

MUTHOOT FINANCE LTD.

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Premium Coverage

A golden bet

Muthoot's market leadership, wide reach, high margins and low bad debts make it the best gold loan company you can buy.

ARUL SELVAN • 08th February 2021



We Indians and our gold are a love affair that has existed over generations. Nowhere in the globe does gold hold so much sentimental value, passed on from one generation to another. Many of us would have some gold ornaments passed down from our grandparents to our parents and then to us.

We Indians also generally keep our gold locked away in some hidden corner of the house from where it comes out rarely, generally only in case of very close family weddings and parties.

One finance company is now pushing Indians to leverage that gold for short-term loans. They provide security for the gold, insure against its loss and provide loans often in 30 minutes.

In a country like India that holds gold so close to its sentiment, this option to safely avail small loans without the need to mortgage any other property (a no-no for many) is gaining ground.

The company most successful in making this change is Muthoot Finance. A Kochi, Kerala-based company, Muthoot has been in the gold finance business for eight decades running. It is the largest gold finance company in the country with a share of 18 per cent of the organised gold lending market.

The rising gold price makes Muthoot an attractive investment opportunity today. With the value of gold up, more people are likely to be incentivised to use their precious ornaments to access short-term finance. Being the largest player in its field, Muthoot is best placed to benefit from this trend.

Here's what we like about Muthoot

Trust. Muthoot's borrowers' first concern is generally the safety of their ornaments handed over to it as collateral. Afraid to lose the jewellery to fly-by-night frauds, they entrust Muthoot with their ancestral heirlooms. This trust is at the core of Muthoot's market standing.

Loans backed by gold. Muthoot has lent just 68 per cent of the value of gold as loan. This means until gold prices fall by 32 per cent, it wouldn't lose any money.

High margins. Muthoot's relentless focus on customer satisfaction and trust have allowed the company to earn margins of 15 per cent in the last three years. Compared to other finance companies that earn just between three to five per cent, Muthoot stands above them all.

Why should you buy Muthoot now?

Lower cost of funds to aid bottomline. Muthoot has secured funds from international markets. This is likely to bring down its cost of funds from the current 8.37 per cent to under seven per cent in the near future. This will positively impact its earnings going forward.

Higher growth ahead. The pandemic has strained resources of small businesses across the country. Gold loan companies provide fast loans (often in 30 minutes), entail less paperwork and are present in areas where banks are not (Muthoot has over 4607 branches). For gold loan providers, rising gold prices, the low value of individual loans and 100 per cent collateral, remove risk of defaults. This makes them prime beneficiaries of small short-term borrowings.

What is so great about Muthoot?

Prudent lending. As discussed above, Muthoot lends just 68 per cent of the value of gold while retaining the balance as a safety net for any unforeseen price movement. This gives it the comfort and security to fall back on any unforeseen price volatility.

Small ticket loans. Muthoot's average loan size is typically between Rs. 30,000 - 40,000 with an average tenure of less than six months. It does not expose itself to large commercial or infrastructure loans that have landed a number of large banks in a hot mess. Its gold loan book size today is worth around Rs. 47,000 crore.

New opportunities for Muthoot

Higher demand. The contraction of the economy post covid and loss of income as a result is likely to make more people turn to short-term borrowing to tide over tough times. Traditional banks, already hard-pressed for capital, are not likely to step up to fill this demand. Muthoot is seeing this trend play out. Its gold loan book increased 32 per cent and net jumped 25 per cent year-on-year in the first half of this financial year.

Higher gold price. With gold prices trending higher (it is up 17.3 per cent during the previous twelve months), more people are likely to pawn the gold in their possession for short-term loans. Muthoot, being the market leader in gold finance is the best placed to gain from higher prices. This behaviour was seen the last time gold prices shot up between 2009-13. During this time, the gold price was up 81 per cent while the pledged quantity of gold jumped 3.4 times, aided both by the higher price and four times more branches.

Management

The late M George Muthoot, (father of the current chairman) started the gold loan business in 1939. The current chairman, M.G. George Muthoot and his three brothers jointly run the company today. Incorporated in 1997, Muthoot listed on the exchanges in 2011. The current MD & CEO, Mr. George Alexander Muthoot (youngest brother of the chairman) is the second generation running the operations along with other siblings.

Concerns

The price of gold. This is the primary risk for Muthoot. The price of gold impacts its loan book, which in turn determines revenue and net profit. There is historic data to understand this risk. Between 2013 and 2016, gold price in India was down 25 per cent. During this time, Muthoot's loan book took a maximum hit of 10 per cent while net profit at its lowest (in this time) was down 52 per cent from the pre-gold price crash level.

Competition risk. The company appears to be entering a cycle of increased competitive intensity with many large banks and startups eyeing the lucrative returns in this business. The biggest threat among them is the country's largest bank, the State Bank of India (SBI) that is charging 7.5 per cent on gold loans and is even waiving off processing charges if the loan is applied through its mobile app, Yono. SBI's gold loan book today stands at Rs. 17,492 crore and it has grown almost four times in the past six months.

Muthoot's management is betting the competitive scenario will most likely not hit it hard. They maintain that competitors rush into gold loans when gold spikes up, but these new entrants lose focus shortly after and tend not to focus on gold loans later. Whether competitors continue behaving in this manner or begin to take gold loans seriously in the future remains to be seen.

Expanding subsidiaries. Muthoot has seven subsidiaries offering various finance products such as housing loans, vehicle loans, microfinance, insurance broking, etc. that bring in just five per cent of its revenue but constitute 12 per cent of its loan book. Though Muthoot has said it will not invest further in these subsidiaries, any cash requirement in these businesses could force it to allocate more capital to these subsidiaries that as of today, do not offer the same returns as its gold finance business.

Efficiency

Muthoot's gold loan book has grown by 19.52 per cent annually in the last three years. With the high interest rates it charges, coupled with lower borrowing costs, it has earned an average margin of 29 per cent in this time that translates to an average ROE of 26 per cent.

Loan defaults as discussed above, have remained low as the company has a 39 per cent margin of safety on the value of gold. This has kept bad loans written-off at an average of just 0.11 per cent in the last three years. Also, with typical loans availed for less than six months, large price corrections are somewhat cushioned. Even in case of any such price volatility, it has high liquidity worth close to Rs. 8000 crore and a high capital adequacy ratio of 25.7 per cent as of September 2020.

The management has guided a 15-20 per cent growth in loan book this financial year. That is likely to translate to a net earnings growth of 18 per cent.

Valuation and outlook

Being the market leader in gold loans, Muthoot, at a price-to-book ratio of 3.5x, trades at a premium to its next closest competitor - Manappuram Finance, which is available at 2.2x.

A run up in Muthoot's share price by around 60 per cent in the previous calendar year has increased its valuation lead over Manappuram. Though valuations appear pricey, we believe Muthoot is likely to continue to command this premium. Its market leadership, wide reach, high margins and low bad debts are likely to keep it ahead of competitors. The growth in loan book will add further glitter to the stock.

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Muthoot Finance (Risk Score: 12/25)

The results of our individual tests and their combined result. Simply put, the lower the score you find here, the riskier the stock.

Risk Score
12/25

ARUL SELVAN • 08th February 2021

Company/Business

Will the company scale up its business?

Yes, the company has expansion plans of pushing further in Tier 2 and Tier 3 cities. This, along with increased borrowing capacity of borrowers and near term economic distress should aid revenues.

Does the company have a loan book of more than Rs 100,000 crores?

No, the loan book is ~ Rs.47,000 crore as of Q2 FY2020-21.

Is the company's exposure to each sector, less than 10%?

No, The company's exposure to retail gold loans constitutes almost 90% of its overall loan book.

Does the company have a recognizable brand, truly valued by its customers?

Yes, it is recognized for its hassle free process, quick turnaround time and transparent processes.

Does the company have a credible moat?

No, because lending based on gold can be done by anyone. But its difficult to set up operations at a nation-wide scale.

Is the level of competition faced by the company relatively low?

No, This sector is likely to see high competitive intensity with many large banks and startups eyeing the lucrative returns.

Management

Is the company devoid of a history of regulatory penalties?

No, The RBI had recently imposed a fine of Rs.10 lakhs on Muthoot for failing to get PAN card details for loans above 5 lakhs and not complying with LTV norms. But these were extremely small penalties and are unlikely to occur again.

Are the management's estimates for growth and bad loans stable?

Yes, The bad loans are in line with the management's estimates and growth has exceeded their estimates.

Does the company adequately provide for its non-performing assets (NPAs)? More specifically, is the ratio of provisions to Gross NPAs more than 50%?

No, It is only ~40 per cent. But since the quantity of loss expected to is very small, investors need not worry about the lower amount of provisions.

Do the top five managers have stock as a meaningful part of their compensation (More than 50%)?

