

MANAPPURAM FINANCE

Soft quarter

India Equity Research | Banking and Financial Services

Manappuram Finance's (MGFL) Q4FY17 numbers came below trend as demonetisation and political interference impacted gold loans and MFI business. While gold loan disbursements normalised a tad (up 1.7% QoQ), higher auctions (bunched up in Q4FY17) led to AUM dip of >9% QoQ to INR111bn. MFI business reported a loss of ~INR75mn as GNPLs rose sharply to 4.7% (0.16% in Q3FY17) leading to higher provisioning of INR396mn (up > 10x YoY). Meanwhile, other businesses (home loans, CV loans) posted impressive growth. Diversification will entail lower risks of mono-line business model. Maintain 'BUY'.

Higher auctions dent AUMs; NIMs sustained

Disbursements in Q4FY17 stood at INR123bn (up ~1.7% QoQ); however, higher auctions (INR7.9bn, bunched up in Q4FY17) led to >9% QoQ dip in gold AUMs. Meanwhile, under-recoveries were minuscule due to tilt towards shorter-duration loans. Sustained yields, along with better funding cost, bolstered revenue momentum. Management expects demonetisation impact to wane in FY18 and growth to normalise. Notably, other businesses—MFI book touched INR18bn and home loans & CVs at >INR3bn each—are making good progress. MGFL aims to take proportion of new business to 25% (~19% currently) by FY18 and 50% by FY20 with overall loan CAGR target of 20%.

Asset quality: Gold loans recovering gradually, MFI under pressure

With aggressive auctions during the quarter, GNPLs in gold business dipped to 2.0% (2.3% in Q3FY17), indicating softer recovery trend. Meanwhile, GNPLs in MFI business spiked to 4.7% (0.16% in Q3FY17) with stress largely flowing from Karnataka (MGFL has limited exposure to other stressed states of UP & Maharashtra), which along with aggressive provisioning policy, took a toll on MFI earnings. QoQ growth in MFI AUM of >8.8% indicates management's comfort that asset quality concern is waning.

Outlook and valuations: On diversification drive; maintain 'BUY'

We see growth levers: a) stabilising gold prices; b) gap in AUM/gram (INR1,821 versus incremental lending at INR1,900-2,000); and c) stabilising auctions to aid growth. However, following lower AUM base set in FY17 and uncertainty following new rule of cash disbursements being restricted to INR20k, along with higher opex, we prune our FY18/FY19 earnings estimates by 6%/10%. Further push will come from scale up of other businesses, which will drive re-rating. The stock is trading at 1.7x FY19E P/BV (consolidated). We maintain 'BUY/SO' with TP of INR120.

Financials

(INR mn)

Year to March	Q4FY17	Q4FY16	Growth (%)	Q3FY17	Growth (%)	FY17	FY18E	FY19E
Net revenue	5,487	3,895	40.9	5,227	5.0	20,059	22,563	25,729
Net profit	2,072	1,248	66.0	1,899	9.1	7,260	8,375	9,622
Dil. EPS (INR)	2.5	1.5	66.2	2.3	8.8	8.6	10.0	11.4
Adj. BV (INR)						35.5	41.1	47.4
Price/ Adj book (x)						2.6	2.2	1.9
Price/ Earnings (x)						10.5	9.1	7.9

EDELWEISS 4D RATINGS

Absolute Rating	BUY
Rating Relative to Sector	Outperform
Risk Rating Relative to Sector	High
Sector Relative to Market	Overweight

MARKET DATA (R: MNFL.BO, B: MGFL IN)

CMP	: INR 91
Target Price	: INR 120
52-week range (INR)	: 107 / 51
Share in issue (mn)	: 841.9
M cap (INR bn/USD mn)	: 77 / 1,190
Avg. Daily Vol.BSE/NSE('000)	: 6,086.1

SHARE HOLDING PATTERN (%)

	Current	Q3FY17	Q2FY17
Promoters *	34.5	34.5	34.4
MF's, FI's & BK's	15.9	22.1	22.8
FII's	24.2	19.3	18.0
Others	25.4	24.2	24.8
* Promoters pledged shares (% of share in issue)	:	NIL	

PRICE PERFORMANCE (%)

	Stock	Nifty	EW Banks and Financial Services Index
1 month	(4.8)	2.6	5.1
3 months	(8.0)	7.3	11.2
12 months	74.8	18.9	34.3

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May 26, 2017

Sound progress in new business segments

One of the key highlights of Q4FY17 was the impressive growth momentum in new businesses, despite a challenging environment. This led to consolidated AUM of INR137bn (up >19% YoY, albeit down ~6% QoQ following higher auctions in gold loan business). Going forward, management aims to take the proportion of non-gold AUM to 25% by FY18 (~19% currently), thus supporting 20% overall loan CAGR.

