

Week Gone

- ⇒ FM said that the government is proposing to sell a part of its holding in Life Insurance Corporation of India (LIC) by initial public offer.
- ⇒ She proposed to abolish Dividend Distribution Tax (DDT). Companies will not be required to pay DDT. Dividend is to be taxed only at the hands of recipients, at applicable rates.
- ⇒ GDP growth for 2020-21 is projected at 6%; in the range of 5.5-6% in H1:2020-21 and 6.2% in Q3 December 2020.
- ⇒ China announced that it will halve tariffs on hundreds of U.S. goods worth about \$75 billion. Tariffs on some US goods will be cut from 10% to 5%, and from 5% to 2.5% on others. The adjustments will take effect from February 14..

Week ahead

- ⇒ GAIL (India) and Grasim Industries will announce October-December 2019 quarterly results on Monday, 10 February 2020. Coal India will announce its Q3 result on Tuesday, 11 February 2020.
- ⇒ Hindalco Industries will declare its Q3 result on Wednesday, 12 February 2020.
- ⇒ WPI inflation for January 2020 will be declared on Friday, 14 February 2020.
- ⇒ Overseas, China will announce inflation rate for January on Monday, 10 February 2020.

Technical Overview

Index closed with a gain of 3.74% at 12098. Index opened this week minor gap down and witnessed sharp reversal closing the week near highs. The sharp rally from long term 200 days daily SMA has led index to close near 61.8% retracement levels of its prior decline. Going ahead if index manages to surpass the resistance of 12160, will open the way for 12200-12250 while on lower side support comes at 12050-12000-1194.



Source: Falcon, BP Equities Research



Weekly Wealth

DOMESTIC INDICES

Index	07-Feb-20	01-Feb-20	Weekly % Chg
Nifty	12,098	11,662	3.7
Nifty Next 50	29,046	27,341	6.2
Nifty 100	12,249	11,769	4.1
Nifty 500	10,001	9,606	4.1
Nifty Midcap 100	18,368	17,521	4.8
Sensex	41,142	39,736	3.5
BSE 100 Index	12,245	11,768	4.1
BSE 200 Index	5,114	4,911	4.1
BSE 500 Index	15,867	15,248	4.1
BSE Mid-Cap	15,905	15,120	5.2
BSE Small Cap	14,840	14,345	3.5

WORLD INDICES

Index	07-Feb-20	01-Feb-20	Weekly % Chg
Nikkei Index	23,828	23,205	2.7
Hang Sang Index	27,404	26,313	4.1
Kospi Index	2,212	2,119	4.4
Shanghai SE Composite	2,876	2,977	-3.4
Strait Times Index	3,181	3,154	0.9
Dow Jones	29,380	28,256	4.0
NASDAQ	9,572	9,151	4.6
FTSE	7,456	7,286	2.3

FOREX

Currency	07-Feb-20	01-Feb-20	Weekly % Chg
US\$ (Rs.)	71.4	71.5	-0.1
GBP (Rs.)	92.3	94.4	-2.2
Euro (Rs.)	78.2	79.3	-1.4
Yen (Rs.) 100 Units	65.0	66.0	-1.5

NIFTY TOP GAINERS (WEEKLY)

Scrip	07-Feb-20	01-Feb-20	Weekly % Chg
JSW Steel	279.3	250.7	11.4
Bharti Airtel	539.5	496.5	8.7
Bharat Petroleum	491.4	457.0	7.5
Tata Steel	471.0	438.7	7.4
Titan Company	1275.0	1187.8	7.4

NIFTY TOP LOSERS (WEEKLY)

Scrip	07-Feb-20	01-Feb-20	Weekly % Chg
ITC Ltd.	213.4	235.2	-9.3
Zee Entertainment	249.8	269.2	-7.2
L&T	1,299.0	1,369.3	-5.1
Eicher Motors	19,736.3	20,289.3	-2.7
Hero MotoCorp	2,443.5	2,501.9	-2.3

FII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
06-Feb-20	6,251.7	6,812.1	-560.4
05-Feb-20	7,151.4	6,902.5	248.9
04-Feb-20	7,504.5	7,138.3	366.2
03-Feb-20	5,834.4	7,034.7	-1,200.3
01-Feb-20	1,049.2	2,248.7	-1,199.5
<u>MTD</u>	91,140.5	99,778.0	(8,637.5)

