Initiating Coverage

Satin Creditcare Network Ltd.

December 5, 2022

RETAILRESEARCH

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
BFSI – MFI	Rs 146	Buy in Rs 144-148 band & add more on dips in Rs 125-128 band	Rs 167	Rs 188	2-3 quarters

HDFC Scrip Code	SATCREEQNR
BSE Code	539404
NSE Code	SATIN
Bloomberg	SATIN IN
CMP Dec 2, 2022	145.8
Equity Capital (Rs cr)	79.1
Face Value (Rs)	10
Equity Share O/S (cr)	7.9
Market Cap (Rs cr)	1153
Book Value (Rs)	222.0
Avg. 52 Wk Volumes	244,000
52 Week High (Rs)	162.5
52 Week Low (Rs)	70.0

Share holding Pattern % (Sep, 2022)	
Promoters	40.0
Institutions	15.8
Non Institutions	44.2
Total	100.0

* Refer at the end for explanation on Risk Ratings

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Our Take:

SCNL is one of the largest players in the MFI industry with a wide geographical reach. The company's entry into MSME and housing finance segment through subsidiaries could provide growth momentum with lower asset quality. It is also reducing its risk by diversifying geographically. The BC (Banking Correspondent) business for Indusind Bank is gaining scale providing a strong source of other income. Improving asset quality should lend a hand to increased profitability and thereby improvement in return ratios. In H1FY23, it has provided for all known and expected NPAs and absorbed the entire pain. Now onwards, it can focus on growth with stable asset quality.

Valuation & Recommendation:

SCNL is supported by the extensive experience of the promoters, the track record of maintaining adequate capitalisation well above the regulatory requirements through regular equity infusions from the promoters and other investors, the diversified resource profile, and the comfortable liquidity. The ratings also reflect the established track record of operations, as SCNL has been a lender under the joint liability group (JLG) model since 2008 and is one of the largest microfinance lenders in India. The worst period for SCNL seems to be behind as it has made adequate provisions in respect of past asset quality issues. While risks of further rise in NPAs remain, we think high risk investors can have a look at SCNL for decent appreciation.

Microfinance sector is seeing revival in growth and fall in delinquencies. SCNL currently trades at 0.7 FY24E P/ABV which is attractive in our view, given the potential in the coming years. We have valued the MFI at 0.8x FY24E ABV for a base case target of Rs 167 and 0.9x FY24E ABV for a bull case target of Rs 188 over 2-3 quarters. Investors can buy the stock at in the band of Rs 144-148 and add on dips in Rs 125-128 (0.6x FY24E ABV). We have valued the stock on standalone basis as the size and contribution from subsidiaries is still not meaningful.

Financial Summary

Particulars (Rs cr)	Q2FY23	Q2FY22	YoY (%)	Q1FY23	QoQ (%)	FY21	FY22	FY23E	FY24E
NII	143	141	*1.4*	129	*10.8*	499	569	586	702
PPoP	82	48	*71.9*	43	*89.8*	265	235	561	286
PAT	55	12	*368.0*	-291	*-118.8*	-14	40	131	135
EPS (Rs)	6.9	1.6	*325.2*	-39.0	*-117.8*	-2.0	5.4	13.2	13.6
P/E (x)						NA	27.0	11.1	10.7
P/ABV (x)						0.8	0.7	0.8	0.7
RoAA (%)						-0.2	0.5	1.7	1.5

(Source: Company, HDFC sec)

Q2FY23 Result Update

SCNL reported a tepid operating performance for Q2FY23 as loan growth remained muted. The company wrote-off Rs 209cr of restructured loans largely from the provisions made earlier bringing down GNPA levels from 4.3% to 4.0% sequentially. Net interest income grew by 1.4% YoY to Rs 143cr. NIMs expanded 254/182bps YoY/QoQ to 11.87% as collection efficiency improved and disbursements have started to pick up. AUM was higher by 3% YoY but remained flat sequentially due to write-offs. Disbursements stood at Rs 1709cr (+30% YoY). It has on-book provision of Rs 148cr as on Q2FY23 which is 3% of on-book AUM and Rs 76cr against restructured assets. SCNL does not expect any more stress in the restructured book. It wrote back provision of Rs 1cr in Q2FY23.

PPoP improved by 72% YoY to Rs 82cr and SCNL reported a profit of Rs 55cr against profit of Rs 12cr in Q2FY22. Cumulative collection efficiency for Q2FY23 stood at 100% (excluding restructured portfolio), while the restructured portfolio (~6.4% of AUM) reported 77.6% collection efficiency. SCNL has sufficient liquidity of ~Rs 700cr and has undrawn sanctions worth Rs 445cr as on Q2FY23.

The subsidiaries are doing well with SHFL/SFL/TFSL reporting PAT of Rs 0.5/1.2/0.1 crore against Rs 0.6/0.7/(4.5) crore in Q2FY22.

Key Triggers

Microfinance's contribution to India's GVA likely to grow

The microfinance sector contributed about 2% of India’s gross value added (GVA), while the overall contribution of the entire financial sector was ~5.5% in 2018-19, according to a study by the National Council of Applied Economic Research (NCAER). It said the contribution of the microfinance sector is significant to the economy with all its forward and backward linkages and its potential to create jobs.

