

SHRIRAM CITY UNION FINANCE

Stable quarter amid lingering merger overhang

India Equity Research | Banking and Financial Services



Shriram City Union Finance (SCUF) reported Q1FY18 PAT of INR1.9bn, which surpassed our estimate on better revenue traction – NII grew >18% YoY driven by margin expansion (up >130bps QoQ to 13.8%) on funding cost benefits and lower interest reversal. Growth showed signs of returning to normalcy – notwithstanding the high base, disbursements were up ~7% YoY, translating into ~17.5% AUM growth. Post the transitioning impact in Q4FY17, asset quality stabilised in Q1FY18, with GNPA settling at 6.76% (versus 6.73% in FY17). Performance of housing finance subsidiary was soft—AUM dipped ~7% QoQ, with GNPL rising to 4.8% (versus 2.6% in FY17). Given robust franchise and strong business practices, we expect SCUF to deliver operationally strong performance going ahead. Maintain 'BUY'. Key risks: 1) impact of GST implementation (on small businesses); 2) 90dpd NPA transition; and 3) merger announcement with IDFC Bank - uncertainties around swap ratio, execution and regulatory approvals.

Growth on track

Post demonetisation, SCUF's growth trajectory seems to be normalising – disbursements (at INR58bn) were up ~7% YoY (optically lower on higher base), translating into AUM traction of ~17.5% YoY. The traction in disbursements was driven by gold loans (up ~28% YoY, contributing >30% to disbursements) and personal loans (up ~15% YoY), though partly offset by slowdown in auto loans (down >10% YoY). Growth in small enterprise finance book moderated to ~17% YoY (versus >20% in past few quarters) due to impact of demonetisation and GST, which remains a key monitorable. Management aims to clock 18-20% AUM growth in FY18, backed by strategy to move towards metro locations.

Asset quality stable

Post transitioning impact in Q4FY17, asset quality stabilised during the quarter - GNPA's stood at 6.76% (versus 6.73% in FY17), with all major segments witnessing controlled NPA's. Given uncertainty in business environment due to GST, provisioning coverage was maintained at >73%, which will aid in 90dpd transition while managing the P&L impact.

Outlook and valuations: Growth momentum key; maintain 'BUY'

Demonetisation has tested SCUF's business resilience given its dependence on self-employed segment; recovery trends are encouraging. We estimate 20-22% AUM CAGR and >45% earnings CAGR (albeit on low base) over FY17-19, with RoA/RoE of >4%/19%. At CMP, the stock trades at 2.5x FY19E P/ABV. We maintain 'BUY/SO' with TP of INR2,630.

Financials

(INR mn)

Year to March	Q1FY18	Q1FY17	Growth (%)	Q4FY17	Growth (%)	FY17	FY18E	FY19E
Net revenue	8,174	6,878	18.8	7,139	14.5	29,001	34,597	41,160
Net profit	1,939	1,818	6.6	120	NM	5,561	8,406	11,795
Dil. EPS (INR)	29.4	27.5	6.6	1.8	NM	84.2	127.4	178.8
Adj. BV (INR)						719.3	759.8	919.6
Price/Adj book (x)						3.2	3.1	2.5
Price/Earnings (x)						27.6	18.3	13.0

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: SHCU.BO, B: SCUF IN)

CMP	: INR 2,326
Target Price	: INR 2,630
52-week range (INR)	: 2,650 / 1,645
Share in issue (mn)	: 65.9
M cap (INR bn/USD mn)	: 153 / 2,409
Avg. Daily Vol.BSE/NSE('000)	: 47.7

SHARE HOLDING PATTERN (%)

	Current	Q4FY17	Q3FY17
Promoters *	33.8	33.8	33.8
MF's, FI's & BK's	5.7	5.9	6.2
FII's	22.3	21.9	20.1
Others	38.2	38.4	39.9
* Promoters pledged shares (% of share in issue)	:		NIL

PRICE PERFORMANCE (%)

	Stock	Nifty	EW Banks and Financial Services Index
1 month	(2.4)	5.9	7.9
3 months	6.1	8.2	11.9
12 months	20.5	16.9	32.7

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NIMs recoup

NIMs during Q1FY18 improved to 13.8% (up >130bps QoQ) on funding cost benefits (post >40bps QoQ decline in Q4FY17, borrowing cost fell by another ~10bps sequentially to 9.3%) and lower interest reversal (vis-a-vis Q4FY17 wherein interest reversal was to the tune of ~INR560mn following NPA transitioning). Going forward, while yields may see some compression given transition to a different segment in SME book, the impact is likely to be offset by lower funding costs – management expects funding costs to fall by another 30-40bps during rest of the year.

