

SHRIRAM CITY UNION FINANCE

Steady core; IND-AS transition on expected lines

India Equity Research | Banking and Financial Services



Shriram City Union Finance (SCUF) reported Q1FY19 PAT of INR2.3bn (up 15% YoY, under IND-AS). Key highlights: a) growth momentum improved – disbursements (ex-gold) grew >23% YoY, translating into >25% AUM growth (ex-gold); however lower NIM (on lower yields) restricted NII growth to sub-14% levels; and b) asset quality was stable to better as reflected in improving loss given default (LGD) across segments and stabilising expected credit loss (ECL). With GST and DeMon uncertainties subsiding, we expect earnings trajectory to improve hereon. Earnings and book value is impacted only marginally under new accounting norm and we continue to follow I-GAAP for valuation purpose. Maintain 'BUY' with TP of INR2,746.

Transition impact of IND-AS on expected lines

Transition to the new accounting norm (IND-AS) adversely impacted FY17 net worth by 2.3%, but had a positive bias in FY18 earnings (broadly in line with our estimates, refer our sector update: "[NBFC - Asked on the Street: A deep dive into IND-AS transition](#)"). Importantly, under IND-AS asset quality trend appears to be stable to improving reflected in declining LGDs. Consequently, Q1FY19 credit cost was restricted to sub-3% versus >3.25-3.5% under I-GAAP. Also, the benefit of interest income reversal was offset by the amortisation of fee income. With DeMon/GST and IND-AS transition challenges over, we expect SCUF's returns profile to sustain/improve going ahead.

Core steady: Growth momentum builds up

Growth trajectory seems to be gathering momentum – disbursements (ex-gold) at INR49bn, rose >23 YoY, translating into AUM growth of >25% YoY. Gold portfolio is also seeing signs of stabilisation (up 2% QoQ). Disbursements were driven by the two-wheeler (2W) segment (up 45%, contributing 20% to disbursements) and personal loans (up >45 YoY, albeit on lower base), though partially offset by slowdown in auto loans (down >8% YoY). Small enterprise finance segment reported >25% YoY loan growth, suggesting waning impact of DeMon/GST. Meanwhile, pressure on NIMs restricted NII at <14% YoY.

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

DeMon and GST had put on test SCUF's resilience to weather tough times, particularly given its dependence on the self-employed segment. With the ongoing recovery trends encouraging, we estimate 22-24% AUM CAGR and >40% earnings CAGR (albeit on low base) over FY18-20. At CMP, the stock trades at 1.7x FY20E P/ABV. We maintain 'BUY/SO'.

Financials	(INR mn)							
Year to March	Q1FY19	Q1FY18	Growth (%)	Q4FY18	Growth (%)	FY18	FY19E	FY20E
Net revenue	9,394	8,250	13.9	8,128	NA	34,334	40,719	48,426
Net profit	2,296	2,001	14.8	470	NA	6,647	10,871	13,310
Dil. EPS (INR)	34.8	30.3	14.7	7.1	NA	100.7	164.8	201.8
Adj. BV (INR)						743	877	1,051
Price/ Adj book (x)						2.6	2.2	1.8
Price/ Earnings (x)						18.9	11.6	9.4

*Note: Q1FY18/Q1FY19 are as per IND-AS and balance on I-GAAP, so not strictly comparable

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 1,907
Target Price	: INR 2,746
52-week range (INR)	: 2,454 / 1,801
Share in issue (mn)	: 66.0
M cap (INR bn/USD mn)	: 126 / 2,273
Avg. Daily Vol.BSE/NSE('000)	: 27.9

SHARE HOLDING PATTERN (%)			
	Current	Q4FY18	Q3FY18
Promoters *	33.8	33.8	33.8
MF's, FI's & BK's	6.0	6.0	5.6
FII's	25.4	25.4	25.8
Others	34.9	34.9	34.9
* Promoters pledged shares (% of share in issue)	:	NIL	

PRICE PERFORMANCE (%)			
	Stock	Nifty	EW Banks and Financial Services Index
1 month	(16.4)	2.3	0.7
3 months	(13.4)	3.7	5.2
12 months	(17.6)	10.7	8.1

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Shriram Housing Finance (housing finance subsidiary)

- Shriram Housing Finance reported PAT (under IND-AS) of INR73mn (up 5% YoY).
- Asset quality remained volatile as GNPLs stood higher QoQ from 5% in Q4FY18 to 5.9% in Q1FY19 (under IND-AS it further rose to 6.4%).

