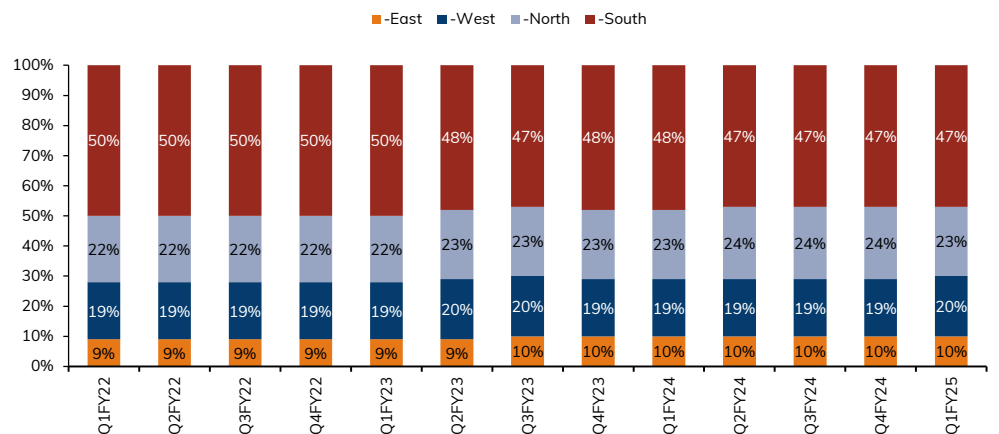
Source: I-Sec research, Company data

### Exhibit 8: Disbursements and collections picked up QoQ for gold loans



Source: I-Sec research, Company data

### Exhibit 9: South continues to dominate gold AUM due to high presence and demand



Source: I-Sec research, Company data

**Exhibit 10: LTV movement from buyer and lender's perspective**

	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
Mkt Price of Gold holding (Borrowers' Perspective) with 20% additional making charges (INR bn)	995	979	1,056	1,182	1,160	1,160	1,279	1,390	1,532
LTV calculation through Mkt price from Borrower's perspective	56.5%	57.7%	53.8%	52.3%	56.9%	58.2%	54.1%	52.4%	52.8%
<b>Equity of Borrower in the Gold Ornaments net of loans availed</b>	43.5%	42.3%	46.2%	47.7%	43.1%	41.8%	45.9%	47.6%	47.2%
Mkt Price of Gold holding (lenders' Perspective) (INR bn)	829	816	880	985	967	967	1,066	1,158	1,277
LTV calculation through Mkt price from Lenders' perspective	67.8%	69.2%	64.6%	62.8%	68.3%	69.8%	64.9%	62.9%	63.4%
<b>Margin of safety on loans for lender</b>	32.2%	30.8%	35.4%	37.2%	31.7%	30.2%	35.1%	37.1%	36.6%

