

# Manappuram Finance

Estimate change 

TP change 

Rating change 

**CMP: INR207**

**TP: INR250 (+21%)**

**Buy**

**Earnings in line; strong gold AUM growth at ~10% QoQ**

Bloomberg	MGFL IN
Equity Shares (m)	846
M.Cap.(INRb)/(USDb)	175 / 2.1
52-Week Range (INR)	230 / 125
1, 6, 12 Rel. Per (%)	-6/5/16
12M Avg Val (INR M)	1899

## Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	55.9	64.5	76.0
PPP	35.4	40.9	48.3
PAT	22.0	24.2	30.2
EPS (INR)	26.0	28.6	35.7
EPS Gr. (%)	46.5	10.2	24.8
BV/Sh.(INR)	136	161	193

## Ratios

NIM (%)	14.9	14.4	14.4
C/I ratio (%)	41.6	41.1	40.5
RoA (%)	5.1	4.7	5.0
RoE (%)	20.7	19.2	20.2
Payout (%)	13.7	13.5	12.1

## Valuations

P/E (x)	8.0	7.2	5.8
P/BV (x)	1.5	1.3	1.1
Div. Yld. (%)	1.7	1.9	2.1

## Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	35.2	35.2	35.2
DII	9.3	9.5	10.7
FII	33.0	32.0	30.7
Others	22.4	23.3	23.4

FII Includes depository receipts

## Credit costs remain elevated in the MFI business

- Manappuram Finance (MGFL)'s consol. PAT grew ~12% YoY, but declined ~1% QoQ to ~INR5.6b (in line) in 1QFY25. NII grew ~19% YoY to ~INR15.4b (in line), and PPOP rose ~22% YoY to ~INR9.8b (in line) during the quarter.
- Consol. credit costs stood at ~INR2.3b. Annualized credit costs for the quarter rose ~30bp QoQ to 2.1% (v/s PQ: ~1.8%). Higher credit costs were primarily attributable to the MFI business.
- Gold AUM grew ~10% QoQ and ~15% YoY to ~INR236b.** Net yields on Gold loans declined ~30bp to ~22.2% (PQ: ~22.5%). However, net yields on the standalone business rose ~10bp QoQ to 21.8%. Standalone CoB increased ~20bp QoQ to 9.0%, resulting in a sequential compression in NIM.
- Standalone GNPA rose ~10bp QoQ to ~2.0% and NNPA was stable at ~1.7%.
- Asset quality deteriorated across non-gold segments (except MFI), with GS3 increasing in Vehicle Finance (~3.6% vs. ~2.8% in 4Q), Housing Finance (~2.9% vs. ~2.4% in 4Q), and MSME & Personal Loans (3.4% vs. ~2.8% in 4Q), despite a healthy sequential loan growth in each of these product segments. For Asirvad MFI, collections were weaker due to farmer agitation (in Punjab), general elections, and rumors regarding loan waivers as well as heat waves in certain parts of Northern India.
- Management shared that the competitive intensity from banks has reduced, allowing for no irrationality around pricing/yields in gold lending. We believe that capping on cash disbursements at INR20K in gold loans will also help MGFL gain market share from smaller/fringe gold loan players in the near-term.
- We cut our FY25 PAT estimates by ~5% each to factor in lower growth (in some non-gold segments like MFI and Personal Loans) and higher credit costs from the MFI business. We estimate a 15%/19% AUM CAGR in gold/consolidated AUM over FY24-26. We model a ~17% consolidated PAT CAGR over the same period to arrive at a consolidated RoA/RoE of ~5%/20% in FY26. **Reiterate BUY (as the risk-reward is still favorable at a valuation of 1.1x FY26E P/BV) with a TP of INR250 (based on 1.3x FY26E consolidated BVPS).**

## Gold AUM rises ~10% QoQ with a minor increase in gold tonnage

- Gold AUM grew ~10% QoQ and ~15% YoY to ~INR236b. Gold tonnage grew ~1% QoQ to ~60t. LTV increased ~2pp QoQ to ~60% while the average ticket size (ATS) in gold loans rose to INR62.1K (PQ: INR58.5K). Gold loan customer base increased to ~2.6m (PQ: 2.4m).
- The company guided for Gold Loan growth of >15% in FY25.
- The Union Budget slashed the customs duty on gold from ~15% to 6%, which has hit the domestic price of gold. However, the increase in gold volumes will be positive for MGFL and other gold lenders.

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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.

**Highlights from the management commentary**

- Management guided borrowing costs to remain stable at the current levels.
- Climatic challenges such as floods and heat waves affected the income of customers and caused delays in repayments. The company is taking all possible steps to identify the bottlenecks and improve the collections.

**Valuation and view**

- MGFL trades at 1.1x FY26E P/BV, and we believe that there is scope for a re-rating in valuation multiples for a franchise that can deliver a sustainable RoE of ~19-20%. **Reiterate BUY (as the risk-reward is still favorable at a valuation of 1.1x FY26E P/BV) with a TP of INR250 (based on 1.3x FY26E consolidated BVPS).**
- For a stronger re-rating in the valuation multiples based on business fundamentals, MGFL will have to consistently demonstrate healthy gold loan growth without the associated trade-offs with margins/spreads.

