

SHRIRAM CITY UNION FINANCE

Shift to secured lending amid tight liquidity

India Equity Research | Banking and Financial Services



Shriram City Union Finance (SCUF) remains on a steady earnings trajectory with Q3FY20 PAT of INR2.97bn (up 15% YoY). Highlights: i) Selective toggling among product segments is visible this quarter—with disbursements gaining traction in secured segments (two-wheeler and gold loans) while going slow on personal and business loans; this led to flat AUM of INR295bn. ii) Asset quality improved a tad with stage-3 assets declining to 8.51% (from 8.69%)—in most segments NPLs declined except personal loans and gold loans. iii) NIM improved 10bps YoY owing to lower funding cost while net revenue grew 4% YoY. All in all, SCUF's calibrated approach towards growth with focus on quality would help it trace RoA/RoE of 4%/17%-plus in our view. This juxtaposed with its current P/BV of 1x FY21E renders risk-reward favourable. Maintain 'BUY' with a TP of INR1,790 (1.35x FY21 book).

Selective push towards secured products

An upshot of the unrelenting liquidity challenges is that the company preferred to utilise liquidity for collateralised lending and disbursements in secured segments (two-wheeler and gold loans), which recorded strong traction. Not only did new two-wheelers see a sequential uptick of 50%, but pre-owned two-wheelers too did well with INR3.95bn worth of disbursements. Personal loan disbursements were, however, held back—down to merely INR1.8bn (from INR7bn in Q2FY20). Besides, disbursements in business loans were flat QoQ. Consequently, AUM remained flat QoQ (up 3% YoY). We believe a pickup in growth is critical to drive up revenue momentum, which was 4% YoY in Q3FY20.

Asset quality steady with positive bias

Asset quality improved a tad with stage-3 assets declining to 8.51% (from 8.69%). Our analysis by segment suggests a steady performance across the board (except personal loans, up 10bps, and gold loans, up 58bps). Credit cost, therefore, settled below our expectations at INR1.8bn. While management highlighted a positive bias with assets moving from stage-3 to stage-2 (provisioning write-back), sustainability is key.

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

Events over the past two years have tested SCUF's resilience, particularly given its reliance on the self-employed segment. SCUF responded by going slow on growth and maintaining a well-matched ALM to navigate the challenging environment. In our view, once the situation normalises, operating leverage and credit cost containment would drive up RoA/RoE to 4%/17%-plus. Maintain 'BUY/SP'.

Financials

(INR mn)

Year to March	Q3FY20	Q3FY19	Growth (%)	Q2FY20	Growth (%)	FY19	FY20E	FY21E
Net revenue	9,477	9,100	4.1	9,518	(0.4)	38,114	41,158	45,890
Net profit	2,968	2,588	14.7	2,975	(0.2)	9,888	12,181	13,922
Dil. EPS (INR)	45.0	39.2	14.7	45.1	(0.2)	149.9	184.7	211.1
Adj. BV (INR)						886.8	1,022.6	1,201.1
Price/ Adj book (x)						1.5	1.3	1.1
Price/ Earnings (x)						9.0	7.3	6.4

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 1,353
Target Price	: INR 1,790
52-week range (INR)	: 1,900 / 1,222
Share in issue (mn)	: 66.0
M cap (INR bn/USD mn)	: 89 / 1,250
Avg. Daily Vol.BSE/NSE('000)	: 17.5

SHARE HOLDING PATTERN (%)

	Current	Q2FY20	Q1FY20
Promoters *	33.9	33.9	33.7
MF's, FI's & BK's	5.9	6.0	6.2
FII's	27.4	26.1	26.1
Others	32.7	34.0	34.0
* Promoters pledged shares (% of share in issue)	:		NIL

PRICE PERFORMANCE (%)

	Stock	Nifty	EW Banks and Financial Services Index
1 month	(0.0)	(1.8)	(4.9)
3 months	2.1	1.6	3.6
12 months	(21.7)	13.0	16.0

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

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

Prashant Ghuge
+91 22 4063 5517
prashant.ghuge@edelweissfin.com

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Shriram Housing Finance (housing finance subsidiary)

Housing finance reported a strong showing with PAT of INR205mn (compared with INR74mn in Q2FY20)—this was primarily led by assignment income of INR350mn owing to portfolio sell-down. Disbursements witnessed significant traction to INR3.86bn (versus INR980mn in Q2FY20), leading to 12% QoQ growth in AUM to INR21bn. Asset quality improved QoQ with GPNA's declining 30bps to 2.7%. Asset quality has been volatile for the company, and we would wait for data points to infer further trends, if any.

