

# DEWAN HOUSING FINANCE

In the right place at the right time

India Equity Research | Banking and Financial Services

Dewan Housing Finance (DHFL) ended FY18 on a positive note. AUM gathered significant momentum—rose >30% (average 20% growth over the past two years)—on the back of robust >80% YoY disbursement growth in Q4FY18. This, along with stable NIMs at 3.03%, supported revenue growth and asset quality also remained stable (GNPLs at 96bps) with coverage of 110% (105% in FY17). However, better-than-expected revenue momentum was partially offset by elevated costs. Given presence in tier II/III cities, we expect DHFL to emerge key beneficiary of government's *Affordable Housing* thrust. At 2.0x FY20E P/ABV, the stock trades at significant discount to peers given RoE potential of 16% plus. Maintain 'BUY' with TP of INR726.

## Capitalising on Affordable Housing opportunity

Disbursements gained traction—at >INR157bn, up >80% YoY—led by: i) higher momentum in home loans (up 49% YoY given sustained thrust on *Affordable Housing*; approved >15K cases amounting to INR3.7bn in FY18); and ii) strong traction in LAP (disbursements up >110% & thus proportion rose to ~20% of book versus 17% in FY17). Project loan momentum sustained, taking its proportion to 15% (in line with guidance). Given that >65% of its home loan customers are eligible for various government schemes, we believe DHFL will continue to capitalise on the *Affordable Housing* opportunity. This, along with sustained NIMs (20bps BPLR hike), will lead to sustained revenue momentum.

## Cost-to-income ratio on track; sustenance key

DHFL's high cost structure—C/I ratio (calc.) at ~26-27% versus peers' average of mid teens—has been a key concern. While the C/I ratio rose in Q4FY18 (largely due to upfronting of employee expenses in anticipation of business momentum), for FY18 it stood at ~24% versus >26% in FY17 given management's focus on productivity improvement. While cost reduction seems to be on track led by improving efficiencies and technology initiatives, sustenance of the same is vital.

## Outlook and valuations: In an attractive space; maintain 'BUY'

We believe, DHFL is well set to emerge key beneficiary of government's *Affordable Housing* thrust, reflected to some extent in its recent growth trajectory. This, coupled with sustained margin and rising leverage via cost optimisation, will enable the company clock >19% EPS CAGR over FY18-20E. The stock trades at >15% discount to peers and we expect consistent performance to drive re-rating. We maintain 'BUY/SO'.

### Financials

	(INR mn)							
Year to March	Q4FY18	Q4FY17	Growth (%)	Q3FY18	Growth (%)	FY18	FY19E	FY20E
Net revenue	8,280	6,303	31.4	7,398	11.9	28,995	36,212	43,897
Net profit	3,124	2,483	25.8	3,060	2.1	11,721	15,269	18,654
Dil. EPS (INR) *	9.9	7.9	25.3	9.7	2.2	37.4	45.9	53.1
Adj. BV (INR)						272	300	330
Price/ Adj book (x)						2.4	2.2	2.0
Price/ Earnings (x)						17.4	14.1	12.2

\* excluding proceeds of stake sale in DHFL Pramerica Life Insurance

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: DWNH.BO, B: DEWH IN)

CMP	: INR 648
Target Price	: INR 726
52-week range (INR)	: 681 / 387
Share in issue (mn)	: 313.7
M cap (INR bn/USD mn)	: 203 / 3,011
Avg. Daily Vol.BSE/NSE('000)	: 4,493.1

### SHARE HOLDING PATTERN (%)

	Current	Q3FY18	Q2FY18
Promoters *	39.2	39.2	39.2
MF's, FI's & BK's	9.5	10.2	9.5
FII's	19.9	20.8	22.7
Others	31.3	29.8	28.5
* Promoters pledged shares (% of share in issue)			NIL

### PRICE PERFORMANCE (%)

	Stock	Nifty	EW Banks and Financial Services Index
1 month	25.6	6.2	5.3
3 months	10.0	(2.6)	(7.5)
12 months	50.1	15.4	13.1

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## Associates' performance

- **Aadhar Housing Finance:** Merger of DHFL Vysya and Aadhar HFC was completed in Q3FY18. Post merger with DHFL Vysya, business operations of the combined entity are spread across India with a network of 275 branches. The company reported AUM of INR80bn (up > 150% YoY and 18% QoQ).
- **Avanse Financial Services:** Reported outstanding AUM of INR21.9bn (up >120% YoY) with disbursements of INR5.6bn (up >2.7x YoY). Business operations are spread across 15 major educational markets, with additional coverage via 184 DHFL centres.
- **DHFL Pramerica Life Insurance:** Clocked outstanding AUM of ~INR36.8bn (up 36% YoY) with policyholder AUM of INR28bn (up 45% YoY). Present across a network of 117 branches with more than 10,000 agents.
- **DHFL Pramerica Asset Management:** Registered outstanding AUM of INR223.7bn (down >20% YoY/ down 14% QoQ) with MF portfolio of INR199bn (down ~23% YoY/ down 15% QoQ). Business operations are spread across 23 cities with more than 7,000 empanelled distributors.

