

KARNATAKA BANK

Asset quality volatility persist, core steady

India Equity Research | Banking and Financial Services

Karnataka Bank (KBL) reported Q4FY18 PAT of INR118mn, lower than our estimate on higher credit cost, even while core profitability surpassed estimate. Slippages rose to >9% given RBI's recent asset reclassification norm and divergence impact. Operationally, Q4FY18 clocked improving performance and was characterised by better revenue traction and controlled opex (up <8% YoY). Key monitorables: a) soft CASA accretion (< 7% YoY) at sub-28%; and b) ~40% coverage ratio, which will keep credit cost high. While better revenue traction and controlled opex are likely to aid operating profit growth, elevated credit cost could cap earnings growth. However, higher share of retail (~45%) and current valuation of 0.7x FY20E P/ABV lend comfort. Maintain 'BUY'.

Asset quality volatility persists

Slippages rose to >INR10bn (9.3% versus run-rate of 3-4% over past few quarters), largely driven by higher corporate slippages (impact of RBI's asset reclassification norm and divergence). However, higher reductions (following sale to ARC of INR1.1bn) restricted GNPLs rise to INR23.8bn. Restructured book fell to INR5.3bn, thus overall stress pool (NNPLs plus restructured book) came at 4.1% (4.3% in Q3FY18). Moreover, SMA-2 pool has dipped to sub-1% (2% earlier), indicating limited incremental stress. Despite this, we expect credit cost to remain high in FY19 due to migration of loans and lower provisioning coverage of ~40%.

Strong growth, controlled opex support profitability

Higher slippages masked an otherwise operationally steady quarter. Loans grew >27% YoY, aided by strong spurt in the corporate segment (up >45% YoY) and better NIMs (one-off impact of IT refund, steady otherwise), which led to healthy NII traction (up >50% YoY, albeit on a lower base). This, coupled with controlled opex (up <8% YoY), led to in improvement in operating profitability. KBL's ability to sustain core profitability improvement will be a key monitorable driving RoA.

Outlook and valuations: Retail tilt continues; maintain 'BUY'

KBL is focused on improving its retail proportion, which will help sustain revenue traction. Having said that, lower coverage ratio is likely to keep credit cost elevated. At CMP, the stock trades at 0.7x FY20E P/ABV, capturing risks and limiting downside. We maintain 'BUY/SP' with TP of INR163 (maintaining 1.0x FY20E P/ABV).

Financials		(INR mn)						
Year to March	Q4FY18	Q4FY17	Growth %	Q3FY18	Growth %	FY18	FY19E	FY20E
Net revenue	8,368	6,639	26.1	6,461	29.5	28,120	31,290	36,512
Net profit	118	1,384	(91.5)	874	(86.5)	3,256	5,567	7,021
Dil. EPS (INR)	0.4	4.9	(92.0)	3.1	(87.4)	11.5	19.7	24.8
Adj. BV (INR)						132.0	143.4	163.7
Price/ Adj book (x)						0.9	0.8	0.7
Price/Earnings (x)						10.1	5.9	4.7

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: KBNK.BO, B: KBL IN)

CMP	: INR 117
Target Price	: INR 163
52-week range (INR)	: 181 / 107
Share in issue (mn)	: 282.6
M cap (INR bn/USD mn)	: 44 / 614
Avg. Daily Vol.BSE/NSE('000)	: 3,038.1

SHARE HOLDING PATTERN (%)

	Current	Q3FY18	Q2FY18
Promoters *	-	-	-
MF's, FI's & BK's	12.8	11.8	11.2
FII's	14.7	18.0	18.7
Others	72.5	70.2	70.1
* Promoters pledged shares (% of share in issue)	:		NIL

PRICE PERFORMANCE (%)

	Stock	Nifty	EW Banks and Financial Services Index
1 month	(11.7)	3.1	5.0
3 months	(17.9)	2.4	3.4
12 months	(32.4)	14.4	14.6

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Table 1: Q4FY18 earnings snap-shot

