

Week Gone by

- ⇒ Fitch Solutions said that the Reserve Bank of India (RBI) is expected to cut interest rates by 40 basis points before the end of the current financial year as monetary easing till now appears to be insufficient in boosting economic growth.
- ⇒ Dr. Reddy's Laboratories has also announced that the audit of its formulations manufacturing plant at Duvvada, Visakhapatnam by the USFDA, has been completed, and a Form 483 with 8 observations has been issued.
- ⇒ Release of minutes from the latest meeting of the US Federal Reserve's Federal Open Market Committee (FOMC) showed that Fed policymakers were keen to reiterate intentions that the central bank's latest cut to interest rates was a midcycle adjustment sparking market fears that the Fed will not act aggressively enough.

Week ahead

- ⇒ India's infrastructure output data for July will be unveiled after market hours on Friday, 30 August 2019. India's infrastructure output grew 0.2% from a year earlier in June 2019.
- ⇒ In Japan, the industrial production year-on-year for July 2019 will be announced on Friday, 30 August 2019.
- ⇒ The second estimate US GDP growth rate for the second quarter will be released on 29 August 2019.
- ⇒ Overseas, investors are awaiting Fed Chair Jerome Powell's speech at Jackson Hole, Wyoming, on Friday, 30 August 2019 for signals on the path of interest rates.

Technical Overview

Index closed with a loss of 1.98% at 10829. Index opened this week with a gap and remained under pressure. Index witnessed short covering on the last day the week finding support around 10650 levels. Going ahead index has immediate support at 10780-10720 and if index hold above the mentioned support we can expect short covering to continue towards 10880-10950-11100.

1-Nifty 50 - 23/08/19



Source: Falcon, BP Equities Research



Weekly Wealth

DOMESTIC INDICES

Index	23-Aug-19	16-Aug-19	Weekly % Chg
Nifty	10,829	11,048	-2.0
Nifty Next 50	25,345	26,000	-2.5
Nifty 100	10,926	11,155	-2.0
Nifty 500	8,791	8,989	-2.2
Nifty Midcap 100	15,354	15,817	-2.9
Sensex	36,701	37,350	-1.7
BSE 100 Index	10,915	11,139	-2.0
BSE 200 Index	4,514	4,608	-2.0
BSE 500 Index	13,933	14,235	-2.1
BSE Mid-Cap	13,202	13,491	-2.1
BSE Small Cap	12,186	12,585	-3.2

WORLD INDICES

Index	23-Aug-19	16-Aug-19	Weekly % Chg
Nikkei Index	20,369	21,068	-3.3
Hang Sang Index	25,734	26,919	-4.4
Kospi Index	1,927	1,998	-3.6
Shanghai SE Composite	2,824	2,868	-1.5
Strait Times Index	3,115	3,261	-4.5
Dow Jones	25,579	26,583	-3.8
NASDAQ	7,767	8,111	-4.2
FTSE	7,101	7,461	-4.8

FOREX

Currency	23-Aug-19	16-Aug-19	Weekly % Chg
US\$ (Rs.)	71.7	71.2	0.7
GBP (Rs.)	87.7	86.6	1.2
Euro (Rs.)	79.3	78.9	0.6
Yen (Rs.) 100 Units	67.3	67.0	0.5

NIFTY TOP GAINERS (WEEKLY)

Scrip	23-Aug-19	16-Aug-19	Weekly % Chg
Maruti Suzuki India	6,254.4	5,975.1	4.7
Tata Consultancy	2,247.7	2,165.1	3.8
Tech Mahindra Ltd	683.9	659.0	3.8
Infosys	802.2	774.6	3.6
Sun Pharma	427.8	414.7	3.2

FII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
22-Aug-19	5,345.7	6,248.7	-903.0
21-Aug-19	3,833.7	4,604.5	-770.8
20-Aug-19	5,626.3	5,253.1	373.2
19-Aug-19	3,227.6	3,533.4	-305.7
14-Aug-19	6,859.7	5,245.1	1,614.6
MTD	93,320.8	108,507.1	-15,186.3

NIFTY TOP LOSERS (WEEKLY)