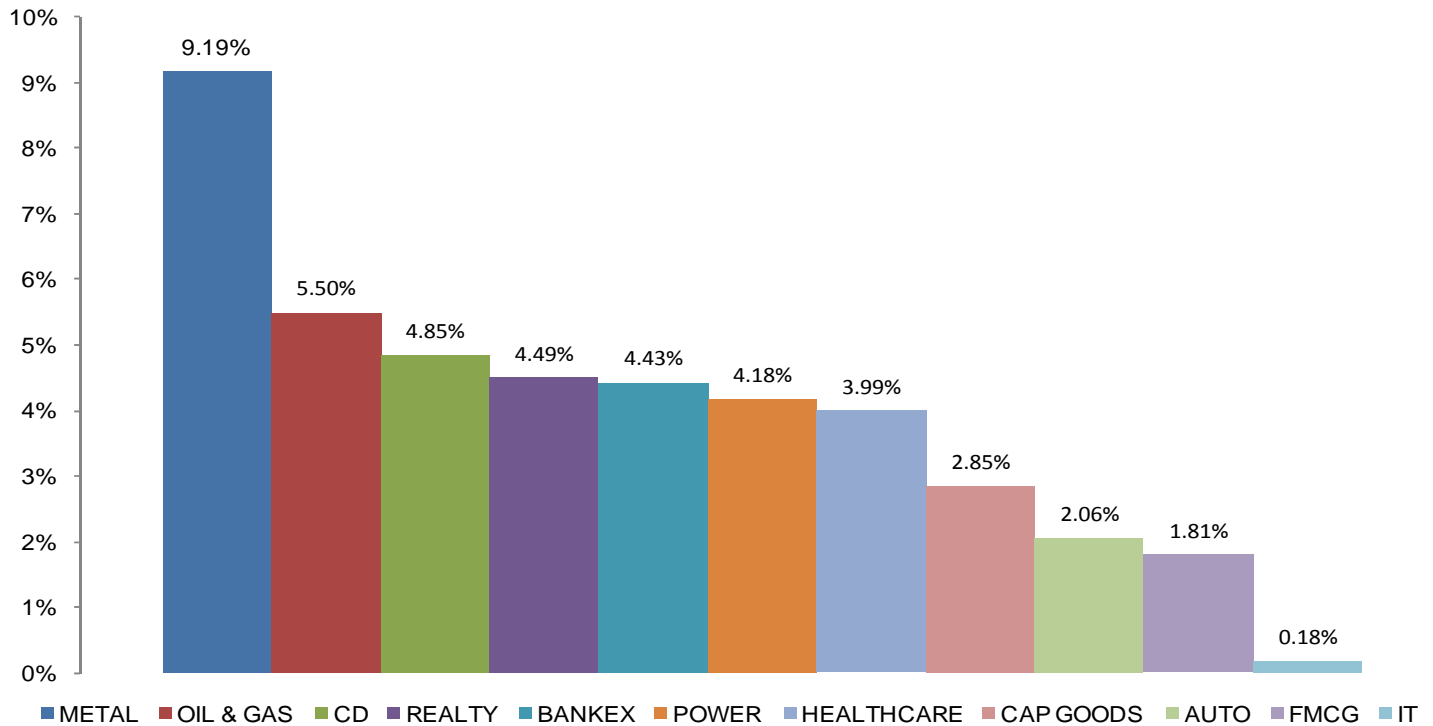
DII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
06-Feb-20	4,545.2	4,241.2	304.0
05-Feb-20	5,142.2	4,879.5	262.8
04-Feb-20	4,216.5	3,614.7	601.9
03-Feb-20	5,825.2	4,538.6	1,286.6
01-Feb-20	4,513.0	4,476.4	36.6
<u>MTD</u>	76,641.2	71,102.7	5,538.5

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	07-Feb-20 Share Price (Rs.)	01-Feb-20 Share Price (Rs.)	Weekly Change (%)	07-Feb-20 Open Interest	01-Feb-20 Open Interest	Weekly Change (%)
MANAPPURAM	188.5	167.6	-11.1	18180000	35076000	92.9
AMBUJACEM	205.6	210.5	2.4	17945000	31827500	77.4
HEROMOTOCO	2456.1	2383.05	-3.0	1997000	3442600	72.4
APOLLOTYRE	166.8	164.7	-1.3	9738000	14313000	47.0
CANBK	203.5	190.5	-6.4	15095600	21801000	44.4

