

STATE BANK OF INDIA

Subsidiaries' Day: Focus on leveraging synergies

India Equity Research | Banking and Financial Services



At the State Bank of India's (SBI) "Subsidiaries Day", top management of each of the subsidiaries presented their business performance and enunciated future strategies. Their clear intention is to capitalise on the burgeoning growth opportunities (both organic/inorganic) by leveraging on the financialisation (benefiting SBI AMC, life insurance and capital markets), democratisation (for RRBs) and digitisation (SBI Cards) trend in the financial services space. Most of the subsidiaries are headed in the right direction to create substantial value over next two-three years, utilising the SBI Group ecosystem and brand (currently only 60% of branches and 30% of employees are involved in cross-selling). By FY20, we expect potential unlocking of value with the listing of SBI Cards, SBI General Insurance, SBI AMC and two RRB's (of the 18 RRBs sponsored by SBI). Considering targeted performance momentum of SBI Cards and SBI Capital Markets and ascribing value to its general insurance subsidiary, we marginally up our value of subsidiaries to INR712bn (INR82 per share from INR74 earlier). Maintain 'BUY' on SBI with overall SOTP fair value at INR414.

Subsidiaries to leverage group synergies to drive higher trajectory

SBI's subsidiaries function on a sound platform, with efficient processes and strong joint venture (JV) partners, laying a strong foundation to capitalise on available opportunities. The next trigger would be to leverage SBI's sturdy parentage (customer base of 420mn, branch network of >23K), technological (Project IMPACT – an integrated CRM platform to leverage on lead generation) and digital (YONO – digital self-service platform) prowess to build on momentum. In terms of potential, SBI highlighted only 60% of branches cross-sell its products, and only 30% of its staff is trained to sell subsidiary products (rise in eligible base is almost 60%) with cross-sell income forming a mere 7% of fees (aims to take it to 2-3x current size over next three years), implying huge potential for improvement. We are enthused by the bank's solid franchise, but execution is vital.

Outlook and valuations: Unparalleled franchise; maintain 'BUY'

We believe these are challenging times for SBI manifested in temporary lull in earnings due to systemic asset quality risks. However, right intent and focus to create value in its non-banking subsidiaries can be a more stable and scalable vector for bank's overall value. Ascribing INR82/share to its subsidiary businesses, the stock trades at 0.7x adjusted book and we maintain 'BUY/SO' with SoTP-based TP of INR414.

Financials

(INRMn)

Year to March	FY17	FY18E	FY19E	FY20E
Net revenue	9,73,207	11,81,537	12,76,840	14,44,116
Net profit	1,04,841	39,485	1,56,497	2,19,475
Diluted EPS (INR)	12.9	4.6	16.8	23.6
Adj. BV (INR)	165.3	185.3	215.3	240.2
Price/ Adj book (x)	1.0	0.9	0.8	0.7
Diluted P/E (x)	12.8	36.3	9.9	7.0
ROE (%)	6.6	2.2	7.6	9.5

EDELWEISS 4D RATINGS

Absolute Rating	BUY
Rating Relative to Sector	Outperformer
Risk Rating Relative to Sector	Low
Sector Relative to Market	Overweight

MARKET DATA (R: SBI.BO, B: SBIN IN)

CMP	: INR 248
Target Price	: INR 414
52-week range (INR)	: 352 / 241
Share in issue (mn)	: 8,632.1
M cap (INR bn/USD mn)	: 2,140 / 36,449
Avg. Daily Vol.BSE/NSE('000)	: 20,448.5

SHARE HOLDING PATTERN (%)

	Current	Q2FY18	Q1FY18
Promoters *	56.6	57.1	57.1
MF's, FI's & BK's	21.7	22.0	21.3
FII's	12.2	10.7	11.2
Others	9.6	10.2	10.5
* Promoters pledged shares (% of share in issue)	:	NIL	

PRICE PERFORMANCE (%)

	Stock	Nifty	EW Banks and Financial Services Index
1 month	(7.1)	(2.5)	(2.8)
3 months	(19.2)	(1.3)	(3.9)
12 months	(9.7)	11.4	13.8

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Table 1: The key underlying trend pertains to leveraging synergy potential

	No. of SBI customers with subsidiary product (mn)	Sales through Banca Channel (%)
SBI customer base 420mn	SBI Life	68.0
	SBI Funds	25.0
	SBI General	43.0
	SBI Cards	29.0

Table 2: Strong profit growth reported by subsidiaries in 9MFY18

(INR mn)	FY15	FY16	FY17	9MFY18
SBI Life	8,200	8,610	9,547	7,692
SBI Capital Markets (Consol.)	3,340	2,790	2,520	2,260
SBI Funds Management	1,630	1,650	2,240	2,430
SBI Cards & Payment Services	2,670	2,840	3,900	4,170
SBI General Insurance	-1,050	-1,200	1,530	3,590
Consolidated PAT	1,31,020	99,510	1,04,840	11,710

Source: Company

SBI Cards: Eye on expanding sourcing, bolster spends' market share (An SBI (74%), Carlyle Group (26%) joint venture – JV)

- **Overall market dynamics:** The Indian cards market is significantly under penetrated at 2.3% versus 180% in Korea and 300% in USA.
- Potential growth drivers for cards business are: a) infrastructure (POS machines expected to grow at 12% CAGR); b) shift in consumer behaviour (from cash to cards, average age of SBI cards customer is 35 years); and c) government's push (incentive for electronic modes of payments).
- Strategy: a) increase cards market share (16% currently) and spends market share (currently at 17%); b) reduce loss ratios (2.3% currently); and c) maintain RoE (>30%).
- **Growth initiatives:** a) Expand sourcing – currently 49% is from open market, 23% from banca and 25% through co-branding. The focus will be a) to drive higher volumes through banca, offer wider product range and effectively utilise co-branding alternatives; and b) invest in technology and infra to support scale.
- **Key financial highlights:**
 - Total spends grew at 40% CAGR during FY15 - 9mFY18, feeding into >33% revenue CAGR over the same period.
 - Write-offs and provisions stood at 2.37%, marginally higher than industry at 2.0-2.1% levels.

Table 3: Robust growth in card base (2nd highest) ...