Table 1: Networth reconciliation on transition to IND-AS

	01-Apr-17	01-Apr-18
Opening Reserves & Surplus balance as per GAAP	50,280	55,660
IND AS adjustments increasing / (decreasing) Reserves & Surplus (pre tax)		
Provisions under ECL	15,750	(20,880)
IGAAP provisions	12,010	16,260
Impact on Provisions ("A")	(3,730)	(4,620)
Loans & Advances	1,600	2,690
Investments	-	(20)
Others	360	290
Impact on Other heads ("B")	1,960	2,970
Total impact on Reserves & Surplus (Pre Tax) ("A+B")	(1,770)	(1,660)
Net Deferred tax on above	610	570
Total Impact on Reserves & Surplus (Post tax)	(1,160)	(1,080)
Reserves & Surplus balance as per IND AS	49,130	54,580
% of impact on transition to opening Net-worth as per IGAAP	2.3	1.9

Table 2: Asset quality trend appears to be stable to improving reflected by declining LGDs

Probability Of Default (%)	Loss given default (%)			Expected Credit Losses		
	1QFY18	4QFY18	1QFY19	1QFY18	4QFY18	1QFY19
Small Enterprise Finance	2.8	4.0	4.0	57.2	51.3	49.3
Two Wheelers	4.7	5.9	5.9	46.5	50.6	46.3
Auto Loans	5.0	5.9	5.9	49.9	52.4	51.8
Personal Loans	5.7	6.5	6.5	57.1	51.6	46.1
Loan Against Gold	2.4	2.5	2.5	3.5	8.1	3.6
Total	3.4	4.5	4.5	46.7	46.0	43.4

Table 3: We tweak our estimates to adjust for new accounting norms

(INR mn)	As per IndAS			As per IGAAP			As per IndAS			As per IGAAP		
	Q1FY18	Q1FY19	YoY (%)	Q1FY18	Q1FY19	YoY (%)	FY19	FY20	YoY (%)	FY19	FY20	YoY (%)
Assets Under Management	2,42,270	2,91,930	20.5	2,40,530	2,89,280	20.3	3,39,772	4,17,869	23.0	3,37,075	4,14,553	23.0
Disbursements	57,990	64,100	10.5	57,990	64,100	10.5	3,04,907	3,70,594	21.5	3,04,907	3,70,594	21.5
Total Income	12,290	14,030	14.2	12,190	14,070	15.4	61,105	74,088	21.2	61,351	74,386	21.2
Interest Expenses	4,040	4,640	14.9	4,020	4,600	14.4	20,756	26,115	25.8	20,632	25,959	25.8
Net Interest Income	8,230	9,380	14.0	8,160	9,450	15.8	40,350	47,973	18.9	40,719	48,426	18.9
Personnel Expenses	1,590	2,050	28.9	1,580	2,070	31.0	8,186	9,579	17.0	8,227	9,628	17.0
Other Opex (incl	1,620	1,660	2.5	1,620	1,630	0.6	7,684	8,839	15.0	7,586	8,725	15.0
Total Operating Expenses	3,210	3,710	15.6	3,200	3,700	15.6	15,871	18,418	16.1	15,813	18,353	16.1
Pre Provisions Profits	5,040	5,690	12.9	4,980	5,770	15.9	24,479	29,555	20.7	24,906	30,073	20.7
Provisions for NPA & Write offs	590	440	(25.4)	620	780	25.8	1,689	2,287	35.4	2,252	3,050	35.4
Provisions & Write offs	1,380	1,710	23.9	1,380	1,710	23.9	6,107	6,765	10.8	6,107	6,765	10.8
Profit Before Tax	1,970	2,150	9.1	2,000	2,490	24.5	7,796	9,052	16.1	8,359	9,814	17.4
Profit After Tax	3,070	3,530	15.0	2,980	3,280	10.1	16,683	20,503	22.9	16,547	20,259	22.4
Profit After Tax	2,000	2,300	15.0	1,940	2,130	9.8	10,961	13,470	22.9	10,871	13,310	22.4
Network							63,759	75,448	18.3	64,625	76,154	17.8
RoE							17.2	19.4		16.8	18.9	
Book Value per Share (INR)							967	1,145		980	1,155	