## MGFL - Quarterly Performance (Consolidated)

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	1QFY25E	Act v/s Est. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Interest Income	19,363	20,438	22,011	22,734	23,861	24,887	25,509	26,564	84,546	1,00,821	23,757	0
Interest Expenses	6,484	6,894	7,487	7,792	8,483	9,119	9,302	9,429	28,657	36,333	8,298	2
<b>Net Interest Income</b>	<b>12,879</b>	<b>13,543</b>	<b>14,524</b>	<b>14,943</b>	<b>15,378</b>	<b>15,768</b>	<b>16,207</b>	<b>17,135</b>	<b>55,889</b>	<b>64,488</b>	<b>15,459</b>	<b>-1</b>
YoY Growth (%)	34.6	25.5	33.0	32.8	19.4	16.4	11.6	14.7	31.4	15.4	20.0	
Other income	1,209	1,303	1,256	888	1,259	1,252	1,325	998	4,655	4,834	1,015	24
<b>Net Income</b>	<b>14,088</b>	<b>14,846</b>	<b>15,780</b>	<b>15,831</b>	<b>16,636</b>	<b>17,020</b>	<b>17,532</b>	<b>18,133</b>	<b>60,544</b>	<b>69,322</b>	<b>16,474</b>	<b>1</b>
Operating Expenses	6,068	6,182	6,419	6,497	6,823	6,985	7,190	7,461	25,165	28,459	6,856	0
<b>Operating Profits</b>	<b>8,020</b>	<b>8,664</b>	<b>9,361</b>	<b>9,333</b>	<b>9,814</b>	<b>10,035</b>	<b>10,343</b>	<b>10,672</b>	<b>35,379</b>	<b>40,863</b>	<b>9,618</b>	<b>2</b>
YoY Growth (%)	57.5	36.8	58.1	52.0	22.4	15.8	10.5	14.3	50.7	15.5	19.9	
Provisions	1,212	1,197	1,496	1,878	2,286	2,290	2,013	1,477	5,783	8,066	1,839	24
<b>PBT</b>	<b>6,808</b>	<b>7,467</b>	<b>7,864</b>	<b>7,455</b>	<b>7,528</b>	<b>7,745</b>	<b>8,329</b>	<b>9,195</b>	<b>29,595</b>	<b>32,798</b>	<b>7,779</b>	<b>-3</b>
Tax Provisions	1,828	1,861	2,111	1,820	1,963	2,019	2,166	2,445	7,621	8,593	2,023	-3
<b>PAT</b>	<b>4,980</b>	<b>5,607</b>	<b>5,753</b>	<b>5,635</b>	<b>5,565</b>	<b>5,726</b>	<b>6,164</b>	<b>6,750</b>	<b>21,974</b>	<b>24,205</b>	<b>5,757</b>	<b>-3</b>
YoY Growth (%)	77	37	46	36	12	2	7	20	46	10	16	
<b>Key Ratios (%)</b>												
Yield on loans	22.3	22.6	23.2	22.8	22.5	22.3	22.3	22.3	22.5	22.5		
Cost of funds (Cal)	9.1	9.1	9.3	9.5	9.4	9.5	9.6	9.6	9.2	9.9		
Spreads (Cal)	13.2	13.5	13.9	13.3	13.1	12.9	12.6	12.7	13.3	12.6		
NIMs (Cal)	14.8	15.0	15.3	15.0	14.5	14.2	14.1	14.4	14.9	14.4		
C/I ratio	43.1	41.6	40.7	41.0	41.0	41.0	41.0	41.1	41.6	41.1		
Credit Cost	1.3	1.3	1.5	1.8	2.1	2.0	1.7	1.2	1.5	1.8		
Tax Rate	26.9	24.9	26.8	24.4	26.1	26.1	26.0	26.6	25.8	26.2		
<b>Balance Sheet Parameters</b>												
<b>Consol. AUM (INR b)</b>	<b>371</b>	<b>390</b>	<b>404</b>	<b>421</b>	<b>449</b>	<b>467</b>	<b>481</b>	<b>504</b>				
Change YoY (%)	20.6	27.0	26.7	18.7	21.2	19.8	19.1	19.9				
<b>Gold loans (INR b)</b>	<b>206</b>	<b>208</b>	<b>208</b>	<b>215</b>	<b>236</b>	<b>245</b>	<b>248</b>	<b>256</b>				
Change YoY (%)	0.6	8.4	11.5	8.9	14.8	17.6	19.7	19.0				
Gold stock (tonnes)	59	59	58	59	60	0	0	0				
Gold loans/branch (INR m)	51	51	51	53	58	0	0	0				
<b>Consol. Borrowings (INR b)</b>	<b>285</b>	<b>322</b>	<b>319</b>	<b>337</b>	<b>385</b>	<b>387</b>	<b>385</b>	<b>399</b>				
Change YoY (%)	19.0	20.5	18.2	18.2	34.8	20.1	20.5	18.5				
<b>Borrowings Mix (%)</b>												
Debentures	20.3	18.2	18.5	14.4	12.4	18.2	18.5	14.4				
CPs	0.0	2.0	0.1	2.5	2.3	2.0	0.1	2.5				
WC/CC	27.0	27.5	25.7	22.7	20.6	27.5	25.7	22.7				
TL	49.5	50.2	52.9	56.5	54.6	50.2	52.9	56.5				
ECB	3.3	0.6	1.6	2.8	10.1	0.6	1.6	2.8				
Others	0.0	1.4	1.3	1.2	0.0	1.4	1.3	1.2				
Debt/Equity (x)	1.4	1.5	1.4	1.4	3.2							
<b>Asset Quality Parameters (%)</b>												
GNPL ratio (Standalone)	1.4	1.6	2.0	1.9	2.0							
NNPL ratio (Standalone)	1.2	1.4	1.8	1.7	1.7							
<b>Return Ratios (%)</b>												
RoA (Rep)	5.0	5.3	5.2	4.9	4.8							
RoE (Rep)	20.1	21.6	21.2	19.9	16.7							

