



December 2015

- **Key Economic Highlights for the Month**
- **Performance of Key Indicators and Movement of Key Variables Affecting the Sector**
- **Performance of Stocks across BFSI Sectors**
- **Key Sector and Company Developments**
- **Regulatory Developments**
- **Financial and Valuation Metrics**
- **Edelweiss Senior Management & BFSI Coverage Team**
- **Overview of Select Edelweiss Transactions**

Key Economic Highlights for the Month



Global Equity Capital Markets

Global Economic News

- **US:** US Federal government's budget deficit widened to US\$ 65 bn in Nov'15, up 14% y-o-y, with current fiscal YTD deficit at US\$ 201 bn
- **China:** China's manufacturing sector contracted for a fifth straight month as PMI stood at 49.7 in Dec'15
- **Europe:** European flash composite PMI for Dec'15 dipped to 54 from 54.2 in Nov'15, with the 4Q data being strongest for the Eurozone in 4.5 years
- **Brazil:** Brazil's debt was downgraded to junk by Fitch Ratings, amidst economic and political crisis in the country
- **Japan:** Factory output fell by 1% in Nov'15 for the first time in 3 months
- **India:**
 - BOP slipped into deficit of US\$ 0.9 bn in Jul-Sept from surplus of \$11.4 billion in April-June
 - Fiscal deficit reached ₹ 4.84 tn (US\$ 73.2 bn) during Apr-Nov; 87% of the full-year target

Top Global ECM Transactions⁽¹⁾

Company	Deal Type	Size (US\$ mn)	Offer Price (LC) ⁽²⁾	Curr. Price (LC) ⁽²⁾	Prem. / (Disc.) (%)
Alpha Bank AE - Greece	Additional, Primary Share Offering	2,750	2.00	2.10	5%
Naspers Ltd - South Africa	Additional, Primary Share Offering	2,501	197,500	192,100	(3%)
China Energy Engineering Corp - China	Primary & Secondary Share Offering	1,900	1.59	1.42	(11%)
Piraeus Bank SA - Greece	Additional, Primary Share Offering	1,455	0.30	0.26	(13%)
Bank of Jinzhou Co Ltd - China	Primary & Secondary Share Offering	912	4.66	5.70	22%

(1) Includes deals that got listed in December, 2015

(2) LC denotes Local Currency; Current Price as on January 7, 2016

Performance of the Global Capital Markets

Country	Current Index [#]	1 Week	1 Month	3 Months	CY15
Australia	5,296	1.7%	2.5%	5.5%	(2.1%)
Brazil	43,350	(1.5%)	(3.9%)	(3.8%)	(13.3%)
China	3,539	(2.0%)	2.7%	15.9%	9.4%
Germany	10,743	0.1%	(5.6%)	11.2%	9.6%
Hong Kong	21,914	(1.0%)	(0.4%)	5.1%	(7.2%)
India (Sensex)	26,118	1.1%	(0.1%)	(0.1%)	(5.0%)
Japan	19,034	0.8%	(3.6%)	9.5%	9.1%
Russia	1,761	0.8%	(0.5%)	7.2%	26.1%
Korea	1,961	(1.9%)	(1.5%)	(0.1%)	2.4%
UK (FTSE)	6,274	0.5%	(1.3%)	3.5%	(4.4%)
US (Dow Jones)	17,604	0.0%	(0.7%)	8.1%	(1.2%)

#As on December 31, 2015

✓ **Global Markets:** Dec'15 was all about the US Fed's rate hike decision; however most major global markets ended the month in negative with volatile commodity / oil prices & slowdown in China playing spoilsport

✓ **India:** Indian equity markets ended the year with losses of ~5% despite FIIs & DIIs being net buyers to the tune of ~US\$ 14 bn as several factors such as core sector / PMI contraction, weak corporate earnings and global cues dampened market sentiment

✓ **December'15 Performance:-** China & Australia indices were the only gainers with 2.7% & 2.5% respectively while Germany, Brazil & Japan indices gave negative returns of 5.6%, 3.9% & 3.6%, respectively

Source: Bloomberg, News runs, Edelweiss Research

Performance of Key Indicators and Movement of Key Variables Affecting the Sector



Performance of Key Indicators

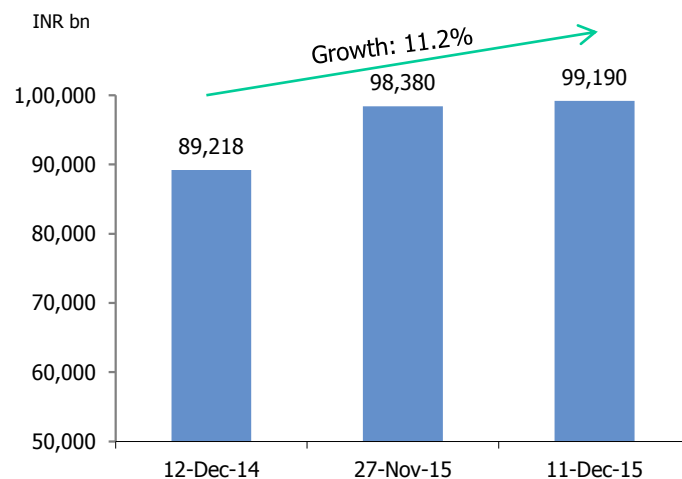
Deposits & Credit

- Demand & Time Deposits have grown by 11.2% in the last one year
- At the same time Non-food Credit grew by 11.1%

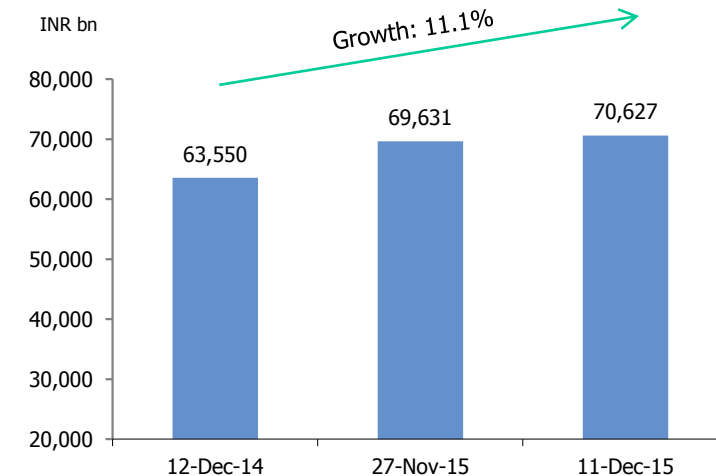
SLR Requirements

- Investment in Central & State Government Securities have grown by 12.2% in the last year
- Balances with the RBI have grown by 8.2% y-o-y

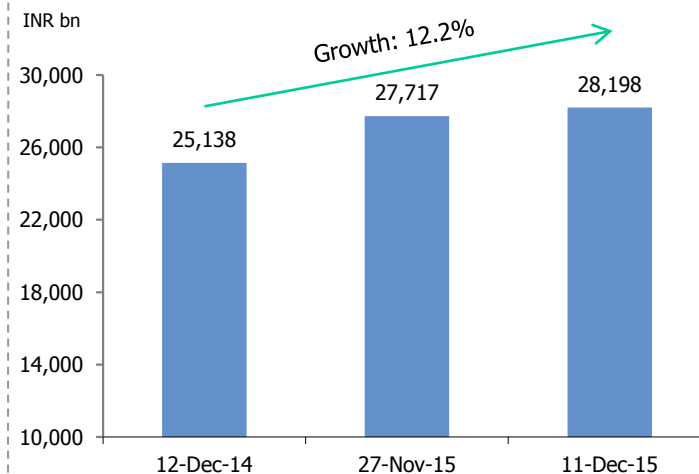
Demand & Time Deposits



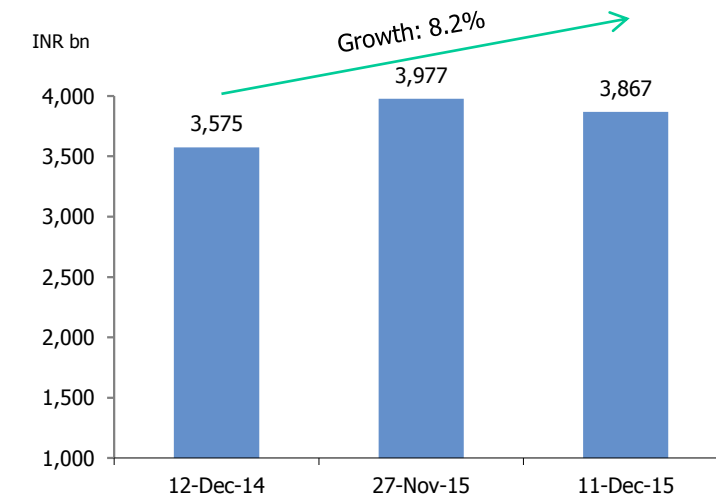
Non-food Credit



Investments in Central & State Govt. Securities



Balances with RBI



Movement of Key Variables Affecting the Sector

(1/2)

