RESULT UPDATE

REPCO HOME FINANCE

Delivering on expectations; valuation comfort

India Equity Research| Banking and Financial Services

Repco Home Finance (RHF) posted in line Q3FY20 PAT of INR697mn. While core profitability surpassed estimate (NIM improvement), marginally higher provisions and elevated opex negated the impact. Key highlights: i) Disbursements were soft — down ~10% YoY— led to sub-par AUM growth of ~9%. ii) NIMs improved 30bps QoQ to 4.6% aiding revenue traction (NII up 10% YoY). And iii) GNPLs were flat QoQ at 4.2% (steady for past three quarters) with coverage maintained at 28-29%. We believe sluggish recovery in home market and systemic risk aversion will persist, but likely to be offset by momentum in non-home markets. The stock is trading at 1x FY21E P/BV, factoring modest growth and weak real estate sentiment. Maintain 'BUY' with TP of INR460.

Growth soft on tepid home market; improvement key

Growth continued to be a challenge — disbursements (at INR6.6bn versus past six quarters' run rate of INR7.5bn) led to lower AUM growth (up 9%). This is largely attributable to RHF tightening under-writing standards, particularly for the self-employed segment (reflected in self-employed proportion declining from 53.4% to 52.8%). Even in disbursements, the proportion of self-employed fell from 60-65% to 50%. With respect to geography, Tamil Nadu was up merely 6% YoY (56% of book), which indicates slower recovery. That said, the non-home market maintained traction—Maharashtra up 23% YoY and Gujarat 29% YoY; however, its proportion is still low and sustained growth momentum is key. Meanwhile, NIM was better than anticipated (up 30bps QoQ, on penal interest and loan mix shift), which cushioned revenue traction.

GNPLs steady over past three quarters; recovery key

Contrary to historical trend wherein Q3 sees rise in headline GNPLs, Q3FY20 marked steady GNPLs at 4.2% (steady over past three quarters). Segment-wise analysis indicates steady GNPLs across segments — salaried at 1.5%, non-salaried at 6.5%. While management has been highlighting sharpened recovery focus (ramping-up collection team), the benefits haven't yet come through and improvement holds key.

Outlook and valuation: Risk-reward favourable; maintain '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 1x FY21E P/BV, rendering risk-reward favourable. We maintain **'BUY/SP'**.

Financials (INR mn)

Year to March	Q3FY20	Q3FY19	*Growth (%)*	Q2FY20	*Growth (%)*	FY19	FY20E	FY21E
Net revenue	1,322	1,192	*11.0*	1,270	*4.1*	4,752	5,274	5,899
Net profit	697	556	*25.3*	1,006	*(30.7)*	2,346	3,147	3,393
Dil. EPS (INR)	11.1	8.9	*24.9*	16.1	*(30.7)*	37.5	50.3	54.2
Adj. BV (INR)						220.8	253.5	305.1
Price/ Adj book (x)						1.6	1.4	1.1
Price/ Earnings (x)						9.2	6.9	6.4

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 347
Target Price	: INR 460
52-week range (INR)	: 482 / 269
Share in issue (mn)	: 62.6
M cap (INR bn/USD mn)	: 22 / 304
Avg. Daily Vol.BSE/NSE('000)	: 357.5

SHARE HOLDING PATTERN (%)

	Current	Q2FY20	Q1FY20
Promoters *	37.1	37.1	37.1
MF's, FI's & BK's	24.8	26.1	51.0
FII's	28.8	26.8	0.6
Others	9.3	9.9	11.3

** Promoters pledged shares (% of share in issue) : NIL*

PRICE PERFORMANCE (%)

	Stock	Nifty	EW Banks and Financial Services Index
1 month	4.7	(1.8)	(4.9)
3 months	17.6	1.6	3.6
12 months	(16.4)	13.0	16.0

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Table 1: Key takeaways from Q3FY20 earnings