Table 1: Q3FY20 earnings snapshot....

(INR mn)	Q3FY20	Q3FY19	YoY (%)	Q2FY20	QoQ (%)	Comments
Interest income	14,690	14,398	2.0	14,892	(1.4)	
Interest expense	5,222	5,302	(1.5)	5,384	(3.0)	
Net interest income	9,468	9,096	4.1	9,508	(0.4)	Revenue momentum gained traction owing to 10bps NIM expansion despite a moderate AUM growth
Non-interest income	8	4	88.6	10	(17.8)	
Net revenues	9,477	9,100	4.1	9,518	(0.4)	
Operating expenses	3,750	3,615	3.7	3,774	(0.7)	
Operating profit	5,727	5,485	4.4	5,744	(0.3)	
Provisions	1,822	1,460	24.8	1,969	(7.5)	Provisioning remained elevated due to write-offs
Profit before tax	3,905	4,025	(3.0)	3,775	3.4	
Tax expense	937	1,438	(34.8)	800	17.1	
Profit after tax	2,968	2,588	14.7	2,975	(0.2)	
EPS (INR)	45.0	39.2	14.7	45.1	(0.2)	
Key Metrics						
AUM	2,95,470	2,86,460	3.1	2,97,220	(0.6)	AUM growth improved marginally as disbursements picked up in secured segments while unsecured segments remained muted
Non-gold	2,66,880	2,58,820	3.1	2,67,930	(0.4)	
Gold	28,590	27,640	3.4	29,290	(2.4)	
Disbursements	58,220	45,830	27.0	52,010	11.9	With easing liquidity and selective toggling in product segments (more secured lending), disbursements picked up
Non-gold	39,780	32,750	21.5	35,510	12.0	
Gold	18,440	13,080	41.0	16,500	11.8	
Gross Stage-3 (%)	8.5	9.1		8.7		Headline asset quality supported by higher write-offs
NNPA (%)	5.0	5.2		5.1		
Shriram Housing Finance						
AUM	21,000	17,210	22.0	18,750	12.0	Business gained momentum as disbursements jumped 4x YoY
Disbursements	3,860	110	NA	980	293.9	
GNPA (%)	2.7	3.2		3.0		
NNPA (%)	2.1	2.4		2.4		

Source: Company, Edelweiss research

Financial snapshot**(INR mn)**

Year to March	Q3FY20	Q3FY19	% change	Q2FY20	% change	YTD20	FY20E	FY21E
Net revenues	9,477	9,100	4.1	9,518	(0.4)	28,623	41,158	45,890
Operating expenses	(3,541)	(3,534)	NA	(3,568)	NA	(10,601)	(16,360)	(18,567)
Pre-provision profit	5,936	5,566	6.6	5,951	(0.3)	18,022	24,798	27,323
Provisions and write off	(1,822)	(1,460)	NA	(1,969)	NA	(5,883)	(8,240)	(8,761)
Depreciation	(209)	(81)	NA	(207)	NA	(618)	(481)	(695)
Profit before tax	3,905	4,025	(3.0)	3,775	3.4	11,521	16,559	18,563
Tax	(937)	(1,438)	NA	(800)	NA	(3,046)	(4,378)	(4,641)
PAT	2,968	2,588	14.7	2,975	(0.2)	8,474	12,181	13,922
Diluted EPS (INR)	45.0	39.2	14.7	45.1	(0.2)	128.4	184.7	211.1
Ratios (%)								
Cost/income	39.6	39.7		39.7		39.2	39.7	40.5
Tax rate	24.0	35.7		21.2		26.4	26.4	25.0
Valuation metrics								
B/V per share (INR)							1,120.8	1,300.3
Adj book value / share							1,022.6	1,201.1
Price/ Book (x)							1.2	1.0
Price/ Adj. book (x)							1.3	1.1
Price/ Earnings							7.3	6.4