Source: Company

Financial snapshot**(INR mn)**

Year to March	Q1FY19	Q1FY18	% change	Q4FY18	% change	FY18	FY19E	FY20E
Net revenues	9,394	8,250	13.9	8,128	15.6	34,334	40,719	48,426
Operating expenses	(3,635)	(3,131)	NA	(3,168)	NA	(13,287)	(15,473)	(18,010)
Pre-provision profit	5,759	5,119	12.5	4,961	16.1	21,047	25,246	30,417
Provisions and write off	(2,154)	(1,968)	NA	(4,122)	NA	(10,537)	(8,359)	(9,814)
Operating profit	3,606	3,151	14.4	839	329.7	10,510	16,886	20,602
Depreciation	(74)	(78)	NA	(84)	NA	(333)	(340)	(344)
Profit before tax	3,532	3,073	14.9	756	367.4	10,178	16,547	20,259
Tax	(1,236)	(1,072)	NA	(285)	NA	(3,531)	(5,676)	(6,949)
PAT	2,296	2,001	14.8	470	388.3	6,647	10,871	13,310
Diluted EPS (INR)	34.8	30.3	14.7	7.1	387.8	100.7	164.8	201.8

Ratios

Cost/income (%)	39.5	38.9		40.0		39.7	38.8	37.9
Tax rate (%)	35.0	34.9		37.8		34.7	34.3	34.3
B/V per share (INR)						842.4	980.3	1,155.2
Adj book value / share						742.8	877.2	1,050.6
Price/ Book (x)						2.3	1.9	1.7
Price/ Adj. book (x)						2.6	2.2	1.8
Price/ Earnings						18.9	11.6	9.4

Note: *While Q1FY19 and Q1FY18 numbers are pertaining to IND-AS, balance are as per I-GAAP thus not strictly comparable

Q1FY19 Concall takeaways

With respect to IND-AS transition

- Migrated to IND-AS during the quarter, the impact on NW was 2.3% for FY17 and 1.94% in FY20.
- There has been sequential decline in loss given default across the product segment. *This is just early days and the management expects this to take 3-4 quarters to stabilise. Having said that, they don't expect any major volatility attached to the same and in the interm maintains write-off guidance of 2.5-2.75bps*
- *The exposure to SVL (INR4bn) remains as standard and the required provisions under ECL has been done on that*

Table 4: Reconciliation of net worth on IND-AS transition

	01-Apr-17	01-Apr-18
Opening Reserves & Surplus balance as per GAAP	50,280	55,660
IND AS adjustments increasing / (decreasing)		
Reserves & Surplus (pre tax)		
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Impact on Other heads ("B")	1,960	2,970
Total impact on Reserves & Surplus (Pre Tax) ("A+B")	(1,770)	(1,660)
Net Deferred tax on above	610	570
Total Impact on Reserves & Surplus (Post tax)	(1,160)	(1,080)
Reserves & Surplus balance as per IND AS	49,130	54,580
% of impact on transition to opening Net-worth as per IGAAP	2.3	1.9

