Repco Home Finance Ltd.

Safe as Home

A premium franchise

Repco Home Finance Ltd. (RHFL) is a niche, fast growing and highly profitable housing finance company in India. Loan book has witnessed robust 30% CAGR over the past three years and currently stands at Rs. 6,850cr. The uniqueness of the franchise comes from its extensive focus on the self-employed customer segment, presence in under-penetrated Tier 2 & 3 markets (deep foothold in South India), optimized portfolio mix with LAP at 20% and an efficient sourcing and operating model. A well-crafted business set-up provides a reasonably strong immunity to RHFL from increasing competition.

Impressive growth and profitability to sustain

Given a low base, we believe that RHFL can continue to grow at 25-30% pa for many years to come supported by a measured branch expansion. Even if property prices were to correct meaningfully, the consequent acceleration in volume growth should support the growth trajectory. Being more resilient to competition, it is likely that RHFL would be able to hold spread comfortably above 3% amid moderating cost of funds. The latter would largely be a function of a) substitution of bank borrowings by bonds/CPs and b) decline in cost of bank funding with accelerated Base Rate reductions. The ongoing process of diversifying funding base has already driven a one notch credit rating upgrade to AA. RHFL's asset quality is expected to remain rock-solid with NPL levels remaining largely stable. A robust credit appraisal process and conservative lending practice will continue to stand in good stead.

Valuation will stay elevated and justifiably so

Inherent RoA band for RHFL will remain at 2-2.4% translating to 22-23% sustainable RoEs at optimal leverage, which is one of the best in industry. While company's valuation may appear full at 3.2x FY18 P/ABV, we believe there is some headspace for re-rating. However, the return for a prospective investor would largely come from sustained brisk book value growth. Initiate coverage on RHFL with a BUY rating and 12-month price target of Rs. 783.

Financial summary

Y/e 31 Mar (Rs cr)	FY15	FY16E	FY17E	FY18E
Total operating income	261	325	405	510
Yoy growth (%)	24.0	24.6	24.3	26.0
Operating profit (pre-provisions)	207	255	318	408
Net profit	123	149	183	232
yoy growth (%)	11.9	21.0	23.0	26.7
EPS (Rs)	19.7	23.9	29.4	37.2
Adj. BVPS (Rs)	125.3	144.6	171.2	206.1
P/E (x)	33.0	27.3	22.2	17.5
P/Adj.BV (x)	5.2	4.5	3.8	3.2
ROA (%)	2.3	2.2	2.1	2.1
ROE (%)	15.9	17.0	17.8	19.1

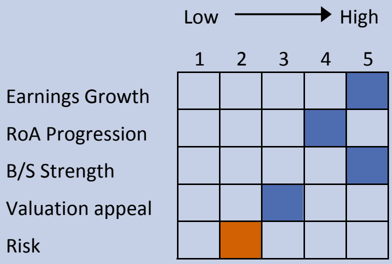
Source: Company, India Infoline Research

Rating:	BUY
Target (12-month):	Rs783
CMP:	Rs650
Upside:	20.5%

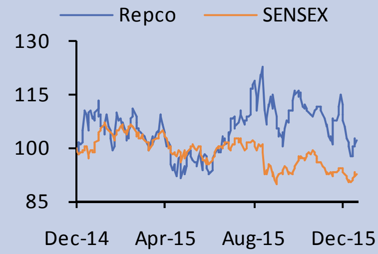
Sector:	**Financials**
Sector view:	**Positive**
Sensex:	25,850
52 Week h/l (Rs):	785/570
Market cap (Rs cr) :	4,076
6m Avg vol ('000Nos):	102
Bloomberg code:	REPCO IN
BSE code:	535322
NSE code:	REPCOHOME
FV (Rs):	10

Price as on Dec 23, 2015

Company rating grid



Share price trend



Share holding pattern

(%)	Mar-15	Jun-15	Sep-15
Promoter	37.3	37.3	37.3
Insti	45.3	45.0	45.3
Others	17.4	17.7	17.4

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December 24, 2015

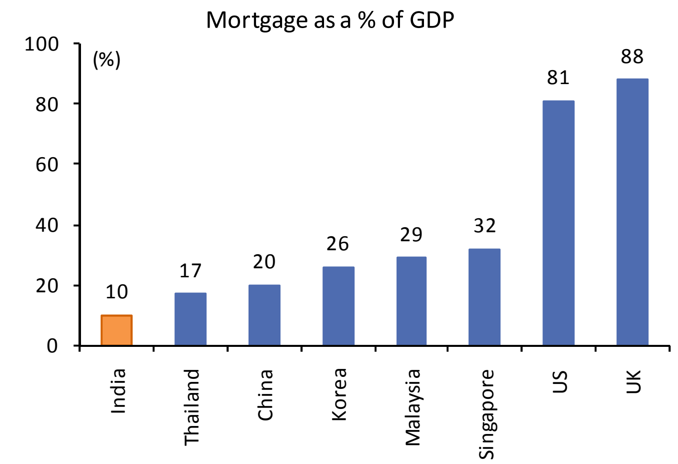
Housing Finance represents a structural long-term business opportunity

In India, the mortgage industry remains substantially small at 10% of GDP when compared even to developing economies. This is largely attributable to sizeable part of the population not having access to proper housing units and low penetration of housing finance. Government's stress on providing housing to rural India and the urban poor, development of Tier 2-4 cities, increasing urbanization, favourable demographics, rising disposable income, expanding reach of financial institutions should continue to drive linear growth for the mortgage industry for many years in the future. The present Government has already announced a flagship scheme of 'Housing for All by 2022' under, which it targets to build 60 million houses. Other initiatives such as development of Smart Cities, AMRUT, Pradhan Mantri Awas Yojna, etc will also boost demand for housing. The penetration of housing finance is skewed currently with most of the established players (banks and NBFCs) having strong presence in Metros and Tier-1 cities with pre-dominant focus on salaried customers. Thus, the players who are focused on Tier 2 & 3 cities and have conservatively built products for the low-salaried and self-employed segments can grow at much faster rate than the industry.

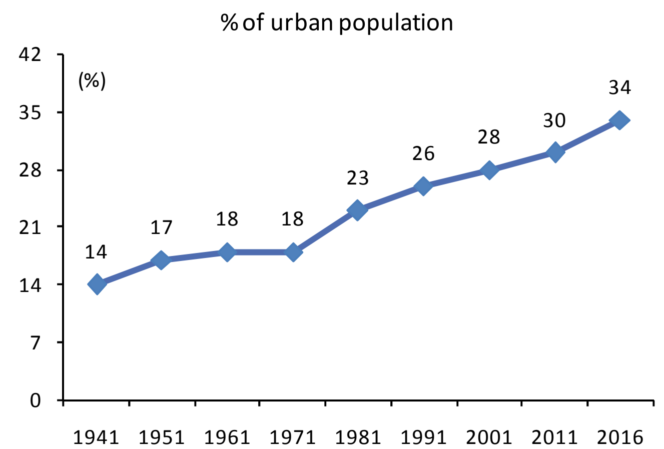
Indian mortgage industry remains substantially small at 10% of GDP

Players focused on Tier 2 & 3 cities and self-employed segment can grow at faster rate