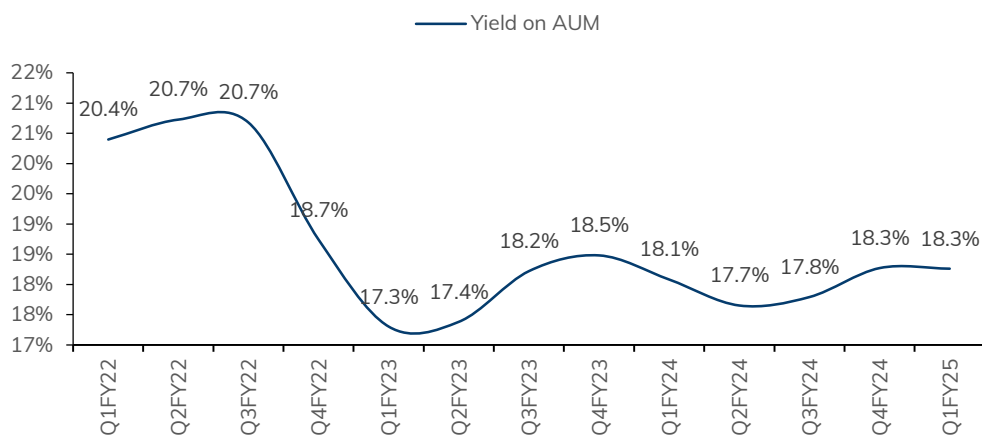
Source: I-Sec research, Company data

**Exhibit 11: Quarterly operating details**

	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
<b>Outstanding loan amount (INR mn)</b>									
Fresh loans to inactive customers	27,646	29,020	28,643	35,814	35,383	35,511	36,617	43,236	46,238
Fresh loans to new customers	26,162	26,029	26,502	34,506	36,699	34,969	33,868	40,362	51,589
Fresh loans with new collateral to existing customers	61,505	49,057	45,549	56,499	66,668	60,972	57,036	65,229	67,258
Old book	4,46,453	4,60,908	4,67,551	4,91,931	5,21,638	5,43,719	5,64,693	5,79,958	6,44,134
<b>Fresh loans as a %age of total gold AUM</b>									
Fresh loans to inactive customers	4.9%	5.1%	5.0%	5.8%	5.4%	5.3%	5.3%	5.9%	5.7%
Fresh loans to new customers	4.7%	4.6%	4.7%	5.6%	5.6%	5.2%	4.9%	5.5%	6.4%
Fresh loans with new collateral to existing customers	10.9%	8.7%	8.0%	9.1%	10.1%	9.0%	8.2%	9.0%	8.3%
Old book	79.5%	81.6%	82.3%	79.5%	79.0%	80.5%	81.6%	79.6%	79.6%
<b>Customers (mn)</b>									
Fresh loans to inactive customers	0.39	0.40	0.38	0.40	0.41	0.43	0.41	0.44	0.44
Fresh loans to new customers	0.31	0.32	0.31	0.33	0.36	0.36	0.33	0.37	0.37
Fresh loans with new collateral to existing customers	0.74	0.68	0.65	0.66	0.74	0.74	0.69	0.71	0.71
Old book	3.73	3.81	3.90	3.93	3.90	3.97	4.12	4.16	4.39
<b>Fresh loans to Customers as %age of total active customers</b>									
Fresh loans to inactive customers	7.6%	7.7%	7.3%	7.5%	7.6%	7.8%	7.4%	7.7%	7.4%
Fresh loans to new customers	6.1%	6.2%	5.9%	6.3%	6.6%	6.6%	6.0%	6.6%	6.3%
Fresh loans with new collateral to existing customers	14.2%	13.1%	12.4%	12.4%	13.8%	13.4%	12.5%	12.5%	12.0%
Old book	72.1%	73.0%	74.4%	73.8%	72.0%	72.2%	74.1%	73.2%	74.3%
<b>Approx. avg. ticket size (Rs) (Loans/customers)</b>									
Fresh loans to inactive customers	70,343	72,078	75,044	89,170	85,838	82,948	89,581	98,634	1,05,482
Fresh loans to new customers	83,278	80,705	85,923	1,03,340	1,03,157	96,969	1,01,138	1,08,188	1,38,281
Fresh loans with new collateral to existing customers	83,470	71,766	70,364	85,543	89,511	82,491	82,195	92,228	95,097
Old book	1,19,720	1,21,043	1,19,992	1,25,258	1,33,848	1,36,884	1,37,185	1,39,460	1,46,674