Source: Company

With respect to operational metrics

- *This Q1 has been better than anticipated, the loan growth came in > 20% (> 25% ex-gold growth). The management maintains loan growth of 18-20%.*
 - Disbursements are gaining traction in PL, SME, and 2W, also the cross selling piece (the key focus area) is gaining traction.
 - Entire SME lending is based on cash flow of the customers and thus the valuation of collateral is secondary. Having said that, the LTV at this point is 50-60% thus not too concerned on valuations at this point
 - There are no exposure to the companies referred to NCLT
- *Yields have seen some pressure, the business team is contemplating to raise rates and thus there could be some claw back on the yields. Yields are expected to drop (50-60bps decline in FY19 versus for full year FY18)*
- No more branch expansion , idea is to control the cost (number of employees reduced by 550 people). Having said that there were rise in employee expense given bonus and

hikes given in Q1, the management expects to see better control on the employee cost as well over ensuing quarters.

Other highlights

- 4-5% overlap between SME and 2W segment customers
- **Maintains 18-20% RoE target (exit FY19 RoE target of 20%)**

Q4FY18 Concall takeaways

With respect to asset quality

- Focus on getting the credit cost down to 3% from 4% by end of FY19-FY20. Directional drop will be visible in the ensuing quarters.
- Adopted very robust sourcing mechanism, especially for SME. This has been made homogenous across the country and hence should aid in improving quality of business we undertake.

With respect to operational metrics

- Broadly getting back to the guided growth level of 19% in the future. SME would be the largest contributor to this growth. There also seems to be good traction in personal loans and the contribution is inching up in the composition.
- COF has held up very well, not expecting it to move up significantly
- 22% in 2W business and is doing well. Focus is on tapping the underpenetrated eastern markets where our presence is very low.
- Focusing on retaining manpower w.r.t. the demand on the business side. Key would be to ensure that no business is lost due to people shortage
- Gold business hasn't seen good traction and something wherein the focus will be key during the year
- RoE to inch up near 18%-20% over the next 2 years
- Pressure on yields will be there due to competition in the 2W and SME business going forward (50-60bps drop from existing 20.1%). This pressure is geography agnostic.
 - 2W pressure is mainly due to the captive financiers rather than the NBFC's.
- Margin pressure will be marginal due to lower yields, which will be partially offset by the decrease in opex (on account of reduction in people bench strength) and lowering credit cost
- The tenure for the SME book is directionally going up

Other highlights

- INR295mn impact of interest reversals during the quarter
- 0.35% of the total book is off book
- Disbursements in CF was INR44mn during the quarter
- Average ticket size in SME remains in the range of INR1mn
- Contribution of existing clients to new growth is to the tune of 15-20% currently. Going forward focus is new acquisition and clients who have completed one complete cycle.
- Of the total 970 branches, 870 are focused on SME and out of which around 330 would contribute to ~90% of the loan book
- Around 65% of the PL segment would be salaried customers

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).

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 RoA of 3.5-4.0% plus. Demonetisation and GST have tested SCUF's business resilience given its dependence on the self-employed segment. However, the recovery trends are encouraging. We estimate 22-24% AUM CAGR and >40% earnings CAGR (albeit on low base) over FY18-20, with RoA/RoE of 3.8%/~19%.

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 (as per I-GAAP)

