

SHRIRAM CITY UNION FINANCE

Steady quarter; higher write-offs dent profitability

India Equity Research | Banking and Financial Services



Shriram City Union's (SCUF) Q2FY18 PAT of INR2bn (down 3% YoY) came lower than our estimate. While revenue momentum (NII >18% YoY) was better than anticipated, higher credit cost (INR2.4bn) led to earnings miss. Key highlights: a) NII grew >18% YoY driven by margin expansion (up ~40bps QoQ to 14.3%) on funding cost benefits and lower interest reversal. Growth momentum sustained—disbursements up >10% YoY, translating into ~16.5% AUM spurt (still below historical run rate, a reflection of some impact of GST, demonetisation); and b) asset quality was steady with GNPLs at 6.9% (6.8% in Q1FY18); however, higher write offs (INR1.6bn) suppressed earnings. Notwithstanding concerns (impact of GST, demonetisation), SCUF's growth was sustained, a reflection of strong franchise and robust business practices. Further, with settling of structural overhang of merger, we expect further re-rating. Maintain 'BUY'.

Growth momentum sustained

SCUF's growth trajectory seems to be normalising—disbursements (at INR61.4bn) jumped ~10% YoY, translating into AUM traction of ~16.5% YoY (still below pre demonetisation level of 18-20% growth). Disbursements traction was driven by gold loans (up >20% YoY, contributing >30% to disbursements) and personal loans (up ~43% YoY, albeit on lower base), though partly offset by slowdown in auto loans (down >15% YoY). Growth in small enterprise finance book improved 8% QoQ, indicating waning impact of demonetisation and GST. Management is targeting 16-18% AUM growth in FY18 and further improved momentum in FY19.

Asset quality stable; higher write-offs suppress profitability

Asset quality was stable with GNPA's at 6.9% (6.8% in Q1FY18, on 120dpd), though credit cost was higher due to write-offs. Segmental analysis indicates broadly stable slippages across segments, barring marginal rise in SME segment. SCUF maintained coverage at >73%, which will aid in 90dpd transition while managing the P&L impact.

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

Demonetisation and GST have tested SCUF's business resilience given its dependence on the self-employed segment. However, recovery trends are encouraging. We estimate 20-22% AUM CAGR and >40% earnings CAGR (albeit on low base) over FY17-19, with RoA/RoE of >4%/18%. At CMP, the stock trades at 2.5x FY19E P/ABV. We maintain 'BUY/SP' with TP of INR2,630.

Financials

	(INR mn)							
Year to March	Q2FY18	Q2FY17	Growth (%)	Q1FY18	Growth (%)	FY17	FY18E	FY19E
Net revenue	8,728	7,354	18.7	8,174	6.8	29,001	34,648	40,892
Net profit	1,983	2,045	(3.0)	1,939	2.3	5,561	8,114	11,576
Dil. EPS (INR)	30.1	31.0	(3.0)	29.4	2.3	84.2	123.0	175.5
Adj. BV (INR)						719.3	756.9	913.8
Price/ Adj book (x)						3.1	3.0	2.5
Price/ Earnings (x)						26.7	18.3	12.8

EDELWEISS 4D RATINGS

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

MARKET DATA (R: SHCU.BO, B: SCUF IN)

CMP	: INR 2,247
Target Price	: INR 2,630
52-week range (INR)	: 2,648 / 1,645
Share in issue (mn)	: 65.9
M cap (INR bn/USD mn)	: 148 / 2,300
Avg. Daily Vol.BSE/NSE('000)	: 46.9

SHARE HOLDING PATTERN (%)

	Current	Q1FY18	Q4FY17
Promoters *	33.8	33.8	33.8
MF's, FI's & BK's	5.6	5.8	6.0
FII's	22.4	22.3	21.8
Others	38.2	38.2	38.4
* Promoters pledged shares (% of share in issue)	:	NIL	

PRICE PERFORMANCE (%)

	Stock	Nifty	EW Banks and Financial Services Index
1 month	9.5	6.5	6.6
3 months	(3.4)	3.4	1.6
12 months	(11.2)	22.4	31.0