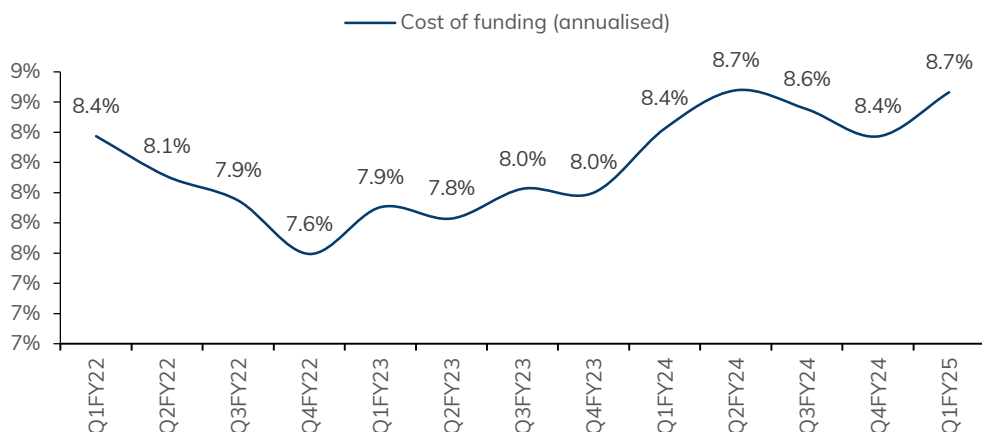
Source: I-Sec research, Company data

**Exhibit 12: Steady standalone yields**



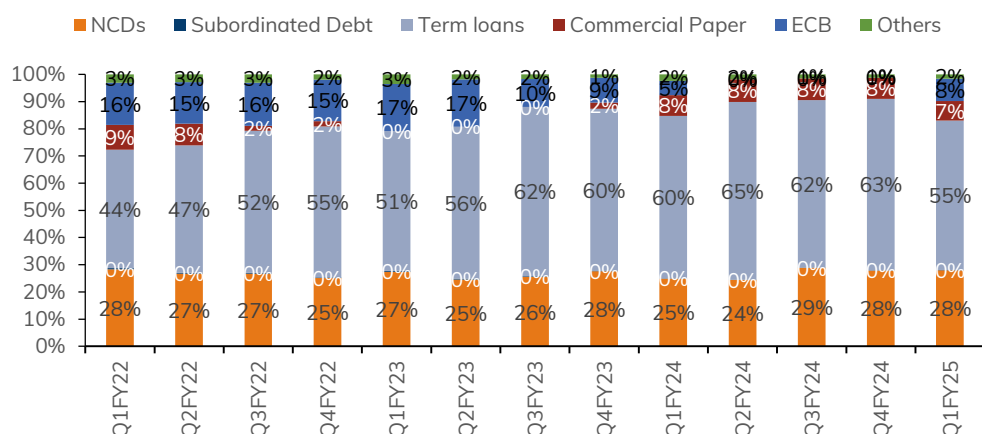
Source: I-Sec research, Company data

**Exhibit 13: Funding cost increased QoQ for standalone business**



Source: I-Sec research, Company data

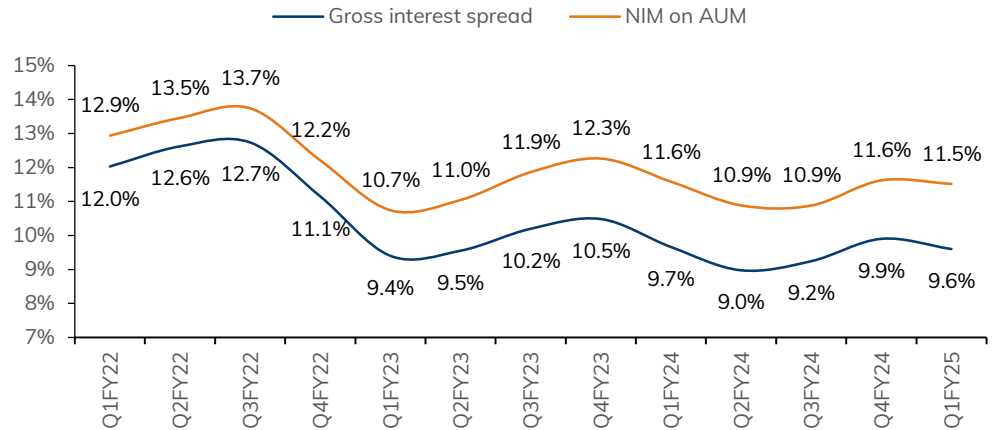
**Exhibit 14: Borrowing mix on standalone basis**