The economic research body predicted that the overall microfinance sector is slated to contribute, including the backward and forward linkages 3.52% of GVA under the best case scenario. The sector’s contribution may grow to 2.7% under base case while it may shrink to 1.54% under pessimistic scenarios.

India Ratings in Feb'22 has revised upwards its outlook on the microfinance sector to 'neutral' from 'negative' this fiscal, on the back of a revival in growth that could clip at 30%. The agency expects the sector to grow 20-30% in both FY22 and FY23 in comparison to the below 10% AUM (assets under management) growth in the previous two years. The agency expects the credit cost to decline to a median of 1.5-5% in FY23 from 4-7% in FY22 as collections are better since December and it will be lower than FY22. The decline would largely be a function of growth, provision coverage and recovery from restructured loans.

The industry has recovered well from Demonetisation and Covid 19 related disruptions.

Easing of microfinance regulations by RBI

The Reserve Bank of India (RBI) in March 2022 has removed the interest rate ceiling on loans offered by microfinance institutions (MFIs) while making a few other sweeping changes to put all microfinance lenders including banks, small finance banks, NBFC and not-for-profit companies on a uniform regulatory platform. The RBI also raised the annual household income to Rs 3 lakh for a collateral-free loan to be classified as microfinance loan. So far, such loans given to households with an annual income of Rs 1.25 lakh in rural India and Rs 2 lakh in urban and semi-urban areas were classified as microfinance loans. With this change, unsecured loans by several other non-banking finance companies will also be considered as micro loans. All such loans, irrespective of the end-use, will come under this classification. The revised rules for microfinance loans focus on harmonising norms for lenders and deregulating norms for NBFC-MFIs.

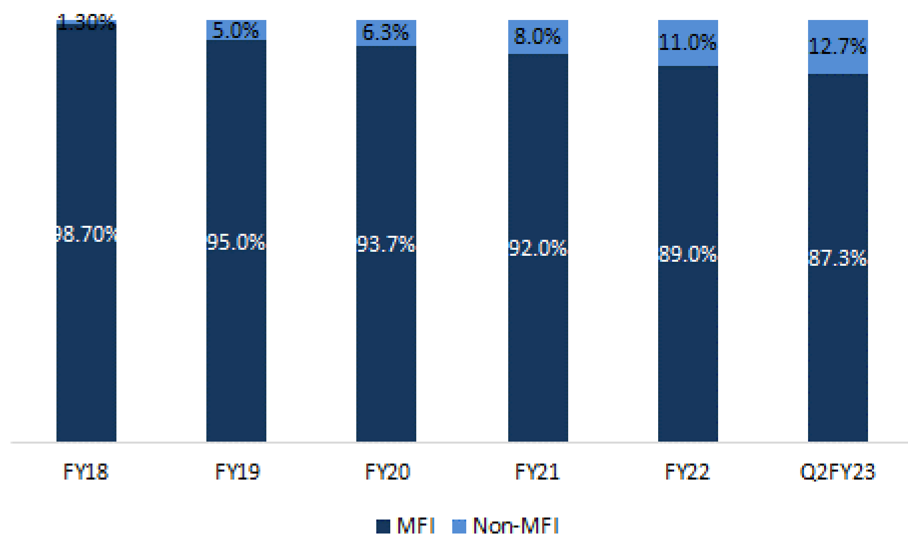
The margin cap on lending rates was introduced a decade back to stop NBFC-MFIs from charging usurious rates. The RBI has now offered freedom in fixing board-approved lending rates, but warned that those should not be usurious and that the rates would come under its supervisory scrutiny. MFIs may be able to undertake risk-based pricing as well as cost-plus pricing, leading to improved viability of small and medium players and aid them in building both scale and operating buffers, and increase their credit worthiness.

Increasing share of secured products

Over the years, SCNL has diversified its product offerings and increased the secured lending portfolio. In 2017, it ventured into affordable housing finance through its subsidiary Satin Housing Finance Ltd. (SHFL) for customers from middle and low-income groups in peripherals of tier-II and below cities. In 2018 it incorporated Satin Finserv Ltd. (SFL) for providing secured retail loans to MSMEs, and others. Despite the disruptions due to the Covid pandemic, MSME book has grown from Rs 378cr in FY20 to Rs 603cr in Q2FY23 and housing finance book grew from Rs 139cr to Rs 362cr during the same period.

The strategy to diversify portfolio has yielded results for the company and the subsidiaries have taken great shape over the years. The share of the non-MFI portfolio has increased to 12.7% of AUM at the end of Q2FY23. SCNL is aiming for ~25% of contribution from secured lending portfolio on a medium to longer term horizon.