No, (But they all have sizeable stake in the company). The Chairman MG George Muthoot has 11.6% and the Managing Director George Alexander Muthoot has 10.8%. The other two wholetime directors George Jacob Muthoot and George Thomas Muthoot also have 10.8ch.

Financials

Does the company have a Current and Savings Account (CASA) ratio of more than 40%? A high CASA ratio denotes a large reserve of cheap funds.

Not Applicable

Does the company have a fresh slippages to total advances ratio of less than 2%? Fresh slippages are loans which have become NPAs in the last financial year.

No, But at 2.04% it's not very far. Besides, the company incurs very low losses given the high value of collateral.

Did the company generate a current and 5-year average return on equity (RoE) of more than 12 per cent and return on assets (RoA) of more than 1 per cent?

Yes, the 5 year average RoE and RoA is 22.8% and 5% respectively. The RoE and RoA for FY 19-20 is 29.16% and 6.56% respectively.

Did the company increase its loan book by more than 15% annually over the last five years?

No, The loan book grew by 12.2% CAGR

Did the company increase its Net Interest Income (NII) by more than 15% annually over the last five years? Net Interest Income is Interest Income minus Interest payments

Yes, The CAGR of its Net Interest Income over the last 5 years was 23.7%.

Is there a direct relationship between the increase in loan book and the increase in Net Interest Income (NII)?

Yes, During the past 5 years, the loan book has increased at a rate of 12.2% while the Net interest income has increased at a rate of 23.7%.

Is the company's capital adequacy ratio more than 12%? (The capital adequacy ratio (CAR) is a measure of a NBFC's capital. It is expressed as a percentage of a bank's risk-weighted credit exposures)

Yes, As of Q2, FY 2020-21 it was 25.7%.

Can the company run its business without relying on external funding in the next three years?

No, Most lending institutions have to rely on external financing for growing their business. Since we expect the rate of growth of its asset book to exceed its return on equity, the company will most likely need external funding.

Did the company generate an average NIM (Net Interest Margins) of more than 3% in the last 5 years? Net Interest Margin is the difference between the company's rate of borrowing and lending

Yes, Its five-year average NIM was 13.7%.

Is the Average Gross NPA Ratio (Gross NPAs/Total Advances) over the last 3 years less than 3% and the Net NPA Ratio (Net NPAs/Total Advances) less than 1%?

No, Though the average Gross NPA Ratio and Net NPA ratio for the last 3 years is 3.11% and 2.69% respectively, the average write-offs in the last 3 years was just 0.11%.

Does the company have a cost-income ratio of less than 50%?

Yes, the cost-to-income ratio was 27.1%.

Valuation

Is the company's price to earnings ratio less than its five or ten year median level?

No, But there is only a small premium (13.64x vs five-year median of 12.3x as of 8th Feb 2021)

Is the company's price to book value less than 1?

No, As of 8th Feb 2021, the company's price to book ratio is 3.48.

To sum up

Is it a solid business with an able management and a great balance sheet?

Yes, Muthoot has a solid business model which has allowed it to stay relevant despite mounting competition. The management has maintained more than adequate amounts of cash to ensure stability during uncertain times despite the lower short term profitability. The company is focussed and has an excellent capital adequacy ratio.

Does the company believe in taking care of the interests of all stakeholders — customers, employees, shareholders?

Yes, The company has regularly paid dividends to its shareholders and regularly engages with the community through its CSR activities in domains such as education, environment, sanitation and health. It has provided assistance during the floods in Kerala and provides medical support for treatments cancer, dialysis etc. through a project called "Snehasraya."

Do you want to know more about this company? Are you willing to spend more time digging out information about it?

Yes, Muthoot has been able to capitalise on the demand for gold loans riding on the back of the most ubiquitous household collateral. It has withstood the onslaught of competition by following a blue ocean strategy of targeting consumers who are not served by banks. But with the rise of technology backed competitors, it would be interesting to see how Muthoot adapts to new age challenges.

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Muthoot Finance - Headwinds and Tailwinds

Factors that will call for buying the stock and for selling it.

ARUL SELVAN • 08th February 2021

Tailwinds (When you should stay invested, or increase exposure)

- Muthoot remains focussed on their core offering i.e gold loans and works towards increasing their customers' ease and convenience.
- Muthoot is able to access global capital markets and continually reduce its cost of funds.
- The company is able to execute growth plans of expanding in Northern and Western Markets.

Headwinds (When you should consider selling or cutting exposure)

- The prices of gold come crashing down by more than 25%
- The company starts allocating capital to other lending businesses such microfinance, vehicle lending etc.
- Any major regulatory change imposing a cap on the interest rate charged for gold loans.

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Profit up 22% as annual revenue crosses 10,000 crore mark

Revenue guidance at 15 per cent for FY2022. Sees higher growth Q2 onwards.

ARUL SELVAN • 02nd June 2021

Muthoot Finance marched on with its growth trajectory with a 22 per cent increase in quarterly PAT. Its robust profits were the consequence of higher demand for gold loans as well as a tight leash on costs. The management said higher productivity (in the form of a 25 per cent increase in the average gold loans per branch) and an expanding size of the market were also important drivers of profits.

The size of its gold loan book increased to Rs 51,926 crore, registering a 27 per cent growth. Crucially, the asset quality improved during a time when the overall price of gold declined. Loan assets which were more than 90 days past due decreased 42 basis points sequentially to 0.88 per cent and only Rs 171 crore (out of Rs 51,926 crore) of gold jewellery was auctioned. Despite increasing its network by 121 branches to reach 5,451 branches, the operating expenses remained stable. In fact, operating expenses, at 3.92 per cent of average loan assets, were the lowest in more than a decade.

On a full year basis, PAT grew by 21 per cent on the back of a 27 per cent increase in the size of its gold loan book. While interest income grew by 19 per cent, lower interest rates resulted in Muthoot's earnings per share touching Rs 94.8, which is a 21 per cent increase compared to the previous year.

The management has conservatively guided for a 15 per cent growth in the upcoming fiscal. It has indicated that due to the lockdowns in various parts of the country, growth may remain subdued in the upcoming quarter. But it remains confident that it will get back to a higher growth trajectory starting from the second quarter. It has committed to maintain high amounts of liquidity and has no plans for raising any additional capital.

Our take

The company has performed well during a challenging quarter. We had earlier highlighted that declining gold prices posed the largest threat to Muthoot's growth story. But the company has managed to post a sequential growth of about 4.5 per cent in its gold loan book despite gold prices declining by about 12 per cent in the fourth quarter. This is a clear indicator of Muthoot's superior performance when compared to some of its peers.

Besides, two other factors have also helped the company. One, the lower incremental costs of borrowing which, at 7.39 per cent, is continually declining. As highlighted in our previous update, the upgrade of its credit rating will help in pushing its borrowing costs lower. The second factor is Muthoot's conservative lending practices, which by reducing the need for auctioning gold jewellery, not only increases the customer's trust in the brand, but also increases the company's ability to withstand higher volatility in gold prices.

Despite the short term challenges, the company is expected to benefit from a likely spurt in demand (caused in no small part by the financial damages unleashed by the second wave of the Covid pandemic). With a long runway for growth and a valuation of about 15 times its trailing twelve month P/E, we continue to recommend that investors buy Muthoot Finance.

Here's a snapshot of the latest consolidated quarterly results:

- Interest income increased 19 per cent to reach Rs 2,789 crore
- Interest expense rate on average outside liabilities declined 29 bps sequentially to touch 8.16 per cent
- NIM (Net Interest Margin) declined from 13.85 per cent to 13.5 per cent (q-o-q)
- Earnings per share increased by 22 per cent to touch Rs 25

Here's a snapshot of the consolidated annual results:

- Total value of gold loans increased 27 per cent to Rs 51,926 crore
- Gross loan assets has increased by 23 per cent to Rs 58,280 crore
- Interest income increased 19 per cent to reach Rs 11,232 crore
- Interest expense rate on average outside liabilities declined 31 basis points to 8.68 per cent
- NIM (Net Interest Margin) decreased 55 basis points to 13.49 per cent
- Earnings per share increased by 21 per cent to touch Rs 95

All growth percentages are compared to the same quarter of the previous year, unless otherwise stated.

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Muthoot likely to benefit as gold prices trend upwards

The international price of Gold has crossed \$1,800 per ounce for the first time in three months

ARUL SELVAN • 07th May 2021

Gold prices have, once again, begun to drift upwards. A combination of global macro-economic factors (record amounts of stimulus, low interest rates etc.) and worries about inflation are some of the reasons for this recent turnaround. In the Indian scenario, the price of gold is now back to Rs 4,800 levels after touching a low of around Rs 4,400 per gram in March this year.