Q3FY20 Concall takeaway

With respect to growth and outlook

- The performance of the company in Q3FY20 has been fairly stable with **disbursement momentum picking up (up 27% YoY, 12% QoQ) leading to AUM growth 3% YoY growth**.
- With easing liquidity and securitisation flowing through smoothly, the company **expects disbursement growth to continue leading to 15-18% AUM led by SME and pre-owned 2W segments**.
- The company expects **SME (20-22% is currently unsecured) and personal loans to pick up from Q1FY21** depending on liquidity conditions.
- The company has cautiously focused on secured products by moving away from unsecured product mainly due to strong demand for collateral backed assets in securitisation market.
- 2 wheelers – disbursements of INR18.9bn (all new vehicles), the company has achieved highest ever quarterly run-rate by financing 0.36mn units compared to 0.21lacs YoY. This segment was focused more due to festive season.
- **Pre-owned 2 wheelers – This is relatively new product (INR4bn disbursement in Q3FY20) with INR1.2-1.3bn disbursement** run-rate per month currently.
 - Currently, this is clubbed under auto loans and personal loans segment.
 - It is offered from all branches – average ticket size of ~INR25,000.
 - With 75%-80% LTV levels, the company finance ~0.1mn units in Q3FY20 with average yields of 18%-26%. Moreover, ~45% of the customers are existing ones who have completed at least 1 cycle with the company.
- **Gold loans** – The company will start with new campaigns in existing states and would expand in new geographies on North and West.
- **Housing finance** – The performance was good (**AUM 22% YoY with disbursements jumping 4x QoQ**). The disbursements of INR3.86bn was highest ever quarterly run-rate.
 - The income was higher due to INR1.bn direct assignment.
 - The company is confident of maintaining NIM and disbursement growth going forward and target to achieve INR24bn of AUM by FY20.
 - Within segments – **98%/2% of debasements are to retail/construction finance while 95%/5% of book** is from retail/construction finance.

With respect to asset quality

- Overall, the company does not see any pressure of asset quality and remains confident of the trend improving in Q4FY20.
- For gold loans – the **rise in GNPA (from 2.8% in Q2FY20 to 3.38% in Q3FY20) is considered as temporary blip** as the company is giving some time to customers to repay – the GNPA trend will normalise in next few quarters. Moreover, there is no state-wise concentration.

- For personal loans – the **GNPA levels remain elevated (at ~11%) largely due to legacy book** – which is expected to run-down in next 18 months.
- The write-offs are done according to policy adopted and constitutes all products in approximately same proportion as in AUM.

With respect to liquidity/borrowing/margins

- The liquidity situation has eased for the company in Q3FY20 and it's expected to ease further going forward.
 - **It has raised INR22bn in Q3FY20 and another INR4.5bn in Q4FY20 from SBI under Partial Guarantee Scheme.**
 - Incremental sanctions have picked up from lenders – availed term loan of INR5bn in Q3FY20.
- The **cost of borrowing has been declining (although marginally)** for the company and its expected to further decline going forward.
- The company is actively engaged in securitisation (negligible direct assignment). In Q3FY20, the securitisation was to the tune of INR18.5bn with 5-6 banks (both private and PSU).
 - **Securitisation continues to be a good source of funding given the cost (~9.6%)** and ALM consideration.
 - It forms 14% of borrowings and might go up 20%-25% levels and not beyond that given the demand for collateral backed loans remain strong from banks.
- The company is seeing good traction in FD since last 3 quarters (given renewed focus). In last 2 quarters, a net of INR2bn have been raised via FDs and average rate would be 9.5%-9.6%.
- The company is also evaluating **ECB route – will be decided in next 1-2 months**. The **fully hedged landing cost would be ~10.25%-10.5%**.

