

# REPCO HOME FINANCE

## Growth challenges persist, revival key

India Equity Research | Banking and Financial Services



Repc Home Finance (RHF) posted better-than-expected Q1FY20 PAT of INR624mn driven by better revenue (NIMs improvement) and curtailed cost. Key highlights: a) Continued softness in disbursements – down 5% YoY to ~INR6.7bn – restricted AUM growth to merely 13% YoY. b) However, better spreads (supported by a hike of 20bps YoY in lending rate) cushioned revenue momentum. c) GNPLs rose in line with the seasonal trend (across the board), but rise is higher than historical levels, thereby indicating a softer recovery at large. A sluggish recovery in home market and systemic risk aversion would persist, but likely to be offset by momentum in non-home markets and sustained revenue traction. Anticipating softness in growth and volatility in asset quality, we downgraded RHF in September 2018. The stock has since underperformed benchmark Sensex by >35%. The stock is now trading at 0.9x FY21E P/BV, which captures all in concerns, in our view, and leaves limited downside. Hence, we are upgrading the stock to 'BUY/SP' from 'HOLD/SU' with a TP of INR460 (unchanged).

### Growth continues to be soft; improvement key

The disbursement trend continues to be soft (down 5% YoY), restricting AUM growth at 13% YoY (in line with estimate). The moderate growth is largely attributable to Tamil Nadu—its home markets, which grew merely 8% YoY (~57% of book) — indicating slower recovery. On the positive side, the non-home market sustained momentum – up 20% YoY – with Maharashtra jumping 26% YoY and Gujarat 46% YoY. Sustained growth momentum coupled with the recovery in home markets will be key.

### GNPLs rise following seasonality; recovery trend still soft

Tracking seasonal trend, GNPLs rose to 4.2% (3% in FY19). However, the rise has been slightly higher than historical levels, indicating softer recovery. Our GNPLs' analysis shows an increase across segments—LAP GNPLs (6.9% versus 5% in FY19) and core home loan segment (3.6% versus 2.5% in FY19). While management has sharpened focus on recovery and is refraining from high-ticket disbursements, the benefits are yet to reflect.

### Outlook and valuation: Risk reward favourable; upgrade to 'BUY'

We are positive on RHF's presence in an under-served market and grip on the self-employed segment. However, current challenges are likely to reset its near-term growth, which will moderate EPS growth. That said, post-correction, the stock is trading at 0.9x FY21E P/BV, rendering risk-reward favourable. Upgrade to 'BUY/SP'.

Financials	(INR mn)							
Year to March	Q1FY20	Q1FY19	Growth (%)	Q4FY19	Growth (%)	FY19	FY20E	FY21E
Net revenue	1,270	1,188	6.8	1,167	8.8	4,752	5,549	6,427
Net profit	624	609	2.4	515	21.0	2,346	2,718	3,117
Dil. EPS (INR)						37.5	43.4	49.8
Adj. BV (INR)						220.8	263.8	311.9
Price/ Adj book (x)						1.4	1.1	1.0
Price/ Earnings (x)						8.1	7.0	6.1

#### EDELWEISS 4D RATINGS

Absolute Rating	BUY
Rating Relative to Sector	Performer
Risk Rating Relative to Sector	Medium
Sector Relative to Market	Overweight

#### MARKET DATA (R: RHFL.BO, B: REPCO IN)

CMP	: INR 302
Target Price	: INR 460
52-week range (INR)	: 623 / 290
Share in issue (mn)	: 62.6
M cap (INR bn/USD mn)	: 19 / 265
Avg. Daily Vol.BSE/NSE('000)	: 620.8

#### SHARE HOLDING PATTERN (%)

	Current	Q4FY19	Q3FY19
Promoters *	37.1	37.1	37.1
MF's, FI's & BK's	51.0	25.4	25.4
FII's	0.6	23.4	21.4
Others	11.3	14.0	16.1
* Promoters pledged shares (% of share in issue)	:		NIL

#### PRICE PERFORMANCE (%)

	Stock	Nifty	EW Banks and Financial Services Index
1 month	(20.9)	(8.1)	(11.2)
3 months	(28.0)	(5.6)	(4.1)
12 months	(51.6)	(4.7)	0.1

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**Table 1: Key takeaways from Q1FY20 earnings**