Muthoot finance is likely to be a key beneficiary. Investors might remember from our recommendation that falling gold prices are the biggest risk factor for Muthoot. This perhaps explains the weakness in Muthoot's stock price in the last three months despite strong results, twin rating upgrades and an overall positive outlook for the sector.

Higher gold prices allow both existing and new customers to borrow greater amounts of money since their collateral is more valuable now than before. This translates to a higher loan book and thereby higher earnings for Muthoot. It also reduces the likelihood of Muthoot suffering losses due to defaults by borrowers.

Ironically, the economic impact of the second wave of Covid is also likely to be a tailwind in the near term. A host of data points indicate that people living in semi-urban and rural areas have been affected this time (unlike last year) and these are the borrowers which Muthoot generally focuses on. The strong likelihood that affected people from these segments will borrow to tide-over tough times bodes well for Muthoot. Do look forward to better results in the upcoming quarters.

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Another rating upgrade

ICRA's upgrade follows similar move by CRISIL

ARUL SELVAN • 19th March 2021

In less than a month after CRISIL upgraded Muthoot Finance, ICRA followed suit and has upgraded Muthoot Finance by a notch to AA+ from AA. Muthoot's sustained healthy financial performance on the back of increased gold loans without any proportionate slippages have been cited by ICRA as factors for this upgrade. Other factors such as its ability to raise funds from diverse sources, leadership position in gold, efficient internal controls & monitoring systems and pan-india branch network have also been cited.

ICRA's action is another feather in Muthoot's cap. It corroborates Muthoot's strong fundamentals and reinforces its ability to borrow at lower yields on an ongoing basis. We expect Muthoot's earnings to increase in the near term due to lower incremental borrowing costs which should translate to higher net interest margins.

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One gold bracelet, two treatments at Muthoot, SBI

If a customer went gold-loan window shopping, she would find one experience different from another

RUCHIRA SINGH • 12th March 2021



I visited two modern-day moneylenders as a customer to get a touch and feel of the gold loans business. My 13 gram, 20 carat gold bracelet got different treatments at Muthoot Finance Ltd and State Bank of India (SBI).

First impressions

As I walked into a Muthoot Finance outlet next to a highway, a closed door with metal bars greeted me. I thought it had closed, but it turned out, the place was a well-guarded stronghold.

I stepped in as the only customer in the late afternoon. Later, a man walked in too. The place looked like it was a well-oiled machinery to smoothly move me from one desk to another -- reception to assayer to cashier -- as different stages of my loan got processed.

Amitabh Bachchan smiled at me from the posters enticing me to go for it, as did the staff. They were friendly and patient. When it seemed like I was asking too many questions, the receptionist was joined by her colleague to field them.

The next day I walked into an SBI branch. It was a regular bank branch offering many services. It was late afternoon here too but it was a busier place.

There was a banner advertising SBI gold loans outside the branch but it was kept in a nondescript place. Gold loan was clubbed along with the other loan products at a common SBI loan desk.

My list of questions was long and as a queue built up behind me, I felt a bit rushed. So I stepped away to join the queue again to wait my turn to find out more.

At SBI I did not have to take out my bracelet for examination. At Muthoot, I almost had to snatch it back before it got rolled into their gold loan mill.

No. I wouldn't get my loan the same day at SBI. I would have to fix an appointment on the day the assayer would be called in. Muthoot Finance promised to hand out cash instantly, after assaying there and then.

I followed up with SBI for the valuation appointment. Muthoot followed up with me to ask when I was visiting again.

The offer

Both companies presented their loans differently so it was not a like to like comparison. The valuation, the terms and conditions, the repayment method and most importantly, the interest rate, all had variations.

Muthoot valued my jewellery instantly at 20 carats though caratage wouldn't be mentioned in the documents. At SBI a gold jeweller (I revisited on the appointment day) valued it at 18 carats and gave me an appraiser certificate. Some years ago, Tanishq had valued the same bracelet at 19.2 carats.

Muthoot operated on the day's gold rate. SBI fixed it for the full month.

Interest rate of SBI was fixed 7.5% per year. At Muthoot, interest rates ranged between 0.85% and 1.83% a month.

EMIs existed in both the company's range of repayment methods. Both the companies also had a 'bullet' repayment where principal and interest could be paid right at the end.

An account would have had to be opened at SBI with the requisite documentation such as PAN card, Aadhar card and KYC. The loan would be transferred into the account. At Muthoot, only Aadhar card and address proof was asked for.

Muthoot insured the jewellery free. SBI left it as an option to the customer. And likewise, there were more nitty-gritty differences between the two.

What was similar? Repayment could be made digitally or in cash in both the outlets. There was no penalty on foreclosure.

What was better for me

Muthoot offered me a loan of Rs 40,000 at a monthly interest rate of 1.83%, SBI, Rs 34,000 at an annual rate of 7.5%.



Muthoot Finance branch on a highway in a semi-urban area.



Processing fee was Rs 60 at Muthoot, Rs 85 at SBI.

All worked out to a total repayment of Rs 48,844 at Muthoot and Rs 36,635 at SBI, as per my calculations.

Per gram it would work out to Rs 3,757 at Muthoot and Rs 2,818 at SBI.

Muthoot's gold loan would be costlier. The premium could be attributed to the speed of the loan disbursement, the overall service offered and minimal requirement of documents.

The other customer at Muthoot was there to get his deceased relative's gold ring that had been kept as collateral at the time of the lockdown.

At SBI a middle class couple were pledging jewellery set to take loan for branding and advertising for their startup - a spices company.

Both the customers' reasons to seek gold loans seemed like a product of the pandemic.

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M.G. George Muthoot, Chairman, passes away

George played a pivotal role in the company's growth in the past

ARUL SELVAN • 08th March 2021

M.G.George Muthoot, the Chairman and Whole Time Director of Muthoot Finance, passed away in New Delhi in the evening of 6th March, 2021. His death was caused by a fall from the fourth floor of his house. The police are investigating the matter and have ruled out any foul play for the moment.

Though his untimely demise is tragic, it is not expected to have any significant impact on the operations of Muthoot Finance. The company's Managing Director is Mr.George Alexander Muthoot, who is the youngest of four siblings. The management, which has more than 3 decades of experience, includes the other 2 siblings - Mr. G. Jacob Muthoot and Mr.G. Thomas Muthoot, who are Whole Time Directors on the Company's Board of Directors. The next generation of the family, represented by Mr. Alexander M. George, who is the son of the deceased Chairman, also participates in the Company's affairs by virtue of his position as a Whole Time Director.

We will provide a further update on any material development in this case.

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CRISIL upgrades Muthoot's credit rating to AA+

The ratings upgrade is expected boost the bottom line

ARUL SELVAN • 22nd February 2021

Muthoot Finance announced that its debt securities have been upgraded by a notch to AA+ from AA by Crisil Ratings Limited. The upgrade comes on the back of Muthoot's strong results in the past few quarters, strong liquidity and industry-leading profitability.

This is a positive development and is expected to give an upward push to its profitability in the near term. With a higher credit rating, the company's incremental cost of borrowing on debt that is rolled over every month (~Rs 2,000 crores) is expected to decline. The company's ability to borrow cheaply from foreign sources and benefit from the overall decline in interest rates are two additional tailwinds. Due to a stable yield on assets, we expect the lower borrowing cost to boost its net interest margin and translate into additional profits in the upcoming quarters.

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Profit up 18% as gold loan book touches Rs 50,000 crore

Full year growth target achieved. Management raises guidance

ARUL SELVAN • 09th February 2021

Muthoot Finance continued on its upwards trajectory of pursuing growth in its gold loan book and has already achieved its full year target of 20 per cent. In this financial year, its gold loan book has grown by 21 per cent and this has translated to an 18 per cent y-o-y growth in its quarterly consolidated net profit. The company's standalone profit for the nine month period ending December 2020 was up 24 per cent to Rs 2,726 crore.

The topline (net interest income) increased by a healthy 12 per cent while its capital adequacy ratio increased from 25.73 per cent to 26.38 per cent. NIM (net interest margin) improved from 14.34 per cent to 14.54 sequentially due to a slight reduction in borrowing cost. Operating expenses declined 3.1 per cent y-o-y to Rs 499 crores.

The management continues to have a very cautious stand and has chosen to carry high amounts of cash (more than Rs 9,000 crore) despite the short-term negative impact on profitability. Its standalone RoE (return on equity) for the current financial year increased to 28.24 per cent from 27.72 per cent in the corresponding period last year.

The management has now increased its full year guidance of growth in loan assets to 25 -26 per cent and this is despite a slight decrease in its home finance and vehicle finance subsidiaries. The management is confident that the market for gold loans is quite large and therefore any increase in competition will only increase the size of the market and will not have a dent in the company's business.