Q2FY20 Concall takeaway

With respect to growth and outlook

- The Q2FY20 was one of the tough quarters for the company as demand scenario (especially in 2W segment) remained weak. This, combined with expensive tight and liquidity (conscious run-down of commercial papers), led to muted disbursements.
- The company wanted to preserve liquidity for the festive season in Q3. Depending on the availability of liquidity, the pecking order would be 2W > personal loans > business loans (SME), gold loans.
- Business loans (SME) – the demand continues to remain robust (in INR0.5-1.5nm ticket size) with not much of stress, however, due to tight and expensive liquidity, the disbursements were moderated (along with some cautious stance).
 - A new product with yields 14-17% has been launched to retain SME customers and ~5% of SME book would be from this.
- 2-Wheelers – Q2FY20 was softer for manufacturers as well financiers. The month of October has been relatively better (hope to see growth Q3) as enquiries and deliveries have picked up. Having said that, November and December needs to be monitored.
 - Dussera demand was muted, Diwali is expected to be good.
 - In Q2FY20, 0.23mn 2-wheelers were financed (compared to 0.292mn in Q2FY19 and 0.274mn in Q1FY20).
 - Expected to finance ~30,000 more 2W in next 2-3 days.
- Gold loans – have stopped funding gold aggregators and would lend only to retail borrowers – will look to expand geographies post 2022.
- The disbursements were down 17% which, coupled with run-down in shorter tenor book, led to AUM remaining flat.
- The company expects liquidity situation to ease in H2FY20 which will lead to growth – expected to achieve ~10% AUM growth.
- Housing finance – there was a large repayment due in September 2019 due to which disbursements were constrained.
 - Expecting ~INR3bn of disbursements in Q3FY20 and ending FY20 with AUM of INR33bn (25% growth).
- Effective tax rate during the year would remain at ~27.5% due to deferred items while in FY21, it would be at ~25%.

With respect to asset quality

- On the overall portfolio basis asset quality remains stable with positive bias as assets are moving from stage 3 to stage 2 (provision benefit can flow in).
- SME portfolio has been doing till now – will look to reduce GNPA to ~7% levels (from ~9% levels currently) in next 18-20 months as old book would get replaced.
- The write-offs during the quarter were higher at ~INR 2bn which is due to shifting from provisions to write-offs. Recovery in write-offs has been improving.
- Passing on the benefits of tax rate cut will not improve delinquencies (especially in SME) as they are driven by overall economic environment.

With respect to liquidity/borrowings/margins

- While the liquidity has been tight and expensive, **banks have started become more receptive and proactive in lending now (including PSU banks).**
- **Raised ~INR22bn during the quarter** (~INR9.3bn via securitisation, ~INR5bn of direct assignment, ~INR1.4 via NCD, ~INR2bn via retail FD, and ~INR3bn via term loans) of which **INR10bn+ went to replace the existing short-term borrowings.**
 - The exposure to commercial paper is ~INR5bn which are 1-year and will run-down by March 2020 (may not avail short-term CPs).
 - **All borrowing as of Q2FY20 end are long-term in nature reflect in positive ALM.**
 - Cost of funds is expected at current levels going forward (will not reduce).
- The liquidity maintained on balance sheet is not encumbered.

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-% plus. Events over the past couple of years (demonetisation and GST) had put to test SCUF's resilience, particularly given its dependence on the self-employed segment. The company has not been aggressive on the growth front and maintained a well-matched ALM, which should help it sail through the currently challenging operating environment. Post rationalisation, we expect operating leverage and credit cost containment (sub-3%) to support RoA/RoE to 4%/17%-plus. At CMP, the stock trades at 1.1x FY21E P/ABV. We maintain 'BUY/SP'.

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.