(INR mn)	Q4FY18	Q4FY17	Growth (%)	Q3FY18	Growth (%)	Comments
Net interest income	5,423	3,522	54.0	4,515	20.1	Healthy NII traction, supported by improving growth and sustained margins
Other income	2,945	3,117	(5.5)	1,946	51.3	Non-interest income pulled down by lower treasury income, core fee sustained momentum - sustainability key for RoA improvement
Operating expenses	3,607	3,346	7.8	3,242	11.3	
Staff expense	1,418	1,227	15.6	1,214	16.8	Controlled expenses feed into lower opex - aim is to restrict cost/income ratio to ~45% levels
Other opex	2,189	2,119	3.3	2,028	7.9	
Pre prov op profit (PPP)	4,761	3,293	44.6	3,219	47.9	
Provisions	5,418	1,604	237.7	1,964	175.8	Earnings miss largely driven by higher credit cost on higher slippages. We expect credit costs to remain elevated in FY19 following provisions on NCLT accounts and ageing provisions.
Profit before tax	(656)	1,689	(138.9)	1,255	(152.3)	
Provision for tax	(774)	305	NA	381	NA	
Profit after tax	118	1,384	(91.5)	874	(86.5)	
Balance sheet (INR bn)						
Advances	472.5	370.0	27.7	444.1	6.4	Strong traction in loan book - Management aims to achieve ~25% growth in FY19
Deposits	628.7	567.3	10.8	577.7	8.8	
CD ratio (%)	75.2	65.2		76.9		
Asset quality (INR mn)						
Gross NPA	23,761	15,816	50.2	17,843	33.2	Slippages spiked, but higher recoveries / upgradations (sale to ARCs) restricted GNPLs
Gross NPA (%)	4.9	4.2		4.0		
Net NPA	14,005	9,747	43.7	12,630	10.9	
Net NPA (%)	3.0	2.6		2.9		
Provision coverage (%)	41.1	38.4		29.2		Coverage continues to be below peers, rising coverage will keep credit cost elevated
Restructured book (%)	1.1	2.5		1.4		
Stressed assets (%)	6.0	6.7		5.4		

Source: Company, Edelweiss research

Table 2: Advances growth at >27%; CD ratio at ~75% levels

	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18
Advances (INR bn)	358	370	385	411	444	473
Advances growth Q-o-Q (%)	(2.3)	3.4	4.0	6.9	8.0	6.4
Advances growth Y-o-Y (%)	8.7	9.1	10.1	12.3	24.1	27.7
Deposits (INR bn)	574	567	562	566	578	629
Deposit growth Q-o-Q (%)	8.2	(1.2)	(0.9)	0.6	2.1	8.8
Deposit growth Y-o-Y (%)	15.6	12.4	9.2	6.5	0.6	10.8
CD ratio (%)	62.3	65.2	68.4	72.7	76.9	75.2

Source: Company

Chart 1: Slippages spike, but higher recoveries (sale to ARCs) restricts GNPLs rise