(INR mn)	Q3FY20	Q3FY19	YoY (%)	Q2FY20	QoQ (%)	Comments
Interest income	3,400	3,038	*11.9*	3,317	*2.5*	
Interest expense	2,088	1,848	*13.0*	2,085	*0.1*	
Net interest income	1,312	1,190	*10.3*	1,232	*6.6*	
Non-interest income	10	2	*488.2*	38	*NA*	
Net revenues	1,322	1,192	*11.0*	1,270	*4.1*	*Loan growth continues to be soft, but better than expected NIMs supported revenue momentum*
Operating expenses	274	253	*8.5*	249	*10.1*	
-Staff expense	167	147	*13.1*	156	*6.9*	
-Depreciation	35	12	*189.3*	32	*10.1*	
-Other opex	73	94	*(22.2)*	62	*18.0*	
Operating profit	1,048	939	*11.6*	1,021	*2.7*	
Provisions	115	182	*(36.6)*	1	*NA*	*Asset quality steady with coverage ratio maintained at 28-29% levels*
Profit before tax	933	757	*23.2*	1,020	*(8.5)*	
Tax expense	236	201	*17.6*	14	*NA*	
Profit after tax	697	556	*25.3*	1,006	*(30.7)*	
EPS (INR)	11.1	8.9	*24.9*	16.1	*(30.7)*	
Key Metrics						
Loan book	1,16,249	1,06,668	*9.0*	1,14,959	*1.1*	*Loan growth was softer, as home market continues to remain soft*
Individual home loans	94,627	87,041	*8.7*	93,692	*1.0*	
Loans against property	21,622	19,627	*10.2*	21,267	*1.7*	
Disbursements	6,557	7,332	*(10.6)*	7,018	*(6.6)*	
Sanctions	7,331	8,052	*(9.0)*	6,945	*5.6*	
GNPA (%)	4.2	3.9		4.2		*Asset quality steady over last 3 quarters recovery holds key*
Housing loan	3.6	3.2		3.6		
LAP	6.7	6.8		6.8		

Source: Company, Edelweiss research

Table 2: Proportion of non-salaried came down with higher focus on salaried segment

Loan composition (%)	Q219	Q319	Q419	Q120	Q220	Q320
- Non Salaried	56.0	55.1	54.1	54.2	53.4	52.8
- Salaried	44.0	44.9	45.9	45.8	46.6	47.2
Loan mix (%)						
- Individual Home Loans	81.7	81.6	81.6	81.5	81.5	81.4
- Loans against Property	18.3	18.4	18.4	18.5	18.5	18.6

Source: Company

Table 3: NIMs improvement aided revenue traction; sustenance key

(%)	Q219	Q319	Q419	Q120	Q220	Q320
Yield on assets	11.4	11.5	11.3	11.7	11.6	11.8
Cost of funds	8.2	8.4	8.4	8.6	8.5	8.4
Spread	3.1	3.1	2.9	3.1	3.1	3.3
NIM	4.5	4.5	4.3	4.5	4.3	4.6

Source: Company

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

(%)	Q219	Q319	Q419	Q120	Q220	Q320
Banks	69.3	75.0	72.7	70.9	74.5	75.9
National Housing Bank	7.9	7.2	9.7	10.9	10.1	9.4
Repco Bank	7.5	7.9	8.6	7.9	7.9	8.0
NCDs	10.2	9.9	8.9	8.6	7.5	6.7
CPs	5.2	-	-	1.6	-	-

Source: Company

Financial snapshot (INR mn)