Low mortgage penetration in India

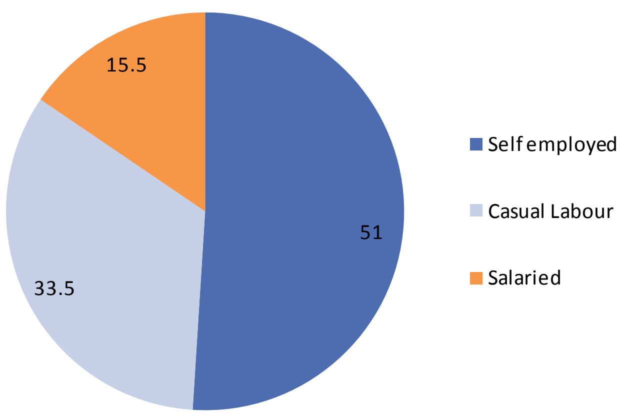


Increasing Urbanisation

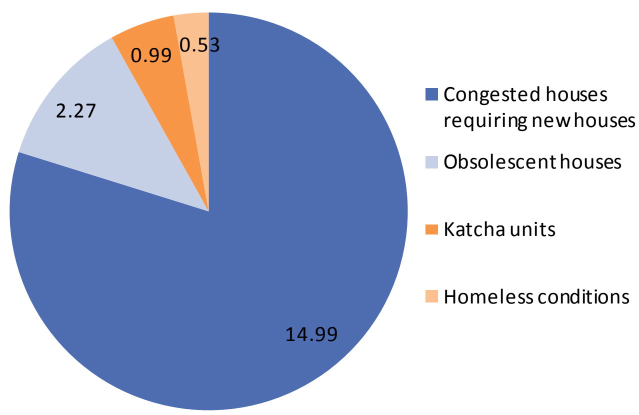


Source: Crisil, Company

High % of self employed in total workforce

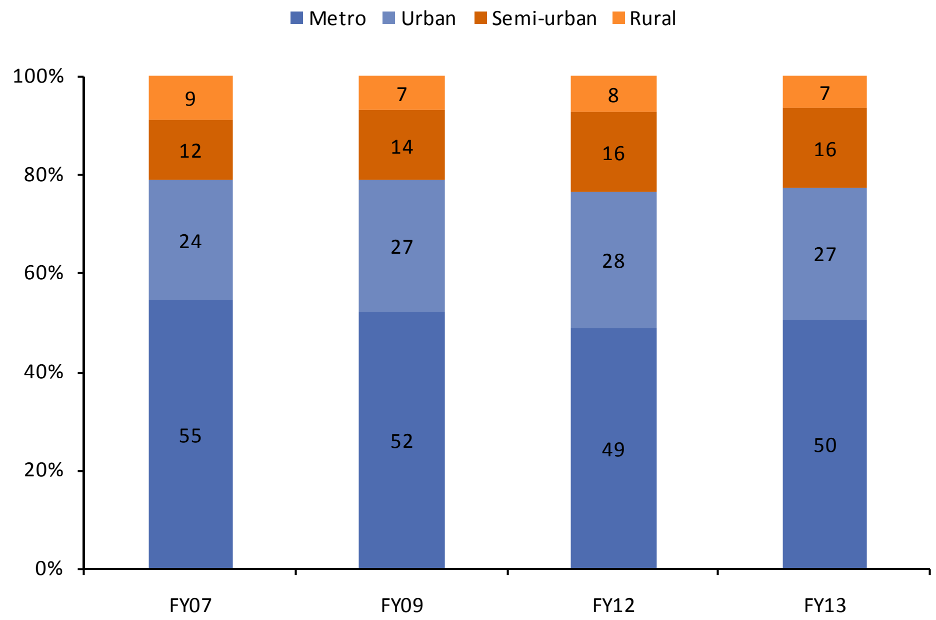


Total urban housing shortage at ~18.8mn units



Source: NSS, Ministry of Housing & Urban Poverty Alleviation

Metro and urban areas continue to dominate banks home loan portfolio



Source: NHB

Multiple factors differentiates Repco from other HFCs

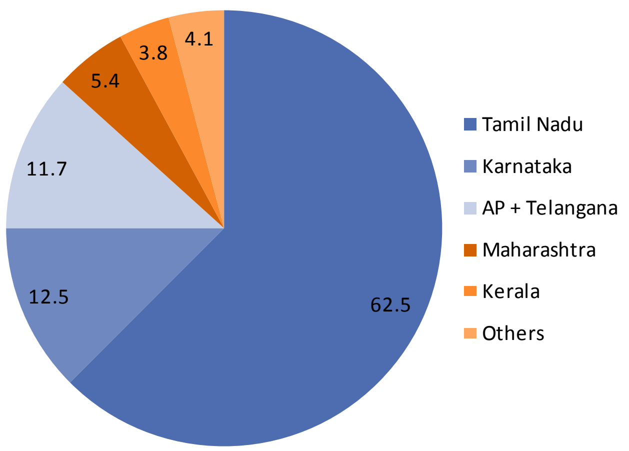
Head quartered in Chennai, Repco Home Finance Ltd. (RHFL) is a niche, fast growing and highly profitable housing finance company in India. It was incorporated in April 2000 by Repco Bank, a well-recognized name in South India having been in operation for more than 45 years. Current loan assets of the company stand at Rs. 6,850cr. What differentiates RHFL from most of the other housing finance companies is the following:

RHFL's network comprises 146 branches and satellite offices with more than 80% of it located in South India

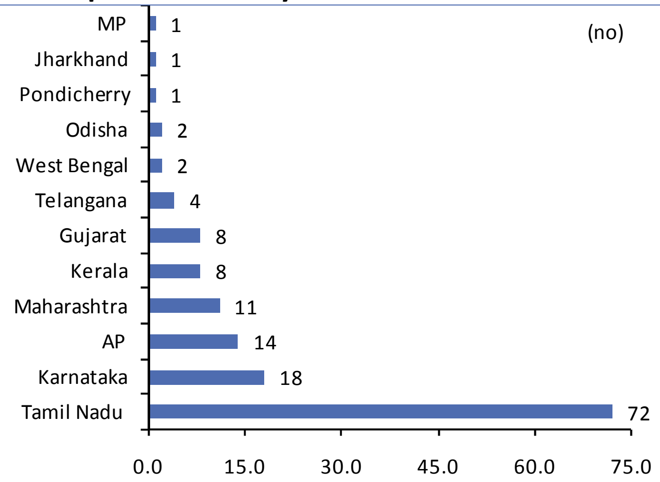
Tamil Nadu contributes 62.5% of RHFL's loan book, Karnataka 12.5% and AP & Telangana 12%.

A) South India concentration: RHFL's network comprises 146 branches and satellite offices with more than 80% of it located in South India. This is quite obvious as Repco Bank is a well-known brand in Southern region and RHFL has impressively leveraged its brand equity for expanding briskly within Tamil Nadu and neighboring states. While being the promoter of RHFL, Repco Bank does not originate loans for the HFC as it offers its own products to its customers. Still, RHFL has scaled-up its portfolio rapidly and currently it stands higher than the bank. Tamil Nadu is the key state contributing 62.5% of RHFL's loan book, while Karnataka contributes 12.5% and AP & Telangana contributes 12%. While enjoying its strong foothold in Southern India, the company is in the midst of creating a pan-India footprint through contiguous expansion. The recently penetrated states of Maharashtra and Gujarat contribute more than 7% of the book now. RHFL has also started penetrating Orissa, West Bengal, MP and Jharkhand.

Region-wise loan book break-up



Branch presence in key states

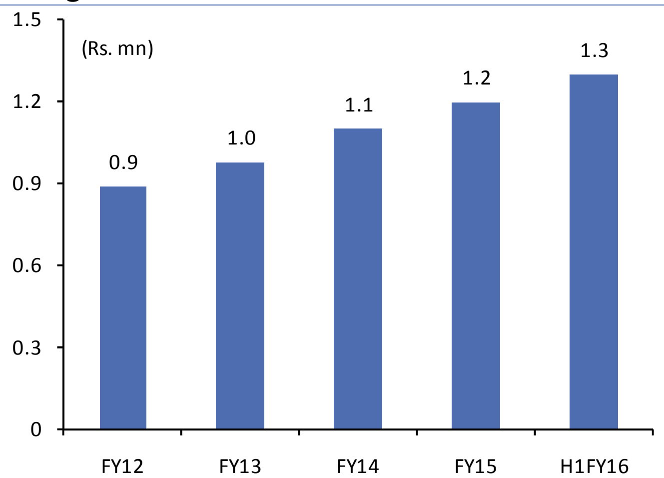


Source: Company, India Infoline Research

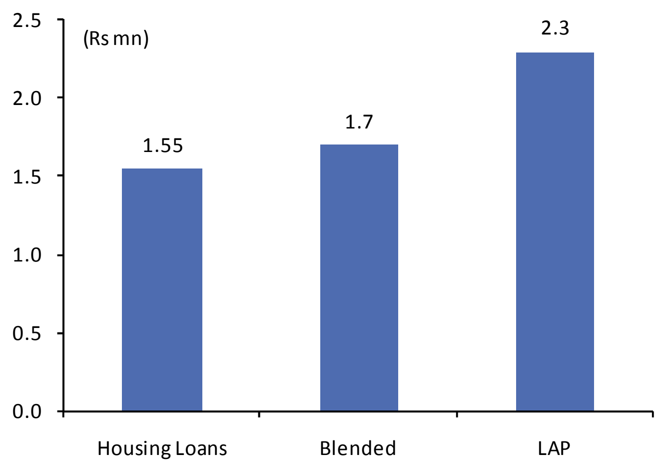
B) Focus on affordable housing: RHFL's branches and satellite offices are located in Tier 2 & 3 cities and peripheral areas of Tier 1 cities thus focusing on the low and middle income customer segment and the affordable housing market. This is also manifested in lower average ticket size (ATS) of RHFLS's loans. The portfolio ATS currently stands at just above Rs. 1.2mn while the incremental ATS is at ~Rs. 1.7mn (~Rs 1.55mn for Home Loans and ~ Rs. 2.3mn for LAP).