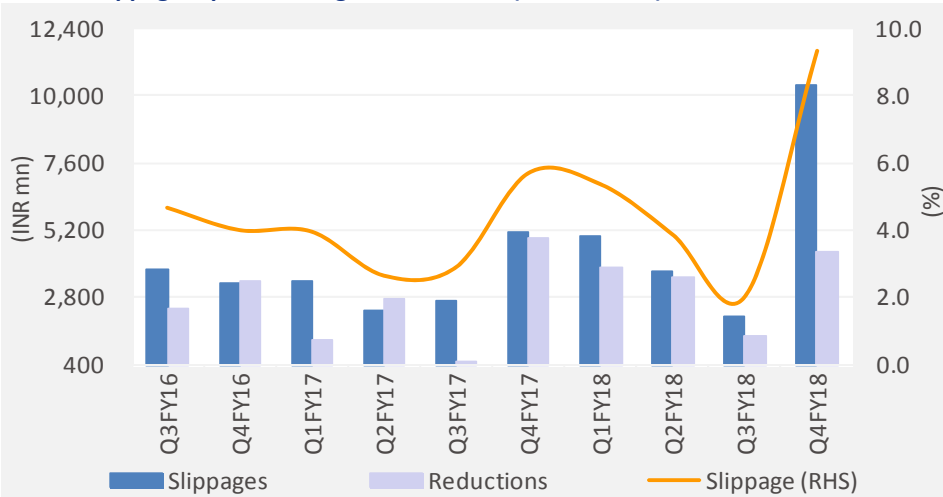


Chart 2: Retail proportion at ~45%

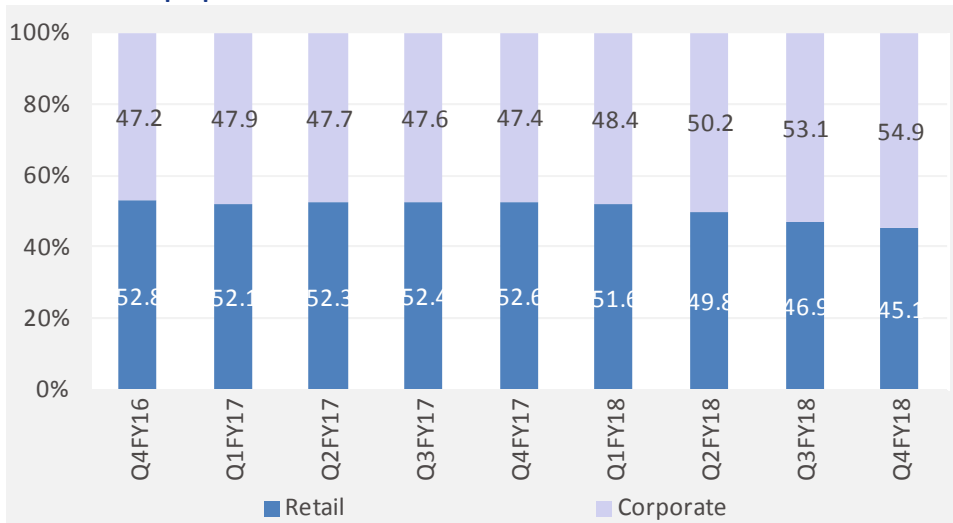
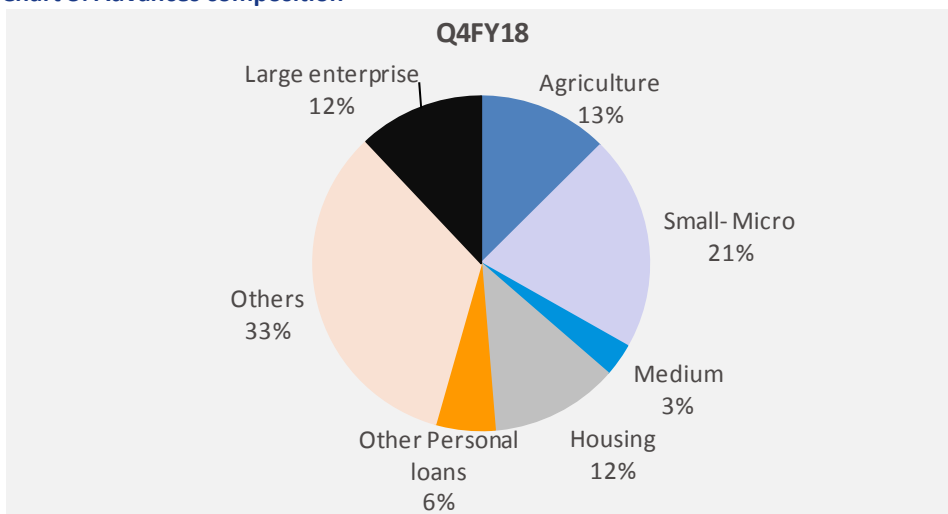
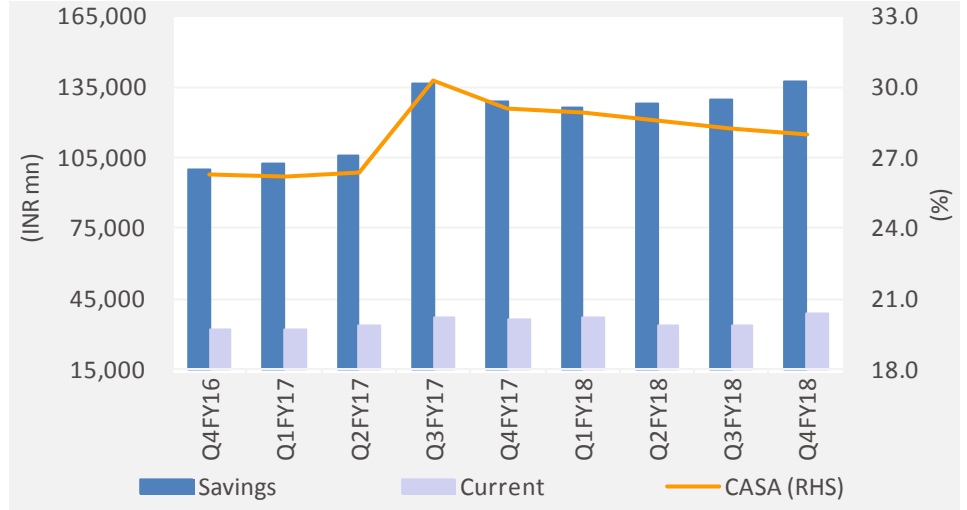