Credit and Investment

- Credit – Deposit Ratio stood at 75.3% as on December 11th, 2015
- At the same time, the Investment – Deposit Ratio stood at 29.6%

Forex and Currency Movement

- Forex Reserves stood at USD 351.1 bn as on December 18th, 2015
- INR / USD depreciated to Rs.66.15/ Dollar as on December 31st, 2015

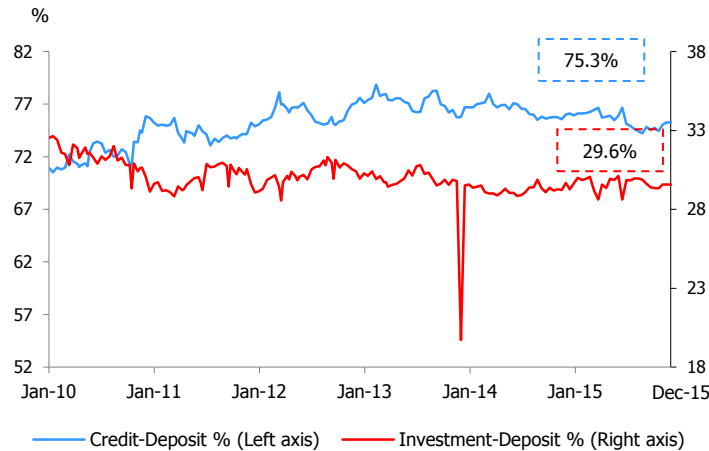
Credit – Deposit Growth

- Both Credit and Deposit growth rates have shown signs of uptrend

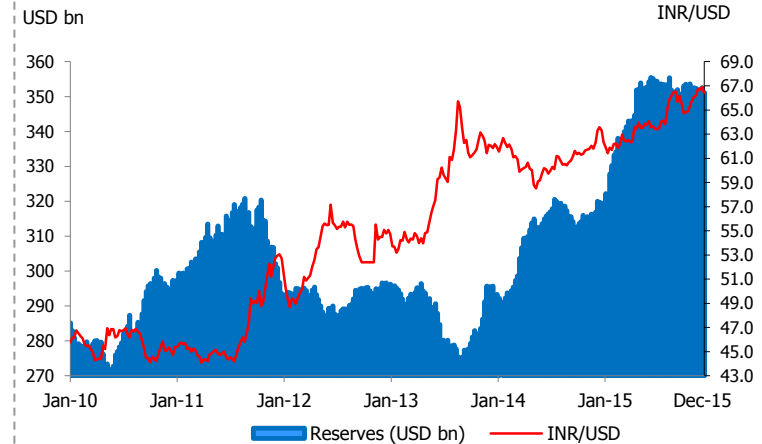
Inflation

- The Wholesale Price Index stood at (-1.99%) at the end of November 2015, continuing the negative trend for 18th consecutive month
- CPI hardened to 5.41% in November

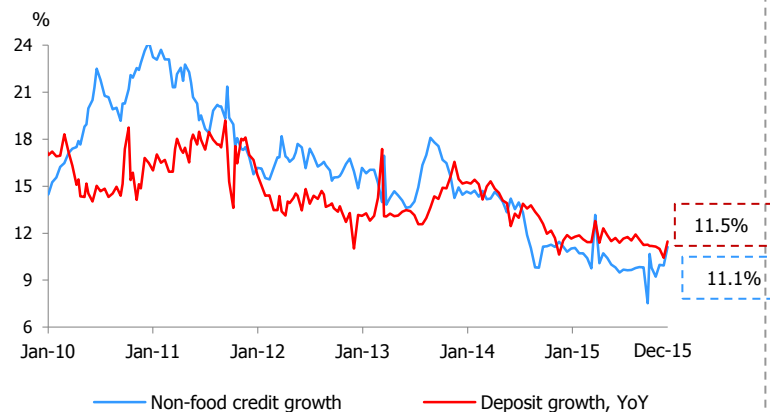
Credit-Deposit ratio and Investment-Deposit ratio



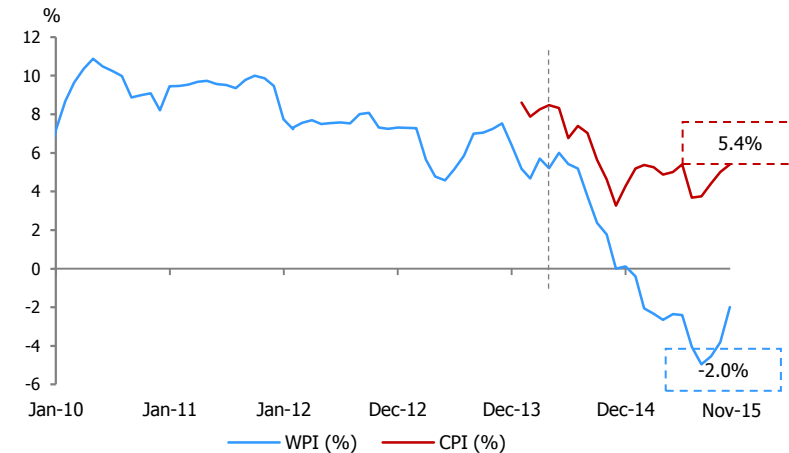
Forex reserve & INR/USD movement



Credit and Deposit growth (y-o-y)



Wholesale price index (y-o-y)



Movement of Key Variables Affecting the Sector

(2/2)

Liquidity in LAF

- As at Dec 30, 2015, liquidity was INR 4 bn as against a 1 year average of INR (35) bn and a 3-year average of INR (262) bn

CRR and Repo

- After RBI surprised the markets with a 50 bps cut in Repo on Sep 29, 2015 to 6.75%, they maintained a status quo on the rates in the policy announced on Dec 1, 2015

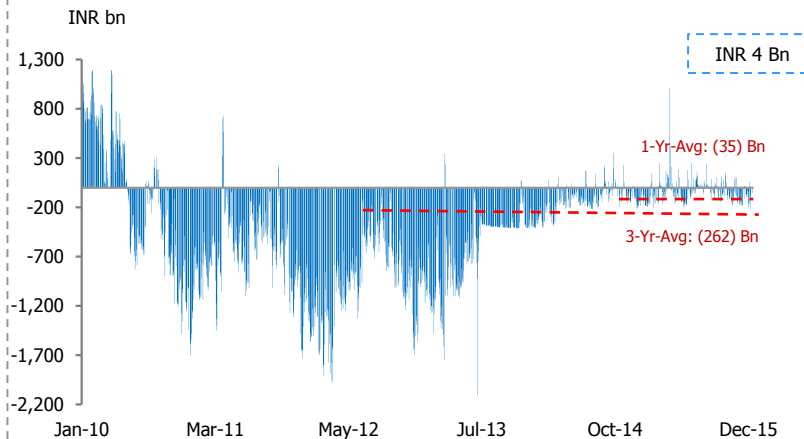
Interest Rate

- At the end of Dec 2015, the 3-month Bill yielded 7.15% while the 10 year G-Sec yielded 7.76%

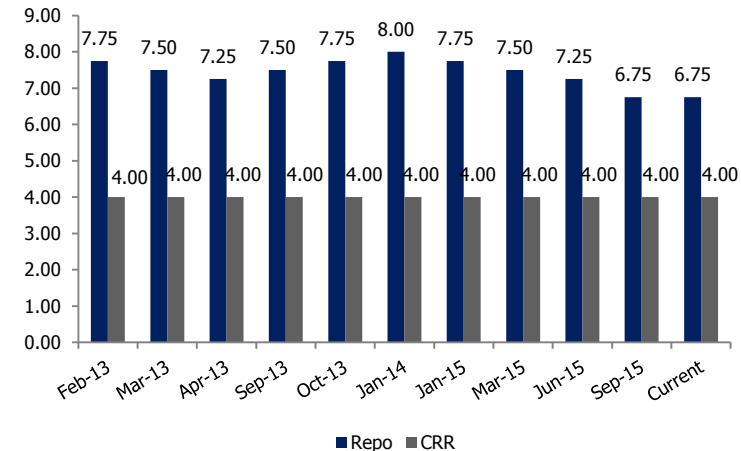
Trading Volumes

- The total value of stocks traded on the NSE & BSE in the month of Dec 2015 stood at INR 3,967 billion – up 10% m-o-m

