

# REPCO HOME FINANCE

## Recovery on horizon

India Equity Research | Banking and Financial Services

Recco Home Finance (RHF) reported encouraging Q4FY17 performance post 2 uncharacteristically soft quarters. Key quarter highlight was the strong NIMs (funding cost benefit). This, along with improving growth trajectory—disbursements up >30% QoQ, albeit on a low base and AUM growth of 3.3% QoQ—led to strong revenue traction (NII up 15% QoQ). With resolution of issues in Tamil Nadu (High Court judgment in favour) we expect growth momentum to improve in FY18. GNPLs fell to 2.6% (4.2% without RBI dispensation in Q3FY17). Minor hiccups notwithstanding, we believe Q4FY17 marks the onset of improving prospects. We maintain that, structurally, RHF entails the potential to grow manifolds in under-served markets, drawing support from healthy CAR, which will help deliver superior return ratios. Maintain 'BUY'.

### Growth momentum soft; structural levers intact

After a couple of quarters of uncharacteristically soft growth following demonetisation and technical issues in Tamil Nadu (post floods, housing registrations had ceased in certain areas), there were signs of normalisation in Q4FY17. Disbursements came in at INR6.6bn (up >30% QoQ, albeit on a low base), in turn supporting 3.3% QoQ AUM spurt. With High Court judgment in favour in Tamil Nadu (announced in last week of March) we expect growth momentum to sustain. Structurally as well, given untapped potential in under-served segment, we expect RHF to maintain loan growth in 20s.

### Asset quality on recovery road

After a demonetisation-led blip in Q3FY17 (wherein GNPLs spiked to 4.2%, excluding RBI benefit), GNPLs came in at 2.6% in Q4FY17. Excluding demonetisation-affected accounts, GNPLs would have been 1.6%, indicating that of the accounts that availed RBI benefit in Q3FY17, only 40% were recovered—lower than our preference. Segment-wise analysis indicates improvement across categories (HL & LAP). We are confident of RHF's risk management system, which will help sustain improvement.

### Outlook and valuations: Superior, sustainable RoA; maintain 'BUY'

We expect RHF to benefit from growth opportunities in mortgage finance, particularly in the non-salaried segment and tier II/III locations. We estimate it to log loan CAGR of >20%, leading to ~20% earnings CAGR (despite DTL) over FY17-19E, with 2.2% RoA and 18.0% RoE. The stock is trading at 3.2x FY19E P/ABV and 18.6x FY19E P/E. We maintain 'BUY/SO' with target price of INR875.

#### Financials

	(INR mn)							
Year to March	Q4FY17	Q4FY16	Growth (%)	Q3FY17	Growth (%)	FY17	FY18E	FY19E
Net revenue	1102	943	16.8	974	13.1	3,996	4,699	5,475
Net profit	506	422	19.8	464	8.9	1,823	2,159	2,614
Dil. EPS (INR)	8.1	6.7	20.0	7.4	9.0	29.1	34.5	41.8
Adj. BV (INR)						167.8	200.7	241.1
Price/Adj book (x)						4.6	3.9	3.2
Price/Earnings (x)						26.7	22.6	18.6

#### EDELWEISS 4D RATINGS

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

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

CMP	: INR 778
Target Price	: INR 875
52-week range (INR)	: 900 / 487
Share in issue (mn)	: 62.6
M cap (INR bn/USD mn)	: 49 / 756
Avg. Daily Vol.BSE/NSE('000)	: 137.5

#### SHARE HOLDING PATTERN (%)

	Current	Q3FY17	Q2FY17
Promoters *	37.1	37.1	37.1
MF's, FI's & BK's	24.0	23.8	21.9
FII's	24.2	24.5	27.3
Others	14.7	14.5	13.8
* Promoters pledged shares (% of share in issue)			NIL

#### PRICE PERFORMANCE (%)

	Stock	Nifty	EW Banks and Financial Services Index
1 month	1.2	2.6	5.1
3 months	17.1	7.3	11.2
12 months	14.4	18.9	34.3

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May 26, 2017

### Healthy NIMs aid revenue momentum

Net interest income gained traction during the quarter, coming in at INR1.1bn (up ~17% YoY/15% QoQ) on account of healthy NIMs expansion (up ~50bps QoQ to 4.7%). Stable yields (at 12.1%) along with lower funding cost (down 50bps QoQ) helped NIMs improvement. Additionally: a) optimal mix between non-salaried and salaried segments (60.2% contributed by self employed segment); b) higher contribution from LAP products (rose to 20.2% versus 19.8% a year ago); and c) decline in wholesale rates should lead to stable/improving margin. These factors will help RHF post healthy operating performance.