Chart 3: Advances composition



Source: Company

Chart 4: CASA ratio at sub 30% levels , traction in here is key monitorable



Source: Company

Q3FY18 Earnings Concall Key Takeaways

With respect to asset quality

- **Gross Slippages during the quarter was INR2.11bn, management expect slippages to be curtailed going forward as well. Management expects asset quality to improve going ahead, maintaining its FY18 GNPA guidance at 4%**
- **Total stressed asset book has reduced to 8.95% (versus 9.81% (INR40.8bn) in Q2FY18 and 13.3% in Q3FY17.**
 - SMA-2 accounts were at INR15.9bn (versus 12.2bn in previous quarter)
 - Restructured book has come down to INR9.7bn (versus 16.2bn in Q3FY17)
 - Not sold any account to ARCs during the quarter , SRs (outstanding) at INR4.5bn
- The bank has exposure to 4 accounts (1 account in 1st list and 3 accounts in 2nd list) wherein the bank has exposure of INR3.2bn (treated as NPLs) and has provisions of 27%
- **Will continue to have elevated credit cost during Q4FY18, which will moderate over period of time.**
- Asset quality - Recovery/Upgrades: INR711mn, Write-offs: INR709mn
- 5:25 (4 accounts) – INR1.7bn
- S4A (4 accounts) – INR3.5bn
- SDR (4 accounts) – INR1.93bn

With respect to operational

- **Advance growth of 24% , this has helped CD ratio to 77% (versus 63% a year ago). Management has entailed loan growth target of 25% for FY18.**
 - Aims to take retail and mid-corporate segment to 60% and balance 40% from corporate segment
 - More than 80% of the corporate book is above investment grade.
- **NIMs were 3.09% (versus 2.84% a year ago). Management expects to maintain NIMs at a similar levels .**
 - MCLR linked Loan book – 58%, Base rate linked – 18%, other : 23%
- CASA is 28.23%, growth has been optically lower on higher base, historically the CASA ratio was 23-24%
- Cost income ratio has improved to 50.18%, aiming to bring cost/income down to 42-45%
- Have started to provide for wage revisions since Nov 2017.

Other highlights

- **Aiming for RoA of > 1% by FY20.**
- Plans to take branch expansion to 800 by FY18
- 67% of the transaction happening to digital channel. Plans to take this to 80% over period of time

Company Description

Karnataka Bank was incorporated in 1924 at Mangalore as a private bank in Karnataka state. Over the years, the bank has merged with Sringeri Sharada Bank Ltd., Chitladurg Bank Ltd., and Bank of Karnataka. Karnataka continues to remain the Bank's major business area. Indian public holds ~70% of the equity and institutional investors hold about 11%, while FIIs have about 19% equity holding in the Bank. The bank has 800 branches of which ~45% are in rural and semi-urban areas. It has entered in to a joint venture agreement and holds equity investments to the extent of 15% in Universal Sampo General Insurance Company.

Investment Theme

Karnataka Bank is one of the well placed regional-based private banks in the country with all branches under CBS. We like the bank for its strong regional presence, good technology network, and possible M&A play. The bank's well capitalized Tier 1 position at 11.3% and healthy loan mix of ~45% retail provides comfort. Following improving retail proportion, levers remain sustaining revenue traction. We expect stable/improving NIMs and limited downside from current credit costs to drive earnings with RoE potential of ~11-13%

Key Risks

Undue delay in credit growth can result in slower-than-expected margin improvement.