(INR mn)	Q1FY20	Q1FY19	YoY (%)	Q4FY19	QoQ (%)	Comments
Interest income	3,282	2,869	14.4	3,077	6.6	
Interest expense	2,015	1,684	19.7	1,914	5.3	
Net interest income	1,267	1,186	6.8	1,164	8.9	
Non-interest income	3	3	11.5	4	(17.1)	
Net revenues	1,270	1,188	6.8	1,167	8.8	Revenue traction supported by better NIMs (impact of lending rate hikes taken), even as loan growth continues to be modest
Operating expenses	235	219	7.3	277	(15.1)	
-Staff expense	147	130	12.9	171	(14.0)	
-Depreciation	30	10	188.5	13	129.0	
-Other opex	58	79	(25.9)	93	(37.3)	
Operating profit	1,035	969	6.7	890	16.2	
Provisions	75	47	60.1	(24)	NA	GNPL rise is on seasonality the recovery trend continues to be softer
Profit before tax	960	923	4.0	915	5.0	
Tax expense	336	314	7.2	399	(15.8)	
Profit after tax	624	609	2.4	515	21.0	
EPS (INR)	10.0	9.7	2.5	8.2	21.0	
<b>Key Metrics</b>						
Loan book	1,13,421	1,00,745	12.6	1,10,368	2.8	Loan growth was softer, as home market continues to be on soft peddle
Individual home loans	92,438	82,409	12.2	90,060	2.6	
Loans against property	20,983	18,336	14.4	20,308	3.3	
Disbursements	6,674	7,039	(5.2)	8,781	(24.0)	
Sanctions	6,981	7,580	(7.9)	9,728	(28.2)	
GNPA (%)	4.2	4.0		3.0		GNPLs rise has been higher than historically seen given some impact of elections that percolated in Q1FY20
Housing loan	3.6	3.0		2.5		
LAP	6.9	6.8		5.0		

Source: Company, Edelweiss research

**Table 2: Higher contribution from non-salaried—RHF's forte**

Loan composition (%)	Q418	Q119	Q219	Q319	Q419	Q120
- Non Salaried	57.1	57.3	56.0	55.1	54.1	54.2
- Salaried	42.9	42.7	44.0	44.9	45.9	45.8
<b>Loan mix (%)</b>						
- Individual Home Loans	81.4	81.8	81.7	81.6	81.6	81.5
- Loans against Property	18.6	18.2	18.3	18.4	18.4	18.5

Source: Company

**Table 3: NIMs supported by lending rate hike undertaken over last 3 months**

(%)	Q418	Q119	Q219	Q319	Q419	Q120
Yield on assets	11.5	11.4	11.2	11.4	11.3	11.7
Cost of funds	8.0	8.2	8.2	8.4	8.4	8.6
Spread	3.4	3.2	3.0	3.0	2.9	3.1
NIM	4.8	4.6	4.4	4.4	4.3	4.5

Source: Company

**Table 4: Borrowing mix continues to be tilted towards banks borrowings**

(%)	Q418	Q119	Q219	Q319	Q419	Q120
Banks	54.5	64.1	69.3	75.0	72.7	70.9
National Housing Bank	11.6	8.8	7.9	7.2	9.7	10.9
Repco Bank	7.7	7.5	7.5	7.9	8.6	7.9
NCDs	16.4	14.9	10.2	9.9	8.9	8.6
CPs	9.8	4.8	5.2	-	-	1.6

Source: Company

### Financial snapshot

(INR mn)