Source: I-Sec research, Company data

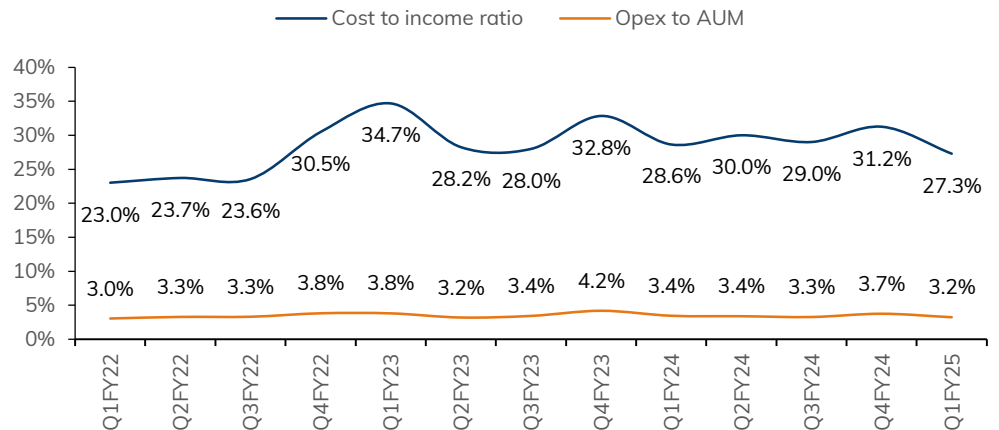


**Exhibit 15: Gross interest spread and NIMs mirrored trend in yield and cost of funding (calculated based on avg. AUM) for standalone**