Dec'17	# cards (Mn)	Mkt Share (%)	YoY Growth (%)
HDFC	10.2	29.0	18.0
SBI Card	5.8	16.0	35.0
ICICI	4.7	13.0	15.0
Axis	4.2	12.0	36.0
Citi	2.6	7.0	7.0
Industry	35.5		25.0

Table 4: ...with strong growth in spends (2nd highest)

YTD Dec'17	Spends (INR bn)	Mkt Share (%)	YoY Growth (%)
HDFC	961	29.0	40.0
SBI Card	574	17.0	92.0
Citi	364	11.0	18.0
Amex	333	10.0	15.0
ICICI	375	11.0	47.0
Axis	309	9.0	55.0
Industry	3,355		44.0

Chart 1: Diversified revenue stream both by product and by sourcing channel

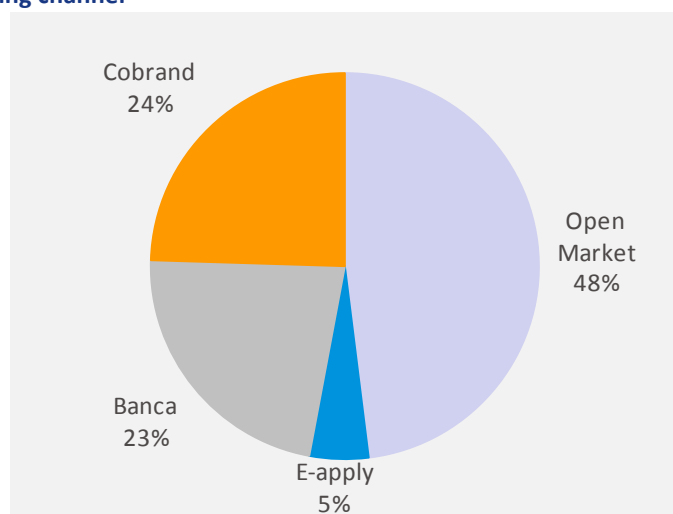
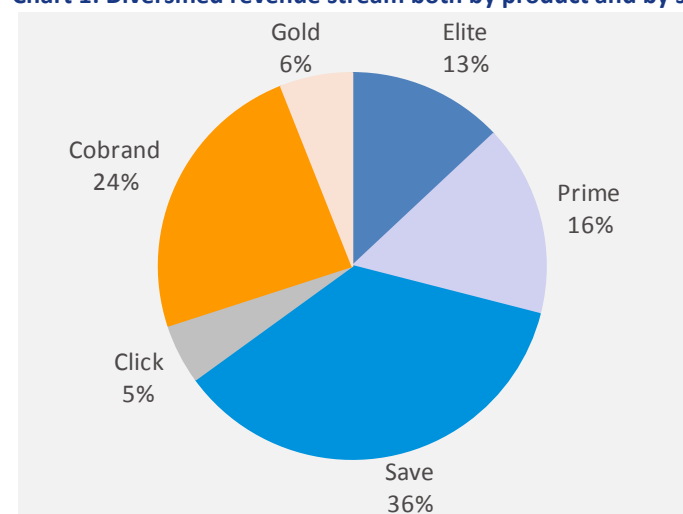


Table 5: RoEs in cards business sustained above 30%

(INR mn)	FY15	FY16	FY17	9mFY18
Total Spends	2,33,610	3,09,050	4,60,070	5,99,390
Total Revenue	19,050	24,920	33,630	36,390
Write offs & provisions (%)	2.53	2.48	2.52	2.37
PBT	2,710	4,380	5,980	6,170
PAT	2,620	2,800	3,910	4,170
RoA (%)	4.4	3.7	3.7	3.8
RoE (%)	30.8	26.7	30.8	32.1

Source: Company

SBI Fund Management: Leader in SIPs, B-15 cities (An SBI (63%), Amundi (37%) JV)

- **Overall market dynamics:** Indian asset management industry is at break-out growth phase, though still under-penetrated when compared to other countries.
- Financialisation of savings, growing demand for mutual funds and expansion into smaller towns will be the key growth drivers for AMC industry's AUM growth.
- **Strategy:** a) maintain higher proportion of high-yielding equity AUM; b) maintain leadership in B-15 markets (leveraging on branch and SBI's network, 30 branches to be opened in B15 cities); c) drive digitisation and digital sales (11 digital assets created); d) provide customers segment-specific solutions (family solutions, Bandhan SWP, etc); e) expand AIF and PMS businesses; and f) capture offshore flows by leveraging on SBI's and Amundi's networks.
- **Key financial highlights:**
 - SBI has quarterly average AUM of INR2.05tn (Oct-Dec'17), with overall fifth ranking.
 - The company has ~2.7mn live SIPs (one of the highest with market share of 13% in live SIPs).
 - Of the overall INR2.05tn AUM, SBI contributes 24% of business.

Chart 2: Focus on high yielding equity AUMs...

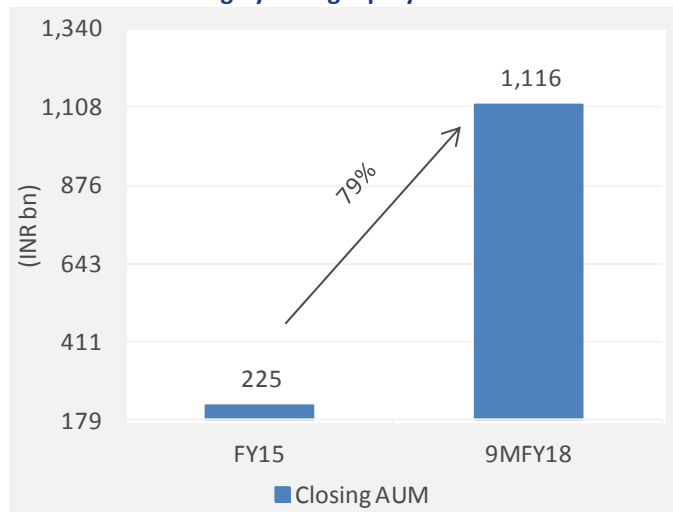
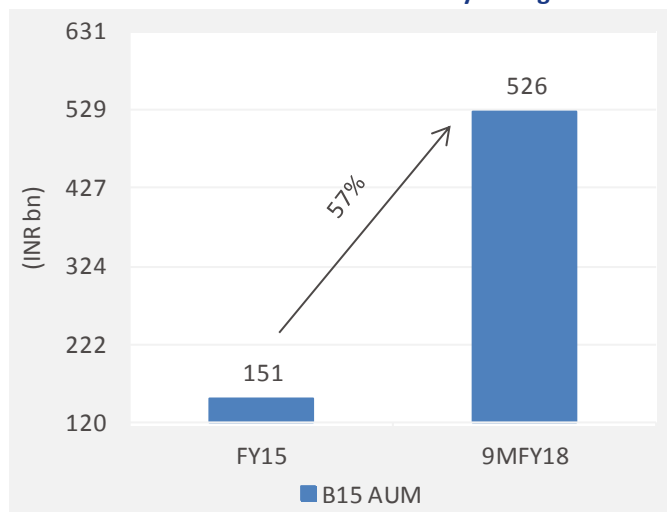


