

# Ratings Monitor

One Report – to monitor stocks and identify triggers to re-evaluate ratings

## Muthoot Finance (MUTH)

Current Market Price	Potential Returns	Fair Value (FV)
Rs.1,054	16.2%	Rs.1,225

**Date:** 4<sup>th</sup> July, 2022

**Previous Rating:** **Reduce**

**Current Rating:** **ADD**

**Change:** **Upgrade**

### Ratings Rationale

- The addition of new branches (received RBI permission to open 150 new branches) will help Muthoot deliver faster growth over the medium-term.
- Rising domestic gold prices provide further tailwinds to growth and increase comfort on underlying LTV.
- Strong negotiating power to pass on rate hikes, especially in the scenario of rising gold prices.
- Post the sharp stock correction, we revise rating; Fair value at Rs. 1,225.

### Valuation

Residual growth model based fair value of Rs. 1225 – 1.9x FY24E book.

**Read Full Report**

**Note:** The performance horizon is 12 months unless specified.

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