Table 1: Q4FY18 earnings—Key takeaways

(INR mn)	Q4FY18	Q4FY17	YoY (%)	Q3FY18	QoQ (%)	Comments
Interest income	28,019	23,754	18.0	26,316	6.5	
Interest expense	19,802	17,475	13.3	18,944	4.5	
Net interest income	8,217	6,279	30.9	7,372	11.5	Strong NII traction, led by robust AUM growth and stable margins
Non-interest income	62	23	166.7	26	136.4	
Net revenues	8,280	6,303	31.4	7,398	11.9	
Operating expenses	2,181	1,717	27.0	1,778	22.7	
-Staff expense	1,004	656	53.1	892	12.5	
-Depreciation	77	34	124.9	73	5.5	
-Other opex	1,101	1,027	7.2	813	35.4	
Operating profit	6,099	4,586	33.0	5,620	8.5	
Provisions	1,300	830	56.6	1,003	29.6	Despite steady headline asset quality, credit cost elevated as coverage rose to 110% (versus 105% in FY17)
Profit before tax	4,799	3,756	27.8	4,617	3.9	
Tax expense	1,675	1,273	31.5	1,558	7.5	
Profit after tax	3,124	2,483	25.8	3,060	2.1	Robust earnings growth, supported by healthy revenue momentum
EPS (INR)	9.9	7.9	25.3	9.7	2.1	

Source: Company, Edelweiss research

\* Q4FY17 excludes proceeds of stake sale in DHFL Pramerica Life Insurance

Table 1: Q4FY18 earnings—Key takeaways (Contd...)

(INR mn)	Q4FY18	Q4FY17	YoY (%)	Q3FY18	QoQ (%)	Comments
<b>Key Metrics</b>						
AUM	11,10,860	8,35,600	32.9	10,12,860	9.7	Healthy disbursement growth led to strong AUM traction - highest in over 10 quarters
Loan book	9,19,300	7,20,962	27.5	8,39,620	9.5	
Disbursements	1,57,675	86,991	81.3	1,08,462	45.4	Disbursements gained traction—at >INR157bn, up >80% YoY—led by: i) higher momentum in home loans (up 49% YoY given sustained thrust on Affordable Housing; approved >15K cases amounting to INR3.7bn in FY18); and ii) strong traction in LAP (disbursements up >110% & thus proportion rose to ~20% of book versus 17% in FY17)
Sanctions	2,43,195	1,31,492	85.0	1,65,525	46.9	
GNPA	8,810	6,777	30.0	8,060	9.3	
GNPA (%)	1.0	0.9		1.0		Stable asset quality - a commendable feat given the difficulty in credit assessment of LMI segment
NIM (reported, %)	3.0	3.0		3.0		
Cost/income (reported, %)	26.3	27.2		24.0		Cost rationalisation efforts on track - target of further ~100-150bps reduction over the next 2 years

Source: Company, Edelweiss research

Chart 1: Strong disbursement growth of &gt;80% YoY...

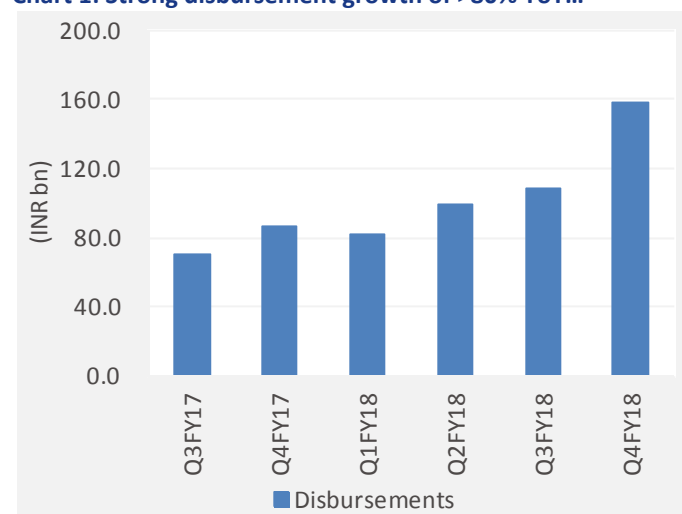
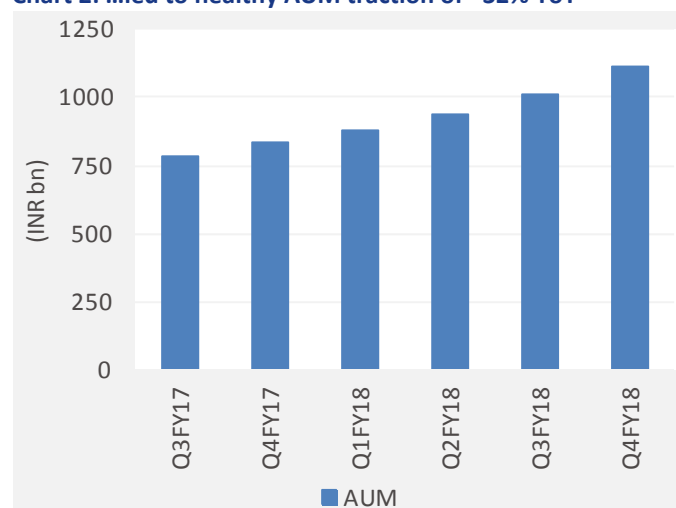
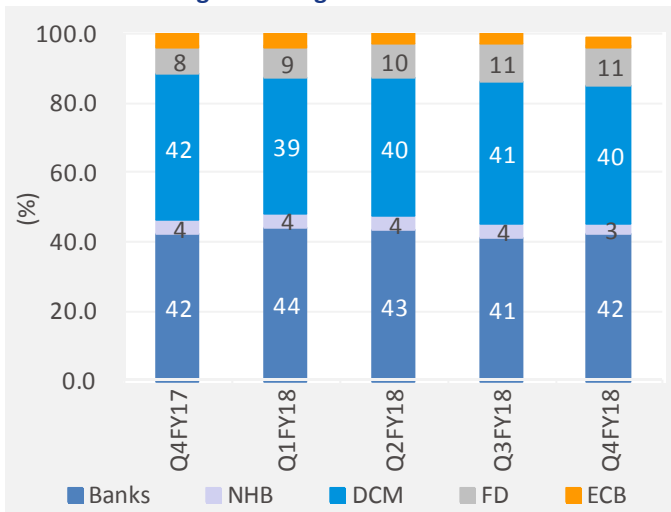