- **Microfinance (MFI; acquired 85% stake in Asirvad Micro Finance):** MFI AUM came in at INR17.9bn (up ~9% QoQ; swift recovery post demonetisation). The MFI book now constitutes ~13.1% of overall portfolio (~11.3% in Q3FY17). MGFL has presence across 15 states and 2 Union Territories with a network of 763 branches, serving 1.2mn customers. Owing to huge untapped potential, management expects strong growth to sustain going forward. However, we will monitor the delinquency trend in a few states (impacted by political intervention) which may impact profitability of the segment.
- **Housing:** Home loans gained strong traction during the quarter, coming in at INR3.1bn (up ~18% QoQ). The segment is making good progress, with focus on affordable housing for mid-to-low income group. MGFL's housing finance business has a network of 35 branches spread across 6 states. Given the huge opportunity landscape and expanding presence (focus on South and West India), growth is likely to gather momentum. Management expects to take AUM to INR30bn by FY20.
- **Commercial vehicles:** On healthy ~22% QoQ growth, CV AUM came in at INR3.0bn. The business has a network of 50 branches (operations are carried out from existing gold loan branches) spread across 10 states, with focus on South and West markets. Given thrust on under-served customers with no access to formal banking system and expanding presence, MGFL expects growth momentum to sustain.

Table 1: Auctions pull down gold loans AUMs, traction continues in non-gold businesses

(INR mn)	Consolidated loan book				Growth			
	FY16	FY17	FY18E	FY19E	FY17	FY18E	FY19E	CAGR FY16-19E
Gold loan	1,00,806	1,11,245	1,27,960	1,49,943	10.4%	15.0%	17.2%	14.2%
Non-Gold AUM	13,534	25,563	37,232	48,705	88.9%	45.6%	30.8%	53.2%
- Microfinance	9,998	17,959	25,143	31,429	79.6%	60.0%	25.0%	46.5%
- CVs	1,298	3,058	4,740	6,636	135.6%	50.0%	40.0%	72.3%
- Home loans	1,286	3,104	5,432	8,148	141.4%	75.0%	50.0%	85.0%
- LAP	442	575	747	971	30.0%	30.0%	30.0%	30.0%
- Other loans	510	867	1,170	1,522	70.0%	35.0%	20.0%	44.0%
Consolidated AUMs	1,14,340	1,36,808	1,65,192	1,98,648	19.7%	20.7%	20.3%	20.2%

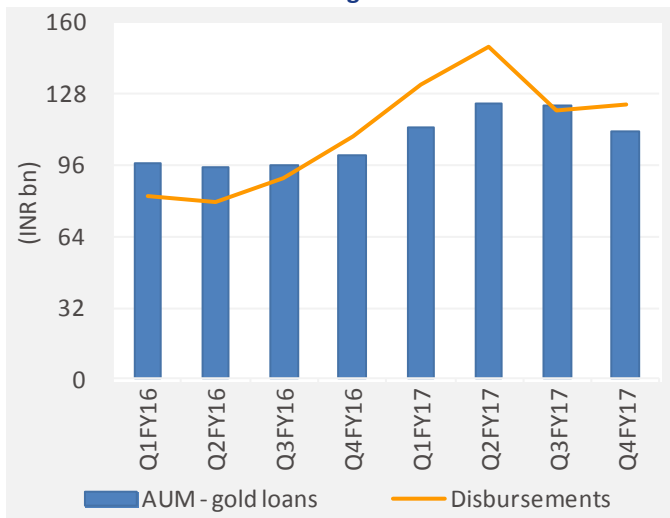
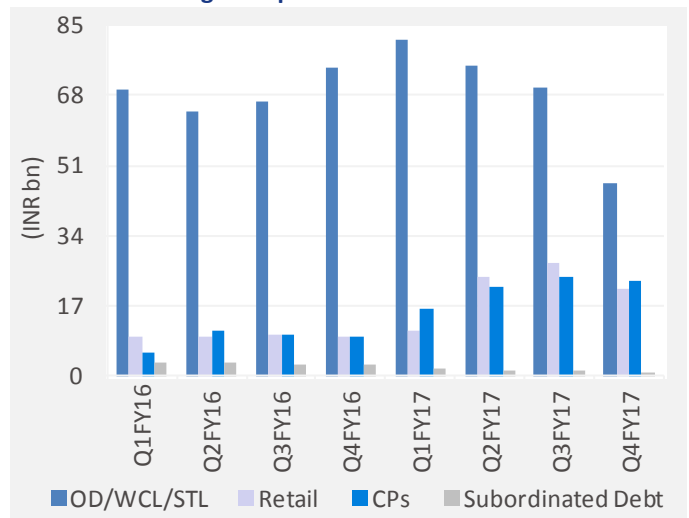
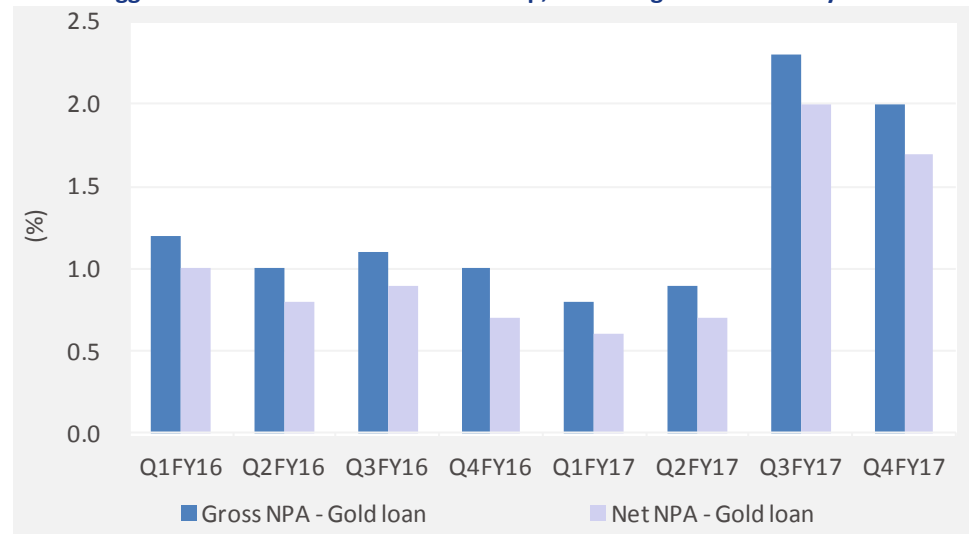
Source: Company, Edelweiss research