Portfolio ATS stands at just above Rs. 1.2mn

Average Ticket Size of loan book



Incremental ticket size

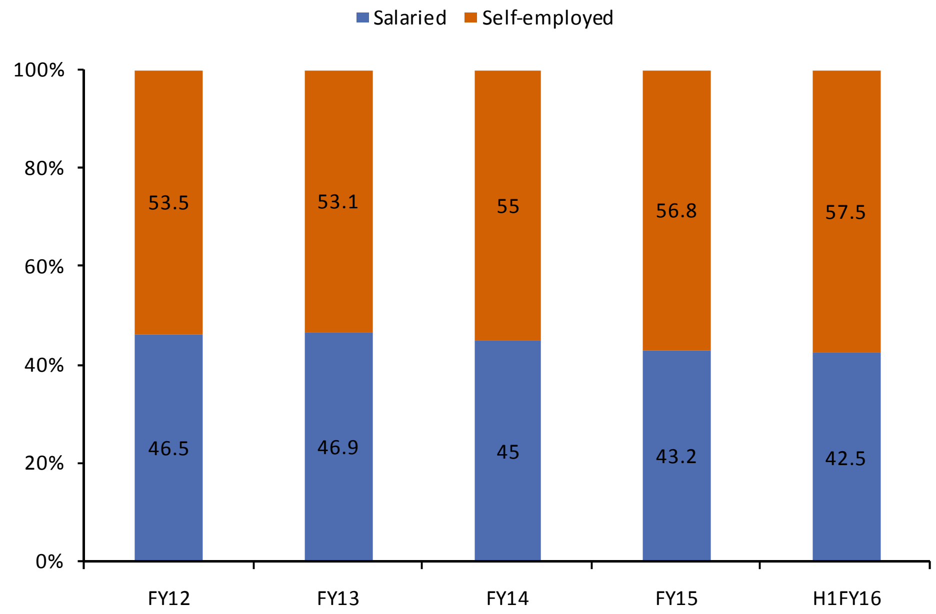


Source: Company, India Infoline Research

C) Targeting a relatively under-penetrated self-employed segment: The most unique feature of RHFL's franchise has been its extensive focus on the self-employed customer segment (both professionals and non-professionals). The non-salaried segment has been largely neglected by the formal housing finance sector (commercial banks and large HFCs) due to perceived higher risk than salaried customers, complexity in credit appraisal and requirement of a more local set-up. However, the self-employed form a majority of the country's working population and thus represent a non-ignorable opportunity which RHFL is keen on taping. The share of self-employed loans within the overall loan book of the company has been persistently inching up; currently stands at 57.5% as compared to 53% as of FY13.

Share of self-employed loans within overall loan book has been persistently inching up

Share of self-employed customers in loan book has been increasing

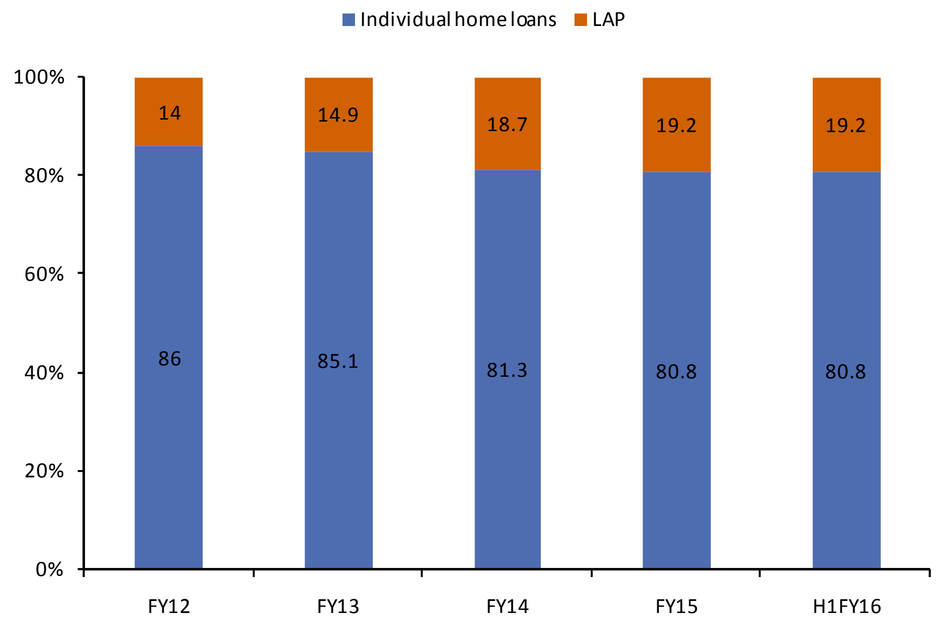


Source: Company, India Infoline Research

RHFL has grown its LAP book with a tight underwriting philosophy

D) Balanced portfolio mix: RHFL has an optimal portfolio mix with LAP contributing ~20% of loan assets. Most impressive about company's performance over the past few years has been that brisk growth was accompanied by consistent portfolio optimization and strong asset quality. RHFL has grown its LAP book with a tight underwriting philosophy, which entails robust credit evaluation of the borrower, conservative origination LTV (~50%) and granular ticket sizes (average at ~Rs. 2mn). The customer mix within LAP book is largely tilted towards the self-employed. RHFL intends to contain LAP share at 20% from an overall portfolio risk perspective and to comply with requirements of NHB re-financing.

LAP share has risen significantly over the past few years

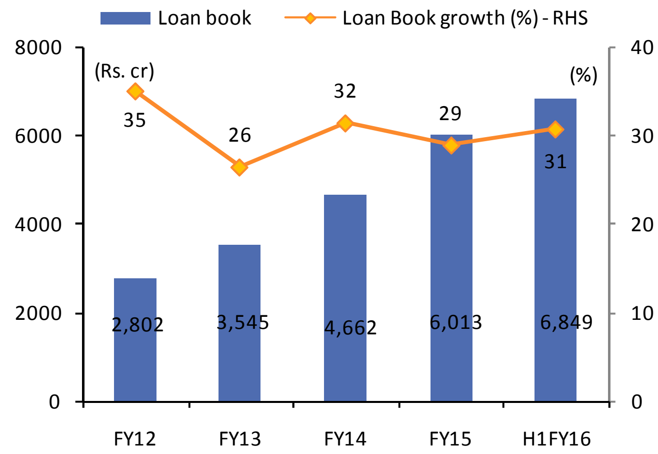


Source: Company, India Infoline Research

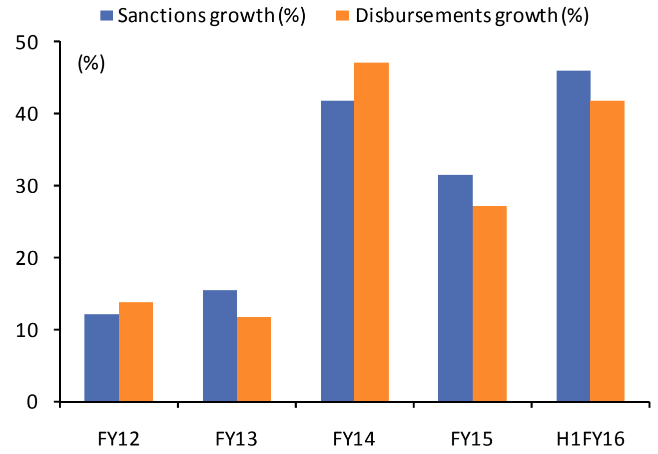
E) Consistent high growth delivery: Loan book of RHFL has witnessed a robust CAGR 30% over the past three years thus more than doubling during the period. The underlying driver of growth has been brisk pace of network expansion. Since FY11, the combined number of branches and satellite offices has increased from 72 to 146. The company has penetrated deeper into the key Southern states, established credible presence in Maharashtra and Gujarat and entered new states in the eastern and central part of India. The assets growth was also supported by the company's strategy of targeting the underpenetrated markets of Tier 2 & 3 cities, underserved customer segment of the self-employed, focus on expanding LAP and steady appreciation in property prices.