Chart 2: ...led to healthy AUM traction of ~32% YoY

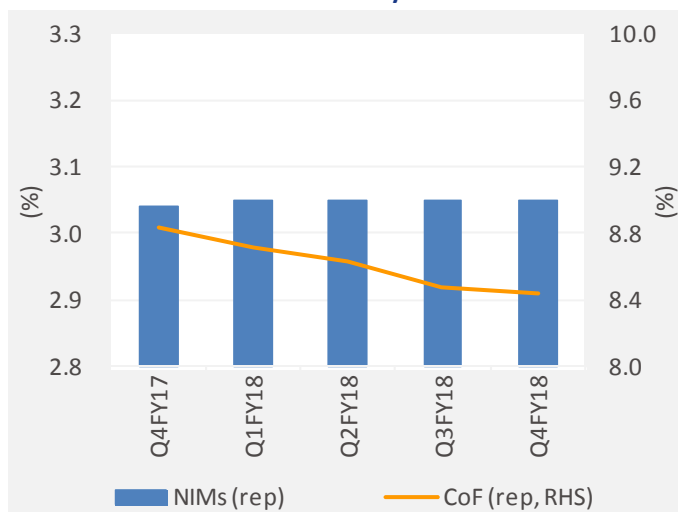


Source: Company

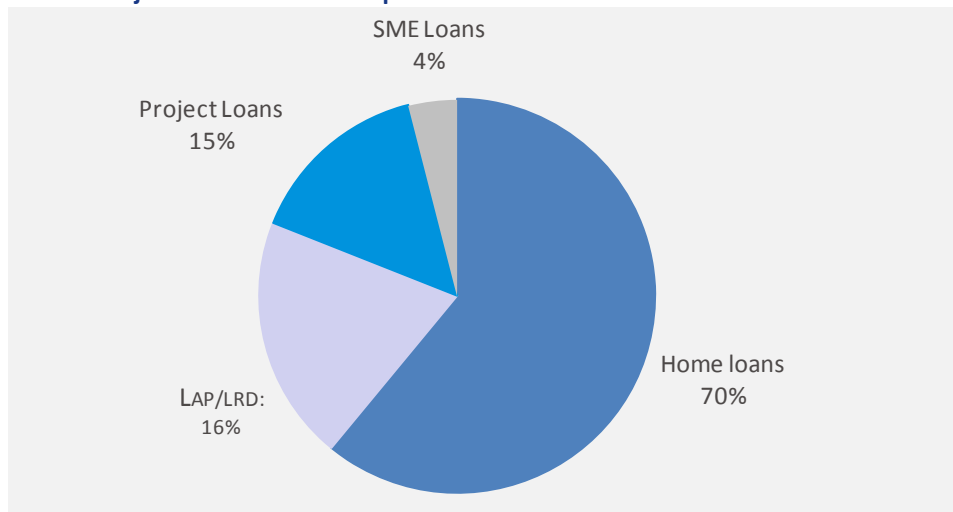
**Chart 3: Borrowing mix tilting towards DCM**