Table 2: Non-gold AUM contribution to rise

	Standalone			Consolidated		
	FY17	FY18E	FY19E	FY17	FY18E	FY19E
Net profit (INR mn)	7,260	8,375	9,622	7,706	9,246	10,881
Networth (INR mn)	31,218	35,952	41,390	33,861	39,466	46,164
RoA (%)	6.8%	7.0%	6.9%	6.1%	6.1%	6.0%
RoE (%)	24.8%	24.9%	24.9%	25.1%	25.2%	25.4%
EPS (INR)	8.6	10.0	11.4	9.2	11.0	12.9
Book value (INR)	37.1	42.7	49.2	40.3	46.9	54.9
Diluted P/E	10.8	9.4	8.1	10.2	8.5	7.2
P/BV	2.5	2.2	1.9	2.3	2.0	1.7

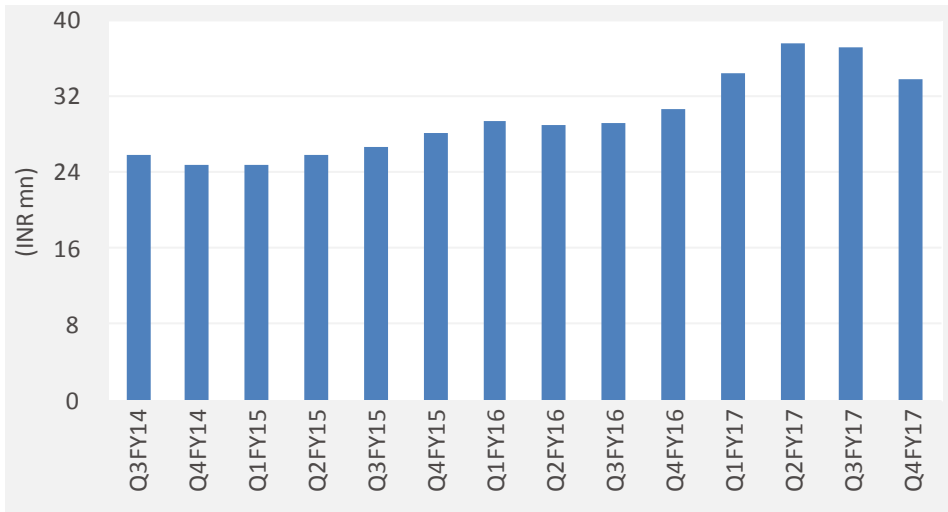
Source: Edelweiss research

Note: RoA and RoE have been calculated on average AUM

Chart 1: Disbursements show signs of normalisation..