E: MOFSL estimates



## Highlights from the management commentary

### Business update

- Standalone AUM at ~INR310.4b, grew by ~21% YoY and consolidated AUM stood at INR449.3b grew 21% YoY
- Gold AUM grew ~15% YoY and ~10% QoQ for the quarter
- Gold holdings grew ~1.3% QoQ during the quarter despite tightened competition
- The Union Budget slashed the customs duty on gold from ~15% to 6%, which has hit the domestic price of gold. However, the increase in gold volumes will be positive for MGFL and other gold lenders.
- The Board declared an interim dividend of INR1/share

### Financial Performance

- Consolidated AUM stood at INR449.3b, up ~7% QoQ and ~21% YoY
- Consol. PAT declined ~1% QoQ and grew 11% YoY
- Standalone PAT grew ~3% QoQ and grew ~16% YoY
- Standalone GNPA at 1.96% (v/s 1.93% QoQ)

### Guidance

- MGFL guided for FY25 Gold Loan growth and growth in customer acquisitions of ~15%+ YoY
- Borrowing costs will continue at similar levels now and MGFL is also looking forward to interest rate/repo rate cuts.

### Gold loans

- Gold Loans contributed ~53% of the Consolidated AUM and grew ~15% YoY
- Gold loans are prone to seasonality during quarters; Compared to the same period last year, the gold loan demand has been better YoY in July/August
- Gold auctions stood at INR120m. Gold auctions were at similar levels as last quarter.
- With gold loans, customers with INR200K ticket size has increased from ~33% to 35%
- New customer additions stood at ~420K in 1QFY25 and existing customers have also started coming back for gold loans.
- Net Gold loan yields declined from 22.5% to 22.2%

### Competitive landscape and the impact of a ban on a large gold loan peer

- Post-Covid, demand from the target audience reduced but it has now recovered. Ban on gold loans for a large gold loan peer has not had any material impact since it is getting distributed across so many gold lending players, and customers from that gold loan peer are predominantly going to banks.
- Earlier, the old traditional players did not have a level playing field in gold loans. Even after the ban on the gold loan peer is revoked, it might be difficult for them to come back since it will be a level playing field for everyone now.

### MicroFinance

- There are some challenges in collections - Punjab (Farmer Agitation), general elections and rumors spreads about interest parties of loan waivers, and heat waves led to a hit on business and collections. Productivity loss also led to a loss of income for the customers.
- Climatic challenges such as floods and heat waves affected the income of customers and caused delay in repayments. Taking all possible steps to identify the bottlenecks and improve the collections.
- Some states which are exhibiting higher stress are Punjab, Gujarat, Rajasthan, MP - even in these places, there are branches that are showing good collections.
- SROs have guided Asirvad to reduce the maximum loan per borrower to INR200K and maximum number of lenders to be capped at four. Asirvad has now become compliant with MFIN guidelines.
- Asirvad AUM stood at INR123.1b and grew 21% YoY
- Asirvad PAT stood at INR1b (v/s INR1.02b QoQ)
- NNPA stood at ~1.36% and CRAR stood at 21.8%; Write-offs in Asirvad stood at ~INR700m