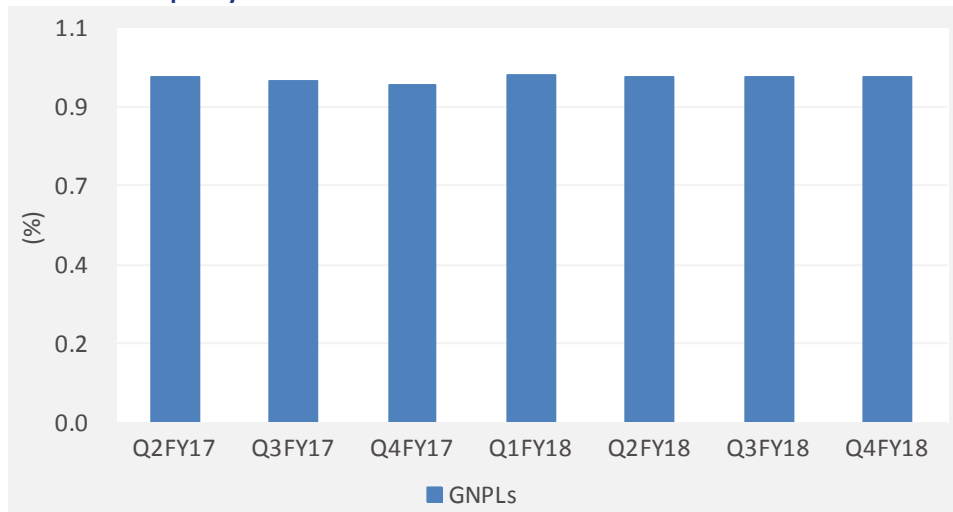
**Chart 4: NIMs continue to be steady**



**Chart 5: Project finance loans on upward trend**

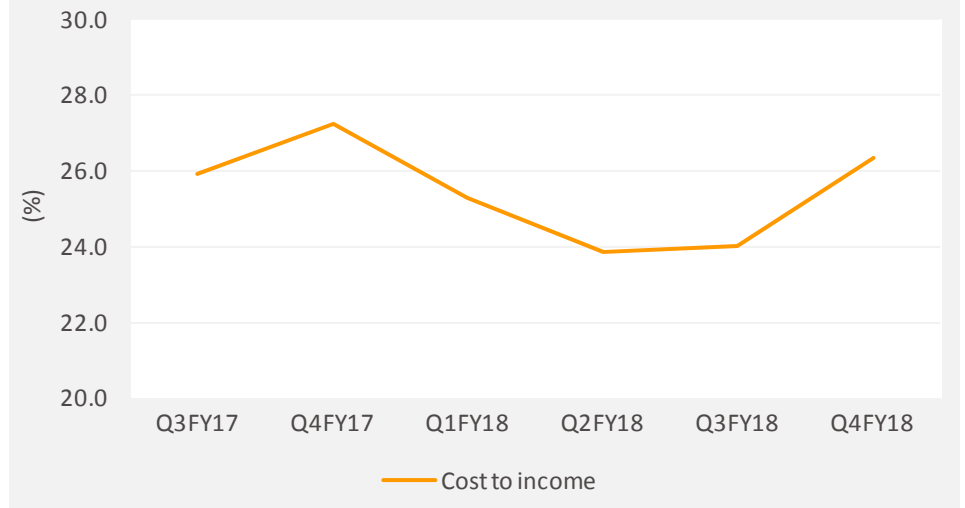


**Chart 6: Asset quality stable with GNPLs at 0.96%**



Source: Company

**Chart 7: Cost-income ratio inched up marginally**



Source: Company

## Financial snapshot

(INR mn)

Year to March	Q4FY18	Q4FY17	% change	Q3FY18	% change	FY17	FY18E	FY19E
Net revenues	8,280	6,303	31.4	7,398	11.9	22,036	28,995	36,212
Operating expenses	2,181	1,717	27.0	1,778	22.7	5,832	7,226	8,174
Staff expense	1,004	656	53.1	892	12.5	2,625	3,568	4,043
Depreciation	77	34	124.9	73	5.5	233	276	359
Other opex	1,101	1,027	7.2	813	35.4	2,974	3,382	3,772
Operating profit	6,099	4,586	33.0	5,620	8.5	16,204	21,769	28,038
Provisions & writeoff	1,300	830	56.6	1,003	29.6	2,180	4,203	5,077
Profit before tax	4,799	3,756	27.8	4,617	3.9	14,024	17,566	22,961
Provision for taxes	1,675	1,273	31.5	1,558	7.5	4,754	5,845	7,692
PAT	3,124	2,483	25.8	3,060	2.1	9,270	11,721	15,269
Diluted EPS (INR)	9.9	7.9	25.3	9.7	2.2	29.6	37.4	45.9

## Ratios

NII/GII (%)	29.3	26.4		28.0		22.9	25.4	25.4
Cost/income (%)	26.3	27.2		24.0		26.5	24.9	22.6
Tax rate (%)	34.9	33.9		33.7		33.9	33.3	33.5

## Bal. sheet data (INRbn)

B/V per share (INR)						255.3	280.4	310.1
Adj book value / share						247.3	272.2	300.2
Price/ Book (x)						2.5	2.3	2.1
Price/ Adj. book (x)						2.6	2.4	2.2
Price/ Earnings						21.9	17.4	14.1