Year to March	Q3FY20	Q3FY19	% change	Q2FY20	% change	YTD20	FY20E	FY21E
Interest income	3,400	3,038	*11.9*	3,317	*2.5*	9,999	13,026	14,452
Interest expense	2,088	1,848	*13.0*	2,085	*0.1*	6,188	8,064	8,956
Net interest income	1,312	1,190	*10.3*	1,232	*6.6*	3,811	4,962	5,497
Net revenues	1,322	1,192	*11.0*	1,270	*4.1*	3,862	5,274	5,899
Operating expenses	239	241	*(0.6)*	217	*10.1*	662	956	1,062
Staff costs	167	147	*13.1*	156	*6.9*	469	597	663
Other operating expenses	73	94	*(22.2)*	62	*18.0*	193	237	264
Provisions	115	182	*(36.6)*	1	*NM*	191	297	302
Depreciation	35	12	*189.3*	32	*10.1*	97	137	152
Profit before tax	933	757	*23.2*	1,020	*(8.5)*	2,912	4,021	4,534
Tax	236	201	*17.6*	14	*NM*	586	874	1,141
PAT	697	556	*25.3*	1,006	*(30.7)*	2,327	3,147	3,393
Diluted EPS (INR)	11.1	8.9	*24.9*	16.1	*(30.7)*	37.2	50.3	54.2
Balance sheet data								
Loan book	116,249	106,668	*9.0*	114,959	*1.1*	116,249	119,440	136,214
Sanctions	7,331	8,052	*(9.0)*	6,945	*5.6*	21,257	48,114	60,143
Disbursements	6,557	7,332	*(10.6)*	7,018	*(6.6)*	20,249	28,386	33,496
GNPLs (%)	4.2	3.9		4.2		4.2	4.0	3.5
Valuation metrics								
B/V per share (INR)							290.9	339.7
Adj book value / share							253.5	305.1
Price/ Book (x)							1.2	1.0
Price/ Adj. book (x)							1.4	1.1
Price/ Earnings (x)							6.9	6.4

Q3FY20 earnings concall takeaway

With respect to growth and strategy

- Given the challenging environment, ***Q3FY20 was characterised by a calibrated growth (similar to Q2FY20) as the company focused on salaried segment having high credit scores.***
  - The loan growth is restricted due to ***lower disbursements and high repayment/prepayment rate of ~18%.***
  - Currently, the company is facing two issues – ***muted demand for home loans and excessive competition from banks (and from other HFCs to some extent)*** leading to higher repayment/prepayment rate which the company expects to continue for some time.
  - ***The competition from banks is likely to increase due recent relaxation given by RBI to banks for home loans.*** However, the company ***continues with its guidance of 12% loan growth with risks remaining on downside.***
  - The growth in home state of Tamil Nadu remains weak (disbursements of INR3.63bn/INR3.77 YoY/ INR3.95bn QoQ) despite concerns like sand mining and land registration largely resolved as the company does not want to dilute risk profile.
  - The company remains ***hopeful of demand recovery (Q4 is usually better than Q3)*** which will lead to banks shifting focus on wholesale segment and thereby reducing competition in retail segment.
- Amid weak operating environment, the company has been ***tightening the credit criteria across India – focusing more on documented income and following a cut-off of CIBIL score*** (was not there earlier).
- Going ahead, the company would not change the customer segment mix and ***would continue to cater both salaried as well as non-salaried segment*** (will focus more on documented income).
  - Moreover, the company ***would not enter any new state and might continue to expand in existing geographies*** (added 9 branches in 9MFY20, might add 1-2 in Q4FY20).

With respect to liquidity/borrowings/margins

- ***The liquidity situation remains comfortable as the company has ~INR25bn of undisbursed sanctions and ~INR1.8bn of cash equivalents.***
- The borrowing mix comprises of banks, NHB, and old NCDs – going ahead the company expects to maintain the mix and not add any additional sources. ***Every quarter few banks are being added.***
- Yields on outstanding portfolio – home loans - 10.88%, LAP – 13.61%, overall – 11.4%.
- While the current NIMs are 4.6% (one of the highest in the industry), the company would be ***comfortable maintaining levels of 4.25%-4.5%.***

With respect to asset quality

- The company has been able to maintain asset quality over last few quarters and expect ***Q4FY20 to be better than Q3FY20.***
- It would continue to be aggressive with respect to repossession of properties and is witnessing good recoveries due to enforcement of SARFAESI.
- It believes that ***structural improvements in NPA will come through.***
- Given the day-count issue in Q3 compared to Q2, default in one EMI gets reported in stage 2 (31-60 days bucket) in Q3 compared to stage 1 (0-30 days bucket) in Q2 as the ECL model follows 0-30 days, 31-60 days, and 61-90 days buckets.