### Vehicle Finance

- VF AUM grew 10.5% QoQ and 64% YoY; GNPA at 3.6%

### Home Loans

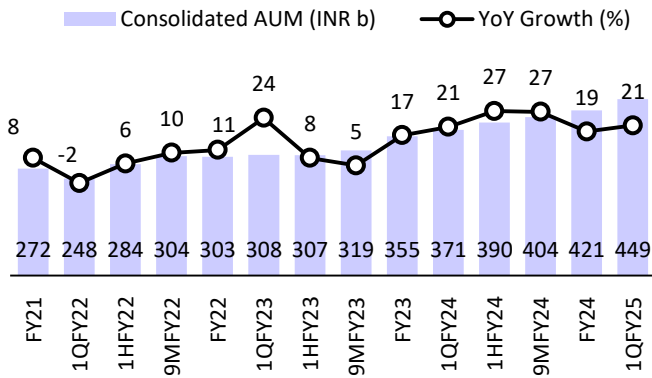
- AUM stood at ~INR15.9b, up ~5% QoQ and ~32% YoY
- PAT of INR60m in 1QFY25; GNPA at 2.88%; Mix between Home Loans and LAP of ~72% and ~28%
- Closely monitoring the affordable housing segment for opportunities from PMAY and CLSS

### MSME and Allied

- GNPA stood at 2.7% excluding digital personal loans and this portfolio is largely secured.
- ~95% of the loans are Micro-LAP with ticket sizes of INR500-600K. ~93% collections happen through the NACH presentation itself.
- Stress is in the unsecured MSME lending segment but it has now reduced it further and it will increase the secured book to ~97-98% over a period of time.
- Only a small proportion of the business is sourced through DSA. Acquiring majority of the customers directly from customers who walk into the branches. Earlier this product was done by gold loan branches and its employees. Now there is a specialized team who are co-located with gold loan branches.

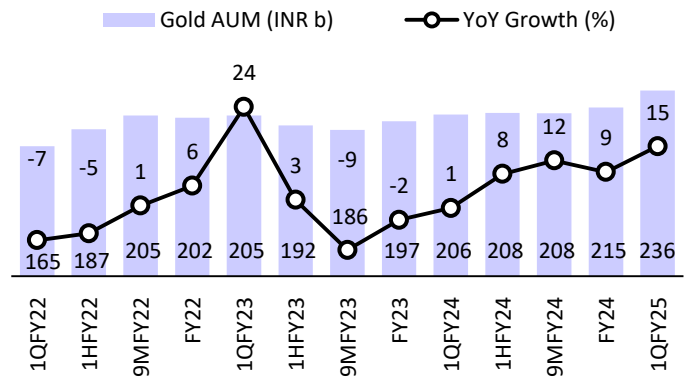
## Key Exhibits

**Exhibit 1: Consolidated AUM grew ~21% YoY**



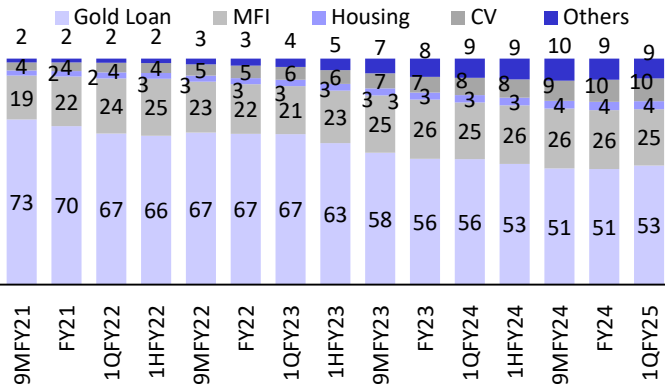
Source: MOFSL, Company

**Exhibit 2: Gold AUM grew ~15% YoY**



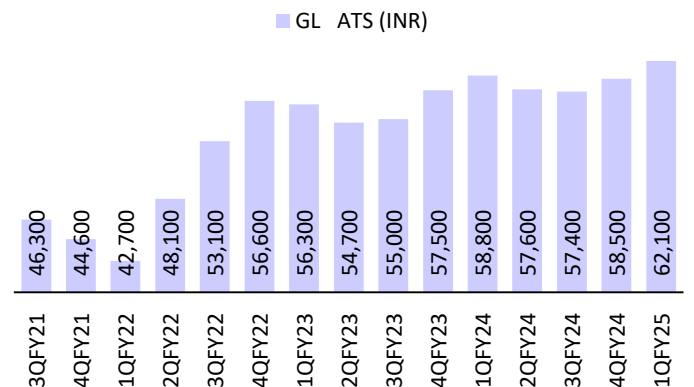
Source: MOFSL, Company

**Exhibit 3: Share of gold loans improved QoQ (%)**



Source: MOFSL, Company

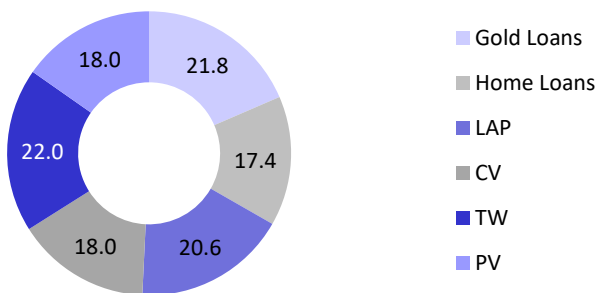
**Exhibit 4: ATS in gold loans increased QoQ to INR62.1k**