**Table 1: Higher contribution from non-salaried—RHF's forte**

Loan composition (%)	Q316	Q416	Q117	Q217	Q317	Q417
- Non Salaried	57.8	58.8	59.1	59.7	60.0	60.2
- Salaried	42.2	41.2	40.9	40.3	40.0	39.8
Loan mix (%)						
- Individual Home Loans	81.0	80.2	79.9	79.3	79.4	79.8
- Loans against Property	19.0	19.8	20.1	20.7	20.6	20.2

Source: Company

**Table 2: GNPLs moderate to 2.6%, but recovery still softer**

(%)	Q316	Q416	Q117	Q217	Q317	Q417
Gross NPA	2.3	1.3	2.2	2.4	2.7	2.6
Net NPA	1.4	0.5	1.2	1.3	1.5	1.4
Provision Coverage	40.6	63.4	45.0	44.7	43.0	46.5

Source: Company

**Table 3: NIMs benefit from funding cost decline**

(%)	Q316	Q416	Q117	Q217	Q317	Q417
Yield	12.5	12.2	12.2	12.2	12.1	12.1
Cost of Debt	9.4	9.2	9.3	9.2	9.2	8.7
Spread	3.1	3.0	2.9	3.0	2.9	3.4
NIM	4.5	4.6	4.3	4.4	4.2	4.7

Source: Company

**Table 4: Borrowing mix - Benefits of lower wholesale rates to support NIMs further**

(%)	Q316	Q416	Q117	Q217	Q317	Q417
Banks	62.8	72.4	63.2	62.0	62.7	62.9
National Housing Bank	15.9	13.9	20.0	18.1	16.7	15.5
Repc Bank	8.2	7.6	7.2	6.9	6.6	6.6
NCDs	6.6	6.1	5.9	9.5	10.6	10.4
CPs	6.6	-	3.7	3.5	3.4	4.6

Source: Company

**Financial snapshot**

(INR mn)

Year to March	Q4FY17	Q4FY16	% change	Q3FY17	% change	FY17E	FY18E	FY19E
Interest income	2,735	2,400	14.0	2,642	3.5	10,148	11,775	14,041
Interest exp	1,635	1,460	12.0	1,682	(2.8)	6,463	7,488	9,036
Net int. inc. (INR mn)	1,100	940	17.0	961	14.5	3,684	4,287	5,005
Net revenues	1,102	943	16.8	974	13.1	3,996	4,699	5,475
Operating expenses	189	141	34.1	156	21.2	676	757	932
Staff costs	129	88	46.8	104	23.6	431	483	595
Other operating expenses	60	53	13.0	51	16.5	209	234	288
Provisions	116	140	(17.1)	96	20.4	519	696	582
Depreciation	11	12	(8.1)	8	48.7	36	40	49
Profit before tax	786	650	20.9	714	10.0	2,802	3,247	3,961
Tax	280	228	22.8	250	11.9	979	1,088	1,347
PAT	506	422	19.8	464	8.9	1,823	2,159	2,614
Diluted EPS (INR)	8.1	6.7	20.0	7.4	9.0	29.1	34.5	41.8

**Other data**

Loan book	89,399	76,912	16.2	86,561	3.3	89,399	108,105	133,156
Sanctions	6,976	9,342	(25.3)	4,537	53.7	28,758	34,510	41,412
Disbursements	6,645	8,975	(26.0)	5,018	32.4	26,424	34,351	43,970

**Asset quality**

GNPLs	2.6	1.3		2.6		2.6	2.0	1.8
NNPLs	1.4	0.5		1.5		1.4	1.0	0.6
Provision coverage (%)	46.5	63.4		43.0		46.6	50.0	65.0

**Valuation metrics**

B/V per share (INR)						181.8	212.8	250.5
Adj book value / share						167.8	200.7	241.1
Price/ Book (x)						4.3	3.7	3.1
Price/ Adj. book (x)						4.6	3.9	3.2
Price/ Earnings						26.7	22.6	18.6