Housing finance subsidiary

- Disbursements during the quarter were muted at INR1.4bn (down >55% YoY), largely impacted by non-retail segment (down >90% YoY) - a result of management's conscious decision to move away from construction finance and LAP businesses. Consequently, slower disbursements and attrition in CF AUM led to >7% QoQ dip in AUMs to INR16.4bn. Going forward, management highlighted focus would be on retail side of business, citing overall disbursement guidance of ~INR5bn for rest of the year.
- Credit cost remained elevated at INR119mn (versus INR82mn in Q1FY17) following rise in GNPLs to 4.8% (versus 2.6% in FY17). Asset quality trend has been volatile in past few quarters and remains a key monitorable going ahead.

Other highlights

- Operating expenses had one-off cost of ~INR100-120mn, which is likely to be recovered in Q2FY18.
- Write-offs stood at INR1.38bn (versus INR1.41 in Q4FY17), with most of it from Southern region of the country. With impact of demonetisation waning, management expects write-offs to taper gradually going forward.

Table 1: Key takeaways from Q1FY18 earnings

(INR mn)	Q1FY18	Q1FY17	YoY (%)	Q4FY17	QoQ (%)	Comments
Interest income	12,175	10,535	15.6	11,071	10.0	
Interest expense	4,019	3,672	9.4	3,937	2.1	
Net interest income	8,156	6,862	18.9	7,134	14.3	Healthy NII growth, driven by margin expansion
Non-interest income	17	15	12.5	5	249.0	
Net revenues	8,174	6,878	18.8	7,139	14.5	
Operating expenses	3,197	2,739	16.8	2,815	13.6	Opex includes one-off costs to the tune of ~INR100-120mn
Operating profit	4,976	4,139	20.2	4,324	15.1	
Provisions	1,998	1,356	47.4	4,118	(51.5)	
Profit before tax	2,978	2,784	7.0	206	NM	
Tax expense	1,040	966	7.6	86	NM	
Profit after tax	1,939	1,818	6.6	120	NM	Earnings beat, on back of better revenue traction
EPS (INR)	29.4	27.5	6.6	1.8	NM	
Key Metrics						
AUM	240,533	204,725	17.5	231,320	4.0	AUM growth on track - FY18 guidance at 18-20%
Non-gold	203,856	172,542	18.1	197,052	3.5	Small enterprise finance book saw some moderation - growth of ~17% vs. >20% over past few quarters
Gold	36,676	32,183	14.0	34,268	7.0	
Disbursements	57,991	53,977	7.4	62,447	(7.1)	Disbursements returning to normalcy - up ~7% YoY on a high base
Non-gold	39,909	39,809	0.3	40,155	(0.6)	Small enterprise finance segment saw some slowdown given impact of demonetisation and GST - down ~2% YoY
Gold	18,083	14,168	27.6	22,293	(18.9)	
GNPA (%)	6.8	5.1		6.7		Post transition hit in Q4FY17, asset quality remained stable
NNPA (%)	1.8	1.5		1.8		High provision coverage (~74%) restricted NNPA's
NIM (reported, %)	13.8	13.7		12.5		NIMs saw expansion on funding cost benefits and lower interest reversal
Shriram Housing Finance						
AUM	16,427	15,174	8.3	17,750	(7.5)	Soft AUM traction, following lower disbursements and attrition in CF AUM
Disbursements	1,365	3,213	(57.5)	1,283	6.4	Muted disbursements - Guidance of INR5bn for rest of the year
Retail	1,292	2,193	(41.1)	1,107	16.7	Retail business to be the key focus area going ahead
CF	73	1,020	(92.8)	176	(58.5)	Conscious decision to move away from the construction finance (CF) business
GNPA (%)	4.8	4.0		2.6		Asset quality continues to be volatile
NNPA (%)	3.4	2.9		1.8		
NIM (reported, %)	8.2	10.0		9.2		