Higher-than-expected slippage in restructured assets can result in deterioration in asset quality.

Financial Statements

Key Assumptions

Year to March	FY17	FY18	FY19E	FY20E
Macro				
GDP(Y-o-Y %)	6.6	6.5	7.1	7.6
Inflation (Avg)	4.5	3.6	4.5	5.0
Repo rate (exit rate)	6.3	6.0	6.0	6.5
USD/INR (Avg)	67.1	64.5	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	19.5	19.0
G-sec yield	6.5	6.5	7.0	7.1
Company				
Op. metric assumpt. (%)				
Yield on advances	10.7	9.7	9.9	10.0
Yield on investments	6.1	6.6	6.6	6.7
Yield on asset	9.1	8.6	8.9	9.0
Cost of funds	6.6	5.7	6.0	6.1
Net interest margins	2.6	2.9	3.0	3.0
Cost of deposits	6.7	5.8	6.1	6.2
Cost of borrowings	9.2	9.0	9.0	9.0
Spread	2.5	2.8	2.8	2.9
Tax rate (%)	3.4	(5.0)	25.0	25.0
Balance sheet assumption (%)				
Credit growth	7.9	27.5	17.0	17.0
Deposit growth	12.4	10.8	17.0	17.1
SLR ratio	24.1	20.5	21.0	21.0
Low-cost deposits	29.0	28.0	29.4	29.7
Gross NPA ratio	4.2	5.0	4.8	4.5
Net NPA ratio	2.6	3.0	2.7	2.2
Net NPA / Equity	22.0	29.7	29.4	25.7
Capital adequacy	13.3	12.0	11.5	11.0
Incremental slippage	3.9	5.6	3.0	2.8
Provision coverage	38.4	41.1	44.6	50.6

Income statement

(INR mn)

Year to March	FY17	FY18	FY19E	FY20E
Interest income	51,854	54,238	63,768	75,870
Interest expended	36,948	35,661	42,502	50,596
Net interest income	14,906	18,577	21,266	25,274
Non interest income	8,093	9,543	10,025	11,238
- Fee & forex income	2,937	3,942	4,527	5,285
- Misc. income	2,152	2,601	2,998	3,453
- Investment profits	3,004	3,000	2,500	2,500
Net revenue	23,000	28,120	31,290	36,512
Operating expense	13,042	13,388	15,335	17,464
- Employee exp	6,010	5,248	6,181	7,156
- Other opex	7,031	8,140	9,154	10,308
Preprovision profit	9,958	14,732	15,955	19,049
Provisions	5,279	11,630	8,533	9,687
Loan loss provisions	5,290	11,550	8,383	9,537
Investment depreciation	100	40	70	70
Other provisions	(111)	40	80	80
Profit Before Tax	4,680	3,102	7,422	9,362
Less: Provision for Tax	157	(155)	1,856	2,340
Profit After Tax	4,523	3,256	5,567	7,021
Reported Profit	4,523	3,256	5,567	7,021
Adj. Diluted EPS (INR)	16.0	11.5	19.7	24.8
Dividend per share (DPS)	4.0	3.0	5.0	5.0
Dividend Payout Ratio(%)	-	30.3	29.5	23.4

Growth ratios (%)

Year to March	FY17	FY18	FY19E	FY20E
NII growth	14.4	24.6	14.5	18.8
Fees growth	8.4	34.2	14.8	16.7
Opex growth	31.6	2.7	14.5	13.9
PPOP growth	(12.7)	68.7	14.7	23.0
PPP growth	16.5	47.9	8.3	19.4
Provisions growth	61.7	120.3	(26.6)	13.5
Adjusted Profit	8.9	(28.0)	71.0	26.1