### Q3FY17 Earnings Concall Takeaways

#### Management commentary

- Q3FY17 was the most challenging quarter in terms of growth and asset quality
  - Disbursements, as well as sanctions, witnessed pressure during the quarter
    - Home loan disbursements: INR3.9bn (vs. INR4.8bn in Q3FY16)
    - Home equity disbursements: INR1.1bn (vs. INR1.2bn in Q3FY16)
    - Sanctions in home loans stood at INR3.2bn (vs. INR5.0bn in Q3FY16)
  - However, things are gradually improving at the ground-level
  - Post demonetisation, percentage of cash collections has been coming down
- Affordable housing schemes will provide a boost to the business going forward
  - ~75% of business is geared towards this segment
  - Average ticket size of INR1.4mn, with incremental TS of INR1.5mn (vs. INR1.8mn earlier)
- **Management is aiming a loan book growth of ~20% for FY17 and ~20-25% for FY18 (tilted towards higher side)**

#### Asset quality

- Asset quality deterioration (before regulatory forbearance) was on account of demonetisation
  - Forbearance may continue in Q4FY17 (yet to receive clarity from regulator)
    - If extended, **management would like to maintain GNPA's at 1.5% by end of FY17**
  - GNPA's (after regulatory forbearance): 2.6%, GNPA's (before regulatory forbearance): 4.2%
  - NNPA's (after regulatory forbearance): 1.5%, NNPA's (before regulatory forbearance): 3.1%
- GNPA's (after regulatory forbearance):
  - AP: 3%, Telangana: 2.5%, Gujarat: 1.2%, Karnataka: 1.6%, Kerala: 3.3%, MH: 0.6%, TN: 2.9%
- **Given current trend, management expect provisioning coverage to be ~60% levels by end of this year**

#### Margins

- **Management aims to maintain spreads at ~3%**
  - Incremental funding costs from banks down by ~50-60bps
    - Bank loans linked to MCLR 1-year rates, with avg. duration of 10 years
  - Benefit of reduced MCLR rates will be passed on to customers
- Yields - Overall: 12.2% (vs. 12.1% in Q2FY17)

- Home loans: 11.57% (vs. 11.6% in Q2FY17)
- Home equity: 14.78% (vs. 14.88% in Q2FY17)

**Other highlights**

- Home loans and home equity, put together, have pre-payment rates of 8-10%
- Salaried customers account for ~40% of loan book, with self-employed constituting the rest
  - Most salaried customers are employed in the private sector in various industries
  - The mix is likely to remain steady going forward
- Individual home loans constitute 79.4% of loan book, with LAP constituting the rest
- Despite temporary setback, MFI business (in Tamil Nadu) was able to maintain GNPA's at <1%
- Capital adequacy (provisional): 19.9%

### Company Description

Repco 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. Key point to highlight is that the promoter is a registered co-operative society.

As of March 2017, RHF had 125 branches and 32 satellite centres located in 11 states, including Tamil Nadu, Karnataka, Andhra Pradesh, Kerala, Maharashtra, Odisha, West Bengal, Gujarat and the Union Territory of Puducherry.

Further, two thirds of its centres are located in Tier 2 and Tier 3 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

Repco Home Finance (Repco) has created a niche for itself, servicing both salaried and self employed category in Tier-II and Tier-III – a customer segment left under-served by large housing finance companies and banks. We like the company for its differentiated approach, strong risk management practices and most importantly for its scalable business model and superior and sustainable return ratios.

### Key Risks

- Slowdown in real estate sector: Repco is present in 11 states. Currently, over 60% of its loan book is coming from Tamil Nadu alone. Any further slowdown in real estate sector, especially in Tamil Nadu will have negative impact on growth and earnings.
- Regulatory risk: Repco is regulated by National Housing Bank (NHB), a wholly-owned subsidiary of the Reserve Bank of India (RBI). Adverse regulatory change will have negative impact on the growth and profitability of the company.