Chart 2: Borrowings composition

Chart 3: Aggressive auctions feed into GNPLs dip, indicating softer recovery trend


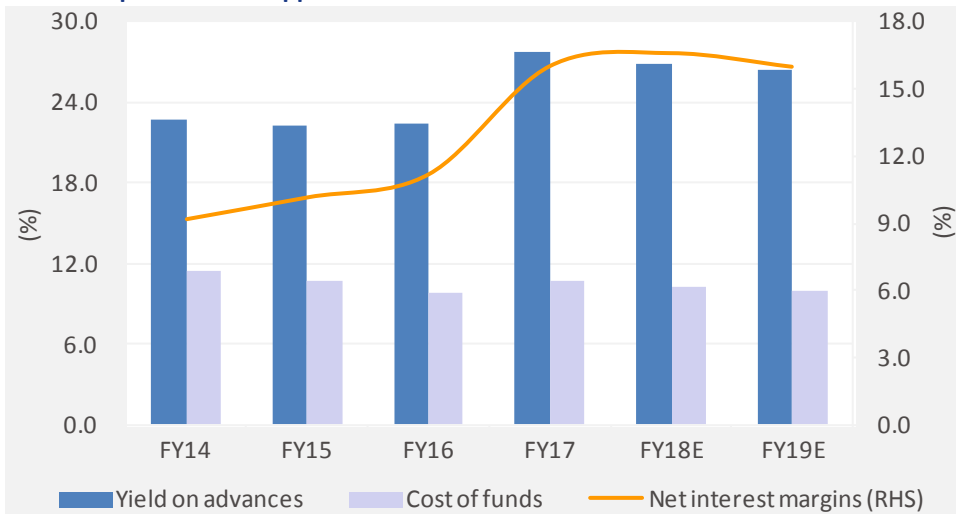
Source: Company

Chart 4: Business/branch has seen a moderation



Source: Company

Chart 5: Superior NIMs support revenue traction



Source: Company, Edelweiss research

Financial snapshot

(INR mn)

Year to March	Q4FY17	Q4FY16	% change	Q3FY17	% change	FY17E	FY18E	FY19E
Operating income	7,887	6,046	30.5	7,904	(0.2)	29,528	32,238	36,900
Interest expanded	2,404	2,156	11.5	2,680	(10.3)	10,026	10,283	11,879
Net revenues	5,487	3,895	40.9	5,227	5.0	20,059	22,563	25,729
Operating expenses	2,145	1,757	22.1	1,893	13.3	7,772	8,719	9,799
Pre-provision profit	3,342	2,138	56.3	3,334	0.2	12,287	13,844	15,930
Provisions & write-offs	8	91	(90.9)	279	(97.0)	556	647	786
Operating profit	3,333	2,047	62.8	3,055	9.1	11,732	13,196	15,144
Depreciation	144	145	(0.6)	146	(1.3)	583	602	676
Profit before tax	3,190	1,903	67.6	2,909	9.6	11,149	12,595	14,469
Tax	1,118	654	70.8	1,010	10.6	3,888	4,219	4,847
PAT	2,072	1,248	66.0	1,899	9.1	7,260	8,375	9,622
Diluted EPS (INR)	2.5	1.5	66.2	2.3	8.8	8.6	10.0	11.4

Ratios

Gross NPA - Gold loan(%)	2.0	1.0		2.3		2.0	1.8	1.7
Net NPA - Gold loan (%)	1.7	0.7		2.0		1.7	1.5	1.4
Tax rate (%)	35.0	34.4		34.7		34.9	33.5	33.5

Valuation metrics

B/V per share (INR)						37.1	42.7	49.2
Adj book value / share						35.5	41.1	47.4
Price/ Book (x)						2.4	2.1	1.8
Price/ Adj. book (x)						2.6	2.2	1.9
Price/ Earnings						10.5	9.1	7.9

Change in Estimates

	New	FY18E Old	% change	New	FY19E Old	% change	Comments
NII	21,862	23,474	(6.9)	24,910	27,440	(9.2)	Factoring in lower growth
PPOP	13,242	14,456	(8.4)	15,255	17,175	(11.2)	Factoring in higher opex
Provisions	647	1,010	(35.9)	786	988	(20.5)	
PAT	8,375	8,941	(6.3)	9,622	10,764	(10.6)	
NIMs	16.6	13.9		16.0	13.5		

Q4FY17 earnings call takeaways

- Growth momentum seen in H1FY17 has moderated in H2FY17, this was largely due to a) demonetisation, which to an extent has caused disruption in working capital cycle in unorganised sector which may take a quarter or two to return to normalcy and b) drought like situation faced by southern state. The consol AUM stood at INR137 - up 19.5% YoY/ down 6.2% QoQ. Management expect the growth to return to normalcy in FY18 and expects to track 20% growth in consol AUM and expect gold loan growth in excess of 10%.
- Auction during the quarters was higher at INR7.89bn (3.8 tonnes of gold), due to bunching as the auctions (pushed from Q3FY17). However due to tilt towards shorter duration loans the under-recoveries has not be much.
- 60% of the incremental disbursements are non-cash disbursements. Online gold loan AUM stood at 11.9% (versus 9.7% in previous quarter)
- NPAs on account of theft, spurious collateral etc. are 0.09% of AUM
- Marginal Cost of borrowings at 8.8% while book borrowing cost stood at 9.7% suggest still scope for improvement.