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	07-Feb-20 Share Price (Rs.)	01-Feb-20 Share Price (Rs.)	Weekly Change (%)	07-Feb-20 Open Interest	01-Feb-20 Open Interest	Weekly Change (%)
MFSL	506.95	481.35	-5.0	8612500	5153200	-40.2
IOC	111.8	117.25	4.9	75104000	54520000	-27.4
JUBLFOOD	1880.45	1905.35	1.3	3000000	2483500	-17.2
TORNTPHARM	1929.55	2025.65	5.0	408500	341500	-16.4
RBLBANK	318.85	339.35	6.4	16636500	14268000	-14.2

BULK DEALS

Date	Scrip Name	Client Name	Exchange	Deal Type	Qty	Trade Price
04.02.2020	Motilal Oswal	PASSIONATE INVESTMENT MANAGEMENT PRIVATE LIMITED	NSE	BUY	854273	773
04.02.2020	Manappuram Fin	SOCIETE GENERALE	BSE	BUY	6000000	174
05.02.2020	Spandana Sphoorthy	ALBERTA TEACHERS RETIREMENT FUND BOARD	NSE	BUY	1316135	1012.7
05.02.2020	Westlife Dev	MAKINO HOLDINGS LIMITED	BSE	SELL	4682533	425
06.02.2020	Hawkins Cooker	EQUITY INTELLIGENCE INDIA	BSE	SELL	27477	4584.8

(Source: NSE,BSE, BP Equities Research)

New tax dispute settlement scheme to involve only faceless interaction: Revenue secy

Settlement of disputes under the 'Vivad Se Vishwas' scheme would be wholly electronic and will not involve any physical interaction with income tax officers. Tax payers wanting to avail of the scheme only need to fill a form in their e-filing account on income tax website to apply for the scheme, said revenue secretary Ajay Bhushan Pandey. He was speaking at a post Budget interaction between the finance minister Nirmala Sitharaman, senior government officials and industry representatives in Mumbai today.

The government has introduced a bill in Parliament detailing a direct tax dispute settlement scheme. The Direct Tax Vivad se Vishwas Bill, 2020 for dispute resolution related to direct taxes, proposes less payment or discounted payment for dispute settlement if the tax payer settles before the end of this financial year as compared to if he/she decides to settle and pay under the scheme after March 31, 2020 but before the last date of the scheme. This scheme is much more beneficial to tax payers than similar schemes launched earlier, the revenue secretary said.

Speaking earlier at the event, Sitharaman hinted that the income tax rates may come down slightly more in future years. She said that in the long run, the government wanted to move towards a 'no exemptions' tax regime with a 'bottomed out rate' so that tax net widens and the tax regime is simple. Responding to a comment that the proposed new dual tax regime would create confusion, Sitharaman said that two options were given because "we did not want to be pre-deterministic."

The revenue secretary further said the government expected nearly 80% tax payers to shift to the new regime. He said that the government had run a simulation test on income tax data of previous financial year and found that close to 70% people will actually benefit by switching to the new regime. "About 11% taxpayers would be unaffected so our estimate is that 80% would shift to the new regime," he added

(Source: Economic Times)

NBFC

Company Overview

MAS Financial Services Limited (MFSL), incorporated in 1988 is a leading Non Banking Financial Company (NBFC) in India. The company is primarily engaged in providing loans to the lower and middle income groups of the society. It offers various loans and services under its business portfolio such as Micro Enterprise Loan, Two Wheeler Loan Small and Medium Enterprises Loan, Commercial Vehicles Loan, Used Car Loan and Tractor Loan. Currently, company is present in major cities of Gujarat, Maharashtra, Rajasthan, Madhya Pradesh, Tamil Nadu and Karnataka with a network of over 70 branches.

Investment Rationale

Established player coupled with diversified product portfolio

MAS financial services has a diversified lending portfolio with an aim of providing higher loans to micro enterprises and other small ticket for small & medium enterprises also financing for two-wheelers, commercial vehicles, tractors. On the other side, company has established a significant franchise in Gujarat through which they increased their footfalls in the neighboring states of Rajasthan, Maharashtra, Madhya Pradesh, Karnataka, Tamil Nadu and Delhi over past few years. Going ahead, its ability to increase its market penetration in other states while maintaining a strong credit portfolio enables the company to augur well in long term.

