

MUTHOOT FINANCE

NIMs support earnings; asset growth modest

India Equity Research | Banking and Financial Services

Muthoot Finance's (Muthoot) Q1FY18 PAT jumped ~30% YoY to INR3.5bn, supported by: (i) funding cost benefit (down >150bps YoY and >50bps QoQ to 9.9%); and (ii) controlled opex—up mere ~2% YoY. However, growth continued to be modest—gold AUM up ~8% YoY and 2% QoQ to INR278bn—impacted by lower demand and sustained auctions (INR3.6bn). We believe better asset growth momentum is a critical driver of earnings growth. Non-gold businesses that currently contribute ~5% to earnings will be scaled-up to 9-10% by FY18. Given revenue tailwinds and controlled opex, we estimate Muthoot to post >18% earnings CAGR over FY17-19. Maintain 'BUY'.

Strong operational performance

Muthoot reported healthy operational performance during Q1FY18—operating profit jumped >25% YoY driven by: (i) margin expansion—NIMs (rep.) rose to 12.3% (11.4% in Q1FY17; but down QoQ due to one-off interest income gains during Q4FY17) riding sustained yields and funding cost benefits; and (ii) controlled opex growth at ~2% YoY. During Q1FY18, the company pruned branch count by 22 to 4,285, as it consolidated its liability-focused branches in Kerala; however, going ahead, it plans to add 200 new branches on an average every year. Going forward, we expect Muthoot to continue to deliver strong operational performance, backed by NIMs tailwind (funding cost benefits from retirement of high-cost long-term borrowings) and controlled opex.

Modest AUM growth

Given structurally lower demand for short-term financing, Muthoot's growth trajectory continued to be modest—at INR278bn, gold AUM rose ~8% YoY and 2% QoQ—partly also impacted by continued auctions (INR3.6bn). On the other hand, volumes grew ~4% YoY and 2% QoQ (gold holding increased to 152 tonnes), translating into flattish AUM/gram QoQ. Management is targeting ~10-15% AUM growth for FY18.

Outlook and valuations: Growth to drive rerating; maintain 'BUY'

Notwithstanding weak traction, we expect AUM growth to pick up pace—>15% CAGR over FY17-19E—on stabilising gold prices, gap in AUM/gram (INR1,827 versus incremental lending at INR1,950) and branch expansion. This, coupled with controlled costs, is estimated to drive >18% earnings CAGR. The stock is trading at 2.2x FY19E P/ABV for RoA/RoE of 5%/20%. We maintain 'BUY/SO' with TP of INR570 (2.75x FY19E P/ABV).

Financials

	(INR mn)							
Year to March	Q1FY18	Q1FY17	Growth (%)	Q4FY17	Growth (%)	FY17	FY18E	FY19E
Net revenue	8,660	7,437	16.4	11,672	(25.8)	34,529	36,737	41,754
Net profit	3,511	2,703	29.9	3,218	9.1	11,798	14,436	16,471
Dil. EPS (INR)	8.8	6.7	30.6	8.0	9.1	29.5	36.1	41.2
Adj. BV (INR)						155.2	179.6	206.8
Price/ Adj book (x)						2.9	2.5	2.2
Price/ Earnings (x)						15.5	12.7	11.1

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: MUTT.BO, B: MUTH IN)

CMP	: INR 457
Target Price	: INR 570
52-week range (INR)	: 489 / 261
Share in issue (mn)	: 399.5
M cap (INR bn/USD mn)	: 183 / 2,862
Avg. Daily Vol.BSE/NSE('000)	: 744.4

SHARE HOLDING PATTERN (%)

	Current	Q4FY17	Q3FY17
Promoters *	73.7	73.7	74.6
MF's, FI's & BK's	11.2	8.1	7.5
FII's	11.3	13.6	13.8
Others	3.8	4.6	4.1
* Promoters pledged shares (% of share in issue)	:	NIL	

PRICE PERFORMANCE (%)

	Stock	Nifty	EW Banks and Financial Services Index
1 month	1.9	2.5	3.9
3 months	15.4	6.3	6.6
12 months	20.4	14.2	27.2