Year to March	Q1FY20	Q1FY19	% change	Q4FY19	% change	FY19	FY20E	FY21E
Interest income	3,282	2,869	14.4	3,077	6.6	11,634	13,403	15,610
Interest exp	2,015	1,684	19.7	1,914	5.3	7,200	8,345	9,735
Net int. inc.	1,267	1,186	6.8	1,164	8.9	4,434	5,058	5,875
Net revenues	1,270	1,188	6.8	1,167	8.8	4,752	5,549	6,427
Operating expenses	205	209	(1.7)	264	(22.3)	984	1,081	1,241
Staff costs	147	130	12.9	171	(14.0)	585	643	738
Other operating expenses	58	79	(25.9)	93	(37.3)	349	383	440
Provisions	75	47	60.1	(24)	(408.3)	170	350	463
Depreciation	30	10	188.5	13	129.0	50	55	63
Profit before tax	960	923	4.0	915	5.0	3,598	4,118	4,723
Tax	336	314	7.2	399	(15.8)	1,252	1,400	1,606
PAT	624	609	2.4	515	21.0	2,346	2,718	3,117
Diluted EPS (INR)	10.0	9.7	2.5	8.2	21.0	37.5	43.4	49.8
<b>Balance sheet data (INR mn)</b>								
Loan book	113,421	100,745	12.6	110,368	2.8	110,368	127,146	147,768
Sanctions	6,981	7,580	(7.9)	9,728	(28.2)	38,491	48,114	60,143
Disbursements	6,674	7,039	(5.2)	8,781	(24.0)	30,198	37,748	46,052
GNPLs (%)	4.2	4.0		3.0		3.0	2.6	2.3
<b>Valuation metrics</b>								
B/V per share (INR)						244.1	284.6	329.4
Adj book value / share						220.8	263.8	311.9
Price/ Book (x)						1.2	1.1	0.9
Price/ Adj. book (x)						1.4	1.1	1.0
Price/ Earnings						8.1	7.0	6.1

## Q1FY20 earnings concall takeaway

### With respect to asset quality

- While there has been quite some volatility in asset quality, the company is taking care to address it (having fully transitioned into IND-AS will also help).
  - Looking to address the issue by taking measures like some tie up with builders, diversification in other states/geographies etc.
- The company believe that the asset quality issue is more driven by behavioural factors of customers than deterioration in credit quality (~2,200 customer counts in NPA which is not significant) – have increased aggressiveness in recovery to influence customer behaviour.
- The recoveries under SARFAESI have been quite encouraging (~INR2bn till now, ~INR400mn in Q1FY20) – SARFAESI has been initiated for ~70% of the NPAs.
  - Recoveries due to sale of properties in ~INR450mn in FY19, ~INR10mn in Q1FY20.
- ~25% of the NPAs are INR10mn+ in ticket size which are mostly from southern geographies.
- For Tamil Nadu, the NPA stands at ~4.4% (56% of the book is in TN) - which translates to ~70% of overall NPAs.
- Overall net NPA is 2.7%.

### With respect to liquidity/borrowings/margins

- The liquidity situation for the company is very comfortable and believes that its ready to meet any liquidity requirements, however costs have gone up given the broader risk aversion in the system.
- It maintains ~INR2bn worth of liquid assets on balance sheet (as lenders demand it – expect it to remain at similar levels) and has additional ~INR13bn+ utilities bank lines available (discussions on for more).
- The company believe that the cost of borrowings has peaked out and the benefit of having 90% book as PSL compliant will start flowing in.
- The average bank borrowing rate is ~8.8% (vs. 8.2% YoY) with funding available from large banks as well and the increased costs have been passed on to the customers.
  - The minimum lending rate has gone up to 9.35% vs. 8.3% in April 2018.
- Funding through commercial paper has also been availed at cost of ~7% for short duration paper.
- Based on 30 days inflows/outflows, the LCR stands more than 200%.
- The company has not availed the sell-down under partial credit guarantee scheme as the costs are higher than average borrowing costs and the overall economics is not attractive.
- Incremental spreads for Q1FY20 were ~2.63% and are currently at similar level. The company has target of 3% +/- 10bps spread target and is confident of achieving it (may be by adjusting product mix).
- Incremental yields are – 10.6% for home loans, 13.3% for LAP, 11.2% blended.

### **With respect to growth and strategy**

- While there are macro headwinds, the company aims to grow at 13% to 15% in FY20 – expecting repayments and disbursements to pick up in coming quarters.
  - It factors in sub-10% growth for Tamil Nadu. Kerala is also facing slow-down but the company has not yet gone slow here.
- The state of TN (56% book) is facing slow-down (autos, real estate, etc.) but the company expect the situation to improve (need government intervention).
- The company believes that it is one of the better placed players in the sector given its 100% retail book, comfortable liquidity, strong management team, etc.
- It remains confident of overall credit picking up in coming quarters) and would meanwhile focus on strengthening the balance sheet.
- The competition from other housing finance companies has reduced significantly, however, banks have gone quite aggressive in the segment. But the company remains confident of its pricing power.