Chart 3: and leader in B15 markets are key strength



Source: Company

SBI General Insurance: Well balanced portfolio; strong rural presence (An SBI (74%), IAG (26%) JV)

- **Overall market dynamics:** General insurance is an underpenetrated market with rising insurance density making the industry a stable growth story. The growth momentum will continue with: a) new product segments (national health protection schemes, etc); b) crop insurance products (still covering mere 30mn farmers); and c) miniscule property insurance market (mere ~3% of houses are insured in India).
- **The key differentiator for SBI General Insurance:** a) a diversified and well-balanced product portfolio; b) wide distribution reach (110 branches, SBI network, RRB's

sponsored by SBI); and c) strong rural presence (39% of GWP in FY17, highest amongst large private sector insurers).

- **Strategy: a) Distribution franchise:** Invest in multi-channel distribution network with focus on tier II and III markets; b) **Product portfolio:** Focus on SME and corporate segments; c) **Enhance rural reach:** Leveraging Banking Correspondents to further strengthen the rural reach.
- **Key financial highlights:**
 - The company reported combined ratio of 107% for Q3FY18, excluding one-time gains. Management expects to continue improvement in efficiencies in processes, claims management and expenses leading to combined ratio of <100% by FY20.
 - The company currently has net worth of INR14.6bn and AUM of INR53bn.

Chart 4: Well-balanced product portfolio and diversified channel mix – differentiating factors

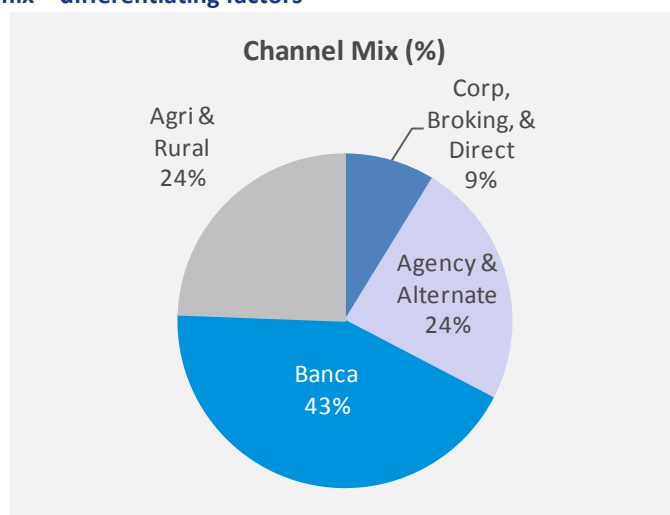
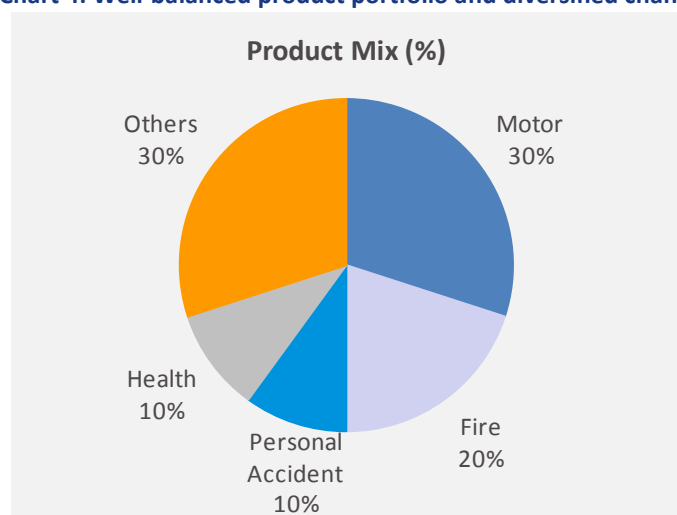
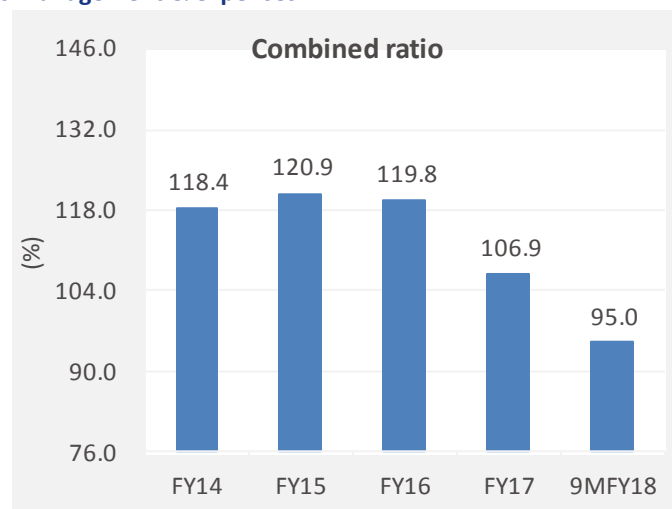
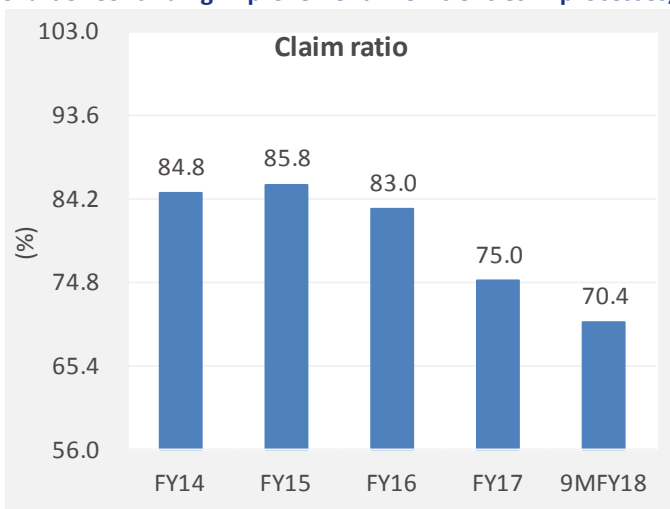