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Performance of subsidiaries

- Muthoot's focus on scaling up its non-gold businesses continued to be on track, with subsidiaries now contributing ~INR120mn to quarterly profits. Going forward, management aims to take the proportion of non-gold businesses to ~9-10% by FY18 (versus ~5% currently).
- **Muthoot Homefin** sustained growth momentum during the quarter—at INR1.6bn, disbursements jumped ~11x YoY, leading to loan book growth of ~14x YoY to INR5.9bn. Revenue came in at INR192mn (INR14mn last year), flowing into PAT of INR37mn (loss of INR4mn last year). The business is currently operational in 5 states (Maharashtra, Gujarat, Rajasthan, Madhya Pradesh and Kerala) and 29 locations, with management aiming to expand reach to Karnataka, Telangana, Andhra Pradesh and Haryana. Focus within this vertical continues to be on extending affordable housing finance, with thrust on EWS and LIG customers (average ticket size of INR1mn in FY17). Moreover, the board has decided to acquire balance 11.73% stake in Muthoot Homefin (at an aggregate price of INR387.2mn), post which it will become a wholly-owned subsidiary.
- **Belstar Investment and Finance's** loan portfolio stood at INR6.3bn (up ~2x YoY), with 172 branches spread across 6 states (Tamil Nadu, Karnataka, Madhya Pradesh, Maharashtra, Kerala and Odisha) and 1 Union Territory (Pondicherry). Revenue for the quarter stood at INR419mn (INR178mn last year), translating into PAT of INR52mn (INR22mn last year).
- **Muthoot Insurance Brokers** generated first-year premium collection of INR157mn during Q1FY18 (INR102mn last year), with active distribution of life as well as non-life insurance products. Number of policies insured came in at 2,16,301 (1,36,212 last year).
- **Asia Asset Finance's** loan portfolio came in at LKR9.1bn (up ~22% YoY), with 17 branches across Sri Lanka. Revenue came in at LKR593mn during Q1FY18 (LKR454mn last year) with PAT of LKR57mn (LKR56mn last year).

Table 1: Key takeaways from Q1FY18 earnings

(INR mn)	Q1FY18	Q1FY17	YoY (%)	Q4FY17	QoQ (%)	Comments
Interest income	13,923	12,964	7.4	17,096	(18.6)	
Interest expense	5,326	5,571	(4.4)	5,460	(2.5)	Lower interest expense, on CoF benefits - down >150bps YoY/50bps QoQ to 9.9%
Net interest income	8,597	7,393	16.3	11,636	(26.1)	Healthy NII traction, driven by expansion in margins
Non-interest income	63	44	42.8	36	76.1	
Net revenues	8,660	7,437	16.4	11,672	(25.8)	
Operating expenses	3,075	3,025	1.7	3,349	(8.2)	Controlled opex, following continued focus on operating efficiency
-Staff expense	1,773	1,849	(4.1)	1,802	(1.6)	Employee count reduced by >800 sequentially to 23,391
-Depreciation	104	117	(10.8)	133	(21.7)	
-Other opex	1,198	1,059	13.1	1,414	(15.3)	
Operating profit	5,585	4,413	26.6	8,323	(32.9)	
Provisions	66	176	(62.2)	2,430	(97.3)	
Profit before tax	5,518	4,237	30.2	5,893	(6.4)	
Tax expense	2,007	1,534	30.8	2,675	(25.0)	
Profit after tax	3,511	2,703	29.9	3,218	9.1	Strong PAT growth, backed by healthy revenue traction and restricted opex
EPS (INR)	8.8	6.7	30.6	8.0	9.1	

Table 1: Key takeaways from Q1FY18 earnings (Contd.)

(INR mn)	Q1FY18	Q1FY17	YoY (%)	Q4FY17	QoQ (%)	Comments
Key Metrics						
Gross retail loan AUM	2,78,517	2,58,606	7.7	2,72,785	2.1	Modest AUM growth - Management cited growth guidance of ~10-15%
Gold loans	2,77,750	2,58,226	7.6	2,72,199	2.0	
Other loans	767	380	101.8	586	30.9	
Gold holding (tonnes)	152	146	4.1	149	2.0	Volume growth flows into flattish AUM / gram sequentially
GNPA	6,279	5,618	11.8	5,621	11.7	
NNPA	5,260	4,599	14.4	4,602	14.3	
GNPA (%)	2.3	2.2		2.1		Bucking seasonal trend, GNPA's rise on a sequential basis
NNPA (%)	1.9	1.8		1.7		
NIM (reported, %)	12.3	11.4		17.0		NIMs expand, on back of sustained yields and funding cost benefits
Subsidiaries						
Asia Asset Finance						
Loan portfolio (LKR)	9,082	7,421	22.4	8,662	4.8	Strong loan book growth, on expanding reach - branch count increased to 17
PAT (LKR)	57	56	1.8	86	(33.7)	PAT supported by higher revenues - LKR593mn (vs. LKR454mn in Q1FY17)
Muthoot Homefin						
Loan portfolio	5,957	441	NM	4,408	35.1	Robust loan book growth, riding strong disbursements - up ~11x YoY to INR1.6bn
PAT	37	(4)	NA	21	76.2	Strong PAT traction, on better revenues - INR192mn (vs. INR14mn in Q1FY17)
Muthoot Insurance Brokers						
Premium collection	157	102	53.9	259	(39.4)	Healthy premium collections, given greater number of policies insured - 2,16,301 (vs. 1,36,212 in Q1FY17)
PAT	12	6	100.0	22	(45.5)	PAT supported by higher revenues - INR25mn (vs. INR15mn in Q1FY17)
Belstar Investment & Finance						
Loan portfolio	6,285	2,872	118.8	5,668	10.9	Strong loan growth, backed by rising presence - branch count increased to 172
PAT	52	22	136.4	37	40.5	Healthy PAT traction, on better revenues - INR419mn (vs. INR178mn in Q1FY17)