### **With respect to other highlights**

- Disbursement split between home loans and LAP – INR5.2bn and INR1.5bn respectively.
- New branches are opened with 2-3 employees – so employee expense does not get impacted much – will look to maintain it at current levels (in terms of %).
  - Target of maintain cost-income ratio below 20%.
  - ~15% sourcing is through DSAs.

## Q4FY19 earnings concall takeaways

### With respect to operating metrics:

- Given the constraints the company is operating in , the quarter has been relatively better. The challenges in TN were there, but traction was better in other geographies. While the revival has started to happen in TN and post election this should gather pace. But this may take some time and the company anticipates 9-10% growth in TN. That said, other states, will likely gather traction (expect 25% plus growth) and will support the overall growth (company expects 14-15% growth for FY20).
  - Sand mining issue remains in teir-2 /3 cities but the impact is much lower. The company expects with new government things will likely improve.
  - In addition to constraints in the home market, there are concerns on the fact that housing Finance is not doing well, liquidity issue is persistent and banks are aggressive in home loans things may take some time for the company.
- The conservative policy has impacted NIMs during the quarter (higher interest income reversal of INR130mn) , excluding the impact the NIMs would have been higher at 4.8%. The company aims to maintain 3% spreads for FY20 as well.
  - In terms of the yields, the company has taken several rate hikes (started the year with 8.65% minimum lending rate with was increased to 9.25%), this has helped yields. The incremental yield was 11.2% (versus on book yields of 11.2%) versus 10.8% in Q3FY19. Thus even in difficult times the company has been able to increase incremental spreads to 2.7% (versus 2.45% a quarter back).
  - Incremental cost of funds in Q4FY19 was 8.3% (raised CPs at 7.85%, NHB refinance at 7%, Repco bank finance was 8.2%) but wt average was 8.6%. Most of the bank lines are at MCLR rates. The company expects weighted average cost to be around 8.5%
  - NCD maturity schedule 1 to 6 months – INR750mn, 6mth- 1 year – INR1bn, 1-3 years – INR3.8bn and 5-7 years – INR2.72bn
- The stricter fee income amortization wherein the company changed from effective loan period to contractual tenor, there was impact on fee income.

### With respect to asset quality:

- RHF conservatively made 100% provision on certain accounts to shore up coverage under IND-AS (from 0.8% in Q3FY19 to 1.8% in FY19) utilizing earlier balance sheet provisions
  - For IND-AS calculation ECL provisions were made and some discretionary provisions were made (pertaining to some account), this didn't impact P&L as the company used provisions already there in balance sheet.
  - Expecting credit cost of sub 40bps in FY20.
- Most of the NPLs in the book legacy assets.

### Other highlights

- For the overall disbursements of INR32bn, out of that 20% was sourced by DSA's. Going forward, the company expects 25% of the sourcing through DSA channel.
- Have INR5-6bn of rural book against which the company gets NHB refinancing.
- The company highlighted that INR10bn of unutilized bank lines; this will go up as the company is in talks with several other banks.

### Company Description

RHF is a housing finance company registered with the NHB and headquartered in Chennai, Tamil Nadu. It is promoted by the Government of India-owned The Repatriates Cooperative Finance and Development Bank (Repc Bank) and was incorporated in April 2000. As of June 2019, RHF had 147 branches and 27 satellite centres located in 12 states and 1 Union Territory, including Tamil Nadu, Karnataka, Andhra Pradesh, Kerala, Maharashtra, Odisha, West Bengal, Gujarat, Madhya Pradesh, Jharkhand, Rajasthan and the Union Territory of Puducherry. Further, two-thirds of its centres are located in Tier II/III cities. The company's marketing strategy consists of advertising via loan camps and word-of-mouth referrals from existing customers. As a result, most of its customers are walk-ins and the company does not use marketing intermediaries. Branches source loans and carry out the preliminary checks on credit worthiness of the borrower, post which the application is sent to the centralised processing unit for approval. Branches are also responsible for assistance in documentation, disbursing loans and in monitoring repayments and collections.

### Investment Theme

We are positive on RHF's presence in an under-served market and grip on the self-employed segment. However, current challenges are likely to reset its near-term growth, which will moderate EPS growth to mid-teen. That said, post-correction, the stock is trading at 0.9x FY21E P/BV, rendering risk-reward favourable. Upgrade to **'BUY/SP'**.