## Q4FY18 Earnings Call Takeaways

With respect to operational performance

- Strong AUM growth driven by all products and focus on low and mid income group. For the full year FY18, home loan disbursements grew 35% driven by affordable housing segment. For FY19 management expects disbursements to grow at 28%-30% and overall AUM to grow at 22%-24%.
- Effective 11<sup>th</sup> April 2019, PLR has been increased by 20bps in line with market movement. Margins should be protected in the 300-305bps range. On the back of this the company expects the PAT to grow at 22-24% in FY19.
- Company will try to increase the mix of home loans towards 2/3<sup>rd</sup> of the overall book going forward
- Project loan disbursement grew ~50% in FY18 on the back of RERA benefits accrual. Fresh sanctions were up 55% in this segment. However, going forward growth in this segment could peak out and stabilize.
- Cost to income ratio was at 23.1% for FY18, significantly lower than previous years. This should be trending downwards due to the steps undertaken by the company. Another 50-60bps reduction possible in FY19.
- Fee income driven by processing fees, trademark fees and insurance fees; Out of this, trademark fees(INR430mn) is a one off (received from DHFL general insurance company) while in other segments, momentum should continue.
- Credit cost for the quarter was ~0.59%
- In Q4FY18 itself the company went for hiring given that the business plan was already in place. Hence, the employee expenses went up when compared to previous quarters.

### Other highlights

- Disbursements - INR65.3bn for HL, INR44.8bn for LAP, INR37.5bn for project finance and INR10.2 for SME
- NPA's on an AUM basis – 0.66% for HL, 1.2% for LAP, 1.2% for project finance
- Zero coupon bonds outstanding – INR18bn outstanding
- The company has filed almost 15,000 applications to NHB worth INR3.7bn under PMAY. Till date received subsidies for 7,000 applications worth INR1.5bn
- Almost 2/3<sup>rd</sup> of the customers of the company would be eligible for atleast one of the government schemes
- Incremental yields before PLR hike – 9.3% for HL, 11.30% for LAP, 13.70% for Project finance and 11.50% for SME
- Around 75% of the HL customers opt for credit protect insurance; this proportion has been fairly consistent
- Insurance commissions are in line with IRDAI guidelines and is at the upper point of the range specified by the regulator

## Q3FY18 Earnings Call Takeaways

### With respect to operational highlight

- Disbursement of >INR108bn registered growth of >50%. The sanctions has also been stronger (up > 75%) suggest that momentum will likely to continue. Expect strong growth momentum to continue both in near and on sustainable basis. Expect disbursement growth of > 27-30% (short to medium) and AUM growth of 20-24% (short to medium which is 18-24 months).
- Disbursement contribution : Individual home loan segment (at INR57.6%, up > 49% YoY), LAP at INR23.3bn (up > 80% YoY, on lower base ), SME at INR8.3bn (> 50% QoQ), Project Finance at INR19.4 ( up 21% QoQ). Large part of the retail loan growth is supported by affordable housing segment.
  - The management expect that individual home loans will grow faster and momentum will sustain. The management expect that home loans will constitute 2/3<sup>rd</sup> of the portfolio and LAP/SME at 20-21% range. However quarterly there might be some variations following newer opportunities.
  - On the other hand 15% will be project finance which will stabilize around 12%.
  - Of the overall cases which qualify under ELSS , > 60% of the cases is being contributed by EWS LIG.
- Cost income ratio at ~24% , improvement of > 400bps over FY15. The management further improvement of 50-100bps over next 18-24 months. The C/I ratio will likely stabilize in 21-22% levels, given the nuances of the business model (centering around tier-2/3 locations)
- Increase in non-interest income was driven by processing fees (INR580mn), commission (Insurance) : INR320mn and others : INR240mn
- Treasury income during the quarter was: INR940mn (versus INR1.56bn in previous quarter). The optical decline in income from mutual fund operations is due to some reclassification (move from debt oriented fund to arbitrage fund)

### Management commentary on RERA/Supply/Demand scenario

- Management has highlighted that now the states that were under notification has gone ahead and giving approval under RERA act. Having said that in terms of company, close to 80-85% of the business is coming from states wherein the RERA is full enforced, thus no major disruption expected.
- The real estate price correction is seen predominantly in metro markets ( more specific to luxury housing), but in the tier2/3 market there is better appreciation on property prices.

### Other highlights

- Given the pace at which the company is growing, the management feels that they are adequately capitalised for next 18-24 months.
- On the asset yields: On the overall basis the yields is going down ( but still better than peers due to pricing power in the segment on which company operates).
  - Incremental yields : Home loans - 9.3% LAP -11.3%



- At the current juncture, the incremental funding cost is less than 8%. **Some of the bank loans will come for re-pricing in ensuing quarter, thus management expects that there will be some further funding cost benefits henceforth.**
- Entire SME portfolio was securitised last quarter. As an organisation the company continues to drive the securitisation pool.
- Of the overall balance transfer seen out of the company: 87% of the balance transfer happening to 10 banks ( 6 private banks and 4 PSU banks), the balance 13% is over various other banks. In terms of balance transfer into the company, the management highlighted that the transfers has also been from smaller HFCs.
- **While growth has been healthy but asset quality steady with GNPLs steady, Coverage ratio at > 113%.** The management doesn't see any major deviation in the credit cost from the current level.