Source: Company, Edelweiss research

Chart 1: AUM growth to pick up pace going forward

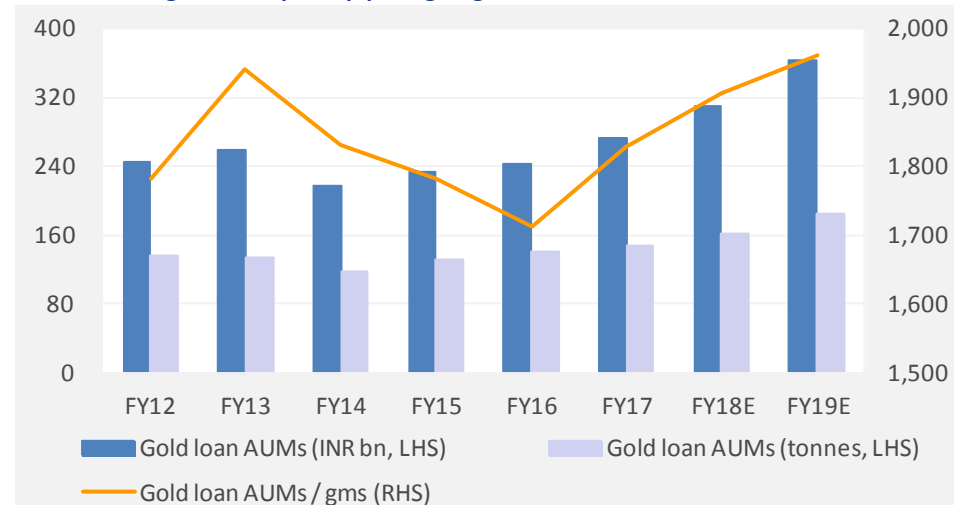


Chart 2: Growth momentum remains modest—AUM up ~8% YoY

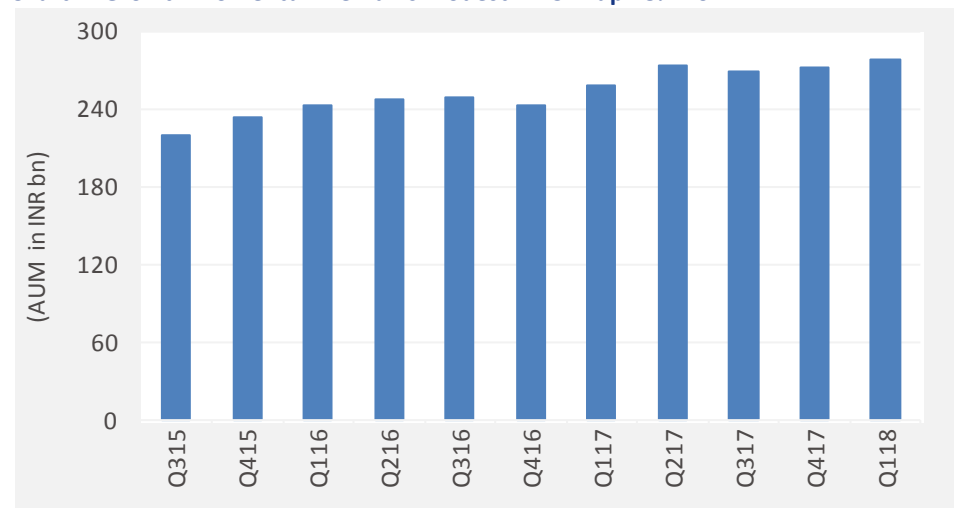