While it set aside Rs. 73 crores this quarter towards stage 3 provisions, the company maintains actual losses due to credit default will continue to be extremely minimal. Given the short tenure of gold loans, there isn't any restructuring on its books, while its microfinance operations have reported collection levels that have increased to pre-Covid levels.

Our take

The growth in gold prices and the financial turmoil caused by the covid pandemic continues to provide tailwinds for the company. Gold loans are the most easily available source of funding and Muthoot continues to be focussed on providing a very convenient and hassle-free service to its customers, who are generally small businessmen, shop-owners etc. Despite a marginal reduction in gold prices, the company still has a comfortable margin of safety at 35% and does not foresee any concerns in its asset quality. In fact, the average incremental ticket size has increased to about Rs. 76,000 and its active customer base has touched 50 lakh.

The company is also focussing on its gold loan portfolio in both domestic markets and in Sri Lanka, where its subsidiary Asia Asset Finance is planning on doubling the proportion of gold loans from the current 45 per cent to 90 per cent of its loan book.

The management's confidence in consistently increasing its loan book size by 15 per cent every year despite the growing competition is heartening. The lowering of borrowing costs and the lack of any significant impact on the net interest margins were also impressive. With more than Rs. 9,000 crores of cash in their balance sheet and the plans to increase the branch strength by 150-200 every year, the company is well positioned to take advantage of any surge in demand for gold loans.

At a price to book ratio of 3.36 times, it is trading at a premium to its five-year median of 2.42 times. But given the growth prospects, we believe this premium is justified. It continues to be a 'buy'.

Here's a snapshot of the latest consolidated quarterly results:

- Total value of gold loans increased 31% to Rs. 50,391 crores
- Interest income increased 18% to reach Rs. 2,944 crores
- Interest expenses on average loan assets declined 60 bps to 7.77 per cent sequentially
- NIM (Net Interest Margin) improved from 14.34 per cent to 14.54 per cent (q-o-q)
- Proportion of gold loans in consolidated gross assets touches 90 per cent
- Earnings per share increased by 18 per cent to touch Rs.25.02

All growth percentages are compared to the same quarter of the previous year, unless otherwise stated.

Disclosure:

Arul Selvan owned shares in Muthoot Finance as on the date of publication of this report.

Independent Advisors LLP and its associates did not own shares in Muthoot Finance as on the date of publication of this report.

To view the latest stock holdings of the current Value Research Stock Advisor team, [click here](#).

Snapshot

NSE Price	Change 1 Day	P/E	P/E	Dividend Yield
₹1,548.00	₹-13.95 -0.89%	16.37	4.00	0.97%

As on 08-Jul-2021 12:09

Detailed Quotes

EXCHANGE & TIME	LAST PRICE	1 DAY CHANGE (%)	OPEN	PREV CLOSE	VOLUME	1-DAY RANGE
NSE 08-Jul-2021 12:09	1,548.00	-0.89	1,564.00	1,561.95	3,66,923	1,545.00 - 1,572.20
BSE 08-Jul-2021 12:12	1,548.70	-0.80	1,572.00	1,561.25	16,398	1,545.50 - 1,572.00

About The Company

Business: Other financial service activities, except insurance and pension funding activities

Incorporated: 1997

Chairman: George Jacob Muthoot

Managing Director: George Alexander Muthoot

Group: Muthoot

Listing: NSE: MUTHOOTFIN, BSE: 533398

Headquarters: Kochi, Kerala

Website: www.muthootfinance.com

Key Facts

Market Cap: ₹ 62,288.21 Cr

Revenue (TTM): ₹ 11,530.79 Cr

Earnings (TTM): ₹ 3,818.87 Cr

Net Worth: ₹ 15,575.03 Cr

Advances: ₹ --

Promoters' Ownership: 73.40%

Liquidity: High

52 Week Range: ₹ 1,000.00 - 1,576.80

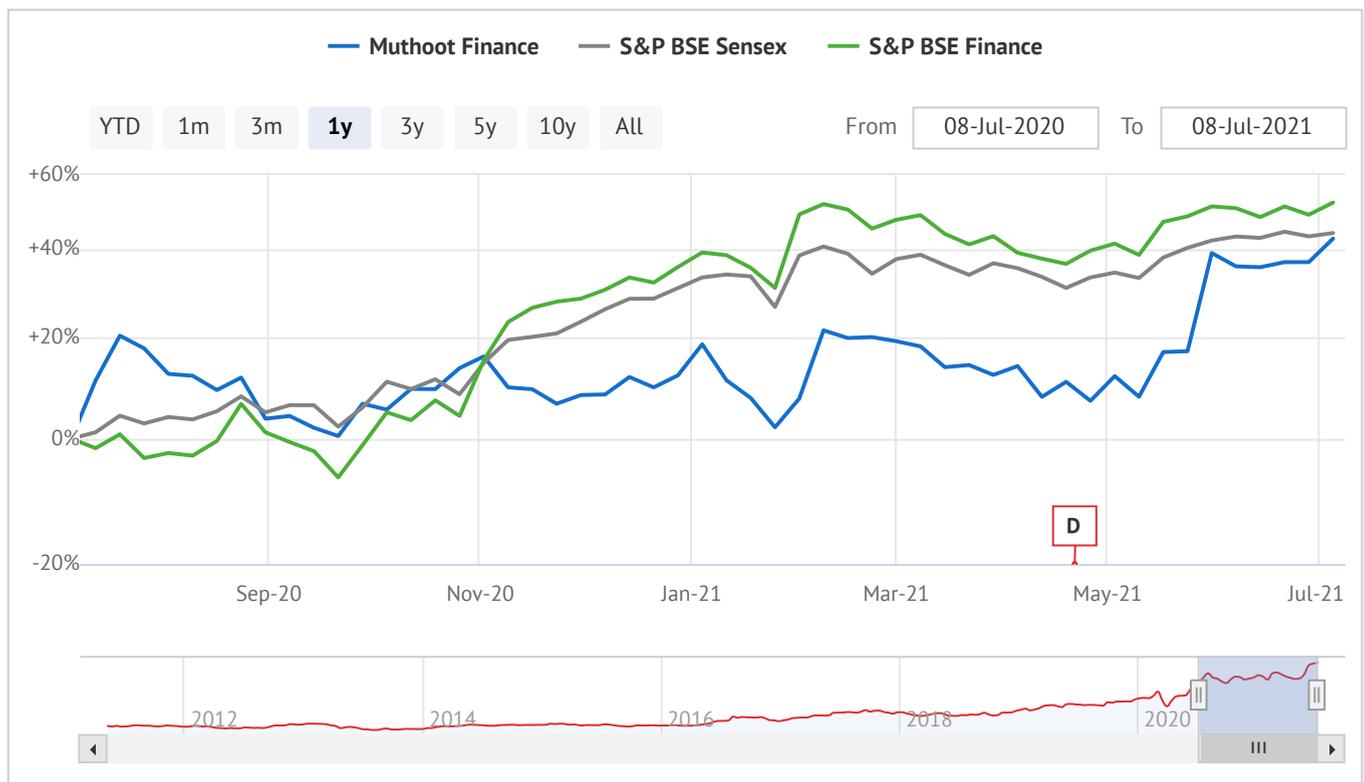
Face Value: ₹10.00

Shares Outstanding: 40,11,99,411

10 Years Aggregate:

- **CFO:** -26,761.89 Cr
- **EBITDA:** 43,322.35 Cr
- **Net Profit:** 12,982.55 Cr

Price Graph



Stock Performance

Trailing (%)

TIME PERIOD	MUTHOOT FINANCE	S&P BSE SENSEX	S&P BSE FINANCE
YTD	29.03	11.11	12.54
1 month	3.23	1.39	1.06
3 months	29.55	6.83	8.62
1 Year	41.57	44.66	51.42
3 Years	56.75	14.13	10.31
5 Years	41.18	14.29	14.37
10 Years	24.99	10.76	11.94

Annual (%)

YEAR	MUTHOOT FINANCE	S&P BSE SENSEX	S&P BSE FINANCE
2020	59.16	15.75	0.83
2019	48.58	14.38	18.00
2018	8.66	5.87	1.97
2017	67.90	27.91	42.88
2016	58.15	1.95	6.98
2015	-16.21	-5.03	-6.25
2014	77.28	29.89	59.29

As on 07-Jul-2021

Essential Checks

Altman Z-Score

Is there a threat to this company's solvency in the future?

NA

Not available for banking and finance companies

Valuation 10 Year

Price to Earnings

16.37

2.93
Min

10.73
Median

17.76
Max

Piotroski F-Score

How well has this company done in the past one year?

NA

Not available for banking and finance companies

Price to Book

4.00

0.71
Min

2.09
Median

4.62
Max

Modified C-Score

Can creative accounting be detected through the financial numbers?