### Company Description

DHFL is a housing finance company registered with the National Housing Bank and headquartered in Mumbai (Maharashtra). It offers home loans to low and middle income segment in tier II and III cities. Promoted by the Wadhawan Group in 1984, it is one of the largest HFCs in India with AUM of >INR1tn as on FY18. As of Q4FY18, DHFL is present in 349 locations across India via branches, subsidiaries and alliances with public sector banks

### Investment Theme

We believe, DHFL is well set to emerge key beneficiary of government's Affordable Housing thrust, reflected to some extent in its recent growth trajectory. This, coupled with sustained margin and rising leverage via cost optimisation, will enable the company clock >19% EPS CAGR over FY18-20E. The stock trades at >15% discount to peers and we expect consistent performance to drive re-rating.

### Key Risks

Any slowdown in the real estate sector will negatively impact DHFL's growth and earnings. Further, it will also impact default rates and recoverability in the event of a default.

Adverse regulatory change will negatively impact the company's growth and profitability. Regulatory changes like increase in risk weights, cap on interest spread under refinance schemes etc., can also impact DHFL. Further, changes in terms and eligibility conditions of refinance schemes provided can also adversely impact margins.

DHFL, with ~36% of loan book from self-employed category, is susceptible to the volatile income stream of this borrower segment

## Financial Statements

## Key Assumptions

Year to March	FY17	FY18	FY19E	FY20E
<b>Macro</b>				
GDP(Y-o-Y %)	6.6	6.5	7.1	7.6
Inflation (Avg)	4.5	3.6	4.5	5.0
Repo rate (exit rate)	6.3	6.0	6.0	6.5
USD/INR (Avg)	67.1	64.5	66.0	66.0
<b>Sector</b>				
Credit growth	9.0	12.0	14.0	17.0
Bank's base rate (%)	9.0	9.0	9.0	9.0
Wholesale borr. cost (%)	8.5	8.5	8.5	8.5
G-sec yield	6.5	6.5	7.0	7.1
<b>Oper. metric assumptions (%)</b>				
Yield on advances	12.8	12.2	11.8	11.7
Cost of funds	9.3	8.7	8.9	9.0
Spread	2.3	2.1	1.4	1.3
Employee cost growth	15.3	35.9	13.3	14.1
Other opex growth	-	13.7	11.5	9.9
Dividend payout	35.1	17.3	20.5	20.5
<b>B/S assumption (%)</b>				
Disbursement growth	18.1	56.7	28.0	25.0
Repayment rate	23.5	23.6	23.0	23.0
Gross NPLs	0.9	1.0	1.1	1.3
Net NPLs	0.5	0.4	0.4	0.5
Provision coverage	48.0	59.0	65.0	65.0

## Income statement

(INR mn)

Year to March	FY17	FY18	FY19E	FY20E
Interest income	86,311	101,462	126,877	161,815
Interest expended	66,536	75,649	94,636	122,434
Net interest income	19,775	25,813	32,241	39,382
Fee & other income	2,261	3,182	3,971	4,515
Net revenue	22,036	28,995	36,212	43,897
Operating expense	5,832	7,226	8,174	9,183
- Employee exp	2,625	3,568	4,043	4,615
- Depn /amortisation	233	276	359	423
- Other opex	2,974	3,382	3,772	4,145
Preprovision profit	16,204	21,769	28,038	34,714
Provisions	2,180	4,203	5,077	6,663
Profit Before Tax	14,024	17,566	22,961	28,051
Less: Provision for Tax	4,754	5,845	7,692	9,397
Profit After Tax	9,270	11,721	15,269	18,654
Reported Profit	28,965	11,721	15,269	18,654
Shares o /s (mn)	313	314	332	351
Basic EPS (INR)	95.4	36.9	45.9	53.1
Diluted shares o/s (mn)	313	314	332	351
Adj. Diluted EPS (INR)	29.6	37.4	45.9	53.1
Dividend per share (DPS)	27.7	5.5	8.0	9.3
Dividend Payout Ratio(%)	35.1	17.3	20.5	20.5

## Growth ratios (%)

Year to March	FY17	FY18	FY19E	FY20E
Operating income growth	19.9	30.5	24.9	22.1
Revenues	20.6	31.6	24.9	21.2
Opex growth	6.1	23.9	13.1	12.3
PPP growth	26.9	34.3	28.8	23.8
Provisions growth	24.6	92.8	20.8	31.2
Adjusted Profit	27.1	26.4	30.3	22.2

## Operating ratios

Year to March	FY17	FY18	FY19E	FY20E
Yield on advances	12.8	12.2	11.8	11.7
Cost of funds	9.3	8.7	8.9	9.0
Net interest margins	2.5	2.7	2.8	2.7
Spread	2.3	2.1	1.4	1.3
Cost-income	26.5	24.9	22.6	20.9
Tax rate	33.9	33.3	33.5	33.5