Source: MOFSL, Company

**Exhibit 5: Consol. yield was at ~22.5% as of 1QFY25**

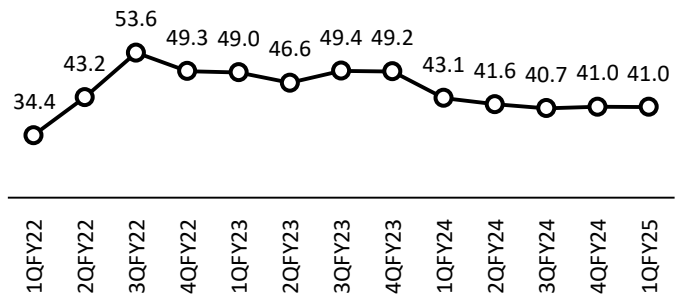
Product-wise yields



Source: MOFSL, Company

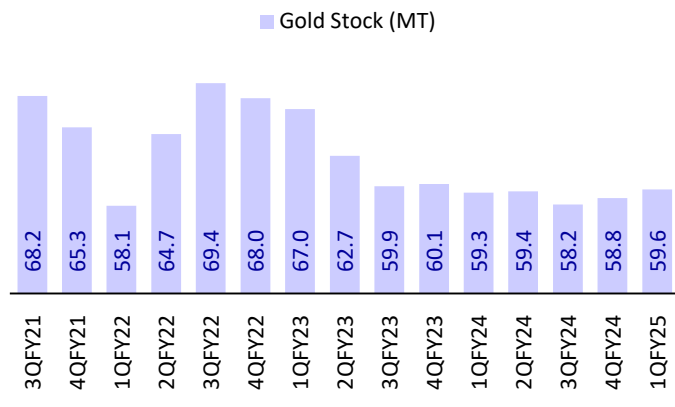
**Exhibit 6: C/I ratio remained stable at ~41%**

Cost to income ratio (%)