NA

Not available for banking and finance companies

Earnings Yield

9.58%

EBIT/Enterprise value

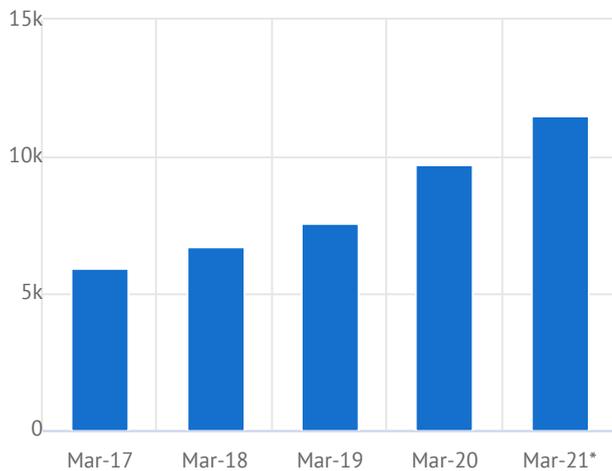
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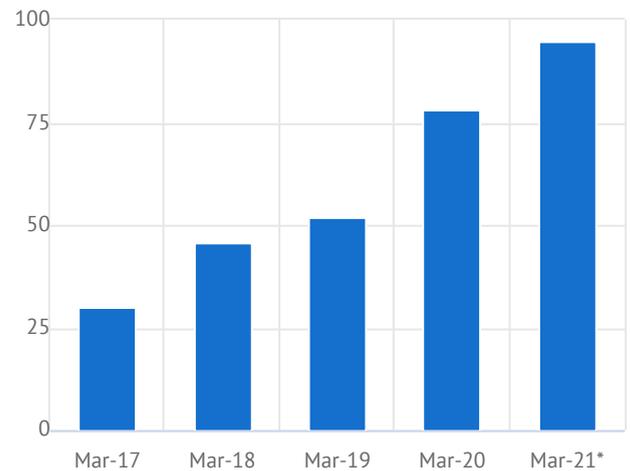
Price/ Earnings to growth ratio

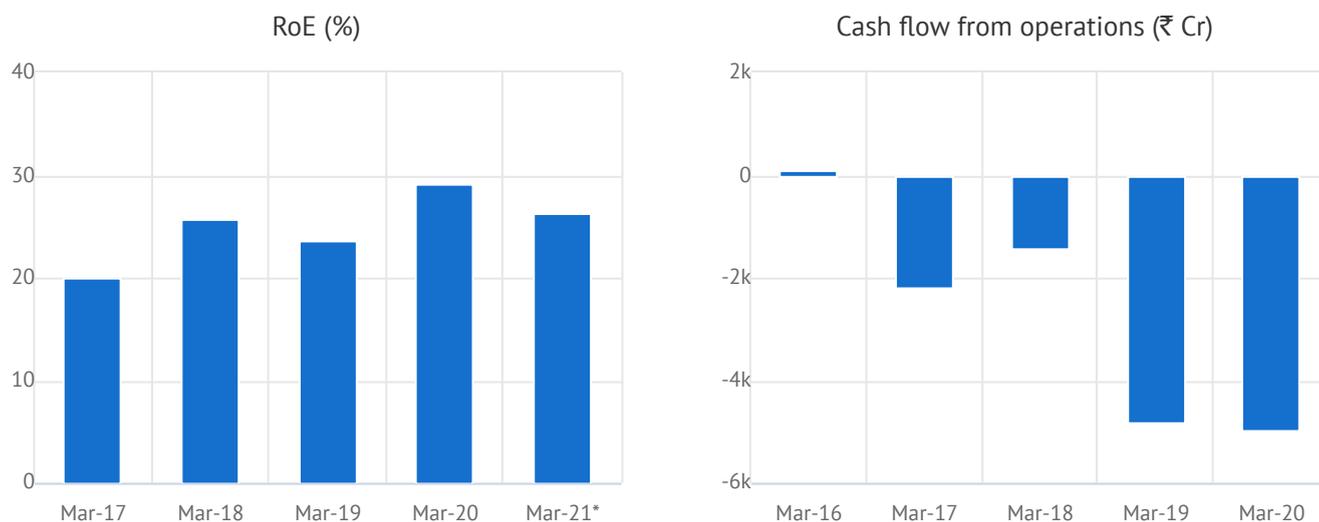
Key Ratios

Revenue (₹ Cr)



EPS (₹)





*TTM (Trailing Twelve Months) data based on income statement of last 4 quarters and interim half yearly balance sheet.

Key Ratios and Highlights

GROWTH (%)	QUARTERLY		ANNUAL (TTM)		
	ANNUAL (TTM)	QOQ	YOY	1-YEAR	3-YEARS
Revenue	3.46	18.02	19.07	17.90	17.50
Operating Profit	1.65	22.25	24.11	19.59	18.37
Net Profit	1.70	22.49	20.52	37.94	36.38
EPS	1.50	22.93	21.15	37.60	35.93
Book Value	--	--	19.06	21.79	18.29

KEY RATIOS (%)	AVERAGE		ANNUAL (TTM)		
	PARTICULARS	3-YEAR	5-YEARS	TTM	20200301
Operating Margin	76.95	75.94	80.64	77.41	77.08
Net Margin	29.16	24.87	33.02	32.62	27.67
Return on Equity	26.18	22.76	26.27	29.16	23.69
Return on Assets	5.92	4.96	6.18	6.56	5.58

Financials

Annual Consolidated

	TTM	MAR-20	MAR-19	MAR-18	MAR-17	MAR-16	MAR-15	MAR-14	MAR-13	MAR-12	MAR-11
Income Statement (₹ Cr)											
Operating Income		11,530.79	9,687.45	7,594.43	6,712.66	5,910.80	4,919.98	4,324			
Other Income		35.63	26.14	6.62	69.03	27.59	20.78	12			
Total Income		11,566.42	9,713.59	7,601.05	6,781.69	5,938.39	4,940.76	4,336			
Interest Expense		4,099.93	3,179.83	2,542.88	2,131.61	2,373.99	2,287.62	2,113			
Operating Expenses		2,267.65	2,214.13	1,746.95	1,656.07	1,553.90	1,267.82	1,109			
Employee Cost		--	1,208.49	1,013.34	847.99	760.36	653.82	633			
Operating & Establishment Expenses		--	349.72	309.86	278.72	263.98	234.08	223			
Administrations & Other Expenses		--	340.64	304.57	224.93	179.34	198.11	205			
PBT & Exceptional Items		5,198.84	4,260.39	3,259.53	2,942.08	1,958.58	1,326.66	1,028			
Exceptional Income/Expenses		--	--	--	--	--	--	--			
Profit before Tax		5,131.48	4,260.39	3,259.53	2,942.08	1,958.58	1,326.66	1,028			
Taxes		1,312.61	1,091.71	1,156.57	1,098.33	751.32	508.82	357			
Profit after Tax		3,818.87	3,168.68	2,102.96	1,843.75	1,207.26	817.84	671			
Minority Interest		-14.47	-30.44	-24.95	-13.92	--	-3.34	-0			
Share of Associate		--	--	--	--	-7.48	--	--			
Consolidated Profit		3,804.40	3,138.25	2,078.01	1,829.83	1,199.79	814.50	671			
Liabilities (₹ Cr)											
Shareholder's Funds		15,575.03	11,829.21	9,931.20	7,856.58	6,538.04	5,622.29	5,084			
Share Capital		401.20	401.04	400.66	400.04	399.48	399.00	397			
Share Warrants & Outstandings		--	--	--	--	--	--	--			

Cash and Bank	8,021.01	6,130.65	2,203.48	747.02	1,644.67	714.01	1,757
Trade Receivables	9.80	8.98	21.68	26.65	1,276.93	1,467.92	1,155
Short Term Loans and Advances	58,808.52	47,078.92	38,744.86	32,275.03	27,984.00	24,561.13	23,907
Other Current Assets	453.71	515.25	97.05	72.30	9.72	61.42	3
Total Assets	68,641.44	54,866.59	41,733.77	33,671.78	32,184.14	27,394.75	27,349
Contingent Liabilities	--	749.31	797.86	579.06	540.27	533.21	520

Cashflow (₹ Cr)

Cash From Operating Activities	--	-4,975.18	-4,824.20	-1,432.15	-2,186.20	108.32	-479
Profit Before Tax	--	4,260.39	3,259.53	2,942.08	1,958.58	1,326.66	1,028
Adjustment	--	3,331.45	2,606.67	2,468.91	2,698.13	2,506.45	2,224
Changes In working Capital	--	-8,525.10	-6,620.68	-2,997.29	-3,420.70	-1,372.98	-1,547
Tax Paid	--	-1,066.04	-1,197.36	-1,016.36	-886.36	-378.60	-358
Cash Flow from Investing Activities	--	-391.56	-164.69	-125.04	-183.15	-45.70	-12
Cash from Financing Activities	--	9,196.30	6,351.02	823.68	3,026.77	-1,101.65	248
Net Cash Inflow / Outflow	--	3,829.56	1,362.13	-733.51	657.42	-1,039.02	-243