Balance sheet		(INR mn)			
As on 31st March	FY17	FY18	FY19E	FY20E	
Share capital	3,132	3,137	3,324	3,512	
Reserves & Surplus	76,827	84,820	99,751	117,358	
Shareholders' funds	79,958	87,956	103,075	120,870	
Short term borrowings	213,913	243,861	312,689	400,942	
Long term borrowings	605,874	690,697	885,644	1,135,605	
Total Borrowings	819,787	934,557	1,198,333	1,536,548	
Long Term Liabilities	14,067	25,320	28,138	31,360	
Def. Tax Liability (net)	3,094	3,580	500	500	
<b>Sources of funds</b>	<b>916,907</b>	<b>1,051,413</b>	<b>1,330,046</b>	<b>1,689,278</b>	
Gross Block	3,183	3,683	4,183	4,683	
Net Block	2,073	2,871	2,982	3,033	
Capital work in progress	5,962	6,462	6,962	7,462	
Intangible Assets	392	456	486	513	
Total Fixed Assets	8,427	9,788	10,430	11,007	
Non current investments	74,442	44,421	40,761	44,823	
Cash and Equivalents	95,207	61,026	60,500	66,537	
Loans & Advances	731,579	932,763	1,214,485	1,562,607	
Current assets (ex cash)	13,325	14,316	15,939	17,753	
Trade payable	45	50	10	10	
Other Current Liab	6,029	10,852	12,059	13,440	
Total Current Liab	6,073	10,902	12,069	13,450	
Net Curr Assets-ex cash	7,252	3,415	3,870	4,303	
<b>Uses of funds</b>	<b>916,907</b>	<b>1,051,413</b>	<b>1,330,046</b>	<b>1,689,278</b>	
Earning assets	894,413	1,016,304	1,291,478	1,646,911	
Disbursements	285,819	448,003	573,444	716,805	
BVPS (INR)	255.3	280.4	310.1	344.2	
AUM	835,600	1,110,860	1,428,806	1,816,986	
Total borrowing	923,808	1,112,653	1,412,654	1,790,926	
AUM growth	19.7	32.9	28.6	27.2	
EA growth	35.6	13.6	27.1	27.5	
Gross NPAs	6,876.8	8,954.5	13,359.3	20,313.9	
Net NPAs	3,576.0	3,671.4	4,675.8	7,109.9	
Provision coverage	48.0	59.0	65.0	65.0	
Gross NPA ratio	0.9	1.0	1.1	1.3	
Net NPA ratio	0.5	0.4	0.4	0.5	

RoE decomposition (%)					
Year to March	FY17	FY18	FY19E	FY20E	
Net int. income/assets	2.5	2.7	2.8	2.7	
Other income/Assets	0.3	0.3	0.3	0.3	
Net revenues/assets	2.8	3.0	3.1	3.0	
Operating expense/assets	0.8	0.8	0.7	0.6	
Provisions/assets	0.3	0.4	0.4	0.5	
Taxes/assets	0.6	0.6	0.7	0.6	
Total costs/assets	1.6	1.8	1.8	1.7	
ROA	1.2	1.2	1.3	1.3	
Equity/assets	8.4	8.8	8.3	7.6	
ROAE (%)	44.5	14.0	16.0	16.7	

Valuation parameters					
Year to March	FY17	FY18	FY19E	FY20E	
Adj. Diluted EPS (INR)	29.6	37.4	45.9	53.1	
Y-o-Y growth (%)	18.5	26.2	22.9	15.6	
BV per share (INR)	255.3	280.4	310.1	344.2	
Adj. BV per share (INR)	247.3	272.2	300.2	330.0	
Diluted P/E (x)	21.9	17.4	14.1	12.2	
P/B (x)	2.5	2.3	2.1	1.9	
Price/ Adj. BV (x)	2.6	2.4	2.2	2.0	
Dividend Yield (%)	4.3	0.9	1.2	1.4	

## Peer comparison valuation

Name	Market cap (USD mn)	Diluted P/E (X)		P/B (X)		ROAE (%)	
		FY19E	FY20E	FY19E	FY20E	FY19E	FY20E
Dewan Housing Finance	3,011	14.1	12.2	2.1	1.9	16.0	16.7
Capital First	952	14.0	10.9	2.2	1.9	16.6	18.4
HDFC	47,277	20.5	17.5	3.2	2.6	15.3	16.5
Indiabulls Housing Finance	8,348	12.9	10.6	3.6	3.1	30.5	31.4
L&T Finance Holdings	5,176	16.5	13.3	2.9	2.5	19.0	20.2
LIC Housing Finance	4,132	12.5	10.6	1.9	1.6	17.8	18.1
Mahindra & Mahindra Financial Services	4,886	24.1	20.5	3.1	2.8	13.4	14.5
Manappuram General Finance	1,542	12.4	10.6	2.6	2.3	22.0	22.7
Muthoot Finance	2,701	9.6	8.6	1.9	1.6	21.7	20.8
Power Finance Corp	3,477	3.5	3.3	0.5	0.5	15.0	14.6
Repco Home Finance	604	14.2	12.3	2.4	2.0	17.8	17.6
Rural Electrification Corporation	3,771	4.3	3.9	0.6	0.5	14.5	14.4
Shriram City Union Finance	2,379	14.0	11.8	2.4	2.1	18.8	19.0
Shriram Transport Finance	5,471	13.2	10.7	2.4	2.0	19.5	20.2
Median	-	13.6	10.8	2.4	2.0	17.8	18.3
AVERAGE	-	14.2	12.0	2.4	2.1	18.4	18.9