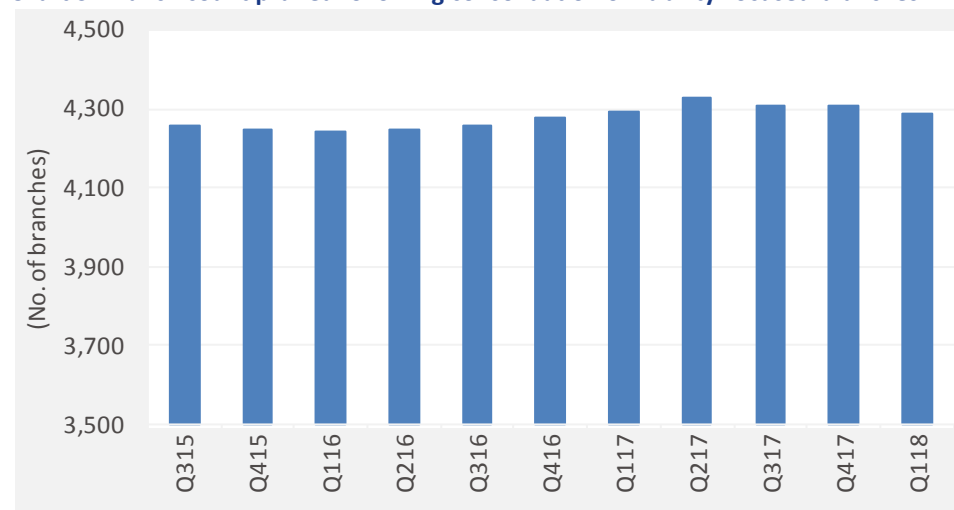
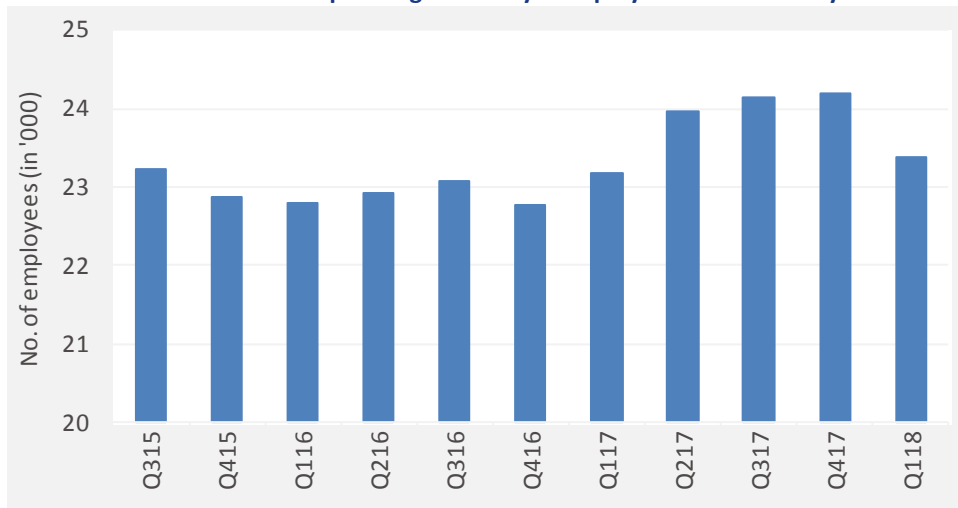
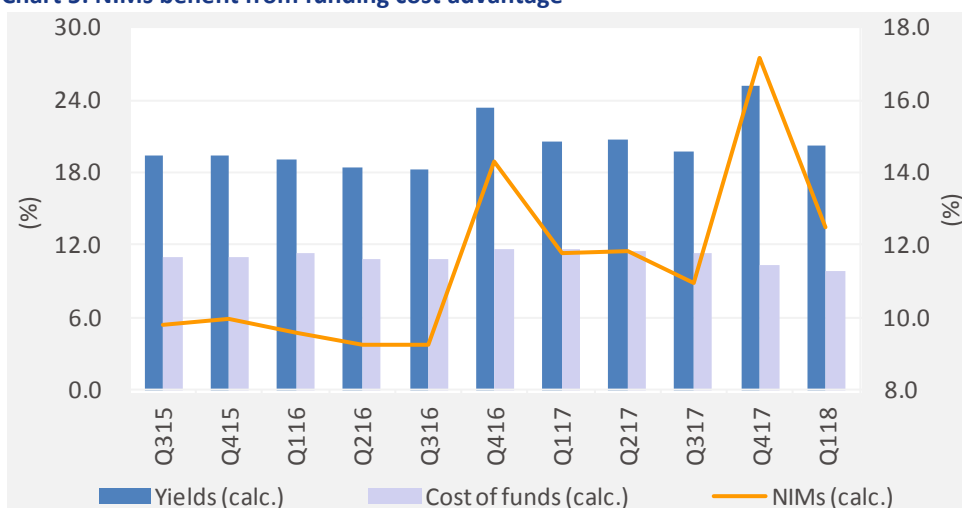
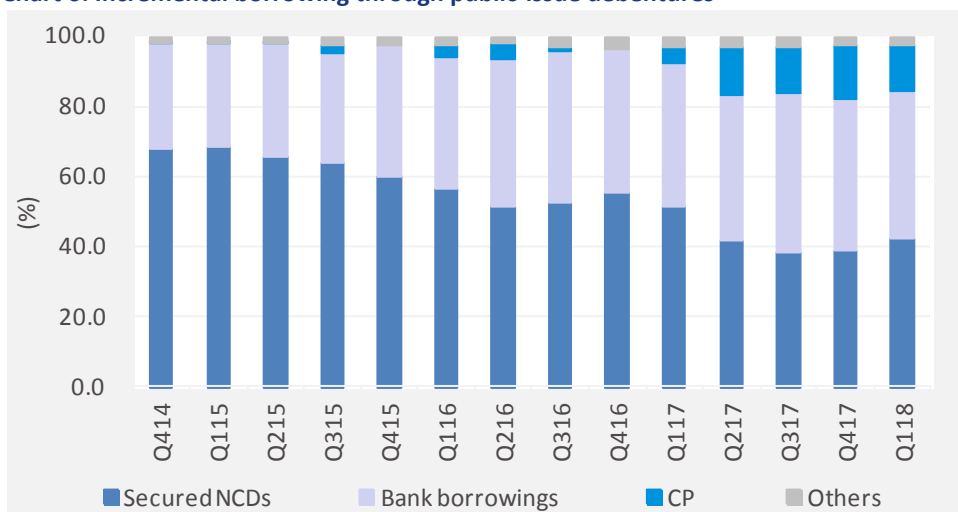


Chart 3: Branch count pruned following consolidation of liability-focused branches