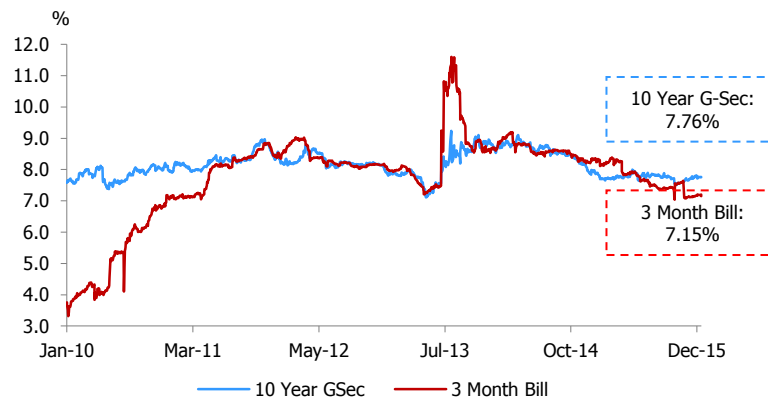
Liquidity in LAF



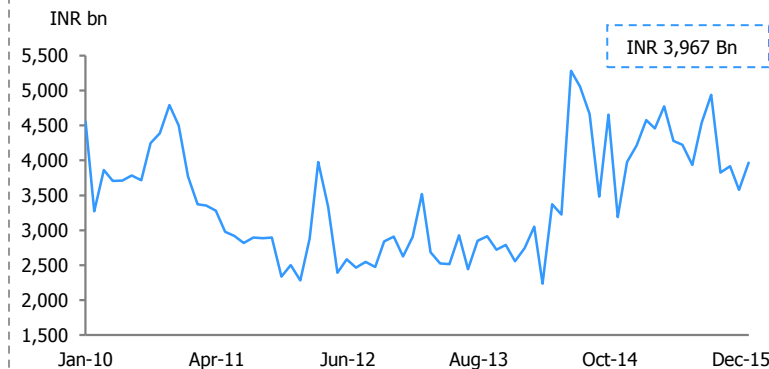
CRR and Repo rates (%)



Interest rate movement



Value of stocks traded – NSE & BSE



Performance of Stocks across BFSI Sectors

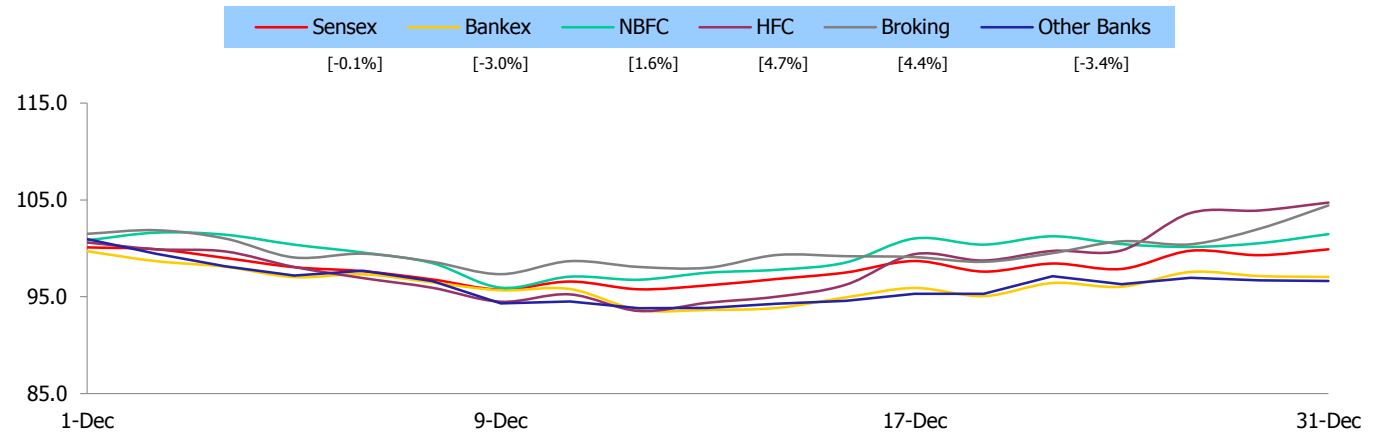


BFSI performance vis-à-vis Sensex

Highlights

- In spite of flat performance by Sensex, some of the BFSI indices gave good returns in December
- However, Banks gave negative returns during the month
- In the last 3 months, BFSI indices other than Banks have given positive returns
- On a trailing 12 months basis, NBFC, HFC and Broking investments have offered excellent returns to the investors, while banks have given negative returns

BFSI performance vis-à-vis Sensex (Month of December, 2015)



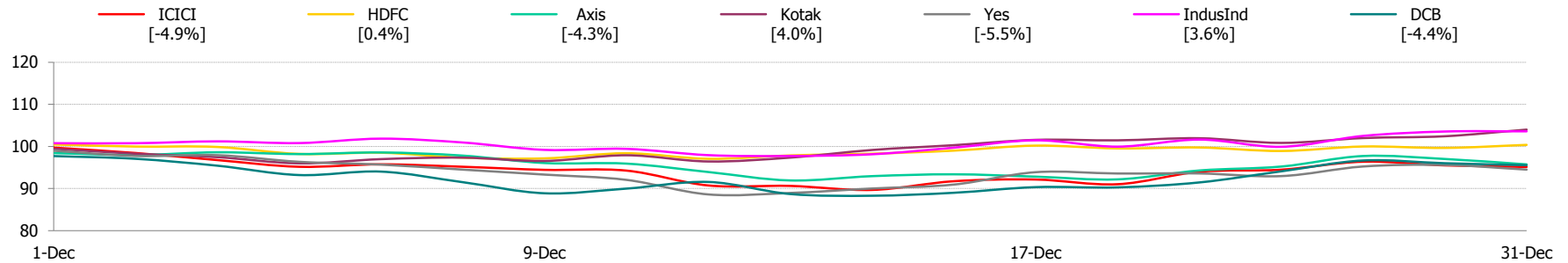
Note:

1. Stock prices rebased to 100
2. Bankex represents BSE Bankex Index
3. Other sector indices made from simple avg. of stock prices of select companies in the respective sectors
 - HFC Index – Indiabulls Housing Finance, Dewan Housing, GIC Housing, Gruh Housing, HDFC, LIC Housing Finance, Repco Home Finance
 - NBFC Index – IDFC, Shriram City Union Finance, Magma Fincorp, Chola Mandalam Investment & Finance Company, Reliance Capital, Shriram Transport Finance, Sundaram Finance, Bajaj Finserv, SREI Infrastructure Finance, Manappuram General Finance, Mahindra & Mahindra Financial Services, L&T Finance Holdings, Muthoot Finance, Bajaj Finance, Capital First
 - Broking Index – Religare Enterprises, India Infoline, Motilal Oswal, Geojit BNP Paribas, Edelweiss Capital, JM Financial
 - Other Banks – DCB Bank, Federal Bank, South Indian Bank, Dhanlaxmi Bank, Karnataka Bank, Allahabad Bank, Lakshmi Vilas & City Union Bank

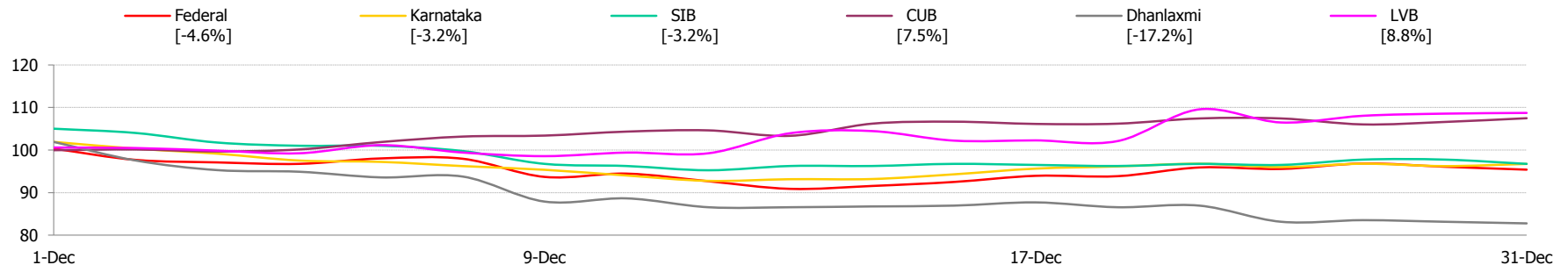
Return Metrics

Index	1M	3M	12M
Sensex	(0.1%)	(0.1%)	(4.7%)
Bankex	(3.0%)	(1.4%)	(8.9%)
NBFC Index	1.6%	5.9%	3.9%
HFC Index	4.7%	6.0%	21.4%
Broking Index	4.4%	7.3%	17.4%
Other Banks	(3.4%)	(11.4%)	(22.4%)