## Financial Statements

### Key Assumptions

Year to March	FY16	FY17E	FY18E	FY19E
<b>Macro</b>				
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
<b>Sector</b>				
Credit growth	9.3	9.0	12.0	14.0
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
<b>Company</b>				
<b>Operating metrics assumptions (%)</b>				
Yield on advances	12.4	12.1	11.9	11.6
Cost of funds	9.3	9.1	8.9	8.7
Spread	3.1	3.0	3.0	3.0
Employee cost growth	22.2	5.3	12.0	23.2
Other opex growth	5.1	8.7	12.0	23.2
Dividend payout	7.5	7.0	10.0	10.0
Tax rate (%)	34.8	35.0	33.5	34.0
<b>Balance sheet assumption (%)</b>				
Disbursement growth	30.7	(7.3)	30.0	28.0
Repayment/prepay. rate	19.5	18.1	17.5	17.5
Gross NPLs	1.3	2.6	2.0	1.8
Net NPLs	0.5	1.4	1.0	0.6
Provisioning coverage	63	47	50	65

### Income statement

(INR mn)

Year to March	FY16	FY17E	FY18E	FY19E
Interest income	8,532	10,148	11,775	14,041
Interest expended	5,483	6,463	7,488	9,036
Net interest income	3,049	3,684	4,287	5,005
- Fee & forex income	287	311	412	470
Net revenues	3,336	3,996	4,699	5,475
Operating expense	643	676	757	932
- Employee exp	409	431	483	595
- Depn /amortisation	42	36	40	49
- Other opex	192	209	234	288
Preprovision profit	2,693	3,320	3,943	4,543
Provisions	392	519	696	582
Profit Before Tax	2,301	2,802	3,247	3,961
Less: Provision for Tax	800	979	1,088	1,347
Profit After Tax	1,501	1,823	2,159	2,614
Reported Profit	1,501	1,823	2,159	2,614
Shares o /s (mn)	63	63	63	63
Basic EPS (INR)	24.0	29.1	34.5	41.8
Diluted shares o/s (mn)	63	63	63	63
Adj. Diluted EPS (INR)	24.0	29.1	34.5	41.8
Dividend per share (DPS)	1.8	2.0	3.5	4.2
Dividend Payout Ratio(%)	7.5	7.0	10.0	10.0

### Growth ratios (%)

Year to March	FY16	FY17E	FY18E	FY19E
Revenues	27.7	19.8	17.6	16.5
NII growth	28.0	20.8	16.4	16.7
Opex growth	17.5	5.1	12.0	23.2
PPP growth	30.4	23.3	18.8	15.2
Provisions growth	92.7	32.3	34.2	(16.4)
Adjusted Profit	21.9	21.4	18.5	21.1

### Operating ratios

Year to March	FY16	FY17E	FY18E	FY19E
Yield on advances	12.4	12.1	11.9	11.6
Cost of funds	9.3	9.1	8.9	8.7
Net interest margins	4.5	4.5	4.4	4.2
Spread	3.1	3.0	3.0	3.0
Cost-income	19.3	16.9	16.1	17.0
Tax rate	34.8	35.0	33.5	34.0

## Banking and Financial Services

Balance sheet		(INR mn)			
As on 31st March	FY16	FY17E	FY18E	FY19E	
Share capital	625	626	626	626	
Reserves & Surplus	8,923	10,747	12,690	15,043	
Shareholders' funds	9,548	11,372	13,316	15,669	
Short term borrowings	15,652	17,956	22,093	27,353	
Long term borrowings	50,252	57,648	70,930	87,815	
Total Borrowings	65,904	75,604	93,023	115,168	
Long Term Liabilities	1,024	1,811	1,038	1,278	
Def. Tax Liability (net)	400	439	642	894	
<b>Sources of funds</b>	<b>76,876</b>	<b>89,227</b>	<b>108,018</b>	<b>133,009</b>	
Gross Block	179	179	179	179	
Net Block	71	71	71	71	
Intangible Assets	21	21	21	21	
Total Fixed Assets	92	91	91	91	
Non current investments	124	156	81	81	
Cash and Equivalents	200	225	432	533	
Loans & Advances	77,215	89,961	108,105	133,156	
Other Current Liab	756	1,207	692	852	
Total Current Liab	756	1,207	692	852	
Net Curr Assets-ex cash	(756)	(1,207)	(692)	(852)	
<b>Uses of funds</b>	<b>76,876</b>	<b>89,227</b>	<b>108,018</b>	<b>133,009</b>	
BVPS (INR)	152.7	181.8	212.8	250.5	

RoE decomposition (%)					
Year to March	FY16	FY17E	FY18E	FY19E	
Net int. income/assets	4.5	4.5	4.4	4.2	
Net revenues/assets	4.9	4.9	4.8	4.6	
Operating expense/assets	0.9	0.8	0.8	0.8	
Provisions/assets	0.6	0.6	0.7	0.5	
Taxes/assets	1.2	1.2	1.1	1.1	
Total costs/assets	2.7	2.7	2.6	2.4	
ROA	2.2	2.2	2.2	2.2	
Equity/assets	13.0	12.8	12.7	12.2	
ROAE (%)	17.0	17.4	17.5	18.0	