Growing share of non-MFI portfolio



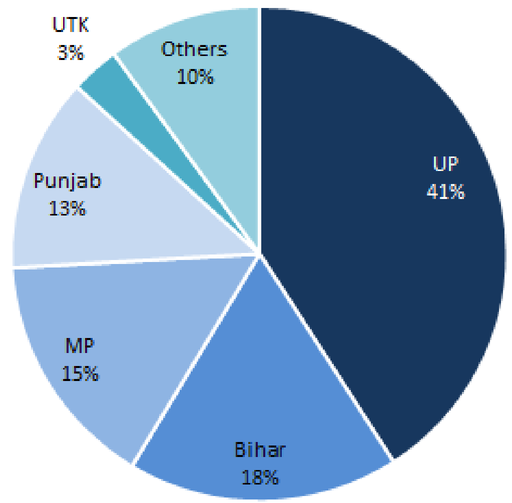
(Source: Company, HDFC sec)

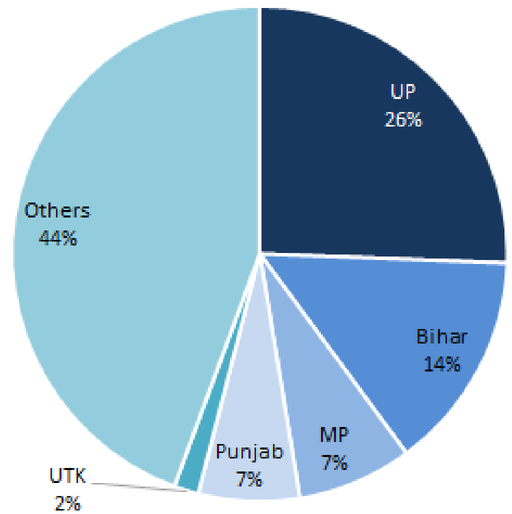
Diversifying geographic concentration

Lending in the micro finance industry is not averse to political interference as borrowers mostly belong to lower income group. Concentration of loan portfolio in a particular state increases the political risk for Microfinance lenders as was seen in 2012 in Andhra Pradesh. As SCNL expands its geographical concentration is gradually reducing. UP which accounted for more than 50% of its portfolio in FY16 now commands a share of ~ 25% in Q2FY23. The combined share of the top 3 states has decreased to ~47% in Q2FY23 from over 74% in FY16.

The average exposure per district has declined from 0.50% in FY16 to 0.25% in Q2FY23. The combined exposure of top 10 districts to AUM has declined from 27% in FY16 to 14%. SCNL plans to increase its presence in the southern states which should result in further diversification and reduce dependence on any particular state.

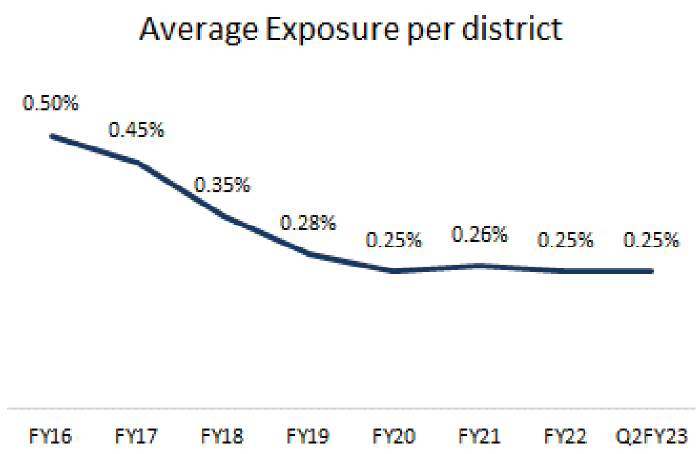
Share of top 3 state in GLP has declined from over 74% to ~47% over FY16-Q2FY23

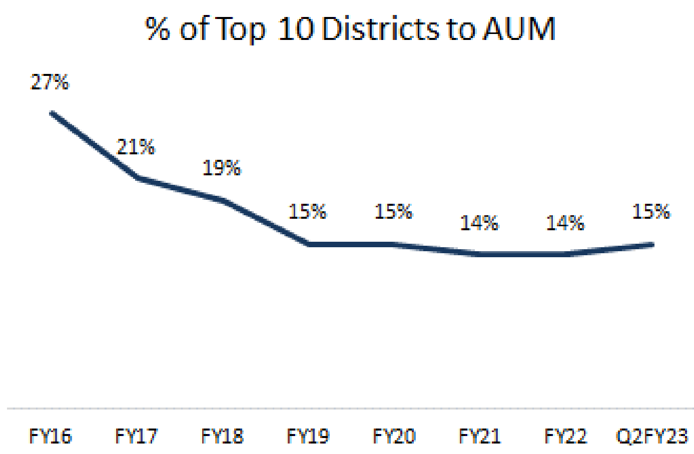


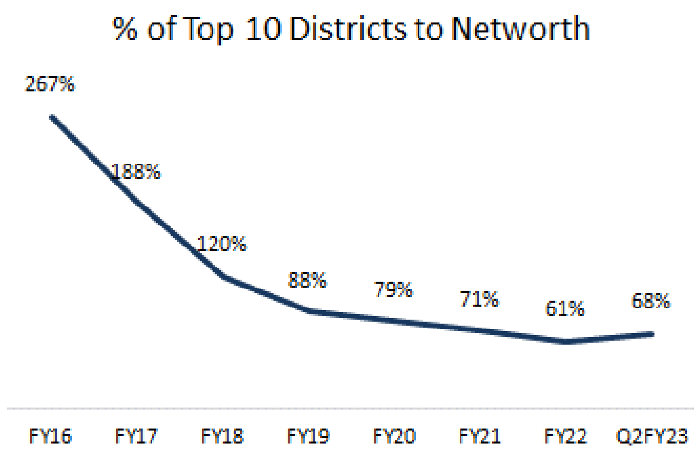


(Source: Company, HDFC sec)