In terms of new business

- New business now contributed 19% of overall AUMs , target is to reach 25% by FY18 and 50% by FY20
- Home loans (operated through 35 branches, AUM – INR3.1bn aim to take it to INR30bn by FY20) and CV business (operated from 50 locations, AUM – INR3bn) has attained stability and will contribute handsomely over ensuing quarters.
- **With respect to Microfinance business:**
 - Disbursement in Aashirwad in back of de-monetisation level. Portfolio at risk – 30dpd is 3.5% . The company has 4% exposure to UP and just started business in Maharastra (INR20mn portfolio). The main hit is coming from Karnataka (particularly Bangaluru).
 - 55% of the AUMs is from new state wherein company has forayed after acquisition.
 - Have not used RBI dispensation , follows tighter provision norms (100% provisions on > 120dpd and 50% on 90-120dpd) thus has made INR118mn of extra provisions vis-à-vis RBI (which required 100% for >180dpd and 50% for 90-180dpd), which impacted profitability.
 - Aiming to have 100% cashless disbursements.

Other highlights

- Housing Finance as INR1bn network.
- 15% of the book is less than INR20k ticket size.
- Capital gearing – 3.3x (consol) , 3.0x (standalone). Not looking to raise equity at this point of time.
- Not aiming to shift the current borrowing mix.
- There is no sharing of operating resources between Gold laons and MFI business.
- Aims to deliver 20% RoE over next 3-4 years.

Q3FY17 earnings call takeaways

With respect to the recent de-monetisation scheme

- While new customer maintained traction (suggest demand for gold loans), however the demand on the existing customer was softer. Cash situation now is close to normal so business situation close to normal.
- Online gold loan accounts for 9.7% (6% in Q2FY17)
- Non-cash disbursement at 65% for Nov/Dec versus 53% in October
- Demonetisation phase was only temporary so haven't seen any major impact on the un-organised segment.
- If there was no demonetisation AUM growth would have been similar to last quarter sequentially.

With respect to growth metrics

- Growth has been impacted following demonetisation a) loan disbursements a problem due to cash crunch, many customer didn't had the bank account b) repayment problem for customer as old notes were not accepted
- **Gold holdings – 65.4 tonnes (65.9 tonnes in Q2FY17) down 1.2% QoQ due to lower traction in existing customer, however new customer addition was on track.**
- Growth expectation of 20% CAGR over next 4-5 years.
- Rollover is 90% of disbursement and 10% is new customer disbursements.
- On the average there are 1.8x loans per customer.
- **In terms of new business**
 - New business now contributed 15.7% of overall AUMs , target is to reach 25% by FY18 and 50% by FY20
 - Micro Finance subs (Ashiwad) has put another good quarter of performance (AUM growth of >5% QoQ) . Larger part of the growth will be driven by MFI segment. The company now operated through 15 states , and new geographies contribute 25% of the AUMs.
 - Home loans (operated through 34 branches, AUM – INR2.6bn) and CV business (operated from 46 locations, AUM – INR2.5bn) has attained stability and will contribute handsomely over ensuing quarters.

Asset quality

- The rise in GNPLs were more technical in nature due to pending auction which will probably be cleared by Q4 and this will be reversed back.
- **Have not utilised any RBI dispensation during the quarter.** Standard assets provisions at 40bps (versus RBI requirement of 35bps)
- Auction during the quarter at INR810mn(416kg). The shortage of currently and the volatility in gold prices has led to some postponement in auctions.
- LTV (weighted average) – 71% (INR1885)

- Most of the provisions are towards gold loan. Some extra provisions were made in MFI business as a cautious stance.
- Collection efficiency in MFI business was November was 98% and for December was 92%
- Collection efficiency is relatively lower in Western UP, parts of Maharashtra and Karnataka. However the branches in these geography were relatively lower
- ***Interest accrued was at INR4.14bn (3.4% of gold loans versus 3.9% a year ago) which suggest that collection is really working.***

Other highlights

- Consol Head count is 21039 (20493).
- NPAs on account of theft, spurious collateral etc. are only 0.09% of AUM.
- The rise in MFI book yield was due to change in mix (other products such as solar lantern etc being sold).
- 13% of the customer has ticket size of > INR0.1mn
- To protect the loan taken by jeweler the company has capped the loans to customer at 10.
- Consolidated cost of borrowing at 9.9% with incremental cost of borrowing at 8.7%

Company Description

The Manappuram Group was started in 1949 by Late Mr. V. C. Padmanabhan, with focus primarily on money lending activities. The group has come a long way in >65 years operating five companies under its fold, strong distribution network of 3,293 branches spread across 23 states and 4 union territories, and a live customer base of >2mn as of March, 2017.