Kunal Shah

+91 22 4040 7579
kunal.shah@edelweissfin.com

Prakhar Agarwal

+91 22 6620 3076
prakhar.agarwal@edelweissfin.com

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Housing finance subsidiary

- Disbursements during the quarter were muted at INR1.2bn (down >63% YoY), largely impacted by non-retail segment (down >90% YoY)—an outcome of management's conscious decision to move away from construction finance and LAP businesses. Consequently, slower disbursements and attrition in CF AUM led to >8% YoY/2% QoQ dip in AUMs to INR16.1bn. Going forward, management highlighted focus will be on retail business.
- Post a soft Q1FY18, asset quality was steady (GNPLs at 4.93% versus 4.8% in Q1FY18, optically higher due to lower base). Consequently, credit was lower at INR39mn (INR119mn in previous quarter) leading to improved profitability. Asset quality trend has been volatile over the past few quarters and remains a key monitorable going ahead.

Table 1: Key takeaways from Q2FY18 earnings

(INR mn)	Q2FY18	Q2FY17	YoY (%)	Q1FY18	QoQ (%)	Comments
Interest income	12,849	11,153	15.2	12,175	5.5	
Interest expense	4,125	3,802	8.5	4,019	2.6	
Net interest income	8,725	7,351	18.7	8,156	7.0	Healthy NII growth, driven by margin expansion and sustained growth
Non-interest income	4	3	27.6	17	(78.4)	
Net revenues	8,728	7,354	18.7	8,174	6.8	
Operating expenses	3,316	2,829	17.2	3,197	3.7	
Operating profit	5,412	4,525	19.6	4,976	8.8	
Provisions	2,372	1,390	70.6	1,998	18.7	Credit cost was higher following higher write-offs.
Profit before tax	3,041	3,135	(3.0)	2,978	2.1	
Tax expense	1,058	1,090	(3.0)	1,040	1.8	
Profit after tax	1,983	2,045	(3.0)	1,939	2.3	Earnings lower than estimates, on back of higher credit cost
EPS (INR)	30.1	31.0	(3.0)	29.4	2.3	
Key Metrics						
AUM	2,48,980	2,13,898	16.4	2,40,533	3.5	AUM growth sustained, momentum likely to improve henceforth
Non-gold	2,12,571	1,83,404	15.9	2,03,856	4.3	
Gold	36,409	30,495	19.4	36,676	(0.7)	
Disbursements	61,374	55,670	10.2	57,991	5.8	Disbursements returning to normalcy - up ~10.2% YoY
Non-gold	42,493	40,025	6.2	39,909	6.5	Small enterprise finance segment saw sequential improvement (up ~8%), suggesting waning impact
Gold	18,881	15,645	20.7	18,083	4.4	
GNPA (%)	6.9	5.0		6.8		Asset quality remained stable, transition to 90dpd holds key
NNPA (%)	1.8	1.4		1.8		High provision coverage (>73%) restricted NNPA's
NIM (reported, %)	14.3	14.0		13.8		NIMs saw expansion on funding cost benefits and lower interest reversal

Table 1: Key takeaways from Q2FY18 earnings (Contd...)

(INR mn)	Q2FY18	Q2FY17	YoY (%)	Q1FY18	QoQ (%)	Comments
Shriram Housing Finance						
AUM	16,106	17,528	(8.1)	16,427	(2.0)	Soft AUM traction, following lower disbursements and attrition in CF AUM
Disbursements	1,210	3,319	(63.5)	1,365	(11.4)	
Retail	1,170	2,660	(56.0)	1,292	(9.4)	Retail business to be the key focus area going ahead
CF	40	659	(93.9)	73	(45.2)	Conscious decision to move away from the construction finance (CF) business
GNPA (%)	4.9	3.5		4.8		Asset quality continues to be volatile
NNPA (%)	3.5	2.5		3.4		
NIM (reported, %)	9.1	10.4		8.2		