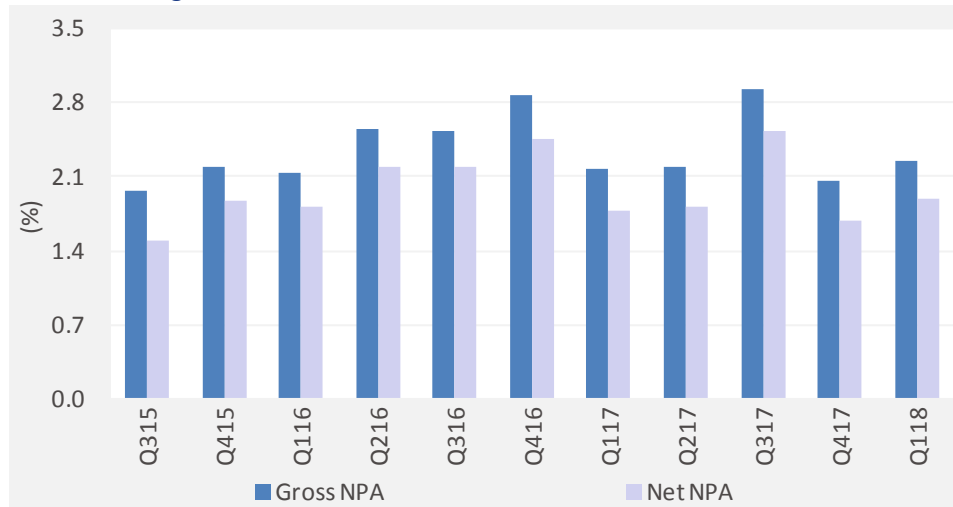


Source: Company

Chart 4: Continued focus on operating efficiency—employee count down by >800**Chart 5: NIMs benefit from funding cost advantage****Chart 6: Incremental borrowing through public-issue debentures**

Source: Company

Chart 7: Bucking seasonal trend, GNPA's rose to 2.25%



Source: Company

Financial snapshot

(INR mn)

Year to March	Q1FY18	Q1FY17	% change	Q4FY17	% change	FY17	FY18E	FY19E
Operating income	13,923	12,964	7.4	17,096	(18.6)	57,272	60,540	68,024
Interest expended	5,326	5,571	(4.4)	5,460	(2.5)	22,938	24,002	26,500
Other income	63	44	42.8	36	76.1	195	200	230
Net revenues	8,660	7,437	16.4	11,672	(25.8)	34,529	36,737	41,754
Operating expenses	2,971	2,908	2.2	3,216	(7.6)	12,020	13,341	14,799
Pre-provision profit	5,689	4,530	25.6	8,456	(32.7)	22,508	23,396	26,955
Provisions & write-offs	66	176	(62.2)	2,430	(97.3)	2,816	838	1,400
Operating profit	5,622	4,354	29.1	6,026	(6.7)	19,692	22,558	25,555
Depreciation	104	117	(11.1)	133	(21.8)	483	518	408
Profit before tax	5,518	4,237	30.2	5,893	(6.4)	19,210	22,039	25,147
Tax	2,007	1,534	30.8	2,675	(25.0)	7,411	7,604	8,676
PAT	3,511	2,703	29.9	3,218	9.1	11,798	14,436	16,471
Diluted EPS (INR)	8.8	6.7	30.6	8.0	9.1	29.5	36.1	41.2

Other information

Branches (No.)	4,285	4,294		4,307		4,307	4,302	4,352
Employees (No.)	23,391	23,165		24,205		24,205	24,177	24,458
Gold AUM	277,750	258,226		272,199		272,199	309,421	363,501

Ratios

Gross NPA - Gold loan (%)	6,279	5,618		5,621		5,621	7,117	10,178
Net NPA - Gold loan (%)	5,260	4,599		4,602		4,602	5,693	8,041
Tax rate (%)	36.4	36.2		45.4		38.6	34.5	34.5

Valuation metrics

B/V per share (INR)						163.3	189.5	220.9
Adj book value / share						155.2	179.6	206.8
Price/ Book (x)						2.8	2.4	2.1
Price/ Adj. book (x)						2.9	2.5	2.2
Price/ Earnings						15.5	12.7	11.1

Change in Estimates

	FY18E			FY19E			Comments
	New	Old	% change	New	Old	% change	
NII	36,537	36,057	1.3	41,524	40,612	2.2	Benefit of NIMs expansion
PPOP	22,878	22,202	3.0	26,547	25,297	4.9	Benefit of controlled opex
Provisions	838	1,067	(21.4)	1,400	1,403	(0.2)	Lower-than-anticipated credit costs
PAT	14,436	13,843	4.3	16,471	15,651	5.2	
NIMs	12.7	12.3		12.6	12.1		Building in funding cost benefits and stable yields

Q1FY18 Earnings Concall Key Takeaways

Management commentary

- Management guided for >10% gold AUM growth going forward
 - Including subsidiaries, the growth at group level should be close to 15% levels
 - Growth will be driven through expansion as well as increase in per branch business
- Management aims to take the proportion of non-gold business to 9-10% by FY18 (vs. 5% currently)
 - Post that, it would target to increase the proportion by another 5% in FY19