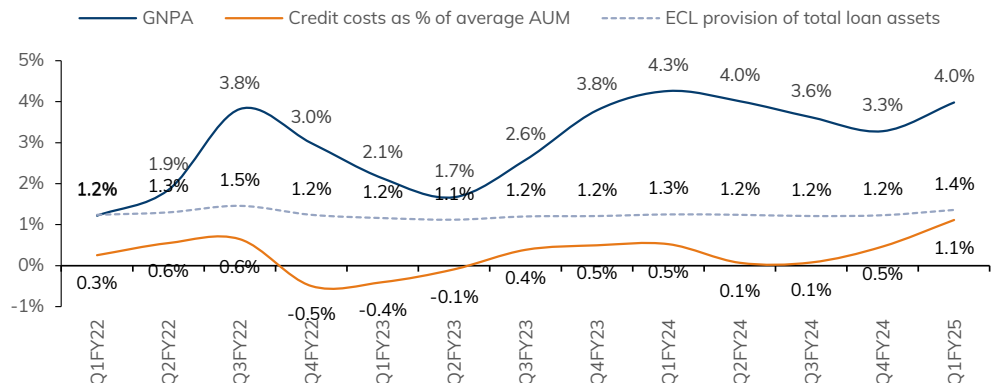
Source: I-Sec research, Company data

**Exhibit 16: Opex decreased QoQ**



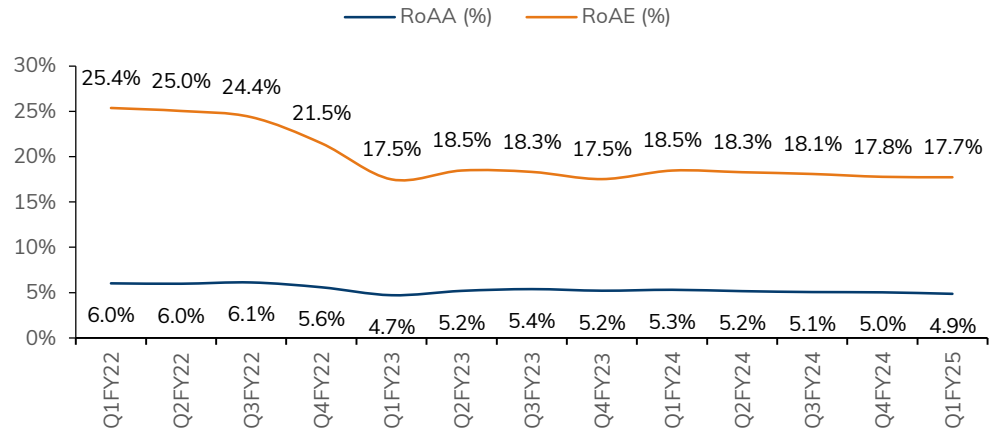
Source: I-Sec research, Company data

**Exhibit 17: Credit cost increased (overall AUM increased) with GNPA**



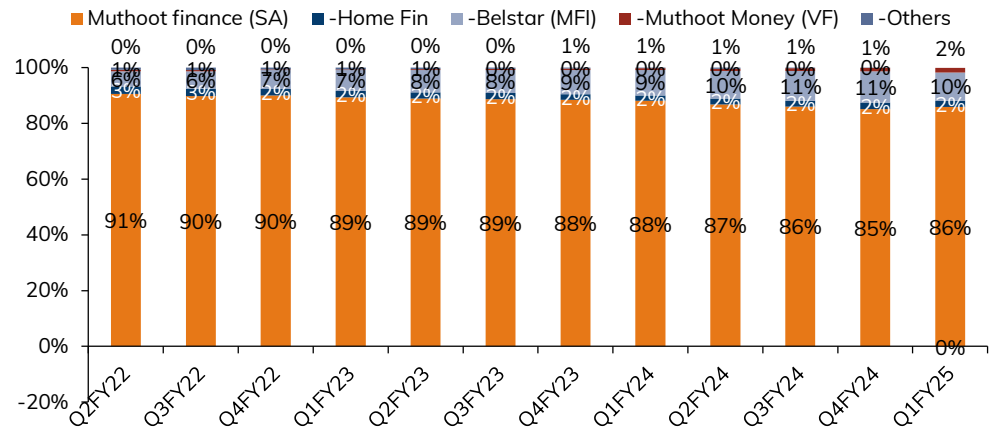
Source: I-Sec research, Company data

**Exhibit 18: RoA and RoE decreased sequentially**



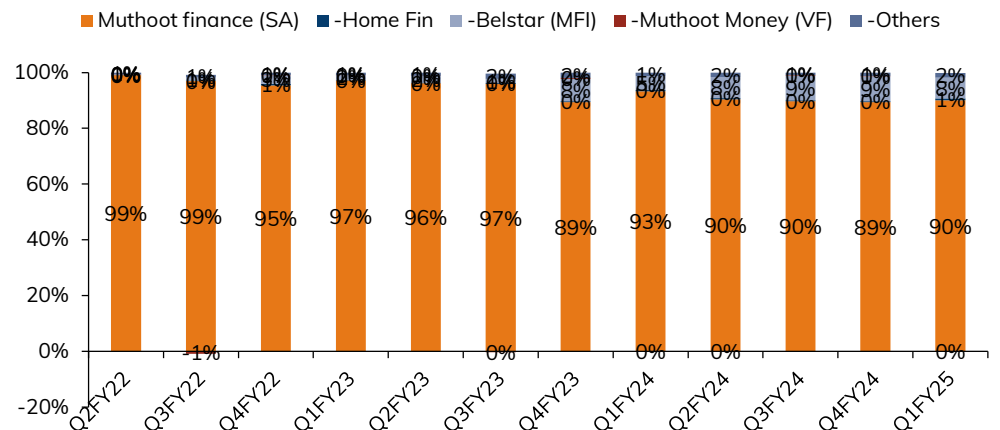
Source: I-Sec research, Company data

**Exhibit 19: Belstar AUM's share decreased led by higher growth in gold business**



Source: I-Sec research, Company data

**Exhibit 20: Belstar's share of PAT also decreased in the mix**



Source: I-Sec research, Company data

**Exhibit 21: Key highlights for Belstar**

	Q1FY25	Q1FY24	% chg YoY	Q4FY24	% chg QoQ
Branches	1,020	782	30.4%	1,014	0.6%
Employees	11,202	8,421	33.0%	10,559	6.1%
Revenue	5,731	3,603	59.1%	5,562	3.0%
Expenses	4,549	2,925	55.5%	4,216	7.9%
<b>PBT</b>	<b>1,182</b>	<b>678</b>	<b>74.3%</b>	<b>1,346</b>	<b>-12.2%</b>
Taxes	284	161	76.4%	298	-4.7%
<b>PAT</b>	<b>898</b>	<b>517</b>	<b>73.7%</b>	<b>1,048</b>	<b>-14.3%</b>
<b>Balance sheet key items (INR mn)</b>					
AUM	99,519	70,082	42.0%	1,00,232	-0.7%
Gross Loan Assets	87,734	55,914	56.9%	85,614	2.5%
<b>Net worth</b>	<b>18,183</b>	<b>11,445</b>	<b>58.9%</b>	<b>17,288</b>	<b>5.2%</b>
Outside liabilities	75,681	52,389	44.5%	76,303	-0.8%
<b>Assets</b>	<b>93,864</b>	<b>63,834</b>	<b>47.0%</b>	<b>93,591</b>	<b>0.3%</b>