Reduced Risk Through Limiting Exposure Per District







(Source: Company, HDFC sec)

Particulars	FY16	FY17	FY18	FY19	FY20	FY21	FY22	Q2FY23
No. of Districts - JLG	180	236	306	359	397	388	404	397
% of Districts with <1% exposure	85.0%	88.1%	92.5%	96.4%	96.5%	95.8%	97.3%	96.5%
% of Districts with >2%	5.6%	2.1%	1.0%	0.6%	0.5%	0.5%	0.3%	0.2%

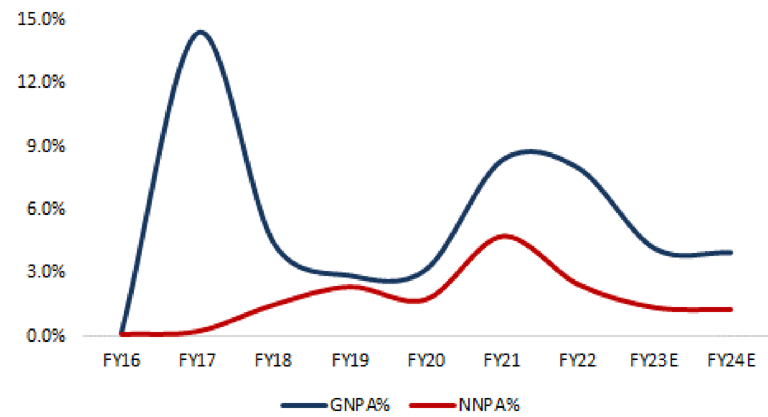
Business Correspondent (BC) business gaining scale

In 2006, RBI initiated the BC model to promote financial inclusion. Banks were allowed to use third-party agents as BCs to provide banking and financial services, such as credit and savings, on their behalf. Banks can benefit from the outreach and efficient distribution structures of MFIs. SCNL acquired Taraashna Financial Services Ltd. (TFSL) in 2016, which acts as a business correspondent (BC) for banks & NBFCs and provides similar services to other financial institutions in rural and semi-urban areas. TFSL has collaborated with seven Principal Partners, including five Scheduled Commercial Banks (Yes Bank, DCB Bank, RBL Bank, IndusInd Bank and State Bank of India) and two NBFCs (Reliance Commercial Finance and Northern Arc Capital (erstwhile IFMR Capital)) to provide such services and seeks to expand its association with other banks and financial institutions. Disbursement under BC arrangements increased by 32% in FY22 to Rs 579cr. TFSL is under process of amalgamation with SFL.

Balance Sheet cleaned up; credit costs to moderate

During the pandemic, SCNL had restructured 21.4% of the loans amounting to Rs 1,151cr and provided moratorium wherever was necessary. The company monitored the performance of this portfolio and realized that certain set of clients are still economically unstable and hence are unable to repay their loans. Therefore, the company decided to write off loans amounting to Rs 483cr in H1FY23. Post the write-off restructured book has reduced to 6.4% of on book AUM as on Q2FY23 amounting to Rs 318cr with an ECL provision of Rs 76cr and collection efficiency of 77.6%. GNPA of SCNL has reduced to 4.0% (Rs 198cr) in Q2FY23 as compared to 8% (Rs 412cr) at the end of FY22. It carries a provision of Rs 148cr which is 3% of on book AUM. Consequently, it is insulated from any additional stress from the past lending.

Asset quality unlikely to deteriorate further

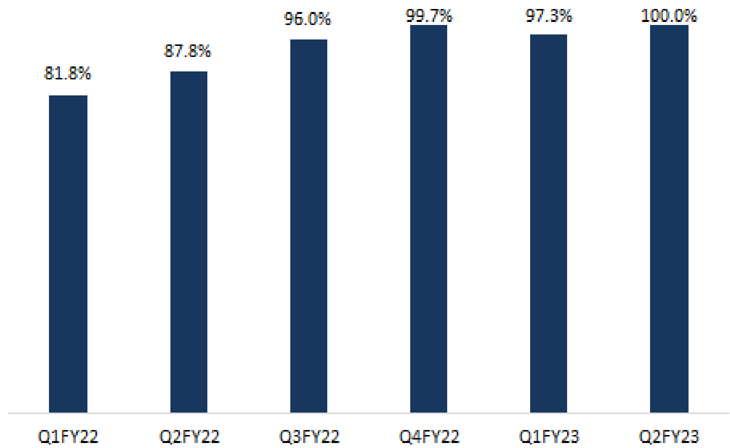


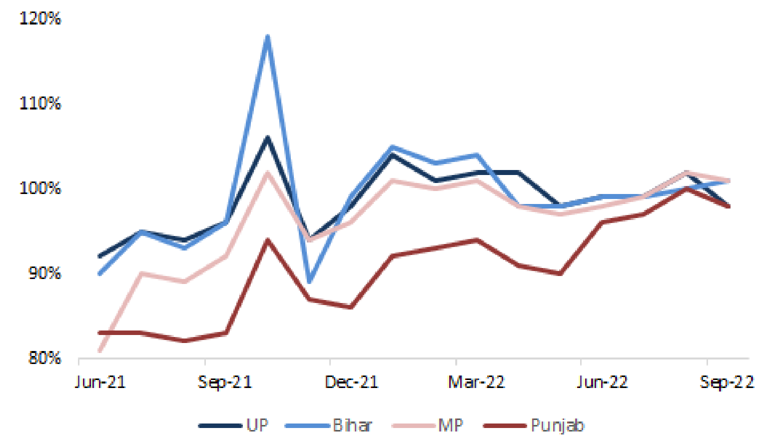
(Source: Company, HDFC sec)