Source: Edelweiss research

## Additional Data

### Directors Data

Kapil Wadhawan	Chairman & Managing Director	Dheeraj Wadhawan	Non-Executive Director
Harshil Mehta	Joint Managing Director & CEO	V. K. Chopra	Director
Mannil Venugopalan	Director	Vijaya Sampath	Director
G. P. Kohli	Director		

Auditors - Chaturvedi & Shah

*\*as per last annual report*

### Holding - Top 10

	Perc. Holding		Perc. Holding
Hemisphere Infra India	3.42	Galaxy Infraprojects & Dev	3.33
Silicon First Realtors Pvt	3.22	Jhunjhunwala Rakesh	3.19
Life Insurance Corp Of India	2.70	Vanguard Group	2.28
Dimensional Fund Advisors Lp	1.85	Franklin Resources	1.36
Morgan Stanley	1.19	Aditya Birla Sun Life Asset Mgmt	1.14

*\*as per last available data*

### Bulk Deals

Data	Acquired / Seller	B/S	Qty Traded	Price
26 Apr 2018	Marfatia Nishil Surendra	Sell	24100	624.01
10 Jan 2018	Hauck & Aufhauser Privatbankiers KgaA Niederlassung Luxemb	Sell	220000	625.00
10 Jan 2018	Okoworld Growing Markets 2.0	Buy	220000	625.00
26 Oct 2017	Marfatia Nishil Surendra	Buy	64199	598.42

*\*in last one year*

### Insider Trades

Reporting Data	Acquired / Seller	B/S	Qty Traded
31 May 2017	JAYESH KHONA	Sell	46000.00
26 May 2017	SANTOSH SHARMA	Sell	20000.00
26 May 2017	JAYESH KHONA	Sell	29000.00

*\*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	HOLD	SU	M
Bajaj Finserv	BUY	SP	L	Bank of Baroda	BUY	SP	M
Bharat Financial Inclusion	BUY	SP	M	Capital First	BUY	SO	M
DCB Bank	HOLD	SP	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	BUY	SP	L
Indiabulls Housing Finance	BUY	SO	M	IndusInd Bank	BUY	SP	L
Karnataka Bank	BUY	SP	M	Kotak Mahindra Bank	BUY	SO	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	SP	M
Manappuram General Finance	BUY	SO	H	Max Financial Services	BUY	SO	L
Multi Commodity Exchange of India	HOLD	SU	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	M
South Indian Bank	BUY	SO	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

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### Recent Research

Date	Company	Title	Price (INR)	Recos
30-Apr-18	MCX	Steady quarter; volume uptick priced in; <i>Result Update</i>	779	Hold
30-Apr-18	Kotak Mahindra Bank	FY18 ends well, synergy benefits starts kicking in; <i>Result Update</i>	1,211	Buy
30-Apr-18	Equitas Holdings	Business turnaround playing out; <i>Result Update</i>	155	Buy

### Distribution of Ratings / Market Cap

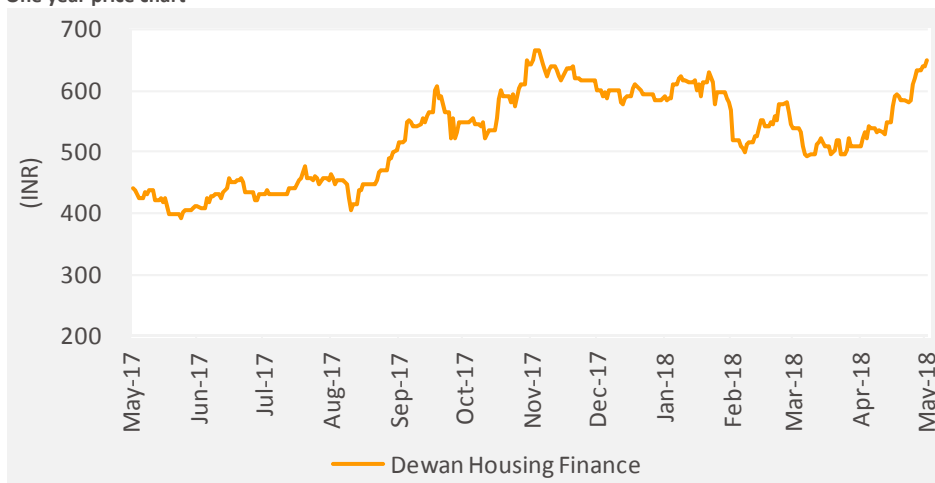
#### Edelweiss Research Coverage Universe

	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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