Scrip	23-Aug-19	16-Aug-19	Weekly % Chg
YES Bank Ltd.	59.3	79.5	-25.4
Indiabulls Housing F	467.9	550.8	-6.0
IndusInd Bank	1,310.5	1,439.1	-5.9
Tata Motors Ltd	111.1	121.4	-5.8
UltraTech Cement	3,861.8	4,208.0	-5.1

DII - ACTIVITY

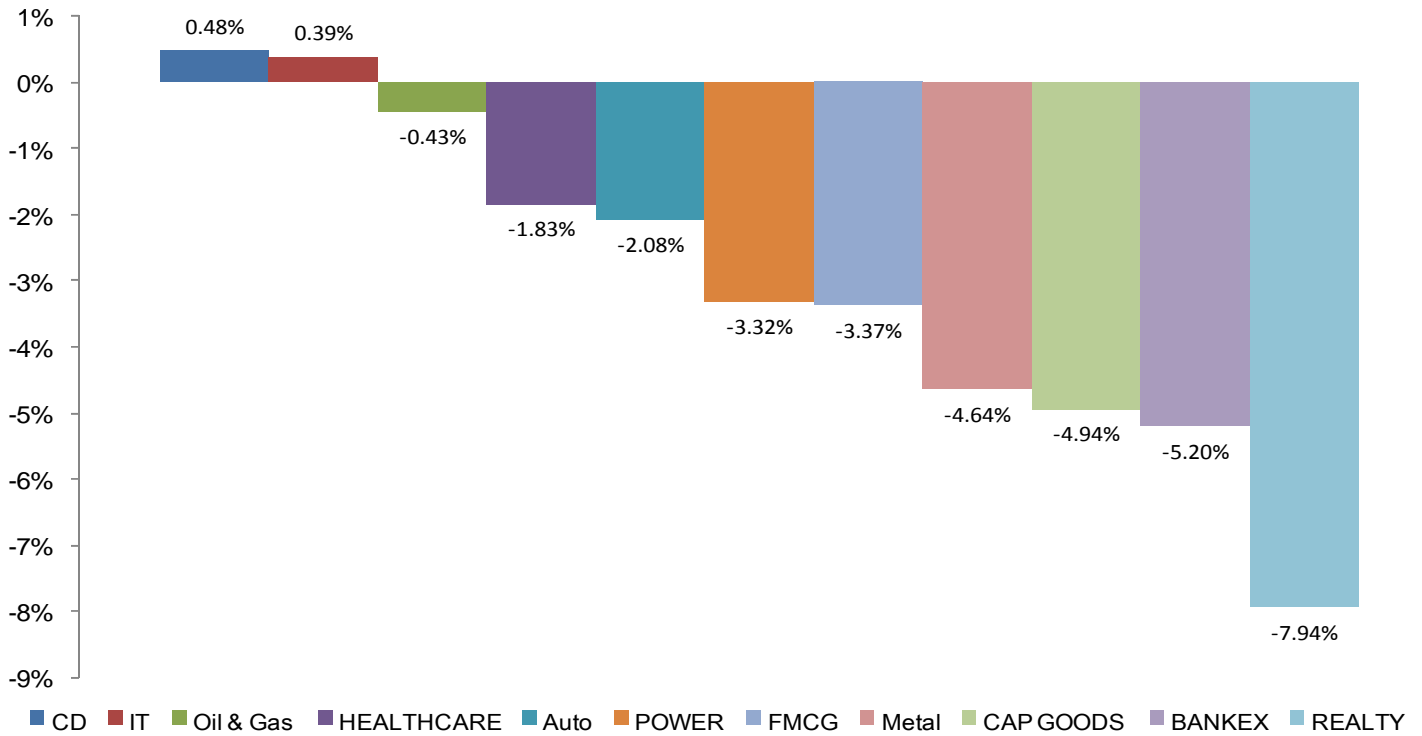
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MTD	87,595.1	64,687.0	22,908.1



Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	23-Aug-19	16-Aug-19	Weekly Change (%)	23-Aug-19	16-Aug-19	Weekly Change (%)
	Share Price (Rs.)			Open Interest		
PVR	1,493.3	1,386.3	7.7	34,77,000	12,57,000	176.6
NIITTECH	1,374.8	1,277.4	7.6	3,91,40,000	2,62,40,000	49.2
MFSL	444.9	418.0	6.4	5,18,42,500	3,74,76,000	38.3
CONCOR	488.8	461.7	5.9	18,54,36,000	13,54,20,000	36.9
MGL	838.0	792.5	5.7	3,55,56,000	26,010,000	36.7