Source: Company, Edelweiss research

Chart 1: Disbursements returning to normalcy – up ~10.2% YoY

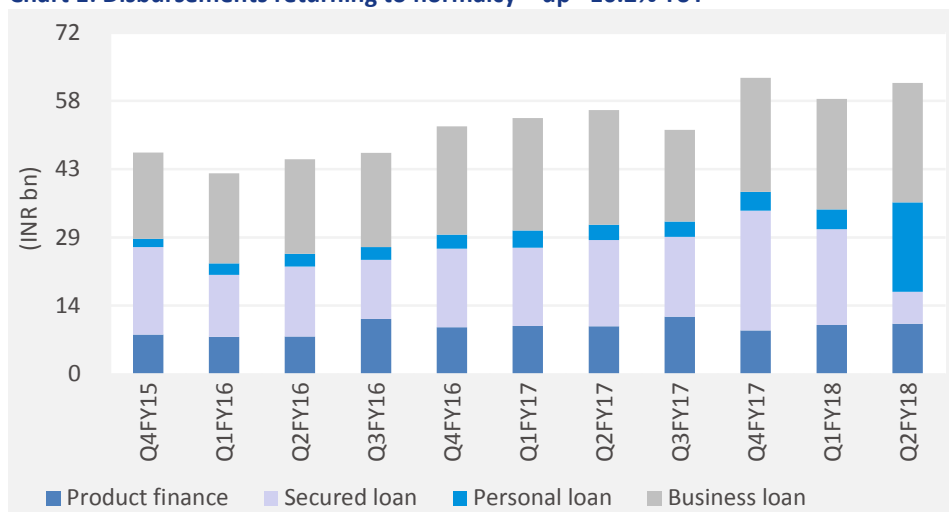
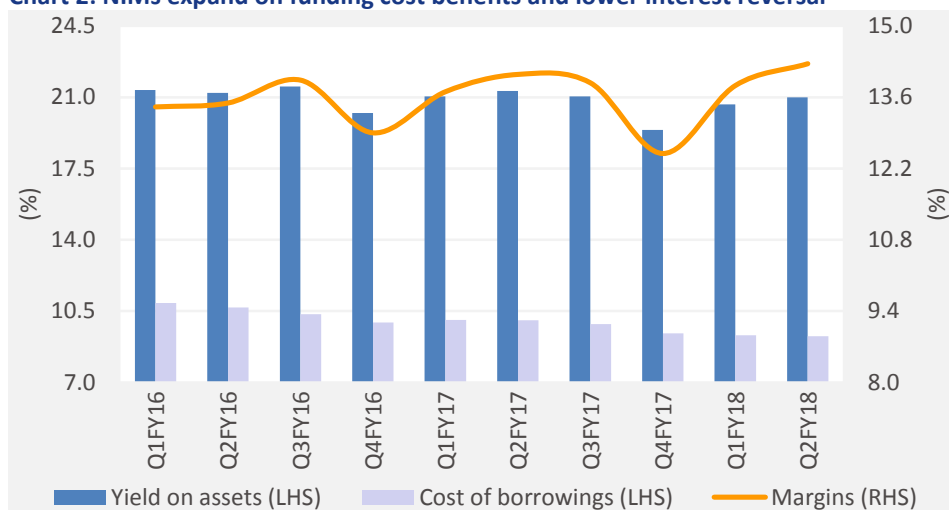