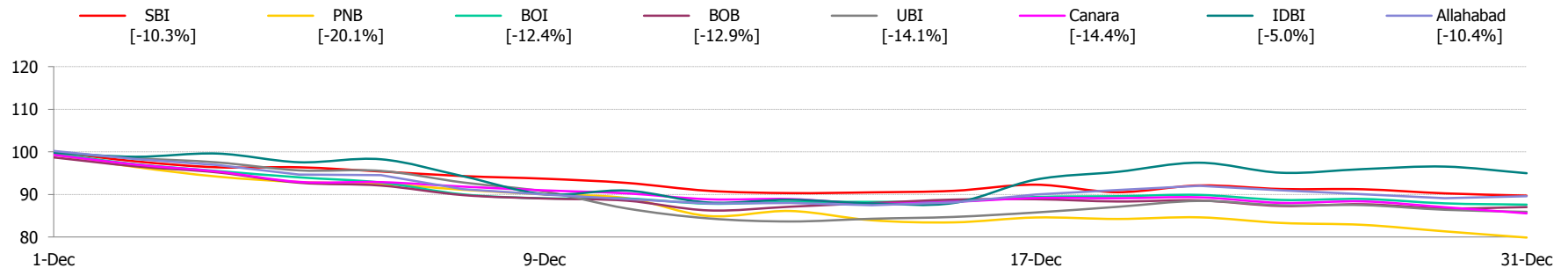
Performance of New Private Bank Stocks



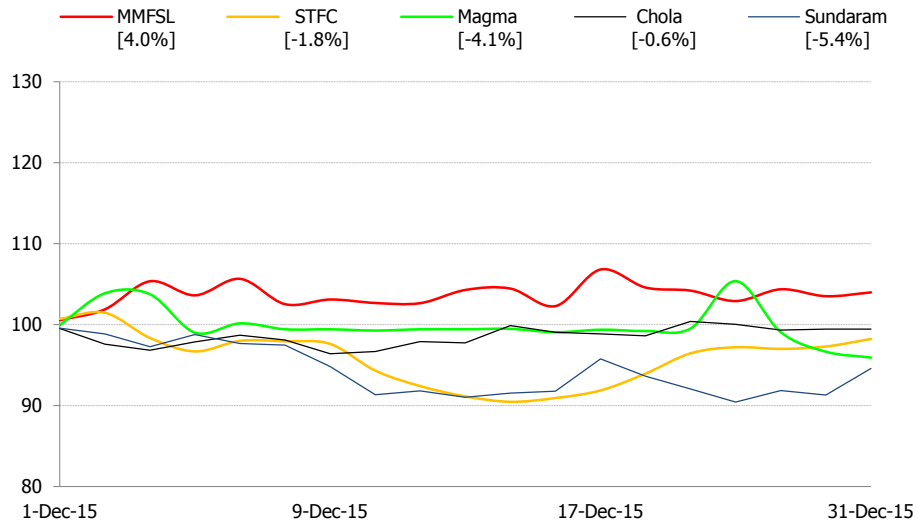
Performance of Old Private Bank Stocks



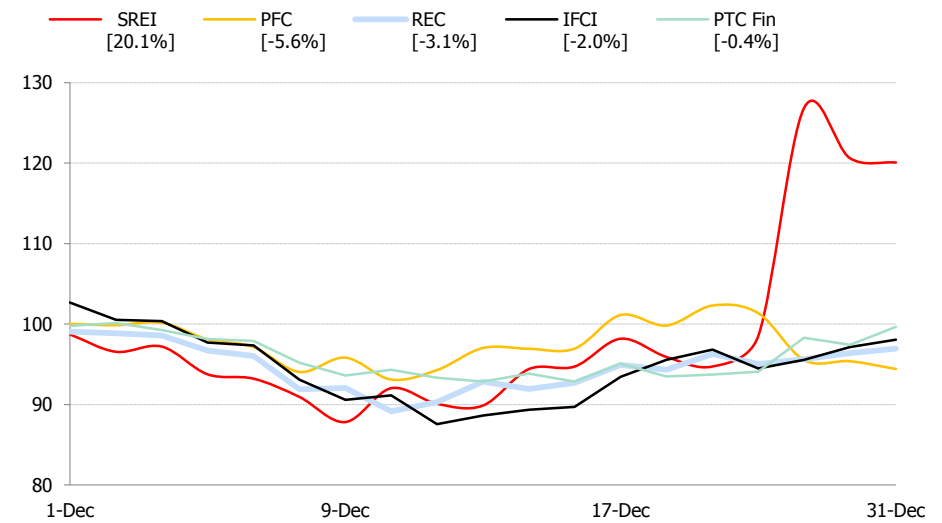
Performance of Select PSU Bank Stocks



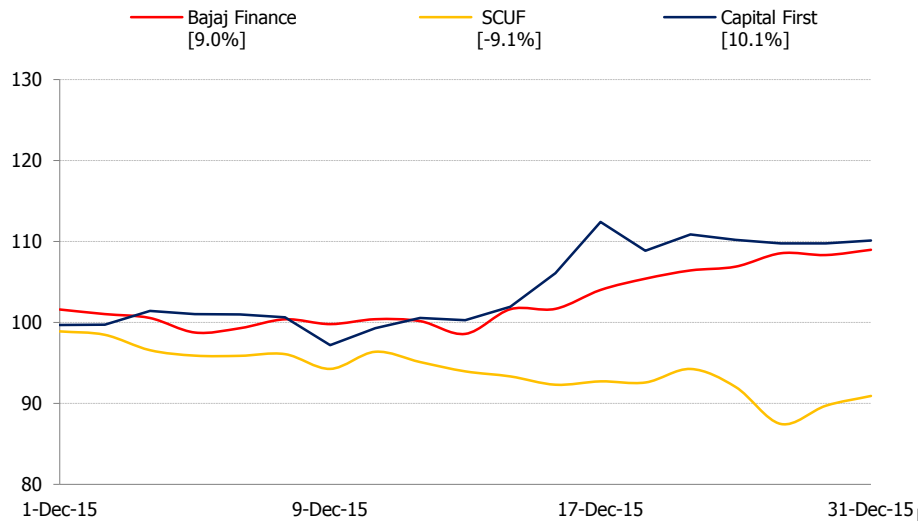
Non Banking Finance Companies – Vehicle Finance



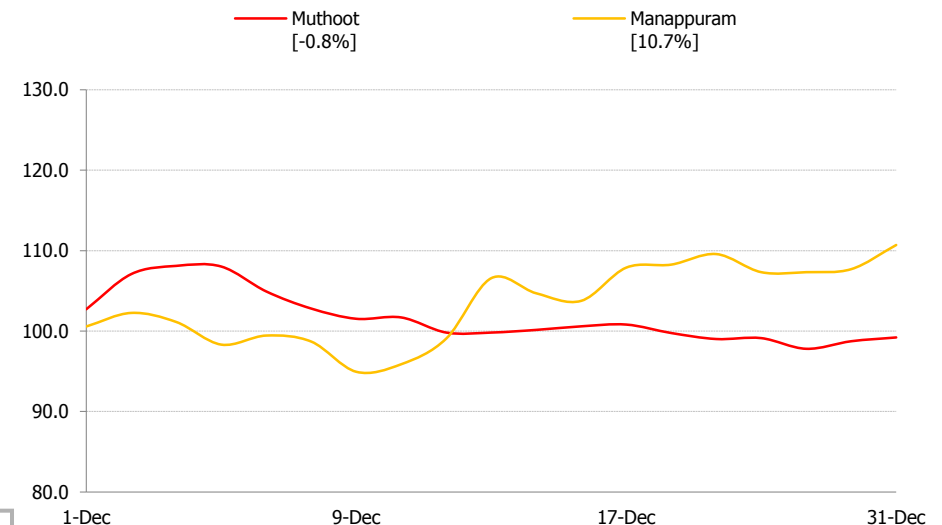
Non Banking Finance Companies – Infrastructure Finance



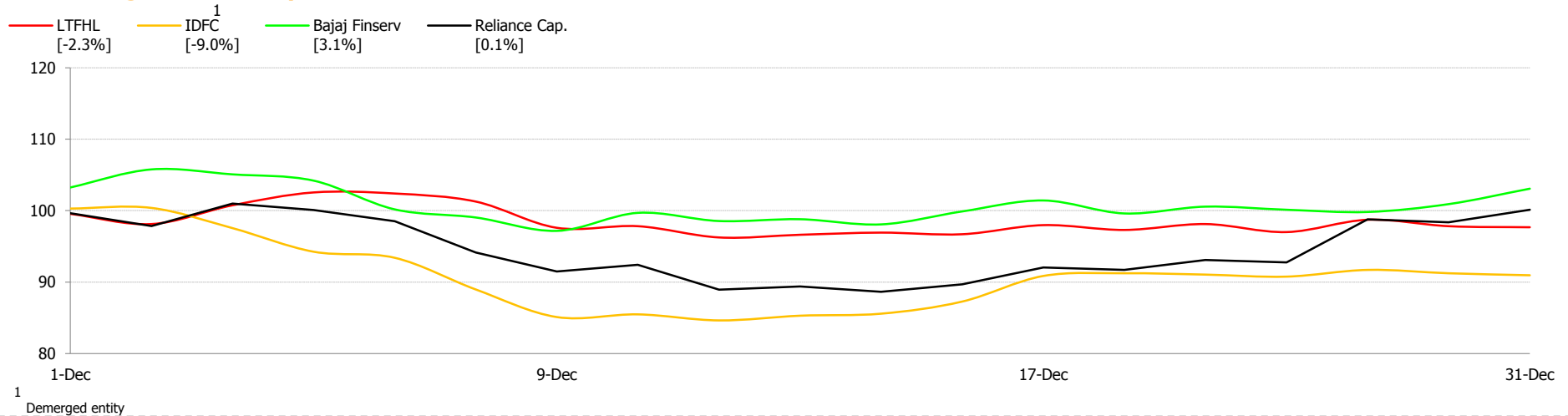
Non Banking Finance Companies – Consumer Finance