Other highlights

- Disbursements breakup – ***home loans INR5.09bn in Q3FY20*** and INR5.32bn in Q2FY20, ***LAP INR1.47bn in Q3FY20*** and INR1.69 in Q2FY20.
- Cost to income ratio for 9MFY20 is 19.6% which ***might increase to 20-21% due to higher employee costs*** (higher salaries to attract talent).

Q2FY20 earnings concall takeaway

With respect to growth and strategy

- The quarter gone by was quite challenging amid headwinds in NBFC space and tepid demand. The growth remained calibrated with the incremental focus on salaried segment.
  - The company would also cater to non-salaried segment but would prefer quality over quantity (the ratio of income considered for appraisal to documented income has shrunk compared to past).
  - The salaried segment incrementally catered to is with ~INR50,000-70,000 monthly salary and working with reputed organisation.
- The company is working on indentifying pockets of growth (outside home markets) and hence, remains confident of achieving 12-15% growth of full year (guidance unchanged) with target ROE of 15%.
  - Will look to add 10-15 branches per year with 5 done in H1FY20 and another 4 will be done in next couple of months.
- The competition from HFCs has been reduced given the liquidity challenges. However, banks have become quite aggressive (both PSU and private) especially in large ticket size which is restricting growth.
- The past issues in state of Kerala are largely done by (however, not done completely).

With respect to liquidity/borrowings/margins

- The company has made significant improvement with respect to liquidity – maintained ~INR5bn (5% of book).
  - Moreover, during Q2FY20, there were fresh sanctions from banks to the tune of INR30bn at competitive rate of which INR28bn remained undrawn as of September end.
  - Some on-book liquidity will be kept given the uncertainties (even with respect RBI gudiline).
- Cost of borrowings has declined by ~20bps in last six months from 8.8% in Q4FY19 to 8.6% in Q2FY20.
- The company was able to maintain spreads and NIMs (at 3.1% and 4.3% respectively) as lending rates are now linked to MLR (which factors in cost).
  - Yields – Home loans 10.7% vs. 10.6% QoQ, LAP 13.7% vs. 13.3% QoQ, blended 11.3% vs. 11.2 QoQ.

With respect to asset quality

- For the company, the nature of NPA is quite different as they are caused largely by retail customers.
  - Given some fluctuations in cash flows, there can be delays but customers usually repay (~50% of NPA fall in this category).
  - The asset quality guidance remains at 3% (gross stage 3) by March 2020; however, there would be some volatility.

- The provisioning is determined by ECL model (advised by EY). The actual provisions are higher than those required by the model on account of some additional provisioning (~100%) on certain accounts with potential stress.
- Pre-payment rate during the quarter was higher at 19% (factoring in 20% for H2FY20).
- Write-off during the quarter was INR93mn.

Other highlights

- Tax rate remains at 25% for the quarter – DTL benefit (~INR152mn) was taken in Q2FY20 fully. Tax rate is expected to be 25.17% going forward.
- The cost to income ratio during the quarter was 19.1% which remains below guidance of 20%.
- There was depreciation of ~INR10mn as rental for premises was capitalised (due to IND-AS).
- DSA sourcing – 18% of disbursements (14% YoY) which is largely for western India.