Key Assumptions

Year to March	FY17	FY18	FY19E	FY20E
Macro				
GDP(Y-o-Y %)	7.1	6.5	7.1	7.6
Inflation (Avg)	4.5	3.6	4.5	5.0
Repo rate (exit rate)	6.3	6.0	6.3	6.5
USD/INR (Avg)	67.1	64.5	68.0	69.0
Sector				
Credit growth	9.0	12.0	14.0	17.0
Borrowings growth (%)	14.0	12.0	13.0	14.0
Bank's base rate (%)	9.0	9.0	9.0	9.0
Wholesale borr. cost (%)	8.5	8.5	8.5	8.5
G-sec yield	6.5	6.5	7.0	7.1
Company				
Op. metric assump. (%)				
Yield on advances	20.0	19.2	19.1	19.0
Cost of funds	9.8	8.9	8.9	9.0
Net interest margins	13.7	13.9	13.6	13.1
Dividend income	21	21	16	13
Employee cost growth	7.2	27.8	17.0	17.0
Other opex growth	11.8	13.5	15.8	15.7
Balance sheet assumption (%)				
Disbursement growth	19.9	11.5	22.3	21.5
Securit. during the yr	9,000	9,000	9,000	9,000
Bad debt written off	2.2	2.5	2.0	1.8
Gross NPLs	6.7	9.0	8.0	7.2
Prov Cov	73.3	61.9	64.0	67.0
Net NPLs	1.8	3.4	3.1	2.6

Income statement

(INR mn)

Year to March	FY17	FY18	FY19E	FY20E
Interest income	43,041	49,407	59,575	72,518
Interest expended	15,344	16,670	20,632	25,959
Net interest income	27,697	32,737	38,943	46,559
Other income	1,303.74	1,596.86	1,776.21	1,867.47
Net revenues	29,001	34,334	40,719	48,426
Operating expense	11,359	13,620	15,813	18,353
- Employee exp	5,503	7,031	8,227	9,628
- Depn /amortisation	346	333	340	344
- Other opex	5,510	6,256	7,246	8,382
Preprovision profit	17,642	20,715	24,906	30,073
Provisions	9,105	10,537	8,359	9,814
Profit Before Tax	8,537	10,178	16,547	20,259
Less: Provision for Tax	2,976	3,531	5,676	6,949
Profit After Tax	5,561	6,647	10,871	13,310
Shares o /s (mn)	66	66	66	66
Basic EPS (INR)	84.2	100.7	164.8	201.8
Diluted shares o/s (mn)	66	66	66	66
Adj. Diluted EPS (INR)	84.2	100.7	164.8	201.8
Dividend per share (DPS)	15.0	18.0	23.0	23.0
Dividend Payout Ratio(%)	20.8	20.9	16.3	13.3

Growth ratios (%)

Year to March	FY17	FY18	FY19E	FY20E
Operating income growth	18.9	18.2	19.0	19.6
Revenues	17.6	18.4	18.6	18.9
Opex growth	8.9	19.9	16.1	16.1
PPP growth	24.0	17.4	20.2	20.7
Adjusted Profit	5.0	19.5	63.5	22.4

Operating ratios

Year to March	FY17	FY18	FY19E	FY20E
Yield on assets	21.3	21.0	20.9	20.5
Cost of funds	9.8	8.9	8.9	9.0
Net interest margins	13.7	13.9	13.6	13.1
Spread	11.6	12.1	11.9	11.5
Cost-income	39.2	39.7	38.8	37.9
Tax rate	34.9	34.7	34.3	34.3

Balance sheet		(INR mn)			
As on 31st March	FY17	FY18	FY19E	FY20E	
Share capital	659	659	659	659	
Reserves & Surplus	49,625	54,876	63,966	75,495	
Shareholders' funds	50,284	55,535	64,625	76,154	
Long term borrowings	119,294	142,947	180,023	224,842	
Short term borrowings	51,126	61,263	77,153	96,361	
Total Borrowings	170,420	204,210	257,175	321,202	
Long Term Liabilities	6,986	7,952	8,798	9,588	
Def. Tax Liability (net)	(250)	(250)	(250)	(250)	
Sources of funds	227,440	267,448	330,350	406,695	
Gross Block	6,683	6,758	6,833	6,908	
Net Block	4,685	4,632	4,576	4,519	
Intangible Assets	422	417	412	407	
Total Fixed Assets	5,107	5,049	4,988	4,926	
Non current investments	1,911	1,211	511	(189)	
Cash and Equivalents	7,119	5,406	7,427	7,728	
Loans & Advances	228,469	273,651	337,075	414,553	
Current assets (ex cash)	(1,217)	(1,784)	(1,715)	(673)	
Other assets	2,351	2,468	2,591	2,721	
Other Current Liab	16,300	18,553	20,529	22,371	
Total Current Liab	16,300	18,553	20,529	22,371	
Net Curr Assets-ex cash	(17,517)	(20,337)	(22,243)	(23,044)	
Uses of funds	227,440	267,448	330,350	406,695	
BVPS (INR)	762.8	842.4	980.3	1,155.2	