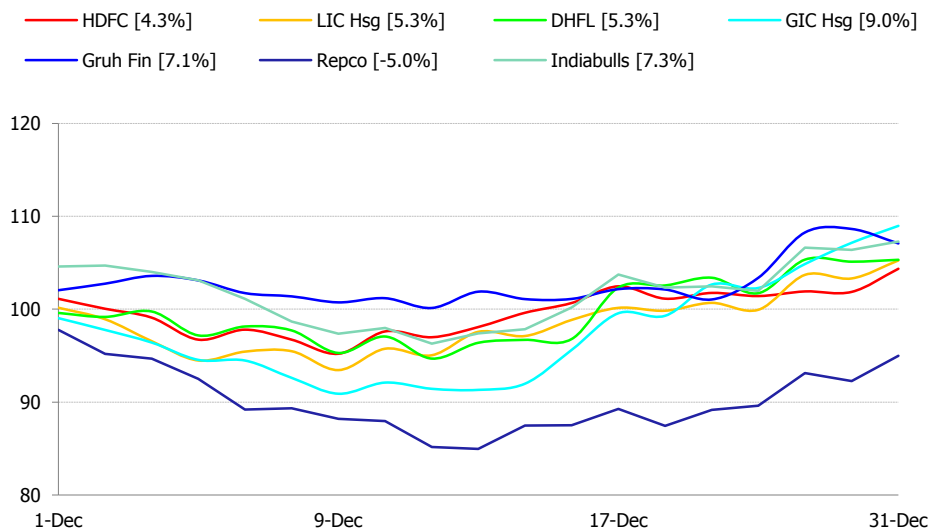
Non Banking Finance Companies – Gold Finance



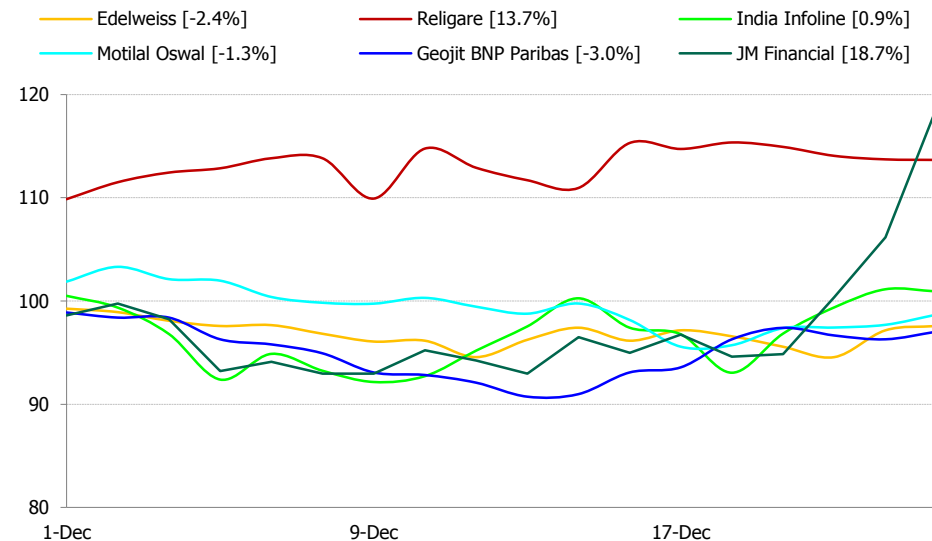
Non Banking Finance Companies - Others



Housing Finance Companies



Brokerage Firms



Key Sector & Company Developments



Key Transactions in December 2015

Date	Target/Investee Company	Investor/Seller	Amt (INR Cr.)	Buy/Sell
December 31	LIC Nomura Mutual Fund Asset Management Co. Ltd. (16%)	GIC Housing Finance Limited	23	Buy
December 25	Cholamandalam MS General Insurance Company Ltd (14%)	Mitsui Sumitomo Insurance Co. Ltd.	880	Buy
December 22	Swarna Pragati Housing Micro Finance Pvt. Ltd	Aavishkaar Goodwell India Microfinance Development Co. Ltd. II, Intellectap Impact Investment Network, India Impact Economy Innovation Fund, Zephyr Peacock Management India Pvt. Ltd.	66	Buy
December 21	RBL Bank Ltd (~13%)	CDC Group Plc, Asian Development Bank	487	Buy
December 17	HDFC ERGO General Insurance Company Ltd (22.9%)	ERGO Versicherungsgruppe AG	1,113	Buy
December 15	LIC Nomura Mutual Fund Asset Management Co. Ltd. (35%)	LIC Housing Finance Ltd., GIC Housing Finance Ltd	50	Buy
December 2	Birla Sun Life Insurance Company Ltd (23%)	Sun Life Assurance Company of Canada	1668	Buy

Regulatory Developments



➤ **RBI announces rules for calculating lending rate based on Marginal Cost of Funds**

The salient features of the rule which will be effective from April 1, 2016 are as follows:

- The calculation methodology is same for all banks versus differing methodologies for Base Rate earlier
- Defined reset period within which that benchmark rate will not change for the Borrower even if there is a change in Marginal Cost of funds in order to maintain stability in NIMs
- The new methodology is applicable to incremental loans, existing borrowers may shift to new methodology based on mutually agreed terms
- Will help in faster monetary transmission since the computation is based on marginal funding cost.

➤ **Banks To Raise Provisioning For Another Bank's NPAs**

- A new rule is believed to be underway that will force a bank to take a to make provision for the borrower which is regarded as a standard asset in the books of the lender but has been declared as a NPA by any other lender
- This may impact the earnings of many banks as they provide more on loans that are standard and well behaved on their books but are irregular and NPA with some other bank
- The proposal aims to protect banks from sudden blow that's inevitable when a large account turns NPA

➤ **RBI Allows Banks To Bring Down SLR To 20.50 Per cent By March 2017**

- The Reserve Bank have permitted banks to bring down the SLR securities under HTM category by 1.25 per cent to 20.50 per cent by January 2017.
- The move is expected to unlock funds for lending

Financial and Valuation Metrics



New Private Sector Banks

Trading comparables: New Private Sector Banks

4-Jan-16	CMP	Market Cap	PAT		Networth		Adj. Networth		RoAE		CAR	Tier I	Branches
Rs Crore			FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY15	FY15	FY15
HDFC Bank	1,071	2,70,310	11,786	15,090	72,113	83,810	71,519	83,217	17.4%	19.4%	16.8%	13.7%	4,014
ICICI Bank	256	1,48,529	12,502	14,550	93,363	1,03,635	89,196	99,468	14.0%	14.8%	17.7%	12.8%	4,050
Kotak Mah. Bank ¹	705	1,29,229	3,647	5,076	32,779	37,607	32,461	37,288	11.7%	14.4%	17.2%	16.2%	684
Axis Bank	438	1,04,290	8,583	10,190	51,988	60,344	51,097	59,453	17.7%	18.1%	15.1%	12.1%	2,589
IndusInd Bank	934	55,458	2,352	2,987	17,306	19,819	17,192	19,704	17.1%	16.1%	12.1%	11.2%	801
YES Bank	706	29,594	2,477	3,078	13,614	16,054	13,551	15,991	19.6%	20.8%	15.6%	11.5%	630
IDFC Bank ²	59	20,000	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
DCB	80	2,270	170	169	1,704	1,873	1,634	1,803	10.5%	9.4%	15.0%	14.2%	154
Mean									15.4%	16.1%	15.6%	13.1%	
Median									17.1%	16.1%	15.6%	12.8%	

4-Jan-16	52 Week		Prom. Holding	P/E		P/B		P/ Adj. B		RoAA		GNPA	NNPA	ATMs
Rs Crore	High	Low		FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY15	FY15	FY15
HDFC Bank	1,128	932	21.6%	22.9x	17.9x	3.7x	3.2x	3.8x	3.2x	1.7%	1.8%	0.9%	0.2%	11,766
ICICI Bank	393	243	0.0%	11.9x	10.2x	1.6x	1.4x	1.7x	1.5x	1.8%	1.8%	3.8%	1.6%	12,451
Kotak Mah. Bank ¹	745	594	33.8%	14.9x	25.5x	3.9x	0.0x	4.0x	3.5x	1.9%	2.0%	1.6%	0.8%	1,273
Axis Bank	655	429	29.5%	12.2x	10.2x	2.0x	1.7x	2.0x	1.8x	1.8%	1.7%	1.3%	0.4%	12,355
IndusInd Bank	989	784	15.0%	23.6x	18.6x	3.2x	2.8x	3.2x	2.8x	1.9%	2.0%	0.8%	0.3%	1,487
YES Bank	910	590	22.0%	11.9x	9.6x	2.2x	1.8x	2.2x	1.9x	1.6%	1.7%	0.4%	0.1%	1,190
IDFC Bank ²	73	54	53.0%	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
DCB	151	75	16.3%	13.3x	13.4x	1.3x	1.2x	1.4x	1.3x	0.9%	0.7%	1.8%	1.0%	328
Mean				15.8x	15.1x	2.6x	1.7x	2.6x	2.3x	1.7%	1.7%	1.5%	0.6%	
Median				13.3x	13.4x	2.2x	1.7x	2.2x	1.9x	1.8%	1.8%	1.3%	0.4%	