<b>Total ECL Provision</b>	<b>3,126</b>	<b>1,104</b>	<b>183.2%</b>	<b>2,336</b>	<b>33.8%</b>
Stage III ECL Provision	1,863	789	136.1%	1,415	31.7%
GNPA (INR mn)	2,086	906	130.2%	1,574	32.5%
GNPA %	2.1%	1.3%	80 bps	1.6%	52 bps
NNPA %	0.2%	0.2%	5 bps	0.2%	6 bps
<b>CAR</b>	<b>21.0%</b>	<b>22.0%</b>	<b>-100 bps</b>	<b>21.0%</b>	<b>0 bps</b>
RoE	0.2%	0.2%	1 bps	0.3%	-8 bps

Source: I-Sec research, Company data

**Exhibit 22: Key highlights of Muthoot Money**

	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
Branches	124	139	139	149	185	276	340	470	674
Employees	553	712	818	920	1,154	1,040	1,748	2,130	2,840
AUM (INR mn)	1,976	2,337	2,933	3,870	4,961	6,302	8,176	11,227	16,574
Networth (INR mn)	1,036	1,038	1,007	1,038	1,038	5,036	5,068	5,084	5,072
Assets (INR mn)	2,239	2,762	3,306	4,342	5,575	7,044	9,081	12,519	18,917
Revenue (INR mn)	113	124	155	172	205	267	345	444	601
Expenses (INR mn)	112	121	196	132	206	269	302	422	620
<b>PBT (INR mn)</b>	<b>1</b>	<b>3</b>	<b>-41</b>	<b>40</b>	<b>-1</b>	<b>-2</b>	<b>43</b>	<b>22</b>	<b>-19</b>
Taxes (INR mn)	-	1	-10	9	-	-	11	9	-7
<b>PAT (INR mn)</b>	<b>1</b>	<b>2</b>	<b>-31</b>	<b>31</b>	<b>-1</b>	<b>-2</b>	<b>32</b>	<b>13</b>	<b>-12</b>
<b>Key Ratios:</b>									
GNPA/Gross stage 3	7.8%	5.6%	7.5%	7.5%	2.5%	1.8%	1.7%	1.5%	1.7%
NNPA/Net stage 3	4.6%	3.2%	4.3%	2.3%	1.5%	1.1%	1.1%	1.0%	1.3%
CAR	47.0%	40.0%	31.0%	24.0%	19.0%	74.0%	58.0%	42.0%	29.0%
RoAA	0.2%	0.3%	-4.1%	3.2%	-0.1%	-0.1%	1.6%	0.5%	-0.3%
RoE	0.4%	0.8%	-12.1%	12.1%	-0.4%	-0.3%	2.5%	1.0%	-0.9%