Financial Statements

Key Assumptions

Year to March	FY19	FY20E	FY21E	FY22E
Macro				
GDP(Y-o-Y %)	6.8	5.0	5.8	6.5
Inflation (Avg)	3.4	4.3	4.8	5.0
Repo rate (exit rate)	6.3	5.2	4.5	5.0
USD/INR (Avg)	70.0	71.5	71.0	70.0
Sector				
Credit growth	14.0	11.0	13.0	15.0
Borrowings growth (%)	13.0	12.0	14.0	15.0
Bank's base rate (%)	9.0	8.7	8.5	8.5
Wholesale borr. cost (%)	8.5	8.5	8.3	8.1
G-sec yield	7.0	7.1	7.1	7.1
Company				
Op. metric assumption (%)				
Yield on advances	19.3	19.2	19.1	19.0
Cost of funds	9.3	9.5	9.4	9.2
Net interest margins	13.6	13.5	13.7	13.7
Dividend payout	18.0	15.8	15.0	13.3
Employee cost growth	17.0	14.1	14.1	14.1
Other opex growth	2.8	1.0	10.3	10.4
Balance sheet assumption (%)				
Disbursement growth	(3.4)	1.4	14.5	14.5
Securit. during the yr	9,000	9,000	9,000	9,000
Bad debt written off	2.3	2.3	2.1	1.9
Gross NPLs	8.7	8.3	7.8	7.8
Prov Cov	69.1	65.5	67.0	67.0
Net NPLs	2.7	3.1	2.8	2.8

Income statement

(INR mn)

Year to March	FY19	FY20E	FY21E	FY22E
Interest income	56,100	60,749	66,893	75,311
Interest expended	19,763	21,458	22,975	25,435
Net interest income	36,337	39,291	43,918	49,876
Other income	1,776	1,867	1,973	2,094
Net revenues	38,114	41,158	45,890	51,970
Operating expense	14,997	16,360	18,567	20,824
- Employee exp	8,227	9,386	10,707	12,216
- Depn /amortisation	340	481	695	702
- Other opex	6,430	6,494	7,165	7,907
Preprovision profit	23,116	24,798	27,323	31,146
Provisions	7,956	8,240	8,761	10,301
Profit Before Tax	15,161	16,559	18,563	20,845
Less: Provision for Tax	5,273	4,378	4,641	5,211
Profit After Tax	9,888	12,181	13,922	15,634
Shares o /s (mn)	66	66	66	66
Basic EPS (INR)	149.9	184.7	211.1	237.0
Diluted shares o/s (mn)	66	66	66	66
Adj. Diluted EPS (INR)	149.9	184.7	211.1	237.0
Dividend per share (DPS)	23.0	25.0	27.0	27.0
Dividend Payout Ratio (%)	18.0	15.8	15.0	13.3

Growth ratios (%)

Year to March	FY19	FY20E	FY21E	FY22E
Operating income growth	11.0	8.1	11.8	13.6
Revenues	11.0	8.0	11.5	13.2
Opex growth	10.1	9.1	13.5	12.2
PPP growth	11.6	7.3	10.2	14.0
Adjusted Profit	48.8	23.2	14.3	12.3

Operating ratios

Year to March	FY19	FY20E	FY21E	FY22E
Yield on assets	21.0	20.9	20.9	20.7
Cost of funds	9.3	9.5	9.4	9.2
Net interest margins	13.6	13.5	13.7	13.7
Spread	11.7	11.5	11.5	11.5
Cost-income	39.3	39.7	40.5	40.1
Tax rate	34.8	26.4	25.0	25.0

Balance sheet (INR mn)				
As on 31st March	FY19	FY20E	FY21E	FY22E
Share capital	659	659	659	659
Reserves & Surplus	62,982	73,228	85,060	98,604
Net worth	63,642	73,887	85,719	99,263
Subordinate debt	15,307	16,307	17,307	18,307
Secured loans	184,096	193,907	218,426	252,779
Unsecured loans	21,623	21,723	21,823	21,923
Def. Tax Liability (net)	(250)	-	-	-
Total liabilities	284,417	305,824	343,275	392,272
Loans	295,833	323,055	362,850	414,655
Investments	730	730	730	730
Total current assets	11,621	7,288	6,842	6,853
Total Current Liab	28,755	30,120	31,815	34,428
Net current assets	(17,134)	(22,832)	(24,973)	(27,575)
Fixed assets	4,988	4,871	4,668	4,462
Total assets	284,417	305,824	343,275	392,272
Loan growth	8.1	9.2	12.3	14.3
EA growth	9.8	7.7	12.5	14.5
Provision coverage	69.1	65.5	67.0	67.0
Gross NPA ratio	8.7	8.3	7.8	7.8
Net NPA ratio	2.7	3.1	2.8	2.8