Manappuram Finance, Manappuram Group's flagship company, is the leading gold loan providing NBFC based out of Kerala, with ~INR111bn assets under management. It is present in the (collateralised) micro-finance space (average ticket size of ~INR20k), with the main line of business being 'lending against household jewellery'. It does not incrementally provide loans to jewellers, banks, or against bullion as per the regulatory requirements. It has transitioned from a hire purchase company to a gold loan company in view of the market fallout.

Investment Theme

MGFL's earnings have been volatile due to regulatory whip, auction and accounting policy change. With writing off of stressed pool during aggressive growth phase and conservative policy of recognising income, NPL management should be better. Also, the RBI has reposed importance to organised way of monetising idle gold indicating long-term sustainability of business model. Key monitorable for the stock will be emergence of stability in key business metrics namely, margins, growth and asset quality performance. MGFL is also focused on diversifying its business model with MFI, CV and housing loans estimated to constitute more than 25% by FY18.

Key Risks

- We believe competition intensity in gold loan financing is bound to rise in the next few years, posing a risk to NIMs enjoyed by specialised gold loan financiers like Manappuram
- Like any other financial asset, demand and asset quality of gold loans is susceptible to price fluctuations of underlying collateral (gold)
- The company runs the risk of providing easy access to liquidity for stolen jewellery. It also runs the key man risks at the branch level and possibility of collusion between borrowers and loan approvers.

Financial Statements

Key Assumptions

Year to March	FY16	FY17E	FY18E	FY19E
Macro				
GDP(Y-o-Y %)	7.2	6.5	7.1	7.7
Inflation (Avg)	4.9	4.8	5.0	5.2
Repo rate (exit rate)	6.8	6.3	6.3	6.3
USD/INR (Avg)	65.0	67.5	67.0	67.0
Sector				
Credit growth	9.3	9.0	12.0	14.0
Deposit growth	8.6	14.0	12.0	13.0
Bank's base rate (%)	9.5	9.0	9.0	9.0
Wholesale borr. cost (%)	8.5	8.5	8.5	8.5
G-sec yield	7.5	6.5	6.5	6.5
Company				
Op. metric assump. (%)				
Yield on advances	22.5	27.8	26.9	26.5
Cost of funds	9.8	10.7	10.3	10.0
Net interest margins	11.2	16.1	16.6	16.0
Opex Growth				
- employee cost	28.3	5.4	12.4	13.8
- rent	2.1	7.7	6.0	7.0
Tax rate (%)	35.0	34.9	33.5	33.5
Dividend payout	44.9	40.0	37.0	37.0
Balance sheet assumption (%)				
Number of branches	3,293	3,343	3,418	3,493
Disbursement growth	47.0	45.5	16.3	17.2
Gold loan tenure	2.3	2.3	2.3	2.3
AUMs (in tonnes)/branch	30.6	33.3	37.4	42.9
Gross NPLs	1.0	2.0	1.8	1.7
Prov Cov	22.4	14.0	15.5	17.0

Income statement

(INR mn)

Year to March	FY16	FY17E	FY18E	FY19E
Interest income	21,734	29,451	32,146	36,789
Interest expended	8,849	10,026	10,283	11,879
Net interest income	12,885	19,425	21,862	24,910
- Fee & forex income	462	634	701	819
Net revenues	13,347	20,059	22,563	25,729
Operating expense	7,834	8,354	9,321	10,474
- Employee exp	3,988	4,205	4,726	5,380
- Depn /amortisation	531	583	602	676
- Other opex	3,315	3,567	3,993	4,419
Preprovision profit	5,513	11,705	13,242	15,255
Provisions	324	556	647	786
Profit Before Tax	5,188	11,149	12,595	14,469
Less: Provision for Tax	1,816	3,888	4,219	4,847
Profit After Tax	3,372	7,260	8,375	9,622
Reported Profit	3,372	7,260	8,375	9,622
Shares o /s (mn)	841	841	841	841
Basic EPS (INR)	4.0	8.6	10.0	11.4
Diluted shares o/s (mn)	841	841	841	841
Adj. Diluted EPS (INR)	4.0	8.6	10.0	11.4
Dividend per share (DPS)	1.8	3.5	3.7	4.2
Dividend Payout Ratio(%)	44.9	40.0	37.0	37.0

Growth ratios (%)