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	23-Aug-19	16-Aug-19	Weekly Change (%)	23-Aug-19	16-Aug-19	Weekly Change (%)
	Share Price (Rs.)			Open Interest		
RELCAPITAL	34.7	46.6	-25.5	4,91,40,000	5,67,09,000	-13.3
YESBANK	59.3	79.55	-25.5	12,87,000	14,80,700	-13.1
NMDC	80.2	102.9	-22.1	1,73,400	1,95,600	-11.3
RELINFRA	37.45	45.25	-17.2	62,24,000	69,28,000	-10.2
DLF	152.35	177.95	-14.4	9,26,000	10,27,000	-9.8

BULK DEALS

Date	Scrip Name	Client Name	Exchange	Deal Type	Qty	Trade Price
18.08.2019	Rel Capital	QE SECURITIES	NSE	Buy	18,89,338	49.9
19.08.2019	Shreeji Translo	OVERSKUD MULTI ASSET MANAGEMENT PRIVATE LTD	BSE	Sell	30,000	140
20.08.2019	Mahanagar Gas	BG ASIA PACIFIC HOLDINGS PTE LTD	NSE	Sell	98,77,780	780
21.08.2019	NRB Bearings	ACACIA CONSERVATION fund LP	NSE	Buy	676,000	90
22.08.2019	Alkem Laboratories	SBI MUTUAL FUND	NSE	Buy	24,00,000	1708.4
22.08.2019	LICHSGFIN	FIDELITY INVESTMENT TRUST	BSE	Sell	82,21,000	428.3

(Source: NSE,BSE, BP Equities Research)

ITR Filing: How to verify the validity of Form 16

Once you have received a TDS certificate it is important to ensure its validity. Apart from validating the digital signatures on the TDS certificates received by you, there is another way to verify the document. In a financial year, an individual can receive four types of TDS certificates:

Form 16 - from his/her employer for tax deducted on the salary income

Form 16A - from a bank for tax deducted on interest income on fixed deposits.

Form 16B - Issued by the buyer of a property to the seller for tax deducted at source (TDS) on the payment made for the property to the seller.

Form 16C - Issued by a tenant to the landlord for tax deducted at source on monthly rental exceeding Rs 50,000.

Once you have received a TDS certificate, check that it has the TRACES logo. TRACES stands for TDS Reconciliation Analysis and Correction Enabling System of the income tax department. Apart from downloading Form 26AS, the TRACES website also helps verify the validity of the TDS certificate received by you. The digital signature on your TDS certificate should also be verified. If you have doubts about the TDS certificate received by you, then you can check the validity of the same on the TRACES website.

To check the fake TDS certificates issued by deductor, the department has provided a functionality to validate the TDS certificates. The taxpayer can validate the TDS certificate issued by his deductor while downloading Form 26AS through the TRACES website by providing the following information:-

- a) TAN of deductor
- b) Assessment Year
- c) TDS amount deducted as per certificate
- d) TDS certificate number
- e) Source of income (salary or non-salary)

(Source: Economic times)

Financial Services

Company Overview

The Edelweiss Financial Services Ltd is one of India's leading diversified financial services company providing a broad range of financial products and services to a substantial and diversified client base that includes corporations, institutions and individuals. Edelweiss's products and services span multiple asset classes and consumer segments across domestic and global geographies. Its businesses are broadly divided into Credit Business, Advisory Business and Insurance. The company has sizeable presence in large retail segment through its businesses such as Life Insurance, Housing Finance, Mutual Fund and Retail Financial Markets. Together with strong network of Sub-Brokers and Authorized Persons, Edelweiss group has presence across all major cities in India.

Investment Rationale

Strong collateral values and preserving liquidity helping to ease out challenging environment-

The current economic slowdown is not confined to just one sector, but has impacted virtually all areas of the economy. While H1FY20 is expected to be muted, we are hoping that H2FY20 will be better with easing liquidity environment on account of steps taken by RBI and government leading to an expected economic recovery. Although the environment has been challenging, our advisory business has done reasonably well and customer assets has seen an upside of 14 per cent YoY. On the credit side, asset quality has been a concern, focus is to ensure weak assets with good collateral value are resolved in the least time and cost.