RoE decomposition (%)				
Year to March	FY19	FY20E	FY21E	FY22E
Op. income /Assets	13.6	13.5	13.7	13.7
Net int. income/assets	14.3	14.2	14.4	14.3
Other income/Assets	0.7	0.6	0.6	0.6
Operating expense/assets	(5.6)	(5.6)	(5.8)	(5.7)
Provisions/assets	(3.0)	(2.8)	(2.7)	(2.8)
Taxes/assets	(2.0)	(1.5)	(1.5)	(1.4)
Total costs/assets	(10.6)	(10.0)	(10.0)	(10.0)
ROA	3.7	4.2	4.4	4.3
Equity/assets	22.3	23.7	25.0	25.5
ROAE (%)	16.6	17.7	17.4	16.9

Valuation parameters				
Year to March	FY19	FY20E	FY21E	FY22E
Adj. Diluted EPS (INR)	149.9	184.7	211.1	237.0
Y-o-Y growth (%)	48.8	23.2	14.3	12.3
BV per share (INR)	965.4	1,120.8	1,300.3	1,505.8
Adj. BV per share (INR)	886.8	1,022.6	1,201.1	1,392.4
Diluted P/E (x)	9.0	7.3	6.4	5.7
Price/ BV (x)	1.4	1.2	1.0	0.9
Price/ Adj. BV (x)	1.5	1.3	1.1	1.0
Dividend Yield (%)	1.7	1.8	2.0	2.0

Peer comparison valuation

Name	Market cap (USD mn)	Diluted P/E (X)		P/B (X)		ROAE (%)	
		FY20E	FY21E	FY20E	FY21E	FY20E	FY21E
Shriram City Union Finance	1,250	7.3	6.4	1.2	1.0	17.7	17.4
HDFC	58,418	26.1	20.2	2.9	2.6	16.2	15.4
Indiabulls Housing Finance	1,842	5.5	5.7	0.9	0.8	15.9	14.8
LIC Housing Finance	3,113	9.0	6.9	1.2	1.1	14.4	16.7
Mahindra & Mahindra Financial Services	3,186	17.7	14.1	2.0	1.8	11.6	13.8
Manappuram Finance	2,257	13.8	11.0	3.2	2.7	24.6	26.8
Muthoot Finance	4,338	11.7	10.5	2.8	2.3	26.0	23.8
REC	4,091	5.3	4.6	0.8	0.7	15.4	16.3
Repco Home Finance	291	6.5	6.0	1.1	1.0	19.0	17.5
Shriram Transport Finance	3,313	7.9	6.7	1.4	1.2	18.7	18.6
Median	-	8.4	6.8	1.3	1.1	17.0	17.1
AVERAGE	-	11.5	10.0	1.8	1.6	17.9	18.1

Source: Edelweiss research

Additional Data

Directors Data

Debendranath Sarangi	Chairman	Yalamati Srinivasa Chakravarti	Managing Director & CEO
Diwakar Bhagwati Gandhi	Director	Duruvasan Ramachandra	Director
Maya Swaminathan Sinha	Director	Pranab Prakash Pattanayak	Director
Ramarao Muralidharan Coimbatore	Director	Ignatius Michael Viljoen	Director
Shashank Singh	Director	Venkataraman Murali	Director

Auditors - G.D. Apte & Co.

**as per last annual report*

Holding - Top 10

	Perc. Holding		Perc. Holding
Dynasty Acquisition	20.34	Piramal Enterprises	9.97
East Bridge Capital	5.89	Matthews International Capital Management	2.64
Ward Ferry Management	2.43	Aditya Birla Sun Life Asset Management	2.06
Cornalina Acquisition	1.85	Acacia Partners	1.52
SBI Mutual Fund	1.47	Bank Muscat SAOG	1.28

**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
04 Jul 2019	Shriram Financial Ventures (Chennai) Pvt Ltd	Buy	15063.00
04 Jul 2019	Shriram Capital Ltd	Buy	102717.00