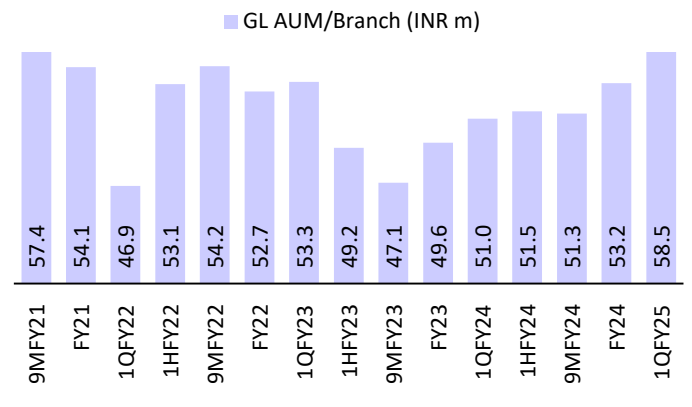
Source: MOFSL, Company

**Exhibit 7: Gold tonnage increased to 59.6t QoQ**



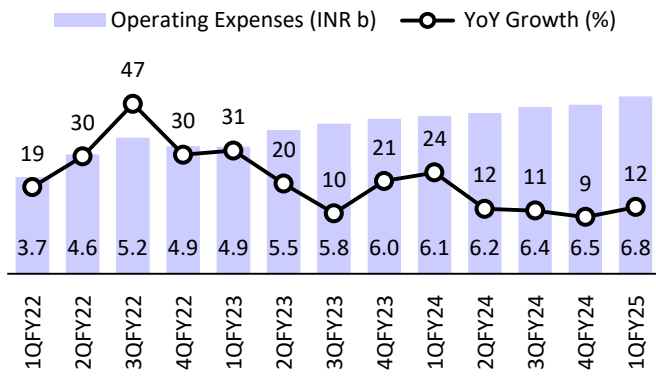
Source: MOFSL, Company

**Exhibit 8: Branch productivity improved QoQ**



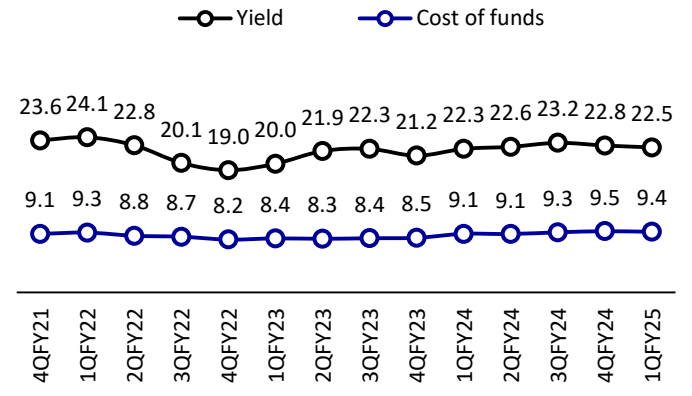
Source: MOFSL, Company

**Exhibit 9: Opex grew ~12% YoY**



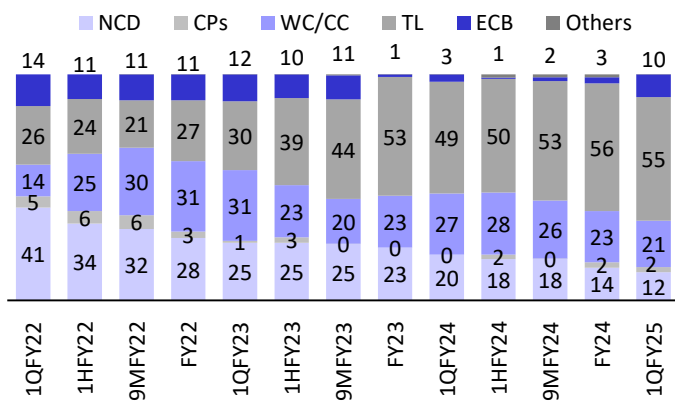
Source: MOFSL, Company

**Exhibit 10: Consolidated spreads contracted ~20bp QoQ (%)**



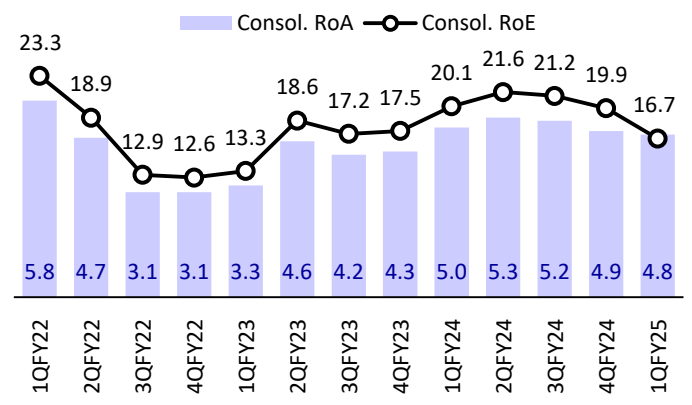
Source: MOFSL, Company

**Exhibit 11: Consolidated borrowing mix (%)**



Source: MOFSL, Company

**Exhibit 12: RoA declined ~10bp QoQ to ~4.8%**



Source: MOFSL, Company

### Valuation and view

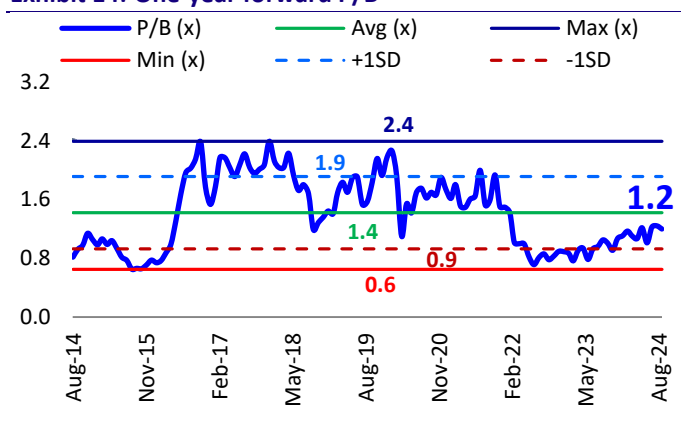
- An increase in the cost of borrowings because of the increase in risk weights on bank term loans to NBFCs could lead to a NIM compression for MGFL since there is not much room to increase the yields either in gold loans or non-gold products. MGFL trades at 1.1x FY26E P/BV, and we believe that there is scope for a re-rating in valuation multiples for a franchise that can deliver a sustainable RoE of ~19-20%. **Reiterate BUY (as the risk-reward is still favorable at a valuation of 1.1x FY26E P/BV) with a TP of INR225 (based on 1.3x FY26E consolidated BVPS).**
- For a stronger re-rating in the valuation multiples based on business fundamentals, MGFL will have to consistently demonstrate healthy gold loan growth without the associated trade-offs with margins/spreads.

**Exhibit 13: We cut our FY25 PAT estimate by ~5% to factor in higher credit costs from the MFI business.**

INR B	Old Est.		New Est.		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
NII	65.8	77.0	64.5	76.0	-2.0	-1.3
Other Income	4.6	5.1	4.8	5.3	4.3	4.3
<b>Net Income</b>	<b>70.4</b>	<b>82.0</b>	<b>69.3</b>	<b>81.3</b>	<b>-1.6</b>	<b>-0.9</b>
Operating Expenses	29.6	34.2	28.5	32.9	-3.8	-3.8
<b>Operating Profits</b>	<b>40.9</b>	<b>47.8</b>	<b>40.9</b>	<b>48.3</b>	<b>0.0</b>	<b>1.1</b>
Provisions	6.5	7.3	8.1	7.4	24.2	0.6
<b>PBT</b>	<b>34.4</b>	<b>40.5</b>	<b>32.8</b>	<b>40.9</b>	<b>-4.6</b>	<b>1.1</b>
Tax	9.0	10.6	8.6	10.7	-4.6	1.1
<b>PAT</b>	<b>25.4</b>	<b>29.9</b>	<b>24.2</b>	<b>30.2</b>	<b>-4.6</b>	<b>1.1</b>
Loans	493	580	487	570	-1.2	-1.8
Borrowings	404	476	399	463		
RoA (%)	4.9	4.9	4.7	5.0		
RoE (%)	20.1	19.8	19.2	20.2		