RoE decomposition (%)		FY17	FY18	FY19E	FY20E
Year to March					
Op. income /Assets	14	14	14	13	
Net int. income/assets	14.4	14.6	14.3	13.7	
Other income/Assets	0.6	0.7	0.6	0.5	
Operating expense/assets	(5.6)	(5.8)	(5.5)	(5.2)	
Provisions/assets	(4.5)	(4.5)	(2.9)	(2.8)	
Taxes/assets	(1.5)	(1.5)	(2.0)	(2.0)	
Total costs/assets	(11.6)	(11.8)	(10.5)	(9.9)	
ROA	2.8	2.8	3.8	3.8	
Equity/assets	23.7	22.5	21.0	19.9	
ROAE (%)	11.7	12.6	18.1	18.9	

Valuation parameters		FY17	FY18	FY19E	FY20E
Year to March					
Adj. Diluted EPS (INR)	84.2	100.7	164.8	201.8	
Y-o-Y growth (%)	4.9	19.6	63.6	22.5	
BV per share (INR)	762.8	842.4	980.3	1,155.2	
Adj. BV per share (INR)	719.3	742.8	877.2	1,050.6	
Diluted P/E (x)	22.6	18.9	11.6	9.4	
P/B (x)	2.5	2.3	1.9	1.7	
Price/ Adj. BV (x)	2.7	2.6	2.2	1.8	
Dividend Yield (%)	0.8	0.9	1.2	1.2	

Peer comparison valuation

Name	Market cap (USD mn)	Diluted P/E (X)		P/B (X)		ROAE (%)	
		FY19E	FY20E	FY19E	FY20E	FY19E	FY20E
Shriram City Union Finance	2,273	11.6	9.4	1.9	1.7	18.1	18.9
Dewan Housing Finance	2,867	13.6	11.7	2.0	1.8	16.0	16.7
HDFC	50,163	34.9	30.1	5.2	4.8	15.3	16.5
Indiabulls Housing Finance	8,280	12.8	10.6	3.6	3.1	30.5	31.4
LIC Housing Finance	3,956	12.2	10.4	1.8	1.6	17.8	18.1
Mahindra & Mahindra Financial Services	4,478	24.3	20.6	3.1	2.8	13.4	14.5
Manappuram General Finance	1,278	10.9	9.4	2.1	1.9	20.7	21.4
Muthoot Finance	2,343	9.2	8.2	1.8	1.5	21.1	20.4
Repco Home Finance	577	15.6	13.3	2.5	2.1	17.4	17.4
Rural Electrification Corporation	2,889	4.3	3.5	0.6	0.5	13.2	14.9
Shriram Transport Finance	4,340	12.0	9.7	2.1	1.8	19.5	20.2
Median	2,889	12.2	10.4	2.1	1.8	17.8	18.1
AVERAGE	-	14.7	12.4	2.4	2.1	18.5	19.1

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
Khushru Burjor Jijina	Director	Shashank Singh	Director

Auditors - G.D. Apte & Co.