Operating ratios

Year to March	FY17	FY18	FY19E	FY20E
Yield on advances	10.7	9.7	9.9	10.0
Yield on investments	6.1	6.6	6.6	6.7
Yield on assets	9.1	8.6	8.9	9.0
Cost of funds	6.6	5.7	6.0	6.1
Net interest margins	2.6	2.9	3.0	3.0
Cost of deposits	6.7	5.8	6.1	6.2
Cost of borrowings	9.2	9.0	9.0	9.0
Spread	2.5	2.8	2.8	2.9
Cost-income	56.7	47.6	49.0	47.8
Tax rate	3.4	(5.0)	25.0	25.0

Banking and Financial Services

Balance sheet		(INR mn)			
As on 31st March	FY17	FY18	FY19E	FY20E	
Share capital	2,826	2,826	2,826	2,826	
Reserves & Surplus	41,538	44,287	48,212	53,590	
Net worth	44,364	47,113	51,038	56,417	
Deposits	567,331	628,713	735,733	861,387	
Total Borrowings	8,326	8,160	10,370	12,579	
Other liabilities	15,292	12,763	14,932	17,471	
Total liabilities	635,314	696,749	812,073	947,854	
Loans	370,036	472,518	552,845	646,829	
Cash and Equivalents	32,740	36,010	37,282	43,653	
Gilts	138,814	130,559	156,682	183,533	
Others	63,384	23,886	27,769	32,309	
Fixed assets	144	628	819	940	
Other Assets	30,196	33,149	36,676	40,589	
Total assets	635,314	696,749	812,073	947,854	
BVPS (INR)	157.0	166.7	180.6	199.6	
Credit growth	7.9	27.5	17.0	17.0	
Deposit growth	12.4	10.8	17.0	17.1	
EA growth	13.7	9.6	16.8	17.0	
SLR ratio	24.1	20.5	21.0	21.0	
C-D ratio	68.4	78.7	78.7	78.6	
Low-cost deposits	29.0	28.0	29.4	29.7	
Provision coverage	38.4	41.1	44.6	50.6	
Gross NPA ratio	4.2	5.0	4.8	4.5	
Net NPA ratio	2.6	3.0	2.7	2.2	
Incremental slippage	3.9	5.6	3.0	2.8	
Net NPA / Equity	22.0	29.7	29.4	25.7	
Capital adequacy	13.3	12.0	11.5	11.0	
- Tier 1	12.2	11.3	10.8	10.3	

RoE decomposition (%)					
Year to March	FY17	FY18	FY19E	FY20E	
Net int. income/assets	2.6	2.9	3.0	3.0	
Fees/Assets	0.9	1.0	1.0	1.0	
Invst. profits/Assets	0.5	0.5	0.3	0.3	
Net revenues/assets	4.0	4.4	4.4	4.3	
Operating expense/assets	(2.3)	(2.1)	(2.1)	(2.1)	
Provisions/assets	(0.9)	(1.8)	(1.2)	(1.2)	
Taxes/assets	-	-	(0.3)	(0.3)	
Total costs/assets	(3.3)	(3.9)	(3.6)	(3.5)	
ROA	0.8	0.5	0.8	0.8	
Equity/assets	7.1	7.2	6.8	6.4	
ROAE (%)	11.1	7.1	11.3	13.1	

Valuation parameters					
Year to March	FY17	FY18	FY19E	FY20E	
Adj. Diluted EPS (INR)	16.0	11.5	19.7	24.8	
Y-o-Y growth (%)	(27.4)	(28.0)	71.0	26.1	
BV per share (INR)	157.0	166.7	180.6	199.6	
Adj. BV per share (INR)	132.8	132.0	143.4	163.7	
Diluted P/E (x)	7.3	10.1	5.9	4.7	
P/B (x)	0.7	0.7	0.6	0.6	
Price/ Adj. BV (x)	0.9	0.9	0.8	0.7	
Dividend Yield (%)	3.4	2.6	4.3	4.3	