Old Private Sector Banks

Trading comparables: Old Private Sector Banks

4-Jan-16 Rs Crore	CMP	Market Cap	PAT		Networth		Adj. Networth		RoAE		CAR	Tier I	Branches
			FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY15	FY15	FY15
Federal Bank	56	9,583	859	1,123	8,263	9,068	8,062	8,764	10.8%	13.0%	15.5%	14.8%	1,247
Karur Vysya Bank	485	5,858	548	699	4,597	5,095	4,505	4,955	12.4%	14.4%	14.6%	13.6%	632
City Union Bank	92	5,503	445	539	3,403	3,838	3,272	3,640	14.6%	14.9%	16.5%	16.0%	475
J&K Bank	83	4,045	767	890	6,692	7,373	6,631	7,280	12.0%	12.7%	12.6%	11.3%	821
South Ind. Bank	20	2,640	388	506	3,724	4,102	3,533	3,813	10.8%	12.9%	12.0%	10.4%	822
Karnataka Bank	121	2,278	424	498	3,696	4,071	3,341	3,532	12.0%	12.8%	12.4%	10.5%	675
Lakshmi Vilas Bank	100	1,796	NA	NA	NA	NA	NA	NA	NA	NA	11.3%	9.3%	400
Dhanlaxmi Bank	22	396	NA	NA	NA	NA	NA	NA	NA	NM	9.6%	7.4%	280
Mean									12.1%	13.5%			
Median									12.0%	12.9%			

4-Jan-16 Rs Crore	52 Week		Prom. Holding	P/E		P/B		P/ Adj. B		RoAA		GNPA	NNPA	ATMs
	High	Low		FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY15	FY15	FY15
Federal Bank	80	52	0.0%	11.2x	8.5x	1.2x	1.1x	1.2x	1.1x	1.0%	1.1%	2.0%	0.7%	1,485
Karur Vysya Bank	619	412	2.2%	10.7x	8.4x	1.3x	1.1x	1.3x	1.2x	1.0%	1.1%	1.9%	0.8%	1,645
City Union Bank	106	84	0.0%	12.4x	10.2x	1.6x	1.4x	1.7x	1.5x	1.5%	1.6%	1.9%	1.3%	1,000
J&K Bank	161	74	53.2%	5.3x	4.5x	0.6x	0.5x	0.6x	0.6x	1.0%	1.0%	6.0%	2.8%	885
South Ind. Bank	32	19	0.0%	6.8x	5.2x	0.7x	0.6x	0.7x	0.7x	0.6%	0.7%	1.7%	1.0%	1,200
Karnataka Bank	158	108	0.0%	5.4x	4.6x	0.6x	0.6x	0.7x	0.6x	0.8%	0.8%	3.0%	2.0%	1,000
Lakshmi Vilas Bank	111	64	9.7%	NA	NA	NA	NA	NA	NA	NA	NA	2.8%	1.9%	820
Dhanlaxmi Bank	44	21	0.0%	NA	NA	NA	NA	NA	NA	NA	NA	7.0%	3.3%	396
Mean				8.6x	6.9x	1.0x	0.9x	1.0x	0.7x	1.0%	0.9%	3.3%	1.7%	
Median				8.7x	6.8x	0.9x	0.9x	1.0x	0.7x	1.0%	0.9%	2.4%	1.6%	

PSU Banks

Trading comparables: PSU Banks

4-Jan-16	CMP	Market Cap	PAT		Networth		Adjusted Networth		RoE		CAR	Tier 1	Branches
Rs Crore			FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY15	FY15	FY15
State Bank of India	221	1,71,324	19,724	23,517	1,77,889	1,96,939	1,61,452	1,82,879	11.6%	12.5%	12.0%	9.6%	16,333
Bank of Baroda	151	34,839	3,576	5,067	41,547	45,359	36,597	41,232	8.9%	11.7%	12.6%	9.9%	5,190
Punjab National Bank	113	22,149	3,450	4,664	40,883	44,621	40,883	44,621	8.7%	10.9%	12.2%	9.3%	6,559
IDBI Bank	85	13,610	886	1,274	23,421	24,432	23,421	24,432	3.8%	5.3%	11.8%	8.2%	1,717
Canara Bank	233	12,671	2,517	3,412	29,068	31,718	29,068	31,718	9.0%	11.2%	10.8%	8.0%	5,682
Union Bank	145	9,944	2,198	2,670	20,084	22,172	20,084	22,172	11.4%	12.6%	10.2%	7.5%	4,078
Bank of India	115	9,083	562	1,953	27,900	29,341	27,900	29,341	2.0%	6.8%	10.7%	8.2%	4,892
Syndicate Bank	87	5,727	1,525	2,134	14,638	16,353	14,638	16,353	10.9%	13.8%	10.5%	7.8%	3,551
UCO Bank	45	4,797	1,113	1,436	13,052	14,488	13,052	14,488	8.9%	10.4%	12.2%	9.1%	3,020
Allahabad Bank	68	4,093	888	1,299	12,762	13,766	12,762	13,766	7.2%	9.8%	10.6%	7.8%	3,107
Mean									8.2%	10.5%	11.3%	8.5%	
Median									8.9%	11.1%	10.9%	8.2%	

4-Jan-16	52 Week		Prom. Holding	P/E		P/B		P/Adj B		RoA		GNPA	NNPA	ATMs
Rs Crore	High	Low		FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY15	FY15	FY15
State Bank of India	336	220	60%	8.7x	7.3x	1.0x	0.9x	1.1x	0.9x	0.7%	0.7%	4.3%	2.1%	54,560
Bank of Baroda	229	137	59%	9.7x	6.9x	0.8x	0.8x	1.0x	0.8x	0.5%	0.6%	3.7%	1.9%	8,030
Punjab National Bank	222	113	62%	6.4x	4.7x	0.5x	0.5x	0.5x	0.5x	0.5%	0.7%	6.6%	4.1%	8,348
Canara Bank	96	52	77%	15.4x	10.7x	0.6x	0.6x	0.6x	0.6x	0.3%	0.4%	5.9%	2.9%	3,000
Bank of India	479	231	66%	5.0x	3.7x	0.4x	0.4x	0.4x	0.4x	0.4%	0.5%	3.9%	2.9%	8,533
Union Bank	254	130	63%	4.5x	3.7x	0.5x	0.4x	0.5x	0.4x	0.5%	0.6%	5.0%	2.7%	7,020
Syndicate Bank	311	113	70%	16.2x	4.7x	0.3x	0.3x	0.3x	0.3x	0.1%	0.3%	5.4%	3.4%	6,771
UCO Bank	135	76	69%	3.8x	2.7x	0.4x	0.4x	0.4x	0.4x	0.5%	0.6%	3.1%	1.9%	3,427
IDBI Bank	86	40	73%	4.3x	3.3x	0.4x	0.3x	0.4x	0.3x	0.4%	0.5%	6.8%	4.3%	2,096
Allahabad Bank	134	67	63%	4.6x	3.2x	0.3x	0.3x	0.3x	0.3x	NM	0.5%	5.5%	4.0%	1,170
Mean				7.9x	5.1x	0.5x	0.5x	0.5x	0.5x	0.5%	0.5%	5.1%	3.1%	
Median				5.7x	4.2x	0.5x	0.4x	0.5x	0.4x	0.5%	0.6%	5.4%	2.9%	

Non-Banking Finance Companies

(1/2)