Ratios**Financials**

Adjusted EPS (Rs)	94.83	78.25	51.86	45.74	30.03	20.41	16
Cash EPS (Rs)	94.83	80.49	53.78	47.39	31.52	21.97	18
Adjusted Book Value (Rs)	388.21	294.64	247.46	195.93	163.11	140.35	127
Dividend per Share (Rs)	0.96	15.00	12.00	10.00	6.00	6.00	6
Cash Flow per Share (Rs)	--	-124.06	-120.41	-35.80	-54.73	2.71	-12
Free Cash Flow per Share (Rs)	--	-134.41	-113.39	-28.45	-55.49	-13.15	-20

Profitability							
<u>ROCE (%)</u>	--	16.03	16.16	16.78	16.29	14.70	12
<u>ROE (%)</u>	26.27	29.16	23.69	25.69	19.93	15.34	13
<u>ROA (%)</u>	6.18	6.56	5.58	5.61	4.06	2.99	2
<u>Operating Margin (%)</u>	80.64	77.41	77.08	76.36	74.18	74.65	74
<u>Net Margin (%)</u>	33.02	32.62	27.67	27.19	20.33	16.55	15
<u>Cash Profit Margin (%)</u>	--	33.32	28.37	28.24	21.30	17.82	17

Growth							
<u>Revenue Growth (%)</u>	19.07	27.56	13.14	13.57	20.14	13.77	
<u>Operating profit Growth (%)</u>	24.11	28.11	14.21	16.90	19.37	13.82	
<u>Net Profit Growth (%)</u>	20.52	50.68	14.06	52.72	47.62	21.78	
<u>EPS Growth (%)</u>	21.15	50.88	13.39	52.30	47.13	21.06	
<u>Book Value Growth (%)</u>	--	19.18	26.50	20.29	16.36	10.60	

Solvency							
<u>Debt to Equity</u>	--	3.46	3.04	3.05	3.40	3.37	3
<u>Short term debt to equity</u>	--	202.79	174.50	181.08	195.26	148.89	152
<u>Current Ratio</u>	1.30	2.08	2.18	2.11	1.55	1.77	1
<u>Quick Ratio</u>	1.30	2.08	2.18	2.11	1.56	1.77	1
<u>Interest Coverage</u>	2.25	2.34	2.28	2.38	1.83	1.58	1

Valuation							
<u>Price / Earnings</u>	16.46	7.82	11.87	8.91	12.30	8.72	12
<u>Price / Book Value</u>	4.02	2.08	2.49	2.08	2.26	1.27	1
<u>Dividend Yield (%)</u>	0.96	2.45	1.95	2.45	1.62	3.37	2
<u>EV/EBITDA</u>	10.47	7.91	8.98	7.70	8.05	6.87	8
<u>Close Price (Rs)</u>	1,205.90	613.15	615.60	407.45	368.95	178.75	207
<u>High Price (Rs)</u>	1,405.75	954.50	624.70	525.50	406.80	236.80	255

<u>Low Price (Rs)</u>	593.70	476.80	356.00	357.45	175.50	151.00	153
<u>Market Cap (Rs Cr)</u>	62,288.21	24,527.42	24,668.70	16,303.67	14,756.63	7,106.23	8,317

**TTM (Trailing Twelve Months) data based on income statement of last 4 quarters and interim half yearly balance sheet.*

Annual Standalone

	TTM	MAR-20	MAR-19	MAR-18	MAR-17	MAR-16	MAR-15	MAR-14	MAR-13	MAR-12	MAR-11
Income Statement (₹ Cr)											
Operating Income		10,557.21	8,714.65	6,878.21	6,266.52	5,728.63	4,861.40	4,313			
Other Income		17.15	8.15	2.42	66.64	18.07	13.61	10			
Total Income		10,574.36	8,722.79	6,880.63	6,333.16	5,746.70	4,875.02	4,324			
Interest Expense		3,692.44	2,795.65	2,243.11	1,934.66	2,298.02	2,259.56	2,107			
Operating Expenses		1,824.69	1,826.65	1,518.62	1,509.96	1,479.46	1,241.19	1,104			
Employee Cost		--	1,028.96	897.55	782.38	728.05	641.88	630			
Operating & Establishment Expenses		--	324.94	289.87	264.40	250.47	228.33	222			
Administrations & Other Expenses		--	295.44	266.68	196.30	204.27	193.92	205			
PBT & Exceptional Items		5,057.23	4,057.41	3,076.82	2,844.69	1,920.98	1,316.75	1,027			
Exceptional Income/Expenses		--	--	--	--	--	--	--			
Profit before Tax		5,006.51	4,057.41	3,076.82	2,844.69	1,920.98	1,316.75	1,027			
Taxes		1,284.34	1,039.11	1,104.67	1,067.13	741.15	507.20	357			
Profit after Tax		3,722.18	3,018.30	1,972.14	1,777.56	1,179.83	809.55	670			
Minority Interest		--	--	--	--	--	--	--			
Share of Associate		--	--	--	--	--	--	--			
Consolidated Profit		3,722.18	3,018.30	1,972.14	1,777.56	1,179.83	809.55	670			
Liabilities (₹ Cr)											
Shareholder's Funds		15,238.89	11,571.81	9,792.72	7,812.02	6,516.44	5,619.25	5,083			
Share Capital		401.20	401.04	400.66	400.04	399.48	399.00	397			
Share Warrants & Outstandings		--	--	--	--	--	--	--			
Total Reserves		14,837.70	11,157.55	9,375.59	7,393.40	6,094.84	5,197.88	4,664			
Minority Interest		--	--	--	--	--	--	--			

Other Current Assets	225.27	393.69	44.58	54.87	4.37	4.33	3
Total Assets	63,464.92	50,459.65	38,068.70	30,792.26	31,411.15	27,408.28	27,122
Contingent Liabilities	--	741.89	797.72	579.06	540.27	533.21	520

Cashflow (₹ Cr)

Cash From Operating Activities	--	-4,458.02	-3,858.07	-86.89	-1,709.78	213.62	-460
Profit Before Tax	--	4,057.41	3,076.82	2,844.69	1,920.98	1,316.75	1,027
Adjustment	--	2,862.34	2,266.10	2,241.60	2,610.13	2,475.97	2,218
Changes In working Capital	--	-7,741.35	-5,491.39	-1,526.76	-2,908.11	-1,255.61	-1,528
Tax Paid	--	-1,020.19	-1,135.75	-981.84	-871.96	-378.21	-358
Cash Flow from Investing Activities	--	-428.87	-584.88	-193.89	-134.35	-67.12	-16
Cash from Financing Activities	--	8,677.98	5,701.24	-553.58	2,457.23	-1,204.38	254
Net Cash Inflow / Outflow	--	3,791.08	1,258.29	-834.36	613.10	-1,057.88	-222

Ratios**Financials**

Adjusted EPS (Rs)	92.78	75.26	49.22	44.43	29.53	20.29	16
Cash EPS (Rs)	92.78	76.34	50.27	45.53	30.74	21.73	18
Adjusted Book Value (Rs)	379.83	288.22	244.00	194.82	162.57	140.27	127
Dividend per Share (Rs)	0.96	15.00	12.00	10.00	6.00	6.00	6
Cash Flow per Share (Rs)	--	-111.16	-96.29	-2.17	-42.80	5.35	-11
Free Cash Flow per Share (Rs)	--	-118.64	-88.31	6.68	-43.01	-10.21	-20

Profitability

ROCE (%)	--	16.06	16.22	16.92	16.32	14.69	13
ROE (%)	26.18	28.29	22.45	24.88	19.52	15.19	14
ROA (%)	6.53	6.82	5.73	5.72	4.02	2.97	2

<u>Operating Margin (%)</u>	82.88	79.13	77.96	76.97	74.49	74.75	74
<u>Net Margin (%)</u>	35.20	34.60	28.66	28.07	20.53	16.61	15
<u>Cash Profit Margin (%)</u>	--	35.13	29.28	29.07	21.44	17.84	17

Growth

<u>Revenue Growth (%)</u>	21.14	26.70	9.76	9.39	17.84	12.69	-12
<u>Operating profit Growth (%)</u>	26.96	28.61	11.17	13.03	17.43	12.85	-16
<u>Net Profit Growth (%)</u>	23.32	53.05	10.95	50.66	45.74	20.73	-14
<u>EPS Growth (%)</u>	23.24	52.90	10.77	50.45	45.57	20.42	-19
<u>Book Value Growth (%)</u>	--	18.23	25.44	20.00	16.03	10.55	18