Chart 2: NIMs expand on funding cost benefits and lower interest reversal



Source: Company

Chart 3: Borrowing profile

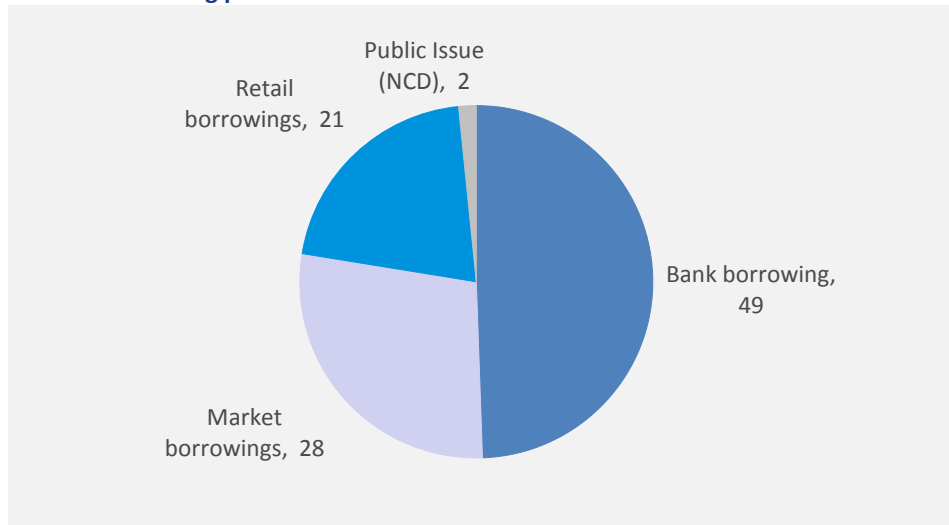
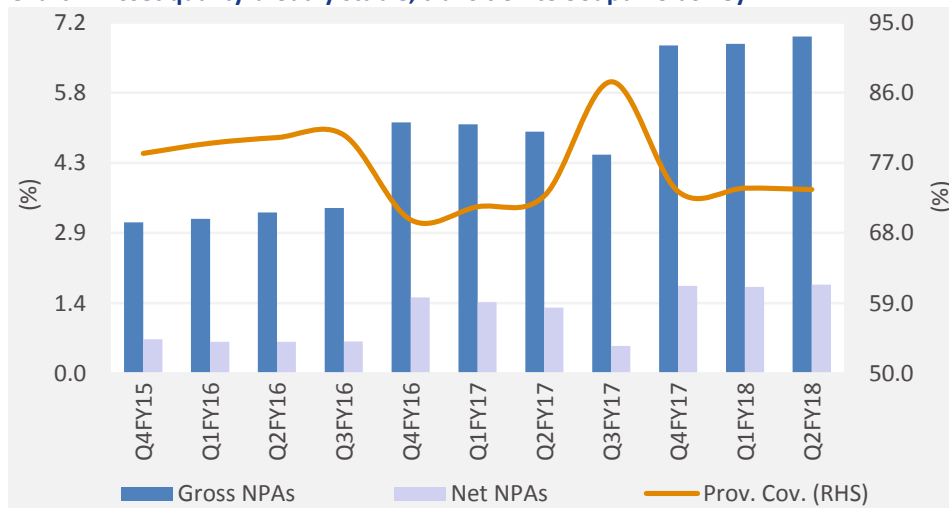


Chart 4: Asset quality broadly stable, transition to 90dpd holds key



Source: Company

Financial snapshot**(INR mn)**

Year to March	Q2FY18	Q2FY17	% change	Q1FY18	% change	YTD18	FY18E	FY19E
Net revenues	8,728	7,354	18.7	8,174	6.8	16,902	34,648	40,892
Operating expenses	(3,227)	(2,744)	NA	(3,119)	NA	(6,346)	(12,967)	(15,075)
Pre-provision profit	5,501	4,610	19.3	5,054	8.8	10,556	21,681	25,817
Provisions and write off	(2,372)	(1,390)	NA	(1,998)	NA	(4,370)	(8,984)	(7,801)
Operating profit	3,130	3,219	(2.8)	3,056	2.4	6,186	12,697	18,015
Depreciation	(89)	(85)	NA	(78)	NA	(167)	(403)	(476)
Profit before tax	3,041	3,135	(3.0)	2,978	2.1	6,019	12,293	17,540
Tax	(1,058)	(1,090)	NA	(1,040)	NA	(2,097)	(4,180)	(5,963)
PAT	1,983	2,045	(3.0)	1,939	2.3	3,922	8,114	11,576
Diluted EPS (INR)	30.1	31.0	(3.0)	29.4	2.3	59.4	123.0	175.5

Ratios

Cost/income (%)	38.0	38.5	39.1	38.5	38.6	38.0
Tax rate (%)	34.8	34.8	34.9	34.8	34.0	34.0

Valuation metrics

B/V per share (INR)	863.5	1,012.1
Adj book value / share	756.9	913.8
Price/ Book (x)	2.6	2.2
Price/ Adj. book (x)	3.0	2.5
Price/ Earnings	18.3	12.8