Collection efficiencies showing improvement

Over the past year, collection efficiencies have improved significantly for SCNL with many of the arrears also getting repaid. Post the write-off, the company is left with a very clean portfolio and should be able to maintain a high collection efficiency. The top 4 states accounting for ~53% of portfolio have also witnessed sharp improvement.

Improving trend in collection efficiencies





(Source: Company, HDFCsec)

Equity raise provides room to grow

SCNL raised Rs 25cr by allotting 30,76,916 shares (i.e. 7,69,229 shares each) to a group of investors namely Aarti Agrifeeds LLP, Adesh Agricare LLP, Adesh Agrifarm LLP and Trimudra Trade & Holdings Private Ltd at Rs 81.25 per share. It has also allotted 2,46,15,384 warrants (i.e. 1,23,07,692 warrants each) to Trishashna Holdings & Investments Pvt Ltd (promoter & promoter group) and Florintree Ventures LLP (non-promoter) (headed by Mathew Cyriac – ex head of Blackstone India), convertible at Rs 81.25 per share. This has strengthened the capital adequacy and provided room for further disbursements after writing off a significant part of loan book. CAR stood at 24.1% at the end of Q2FY23.

Risks & Concerns

High competition from existing and new players

Looking at the strong growth expectation in the microfinance industry a slew of players have entered this segment. Entry of new players and expansion by the existing peers would increase competition leading to margin erosion.

Absence of dividend could deter some investors

SCNL has not paid dividend which could deter some investors looking for regular income

Recent trend of loan waivers could result in asset quality deterioration

Microfinance sector is riddled with political interference. Many State Governments have announced loan waiver in the past which disturbs the repayment cycle for the company.

High proportion of term loans.

SCNL has a high proportion of term loans in its borrowing, cost of which generally tends to be on the higher side. Once the credit rating improves, it will have access to low cost CPs and other instruments.

Delayed recovery in Assam

SCNL has an outstanding exposure of Rs 207cr in Assam off which Rs 105cr has turned NPA. As SCNL has entered into a MoU with the stae, it is likely to recover most of these loans. Assam cabinet approved relief to around 11 lacs microfinance borrowers, however recovery for the company could get delayed.

Company Background:

Satin Creditcare Network is one of India’s largest Microfinance Institution (MFI) in terms of Gross Loan Portfolio operating out of Gurugram with a strong presence in North India. Starting its operations in 1990 as a provider of individual and small business loan and savings services to urban shopkeepers, it registered as an NBFC with the RBI in 1998 and was converted into an NBFC-MFI in 2013. SCNL offers a comprehensive bouquet of financial products focused on financial inclusion - MFI Segment and Non-MFI Segment (through its subsidiary TSL). Although present in 23 states its operations are majorly concentrated in UP, Bihar, MP and Punjab through a network of 1031 branches.

SCNL’s business is primarily based on the joint liability group model of lending (JLG Model) for providing collateral free, microcredit facilities to economically active women in both rural and semi-urban areas, who otherwise have limited access to mainstream financial service providers. SCNL’s clients are organized in customized groups and are provided with Compulsory Group Training (CGT) by the field staff of SCNL. After the training, a Group Recognition Test (GRT) is conducted successful completion of which leads to credit extension. The company does not require any collateral for advancing loans to the clients as the model works on the concept of social collateral.
In 2008, the company started its group lending business with the JLG model, which constituted 94.5% of its portfolio as on March 31, 2022, with MSME loans constituting the balance AUM as on the same date.

MSME loans include unsecured loans of a ticket size of Rs 1-10 lakh for a period of 1-10 years and corporate loans to other MFIs of Rs 3-10cr. The operations of SCNL are spread across 23 states and UTs, ie, Uttar Pradesh, Madhya Pradesh, Bihar, Punjab, Delhi-NCR, Uttarakhand, Rajasthan, Haryana, Chandigarh, Jammu & Kashmir, Maharashtra, Chhattisgarh, Jharkhand, Himachal Pradesh, West Bengal, Gujarat, Odisha, Assam, Karnataka, Meghalaya, Tripura, Sikkim, and Pondicherry. As on March 31, 2022, SCNL was operating through 1,028 branches, with around 25.4 lakh active borrowers (JLG and MSME), with the total AUM being Rs 6,409cr (including BC book for IndusInd of Rs 60cr and assigned portfolio of Rs 1,204cr).