Loan book has witnessed a robust CAGR 30% over the past three years

Loan book has been growing at 25-30% pa

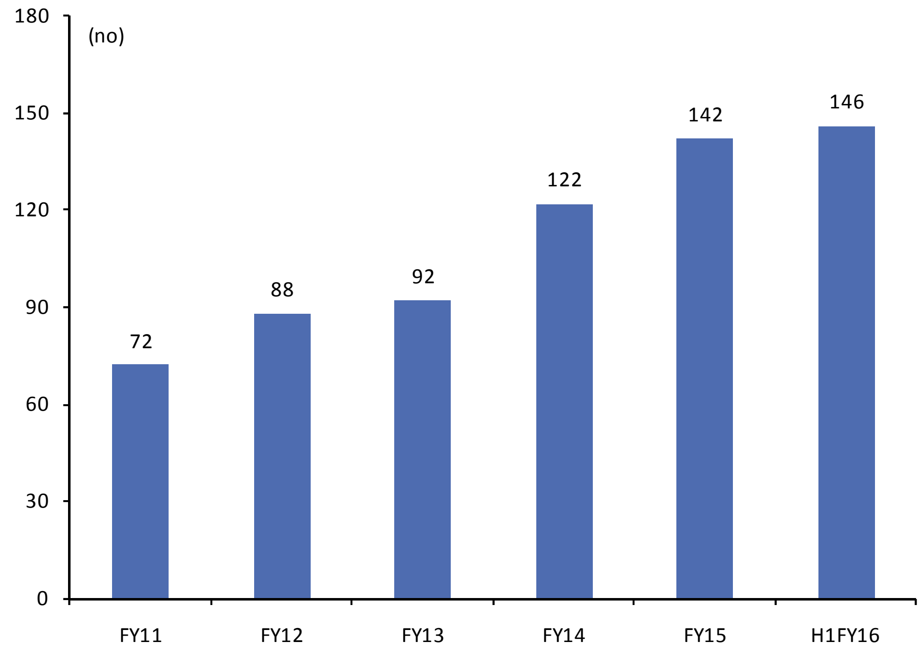


… underpinned by robust growth in disbursements



Source: Company, India Infoline Research

Network expansion at brisk pace



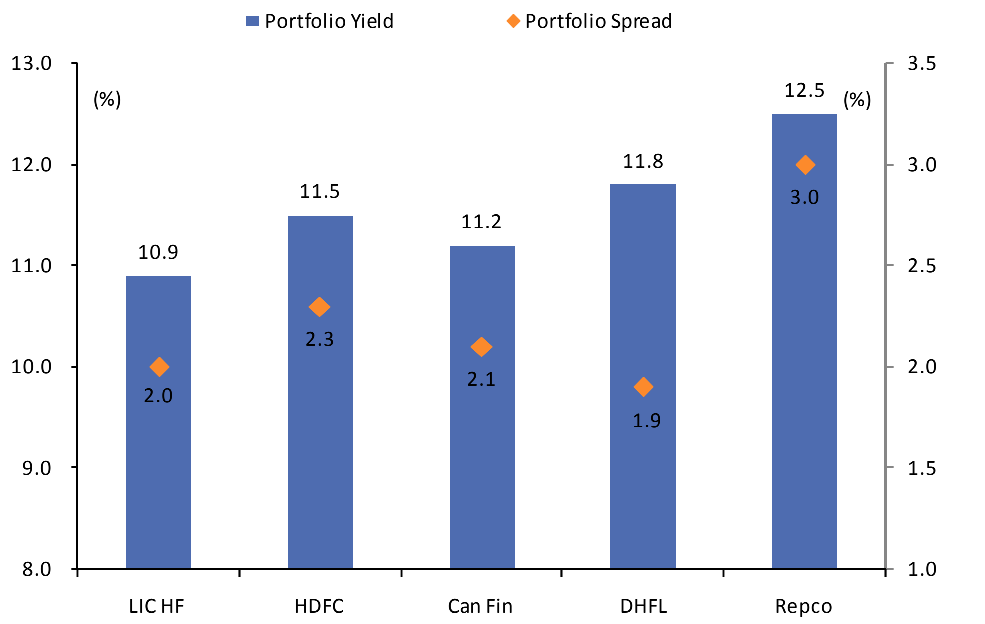
Source: Company, India Infoline Research

F) Handsome spreads: The niche and optimized asset mix of RHFL underpins a higher portfolio yield of ~12.5%. While focus on self-employed customers drive relatively higher yield of home loan portfolio at ~12%, the handsome LAP book yield of ~15.5% is a function of granular lending and presence in the least competitive market segment. With asset yield being stable over the past couple of years, earned spreads have been a function of variation in the cost of funds. On the liability side, RHFL has made some headway into diversifying its funding base by introducing NCD/CPs as another option apart from commercial bank borrowings, working capital financing from Repco Bank and NHB re-financing. The blended cost of funds at ~9.5% remains materially higher than large HFCs who rely on long-term bond/NCDs for majority funding given their high credit rating. However, in spite of relatively higher borrowing cost, RHFL has been earning superior spreads at >3% courtesy its higher portfolio yield.

Loan book has witnessed a robust CAGR 30% over the past three years

RHFL has made some headway into diversifying its funding base by introducing NCD/CPs

RHFL earning superior spreads compared to peers



Source: Companies, India Infoline Research

G) Low cost of operations: RHFL has a lean operating structure which is manifested in an efficient cost/income ratio of 21-22% and opex/avg. loans ratio of 1%. Multiple factors contribute towards franchise's low operating cost viz a) low staffing levels of 3-5 people in branches/satellite offices b) lower rentals in Tier 2/3 areas and peripheries of Tier-1 cities c) low administrative costs due to centralized credit approval mechanism d) direct business sourcing leading to low commissions and e) prudent selection of location for expansion driving early break-even of units. Unlike most other HFCs who significantly rely on DSAs for loan sourcing, RHFL, currently, almost entirely relies on self-sourcing. The primary sources of customer acquisition have been loan camps, customer walk-ins and referrals. Of these, loan camps contribute to about 70% of incremental originations. The manager of every branch conducts a loan camp once in every two months where a primary assessment of customer documents is done and an in-principle sanction is given.

Efficient cost/income ratio of 21-22% and opex/avg. loans ratio of 1%

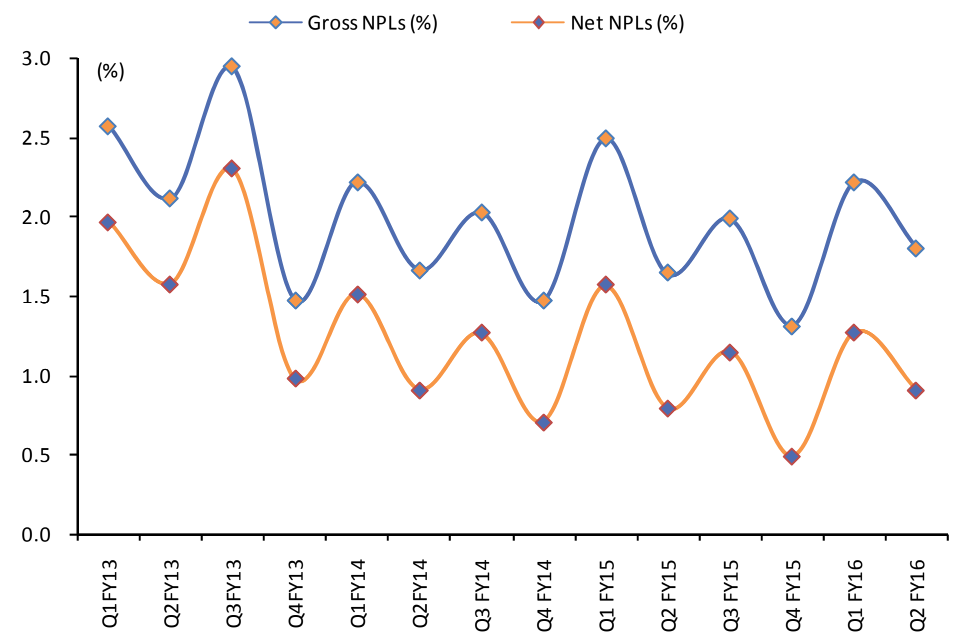
Primary sources of customer acquisition have been loan camps