Q2FY18 Earnings Concall Key Takeaways

Management commentary

- Maintained AUM growth at 16.5%, disbursements have grown at 10% YoY. **Management is targeting 18-20% AUM growth during H2FY18, further for FY19 the management is confident of tracking > 20% growth.**
 - **The target AUM composition: SME :60%, 2W: 17%, Gold : 8-10%, Balance personal and auto loans**
- The impact of GST/DeMon is by and large done away with (there might be some trickle effect in December) , but in nutshell things will by and large improve.
- The merger had **NO** impact on any of the regular business operations.
- The company continues with its strategy to move towards metro locations, while at this junction the contribution is marginal the management expects this to rise henceforth

With respect to asset quality

- **While credit cost has been relatively elevated in H1FY18 (largely impact of DeMon/GST challenges), management is confident that this will taper off henceforth (given waning impact of DeMon/GST). Collections in October has been very strong**
- **The GNPLs on 90dpd basis is closer to 9.3%, the management expects to close FY18 (at 90 dpd levels) on similar levels. Today the coverage ratio is 73%, the management expects this to bring down to 60-61% on transition to 90dpd norms.**
- **Expect normalised credit cost to be in the range of 2.6-2.7%.** The key henceforth to interact with customer to explain intricacies of payment (for transition to 90dpd recognition). Having said that portfolio in 150/180 dpd has been improving.
- GNPLs (120dpd) – 6.91% (steady YoY)
- GNPLs (150dpd) - 5.40% in Q2FY18 (5.8% in Q1FY18)

Other highlights

- 50% o the PL book is from cross sell. ATS is INR1-1.1 lakhs which is adequately priced. Incrementally the focus is on cross sell to existing customers.
- Opex has been constrained, thus cost /income has dropped >100bps QoQ.
- **South and Maharashtra contributes 70-80% of the business segment.**
- Management expects funding cost to be stable or marginally improve in H2FY18. The increase in yield is largely to do with change in loan mix, The management expects the yields to increase to 20-20.5%
- **35-40% of the customers have facility from other banks/financial institutions as well.**
- **Unsecured loan contribution is 10-12% of AUM for SME book. Entire personal book is unsecured , Thus overall the unsecured portfolio is closer to 18-20%**
- Almost 40% of the customer has registered under GST as of October . Of the balance large chunk is customers with revenue of < INR10mn, the management sees that some explanation/pressure these would also be complaints.

- While the primary sale in 2W has been higher but that will trickle into finance numbers with a lag, this potentially will be reflected in ensuing quarters. The company continues to grow in this segment (financed 151k vehicles in October 2017 versus 110K same time last year).
- While demand for LAP/construction segment has been rising , but conservatively management continues to maintain cautious stance on this segment.

Shriram Housing Finance

- *Housing finance will continue to focus on retail business, the aim to continue with this focus while lowering the construction finance and LAP segment. Just to elucidate of the total disbursement of INR1.2bn in Q2FY18, the Construction finance was at INR40mn and INR220mn was in LAP and thus large chunk is from retail segment (INR850mn). Management expect this trend to continue*
- Retail home loans upto INR3mn is the focus with the concentration of DSA and DST segment (300 people on DST were added last quarter). There is total realignment in retail segment last quarter

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

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

Demonetisation and GST have tested SCUF's business resilience given its dependence on the self-employed segment. However, recovery trends are encouraging. We estimate 20-22% AUM CAGR and >40% earnings CAGR (albeit on low base) over FY17-19, with RoA/RoE of >4%/18%. At CMP, the stock trades at 2.5x FY19E P/ABV. We maintain 'BUY/SO'.