### Key Risks

- **Slowdown in real estate sector:** RHF is present in 12 states. Currently, Tamil Nadu contributes over >55% to its loan book. Any further slowdown in the real estate sector, especially in Tamil Nadu, will negatively impact growth and earnings.
- **Regulatory risk:** RHF is regulated by the National Housing Bank (NHB), a wholly-owned subsidiary of the Reserve Bank of India (RBI). Adverse regulatory change will negatively impact growth and profitability of the company.



## Financial Statements

### Key Assumptions

Year to March	FY18	FY19	FY20E	FY21E
<b>Macro</b>				
GDP(Y-o-Y %)	7.2	6.8	6.8	7.1
Inflation (Avg)	3.6	3.4	4.0	4.5
Repo rate (exit rate)	6.0	6.3	5.3	5.0
USD/INR (Avg)	64.5	70.0	72.0	72.0
<b>Sector</b>				
Credit growth	12.0	14.0	17.0	17.0
Bank's base rate (%)	9.0	9.0	9.0	9.0
Wholesale borr. cost (%)	8.5	8.5	8.5	8.5
G-sec yield	6.5	7.0	7.1	7.1
<b>Company</b>				
<b>Operating metric assumptions (%)</b>				
Yield on advances	11.4	11.1	11.3	11.4
Cost of funds	8.3	8.3	8.3	8.3
Spread	3.1	2.9	3.0	3.0
Employee cost growth	13.1	20.0	9.8	14.9
Other opex growth	25.6	32.9	9.8	14.9
Tax rate	34.4	34.8	34.0	34.0
Dividend payout	6.8	6.7	7.0	10.0
<b>Balance sheet assumption (%)</b>				
Disbursement growth	6.2	7.6	25.0	22.0
Repayment/prepay. rate	21.1	18.7	19.0	20.0
Gross NPLs	2.9	3.0	2.6	2.3
Net NPLs	1.3	1.9	1.5	1.1

### Income statement

Year to March	FY18	FY19	FY20E	FY21E
(INR mn)				
Interest income	10,731	11,634	13,403	15,610
Interest expended	6,484	7,200	8,345	9,735
Net interest income	4,247	4,434	5,058	5,875
- Fee & other income	347	318	491	553
Net revenues	4,594	4,752	5,549	6,427
Operating expense	781	984	1,081	1,241
- Employee exp	488	585	643	738
- Depn /amortisation	31	50	55	63
- Other opex	262	349	383	440
Preprovision profit	3,813	3,768	4,468	5,186
Provisions	670	170	350	463
Profit Before Tax	3,143	3,598	4,118	4,723
Less: Provision for Tax	1,082	1,252	1,400	1,606
Profit After Tax	2,061	2,346	2,718	3,117
Reported Profit	2,061	2,346	2,718	3,117
Shares o/s (mn)	63	63	63	63
Basic EPS (INR)	32.9	37.5	43.4	49.8
Diluted shares o/s (mn)	63	63	63	63
Adj. Diluted EPS (INR)	32.9	37.5	43.4	49.8
Dividend per share (DPS)	2.2	2.5	3.0	5.0
Dividend Payout Ratio (%)	6.8	6.7	7.0	10.0

### Growth ratios (%)

Year to March	FY18	FY19	FY20E	FY21E
Revenues	15.0	3.4	16.8	15.8
NII growth	15.3	4.4	14.1	16.1
Opex growth	15.6	26.0	9.8	14.9
PPP growth	14.8	(1.2)	18.6	16.1
Provisions growth	29.2	(74.7)	105.9	32.5
Adjusted Profit	13.1	13.8	15.8	14.7

### Operating ratios

Year to March	FY18	FY19	FY20E	FY21E
Yield on advances	11.4	11.1	11.3	11.4
Cost of funds	8.3	8.3	8.3	8.3
Net interest margins	4.7	4.4	4.3	4.3
Spread	3.1	2.9	3.0	3.0
Cost-income	17.0	20.7	19.5	19.3
Tax rate	34.4	34.8	34.0	34.0