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 (Repco Bank) and was incorporated in April 2000. As of December 2019, RHF had 149 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. That said, post correction, the stock is trading at 1x FY21E P/BV, rendering risk-reward favourable. We maintain '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	FY19	FY20E	FY21E	FY22E
Macro				
GDP(Y-o-Y %)	6.8	5.0	5.8	6.5
Inflation (Avg)	3.4	4.3	4.8	5.0
Repo rate (exit rate)	6.3	5.2	4.5	5.0
USD/INR (Avg)	70.0	71.5	71.0	70.0
Sector				
Credit growth	14.0	11.0	13.0	15.0
Bank's base rate (%)	9.0	8.7	8.5	8.5
Wholesale borr. cost (%)	8.5	8.5	8.3	8.1
G-sec yield	7.0	7.1	7.1	7.1
Company				
Operating metric assumptions (%)				
Yield on advances	11.1	11.3	11.3	11.3
Cost of funds	8.3	8.4	8.4	8.4
Spread	2.9	3.0	2.9	2.9
Employee cost growth	20.0	1.9	11.2	14.5
Other opex growth	32.9	(32.0)	11.2	14.5
Tax rate	34.8	21.7	25.2	25.2
Dividend payout	6.7	7.0	10.0	10.0
Balance sheet assumption (%)				
Disbursement growth	7.6	(6.0)	18.0	22.0
Repayment/prepay. rate	18.7	17.5	14.0	14.0
Gross NPLs	3.0	4.0	3.5	3.0
Net NPLs	1.9	2.8	2.3	1.8

Income statement (INR mn)

Year to March	FY19	FY20E	FY21E	FY22E
Interest income	11,634	13,026	14,452	16,618
Interest expended	7,200	8,064	8,956	10,323
Net interest income	4,434	4,962	5,497	6,295
- Fee & forex income	318	312	402	490
Net revenues	4,752	5,274	5,899	6,785
Operating expense	984	956	1,062	1,217
- Employee exp	585	597	663	760
- Depn /amortisation	50	137	152	174
- Other opex	349	237	264	302
Preprovision profit	3,768	4,319	4,836	5,568
Provisions	170	297	302	315
Profit Before Tax	3,598	4,021	4,534	5,254
Less: Provision for Tax	1,252	874	1,141	1,322
Profit After Tax	2,346	3,147	3,393	3,931
Reported Profit	2,346	3,147	3,393	3,931
Shares o /s (mn)	63	63	63	63
Basic EPS (INR)	37.5	50.3	54.2	62.8
Diluted shares o/s (mn)	63	63	63	63
Adj. Diluted EPS (INR)	37.5	50.3	54.2	62.8
Dividend per share (DPS)	2.5	3.5	5.4	6.3
Dividend Payout Ratio (%)	6.7	7.0	10.0	10.0

Growth ratios (%)

Year to March	FY19	FY20E	FY21E	FY22E
Revenues	3.4	11.0	11.8	15.0
NII growth	4.4	11.9	10.8	14.5
Opex growth	26.0	(2.9)	11.2	14.5
PPP growth	(1.2)	14.6	12.0	15.1
Provisions growth	(74.7)	75.2	1.7	4.0
Adjusted Profit	13.8	34.1	7.8	15.9

Operating ratios

Year to March	FY19	FY20E	FY21E	FY22E
Yield on advances	11.1	11.3	11.3	11.3
Cost of funds	8.3	8.4	8.4	8.4
Net interest margins	4.4	4.4	4.3	4.3
Spread	2.9	3.0	2.9	2.9
Cost-income	20.7	18.1	18.0	17.9
Tax rate	34.8	21.7	25.2	25.2

Balance sheet				(INR mn)
As on 31st March	**FY19**	**FY20E**	**FY21E**	**FY22E**
Share capital	626	626	626	626
Reserves & Surplus	14,648	17,575	20,628	24,166
Shareholders' funds	15,274	18,201	21,254	24,792
Long term borrowings	70,752	76,482	86,568	100,028
Short term borrowings	22,038	23,823	26,964	31,157
Total Borrowings	92,790	100,305	113,532	131,184
Long Term Liabilities	2,265	1,147	1,308	1,517
Def. Tax Liability (net)	(520)	(263)	29	372
Sources of funds	**109,809**	**119,389**	**136,123**	**157,865**
Gross Block	179	179	179	179
Net Block	120	120	120	120
Intangible Assets	35	35	35	35
Total Fixed Assets	155	155	155	155
Non current investments	220	81	81	81
Cash and Equivalents	576	478	545	632
Loans & Advances	110,368	119,440	136,214	158,009
Other Current Liab	1,510	764	872	1,011
Total Current Liab	1,510	764	872	1,011
Net Curr Assets-ex cash	(1,510)	(764)	(872)	(1,011)
Uses of funds	**109,809**	**119,389**	**136,123**	**157,865**
BVPS (INR)	244.1	290.9	339.7	396.3