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 of 11-12% due to inability to maintain yields at 22-24%, 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 %)	7.9	6.6	6.8	7.4
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)	65.5	67.1	65.0	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 assumpt. (%)				
Yield on advances	20.8	20.0	19.8	19.5
Cost of funds	10.4	9.8	9.4	9.2
Net interest margins	13.2	13.7	14.0	13.8
Dividend income	24	21	18	15
Employee cost growth	24.7	7.2	20.0	15.1
Other opex growth	12.1	11.8	15.5	17.5
Balance sheet assumption (%)				
Disbursement growth	8.4	19.9	16.2	21.8
Securitised during the year	7,000	9,000	9,000	9,000
Bad debt written off	1.8	2.2	2.0	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	50,714	59,953
Interest expended	13,899	15,344	17,663	20,837
Net interest income	23,303	27,697	33,051	39,116
Other income	1,357	1,304	1,597	1,776
Net revenues	24,661	29,001	34,648	40,892
Operating expense	10,429	11,359	13,370	15,551
- Employee exp	5,133	5,503	6,602	7,596
- Depn /amortisation	369	346	403	476
- Other opex	4,927	5,510	6,365	7,479
Preprovision profit	14,231	17,642	21,278	25,341
Provisions	6,163	9,105	8,984	7,801
Profit Before Tax	8,068	8,537	12,293	17,540
Less: Provision for Tax	2,771	2,976	4,180	5,963
Profit After Tax	5,298	5,561	8,114	11,576
Shares o /s (mn)	66	66	66	66
Basic EPS (INR)	80.3	84.2	123.0	175.5
Diluted shares o/s (mn)	66	66	66	66
Adj. Diluted EPS (INR)	80.3	84.2	123.0	175.5
Dividend per share (DPS)	16.5	15.0	19.0	23.0
Dividend Payout Ratio(%)	24.0	20.8	18.1	15.3

Growth ratios (%)

Year to March	FY16	FY17	FY18E	FY19E
Operating income growth	13.8	18.9	19.3	18.3
Revenues	12.7	17.6	19.5	18.0
Opex growth	16.7	8.9	17.7	16.3
PPP growth	9.9	24.0	20.6	19.1
Adjusted Profit	(5.1)	5.0	45.9	42.7

Operating ratios

Year to March	FY16	FY17	FY18E	FY19E
Yield on assets	21.1	21.3	21.5	21.2
Cost of funds	10.4	9.8	9.4	9.2
Net interest margins	13.2	13.7	14.0	13.8
Spread	10.8	11.6	12.1	12.0
Cost-income	42.3	39.2	38.6	38.0
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	56,266	66,060	
Shareholders' funds	45,116	50,284	56,925	66,720	
Short term borrowings	43,225	51,126	61,353	74,739	
Long term borrowings	100,859	119,294	143,156	174,391	
Total Borrowings	144,084	170,420	204,509	249,130	
Long Term Liabilities	5,545	6,986	7,910	8,788	
Def. Tax Liability (net)	(372)	(250)	(250)	(250)	
Sources of funds	194,373	227,440	269,095	324,389	
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	7,303	7,166	
Loans & Advances	190,238	228,469	272,837	330,720	
Current assets (ex cash)	(727)	(1,217)	(1,289)	(1,000)	
Other assets	2,239	2,351	2,468	2,591	
Other Current Liab	12,939	16,300	18,456	20,505	
Total Current Liab	12,939	16,300	18,456	20,505	
Net Curr Assets-ex cash	(13,666)	(17,517)	(19,745)	(21,505)	
Uses of funds	194,373	227,440	269,095	324,389	
BVPS (INR)	684.6	762.8	863.5	1,012.1	

RoE decomposition (%)					
Year to March	FY16	FY17	FY18E	FY19E	
Op. income /Assets	13	14	14	14	
Net int. income/assets	14.0	14.4	14.7	14.4	
Other income/Assets	0.8	0.6	0.7	0.6	
Operating expense/assets	(5.9)	(5.6)	(5.7)	(5.5)	
Provisions/assets	(3.5)	(4.5)	(3.8)	(2.8)	
Taxes/assets	(1.6)	(1.5)	(1.8)	(2.1)	
Total costs/assets	(11.0)	(11.6)	(11.3)	(10.3)	
ROA	3.0	2.8	3.4	4.1	
Equity/assets	24.5	23.7	22.7	21.8	
ROAE (%)	12.3	11.7	15.1	18.7	