## Banking and Financial Services

Balance sheet		(INR mn)			
As on 31st March	FY18	FY19	FY20E	FY21E	
Share capital	626	626	626	626	
Reserves & Surplus	12,657	14,648	17,176	19,981	
Shareholders' funds	13,283	15,274	17,802	20,607	
Long term borrowings	62,044	70,752	82,587	95,751	
Short term borrowings	19,326	22,038	25,724	29,824	
Total Borrowings	81,370	92,790	108,311	125,575	
Long Term Liabilities	2,381	2,265	1,221	1,419	
Def. Tax Liability (net)	497	(520)	(257)	49	
<b>Sources of funds</b>	<b>97,531</b>	<b>109,809</b>	<b>127,076</b>	<b>147,649</b>	
Gross Block	179	179	179	179	
Net Block	104	120	120	120	
Intangible Assets	31	35	35	35	
Total Fixed Assets	135	155	155	155	
Non current investments	156	220	81	81	
Cash and Equivalents	259	576	509	591	
Loans & Advances	98,568	110,368	127,146	147,768	
Other Current Liab	1,587	1,510	814	946	
Total Current Liab	1,587	1,510	814	946	
Net Curr Assets-ex cash	(1,587)	(1,510)	(814)	(946)	
<b>Uses of funds</b>	<b>97,531</b>	<b>109,809</b>	<b>127,076</b>	<b>147,649</b>	
BVPS (INR)	212.3	244.1	284.6	329.4	

RoE decomposition (%)					
Year to March	FY18	FY19	FY20E	FY21E	
Net int. income/assets	4.7	4.4	4.3	4.3	
Net revenues/assets	5.0	4.7	4.8	4.7	
Operating expense/assets	0.9	1.0	0.9	0.9	
Provisions/assets	0.7	0.2	0.3	0.3	
Taxes/assets	1.2	1.2	1.2	1.2	
Total costs/assets	2.8	2.4	2.4	2.4	
ROA	2.3	2.3	2.3	2.3	
Equity/assets	13.5	14.1	14.2	14.1	
ROAE (%)	16.7	16.4	16.4	16.2	

Valuation parameters					
Year to March	FY18	FY19	FY20E	FY21E	
Adj. Diluted EPS (INR)	32.9	37.5	43.4	49.8	
Y-o-Y growth (%)	13.1	13.8	15.8	14.7	
BV per share (INR)	212.3	244.1	284.6	329.4	
Adj. BV per share (INR)	198.1	220.8	263.8	311.9	
Diluted P/E (x)	9.2	8.1	7.0	6.1	
P/B (x)	1.4	1.2	1.1	0.9	
Price/ Adj. BV (x)	1.5	1.4	1.1	1.0	
Dividend Yield (%)	0.7	0.8	1.0	1.6	

### Peer comparison valuation

Name	Market cap (USD mn)	Diluted P/E (X)		P/B (X)		ROAE (%)	
		FY20E	FY21E	FY20E	FY21E	FY20E	FY21E
Repco Home Finance	265	7.0	6.1	1.1	0.9	16.4	16.2
Aavas Financiers	1,708	53.5	39.9	5.9	5.1	11.7	13.8
HDFC	51,147	24.5	18.4	2.6	2.4	14.1	15.2
Indiabulls Housing Finance	3,300	7.3	6.8	1.4	1.3	20.6	19.7
L&T Finance Holdings	2,908	8.2	7.0	1.4	1.2	18.1	18.6
LIC Housing Finance	3,454	9.3	7.8	1.3	1.2	15.3	16.1
Magma Fincorp	267	6.4	4.8	0.6	0.5	9.0	10.8
Mahindra & Mahindra Financial Services	2,714	16.5	12.0	1.7	1.6	10.6	13.9
Manappuram General Finance	1,450	12.3	10.6	2.1	1.8	18.2	18.3
Muthoot Finance	3,444	11.1	10.0	2.3	1.9	22.1	21.1
Power Finance Corp	3,927	4.8	4.1	0.6	0.5	13.1	13.9
Rural Electrification Corporation	3,985	5.3	4.9	0.8	0.7	15.0	15.1
Shriram City Union Finance	1,309	8.2	7.3	1.3	1.1	16.6	16.4
Shriram Transport Finance	3,308	8.7	7.3	1.4	1.2	17.0	17.4
Median	-	8.5	7.3	1.4	1.2	15.9	16.2
AVERAGE	-	13.6	11.2	1.9	1.7	15.6	16.2