Chart 5: Continuing improvement in efficiencies in processes, claims management & expenses



Source: Company

Note : * Combined Operating Ratio under 100%, driven by higher one time RI commission, 107% excluding one time benefit

SBI Life Insurance : Focus on profitable growth

- **Overall market dynamics:** Life Insurance penetration in India has fallen from over 4.5% in FY10 to 2.7% in FY17. The move towards financialisation of savings will render life insurance as one of the biggest beneficiaries.
- **Strategy:** a) **Product portfolio:** Build on diversified product portfolio with focus on protection business (shall rise to 10% from current 5% over next two years, with focus on individual protection, health and group credit); b) **Focus on profitable growth** (expects margin improvement of 1-1.5% points per year); c) **Strengthen distribution franchise:** Leverage on SBI's franchise (SBI Life cross sells to only 5.6mn of the 420mn SBI customers) and digital platform.
- **Key financial highlights:**
 - The company reported Embedded Value of INR181bn (up 9% YoY) with VNB margin of 16% and VNB of INR9.3bn for 9mFY18.

Chart 6: Consistently gaining market share in individual rated premium

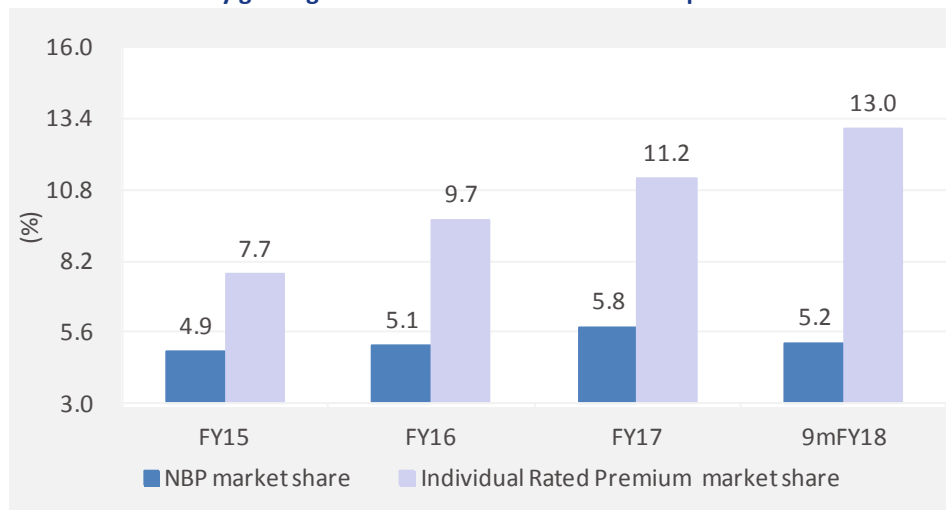
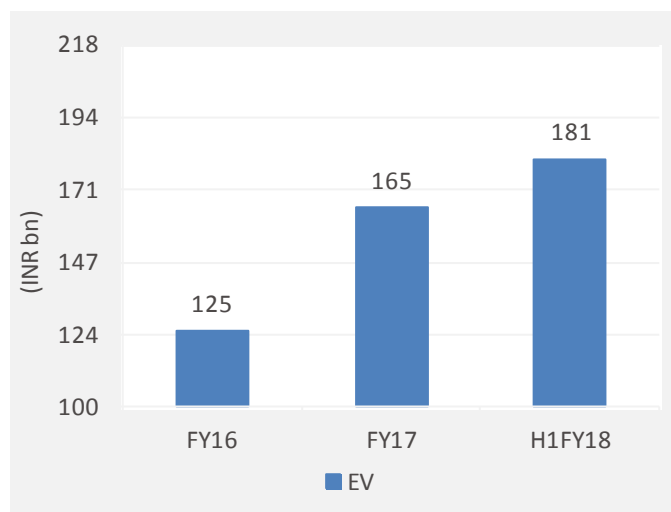
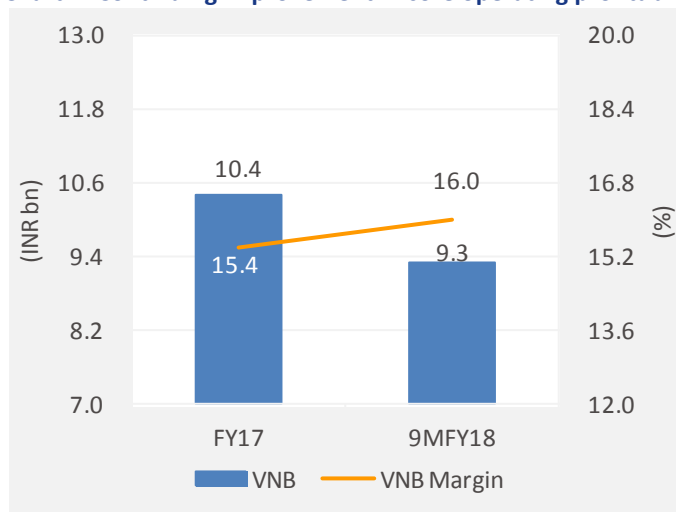