With respect to margins

- Management is confident of maintaining yields at ~20% levels
- Management expects borrowing costs to come down to sub-9% levels in the next 6 months
 - This is on back of redemption of high-cost debentures in the months to come
 - Cost of borrowings during the quarter stood at 9.3% (vs. 10.8% last year)

Other highlights

- In terms of expansion, plan is to increase the number of branches by 200 every year
 - Over the past year, the company has merged several low-performing branches
- Majority of disbursements are in the form of cash - ~80-90% in terms of no. of transactions
 - Avg. ticket size stood in the range of INR30,000-35,000
- The company will move towards 90dpd NPA recognition norms during the last quarter of the year
 - On 90dpd basis, GNPA's would have been higher by ~INR1.5bn (vs. reported of INR6.3bn)
- Muthoot is now focusing more on interest collection periodically
 - Online interest collections stood at 6% (vs. high of 15% post demonetisation)
- Reduction in employee count was due to focus on efficiency and more off-roll employees
- Avg tenure of gold loans stood at 3-4 months, with avg LTV (blended) of 67%
- Of the total gold portfolio, <1-year products would constitute ~30%

Subsidiaries

- Management expects Muthoot Homefin's book to grow to INR13.5bn by FY18 (vs. INR5.9bn currently)
 - Business can secure RoA of 2.5-3% by end of year, with target NIMs at ~3% levels
 - Will expand its reach to the states of Karnataka, Telangana, Andhra Pradesh and Haryana

- Will increase the total branch count to 40 (vs. 29 currently)
- **Board has decided to acquire the remaining 11.73% stake for a price of INR387.2mn**
 - Post this transaction, Muthoot Homefin will become a wholly-owned subsidiary
 - Additionally, the Board has decided to infuse INR1bn as equity share capital
- Avg. ticket size in the business stood at INR1.2mn
- <5% of cases are balance transfers from other companies
- **Belstar's MFI portfolio is not seeing any asset quality issue, as ~90% of disbursements are towards SHGs**
 - Average ticket size in the MFI business stood at INR17,500
- Asia Asset Finance, the Sri Lankan subsidiary, has paid dividend for the first time
 - Gold loans are seeing good traction in Sri Lanka

Company Description

Muthoot is the largest gold financing NBFC with operating history of more than 70 years when Mr. M. George Muthoot (father of promoters) founded a gold loan business in 1939. Currently, it is a closely held family-owned business with promoters (sons of Mr. M. George Muthoot and their family) continuing to hold substantial stake of ~74%. Headquartered in Kerala, the gold loan NBFC has a network of 4,285 branches, ~62% of which are located in South India as of June 2017. Muthoot has created leadership in lending against gold jewellery, with AUM of ~INR278bn and more than 7mn customers.

In addition to gold loan business, it also provides money transfer services through branches as sub-agents of various registered money transfer agencies, providing collection agency services and has recently ventured into the micro-finance business. Its other initiatives include sale of gold coins, insurance products and housing finance amongst various other services.

The Muthoot Group has interests in a diverse range of business in areas of hospitality, media, education, healthcare, information technology etc. However, gold loans continue to be the mainstay and hence Muthoot Finance continues to be the flagship company.

Investment Theme

Muthoot had been reeling under various regulatory pressures earlier. However, with most negatives now done away with—leading to strengthened practices, the RBI is acknowledging the systemic importance of gold loan companies and macros are improving—we expect this space to gather momentum going ahead. We expect the company to be key beneficiary and bolster its market share as it is a lead player in the sector (underpinned by sound brand, extensive franchise and superior operations) and level playing field is emerging for all players (LTV at par for all). Given revenue tailwinds and controlled opex, we estimate Muthoot to post >18% earnings CAGR over FY17-19.

Key Risks

- Gold loan dynamics of regions beyond South India are different.
- Pressure on growth in case of slower ramp up of new branches or decline in gold price.

Financial Statements

Key Assumptions

Year to March	FY16	FY17	FY18E	FY19E
Macro				
GDP(Y-o-Y %)	7.2	6.5	7.1	7.7
Inflation (Avg)	4.9	4.5	4.0	4.5
Repo rate (exit rate)	6.8	6.3	5.8	5.8
USD/INR (Avg)	65.0	67.5	66.0	66.0
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 assumptions (%)				
Yield on advances	20.3	22.2	20.8	20.2
Cost of funds	11.8	11.5	10.9	10.6
Net interest margins	10.8	13.4	12.7	12.6
Opex growth				
- employee cost	11.0	2.9	10.0	10.0
- advertisement	(3.8)	(15.1)	10.0	5.0
- rent	3.8	4.8	15.0	7.0
Tax rate (%)	38.5	38.6	34.5	34.5
Bal. sheet assumptions (%)				
Number of branches	4,275	4,307	4,302	4,352
Gold loan tenure	2.6	2.6	2.6	2.6
AUMs (in tonnes)/branch	33.2	34.6	37.7	42.6
Average INR per gm	1,714	1,827	1,907	1,960
Average LTV	71.9	72.0	72.0	72.0
Gross NPLs	2.9	2.1	2.3	2.8
Prov Cov	14.5	18.1	20.0	21.0