H) Strong asset quality performance: Notwithstanding high growth and increased exposure to self-employed segment and LAP over the past few years, RHFL's asset quality has been rock-solid with Gross NPLs sustained in the narrow band of 1.3-1.5%. While the operating environment was tough marked by a sharp economic slowdown, company's strong credit appraisal process and conservative lending practice seems to have stood in good stead. The underlying pillars of company's robust credit risk management are a) 2-tier credit appraisal process - at branch and at head office level b) interest rate linkage to borrower's credit score c) conservative LTV/IIR ratio for loans d) ongoing monitoring of loan accounts ensured through inspection of each branch by internal team and external audit firms multiple times in a year based on the size of the outstanding loan book of the branch. Since inception, the company has written-off loans aggregating just Rs 4.3cr, which is a mere 0.06% of cumulative disbursements.

Asset quality rock-solid; Gross NPLs sustained in the band of 1.3-1.5%

Since inception, company has written-off loans aggregating just Rs 4.3cr, 0.06% of cumulative disbursements

Inherent quarterly seasonality due to high exposure to self-employed



Source: Company, India Infoline Research

I) Superior profitability: RHFL has consistently delivered RoA in an elevated range of 2.2-2.5% aided by handsome spread, lean cost structure and contained credit cost. The higher RoA has translated into RoEs of 22%+ at optimal leverage levels. Given uniqueness of the franchise, the inherent profitability of the company is better than most peers.

The growth momentum will continue…

Given a low base, we believe that RHFL can continue to grow at the pace of 25-30% pa for many years to come if property prices were to not correct severely. In our view, it is highly likely that acceleration in volume growth could offset the impact of a gradual correction in property prices. If the latter starts unfolding, that itself should release the housing demand that is pent-up. Any improvement in economic recovery would stimulate demand from both the salaried and self-employed segments amid a declining interest rate regime. For RHFL, capitalizing on the above macro trends will not be difficult given its strong positioning. To sustain the current growth momentum, RHFL plans to add 12-15 branches every year. The underlying motive is to deepen presence in existing geographies and also expand into new geographies in sync with its long term aspiration of becoming a pan-India player. The company would continue to rely on extensive market research for identifying good opportunities for opening branches. The contiguous expansion strategy has been paying off quite well; the states of Gujarat and Maharashtra, which the company started penetrating few years back, now contribute combined 7-8% of loan book. In terms of asset mix, while the share of self-employed customers may continue to inch-up, contribution of the LAP product is expected to remain steady at 20%.

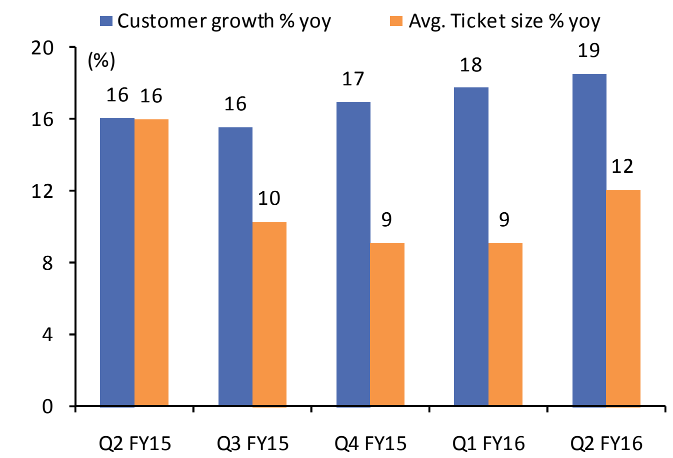
RHFL can continue to grow at 25-30% pa for many years to come if property prices were to not correct severely

Plans to add 12-15 branches pa; deepen presence in existing geographies and expand into new geographies

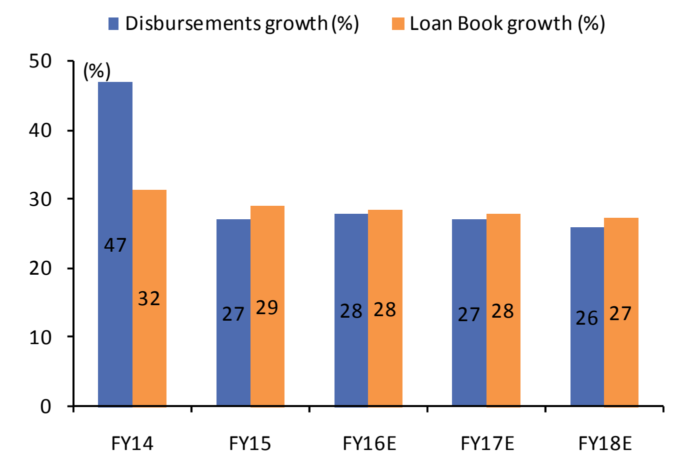
From capitalization perspective, RHFL is strongly placed to sustain the growth momentum over the next three years. As against the regulatory requirement of 12.5%, the capital adequacy of the company stood at 19.4% as on end Sept 2015 comprising entirely of Tier-1 capital. The recently announced reduction in risk weights by NHB would uplift the Tier-1 ratio. The continuance of brisk asset growth will optimize financial leverage improving RoEs, thus core capital would be absorbed gradually. We do not expect RHFL to raise fresh equity capital in the next couple of years for meeting its growth requirements.