Source: Company, Edelweiss research

Chart 1: Disbursements returning to normalcy – up ~7% YoY on high base

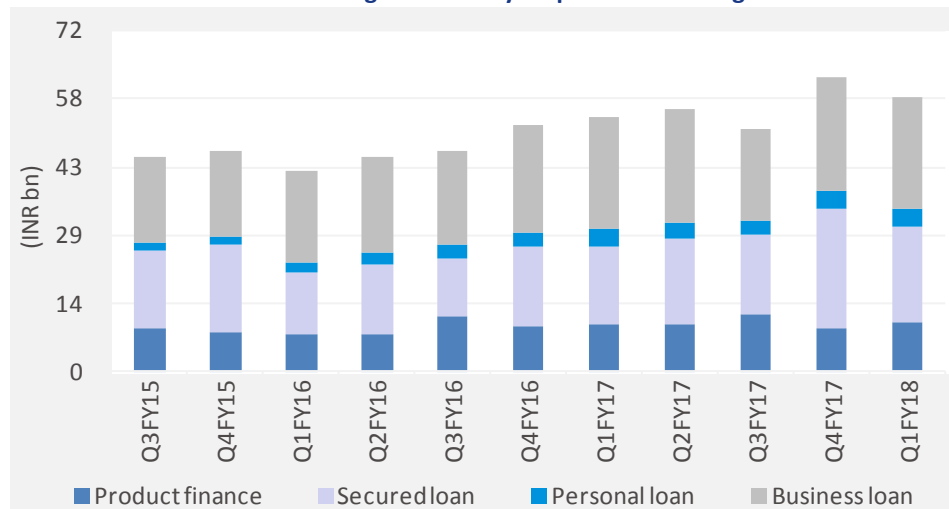


Chart 2: NIMs expand on funding cost benefits and lower interest reversal

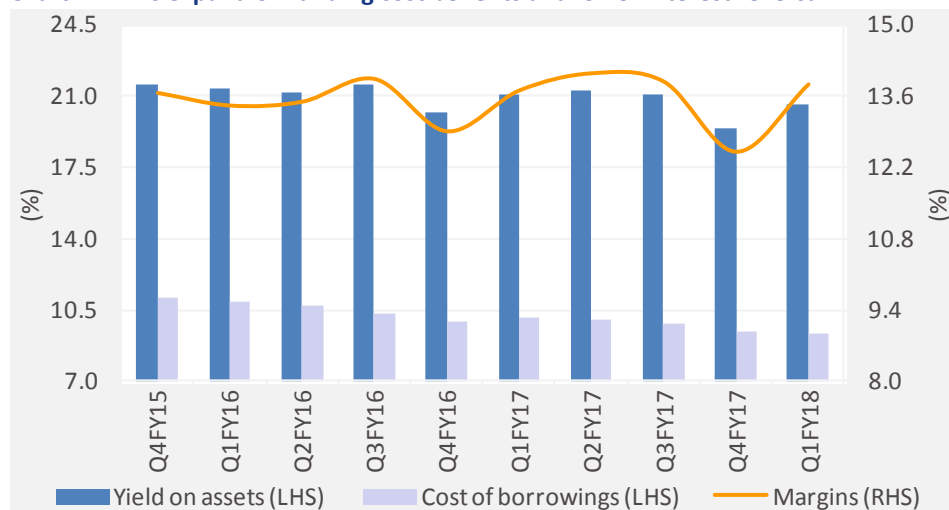
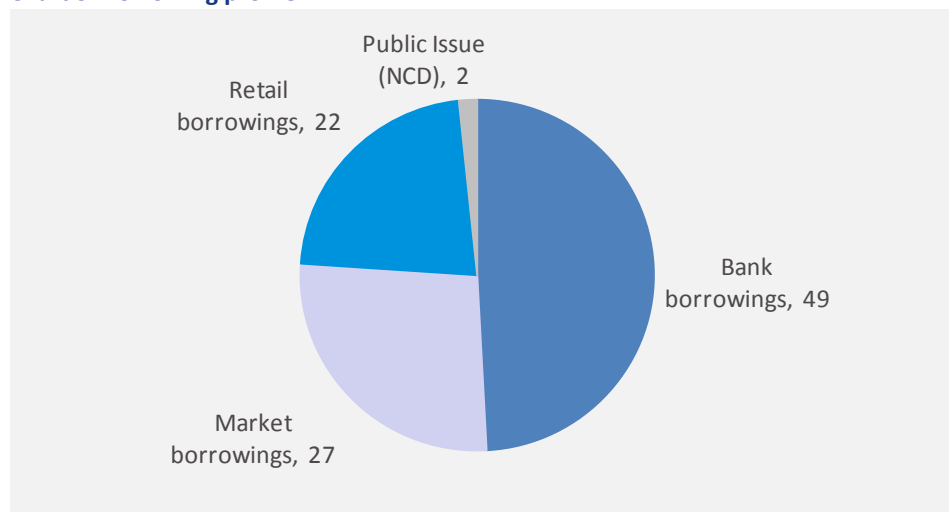
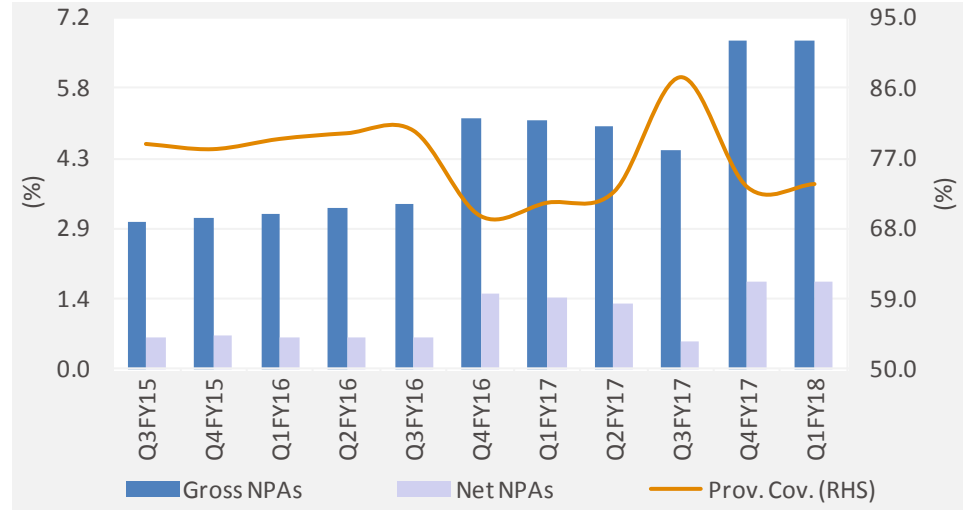