Income statement

(INR mn)

Year to March	FY16	FY17	FY18E	FY19E
Interest income	48,576	57,272	60,540	68,024
Interest expended	22,577	22,938	24,002	26,500
Net interest income	25,999	34,334	36,537	41,524
- Fee & forex income	175	195	200	230
Net revenues	26,174	34,529	36,737	41,754
Operating expense	11,619	12,503	13,860	15,207
- Employee exp	6,656	7,280	7,999	8,901
- Depn /amortisation	575	483	518	408
- Other opex	4,388	4,740	5,342	5,897
Preprovision profit	14,554	22,026	22,878	26,547
Provisions	1,624	2,816	838	1,400
Profit Before Tax	12,930	19,210	22,039	25,147
Less: Provision for Tax	4,981	7,411	7,604	8,676
Profit After Tax	7,950	11,798	14,436	16,471
Reported Profit	7,950	11,798	14,436	16,471
Shares o /s (mn)	396	399	399	399
Basic EPS (INR)	20.1	29.5	36.1	41.2
Diluted shares o/s (mn)	396	399	399	399
Adj. Diluted EPS (INR)	20.1	29.5	36.1	41.2
Dividend per share (DPS)	6.0	6.0	8.5	8.5
Dividend Payout Ratio(%)	29.9	20.3	23.5	20.6

Growth ratios (%)

Year to March	FY16	FY17	FY18E	FY19E
Revenues	18.0	31.9	6.4	13.7
NII growth	17.9	32.1	6.4	13.6
Opex growth	0.7	7.6	10.9	9.7
PPP growth	36.7	51.3	3.9	16.0
Provisions growth	337.8	73.4	(70.2)	67.0
Adjusted Profit	18.6	48.4	22.4	14.1

Operating ratios

Year to March	FY16	FY17	FY18E	FY19E
Yield on advances	20.3	22.2	20.8	20.2
Cost of funds	11.8	11.5	10.9	10.6
Net interest margins	10.8	13.4	12.7	12.6
Spread	8.3	10.8	10.1	10.0
Cost-income	44.4	36.2	37.7	36.4
Tax rate	38.5	38.6	34.5	34.5

Balance sheet (INR mn)				
As on 31st March	FY16	FY17	FY18E	FY19E
Share capital	3,990	3,995	3,995	3,995
Reserves & Surplus	52,202	61,170	71,633	84,131
Shareholders' funds	56,192	65,164	75,627	88,126
Short term borrowings	130,486	147,671	160,278	189,312
Long term borrowings	55,923	63,288	68,690	81,134
Total Borrowings	186,409	210,959	228,968	270,445
Long Term Liabilities	19,495	21,650	24,116	26,601
Def. Tax Liability (net)	(520)	(560)	(560)	(560)
Sources of funds	261,577	297,213	328,151	384,611
Gross Block	5,471	5,855	5,848	6,028
Net Block	2,138	2,039	1,515	1,286
Capital work in progress	89	-	-	-
Intangible Assets	47	43	32	27
Total Fixed Assets	2,274	2,082	1,546	1,313
Non current investments	983	2,091	2,391	2,691
Cash and Equivalents	6,791	15,346	10,830	12,723
Loans & Advances	243,355	272,205	309,421	363,501
Current assets (ex cash)	14,673	12,706	12,001	13,250
Trade payable	1,040	1,155	1,286	1,419
Other Current Liab	5,459	6,062	6,753	7,448
Total Current Liab	6,498	7,217	8,039	8,867
Net Curr Assets-ex cash	8,174	5,489	3,962	4,383
Uses of funds	261,577	297,213	328,151	384,611
BVPS (INR)	140.8	163.3	189.5	220.9

RoE decomposition (%)				
Year to March	FY16	FY17	FY18E	FY19E
Net int. income/assets	10.8	13.4	12.7	12.6
Non int. income/assets	0.1	0.1	0.1	0.1
Net revenues/assets	10.9	13.5	12.8	12.7
Operating expense/assets	(4.8)	(4.9)	(4.8)	(4.6)
Provisions/assets	(0.7)	(1.1)	(0.3)	(0.4)
Taxes/assets	(2.1)	(2.9)	(2.6)	(2.6)
Total costs/assets	(7.6)	(8.9)	(7.7)	(7.7)
ROA	3.3	4.6	5.0	5.0
Equity/assets	22.2	23.6	24.4	24.8
ROAE (%)	14.9	19.4	20.5	20.1

Valuation parameters				
Year to March	FY16	FY17	FY18E	FY19E
Adj. Diluted EPS (INR)	20.1	29.5	36.1	41.2
Y-o-Y growth (%)	19.4	47.2	22.4	14.1
BV per share (INR)	140.8	163.3	189.5	220.9
Adj. BV per share (INR)	130.3	155.2	179.6	206.8
Diluted P/E (x)	22.8	15.5	12.7	11.1
P/B (x)	3.2	2.8	2.4	2.1
Price/ Adj. book (x)	3.5	2.9	2.5	2.2