SCNL also has three subsidiaries, viz, Taraashna Financial Services Limited (TFSL), Satin Housing Finance Limited (SHFL), and Satin Finserv Ltd (SFL). TFSL acts as a business correspondent for four Banks/FIs. The company has spread its presence in six states with 158 branches and AUM of Rs 724cr as on March 31, 2022. SHFL is a housing finance company (HFC) registered with the National Housing Bank (NHB), which undertakes extension of home loans and loan against property. Currently, SHFL sources its business in the regions of Delhi-NCR, Uttar Pradesh, and Rajasthan. It commenced lending operations in February 2018 and has built AUM of Rs 318cr as on March 31, 2022. SFL is the newest subsidiary of the group, which commenced operations in March 2019 to foray into the MSME segment. The AUM of SFL as on March 31, 2022, was Rs 167cr.

Subsidiaries

Taraashna Services Limited (TSL)

SCNL acquired 7.8 cr equity shares of TSL in Sep-2016 equivalent to 87.83% stake of TSL. Pursuant to the acquisition of TSL by Satin, the Board of Directors of SCNL had allotted 10.87 lakh equity Shares of Rs 10 each at an issue price of Rs 457.82 per share (including premium of Rs 447.82 per share) on a preferential basis to persons and entities belonging to promoter and non-promoter group pursuant to swap of shares of the Company to the shareholders of TSL. In FY19 Satin acquired the remaining shares from its existing shareholder MV Mauritius Limited making TSL its wholly owned subsidiary.

TSL acts as a business correspondent for banks and provides similar services to other financial institutions in rural and semi-urban areas. At the end of FY22, TSL had 158 branches across 6 states with an AUM of Rs 674cr. TSL achieved a gross turnover of Rs 70cr and loss of Rs 22cr in FY22 against Rs 59cr and loss of Rs 5cr respectively in FY21.

Satin Housing Finance Limited (SHFL)

SHFL was incorporated in Apr-2017 and successfully commenced its operations from Feb-2018. SHFL offers a suite of innovative and flexible Home Loan products to enable purchase, construction, extension and repair of affordable dwelling units. The company also provides Loan against Property with a clear focus on thin file clients and underserved sections of the society which are on the lowest and at midlevel of income pyramid. SHFL has its registered office in Azadpur (Delhi), and 22 branches. As of Q2FY23 the company had an AUM of Rs 362cr with negligible NPA. It reported an income of Rs 38cr in FY22 and a PAT of Rs 3cr against Rs 30cr and Rs 1.4cr respectively in FY21. SCNL infused Rs 5cr in the company in FY22.

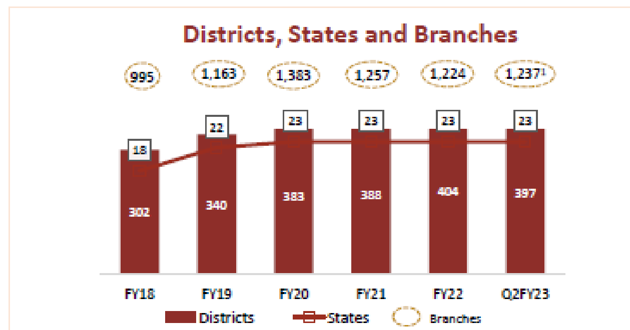
Satin Finserv Limited (SFL)

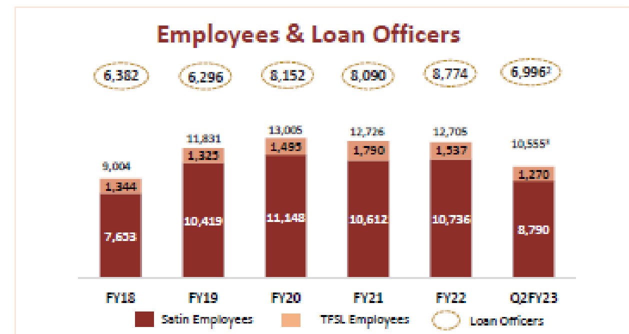
SFL was incorporated in Aug-2018 with the objective of providing Business loans to SME & MSME borrowers and to corporate borrowers. As of Q2FY23 the company had an AUM of Rs 184cr. GNPA stood at 4.9% (ECL provision 3.3%) with 6% of the portfolio restructured. It reported an income of Rs 28cr in FY22 and a PAT of Rs 1.8cr against Rs 25cr and Rs 4.8cr respectively in FY21. SCNL has passed resolution to merge TFS with SFL