Valuation parameters					
Year to March	FY16	FY17	FY18E	FY19E	
Adj. Diluted EPS (INR)	80.3	84.2	123.0	175.5	
Y-o-Y growth (%)	(6.7)	4.9	46.0	42.7	
BV per share (INR)	684.6	762.8	863.5	1,012.1	
Adj. BV per share (INR)	653.0	719.3	756.9	913.8	
Diluted P/E (x)	28.0	26.7	18.3	12.8	
P/B (x)	3.3	2.9	2.6	2.2	
Price/ Adj. BV (x)	3.4	3.1	3.0	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	2,377	18.3	12.8	2.6	2.2	15.1	18.7
Dewan Housing Finance	3,155	17.6	15.1	2.3	2.1	14.2	15.1
Indiabulls Housing Finance	8,082	15.2	12.6	4.0	3.5	27.3	29.2
LIC Housing Finance	4,733	16.2	13.8	2.4	2.1	17.4	18.0
Mahindra & Mahindra Financial Services	3,846	41.1	24.9	3.0	2.8	8.5	11.7
Manappuram General Finance	1,312	10.3	9.0	2.4	2.1	24.5	24.3
Muthoot Finance	3,133	14.0	12.3	2.7	2.3	20.5	20.1
Power Finance Corp	5,945	5.6	5.5	0.9	0.8	17.8	16.1
Reliance Capital	2,277	11.8	9.5	0.9	0.8	7.5	8.7
Repco Home Finance	594	18.3	15.0	2.9	2.5	17.0	17.8
Rural Electrification Corporation	5,558	6.3	5.7	1.0	0.8	16.0	15.8
Shriram Transport Finance	4,575	17.5	10.6	2.3	2.0	14.2	20.1
Median	-	15.7	12.5	2.4	2.1	16.5	17.9
AVERAGE	-	16.1	12.3	2.3	2.0	16.7	18.0

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	2.05
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	HOLD	SP	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	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	HOLD	SP	L
Indiabulls Housing Finance	BUY	SP	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	SP	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

Edelweiss Securities Limited, Edelweiss House, off C.S.T. Road, Kalina, Mumbai – 400 098.

Board: (91-22) 4009 4400, Email: research@edelweissfin.com

Aditya Narain

Head of Research

aditya.narain@edelweissfin.com

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
01-Nov-17	Shriram Transport Finance	Operationally strong; cyclical tailwinds on horizon; <i>Result Update</i>	1,197	Buy
31-Oct-17	Capital First	Yet another strong quarter; <i>Result Update</i>	755	Buy
31-Oct-17	LIC Housing Finance	Margins temper further; corporate resolutions key; <i>Result Update</i>	599	Buy

Distribution of Ratings / Market Cap

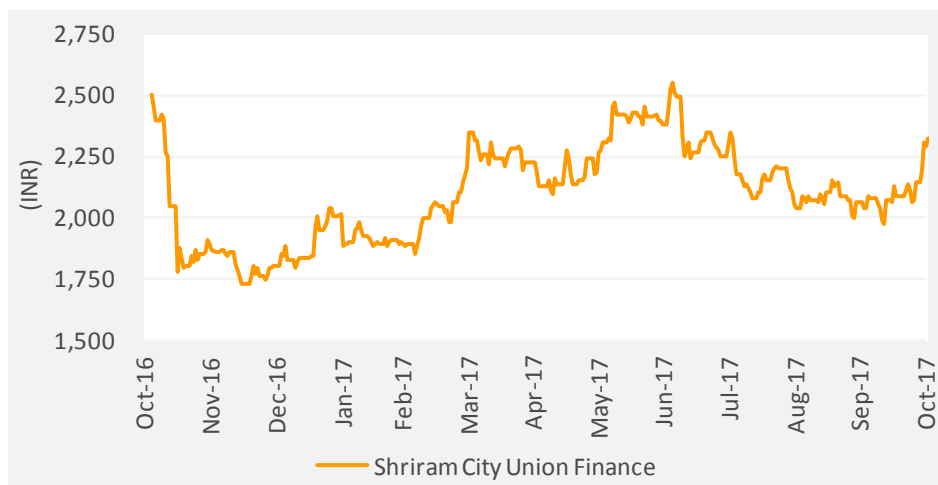
Edelweiss Research Coverage Universe

	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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