**in last one year*

Company	Absolute reco	Relative reco	Relative risk	Company	Absolute reco	Relative reco	Relative Risk
Aavas Financiers	REDUCE	SU	M	Aditya Birla Capital	BUY	SO	H
Axis Bank	BUY	SO	M	Bajaj Finserv	REDUCE	SU	L
Bank of Baroda	BUY	SO	M	DCB Bank	BUY	SP	M
HDFC	BUY	SO	L	Federal Bank	BUY	SO	L
ICICI Bank	BUY	SO	L	HDFC Bank	BUY	SO	L
Indiabulls Housing Finance	HOLD	SU	M	IDFC FIRST BANK	BUY	SP	L
Kotak Mahindra Bank	BUY	SP	M	IndusInd Bank	BUY	SO	L
LIC Housing Finance	BUY	SO	M	L&T Finance Holdings	HOLD	SP	M
Mahindra & Mahindra Financial Services	BUY	SP	M	Magma Fincorp	BUY	SP	M
Max Financial Services	BUY	SO	L	Manappuram Finance	HOLD	SU	H
Muthoot Finance	BUY	SO	M	Multi Commodity Exchange of India	HOLD	SP	M
Punjab National Bank	REDUCE	SU	M	REC	HOLD	SP	M
RepcO Home Finance	BUY	SP	M	Shriram City Union Finance	BUY	SP	M
Shriram Transport Finance	BUY	SO	M	South Indian Bank	BUY	SP	M
State Bank of India	BUY	SO	L	Union Bank Of India	HOLD	SU	M
Yes Bank	BUY	SP	M				

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

Aavas Financiers, Aditya Birla Capital, AU Small Finance Bank Ltd, Axis Bank, Bajaj Finserv, Bank of Baroda, DCB Bank, Equitas Holdings, Federal Bank, HDFC, HDFC Bank, HDFC Life Insurance Company Ltd, ICICI Bank, ICICI Lombard General Insurance Company Ltd, IDFC FIRST BANK, Indiabulls Housing Finance, IndusInd Bank, ICICI Prudential Life Insurance Company Ltd, Kotak Mahindra Bank, LIC Housing Finance, L&T Finance Holdings, Max Financial Services, Multi Commodity Exchange of India, Manappuram Finance, Magma Fincorp, Mahindra & Mahindra Financial Services, Muthoot Finance, Punjab National Bank, Power Finance Corp, REC, Repco Home Finance, SBI Life Insurance Company Ltd, 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
30-Jan-20	LIC Housing Finance	Asset quality disappoints; valuation comfort; Result Update	441	Buy
30-Jan-20	Bajaj Finserv	Steady performance; valuations high; Result Update	9,640	Reduce
30-Jan-20	IDFC First Bank	Credit cost volatility concerning; 'retailisation' credible;	41	Buy

Distribution of Ratings / Market Cap

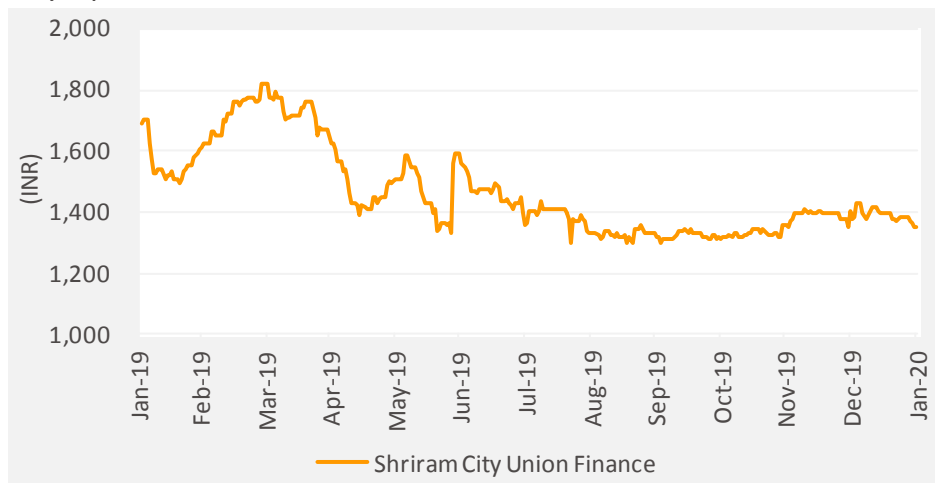
Edelweiss Research Coverage Universe

	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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