Peer comparison valuation

Name	Market cap (USD mn)	Diluted P/E (X)		Price/ Adj. BV (X)		ROAE (%)	
		FY19E	FY20E	FY19E	FY20E	FY19E	FY20E
Karnataka Bank	614	5.9	4.7	0.8	0.7	11.3	13.1
Axis Bank	20,756	18.2	13.4	2.4	2.0	11.7	14.3
DCB Bank	863	18.1	14.5	2.1	1.8	11.9	13.0
Federal Bank	2,507	11.8	9.1	1.4	1.2	11.0	12.9
HDFC Bank	77,825	25.0	20.0	3.8	3.3	17.3	17.4
ICICI Bank	29,143	14.0	10.1	2.3	1.9	12.9	16.3
IndusInd Bank	16,921	25.8	20.3	4.3	3.6	17.4	18.8
Kotak Mahindra Bank	36,032	33.5	27.5	4.7	4.1	14.8	15.7
South Indian Bank	696	7.5	6.3	1.0	0.9	12.7	13.0
Yes Bank	11,718	14.7	11.1	2.8	2.3	19.6	21.8
Median		16.4	12.2	2.3	2.0	12.8	15.0
AVERAGE		17.5	13.7	2.5	2.2	13.9	15.5

Source: Edelweiss research

Additional Data

Directors Data

P. Jayarama Bhat	Part Time (Non-Executive) Chairman	Mahabaleshwara M.S	Managing Director & CEO
Usha Ganesh	Director	Rammohan Rao Belle	Director
B A Prabhakar	Director	Ullal Ravindra Bhat	Director
Keshav Krishnarao Desai	Director	D Surendra Kumar	Director
Ashok Haranahalli	Director		

Auditors - Abarna & Ananthan

**as per last annual report*

Holding - Top 10

	Perc. Holding		Perc. Holding
Life Insurance Corp Of India	4.97	Dimensional Fund Advisors LP	2.47
Reddy Sumanth Kumar	2.20	Kotak Mahindra	1.68
Haritha Nayani	1.53	Vanguard Group	1.42
LSV Emerging Mkts Eqty FD	1.39	CD Equifinance Pvt Ltd	1.39
Nayudu Venkata Seshamma	1.29	Government Pension Fund - Global	1.28

**as per last available data*

Bulk Deals

Data	Acquired / Seller	B/S	Qty Traded	Price
26 Apr 2018	Copthall Mauritius Investment Ltd	Sell	1926600	116.72
27 Mar 2018	Bathina Kumaraswamy Reddy	Buy	1675000	119.63
27 Mar 2018	Jm Financial Capital Ltd	Sell	1675000	119.63
22 Feb 2018	Macquarie Emerging Markets Asian Trading Pte Ltd	Sell	1748000	128.72

**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	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	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
15-May-18	Punjab National Bank	Uncertainties galore; <i>Result Update</i>	86	Reduce
14-May-18	South Indian Bank	Asset quality volatility persists; core steady; <i>Result Update</i>	26	Buy
14-May-18	Insurance	Insurance premiums: Slow start to FY19; <i>Sector Update</i>		

Distribution of Ratings / Market Cap

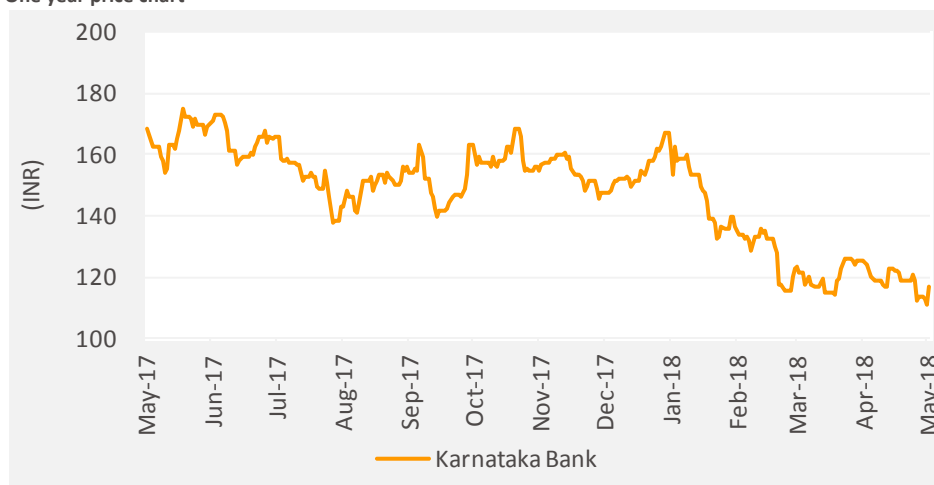
Edelweiss Research Coverage Universe

	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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