Chart 3: Borrowing profile



Source: Company

Chart 4: Post transitioning hit in Q4FY17, asset quality remained stable



Source: Company

Financial snapshot

(INR mn)

Year to March	Q1FY18	Q1FY17	% change	Q4FY17	% change	FY17	FY18E	FY19E
Net revenues	8,174	6,878	18.8	7,139	14.5	29,001	34,597	41,160
Operating expenses	(3,119)	(2,648)	17.8	(2,728)	14.3	(11,013)	(12,710)	(14,781)
Pre-provision profit	5,054	4,229	19.5	4,411	14.6	17,988	21,887	26,380
Provisions and write off	(1,998)	(1,356)	47.4	(4,118)	(51.5)	(9,105)	(8,748)	(8,033)
Operating profit	3,056	2,874	6.3	293	NM	8,882	13,139	18,347
Depreciation	(78)	(90)	(13.5)	(87)	(10.3)	(346)	(403)	(476)
Profit before tax	2,978	2,784	7.0	206	NM	8,537	12,736	17,871
Tax	(1,040)	(966)	7.6	(86)	NM	(2,976)	(4,330)	(6,076)
PAT	1,939	1,818	6.6	120	NM	5,561	8,406	11,795
Diluted EPS (INR)	29.4	27.5	6.6	1.8	NM	84.2	127.4	178.8

Ratios

Cost/income (%)	39.1	39.8	39.4	39.2	37.9	37.1
Tax rate (%)	34.9	34.7	41.6	34.9	34.0	34.0

Valuation metrics

B/V per share (INR)	762.8	867.9	1,019.8
Adj book value / share	719.3	759.8	919.6
Price/ Book (x)	3.0	2.7	2.3
Price/ Earnings	27.6	18.3	13.0