Source: Edelweiss research

## Additional Data

### Directors Data

T.S. KrishnaMurthy	Chairman	Yashpal Gupta	Managing Director
G.R. Sundaravadivel	Director	V. Nadasabapathy	Director
L. Munishwar Ganesan	Director	R.S. Isabella	Director
Dinesh Ponraj Oliver	Director	K.Sridhar	Director
Sumithra Ravichandran	Director		

Auditors - R. Subramanian and Company LLP

### Holding - Top 10

	Perc. Holding		Perc. Holding
HDFC Asset Management	7.87	Life Insurance Corp. of India	5.59
UBS Principal Capital Asia	4.59	Reliance Capital Trustee	3.43
Vanguard Group	0.87	Dimensional Fund Advisors	0.72
Mirae Asset Global Investments	0.45	BlackRock	0.39
Kotak Mahindra Asset Management	0.31	WisdomTree Asset Management	0.31

*\*as per last available data*

### Bulk Deals

Data	Acquired / Seller	B/S	Qty Traded	Price
30 Nov 2018	THE PABRAI INVESTMENT FUND IV LP	SELL	684000	338.17
29 Nov 2018	THE PABRAI INVESTMENT FUND IV LP	SELL	948535	335.92
30 Oct 2018	ALLIANCEBERNSTEIN INDIA GROWTH (MAURITIUS) LIMITED	SELL	1113379	347.30
30 Oct 2018	AB SICAV I - INDIA GROWTH PORTFOLIO	BUY	1113379	347.30

*\*in last one year*

### Insider Trades

Reporting Data	Acquired / Seller	B/S	Qty Traded
No Data Available			

*\*in last one year*

Company	Absolute reco	Relative reco	Relative risk	Company	Absolute reco	Relative reco	Relative Risk
Aavas Financiers	HOLD	SP	M	Aditya Birla Capital	BUY	SO	H
Axis Bank	HOLD	SP	M	Bajaj Finserv	REDUCE	SU	L
Bank of Baroda	REDUCE	SU	M	DCB Bank	HOLD	SP	M
Dewan Housing Finance	BUY	SP	H	Equitas Holdings Ltd.	BUY	SO	M
Federal Bank	BUY	SO	L	HDFC	BUY	SO	L
HDFC Bank	BUY	SO	L	ICICI Bank	BUY	SO	L
IDFC Bank	BUY	SP	L	Indiabulls Housing Finance	HOLD	SU	M
IndusInd Bank	BUY	SO	L	Karnataka Bank	BUY	SP	M
Kotak Mahindra Bank	BUY	SP	M	L&T Finance Holdings	HOLD	SU	M
LIC Housing Finance	BUY	SP	M	Magma Fincorp	BUY	SP	M
Mahindra & Mahindra Financial Services	BUY	SP	M	Manappuram General Finance	BUY	SP	H
Max Financial Services	BUY	SO	L	Multi Commodity Exchange of India	HOLD	SU	M
Muthoot Finance	BUY	SO	M	Power Finance Corp	BUY	SP	M
Punjab National Bank	REDUCE	SU	M	Reliance Capital	BUY	SP	M
Repco Home Finance	HOLD	SU	M	Rural Electrification Corporation	HOLD	SU	M
Shriram City Union Finance	BUY	SP	M	Shriram Transport Finance	BUY	SO	M
South Indian Bank	BUY	SP	M	State Bank of India	BUY	SO	L
Union Bank Of India	HOLD	SU	M	Yes Bank	HOLD	SU	M

## ABSOLUTE RATING

### Ratings

### Expected absolute returns over 12 months

Buy	More than 15%
Hold	Between 15% and - 5%
Reduce	Less than -5%

## RELATIVE RETURNS RATING

### Ratings

### Criteria

Sector Outperformer (SO)	Stock return > 1.25 x Sector return
Sector Performer (SP)	Stock return > 0.75 x Sector return
	Stock return < 1.25 x Sector return
Sector Underperformer (SU)	Stock return < 0.75 x Sector return

Sector return is market cap weighted average return for the coverage universe within the sector