Chart 7: Continuing improvement in core operating profitability



Source: Company

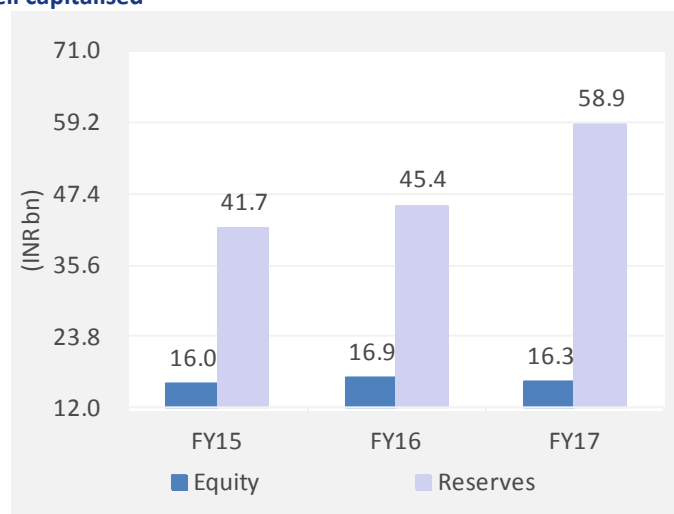
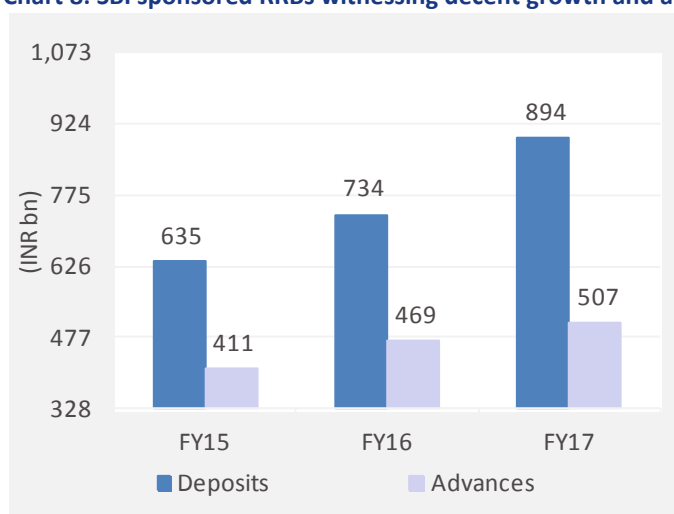
SBI Capital Markets: Offer innovative & comprehensive solutions (100% owned by SBI)

- The company operates across Project Advisory and Structured Finance (PASF) and Capital Market Group (CMG) through five subsidiaries - SBICAP Securities (SSL), SBICAP Trustee Co. (STCL), SBICAP Ventures (SVL), SBICAP UK (SUL) and SBICAP Singapore (SSGL).
- Key strengths:** a) ability to provide innovative and comprehensive solution/products to customers; and b) association with Central and State Governments.
- Strategy:** a) focus to tilt towards investment banking from project financing activities; b) leverage existing credentials to step up presence in M&A; c) work closely with high-end SME's/mid corporates for growth as large corporates are already highly leveraged.

Regional Rural Banks: Adequately capitalised to tap growth potential

- SBI has sponsored 18 RRB's, with presence in 18 states across the country and covering 218 districts. Overall advances stood at INR50.7bn (FY17) with deposit base of INR89.4bn. Product offerings are dominated by rural products (KCC & agri loans) followed by personal and SME loans. Out of the 18 RRBs, 12 are profit making and only 6 RRB's generate decent RoEs. Most of the RRBs are adequately capitalised as reflected in lower leverage.
- Two RRB's discussed were: a) Andhra Pradesh Grameena Vikas Bank (APGVB); and b) Saurashtra Gramin Bank (SGB).
 - Andhra Pradesh Grameena Vikas Bank: Has presence in 22 districts of Andhra Pradesh and Telangana. It has branch network of 768 with deposit base of INR128bn, advances of INR124bn and net worth of INR17.5bn.
 - Saurashtra Gramin Bank: Has presence in 11 districts of Gujarat. It has branch network of 265 with deposit base of INR43.4bn, advances of INR26.8bn and net worth of INR2.7bn.