Source: I-Sec research, Company data

**Exhibit 23: Key highlights of Muthoot Homefin**

	Q1FY25	Q1FY24	%Change YoY	Q4FY24	%Change QoQ
Branches	125	111	12.6%	118	5.9%
Employees	702	418	67.9%	601	16.8%
Customers	25,729	21,608	19.1%	24,700	4.2%
<b>Income statement (INR mn)</b>					
Revenue	727	435	67.1%	720	1.0%
Expenses	622	371	67.7%	648	-4.0%
<b>PBT</b>	<b>105</b>	<b>64</b>	<b>64.1%</b>	<b>72</b>	<b>45.8%</b>
Taxes	28	17	64.7%	21	33.3%
<b>PAT</b>	<b>77</b>	<b>47</b>	<b>63.8%</b>	<b>51</b>	<b>51.0%</b>
<b>Balance sheet key items (INR mn)</b>					
AUM	21,986	15,007	46.5%	20,353	8.0%
Gross Loan Assets	18,629	11,641	60.0%	17,073	9.1%
<b>Net worth</b>	<b>4,836</b>	<b>4,622</b>	<b>4.6%</b>	<b>4,759</b>	<b>1.6%</b>
Borrowings	13,738	8,191	67.7%	13,147	4.5%
<b>Assets</b>	<b>20,195</b>	<b>13,934</b>	<b>44.9%</b>	<b>20,221</b>	<b>-0.1%</b>
<b>Ratios (annualised)</b>					
Yield on AUM	13.4%	13.3%	1 bps	13.9%	-52 bps
Cost of funding	8.9%	8.7%	14 bps	8.9%	-1 bps
NIMs to AUM	6.4%	7.7%	-125 bps	7.4%	-95 bps
<b>Total ECL Provision</b>	<b>303</b>	<b>395</b>	<b>-23.3%</b>	<b>292</b>	<b>3.8%</b>
Stage III ECL Provision	230	325	-29.2%	225	2.2%
GNPA (INR mn)	325	462	-29.7%	321	1.2%
GNPA %	1.5%	3.1%	-161 bps	1.6%	-10 bps
NNPA %	0.4%	0.9%	-50 bps	0.5%	-5 bps
<b>CAR</b>	<b>0.0%</b>	<b>52.0%</b>	<b>-5200 bps</b>	<b>37.5%</b>	<b>-3750 bps</b>
RoA	1.8%	1.7%	9 bps	1.3%	49 bps
RoE	6.5%	4.1%	233 bps	4.3%	212 bps

Source: I-Sec research, Company data

**Exhibit 24: Shareholding pattern**

%	Dec'23	Mar'24	Jun'24
Promoters	73.4	73.4	73.4
Institutional investors	22.7	22.7	22.7
MFs and others	13.9	14.1	13.7
FIs/Banks	0.0	0.0	0.0
Insurance	0.4	0.1	0.2
FIIIs	8.4	8.6	9.0
Others	3.9	3.8	3.7

Source: Bloomberg

**Exhibit 25: Price chart**


Source: Bloomberg

## Financial Summary

### Exhibit 26: Profit & Loss (consolidated)

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Interest Income	1,15,555	1,45,457	1,78,856	2,05,768
Net gain on fair value changes	-	-	-	-
Interest Expenses	(42,092)	(54,301)	(66,934)	(75,830)
<b>Net Interest Income (NII)</b>	<b>73,464</b>	<b>91,156</b>	<b>1,11,922</b>	<b>1,29,937</b>
Other Income	773	1,011	993	1,153
<b>Total Income (net of interest expenses)</b>	<b>35,566</b>	<b>43,026</b>	<b>51,920</b>	<b>62,362</b>
Employee benefit expenses	(14,883)	(18,282)	(20,504)	(22,720)
Depreciation and amortization	(782)	(921)	(851)	(960)
Fee and commission expenses	-	-	-	-
Other operating expenses	(10,346)	(12,620)	(14,946)	(17,459)
<b>Total Operating Expense</b>	<b>(26,010)</b>	<b>(31,823)</b>	<b>(36,302)</b>	<b>(41,139)</b>
<b>Pre Provisioning Profits (PPoP)</b>	<b>51,648</b>	<b>65,503</b>	<b>80,215</b>	<b>94,366</b>
Provisions and write offs	(2,420)	(5,538)	(11,001)	(10,715)
<b>Profit before tax (PBT)</b>	<b>49,228</b>	<b>59,965</b>	<b>69,215</b>	<b>83,651</b>
Total tax expenses	12,530	15,289	17,644	21,324
<b>Profit after tax (PAT)</b>	<b>36,698</b>	<b>44,676</b>	<b>51,571</b>	<b>62,327</b>