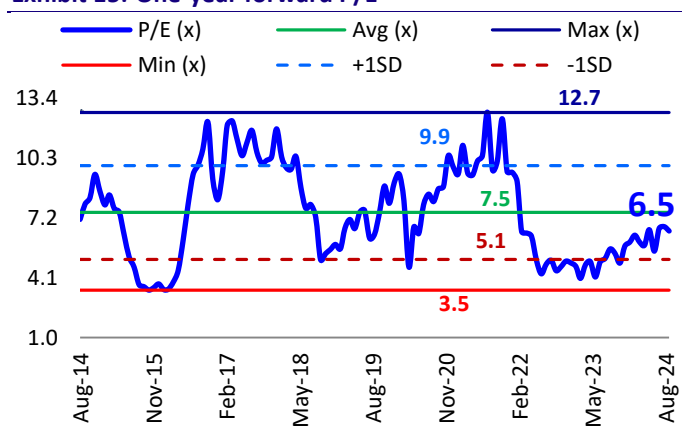
Source: MOFSL, Company

**Exhibit 14: One-year forward P/B**



Source: MOFSL, Company

**Exhibit 15: One-year forward P/E**



Source: MOFSL, Company



## Financials and valuations

### Manappuram Finance Model

#### Income Statement

(INR M)

Y/E MARCH	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Interest Income	40,461	52,805	61,896	58,397	64,404	84,546	1,00,821	1,18,241
Interest Expense	13,449	18,322	22,190	20,114	21,878	28,657	36,333	42,254
<b>Net Interest Income</b>	<b>27,012</b>	<b>34,483</b>	<b>39,706</b>	<b>38,284</b>	<b>42,526</b>	<b>55,889</b>	<b>64,488</b>	<b>75,987</b>
Change (%)	16.3	27.7	15.1	-3.6	11.1	31.4	15.4	17.8
Other operating income	1,334	1,848	1,410	2,213	2,436	3,934	4,091	4,500
<b>Total Income</b>	<b>28,346</b>	<b>36,331</b>	<b>41,116</b>	<b>40,496</b>	<b>44,963</b>	<b>59,823</b>	<b>68,579</b>	<b>80,488</b>
Change (%)	18.6	28.2	13.2	-1.5	11.0	33.1	14.6	17.4
Other income	625	859	441	653	659	721	742	780
<b>Net Income</b>	<b>28,971</b>	<b>37,190</b>	<b>41,557</b>	<b>41,149</b>	<b>45,622</b>	<b>60,544</b>	<b>69,322</b>	<b>81,267</b>
Change (%)	18.3	28.4	11.7	-1.0	10.9	32.7	14.5	17.2
Operating Expenses	13,858	14,741	13,996	18,453	22,140	25,165	28,459	32,933
<b>Operating Profits</b>	<b>15,113</b>	<b>22,449</b>	<b>27,561</b>	<b>22,697</b>	<b>23,482</b>	<b>35,379</b>	<b>40,863</b>	<b>48,334</b>
Change (%)	24.5	48.5	22.8	-17.6	3.5	50.7	15.5	18.3
Provisions	547	2,376	4,401	4,862	3,071	5,783	8,066	7,397
<b>PBT</b>	<b>14,566</b>	<b>20,073</b>	<b>23,160</b>	<b>17,835</b>	<b>20,410</b>	<b>29,595</b>	<b>32,798</b>	<b>40,938</b>
Tax	5,080	5,270	5,911	4,548	5,409	7,621	8,593	10,726
Tax Rate (%)	34.9	26.3	25.5	25.5	26.5	25.8	26.2	26.2
<b>PAT</b>	<b>9,486</b>	<b>14,803</b>	<b>17,250</b>	<b>13,287</b>	<b>15,002</b>	<b>21,974</b>	<b>24,205</b>	<b>30,212</b>
Change (%)	40.3	56.1	16.5	-23.0	12.9	46.5	10.2	24.8
<b>Dividend (Excl Tax)</b>	<b>1,812</b>	<b>2,372</b>	<b>1,777</b>	<b>2,539</b>	<b>2,539</b>	<b>3,005</b>	<b>3,272</b>	<b>3,668</b>