Chart 8: SBI sponsored RRBs witnessing decent growth and are well capitalised



Source: Company

Chart 9: Profitability volatile with overall RoEs of RRBs sub-10%

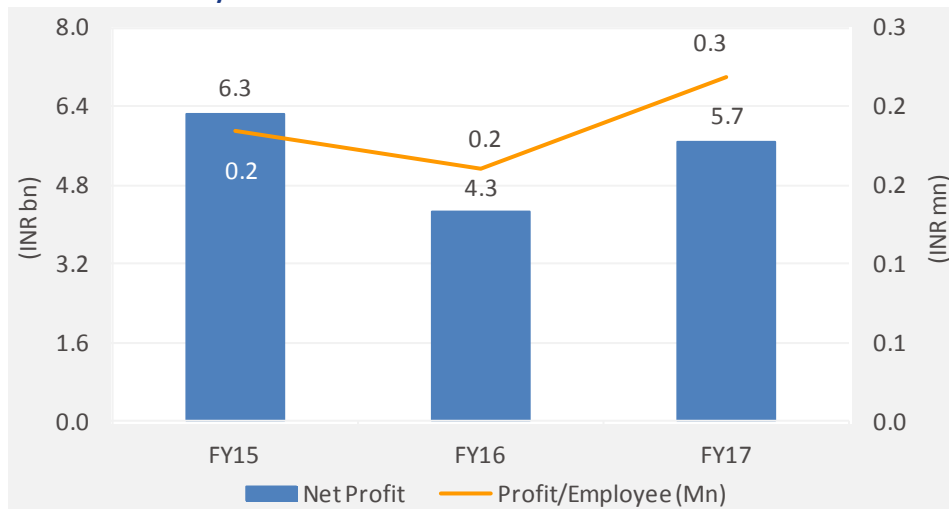


Chart 10: APGVB advance mix

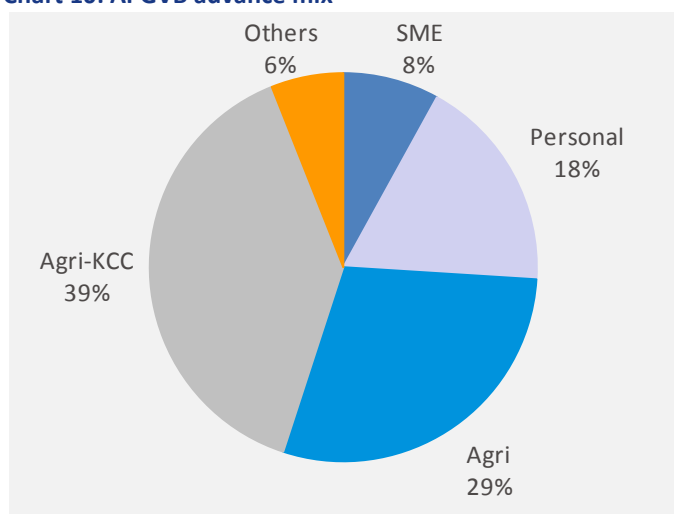


Chart 11: SGB advance mix

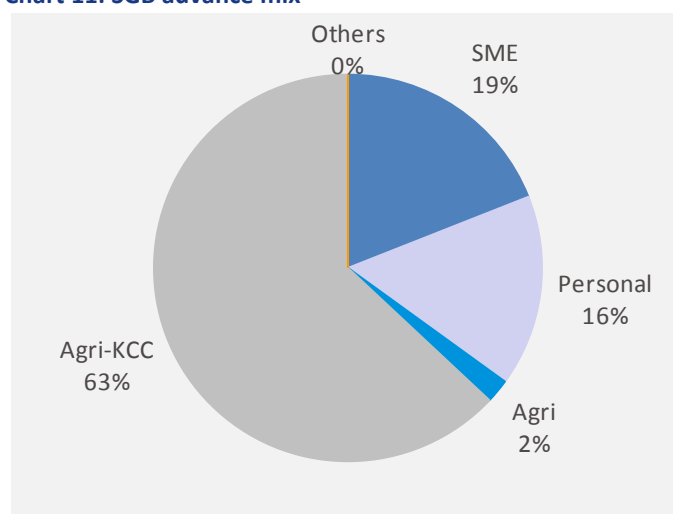
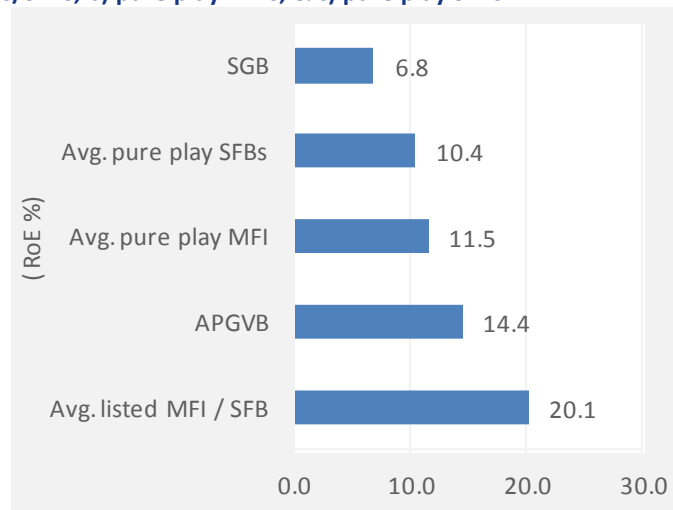


Chart 12: Return ratio comparison (FY 17) with major a) listed MFIs/SFBs, b) pure play MFIs, & c) pure play SFBs



Source: Company

Table 6: SoTP valuation (FY20E)

Subsidiaries	Method	(INR mn)	PB/PE (x)	Value (INR mn)	Stake (%)	Value-SBI (INR mn)	Per share (INR)
Consolidated book (A)	P/ABV (x)	23,88,307	1.2	28,65,968		28,65,968	332
Subs							
Asset management	% of AUMs	26,43,916	5.0	1,32,196	63.0	83,283	10
Life insurance	Appraisal value (xNBAP)	2,69,324	3.0	8,07,972	62.1	5,01,750	58
SBI Capital Market	PE	5,119	20.0	1,02,375	100.0	1,02,375	12
SBI Cards	PE	7,632	20.0	1,52,640	74.0	1,12,954	13
SBI General Insurance	PE	1,351	20.0	27,029	100.0	27,029	3
Others	PB	36,000	0.8	28,800	35.0	10,080	1
Value of subs (B)				12,51,012		8,37,472	97
Value of subs (at 15% holding co discount)						7,11,851	82
Value per share (INR) (A+B)							414

Source: Edelweiss research

Company Description

SBI is India's largest commercial bank with balance sheet size of INR ~34tn and a market cap of ~INR2.6tn. It has nearly 22,584 branches on standalone basis. Over the past two years, the bank has increased its focus on retail credit to provide itself the necessary growth momentum and improve spreads. Further, to manage operations better, SBI has integrated its treasury operations and has a common technology platform across all its six subsidiary banks. The bank merged State Bank of Saurashtra and State Bank of Indore with itself. This has increased synergies amongst its banking subsidiaries

Investment Theme

While Q3FY18 performance disappointed in terms of revenue momentum & slippage recognition, operating metrics seem to have bottomed out this quarter. NIM should sustain or improve from current levels, opex contained and core fee income growth should normalise. While resolution might require higher provisioning (in case haircuts are higher than existing coverage), it would be more up-fronted in next two quarters and then credit cost should stabilise. Intact structural growth levers (strengthened retail liability franchise - SA plus retail-TD at >80%), stabilising core operating performance, healthy capital (tier-1: 10.3%), improving performance by non-banking subsidiaries and macro tailwinds, lends comfort.

Key Risks

- Macro economic risk is the biggest risk for SBI, given its size and exposures.
- Increasing geographic penetration by newer private sector banks can lead to faster than expected decline in market share.