Year to March	FY16	FY17E	FY18E	FY19E
Revenues	20.4	50.3	12.5	14.0
NII growth	20.0	50.8	12.5	13.9
Opex growth	17.2	6.6	11.6	12.4
PPP growth	25.3	112.3	13.1	15.2
Provisions growth	18.2	71.2	16.5	21.5
Adjusted Profit	24.6	115.3	15.4	14.9

Operating ratios

Year to March	FY16	FY17E	FY18E	FY19E
Yield on advances	22.5	27.8	26.9	26.5
Cost of funds	9.8	10.7	10.3	10.0
Net interest margins	11.2	16.1	16.6	16.0
Spread	12.6	17.1	16.6	16.5
Cost-income	58.7	41.6	41.3	40.7
Tax rate	35.0	34.9	33.5	33.5

Balance sheet		(INR mn)			
As on 31st March	FY16	FY17E	FY18E	FY19E	
Share capital	1,682	1,684	1,684	1,684	
Reserves & Surplus	25,686	29,534	34,268	39,707	
Shareholders' funds	27,368	31,218	35,952	41,390	
Short term borrowings	81,937	77,887	92,434	110,232	
Long term borrowings	14,460	13,745	16,312	19,453	
Total Borrowings	96,397	91,632	108,746	129,685	
Long Term Liabilities	2,263	8,303	8,150	8,284	
Def. Tax Liability (net)	(391)	(553)	(300)	(300)	
Sources of funds	125,638	130,599	152,548	179,059	
Gross Block	4,839	5,315	6,190	7,065	
Net Block	1,841	1,738	2,002	2,196	
Capital work in progress	10	9	11	12	
Intangible Assets	48	45	52	57	
Total Fixed Assets	1,898	1,792	2,065	2,264	
Non current investments	435	353	400	448	
Cash and Equivalents	16,333	14,116	16,555	19,016	
Loans & Advances	100,807	111,245	127,960	149,944	
Current assets (ex cash)	8,427	11,397	13,719	15,672	
Trade payable	269	988	969	985	
Other Current Liab	1,994	7,316	7,181	7,299	
Total Current Liab	2,263	8,303	8,150	8,284	
Net Curr Assets-ex cash	6,163	3,094	5,569	7,388	
Uses of funds	125,638	130,599	152,548	179,059	
BVPS (INR)	32.5	37.1	42.7	49.2	

RoE decomposition (%)		FY16	FY17E	FY18E	FY19E
Year to March					
Net int. income/assets		11.2	16.1	16.6	16.0
Non int. income/assets		0.4	0.5	0.5	0.5
Net revenues/assets		11.6	16.6	17.2	16.6
Operating expense/assets		(6.8)	(6.9)	(7.1)	(6.7)
Provisions/assets		(0.3)	(0.5)	(0.5)	(0.5)
Taxes/assets		(1.6)	(3.2)	(3.2)	(3.1)
Total costs/assets		(8.7)	(10.6)	(10.8)	(10.4)
ROA		2.9	6.0	6.4	6.2
Equity/assets		23.4	24.2	25.6	24.9
ROAE (%)		12.6	24.8	24.9	24.9

Valuation parameters		FY16	FY17E	FY18E	FY19E
Year to March					
Adj. Diluted EPS (INR)		4.0	8.6	10.0	11.4
Y-o-Y growth (%)		24.6	115.3	15.4	14.9
BV per share (INR)		32.5	37.1	42.7	49.2
Adj. BV per share (INR)		31.9	35.5	41.1	47.4
Diluted P/E (x)		22.7	10.5	9.1	7.9
P/B (x)		2.8	2.4	2.1	1.8
Price/ Adj. BV (x)		2.8	2.6	2.2	1.9
Dividend Yield (%)		2.0	3.8	4.1	4.7

Peer comparison valuation

Name	Market cap (USD mn)	Diluted P/E (X)		P/B (X)		ROAE (%)	
		FY18E	FY19E	FY18E	FY19E	FY18E	FY19E
Manappuram General Finance	1,190	9.1	7.9	2.1	1.8	24.9	24.9
Capital First	1,081	19.6	15.4	2.8	2.4	14.9	16.6
Dewan Housing Finance	1,997	11.6	10.1	1.5	1.4	13.7	14.3
HDFC	38,164	29.6	25.8	5.6	5.1	20.0	20.8
Indiabulls Housing Finance	7,151	13.3	11.1	3.5	3.0	27.7	29.2
LIC Housing Finance	5,521	16.3	14.8	2.8	2.4	19.6	18.9
Mahindra & Mahindra Financial Services	2,763	26.2	17.9	2.6	2.4	10.2	13.8
Muthoot Finance	2,473	11.5	10.2	2.1	1.8	19.7	19.4
Power Finance Corp	5,881	5.5	5.2	0.8	0.8	16.1	15.3
Reliance Capital	2,328	12.2	9.7	0.9	0.8	7.4	8.6
Repco Home Finance	756	22.6	18.6	3.7	3.1	17.5	18.0
Rural Electrification Corporation	6,263	6.5	6.1	1.1	0.9	17.2	16.1
Shriram City Union Finance	2,302	17.5	12.3	2.6	2.2	15.7	19.3
Shriram Transport Finance	3,473	13.3	8.7	1.8	1.5	14.2	18.8
Median	-	13.3	10.7	2.4	2.0	16.6	18.4
AVERAGE	-	15.3	12.4	2.4	2.1	17.1	18.1