Q1FY18 Earnings Concall Key Takeaways

Management commentary

- **Management is targeting 18-20% AUM growth during FY18, with strategy to move towards metro locations**
 - While urban regions could see pricing pressure, it is likely to be compensated by increase in volumes
- **Slowdown in SME was due to lingering effects of demonetisation and impact of GST implementation**
 - Additionally, business was affected in Tamil Nadu due to issues pertaining to property registration, etc.
 - With a positive High Court order in mid-June, business is seeing signs of pick-up in this region
- **Going forward, growth is expected to be driven by SME, 2-wheeler and gold loan segments**
 - While impact of GST has resulted in slowdown in July, SME demand is expected to pick up
 - **Management expects 2-wheelers loans to grow at a rate of 15-17% during FY18**
 - During Q1FY18, SCUF financed ~2,42,000 vehicles (vs. 2,33,000 last year)
 - While growth has come off due to INR20,000 limit, gold loans should see steady traction going ahead
- **Yields may see slight compression as SCUF is moving SME book to a different segment (more of financial and digital markets)**
 - However, this should be offset by funding cost benefits, which should reduce by 30-40bps by end of the year

Other highlights

- **With demonetisation effect waning away, management expects write-offs to come down (albeit gradually)**
 - Write-offs during the quarter stood at INR1.38bn (vs. INR1.41bn in Q4FY17)
 - One of the write-offs was in the auto segment, which had lingering effects of demonetisation
 - The company also wrote-off accounts where recovery was expected to be a long drawn process
 - Given major business in South, most of the write-offs were also from the Southern region
- **Opex during the quarter has some one-offs of ~INR100-120mn pertaining to dealer provisions**
 - This is likely to be offset in the coming quarter
- In terms of competition, customer overlap between L&T, Cholamandalam and Shriram would be <10%
 - Customer segment overlap with Hero Fincorp & TVS credit would be ~60-70%
- Number of branches stood at 998, with an employee base of 26,831

Shriram Housing Finance

- **Going forward, focus will be on the retail side of the business only**
 - Almost all the retail loans qualify for the various affordable housing schemes
 - While the company has not yet applied for govt. schemes, the team is looking into details
- **Taken conscious decision to move away from LAP and construction finance (CF) business**
 - Currently, CF book stands at INR1.31bn, with almost nil LAP
- **Targeting disbursements of INR5bn for the remaining quarters of the year**
- **In process to recruit a separate team for CF business in the affordable housing space**
 - This may take around 6 months time, post which CF book may see pick-up
- Of the total AUM attrition of ~INR2.68bn, ~INR1.15bn was from the CF book
- Average ticket size: INR1.3mn

Q4FY17 Earnings Concall Key Takeaways

With respect to asset quality

- NPLs is now recognised at 120dpd, GNPLs thus came in at 6.73% (up from 4.49% in previous quarter). Continuing the conservative policy company maintained coverage of > 73%. **The company has to transition to 90dpd by FY18 and company expect to bring down coverage ratio to 60% by FY18.**
- While there was dispensation by RBI in last quarter, there was no RBI dispensation this quarter. **Last quarter there was dispensation to the tune of INR2bn of which company has recovered 1.2bn during the quarter.**
- **GNPLs on 150dpd basis** – 6.16% (4.5% with dispensation, 5.1% with dispensation)
- **GNPLs on 90dpd basis** – 9.72% (versus 9.5% in previous quarter)
- Interest income reversal during the quarter was INR560mn.
- Write-offs during the quarter – INR1.4bn (INR4.46bn for the full year FY17)

With respect to operating metrics

- AUM growth of 18%, non –gold portfolio growth of 21.9%. **Management aims AUM (non-gold) to grow anywhere between 20-25%. The growth will largely be driven by SME segment. Targets the rise in proportion of SME to 60-65% over next 2 years (currently ~55% of AUM).**
- Still lot of uncertainty persists pertaining to GST, thus yet to form a clear picture on the impact of GST
- **With respect to Gold loans:** The company is pushing the business in top 5 states and given the strong presence in these states the company is able to have better growth. But going forward, given the fact that large part of transaction is routed through banks and given the gold as collateral , company is wary of competition from banks. Thus with respect to gold loans , don't have any specific target for growth.
- Of the total AUM ~30% will be ex- of south. SUCF aims to take it to 50% over next 3 years or so.
- 60% of 2 wheeler AUM outside of South.
- Gold Loan yields – 16-17%

With respect to guidance

- Management aims AUM (non-gold) to grow anywhere between 20-25%. The growth will largely be driven by SME segment.
- Margins Outlook: NIMs may compress by ~50bps.
- Have to transition to 90dpd by FY18 and expect to bring down coverage ratio to 60% by FY18.