Peer comparison valuation

Name	Market cap (USD mn)	Diluted P/E (X)		P/B (X)		ROAE (%)	
		FY18E	FY19E	FY18E	FY19E	FY18E	FY19E
Muthoot Finance	2,862	12.7	11.1	2.4	2.1	20.5	20.1
Dewan Housing Finance	2,101	12.0	10.4	1.5	1.4	13.8	14.5
HDFC	43,206	21.3	18.2	4.2	3.4	19.9	20.9
Indiabulls Housing Finance	7,704	14.4	11.9	3.7	3.3	27.3	29.3
LIC Housing Finance	5,351	16.5	14.8	2.7	2.3	18.8	18.4
Mahindra & Mahindra Financial Services	3,774	37.0	23.2	3.5	3.2	9.8	14.4
Manappuram General Finance	1,302	9.9	8.6	2.3	2.0	24.9	24.9
Power Finance Corp	5,546	5.2	5.1	0.9	0.8	17.8	16.1
Reliance Capital	3,164	16.2	13.0	1.2	1.1	7.5	8.7
Repco Home Finance	661	20.2	16.5	3.2	2.7	17.0	17.8
Rural Electrification Corporation	5,421	5.9	5.4	0.9	0.8	16.6	15.9
Shriram City Union Finance	2,211	16.9	12.0	2.5	2.1	15.6	19.0
Shriram Transport Finance	3,350	12.4	8.1	1.7	1.4	14.5	19.2
Median	-	12.7	11.1	2.3	2.0	17.0	18.4
AVERAGE	-	13.8	10.8	2.0	1.8	17.2	18.4

Source: Edelweiss research

Additional Data

Directors Data

M. G. George Muthoot	Chairman	George Alexander Muthoot	Managing Director
George Thomas Muthoot	Joint Managing Director	George Jacob Muthoot	Joint Managing Director
Alexander George Muthoot	Whole time Director	K. John Mathew	Director
K. George John	Director	George Joseph	Director
Pamela Anna Mathew	Director	John K. Paul	Director

Auditors - Rangamani & Co.

**as per last annual report*

Holding - Top 10

	Perc. Holding		Perc. Holding
Reliance Capital Trustee	3.53	Goldman Sachs Group	2.38
SBI Funds Management	1.68	ICICI Prudential Asset Management	1.54
Birla Sun Life Asset Management	1.32	Tata Asset Management	1.11
Grantham Mayo Van Otterloo & Co.	1.06	Vanguard Group	0.72
HSBC	0.67	India Infoline	0.49

**as per last available data*

Bulk Deals

Data	Acquired / Seller	B/S	Qty Traded	Price
26 Sep 2016	Barclays Merchant Bank (Singapore) Ltd	Buy	3056502	373.00
26 Sep 2016	Baring India Pvt Equity Fund Iii Listed Investments Ltd	Sell	3056502	373.00

**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
Allahabad Bank	HOLD	SU	M	Axis Bank	BUY	SO	M
Bajaj Finserv	HOLD	SP	L	Bank of Baroda	BUY	SP	M
Bharat Financial Inclusion	BUY	SO	M	Capital First	BUY	SO	M
DCB Bank	HOLD	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
04-Aug-17	Repco Home Finance	Growth takes a beating, yet again; trend to reverse; Result Update	767	Buy
03-Aug-17	ICICI Bank	20F findings: Stress elevated, but pursuing prudent course; Company Update	296	Buy
02-Aug-17	Capital First	Momentum sustained; Result Update	781	Buy

Distribution of Ratings / Market Cap

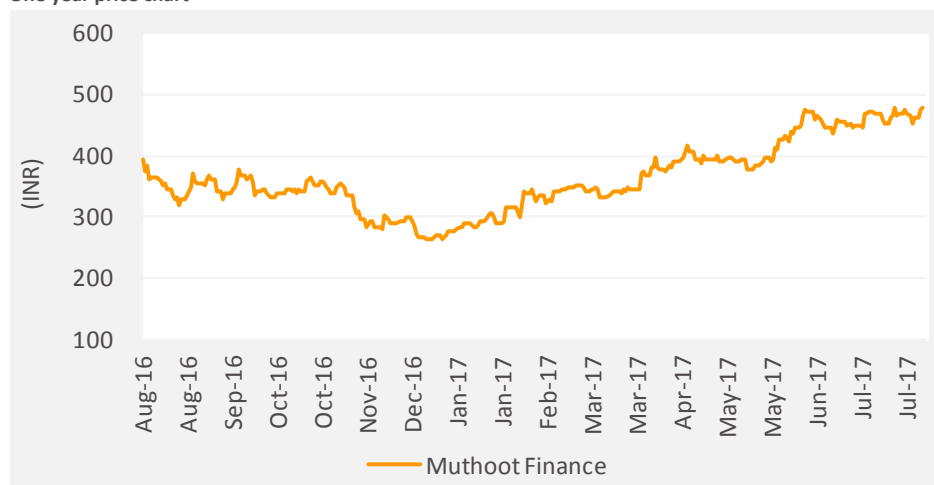
Edelweiss Research Coverage Universe

	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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