Solvency

<u>Debt to Equity</u>	--	3.21	2.74	2.72	3.23	3.32	3
<u>Short term debt to equity</u>	--	207.04	175.10	176.66	195.73	148.84	152
<u>Current Ratio</u>	1.32	1.91	1.98	1.96	1.54	1.75	1
<u>Quick Ratio</u>	1.32	1.91	1.98	1.96	1.54	1.75	1
<u>Interest Coverage</u>	2.36	2.45	2.37	2.47	1.84	1.58	1

Valuation

<u>Price / Earnings</u>	16.83	8.13	12.51	9.17	12.51	8.78	12
<u>Price / Book Value</u>	4.11	2.12	2.52	2.09	2.27	1.27	1
<u>Dividend Yield (%)</u>	0.96	2.45	1.95	2.45	1.62	3.37	2
<u>EV/EBITDA</u>	11.01	8.12	9.28	7.67	8.02	6.88	8
<u>Close Price (Rs)</u>	1,205.90	613.15	615.60	407.45	368.95	178.75	207
<u>High Price (Rs)</u>	1,405.75	954.50	624.70	525.50	406.80	236.80	255
<u>Low Price (Rs)</u>	593.70	476.80	356.00	357.45	175.50	151.00	153
<u>Market Cap (Rs Cr)</u>	--	24,527.42	24,668.70	16,303.67	14,756.63	7,106.23	8,317

*TTM (Trailing Twelve Months) data based on income statement of last 4 quarters and interim half yearly balance sheet.

Quarterly Consolidated

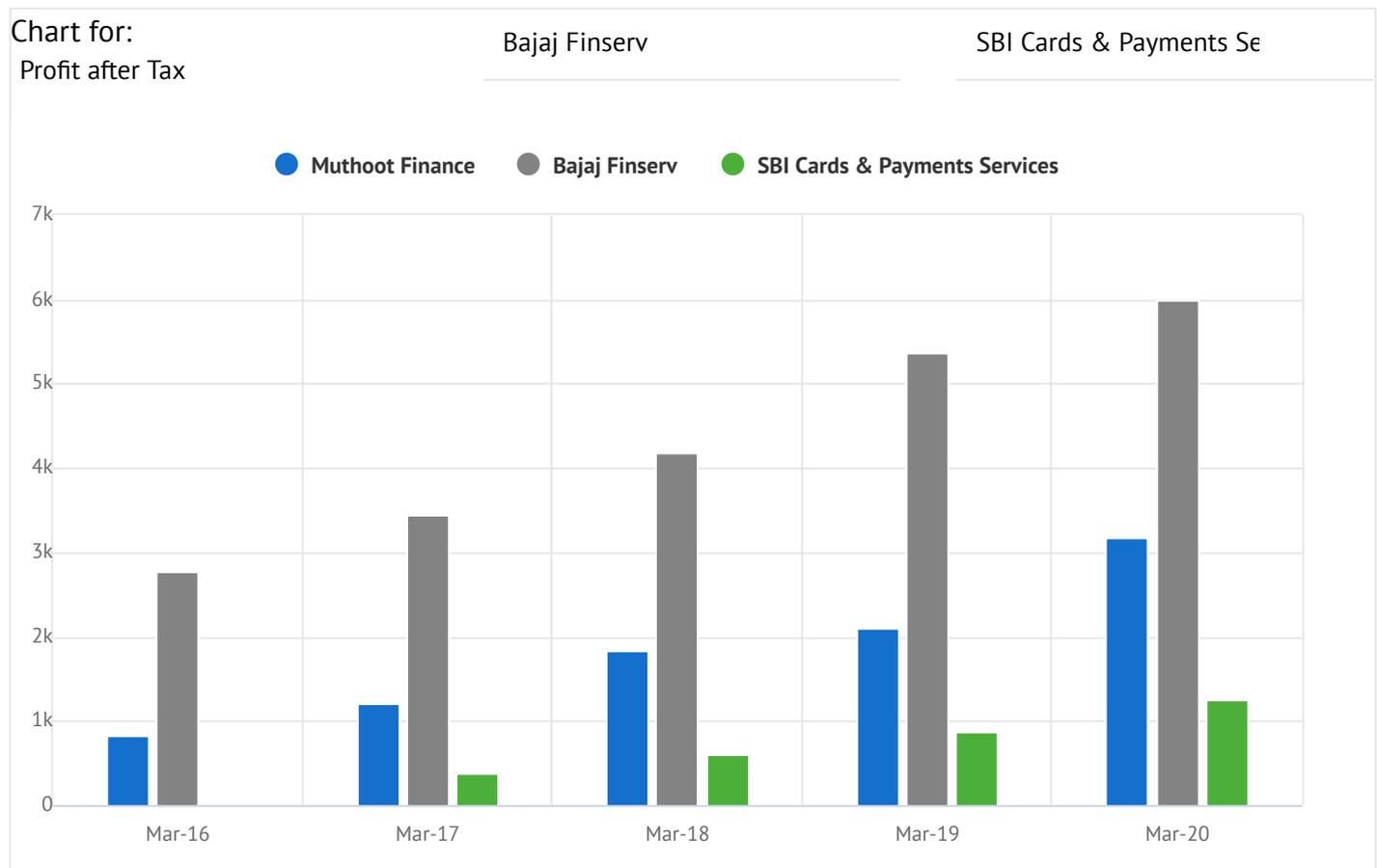
		MAR-21	DEC-20	SEP-20	JUN-20	MAR-20	DEC-19	SEP-19	JUN-19
Income (₹ Cr)									
Operating Revenue	3,104.50	3,000.78	2,821.03	2,604.48	2,630.50	2,588.43	2,397.38	2,067.67	
Other Income	14.48	15.65	3.17	2.34	3.08	6.75	9.02	4.44	
Total Income	3,118.98	3,016.43	2,824.19	2,606.82	2,633.58	2,595.18	2,406.39	2,072.11	
Interest Expended	1,051.12	1,048.58	1,028.18	972.06	864.28	810.27	765.88	732.42	
Operating Expenses	662.41	599.85	536.14	469.25	624.16	615.86	511.03	463.74	
Provisions and Contingencies	--	--	--	--	--	--	--	--	--
Exceptional income/Expenses	--	--	--	--	--	--	--	--	--
PBDT	1,405.45	1,368.01	1,259.87	1,165.51	1,145.14	1,169.05	1,129.48	875.96	
Depreciation	20.29	17.45	15.60	14.02	17.23	16.21	13.49	12.31	
Profit before tax	1,385.16	1,350.56	1,244.28	1,151.49	1,127.91	1,152.84	1,115.99	863.65	
Taxes	361.39	343.93	313.48	293.80	292.14	291.79	207.45	300.33	
Profit after Tax	1,023.76	1,006.63	930.80	857.68	835.78	861.05	908.54	563.31	
Minority Interest	-3.79	-1.80	-4.72	-4.17	-6.40	-8.18	-8.73	-7.13	
Share of Associate	--	--	--	--	--	--	--	--	--
Consolidated Profit	1,019.97	1,004.84	926.08	853.51	829.37	852.87	899.82	556.19	
Equity Capital	401.20	401.19	401.17	401.04	401.04	401.04	400.73	400.70	
Ratios (₹ Cr)									
Adjusted EPS (Rs.)	25.42	25.05	23.08	21.28	20.68	21.27	22.45	13.88	
Operating Margin (%)	79.13	80.53	81.11	82.07	76.39	76.47	79.06	77.79	
Net Margin (%)	32.82	33.37	32.96	32.90	31.74	33.18	37.76	27.19	

Quarterly Standalone

	MAR-21	DEC-20	SEP-20	JUN-20	MAR-20	DEC-19	SEP-19	JUN-19
Income (₹ Cr)								
Operating Revenue	2,823.85	2,764.86	2,583.42	2,385.08	2,400.35	2,320.58	2,136.89	1,856.82
Other Income	4.22	11.60	1.05	0.28	2.26	0.36	3.66	1.87
Total Income	2,828.08	2,776.46	2,584.47	2,385.36	2,402.61	2,320.94	2,140.55	1,858.69
Interest Expended	951.30	945.52	924.13	871.50	770.02	709.44	669.88	641.61
Operating Expenses	511.77	485.44	449.01	378.48	522.99	504.43	413.06	390.88
Provisions and Contingencies	--	--	--	--	--	--	--	--
Exceptional income/Expenses	--	--	--	--	--	--	--	--
PBDT	1,365.01	1,345.50	1,211.33	1,135.39	1,109.60	1,107.08	1,057.62	826.21
Depreciation	15.37	14.07	11.34	9.93	12.24	10.98	10.28	9.59
Profit before tax	1,349.63	1,331.43	1,199.99	1,125.46	1,097.36	1,096.10	1,047.33	816.62
Taxes	353.97	340.06	305.61	284.70	282.21	280.90	189.41	286.59
Profit after Tax	995.66	991.37	894.38	840.76	815.15	815.20	857.92	530.03
Equity Capital	401.20	401.19	401.17	401.04	401.04	401.04	400.73	400.70
Ratios (₹ Cr)								
Adjusted EPS (Rs.)	24.82	24.71	22.29	20.96	20.33	20.33	21.41	13.23
Operating Margin (%)	82.03	82.86	82.66	84.14	78.31	78.28	80.84	79.05
Net Margin (%)	35.21	35.71	34.61	35.25	33.93	35.12	40.08	28.52