Shriram Housing Finance:

- AUM has contracted due to low disbursement (30%), higher attrition (7.3%) and reconstruction of portfolio through ARCIL (~INR500mn). Targeted growth on Housing Finance is 50-60% YoY.
- Have slowed down cautiously on construction finance and also have constrained the ticket size to INR3mn.
- Average ticket size in retail is INR0.8-0.9mn.
- LTV (retail) – 50-55%
- LTV (construction) - 70-75%

Company Description

SCUF was incorporated in 1986 as a deposit accepting NBFC. Prior to 2002, it was exclusively engaged in transport finance with special emphasis on financing pre-owned commercial vehicles to small road transport operators. In 2002, it extended its product lines to include small-ticket retail financing, viz., consumer durables, two wheelers, personal, and enterprise loans. It deliberately went slow on disbursements in the CV segment, which has become a key area of its group company Shriram Transport Finance. The company's operations are largely concentrated in the southern states like Andhra Pradesh, Tamil Nadu, and Karnataka and the western region (particularly Maharashtra).

SCUF offers only small-ticket retail products (ranging from INR 25,000-250,000) with shorter tenures (12-30 months), which generate yields in excess of 20%. The company has been successful in keeping its default rates at lower levels by better assessment of its customers and effective collection of its loans and has maintained best in class NIMs at 13-14%.

Investment Theme

SCUF follows a unique and sound business model with presence in high-yielding, high-growth, small-ticket retail finance segment (auto loans, personal loans, business finance, and retail gold loans), and RoAs of 4% plus. The concept of chit fund-based lending is gradually losing its sheen and SCUF aims to fill this space by lending to these customers, thereby retaining decades old relationships. Given >4% RoA, healthy >23% CAR and robust customer franchise, maintain 'BUY'.

Key Risks

SCUF operates in the small-ticket retail finance segment in semi-urban and rural areas and may face stiff competition from banks, other financial institutions, and multinational players, which have access to cheap funds. Our earnings estimates may not fructify if the company is unable to maintain its spreads at expected levels due to inability to maintain yields, amidst stiff competition. Risk of frauds and NPA accretion is inherent to the retail lending business and NPA provisioning could be higher than our estimates in case further economic slowdown or dip in income levels.

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
Borrowings 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 assump. (%)				
Yield on advances	20.8	20.0	19.8	19.5
Cost of funds	10.4	9.8	9.6	9.3
Net interest margin	13.2	13.7	13.9	13.6
Dividend payout	24.0	20.8	17.4	15.0
Employee cost growth	24.7	7.2	15.1	15.1
Other opex growth	12.1	11.8	15.8	17.5
Balance sheet assumption (%)				
Disbursement growth	8.4	19.9	18.5	21.7
Securit. during the yr	7,000	9,000	9,000	9,000
Bad debt written off	1.8	2.2	1.8	1.8
Gross NPLs	5.2	6.7	9.2	8.0
Prov Cov	69.7	73.3	60.0	65.0
Net NPLs	1.6	1.8	4.1	3.0

Income statement

(INR mn)

Year to March	FY16	FY17	FY18E	FY19E
Interest income	37,202	43,041	51,098	60,970
Interest expended	13,899	15,344	18,097	21,585
Net interest income	23,303	27,697	33,000	39,384
Other income	1,357.42	1,303.74	1,596.86	1,776.21
Net revenues	24,661	29,001	34,597	41,160
Operating expense	10,429	11,359	13,113	15,256
- Employee exp	5,133	5,503	6,332	7,286
- Depn /amortisation	369	346	403	476
- Other opex	4,927	5,510	6,378	7,494
Preprovision profit	14,231	17,642	21,484	25,904
Provisions	6,163	9,105	8,748	8,033
Profit Before Tax	8,068	8,537	12,736	17,871
Less: Provision for Tax	2,771	2,976	4,330	6,076
Profit After Tax	5,298	5,561	8,406	11,795
Shares o /s (mn)	66	66	66	66
Basic EPS (INR)	80.3	84.2	127.4	178.8
Diluted shares o/s (mn)	66	66	66	66
Adj. Diluted EPS (INR)	80.3	84.2	127.4	178.8
Dividend per share (DPS)	16.5	15.0	19.0	23.0
Dividend Payout Ratio(%)	24.0	20.8	17.4	15.0