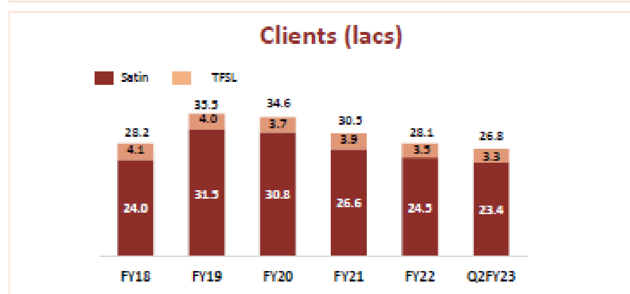
Product Portfolio

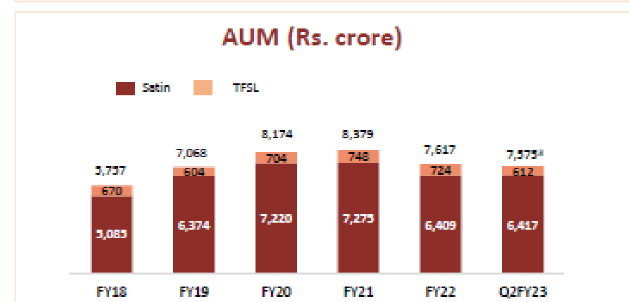
	MFI Segment	Business Correspondent Services	Housing Finance	SME
Product features as on Sep'22	**SCNL**	**TSL**	**SHFL**	**SFL**
Start Date	May'08 (JLG)	May'12	Feb'18	Mar'19
Ticket Size Range	Upto Rs 75,000	Upto Rs 50,000 (JLG)	Rs 1-40 lakh	Rs 1 lakh to Rs 10 cr
Tenure	6 - 24 months	12 - 24 months	24 – 240 months	12 – 120 months
Frequency of Collection	Bi-weekly	Bi-weekly	Monthly	Monthly/Quarterly
No. of States/UTs	23	6	4	10
No. of Branches	1036	157	24	17
AUM (Rs cr)	5998	612	362	184
No. of Loan Accounts	24,83,945	3,29,906	4,291	6,585
Avg. Ticket Size for Q2FY23	Rs 43,000 (JLG)	Rs. 38,700	Rs. 8,33,769	Rs. 1,72,000 (Retail)

Key Operations Metrics



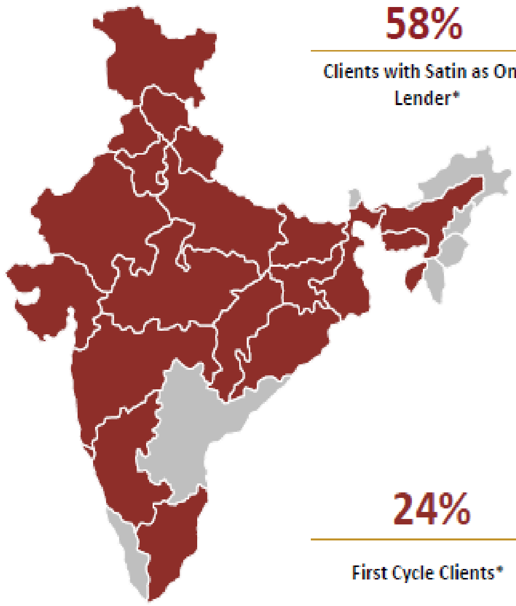






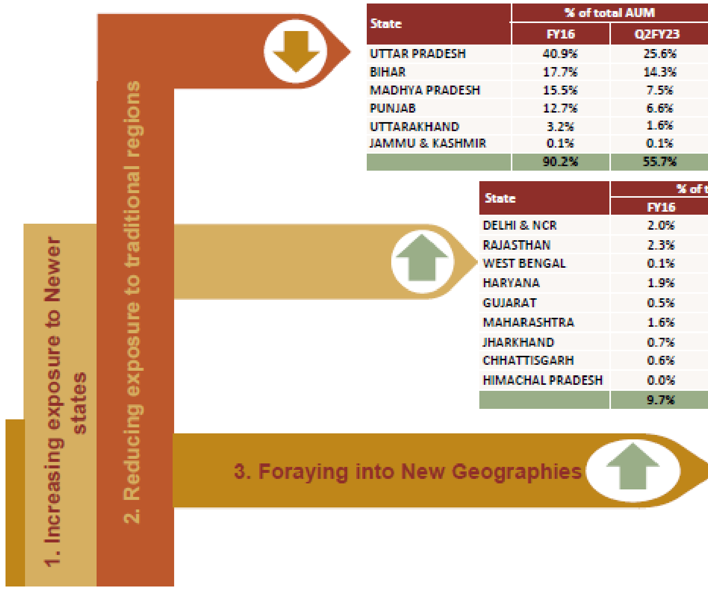
(Source: Company, HDFCsec)

Diversified Geographical presence



58% Clients with Satin as Only Lender*	**26.8 Lacs** No. of Active Clients	**28.3 Lacs** No. of Loan Accounts
	397 No. of Districts	**89,500** No. of Villages
	76 No. of Regional Offices	**3.1 Lacs** No. of Centres
24% First Cycle Clients*	**6,996** No. of Loan Officers	**10,555** No. of Employees

......Leading to increasing footprints



State	% of total AUM		AUM Q2FY23 (Rs. crore)
	FY16	Q2FY23	
UTTAR PRADESH	40.9%	25.6%	1,939
BIHAR	17.7%	14.3%	1,081
MADHYA PRADESH	15.5%	7.5%	567
PUNJAB	12.7%	6.6%	501
UTTARAKHAND	3.2%	1.6%	125
JAMMU & KASHMIR	0.1%	0.1%	6
	90.2%	55.7%	4,218