Recently announced reduction in risk weights by NHB would uplift Tier-1 ratio

Volume growth momentum has been strong

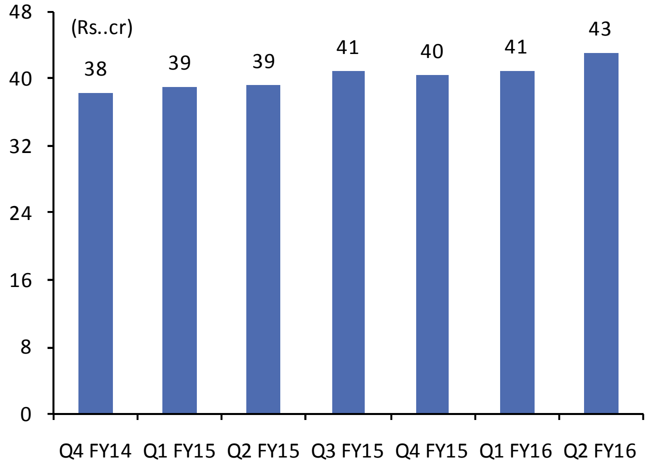


Traction in Disbursement and Loan Book to sustain at 25-30% pa

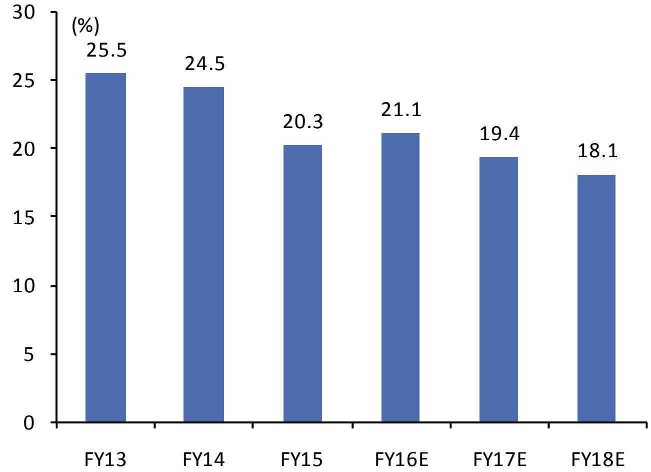


Source: Company, India Infoline Research

Growth headroom of existing network reflected in still modest assets per branch



More than adequate Tier-1 capital



Source: Company, India Infoline Research

Spread to settle at 3.3-3.5%

RHFL is quite confident about maintaining portfolio spread around 3% in the longer term. Having optimized the portfolio mix largely, the confidence to sustain spread is mainly stemming from the substantial headroom available to optimize funding cost by increasing diversification. The company has started tapping the cost effective option of raising money through NCDs and its share currently in overall borrowings stands at 7% as compared to NIL a year back. Due to fall in interest rate, improvement in liquidity conditions and lack of full transmission of policy rate cuts by commercial banks, HFCs have flocked to raise funds through long term NCDs/Bonds whose rates have declined significantly. As at the end of Q2 FY16, the NCD borrowings were costing 50-60bps cheaper than bank loans for RHFL. With the recent long term credit rating upgrade by CARE to AA, the rate benefit of NCDs over bank borrowings is likely to stay despite most banks having reduced Base Rate materially over the past couple of months. With stress on diversifying liability mix to continue, NCDs are likely to form a major portion of RHFL's incremental borrowings in the future and its share would rise further. Off-late the company has also been raising short-term money through intra-quarter CPs at 7.5-8% (courtesy top rating of A1+), which is also helping in lowering the overall cost of funds. With regards to the most economical borrowing source, NHB re-financing, the management intends to maintain its share at 17-18%. The final guidelines on marginal cost of funds based lending rate (MCLR) would accelerate easing of bank funding cost over the medium term.

Substantial headroom available to optimize funding cost by increasing diversification

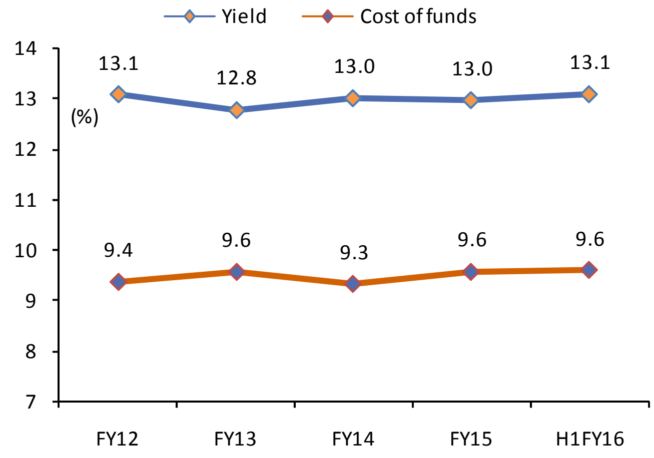
NCD borrowings are currently 50-60bps cheaper than bank loans

Final guidelines on MCLR would accelerate easing of bank funding cost

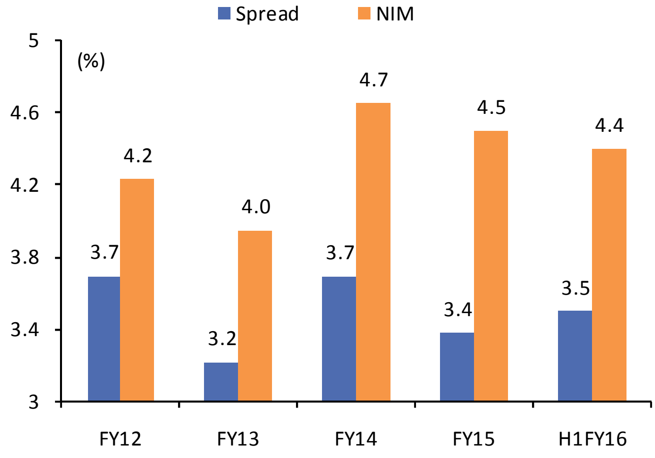
The portfolio yield has been steady over the past couple of years at around 12.5% aided by shift in customer mix towards self-employed (home loan rates are ~50bps higher than salaried) and increase in share of LAP (here the yields are ~350-400 bps higher than home loans). However, the yield could soften in-line with cost of funds as RHFL is likely to largely pass the benefit. Given niche segmentation carved out by the company both in home loans (products for self-employed) and LAP (focus on lower tickets), the competition from banks is likely to remain marginal in the future thereby not impacting growth or margin. However, some competition in select regions could emerge from diversified NBFCs who have entered into rural housing finance.

Yield has been steady over the past couple of years aided by shift in customer/asset mix

Portfolio yield has been resilient and funding cost elevated

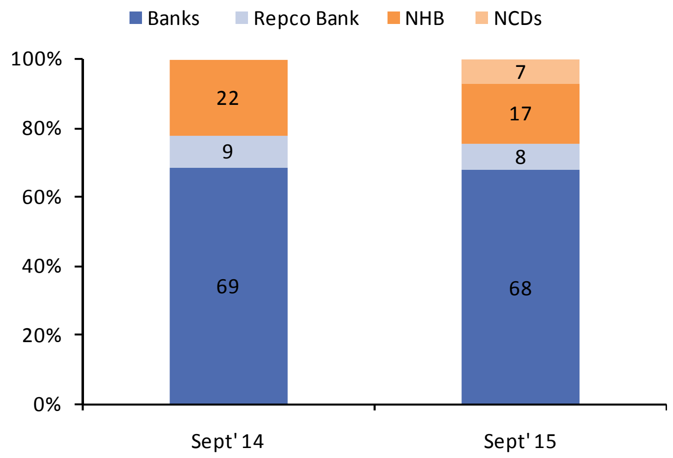


Consequently, margin has moved in a narrow range

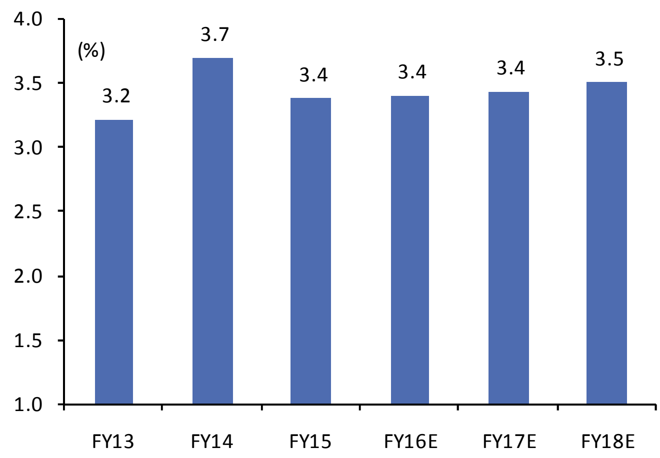


Source: Company, India Infoline Research

RHFL diversifying borrowings through NCDs



Spread to remain stable



Source: Company, India Infoline Research

Operating structure to stay lean

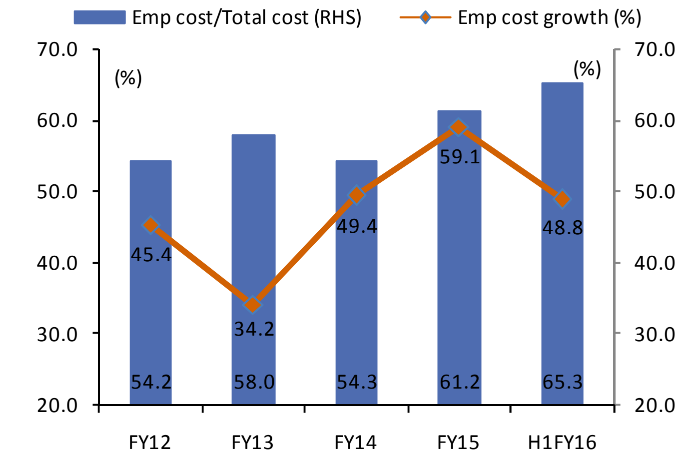
RHFL's focus on niche market segments, presence in low-cost locations, frugal sourcing model, optimally staffed centers, centralized credit operations and high cost productivity, has underpinned its lean and productive operating structure. Currently, the cost/income ratio stands at 21-22%, which is near the best industry benchmark. This feat assumes more importance in the context of high granularity of company's assets. Further, rapid growth in the loan book has enabled early break-even of the newly opened branches and has accelerated their journey towards optimal profitability. While the company has been testing waters at some locations through the DSA channel, it is yet to receive an encouraging response. If this pilot finds success and is gradually implemented in other locations, it may put a transient upward pressure (till a commensurate growth push comes) on the cost/income ratio.