## RELATIVE RISK RATING

### Ratings

### Criteria

Low (L)	Bottom 1/3rd percentile in the sector
Medium (M)	Middle 1/3rd percentile in the sector
High (H)	Top 1/3rd percentile in the sector

Risk ratings are based on Edelweiss risk model

## SECTOR RATING

### Ratings

### Criteria

Overweight (OW)	Sector return > 1.25 x Nifty return
Equalweight (EW)	Sector return > 0.75 x Nifty return
	Sector return < 1.25 x Nifty return
Underweight (UW)	Sector return < 0.75 x Nifty return

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**Coverage group(s) of stocks by primary analyst(s): Banking and Financial Services**

Aavas Financiers, Aditya Birla Capital, AU Small Finance Bank Ltd, Axis Bank, Bharat Financial Inclusion, Bajaj Finserv, Bank of Baroda, Capital First, DCB Bank, Dewan Housing Finance, Equitas Holdings Ltd., Federal Bank, HDFC, HDFC Bank, ICICI Bank, ICICI Lombard General Insurance Company Ltd, IDFC Bank, Indiabulls Housing Finance, IndusInd Bank, Karnataka Bank, Kotak Mahindra Bank, LIC Housing Finance, L&T FINANCE HOLDINGS LTD, Max Financial Services, Multi Commodity Exchange of India, Manappuram General Finance, Magma Fincorp, Mahindra & Mahindra Financial Services, Muthoot Finance, Punjab National Bank, Power Finance Corp, Reliance Capital, Rural Electrification Corporation, Repco Home Finance, State Bank of India, Shriram City Union Finance, Shriram Transport Finance, South Indian Bank, Union Bank Of India, Yes Bank

**Recent Research**

Date	Company	Title	Price (INR)	Recos
14-Aug-19	<b>Power Finance Corporation</b>	Lower NIMs impact earnings, resolution holds key; <i>Result Update</i>	106	Buy
13-Aug-19	<b>Manappuram Finance</b>	Gold business steady; performance of non-gold business key; <i>Result Update</i>	116	Buy
13-Aug-19	<b>Muthoot Finance</b>	Steady growth; cost structure volatile; <i>Result Update</i>	600	Buy

**Distribution of Ratings / Market Cap**

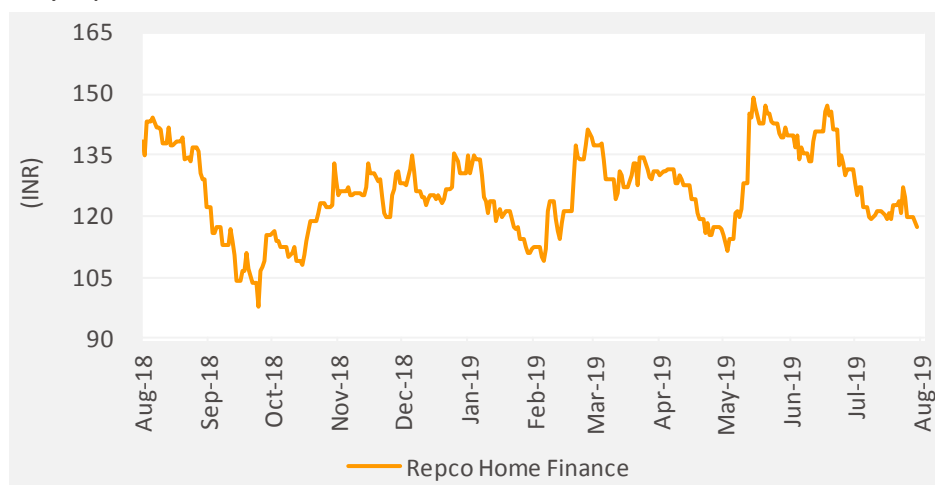
**Edelweiss Research Coverage Universe**

	Buy	Hold	Reduce	Total
Rating Distribution*	161	67	11	240
* 1stocks under review				
	> 50bn	Between 10bn and 50 bn	< 10bn	
Market Cap (INR)	156	62	11	

**Rating Interpretation**

Rating	Expected to
<b>Buy</b>	appreciate more than 15% over a 12-month period
<b>Hold</b>	appreciate up to 15% over a 12-month period
<b>Reduce</b>	depreciate more than 5% over a 12-month period

**One year price chart**



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