**as per last annual report*

Holding - Top 10

Perc. Holding		Perc. Holding	
Dynasty Acq Fpi Ltd	20.35	Piramal Enterprises Group	9.97
East Bridge Cap Master Fnd	3.56	Matthews Intl Capital Management	3.88
Morgan Stanley	2.25	Aditya Birla Sun Life Asset Mgmt	2.05
Cornalina Acq I Ltd	1.86	Acacia Partners Lp	1.28
SBI Funds Management	1.52	FII Limited	1.47

**as per last available data*

Bulk Deals

Data	Acquired / Seller	B/S	Qty Traded	Price
13 Apr 2018	Fidelity Fund - Pacific Fund	Sell	480853	2200.00

**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
Aditya Birla Capital	BUY	SO	M	Allahabad Bank	HOLD	SU	M
Axis Bank	HOLD	SU	M	Bajaj Finserv	BUY	SP	L
Bank of Baroda	BUY	SP	M	Bharat Financial Inclusion	BUY	SP	M
Capital First	BUY	SO	M	DCB Bank	HOLD	SP	M
Dewan Housing Finance	BUY	SO	M	Equitas Holdings Ltd.	BUY	SO	M
Federal Bank	BUY	SP	L	HDFC	HOLD	SP	L
HDFC Bank	BUY	SO	L	ICICI Bank	BUY	SO	L
IDFC Bank	BUY	SP	L	Indiabulls Housing Finance	BUY	SO	M
IndusInd Bank	BUY	SP	L	Karnataka Bank	BUY	SP	M
Kotak Mahindra Bank	BUY	SO	M	L&T FINANCE HOLDINGS LTD	BUY	SO	M
LIC Housing Finance	BUY	SP	M	Magma Fincorp	BUY	SP	M
Mahindra & Mahindra Financial Services	HOLD	SP	M	Manappuram General Finance	BUY	SO	H
Max Financial Services	BUY	SO	L	Multi Commodity Exchange of India	HOLD	SU	M
Muthoot Finance	BUY	SO	M	Oriental Bank Of Commerce	HOLD	SP	L
Power Finance Corp	BUY	SO	M	Punjab National Bank	REDUCE	SU	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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Aditya Narain

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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
23-Jul-18	NBFC	Asked on the Street: A deep dive into IND-AS transition; <i>Sector Update</i>		
23-Jul-18	South Indian Bank	Asset quality volatility persists; stability critical; <i>Result Update</i>	19	Buy
20-Jul-18	Multi Commodity Exchange	One-off items mar profitability, volume recovery critical; <i>Result Update</i>	798	Hold

Distribution of Ratings / Market Cap

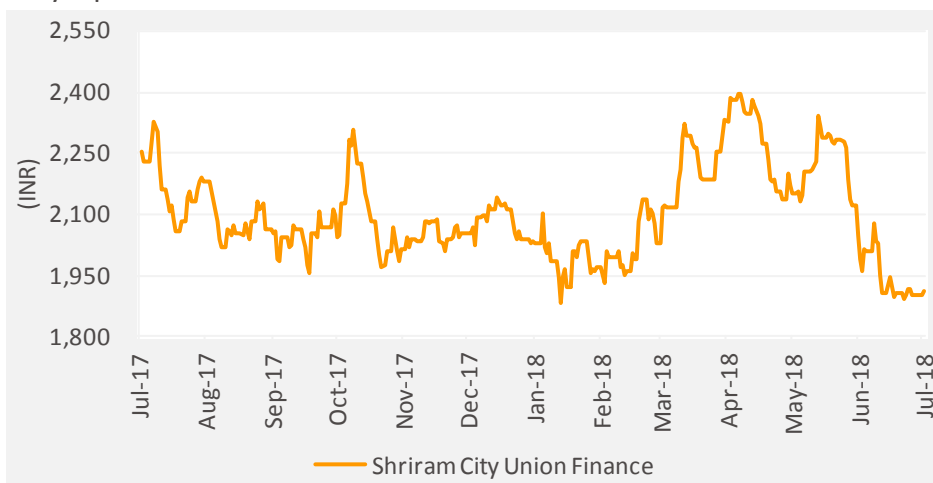
Edelweiss Research Coverage Universe

	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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