Source: Edelweiss research

Additional Data

Directors Data

Jagdish Capoor	Non-Executive Chairman	V.P. Nandakumar	Managing Director & CEO
B.N. Raveendrababu	Executive Director	Shailesh J. Mehta	Director
V.R. Ramachandran	Director	P. Manomohanan	Director
Rajiven V.R	Director	E A Kshirsagar	Director
Dr. Amla Samanta	Director		

Auditors - S.R. Batliboi & Associates LLP

**as per last annual report*

Holding - Top 10

	Perc. Holding		Perc. Holding
Baring Private Equity Partners	8.80	Ward Ferry Mangement (BVI)	4.99
DSP Blackrock Investment Manager	3.04	Dhawan Ashish	2.00
L&T Investment Management	1.85	Mousse Ganesh	1.54
Vanguard Group	1.43	Morgan Stanley	1.15
Dimensional Fund Advisors	1.13	Kharma Dolly	1.13

**as per last available data*

Bulk Deals

Data	Acquired / Seller	B/S	Qty Traded	Price
28 Feb 2017	Baring India Pvt Equity Fund Iii Listed Invest Ltd	Sell	31744389	97.30
28 Feb 2017	Barclays Merchant Bank (Singapore) Ltd	Buy	31744389	97.30
16 Sep 2016	Vanguard International Explorer Fund	Buy	4565348	95.55

**in last one year*

Insider Trades

Reporting Data	Acquired / Seller	B/S	Qty Traded
11 Apr 2017	SUMITHA NANDAN	Sell	25000.00
02 Mar 2017	BARING INDIA PRIVATE EQUITY FUND III LISTED INVESTMENTS LIMITED	Sell	31744389.00
13 Jan 2017	NANDAKUMAR V P	Buy	138500.00
22 Dec 2016	NANDAKUMAR V P	Buy	163000.00
05 Dec 2016	P.D.PRASANAN	Buy	25000.00

**in last one year*

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

Allahabad Bank, 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, 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, Oriental Bank Of Commerce, 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
26-May-17	Repco Home Finance	Recovery on horizon; <i>Sector Update</i>	778	Buy
24-May-17	BFSI	MFIN data: Challenging times, but early signs of recovery ; <i>Sector Update</i>		
23-May-17	Muthoot Finance	Core resilient; <i>Result Update</i>	385	Buy

Distribution of Ratings / Market Cap

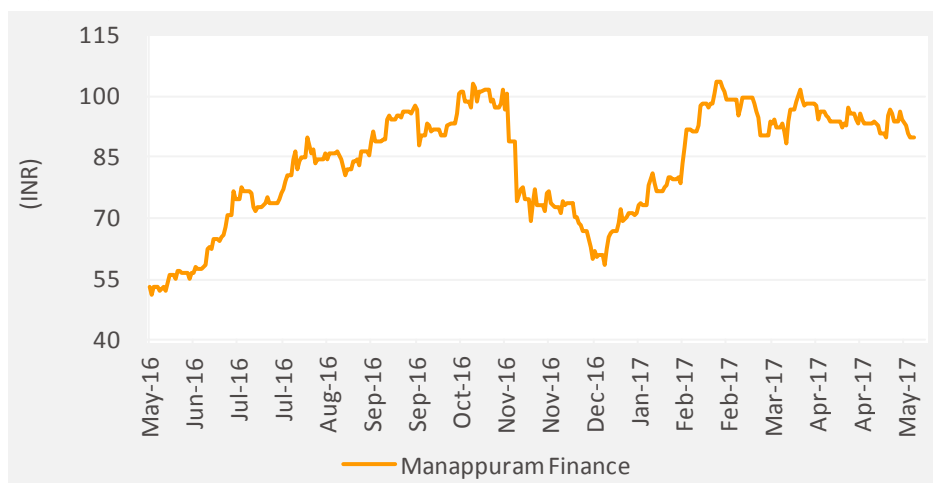
Edelweiss Research Coverage Universe

	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
Buy	appreciate more than 15% over a 12-month period
Hold	appreciate up to 15% over a 12-month period
Reduce	depreciate more than 5% over a 12-month period

One year price chart



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