Trading comparables: NBFCs

4-Jan-16	CMP	52 Week		MCap	Prom. Hold.	PAT		Networth		RoAE		RoAA		P/E		P/B		AUM	CAR	NNPA
Rs Crore		High	Low			FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY15	FY15	FY15
Vehicle Finance																				
Shriram Transport	841	1,288	761	19,079	26.1%	1,356	1,685	10,353	12,038	12.1%	15.1%	1.9%	2.2%	14.1x	11.3x	1.8x	1.6x	62,110	20.6%	0.8%
Sundaram Finance	1,396	1,824	1,250	15,511	36.2%	703	813	4,278	5,092	15.0%	17.4%	2.5%	2.6%	22.1x	19.1x	3.6x	3.0x	18,733	21.4%	0.5%
MMFS	243	339	221	13,807	52.0%	804	1,195	6,489	7,684	11.3%	16.9%	2.1%	2.5%	17.2x	11.6x	2.1x	1.8x	36,650	18.3%	2.4%
Cholamandalam	640	744	475	9,997	53.2%	509	615	3,608	4,223	13.0%	15.7%	2.0%	2.2%	19.6x	16.3x	2.8x	2.4x	25,453	21.2%	2.0%
Magma Fincorp	91	118	73	2,148	27.0%	205	276	1,833	2,109	10.4%	14.0%	1.2%	1.6%	10.5x	7.8x	1.2x	1.0x	19,567	16.3%	2.9%
Mean (Vehicle Finance)										12.4%	15.8%	1.9%	2.2%	16.7x	13.2x	2.3x	2.0x		19.6%	1.7%
Median (Vehicle Finance)										12.1%	15.7%	2.0%	2.2%	17.2x	11.6x	2.1x	1.8x		20.6%	2.0%
Consumer Finance																				
Bajaj Finance	6,052	6,119	3,392	32,461	57.6%	1,183	1,507	7,246	8,753	14.8%	18.8%	3.1%	3.1%	27.4x	21.5x	4.5x	3.7x	32,410	18.0%	0.5%
Shriram City Union	1,600	2,200	1,410	10,545	33.8%	647	781	4,733	5,513	12.6%	15.2%	3.4%	3.4%	16.3x	13.5x	2.2x	1.9x	17,454	29.5%	0.7%
Capital First	416	465	321	3,796	65.3%	167	229	1,705	1,933	9.2%	12.6%	1.4%	1.7%	22.8x	16.6x	2.2x	2.0x	11,975	23.5%	0.2%
Mean (Consumer Finance)										12.2%	15.6%	2.6%	2.8%	22.2x	17.2x	3.0x	2.5x		23.7%	0.4%
Median (Consumer Finance)										12.6%	15.2%	3.1%	3.1%	22.8x	16.6x	2.2x	2.0x		23.5%	0.5%
Gold Loan NBFCs																				
Muthoot Finance	178	255	151	7,099	74.8%	805	940	5,593	6,533	13.3%	15.5%	2.9%	3.1%	8.8x	7.6x	1.3x	1.1x	23,409	24.8%	1.9%
Manappuram	29	39	20	2,423	32.3%	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	9,594	25.7%	1.0%
Mean (Gold Loan NBFCs)										13.3%	15.5%	2.9%	3.1%	8.8x	7.6x	1.3x	1.1x		25.2%	1.4%

Trading comparables: NBFCs

4-Jan-16	CMP	52 Week		MCap	Prom. Hold.	PAT		Networth		RoAE		RoAA		P/E		P/B		AUM	CAR	NNPA
Rs Crore		High	Low			FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY15	FY15	FY15
Infrastructure Financing NBFCs																				
PFC	196	314	185	25,919	67.8%	6,401	6,464	37,233	43,697	15.8%	16.0%	NA	NA	4.0x	4.0x	0.7x	0.6x	2,17,131	20.3%	0.9%
REC	224	372	207	22,075	60.6%	6,150	6,439	29,759	36,198	18.6%	19.5%	3.1%	2.8%	3.6x	3.4x	0.7x	0.6x	1,79,647	NA	0.5%
IFCI	27	42	18	4,521	55.5%	556	NA	7,779	NA	7.1%	NA	NA	NA	8.1x	NA	0.6x	NA	25,377	NA	NA
SREI Infra Finance	61	67	30	3,069	58.7%	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	35,387	17.0%	3.6%
PTC Financial Services	40	73	37	2,231	60.0%	NA	NA	NA	NA	NA	0.0%	NA	0.0%	NA	0.0x	NA	0.0x	6,379	23.7%	1.0%
Mean (Infra Finance)										13.9%	11.8%	3.1%	1.4%	5.3x	2.5x	0.7x	0.4x		20.4%	1.5%
Median (Infra Finance)										15.8%	16.0%	3.1%	1.4%	4.0x	3.4x	0.7x	0.6x		20.3%	0.9%
Microfinance																				
SKS Microfinance	494	590	361	6,272	6.3%	278	388	1,295	1,683	18.7%	26.0%	5.1%	5.0%	22.5x	16.2x	4.8x	3.7x	4,171	31.7%	0.1%
Overall Mean (including Infra, Vehicle, Gold and Consumer NBFCs and MFIs)										13.2%	15.6%	2.6%	2.5%	15.2x	11.4x	2.2x	1.8x		22.3%	1.3%
Overall Median (including Infra, Vehicle, Gold and Consumer NBFCs and MFIs)										13.0%	15.7%	2.5%	2.5%	16.3x	11.6x	2.1x	1.8x		21.3%	0.9%
Other NBFCs																				
Bajaj Finserv	1,960	2,160	1,208	31,181	58.4%	2,044	2,408	12,970	15,378	14.4%	17.0%	2.4%	2.4%	15.3x	12.9x	2.4x	2.0x	NA	NA	NA
Bajaj Holdings	1,660	1,748	1,243	18,476	41.6%	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Max India	518	586	381	13,816	40.4%	300	411	3,385	3,796	8.3%	11.4%	0.9%	0.9%	46.1x	33.6x	4.1x	3.6x	NA	NA	NA
Reliance Capital	452	515	246	11,411	52.6%	1,077	1,098	14,784	15,882	7.0%	7.2%	1.9%	2.0%	10.6x	10.4x	0.8x	0.7x	26,791	23.9%	NA
L&T Finance Holdings	65	75	58	11,387	68.0%	878	1,110	7,005	8,115	11.6%	14.7%	1.6%	1.6%	13.0x	10.3x	1.6x	1.4x	47,232	17.6%	1.3%
IDFC	48	92	44	7,619	0.0%	1,082	1,148	18,057	19,205	5.8%	6.2%	0.7%	1.6%	7.0x	6.6x	0.4x	0.4x	52,426	24.3%	0.2%
Religare Enterprises	416	465	321	3,796	65.3%	NA	NA	NA	NA	NA	NA	NA	NA	NM	NA	NA	NA	13,270	NA	1.2%
Mean (Others)										9.4%	11.3%	1.5%	1.7%	18.4x	14.8x	1.9x	1.6x		21.9%	0.9%
Median (Others)										8.3%	11.4%	1.6%	1.6%	13.0x	10.4x	1.6x	1.4x		23.9%	1.2%

Housing Finance Companies

Trading comparables: Housing Finance Companies

4-Jan-16 Rs Crore	CMP	52 Week		MCap	Prom. Hold.	PAT		Networth		RoE		RoA		P/E		P/B		Tier I		NNPA
		High	Low			FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY15	FY15	
HDFC (Standalone)	1,217	1,402	1,093	1,92,084	0.0%	6,961	7,980	34,761	39,200	21.2%	21.6%	2.5%	2.6%	27.6x	24.1x	5.5x	4.9x	12.3%	0.0%	
Indiabulls Housing	723	821	468	30,427	23.6%	2,300	2,813	7,250	8,284	33.1%	36.2%	3.6%	3.5%	13.2x	10.8x	4.2x	3.7x	15.3%	0.4%	
LIC Housing Finance	490	526	389	24,713	40.3%	1,730	2,402	9,251	11,227	20.2%	23.5%	1.4%	1.5%	14.3x	10.3x	2.7x	2.2x	12.5%	0.2%	
Gruh Finance	265	318	190	9,641	58.6%	258	344	885	1,121	32.4%	34.3%	2.4%	2.3%	37.3x	28.0x	10.9x	8.6x	13.9%	0.0%	
Dewan Housing	230	285	181	6,715	34.9%	773	947	5,279	6,072	15.6%	16.7%	1.3%	1.3%	8.7x	7.1x	1.3x	1.1x	12.5%	0.0%	
Repco Home Finance	680	785	570	4,248	37.3%	157	195	953	1,127	17.8%	18.8%	2.2%	2.2%	27.0x	21.8x	4.5x	3.8x	20.3%	0.5%	
Canfin Homes	1,072	1,121	506	2,853	43.5%	134	172	880	1,022	16.3%	18.1%	1.4%	1.4%	21.2x	16.5x	3.2x	2.8x	15.6%	0.0%	
GIC Housing	233	287	161	1,254	42.3%	120	142	742	840	17.0%	17.9%	1.6%	1.7%	10.5x	8.9x	1.7x	1.5x	15.4%	0.0%	
Mean (Without Gruh Finance)										20.2%	21.8%	2.0%	2.0%	17.5x	14.2x	3.3x	2.8x	14.8%	0.2%	
Median (Without Gruh Finance)										17.8%	18.8%	1.6%	1.7%	14.3x	10.8x	3.2x	2.8x	15.3%	0.0%	

Credit Rating Agencies

Trading comparables: Credit Rating Agencies

4-Jan-16	CMP	52 Week		MCap	Prom. Hold.	Sales		PAT		Networth		P/E		P/B		RoAA		RoAE	
Rs Crore		High	Low			FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E
CRISIL	1,962	2,371	1,761	13,969	67.4%	1,375	1,586	282	345	936	1,281	49.6x	40.5x	14.9x	10.9x	33.9%	38.5%	31.6%	31.1%
ICRA	4,356	4,999	3,015	4,356	50.1%	360	415	90	110	484	595	48.4x	39.5x	9.0x	7.3x	20.3%	21.5%	19.7%	20.4%
CARE	1,305	1,808	1,050	3,785	0.0%	287	339	133	163	415	579	28.5x	23.2x	9.1x	6.5x	33.7%	40.3%	34.4%	32.9%
Mean												42.2x	34.4x	11.0x	8.3x	29.3%	33.4%	28.5%	28.1%
Median												48.4x	39.5x	9.1x	7.3x	33.7%	38.5%	31.6%	31.1%