#### BALANCE SHEET

Y/E MARCH	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	1,686	1,690	1,693	1,693	1,693	1,693	1,693	1,693
Reserves & Surplus	43,561	55,771	71,382	81,991	94,756	1,13,788	1,34,720	1,61,265
<b>Networth (Post-OCI)</b>	<b>45,247</b>	<b>57,461</b>	<b>73,074</b>	<b>83,683</b>	<b>96,449</b>	<b>1,15,481</b>	<b>1,36,413</b>	<b>1,62,957</b>
Non-Controlling Interest	459	583	472	161	203	289	314	339
<b>Borrowings</b>	<b>1,52,972</b>	<b>2,25,735</b>	<b>2,27,163</b>	<b>2,41,185</b>	<b>2,84,830</b>	<b>3,36,535</b>	<b>3,98,942</b>	<b>4,63,382</b>
Change (%)	21.3	47.6	0.6	6.2	18.1	18.2	18.5	16.2
<b>Other liabilities</b>	<b>5,862</b>	<b>11,572</b>	<b>12,669</b>	<b>13,076</b>	<b>13,559</b>	<b>15,175</b>	<b>16,692</b>	<b>18,361</b>
Change (%)	1.0	97.4	9.5	3.2	3.7	11.9	10.0	10.0
<b>Total Liabilities</b>	<b>2,04,540</b>	<b>2,95,351</b>	<b>3,13,378</b>	<b>3,38,106</b>	<b>3,95,041</b>	<b>4,67,479</b>	<b>5,52,361</b>	<b>6,45,040</b>
<b>Loans</b>	<b>1,78,119</b>	<b>2,42,971</b>	<b>2,65,076</b>	<b>2,89,710</b>	<b>3,41,945</b>	<b>4,09,476</b>	<b>4,86,709</b>	<b>5,69,960</b>
Change (%)	16.8	36.4	9.1	9.3	18.0	19.7	18.9	17.1
<b>Investments</b>	<b>1,738</b>	<b>905</b>	<b>3,380</b>	<b>4,207</b>	<b>5,340</b>	<b>7,263</b>	<b>7,990</b>	<b>8,789</b>
Change (%)	3,428.0	-47.9	273.6	24.5	26.9	36.0	10.0	10.0
Goodwill	356	356	356	356	356	356	356	356
Net Fixed Assets	3,319	7,705	8,980	10,295	10,748	10,677	11,744	12,919
Other assets	21,009	43,414	35,586	33,538	36,652	39,708	45,562	53,017
<b>Total Assets</b>	<b>2,04,540</b>	<b>2,95,351</b>	<b>3,13,378</b>	<b>3,38,106</b>	<b>3,95,041</b>	<b>4,67,479</b>	<b>5,52,361</b>	<b>6,45,040</b>

E: MOFSL Estimates

## Financials and valuations

### RATIOS

Y/E MARCH	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Spreads Analysis (%)</b>								
Avg Yield on loans	24.5	25.1	24.4	21.1	20.4	22.5	22.5	22.4
Avg Cost of funds	9.6	9.7	9.8	8.6	8.3	9.2	9.9	9.8
Spreads	14.8	15.4	14.6	12.5	12.1	13.3	12.6	12.6
Net Interest Margins	16.3	16.4	15.6	13.8	13.5	14.9	14.4	14.4
<b>Profitability Ratios (%)</b>								
RoAE	22.8	28.8	26.4	17.0	16.7	20.7	19.2	20.2
RoAA	5.1	5.9	5.7	4.1	4.1	5.1	4.7	5.0
Cost to Income	47.8	39.6	33.7	44.8	48.5	41.6	41.1	40.5
Empl. Cost/Op. Exps.	52.0	56.3	60.2	61.0	66.4	63.5	63.4	64.1
<b>Asset Quality</b>								
GNPL (INR m)	826	1,677	3,951	6,623	3,211	5,467	7,787	8,549
GNPL ratio (%)	0.5	0.9	1.9	2.9	1.3	6.8	1.6	1.5
NNPL (INR m)	481	1,092	2,092	5,674	2,554	4,559	6,463	7,011
NNPL ratio (%)	0.3	0.6	0.8	2.0	0.7	1.1	1.3	1.2
PCR (%)	41.7	34.9	47.1	14.3	20.4	16.6	17.0	18.0
<b>Valuations</b>								
Book Value (INR)	54	68	86	99	114	136	161	193
<b>Price-BV (x)</b>	<b>3.9</b>	<b>3.0</b>	<b>2.4</b>	<b>2.1</b>	<b>1.8</b>	<b>1.5</b>	<b>1.3</b>	<b>1.1</b>
EPS (INR)	11.3	17.5	20.4	15.7	17.7	26.0	28.6	35.7
Change YoY (%)	40.3	55.7	16.3	-23.0	12.9	46.5	10.2	24.8
<b>Price-Earnings (x)</b>	<b>18.4</b>	<b>11.8</b>	<b>10.2</b>	<b>13.2</b>	<b>11.7</b>	<b>8.0</b>	<b>7.2</b>	<b>5.8</b>
Dividend	2.1	2.8	2.1	3.0	3.0	3.6	3.9	4.3
Dividend Payout (%)	23.0	19.3	10.3	19.1	16.9	13.7	13.5	12.1
<b>Dividend Yield (%)</b>	<b>1.0</b>	<b>1.4</b>	<b>1.0</b>	<b>1.4</b>	<b>1.4</b>	<b>1.7</b>	<b>1.9</b>	<b>2.1</b>

E: MOFSL Estimates

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