Financial Statements

Key Assumptions

Year to March	FY17	FY18E	FY19E	FY20E
Macro				
GDP(Y-o-Y %)	6.6	6.8	7.4	7.6
Inflation (Avg)	4.5	4.0	4.5	5.0
Repo rate (exit rate)	6.3	5.8	5.8	6.5
USD/INR (Avg)	67.1	65.0	66.0	66.0
Sector				
Credit growth	9.0	12.0	14.0	17.0
Deposit growth	14.0	12.0	13.0	14.0
CRR	4.0	4.0	4.0	4.0
SLR	20.0	20.0	20.0	19.0
G-sec yield	6.5	6.5	6.5	7.1
Company				
Op. metric assumpt. (%)				
Yield on advances	7.2	7.4	7.5	7.6
Yield on investments	7.2	7.4	7.4	7.4
Yield on asset	6.8	6.8	7.0	7.1
Cost of funds	4.4	4.5	4.5	4.5
Net interest margins	2.4	2.4	2.6	2.6
Cost of deposits	4.9	5.0	5.0	4.9
Cost of borrowings	2.9	2.4	2.7	2.9
Spread	2.4	2.4	2.5	2.6
Balance sheet assumption (%)				
Credit growth	28.2	5.9	11.2	13.1
Deposit growth	49.4	4.8	9.3	12.6
SLR ratio	25.8	28.0	27.0	26.0
Low-cost deposits	43.7	45.0	45.6	46.2
Gross NPA ratio	9.3	9.6	9.2	8.7
Capital adequacy	13.1	12.5	11.9	11.3
Incremental slippage	7.8	3.7	2.2	2.2
Provision coverage	45.5	56.5	61.7	66.0

Income statement

(INR mn)

Year to March	FY17	FY18E	FY19E	FY20E
Interest income	1,755,182	2,155,464	2,370,759	2,645,552
Interest expended	1,136,585	1,407,077	1,503,433	1,658,390
Net interest income	618,597	748,388	867,326	987,162
Non interest income	354,609	433,149	409,515	456,954
- Fee & forex income	186,650	206,136	234,450	266,879
- Misc. income	60,833	87,013	100,065	115,075
- Investment profits	107,126	140,000	75,000	75,000
Net revenue	973,207	1,181,537	1,276,840	1,444,116
Operating expense	464,728	591,538	655,382	721,163
- Employee exp	264,893	328,340	364,247	398,925
- Other opex	199,835	263,198	291,135	322,238
Preprovision profit	508,479	589,999	621,459	722,954
Provisions	359,927	583,514	401,040	413,834
Loan loss provisions	329,056	567,514	395,040	407,834
Investment depreciation	2,984	1,000	1,000	1,000
Other provisions	27,887	15,000	5,000	5,000
Profit Before Tax	148,552	6,485	220,418	309,120
Less: Provision for Tax	43,711	(33,000)	63,921	89,645
Profit After Tax	104,841	39,485	156,497	219,475
Reported Profit	104,841	39,485	156,497	219,475
Adj. Diluted EPS (INR)	12.9	4.6	16.8	23.6
Dividend per share (DPS)	3.8	4.0	4.0	4.0
Dividend Payout Ratio(%)	32.5	101.0	27.4	19.6

Growth ratios (%)

Year to March	FY17	FY18E	FY19E	FY20E
NII growth	8.8	21.0	15.9	13.8
Fees growth	12.9	10.4	13.7	13.8
Opex growth	11.2	27.3	10.8	10.0
PPOP growth	5.3	12.1	21.4	18.6
PPP growth	17.5	16.0	5.3	16.3
Provisions growth	22.1	62.1	(31.3)	3.2
Adjusted Profit	5.4	(62.3)	296.3	40.2

Operating ratios

Year to March	FY17	FY18E	FY19E	FY20E
Yield on advances	7.2	7.4	7.5	7.6
Yield on investments	7.2	7.4	7.4	7.4
Yield on assets	6.8	6.8	7.0	7.1
Cost of funds	4.4	4.5	4.5	4.5
Net interest margins	2.4	2.4	2.6	2.6
Cost of deposits	4.9	5.0	5.0	4.9
Cost of borrowings	2.9	2.4	2.7	2.9
Spread	2.4	2.4	2.5	2.6
Cost-income	47.8	50.1	51.3	49.9
Tax rate	29.4	(508.8)	29.0	29.0

Balance sheet				
(INR mn)				
As on 31st March	FY17	FY18E	FY19E	FY20E
Share capital	8,110	8,632	9,299	9,299
Reserves & Surplus	1,749,385	1,898,486	2,211,374	2,387,908
Net worth	1,757,495	1,907,118	2,220,673	2,397,207
Sub bonds/pref cap	529,259	557,259	585,259	613,259
Deposits	25,853,203	27,086,532	29,607,305	33,332,145
Total Borrowings	2,791,798	2,966,798	3,141,798	3,316,798
Other liabilities	1,756,232	1,590,643	1,605,858	1,653,161
Total liabilities	32,687,987	34,108,350	37,160,894	41,312,569
Loans	18,689,626	19,624,108	21,782,759	24,614,518
Cash and Equivalents	2,708,617	2,273,611	2,482,109	2,787,641
Gilts	7,377,048	8,414,932	8,842,258	9,528,725
Others	1,952,219	1,956,775	2,184,908	2,441,156
Fixed assets	138,434	121,082	102,230	81,878
Other Assets	1,822,043	1,717,842	1,766,629	1,858,651
Total assets	32,687,987	34,108,350	37,160,894	41,312,569
Credit growth	28.2	5.9	11.2	13.1
Deposit growth	49.4	4.8	9.3	12.6
EA growth	45.7	5.0	9.4	11.6
SLR ratio	25.8	28.0	27.0	26.0
C-D ratio	74.6	75.5	76.7	77.1
Low-cost deposits	43.7	45.0	45.6	46.2
Provision coverage	45.5	56.5	61.7	66.0
Gross NPA ratio	9.3	9.6	9.2	8.7
Net NPA ratio	5.2	4.3	3.7	3.1
Incremental slippage	7.8	3.7	2.2	2.2
Net NPA / Equity	55.2	44.7	36.3	32.1
Capital adequacy	13.1	12.5	11.9	11.3
- Tier 1	9.8	9.3	8.8	8.3