State	% of total AUM		AUM Q2FY23 (Rs. crore)
	FY16	Q2FY23	
DELHI & NCR	2.0%	6.7%	505
RAJASTHAN	2.3%	5.7%	435
WEST BENGAL	0.1%	5.0%	383
HARYANA	1.9%	3.7%	277
GUJARAT	0.5%	3.2%	239
MAHARASHTRA	1.6%	2.8%	211
JHARKHAND	0.7%	2.5%	188
CHHATTISGARH	0.6%	1.3%	100
HIMACHAL PRADESH	0.0%	0.0%	4
	9.7%	30.9%	2,341

State	% of total AUM		AUM Q2FY23 (Rs. crore)
	FY16	Q2FY23	
ASSAM	0.0%	4.1%	310
TAMIL NADU	0.0%	3.2%	242
ORRISA	0.0%	3.9%	297
KARNATAKA	0.0%	1.3%	102
TRIPURA	0.0%	0.7%	55
PONDICHERRY	0.0%	0.1%	4
SIKKIM	0.0%	0.0%	4
MEGHALAYA	0.0%	0.0%	3
	0.0%	13.4%	1,016

(Source: Company, HDFCsec)

Financials

Income Statement

(Rs cr)	FY20	FY21	FY22	FY23E	FY24E
Interest Income	966	1117	1170	1204	1398
Interest Expenses	574	618	602	618	696
Net Interest Income	**393**	**499**	**569**	**586**	**702**
Non interest income	435	156	92	465	110
Operating Income	**827**	**655**	**660**	**1051**	**812**
Operating Expenses	425	390	426	490	526
PPoP	402	265	235	561	286
Prov & Cont	189	275	175	380	101
Profit Before Tax	213	-10	59	181	185
Tax	57	4	19	51	50
PAT	**156**	**-14**	**40**	**131**	**135**

Balance Sheet

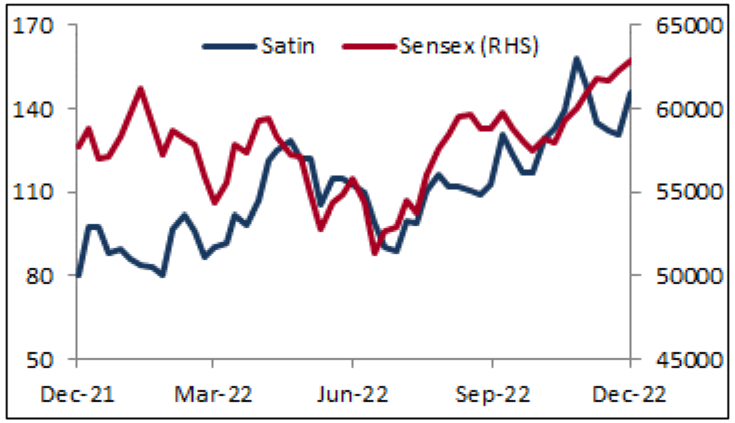
(Rs cr)	FY20	FY21	FY22	FY23E	FY24E
Share Capital	52	66	75	99	99
Reserves & Surplus	1401	1425	1532	1838	1973
Shareholder funds	**1453**	**1491**	**1606**	**1937**	**2072**
Borrowings	5409	6026	5463	6094	7169
Other Liab & Prov.	292	358	306	182	131
SOURCES OF FUNDS	**7154**	**7875**	**7375**	**8212**	**9372**
Fixed Assets	90	90	81	87	97
Investment	513	283	336	406	462
Cash & Bank Balance	1762	1863	1915	1741	1833
Advances	4709	5515	4897	5803	6790
Other Assets	80	123	146	174	190
TOTAL ASSETS	**7154**	**7875**	**7375**	**8212**	**9372**

Ratio Analysis

Particulars	FY20	FY21	FY22	FY23E	FY24E
Return Ratios (%)					
Calc. Yield on adv	21.1	21.8	22.5	22.5	22.2
Calc. Cost of borr	10.8	10.8	10.5	10.7	10.5
NIM	8.6	9.8	10.9	10.9	11.1
RoAE	12.0	-0.9	2.6	7.4	6.7
RoAA	2.3	-0.2	0.5	1.7	1.5
Asset Quality Ratios (%)					
GNPA	3.2%	8.4%	8.0%	4.9%	3.6%
NNPA	1.8%	4.8%	2.5%	1.6%	1.2%
Growth Ratios (%)					
Advances	5.6	17.1	-11.2	18.5	17.0
Borrowings	3.3	11.4	-9.3	11.5	17.6
NII	-17.1	27.2	13.9	3.0	19.8
PPP	12.4	-34.0	-11.6	139.1	-49.1
PAT	-19.8	PL	LP	224.8	3.3
Valuation Ratios (x)					
EPS	30.2	-2.0	5.4	13.2	13.6
P/E	4.8	NA	27.0	11.1	10.7
Adj. BVPS	264.5	184.3	199.1	186.2	200.9
P/ABV	0.5	0.6	0.7	0.7	0.7
Dividend per share (Rs)	0.0	0.0	0.0	0.0	0.0
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0
Other Ratios					
Cost-Income	51.4	59.5	64.4	46.6	64.8
Cost-Average Assets	6.1	5.2	5.6	6.3	6.0

(Source: Company, HDFC sec)

Price chart



ATUL JAGDISH KARWA

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HDFC Sec Retail Research Rating description

Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. This stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicality of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

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