Company has been testing waters at some locations through the DSA channel

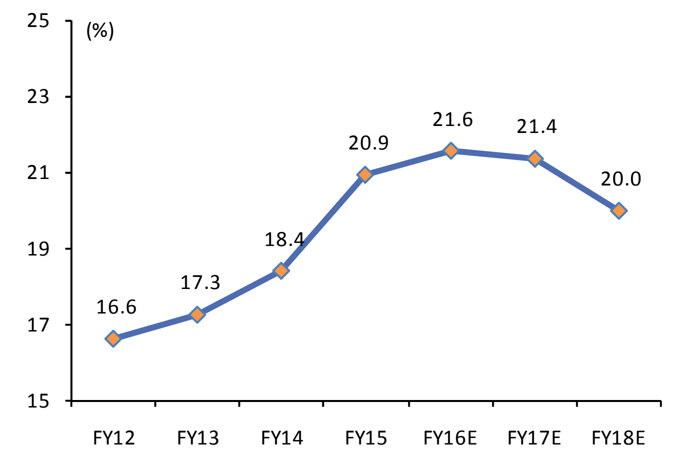
Over the past two years, RHFL's cost/income ratio has increased materially mainly on account of amortization of ESOP cost as the company started granting stock options from FY14. As the options were granted at substantial discount to the prevailing market price, the intrinsic value was significant. The ESOP charge in FY14 and FY15 formed ~10% and ~20% respectively of the total opex. As per the management, the ESOP charge would continue till FY17 thus keeping the cost/income ratio in 21-22% band.

ESOP charge in FY14 and FY15 was ~10% and ~20% respectively of the total opex

Jump in Employee cost due to ESOP charge



Cost/income ratio has peaked out



Source: Company, India Infoline Research

Asset quality to hold steady

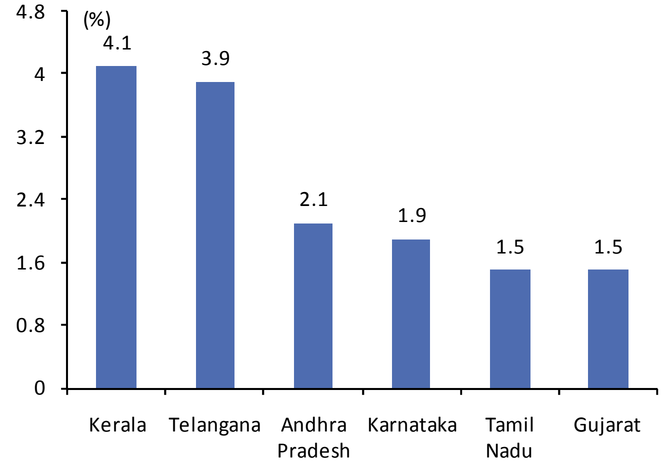
Over the years, RHFL has developed robust risk management systems & processes in all areas of operations like loan origination, credit appraisal, loan disbursement and collection & recovery. This is reflected in steady Gross NPL levels over the past many years in spite of increased exposure to self-employed customers and LAP segment. Compared to other HFCs, company's Gross NPL level would appear on the higher side but considering the characteristic of the franchise, it is benign. RHFL has long experience in underwriting risks in the non-salaried space and this has translated into strong credit performance of the segment. For instance, Gross NPLs in self-employed home loans portfolio is only marginally higher as compared to salaried home loan book. Even in the case of LAP, Gross NPL level of ~2.5% is modest, which is underscored by strong understanding of borrower's cash flows and a granular book. While many NBFCs have witnessed increase in stress within their LAP portfolios in recent quarters, RHFL's book continues to behave well. In the medium to longer term, company's asset quality should continue to hold steady while exhibiting the quarterly seasonality associated with the self-employed segment. The credit cost, however, could inch-up a bit over the next couple of years as the management intends to take PCR towards 100%, which currently stands at 50%.

RHFL has long experience in underwriting risks in the non-salaried space

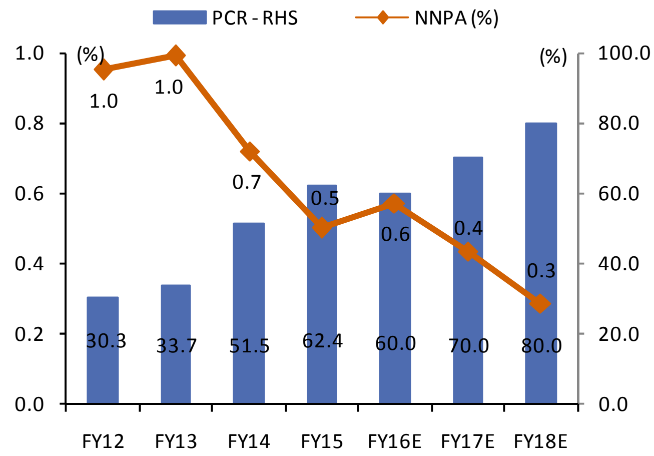
Gross NPLs in self-employed home loans portfolio is only marginally higher as compared to salaried home loan book

Even in the case of LAP, Gross NPL level of ~2.5% is modest

State-wise NPL levels



As RHFL buffers PCR, Net NPLs will come-off



Source: Company, India Infoline Research

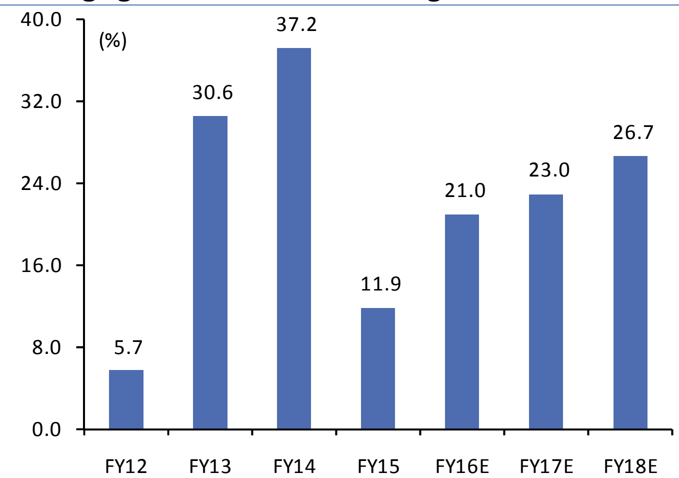
A premium franchise; valuation will remain elevated

In our view, RHFL is a premium franchise, which would continue to deliver strong growth and high profitability in the coming years. We believe that inherent RoA band for the business is 2-2.4%, which translates to 22-23% sustainable RoEs at optimal leverage, which is one of the best in industry. The estimated earnings growth delivery of 23-24% pa over FY15-18 would also be superior to most HFCs. While high state concentration of the business is a potential risk, the management has been gradually mitigating it by expanding the franchise pan-India. To most RHFL's valuation may appear full at 3.1x FY18 P/ABV, but we believe there is some headspace for re-rating. However, the return for a prospective investor in the longer term would mainly come from significant book value expansion. We initiate coverage on RHFL with a BUY recommendation and 12-month price target of Rs. 770.

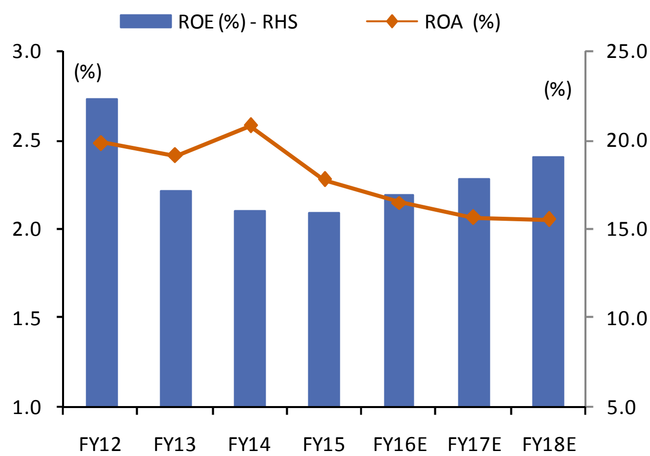
Inherent RoA band for RHFL is 2-2.4%, which translates to 22-23% sustainable RoEs at optimal leverage

Return for a prospective investor would mainly come from sustained brisk book value growth