RoE decomposition (%)				
Year to March	FY17	FY18E	FY19E	FY20E
Net int. income/assets	2.4	2.4	2.6	2.6
Fees/Assets	1.0	0.9	1.0	1.0
Invst. profits/Assets	0.4	0.4	0.2	0.2
Net revenues/assets	3.8	3.8	3.8	3.9
Operating expense/assets	(1.8)	(1.9)	(1.9)	(1.9)
Provisions/assets	(1.4)	(1.9)	(1.2)	(1.1)
Taxes/assets	(0.2)	0.1	(0.2)	(0.2)
Total costs/assets	(3.4)	(3.6)	(3.3)	(3.3)
ROA	0.4	0.1	0.5	0.6
Equity/assets	6.2	5.8	6.1	6.2
ROAE (%)	6.6	2.2	7.6	9.5

Valuation parameters				
Year to March	FY17	FY18E	FY19E	FY20E
Adj. Diluted EPS (INR)	12.9	4.6	16.8	23.6
Y-o-Y growth (%)	0.9	(64.6)	267.9	40.2
BV per share (INR)	249.0	254.4	276.0	298.2
Adj. BV per share (INR)	165.3	185.3	215.3	240.2
Diluted P/E (x)	12.8	36.3	9.9	7.0
Price/ BV (x)	0.7	0.7	0.6	0.6
Price/ Adj. BV (x)	1.0	0.9	0.8	0.7
Dividend Yield (%)	2.3	2.4	2.4	2.4

Peer comparison valuation

Name	Market cap (USD mn)	Diluted P/E (X)		Price/ Adj. BV (X)		ROAE (%)	
		FY18E	FY19E	FY18E	FY19E	FY18E	FY19E
State Bank of India	32,772	36.3	9.9	0.7	0.6	2.2	7.6
Axis Bank	20,444	33.0	15.7	2.1	1.9	6.5	12.0
Bank of Baroda	4,713	20.2	10.1	1.1	0.9	3.7	8.2
DCB Bank	765	19.7	15.2	2.0	1.8	11.1	11.9
Federal Bank	2,742	16.9	12.8	1.5	1.4	9.9	10.8
HDFC Bank	73,492	26.4	22.3	4.6	3.5	18.6	17.9
ICICI Bank	28,979	20.4	13.6	2.5	2.3	9.4	13.2
IDFC Bank	2,572	15.6	11.5	1.1	1.1	7.1	9.1
IndusInd Bank	15,796	28.1	22.6	4.5	3.8	16.5	17.7
Karnataka Bank	648	7.1	5.9	0.7	0.6	8.8	10.0
Kotak Mahindra Bank	30,603	33.5	26.9	4.4	3.8	14.8	15.0
Punjab National Bank	3,586	16.3	6.8	1.1	0.9	3.7	8.8
South Indian Bank	673	12.6	6.8	1.0	0.9	7.7	12.5
Union Bank Of India	1,263	(3.3)	5.8	0.8	0.7	(11.4)	7.8
Yes Bank	10,745	16.5	12.4	2.9	2.4	17.8	20.3
Median	-	19.7	12.8	1.5	1.4	8.8	11.9
AVERAGE	-	21.1	13.5	2.1	1.8	8.4	12.2

Source: Edelweiss research

Additional Data

Directors Data

B. Sriram	Managing Director	Dinesh Kumar Khara	Managing Director
Rajnish Kumar	Chairman	P. K. Gupta	Managing Director
Sanjiv Malhotra	Director	Rajiv Kumar	Director
Pushpendra Rai	Director	Girish K. Ahuja	Director
Chandan Sinha	Director	Bhaskar Pramanik	Director
Pravin Hari Kutumbe	Director	Basant Seth	Director

Auditors - Varma & Varma

**as per last annual report*

Holding - Top 10

	Perc. Holding		Perc. Holding
Life Insurance Corp Of India	10.39	Hdfc Asset Management Co Ltd	2.83
Icici Prudential Asset Mgmt Co	1.69	Reliance Capital Trustee Co Ltd	1.40
Capital Group	1.39	Sbi Funds Management	1.18
Blackrock	0.89	Templeton Asset Mgmt	0.58
Kotak Mahindra	0.52	Vanguard Group	0.48

**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	SU	M
Bajaj Finserv	BUY	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	BUY	SP	L
Indiabulls Housing Finance	BUY	SP	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):

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
12-Mar-18	Insurance	Insurance premiums: Growth moderates; <i>Sector Update</i>		
21-Feb-18	Banking	NCLT-1 resolution: Bank-wise impact analysis; <i>Sector Update</i>		
19-Feb-18	Banking	Silver lining on the horizon, finally; <i>Sector Update</i>		

Distribution of Ratings / Market Cap

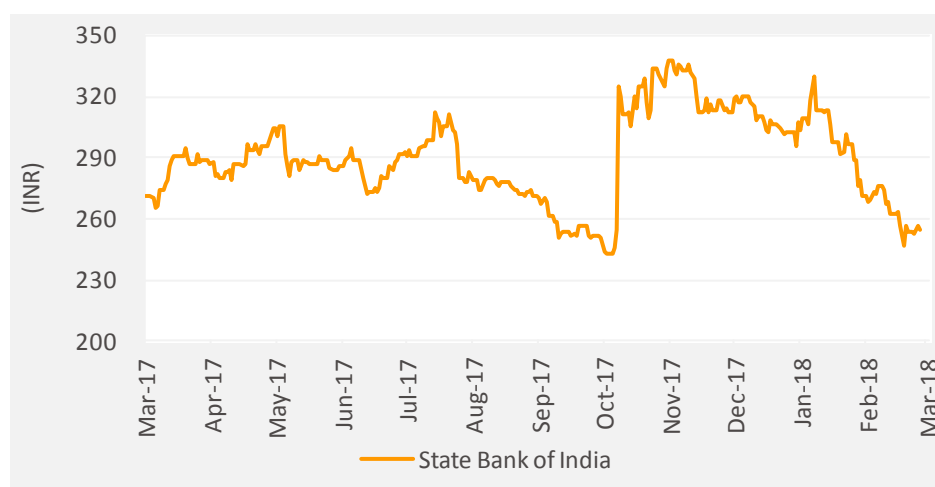
Edelweiss Research Coverage Universe

	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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