Valuation parameters					
Year to March	FY16	FY17E	FY18E	FY19E	
Adj. Diluted EPS (INR)	24.0	29.1	34.5	41.8	
Y-o-Y growth (%)	21.6	21.4	18.5	21.1	
BV per share (INR)	152.7	181.8	212.8	250.5	
Adj. BV per share (INR)	148.5	167.8	200.7	241.1	
Diluted P/E (x)	32.4	26.7	22.6	18.6	
P/B (x)	5.1	4.3	3.7	3.1	
Price/ Adj. BV (x)	5.2	4.6	3.9	3.2	
Dividend Yield (%)	0.2	0.3	0.4	0.5	

### Peer comparison valuation

Name	Market cap (USD mn)	Diluted P/E (X)		P/B (X)		ROAE (%)	
		FY18E	FY19E	FY18E	FY19E	FY18E	FY19E
Repco Home Finance	756	22.6	18.6	3.7	3.1	17.5	18.0
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
Manappuram General Finance	1,190	8.6	7.1	2.1	1.8	26.5	27.4
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
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	17.3	18.8
AVERAGE	-	15.2	12.3	2.5	2.2	18.2	19.3

Source: Edelweiss research



## Additional Data

### Directors Data

T.S. KrishnaMurthy	Chairman	R. Varadarajan	Managing Director
Thomas Paul Diamond	Director	G.R. Sundaravadivel	Director
V. Nadasabapathy	Director	L. Munishwar Ganesan	Director
P. Umanath	Director	R.S. Isabella	Director

Auditors - R. Subramanian and Company LLP

*\*as per last annual report*

### Holding - Top 10

	Perc. Holding		Perc. Holding
Templeton Asset Management	6.76	Birla Sun Life Asset Management	6.15
DSP Blackrock Investment Manager	5.87	Parvest Equity India	3.91
BNP Paribas	3.58	TVF Fund	2.64
Nomura	2.43	India Capital Fund	2.23
Wasatch Advisors	1.94	Alliance Bernstein	1.78

*\*as per last available data*

### Bulk Deals

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

*\*in last one year*

### Insider Trades

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

*\*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	SU	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
24-May-17	BFSI	MFIN data: Challenging times, but early signs of recovery ; Sector Update		
23-May-17	Muthoot Finance	Core resilient; Result Update	385	Buy
21-May-17	State Bank of India	Valiantly battling challenges; Result Update	308	Buy

**Distribution of Ratings / Market Cap**

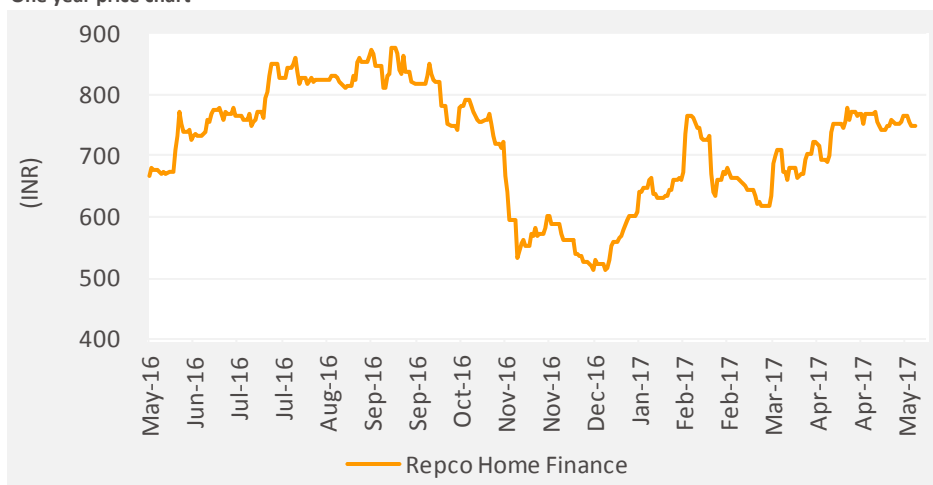
**Edelweiss Research Coverage Universe**

	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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