RoE decomposition (%)

Year to March	FY19	FY20E	FY21E	FY22E
Net int. income/assets	4.4	4.4	4.3	4.3
Net revenues/assets	4.7	4.7	4.7	4.7
Operating expense/assets	1.0	0.8	0.8	0.8
Provisions/assets	0.2	0.3	0.2	0.2
Taxes/assets	1.2	0.8	0.9	0.9
Total costs/assets	2.4	1.9	2.0	2.0
ROA	2.3	2.8	2.7	2.7
Equity/assets	14.1	14.8	15.6	15.8
ROAE (%)	16.4	18.8	17.2	17.1

Valuation parameters

Year to March	FY19	FY20E	FY21E	FY22E
Adj. Diluted EPS (INR)	37.5	50.3	54.2	62.8
Y-o-Y growth (%)	*13.8*	*34.1*	*7.8*	*15.9*
BV per share (INR)	244.1	290.9	339.7	396.3
Adj. BV per share (INR)	220.8	253.5	305.1	396.3
Diluted P/E (x)	9.2	6.9	6.4	5.5
P/B (x)	1.4	1.2	1.0	0.9
Price/ Adj. BV (x)	1.6	1.4	1.1	0.9
Dividend Yield (%)	0.7	1.0	1.6	1.8

Peer comparison valuation

	Market cap	Diluted P/E (X)		P/B (X)		ROAE (%)	
Name	**(USD mn)**	**FY20E**	**FY21E**	**FY20E**	**FY21E**	**FY20E**	**FY21E**
Repco Home Finance	304	6.9	6.4	1.2	1.0	18.8	17.2
Aavas Financiers	2,023	55.2	45.4	6.9	6.0	13.3	14.1
HDFC	58,287	26.0	20.1	2.8	2.6	16.2	15.4
Indiabulls Housing Finance	1,926	6.0	6.5	0.9	0.8	15.0	12.9
L&T Finance Holdings	3,688	13.4	9.0	1.8	1.5	14.1	18.4
LIC Housing Finance	3,120	9.0	6.9	1.2	1.1	14.4	16.7
Magma Fincorp	224	14.7	4.1	0.5	0.4	3.4	11.0
Mahindra & Mahindra Financial Services	3,446	19.1	15.2	2.2	2.0	11.6	13.8
Manappuram Finance	1,977	12.1	9.6	2.8	2.4	24.6	26.8
Muthoot Finance	4,276	11.5	10.4	2.7	2.3	26.0	23.8
REC	4,291	5.3	4.6	0.8	0.7	16.1	16.9
Shriram City Union Finance	1,300	7.6	6.7	1.3	1.1	17.7	17.4
Shriram Transport Finance	3,889	9.0	7.9	1.6	1.4	19.1	18.6
Median	-	10.3	7.4	1.4	1.2	15.6	16.8
AVERAGE	-	14.7	11.8	2.1	1.8	15.9	17.0

Source: Edelweiss research

Additional Data

Directors Data

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

Auditors - S.R. Batliboi & Associates LLP

Holding - Top 10

	Perc. Holding		Perc. Holding
Franklin Templeton Asset Management	6.18	Aditya Birla Sun Life AMC	5.95
India Capital Fund	5.92	HDFC Asset Management	5.77
AXA SA	5.01	DSP Investment Managers	4.44
Pabrai Investment Funds	4.31	AllianceBernstein	2.82
Apax Global Alpha	2.12	Dimensional Fund Advisors	2.00