Peers

Financial Peer Chart

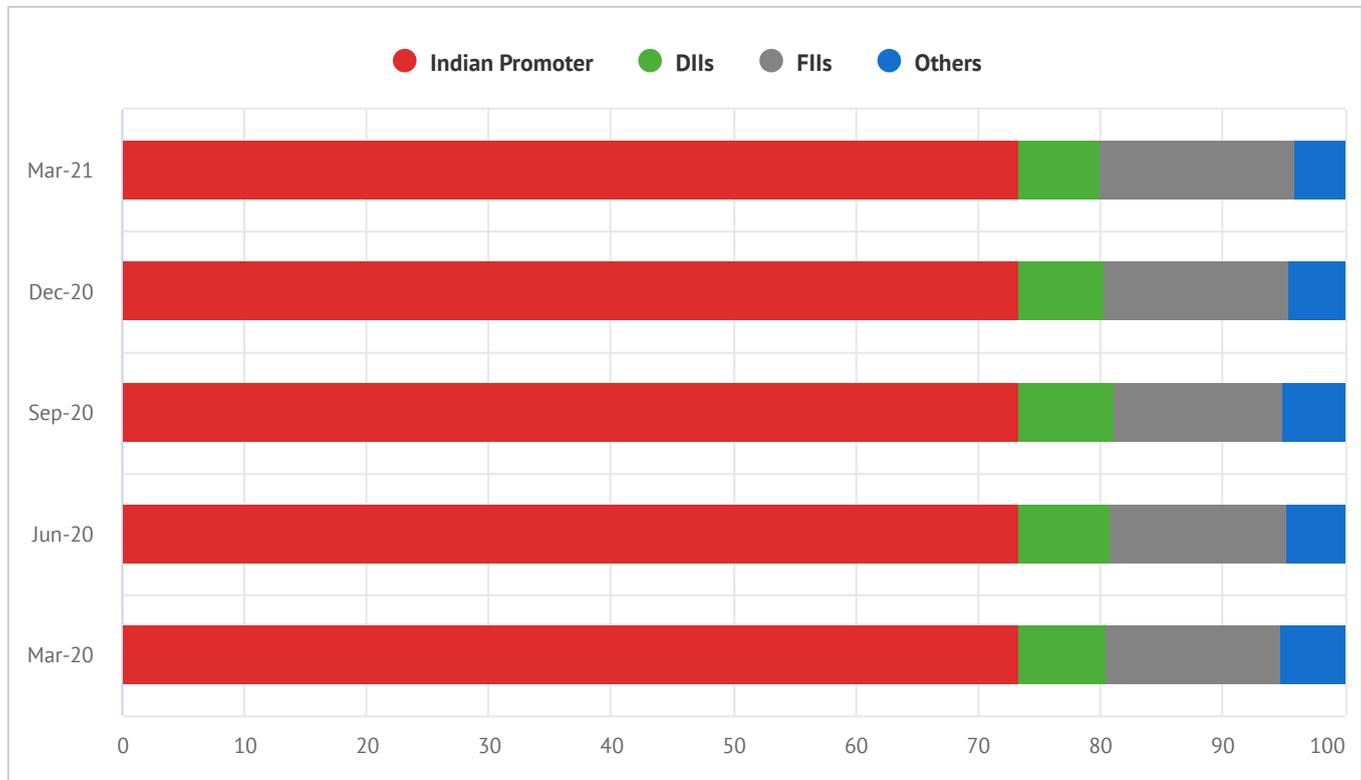


Peer Comparison

COMPANY NAME	MARKET CAP (₹ CR.)	REVENUE (₹ CR.)	NET PROFIT (₹ CR.)	NET MARGIN (%)	ROE (%)	PRICE TO EARNINGS	PRICE TO BOOK
Muthoot Finance	62,288	11,531	3,818.87	33.02	26.27	16.37	4.00
AU Small Finance Bank	35,352	4,950	1,170.69	18.29	20.92	30.20	5.63
Bajaj Finserv	1,96,540	60,591	7,367.56	12.16	21.95	43.96	5.49
Max Financial Services	36,443	31,274	559.75	1.79	19.79	85.67	10.90
SBI Cards & Payments Services	92,962	9,277	984.52	10.13	16.17	94.42	14.73

Ownership

Shareholding Pattern



Shareholders more than 1%

COMPANY NAME	CATEGORY	MAR-21	DEC-20	SEP-20	JUN-20
Sara George	Promoter	14.97	3.37	3.37	3.37
George Jacob Muthoot	Promoter	10.88	10.88	10.88	10.88
George Alexander Muthoot	Promoter	10.88	10.88	10.88	10.88
George Thomas Muthoot	Promoter	10.88	10.88	10.88	10.88
Susan Thomas	Promoter	7.47	7.47	7.47	7.48
George M Jacob	Promoter	3.75	3.75	3.75	3.75
Anna Alexander	Promoter	3.72	3.72	3.72	3.72
Elizabeth Jacob	Promoter	3.72	3.72	3.72	3.72
Eapen Alexander	Promoter	1.88	1.88	1.88	1.88
George M Alexander	Promoter	1.88	1.88	1.88	1.88
Sbi Focused Equity Fund	Public	1.74	1.42	1.17	1.12

COMPANY NAME	CATEGORY	MAR-21	DEC-20	SEP-20	JUN-20
George M George	Promoter	1.69	1.69	1.69	1.69
Alexander M George	Promoter	1.69	1.69	1.69	1.69
Mirae Asset Large Cap Fund	Public	1.23	--	--	--

Fund houses invested in the stock

FUND	MAR-21	DEC-20	SEP-20	JUN-20	MAR-20
SBI Mutual Fund	1.741	1.423	1.169	1.141	0.839
Mirae Asset Mutual Fund	1.251	0.366	0.004	0.063	0.564
Motilal Oswal Mutual Fund	0.879	0.948	0.946	0.220	0.221
DSP Mutual Fund	0.393	0.601	0.662	0.567	0.009
L&T Mutual Fund	0.373	0.499	0.584	0.551	0.487
Nippon India Mutual Fund	0.293	0.352	0.582	0.750	0.612
Tata Mutual Fund	0.233	0.349	0.462	0.544	0.532
ICICI Prudential Mutual Fund	0.133	0.284	0.480	0.528	0.831
UTI Mutual Fund	0.093	0.099	0.149	0.796	0.933
HDFC Mutual Fund	0.086	0.547	0.550	0.018	0.012
IIFL Mutual Fund	0.073	0.064	0.064	0.067	0.077
Kotak Mahindra Mutual Fund	0.072	0.032	0.142	0.125	0.114
IDFC Mutual Fund	0.064	0.092	0.072	0.082	0.077
Union Mutual Fund	0.052	0.058	0.052	0.056	0.077
Invesco Mutual Fund	0.045	0.280	0.345	0.438	0.364
Edelweiss Mutual Fund	0.024	0.042	0.065	0.100	0.134
IDBI Mutual Fund	0.023	0.027	0.035	0.030	0.018
BOI AXA Mutual Fund	0.013	0.028	0.025	0.030	0.025
Baroda Mutual Fund	0.004	0.002	--	0.016	0.020
Aditya Birla Sun Life Mutual Fund	0.002	0.010	0.012	0.003	0.013

Figures given above are % of equity capital

Insider Trades

DATE	PERSON	BUY / SELL	TRANSACTION TYPE	NO. OF SHARES	PRICE (₹)	VALUE (₹LAKHS)
16-Jun-2021	KR Bijimon	Sell	Market	500	1,514.65	7.57

DATE	PERSON	BUY / SELL	TRANSACTION TYPE	NO. OF SHARES	PRICE (₹)	VALUE (₹LAKHS)
14-Jun-2021	Oomen Mammen	Sell	Market	10,000	1,503.50	150.35
07-Jun-2021	K R Bijimon	Sell	Market	750	1,513.15	11.35
04-Jun-2021	Oomen Mammen	Sell	Market	10,000	1,509.35	150.94
12-Apr-2021	Alexander M George	Buy	Inheritance	1,55,17,210	1,159.95	1,79,991.88