Source Company data, I-Sec research

### Exhibit 27: Balance sheet (consolidated)

(Rs mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Share capital	4,013	4,015	4,015	4,015
Reserves & surplus	2,12,643	2,47,057	2,87,444	3,36,210
<b>Shareholders' funds</b>	<b>2,16,657</b>	<b>2,51,072</b>	<b>2,91,458</b>	<b>3,40,225</b>
Borrowings	5,57,882	6,82,610	8,12,727	8,81,767
Provisions & Other Liabilities	21,928	24,376	36,269	37,943
Deferred tax liabilities (net)	-	-	-	-
Current Liabilities and short-term provisions	-	-	-	-
<b>Total Liabilities and Stakeholder's Equity</b>	<b>8,01,336</b>	<b>9,64,526</b>	<b>11,47,962</b>	<b>12,68,699</b>
Cash and balance with RBI	80,357	62,720	66,342	99,211
Fixed assets	4,088	5,288	6,188	6,558
<b>Loans</b>	<b>7,05,544</b>	<b>8,81,872</b>	<b>10,60,584</b>	<b>11,46,520</b>
Investments	5,457	7,125	5,673	6,212
Deferred tax assets (net)	488	808	1,763	1,989
Current Assets including cash and bank	-	-	-	-
Other Assets	5,103	6,414	7,112	7,909
<b>Total Assets</b>	<b>8,01,336</b>	<b>9,64,527</b>	<b>11,47,962</b>	<b>12,68,699</b>

Source Company data, I-Sec research

### Exhibit 28: Key ratios (consolidated)

(Year ending March)

	FY23A	FY24A	FY25E	FY26E
<b>Valuations</b>				
EPS	90	108	126	152
BVPS	540	625	726	847
<b>Yields, Interest income &amp; spreads(%)</b>				
Yield on AUM	17	18	18	18
Cost of funding	8.1	9	9	9
NIM on AUM	11	11	11	11
Other income on AUM	0.6	0.8	0.7	0.7
<b>Operating efficiency</b>				
Cost to income	33.5	32.7	32.5	31.7
Opex to AUM	3.8	4.0	4.0	3.9
AUM per branch (INR Mn)	133.4	156.2	171.8	183.9
<b>Asset Quality</b>				
GNPA	3.7	3.2	4.0	4.3
NNPA	3.3	2.9	3.4	3.6
Credit cost on AUM (Consolidated)	0.4	0.7	1.1	0.9
<b>Profitability</b>				
ROAA	4.7	5.1	4.9	5.2
ROE	17.8	18.7	19.0	19.7
<b>Capital (%)</b>				
Tier 1	31.0	30.4	30.1	31.9
Tier 2	0.8	-	-	-
RWA/ Total Assets	92.8	96.0	96.0	96.0

Source Company data, I-Sec research

### Exhibit 29: Key metrics (consolidated)

(Year ending March)

	FY23A	FY24A	FY25E	FY26E
<b>DuPont Analysis</b>				
Gross AUM (INR Mn)	7,15,027	8,83,214	10,71,855	11,95,610
Interest Income (%)	14.8	16.5	16.9	17.0
Interest Expense (%)	5.4	6.2	6.3	6.3
<b>Net Interest Income (%)</b>	<b>9.4</b>	<b>10.3</b>	<b>10.6</b>	<b>10.8</b>
Other Income (%)	0.5	0.7	0.7	0.7
<b>Total Net Income (%)</b>	<b>9.9</b>	<b>11.0</b>	<b>11.3</b>	<b>11.4</b>
Operating Expenses (%)	3.3	3.6	3.7	3.6
<b>Pre Provision Operating Profit (%)</b>	<b>6.6</b>	<b>7.4</b>	<b>7.6</b>	<b>7.8</b>
Provisions (%)	0.3	0.6	1.0	0.9
<b>PBT (%)</b>	<b>6.3</b>	<b>6.8</b>	<b>6.6</b>	<b>6.9</b>
Tax (%)	1.6	1.7	1.7	1.8
<b>Reported PAT (%)</b>	<b>4.7</b>	<b>5.1</b>	<b>4.9</b>	<b>5.2</b>
Leverage (average assets/average equity)	3.8	3.7	3.9	3.8
<b>RoE (%)</b>	<b>17.8</b>	<b>18.7</b>	<b>19.0</b>	<b>19.7</b>

Source Company data, I-Sec research

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