**as per last available data*

Bulk Deals

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

**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	REDUCE	SU	M	Aditya Birla Capital	BUY	SO	H
Axis Bank	BUY	SO	M	Bajaj Finserv	REDUCE	SU	L
Bank of Baroda	BUY	SU	M	DCB Bank	BUY	SP	M
HDFC	BUY	SO	L	Federal Bank	BUY	SO	L
ICICI Bank	BUY	SO	L	HDFC Bank	BUY	SO	L
Indiabulls Housing Finance	HOLD	SU	M	IDFC FIRST BANK	BUY	SP	L
Kotak Mahindra Bank	BUY	SP	M	IndusInd Bank	BUY	SO	L
LIC Housing Finance	BUY	SO	M	L&T Finance Holdings	HOLD	SP	M
Mahindra & Mahindra Financial Services	BUY	SP	M	Magma Fincorp	BUY	SP	M
Max Financial Services	BUY	SO	L	Manappuram Finance	HOLD	SU	H
Muthoot Finance	BUY	SO	M	Multi Commodity Exchange of India	HOLD	SP	M
Punjab National Bank	REDUCE	SU	M	REC	BUY	SP	M
Repco Home Finance	BUY	SP	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	BUY	SP	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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Date: 2020.02.10 20:13:44 +05'30'

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, Bajaj Finserv, Bank of Baroda, DCB Bank, Equitas Holdings, Federal Bank, HDFC, HDFC Bank, HDFC Life Insurance Company Ltd, ICICI Bank, ICICI Lombard General Insurance Company Ltd, IDFC FIRST BANK, Indiabulls Housing Finance, IndusInd Bank, ICICI Prudential Life Insurance Company Ltd, Kotak Mahindra Bank, LIC Housing Finance, L&T Finance Holdings, Max Financial Services, Multi Commodity Exchange of India, Manappuram Finance, Magma Fincorp, Mahindra & Mahindra Financial Services, Muthoot Finance, Punjab National Bank, Power Finance Corp, REC, Repco Home Finance, SBI Life Insurance Company Ltd, 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
06-Feb-20	**BFSI**	Liquidity, rate transmission & credit flow booster; *EdelFlash*		
05-Feb-20	**Indiabulls Housing Finance**	Business reconfiguration underway; transition to be arduous; *Result Update*	277	Hold
05-Feb-20	**Max Financial Services**	Another steady performance; partnership concerns persist; *Result Update*	483	Hold

Distribution of Ratings / Market Cap

Edelweiss Research Coverage Universe

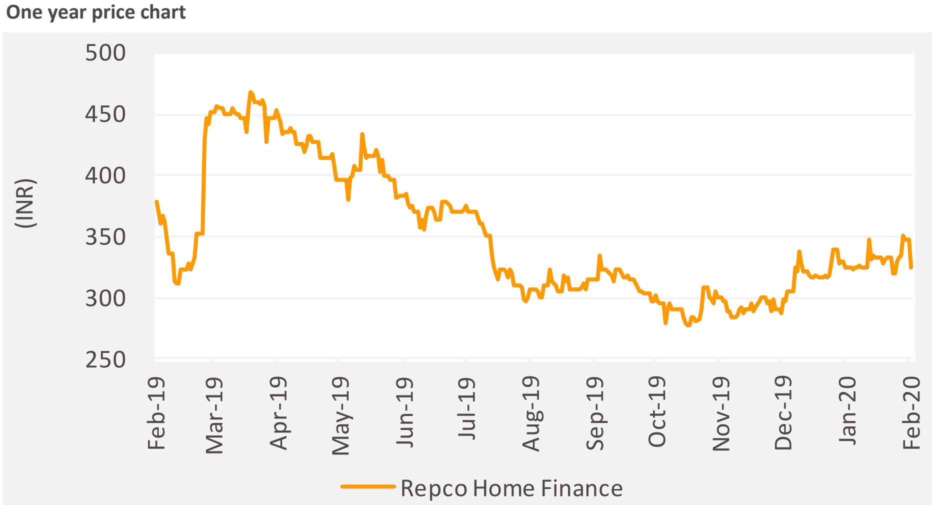
	Buy	Hold	Reduce	Total
Rating Distribution* * 1stocks under review	161	67	11	240

	> 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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