Strategic plan to separate businesses is on track

Company has outlined strategic growth plan to separate three businesses namely Credit, Advisory and Insurance into independent entities. The idea is to capital fence capital base and set own independent board. In line with this strategy, existing long term investor, Kora investment is investing a total of INR 875 crores (\$125 mn) of which approx. INR 525 crores will be in Advisory business. The deal values this business around INR 8000 crores. The total investment they are finalizing from marquee investors is close to INR 1400 crores. Even in recent time, Canadian pension fund manager CDPQ has signed an agreement to invest over Rs 1,800 crore (approximately US\$250 million) in ECL Finance, the non-banking financial company (NBFC) arm of Edelweiss Group. The planned investment by CDPQ would contribute towards establishing a large and diversified credit platform in India.

Valuation and Outlook

Edelweiss is a diversified financial services firm with presence in India's most scalable and profitable sectors. The diversified model has helped to sail in this tough environment as capital light businesses able to anchor profits in quarter Q1FY20. We believe growing focus on retail lending and strong performance of its wealth and asset management businesses to drive future growth. The collateral coverage of 2x, strong capital base, a low debt equity ratio, and capital adequacy of close to 20 per cent provides better comfort to recommend **BUY** for target of INR 120 valuing on SOTP basis.

Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

Sector Outlook

Positive

Stock

CMP (INR)	99
Target Price (INR)	120
BSE code	532922
NSE Symbol	EDELWEISS
Bloomberg	EDEL IN
Reuters	EDEL .BO

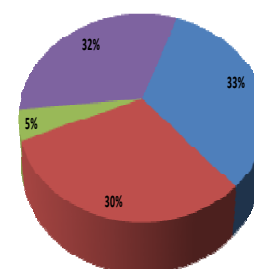
Key Data

Nifty	11,048
52WeekH/L(INR)	292/93
O/s Shares (Mn)	933
Market Cap (INR bn)	92
Face Value (INR)	1

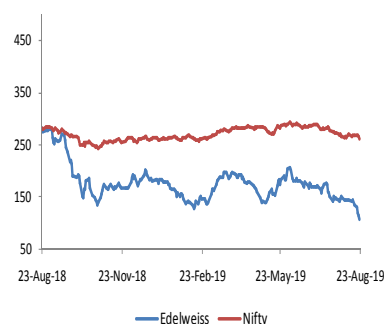
Average volume

3 months	2,01,470
6 months	2,37,059
1 year	2,76,874

Share Holding Pattern (%)



Relative Price Chart





Weekly Wealth

Key Financials

YE March (Rs. millions)	FY17	FY18	FY19	FY20E	FY21E
Revenue	38,091	50,443	61,593	62,745	68,670
<i>Revenue Growth (Y-o-Y)</i>	NA	32.4%	22.1%	1.9%	9.4%
EBIDTA	10,542	19,753	22,223	17,560	18,660
<i>EBIDTA Growth (Y-o-Y)</i>	NA	87.4%	12.5%	(21.0%)	6.3%
Net Profit	6,093	8,371	10,444	7,080	8,380
<i>Net Profit Growth (Y-o-Y)</i>	NA	37.4%	24.8%	(32.2%)	18.4%
Diluted EPS	6.5	9.0	11.2	7.6	9.0
<i>Diluted EPS Growth (Y-o-Y)</i>	NA	37.4%	24.8%	(32.2%)	18.4%

Key Ratios

NPM (%)	8.5%	8.0%	9.6%	9.2%	9.3%
RoE (%)	1.4%	1.3%	1.6%	1.0%	1.1%
RoCE (%)	11.5%	12.8%	12.6%	7.9%	8.7%

Valuation Ratios

P/E (x)	15.2x	11.1x	8.9x	13.1x	11.1x
P/BV (x)	1.76	1.19	1.07	1.00	0.94

Source: Company, BP Equities Research



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Analyst (s) holding in the Stock : Nil**Analyst (s) Certification:**

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