Growth ratios (%)

Year to March	FY16	FY17	FY18E	FY19E
Operating income growth	13.8	18.9	19.1	19.3
Revenues	12.7	17.6	19.3	19.0
Opex growth	16.7	8.9	15.4	16.3
PPP growth	9.9	24.0	21.8	20.6
Adjusted Profit	(5.1)	5.0	51.2	40.3

Operating ratios

Year to March	FY16	FY17	FY18E	FY19E
Yield on assets	21.1	21.3	21.5	21.1
Cost of funds	10.4	9.8	9.6	9.3
Net interest margins	13.2	13.7	13.9	13.6
Spread	10.8	11.6	11.9	11.8
Cost-income	42.3	39.2	37.9	37.1
Tax rate	34.3	34.9	34.0	34.0

Balance sheet				
(INR mn)				
As on 31st March	FY16	FY17	FY18E	FY19E
Share capital	659	659	659	659
Reserves & Surplus	44,457	49,625	56,557	66,571
Shareholders' funds	45,116	50,284	57,217	67,230
Short term borrowings	43,225	51,126	62,416	76,536
Long term borrowings	100,859	119,294	145,637	178,585
Total Borrowings	144,084	170,420	208,053	255,122
Long Term Liabilities	5,545	6,986	7,962	8,871
Def. Tax Liability (net)	(372)	(250)	(250)	(250)
Sources of funds	194,373	227,440	272,983	330,974
Gross Block	2,296	6,683	6,758	6,833
Net Block	787	4,685	4,606	4,500
Intangible Assets	71	422	415	405
Total Fixed Assets	858	5,107	5,021	4,906
Non current investments	5,822	1,911	1,211	511
Cash and Equivalents	8,883	7,119	7,314	7,185
Loans & Advances	190,238	228,469	276,721	337,279
Current assets (ex cash)	(727)	(1,217)	(1,174)	(799)
Other assets	2,239	2,351	2,468	2,591
Other Current Liab	12,939	16,300	18,578	20,699
Total Current Liab	12,939	16,300	18,578	20,699
Net Curr Assets-ex cash	(13,666)	(17,517)	(19,752)	(21,498)
Uses of funds	194,373	227,440	272,983	330,974
BVPS (INR)	684.6	762.8	867.9	1,019.8

RoE decomposition (%)				
Year to March	FY16	FY17	FY18E	FY19E
Op. income /Assets	13.2	13.7	13.9	13.6
Net int. income/assets	14.0	14.4	14.6	14.3
Other income/Assets	0.8	0.6	0.7	0.6
Operating expense/assets	(5.9)	(5.6)	(5.5)	(5.3)
Provisions/assets	(3.5)	(4.5)	(3.7)	(2.8)
Taxes/assets	(1.6)	(1.5)	(1.8)	(2.1)
Total costs/assets	(11.0)	(11.6)	(11.0)	(10.2)
ROA	3.0	2.8	3.5	4.1
Equity/assets	24.5	23.7	22.6	21.6
ROAE (%)	12.3	11.7	15.6	19.0

Valuation parameters				
Year to March	FY16	FY17	FY18E	FY19E
Adj. Diluted EPS (INR)	80.3	84.2	127.4	178.8
Y-o-Y growth (%)	(6.7)	4.9	51.2	40.4
BV per share (INR)	684.6	762.8	867.9	1,019.8
Adj. BV per share (INR)	653.0	719.3	759.8	919.6
Diluted P/E (x)	29.0	27.6	18.3	13.0
P/B (x)	3.4	3.0	2.7	2.3
Price/ Adj. BV (x)	3.6	3.2	3.1	2.5
Dividend Yield (%)	0.7	0.6	0.8	1.0