Earnings growth to remain strong

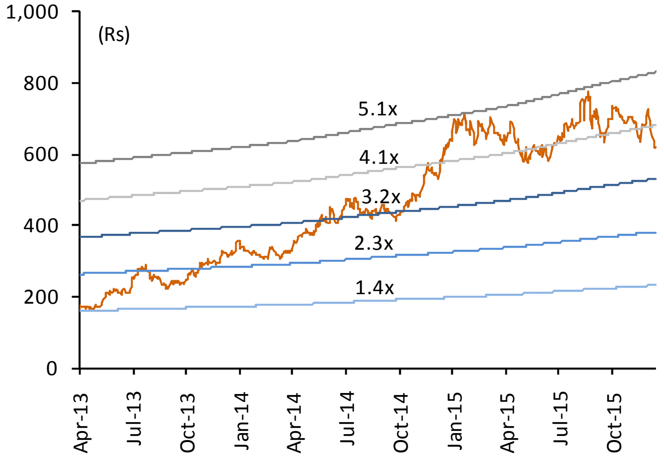


High profitability to remain intact

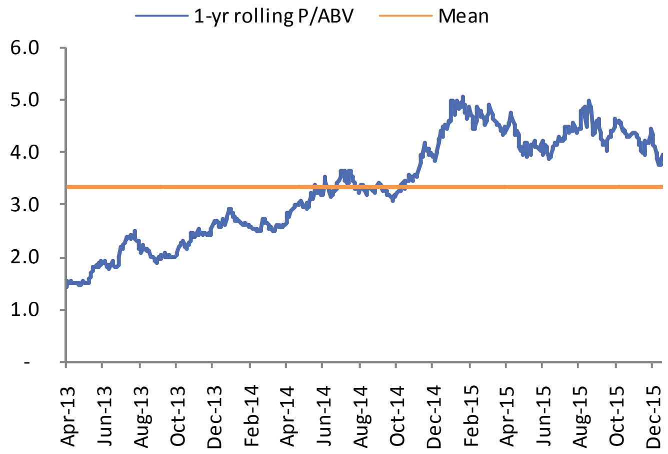


Source: Company, India Infoline Research

1-year rolling fwd P/ABV



Trading above mean



Source: Company, India Infoline Research

Premium valuation but superior matrix

Company	M-Cap (Rs cr)	AUM (Rs cr)	Advances CAGR FY15-17 (%)	RoA FY17E	RoE FY17E	P/ABV FY17E (x)	P/E FY17E (x)	CAR (%)
HDFC Ltd*	1,92,674	2,67,116	16.0	2.7	22.1	3.0	14.5	17.4
LIC HF	24,427	1,14,069	21.0	1.5	21.8	2.1	16.6	15.3
Dewan Hsg	6,738	62,800	21.3	1.7	17.2	1.0	6.8	15.3
Gruh Finance^	9,491	9,913	28.0	2.5	33.0	8.9	29.7	15.7
Can Fin Homes	27,898	9,303	31.5	1.2	16.7	2.8	17.9	17.2
Repco Home Finance	3,975	6,849	28.2	2.1	17.8	3.7	21.7	19.4

Source: Company, India Infoline Research
**Standalone basis, ^ Consensus estimates*

Financials

Income statement

Y/e 31 Mar (Rs cr)	FY15	FY16E	FY17E	FY18E
Income from Opratns	692	874	1,093	1,366
Interest expense	(432)	(549)	(690)	(858)
Net interest income	**260**	**324**	**403**	**508**
Non-interest income	1	1	1	2
Total op income	**261**	**325**	**405**	**510**
Total op expenses	(55)	(70)	(87)	(102)
Op profit (pre-prov)	**207**	**255**	**318**	**408**
Provisions	(20)	(28)	(41)	(60)
Exceptional Items	0	0	0	0
Profit before tax	**186**	**227**	**277**	**348**
Taxes	(63)	(78)	(94)	(116)
Net profit	**123**	**149**	**183**	**232**

Balance sheet

Y/e 31 Mar (Rs cr)	FY15	FY16E	FY17E	FY18E
Equity Capital	62	62	62	62
Reserves	750	884	1,049	1,259
Shareholder's funds	**812**	**947**	**1,112**	**1,322**
Long-term borrow	3,880	5,048	6,543	8,405
Deferred tax liab	34	41	49	59
Long term provi	76	91	110	132
Total non-curr liab	**3,990**	**5,180**	**6,702**	**8,596**
Short Term Borrow	485	631	818	1,050
Other current liab	775	1,008	1,307	1,679
Short term prov	14	16	20	24
Total current liab	**1,273**	**1,655**	**2,144**	**2,753**
Equity + Liab	**6,076**	**7,782**	**9,957**	**12,671**
Fixed Assets	9	11	13	15
Non-current inv	12	12	12	12
Long-term loans/adv	5,628	7,218	9,234	11,748
Def tax assets (Net)	0	0	0	0
Total Non-current assets	**5,649**	**7,241**	**9,259**	**11,776**
Trade receivables	0	0	0	0
Cash & equivalents	18	18	30	47
Short-term loans/adv	394	506	647	823
Other current assets	15	18	21	26
Total Current assets	**427**	**541**	**698**	**895**
Total Assets	**6,076**	**7,783**	**9,957**	**12,671**

Key ratios

Y/e 31 Mar	FY15	FY16E	FY17E	FY18E
Growth matrix (%)				
Net interest income	24.4	24.6	24.3	26.0
Total op income	24.0	24.6	24.3	26.0
Op profit (pre-prov)	20.2	23.6	24.6	28.2
Net profit	11.9	21.0	23.0	26.7
Advances	29.0	28.4	27.9	27.2
Borrowings	30.8	31.0	29.6	28.5
Total assets	28.3	28.1	27.9	27.3
Profitability Ratios (%)				
NIM	4.9	4.7	4.6	4.5
Non-int inc/Total inc	0.3	0.3	0.3	0.3
Return on Avg Equity	2.3	2.2	2.1	2.1
Return on Avg Assets	15.9	17.0	17.8	19.1
Per share ratios (Rs)				
EPS	19.7	23.9	29.4	37.2
Adj.BVPS	125.3	144.6	171.2	206.1
DPS	1.5	2.0	2.5	3.0
Other key ratios (%)				
Loans/Borrowings	1.2	1.2	1.1	1.1
Cost/Income	20.9	21.6	21.4	20.0
CAR	20.3	21.1	19.4	18.1
Tier-I capital	20.3	21.1	19.4	18.1
Gross NPLs/Loans	1.3	1.4	1.5	1.4
Credit Cost	0.4	0.4	0.5	0.5
Net NPLs/Net loans	0.5	0.6	0.4	0.3
Tax rate	33.8	34.3	33.8	33.3
Dividend yield	0.2	0.3	0.4	0.5

'Best Broker of the Year' – by Zee Business for contribution to broking

Nirmal Jain, Chairman, IIFL, received the award for The Best Broker of the Year (for contribution to broking in India) at India's Best Market Analyst Awards 2014 organised by the Zee Business in Mumbai. The award was presented by the guest of Honour Amit Shah, president of the Bharatiya Janata Party and Piyush Goel, Minister of state with independent charge for power, coal new and renewable energy.

'Best Equity Broker of the Year' – Bloomberg UTV, 2011

IIFL was awarded the 'Best Equity Broker of the Year' at the recently held Bloomberg UTV Financial Leadership Award, 2011. The award presented by the Hon'ble Finance Minister of India, Shri Pranab Mukherjee. The Bloomberg UTV Financial Leadership Awards acknowledge the extraordinary contribution of India's financial leaders and visionaries from January 2010 to January 2011.

'Best Broker in India' – Finance Asia, 2011

IIFL has been awarded the 'Best Broker in India' by Finance Asia. The award is the result of Finance Asia's annual quest for the best financial services firms across Asia, which culminated in the Country Awards 2011

Other awards

Recommendation parameters for fundamental reports:

Buy – Absolute return of over +15%

Accumulate – Absolute return between 0% to +15%

Reduce – Absolute return between 0% to -10%

Sell – Absolute return below -10%

Call Failure - In case of a Buy report, if the stock falls 20% below the recommended price on a closing basis, unless otherwise specified by the analyst; or, in case of a Sell report, if the stock rises 20% above the recommended price on a closing basis, unless otherwise specified by the analyst

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