Edelweiss Senior Management & BFSI Coverage Team



Edelweiss Senior Management & BFSI Coverage Team

Rashesh Shah



- Chairman of Edelweiss group of companies with over 20 years of experience in public and private markets in India
- Served on the Boards of various companies; (including as a Member of the Executive Committee of the NSE, Chairman of the Capital Market Committee of FICCI)
- MBA from IIM-A, Diploma in International Trade - IIFT, New Delhi and a B.Sc. from Mumbai University

Vikas Khemani



- President and CEO, Wholesale Capital Markets
- Instrumental in setting up the Alternative Investment & Derivatives Desk at Edelweiss
- Formerly worked with ICICI Securities and Finance Company in various functions such as Product Development, Equity & Derivatives Sales
- Chartered Accountant and Chartered Financial Analyst from CFA Institute, USA

Sameer Lotankar



- Leads BFSI Investment Banking Coverage
- Has over 9 years experience across Investment Banking
- Has been part of 3 major bank mergers including HDFC Bank – CBOP, ICICI Bank – BoR and Kotak Mahindra – ING Vysya
- Previously worked at JM Financial and JP Morgan India
- Chartered Accountant and B. Com from Mumbai University

Venkat Ramaswamy



- Co- Founder, Executive Director
- Considerable experience of over 19 years of negotiation and deal closure of M&A transactions across industries
- Total experience of over 150+ transactions
- MBA from the University of Pittsburgh; Bachelors degree in Electronics Engineering

Satyen Shah





























- Executive Vice President and Head, Equity Capital Market and Banking, Financial Services & Insurance
- Rich experience of over 15 years in financial services industry
- Experience of 100+ equity capital market transactions
- Chartered Accountant and B Com from Mumbai University

Overview of Select Edelweiss Transactions



Edelweiss has consummated 30 transactions worth ~US\$ 5.2 bn since April 2014






















Our Marquee Transactions

 Alkem Laboratories IPO ~₹ 13,466 mn GC-BRLM December 2015	 J. Kumar Infraprojects QIP ₹ 4,093 mn Sole GC-BRLM October 2015	 Coffee Day Enterprises IPO ₹ 11,500 mn BRLM October 2015	 Prabhat Dairy IPO ₹ 3,652 mn GCBRLM September 2015	 Sadbhav Infra Project IPO ₹ 4,917 mn BRLM September 2015	 Navkar Corporation IPO ₹ 6,000 mn BRLM September 2015	 Incessant Tech. Strategic Investment by NIIT Sole Financial Advisor May 2015	 Future Retail Advisor to FRL on its transaction with  May 2015
 Inox Wind Limited IPO ₹ 10,205 mn GCBRLM April 2015	 Marksans Pharma QIP ₹ 1,312 mn Sole GCBRLM April 2015	 Future Retail Rights Issue ₹ 15,887 mn Lead Manager February 2015	 Minority Stake Sale ₹ 1,990 mn Exclusive Advisor to HDFC Limited December 2014	 Acquired 5% stake in from the existing investor IEX Sole Financial Advisor December 2014	 Monte Carlo IPO ₹ 3,504 mn BRLM December 2014	 Equitas Holdings PE Placement ₹ 3,250 mn Sole Financial Advisor November 2014	 Advisor to the Board of ING Vysya Bank on its merger with  ₹ 150,331 mn November 2014
 Sharda Cropchem IPO ₹ 3,519 mn BRLM September 2014	 City Union Bank QIP ₹ 3,500 mn Sole Global Coordinator & BRLM July 2014	 Shriram Transport Finance Public Issue of NCDs ₹ 19,748 mn Lead Manager July 2014	 Repco Home Finance Block Trade ₹ 4,710 mn Sole Broker July 2014	 J. Kumar Infraprojects QIP ₹ 1,372 mn GC & BRLM July 2014	 Safari Industries PIPE ₹ 696 mn Sole Financial Advisor July 2014	 What's On India Strategic sale ₹ 1,650 mn Sole Advisor July 2014	 Reliance Communications QIP ₹ 48,084 mn BRLM June 2014

Edelweiss has been the most active Bank on the Street

Our BFSI deals demonstrate our unparalleled experience in the sector

Our BFSI deals demonstrate our unparalleled experience in the sector

2014-15	 Equitas Private Equity Investment + IPO Sole Financial Advisor & BRLM IPO Ongoing	 ING VYSYA BANK Merger with Kotak Mahindra Bank  Advisor to the Board ₹ 150,331 mn November 2014	 HDFC Life HDFC Standard Life Exclusive Financial Advisor to HDFC and Azim Premji Trust on Minority Stake Transaction ₹ 1,990 mn December 2014	 CITY UNION BANK City Union Bank QIP Sole Global Co-ordinator & BRLM ₹ 3,500 mn July 2014	 Repco Home Finance Repco Home Finance Block Trade Facilitated Carlyle's stake sale of 17.74% ₹ 4,710 mn July 2014	 SHRIRAM GETS YOU GOING Shriram Transport Finance Company Limited Public Issue of Debt Lead Manager - Tranche I ₹ 19,748 mn July 2014
2013	 janalakshmi We will make the difference Private Equity Investment Financial Advisor ₹ 3,708 mn August 2013	 CITY UNION BANK City Union Bank Rights Issue Sole Lead Manager ₹ 2,580 mn January 2013	 IIFL India Infoline Housing Finance Limited Public Issue of Debt Lead Manager ₹ 5,000 mn Dec'13 – Jan'14	 PFC Power Finance Corp. Ltd. Public Issue of Debt Lead Manager ₹ 38,759 mn November 2013	 hudco Housing and Urban Development Corp. Ltd. Public Issue of Debt Lead Manager – Tranche I ₹ 23,700 mn October 2013	 आर ई सी REC Endless energy. Infinite possibilities. Rural Electrification Corp. Ltd. Public Issue of Debt Lead Manager ₹ 35,000 mn September 2013
2012	 CARE Ratings Credit Analysis & Research Ltd IPO BRLM ₹ 5,399 mn December 2012	 MCX METAL & ENERGY Trade with Trust Multi Commodity Exchange Initial Public Offering BRLM ₹ 6,633 mn March 2012	 DCB BANK Qualified Institutions Placement Sole Global Coordinator & BLRM ₹ 940 mn March 2012	 SHRIRAM City MONEY WHEN YOU NEED IT MOST Finance Public Issue of Debt Lead Manager ₹ 4,336 mn October 2012	 Muthoot Finance Muthoot Finance Public Issue of Debt Lead Manager ₹ 2,750 mn November 2012	 IIFL International Finance Limited Public Issue of Debt Lead Manager ₹ 5,000 mn September 2012
2008-2011	 SKS MICROFINANCE SKS Microfinance Sole Financial Advisor PE funding of USD 75mn October 2008	 DBS Chola Mandalam ASSET MANAGEMENT Sale of DBS Chola Mandalam AMC by Chola Mandalam DBS Finance Limited Sole Financial Advisor February 2010	 FEDERAL BANK YOUR PERFECT BANKING PARTNER Rights Issue Lead Manager ₹ 21,415 mn January 2008	 Karnataka Bank Rights Issue Sole BRLM ₹ 4,570 mn March 2011	 बैंक ऑफ इंडिया Bank of India Bank of India QIP BRLM ₹ 13,598 mn February 2008	 United Bank of India IPO BRLM ₹ 3,250 mn March 2010

Disclaimer

This Information Package is distributed by Edelweiss on a strictly confidential basis. This Information Package and the information and projections contained herein may not be disclosed, reproduced or used in whole or in part for any purpose or furnished to any other persons without the express prior written permission of Edelweiss.

This Information Package is distributed by Edelweiss upon the express understanding that no information herein contained has been independently verified. Further, no representation or warranty expressed or implied is made nor is any responsibility of any kind accepted with respect to the completeness or accuracy of any information. Also no representation or warranty expressed or implied is made that such information remains unchanged in any respect as of any date or dates after those stated herein with respect to any matter concerning any statement made in this Information Package. Edelweiss and its directors, employees, agents and consultants shall have no liability (including liability to any person by reason of negligence or negligent misstatement) for any statements, opinions, information or matters (express or implied) arising out of, contained in or derived from, or for any omissions from the Information Package. All recipients of the Information Package should make their own independent evaluations and should conduct their own investigation and analysis and should check the accuracy, reliability and completeness of the Information and obtain independent and specific advice from appropriate professional advisers, as they deem necessary.

Where this Information Package summarizes the provisions of any other document, that summary should not be relied upon and the relevant documentation must be referred to for its full effect.