Peer comparison valuation

Name	Market cap (USD mn)	Diluted P/E (X)		P/B (X)		ROAE (%)	
		FY18E	FY19E	FY18E	FY19E	FY18E	FY19E
Shriram City Union Finance	2,409	18.3	13.0	2.7	2.3	15.6	19.0
Dewan Housing Finance	2,269	12.9	11.2	1.7	1.5	13.8	14.5
Indiabulls Housing Finance	7,969	14.8	12.2	3.8	3.4	27.3	29.3
LIC Housing Finance	5,494	16.9	15.2	2.7	2.4	18.8	18.4
Mahindra & Mahindra Financial Services	3,572	35.0	21.9	3.3	3.0	9.8	14.4
Manappuram General Finance	1,404	10.7	9.3	2.5	2.2	24.9	24.9
Muthoot Finance	2,914	13.4	11.9	2.5	2.1	19.7	19.4
Power Finance Corp	5,067	4.7	4.6	0.8	0.7	17.8	16.1
Reliance Capital	2,898	14.8	11.9	1.1	1.0	7.5	8.7
Repco Home Finance	747	22.0	18.2	3.6	3.0	17.5	18.0
Rural Electrification Corporation	5,341	5.8	5.3	0.9	0.8	16.6	15.9
Shriram Transport Finance	3,628	13.4	8.7	1.8	1.5	14.5	19.2
Median	-	14.1	11.9	2.5	2.1	17.1	18.2
AVERAGE	-	15.2	11.9	2.3	2.0	17.0	18.2

Source: Edelweiss research

Additional Data

Directors Data

Debendranath Sarangi	Chairman	Duruvasan Ramachandran	Managing Director & CEO
Gerrit Lodewyk Van Heerde	Director	Subramaniam Krishnamurthy	Director
Vipen Kapur	Director	Ranvir Dewan	Director
Venkataraman Murali	Director	Pranab Prakash Pattanayak	Director
Maya Sinha	Director	Khushru Burjor Jijina	Director
Shashank Singh	Director	Ramakrishnan Subramanian	Director

Auditors - G.D. Apte & Co.

**as per last annual report*

Holding - Top 10

	Perc. Holding		Perc. Holding
Dynasty Acquisition (FPI)	20.35	Piramal Enterprises Group	9.98
East Bridge Capital Master Fund	3.89	Matthews International Capital Management	3.56
Morgan Stanley	2.29	Birla Sun Life Asset Management	2.10
Cornalina Acquisition	1.86	Bank Muscat SAOG	1.59
Acacia Partners	1.52	FIL Limited	1.50

**as per last available data*

Bulk Deals

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

**in last one year*

Insider Trades

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

**in last one year*

Company	Absolute reco	Relative reco	Relative risk	Company	Absolute reco	Relative reco	Relative Risk
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
02-Aug-17	Punjab National Bank	The same old story; Result Update	159	Buy
01-Aug-17	Banking	Savings rate de-regulation: A giant move by SBI; Sector Update		
01-Aug-17	Equitas Holdings	MFI soft, volatility to taper hereon; Result Update	168	Buy

Distribution of Ratings / Market Cap

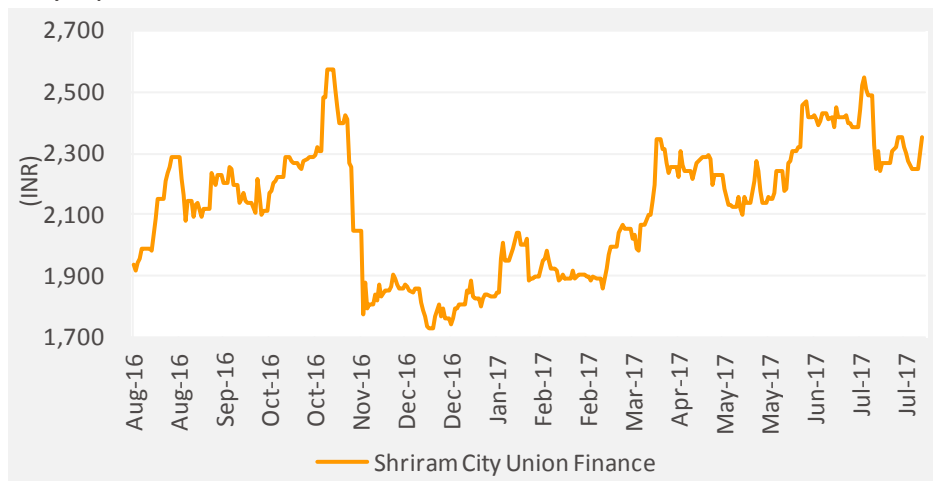
Edelweiss Research Coverage Universe

	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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