Stable asset quality backed by effective appraisal process and due diligence

Company's NPA levels have remained comfortable even after migration to more stringent NPA recognition policy. On a consolidated basis, the gross and net non-performing assets (NPAs) of MFSL stood at 1.35% and 1.10% respectively as on March 31, 2019 as compared to 1.26% and 1.15% respectively as on March 31, 2018. Over the last two decades, its credit appraisal has significantly improved and internal control process has been regularly monitored. Multiple checks such as field visits and proper documentations are performed at the centralized unit by the credit team prior to the disbursement of loan specially for the retail segment while meetings with promoters are conducted for the corporate segment. Therefore, improvement in asset quality through such stringent norms and regular due diligence are expected to gain traction.

Valuation and outlook

MAS Financial Services Ltd (MFSL) is a diversified lender which offers structural growth opportunities in low price sensitive segments. Going ahead, we expect a reduction in credit cost in long run as company caters in lower risk segment. Taking all the above into consideration we estimate NII and PAT to grow at a CAGR of `16% and `18% respectively over FY19 – FY21E. We have valued the stock by assigning 5.5x P/BV multiple to FY21E. We recommend investors can BUY the stock for target price of INR.1315

Stock Rating

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

Sector Outlook

Positive

Stock

CMP (INR)	1,115
Target Price (INR)	1,315
NSE Symbol	MASFIN
Bloomberg	MASFIN IN
Reuters	MASF.BO

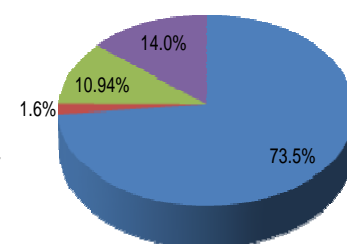
Key Data

Nifty	12,098
52WeekH/L(INR)	54.7
O/s Shares (Mn)	
Market Cap (INR bn)	61
Face Value (INR)	10

Average volume

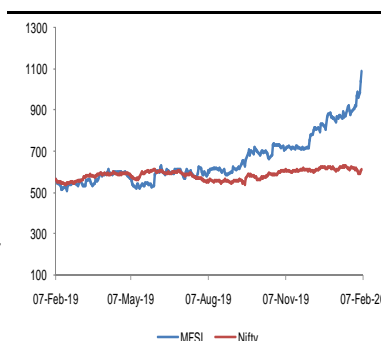
3 months	33,730
6 months	28,530
1 year	24,190

Share Holding Pattern (%)



■ Promoters ■ FII ■ DII ■ Others

Relative Price Chart



Weekly Wealth

Key Financials					
YE March (INR mn)	FY17	FY18	FY19	FY20E	FY21E
Net Interest Income	1,634	1,889	2,579	2,754	3,498
<i>Revenue Growth (Y-o-Y)</i>	<i>2.8%</i>	<i>15.6%</i>	<i>36.5%</i>	<i>6.8%</i>	<i>27.0%</i>
Pre-Provisioning Profits	1,298	2,079	2,885	3,029	3,756
<i>Growth (Y-o-Y)</i>	<i>23.6%</i>	<i>60.2%</i>	<i>38.8%</i>	<i>5.0%</i>	<i>24.0%</i>
Net Profit	674	1,034	1,521	1,780	2,118
<i>Net Profit Growth (Y-o-Y)</i>	<i>27.2%</i>	<i>53.4%</i>	<i>47.1%</i>	<i>17.0%</i>	<i>19.0%</i>
EPS	12.3	18.9	27.8	32.6	38.7
<i>Diluted EPS Growth (Y-o-Y)</i>	<i>27.2%</i>	<i>53.4%</i>	<i>47.1%</i>	<i>17.0%</i>	<i>19.0%</i>
Key Ratios					
NIM (%)	8.1%	7.0%	7.0%	6.9%	6.6%
ROA (%)	3.3%	3.8%	4.1%	4.4%	4.0%
RoE (%)	38.8%	22.2%	18.5%	18.6%	18.9%
Valuation Ratios					
P/E (x)	90.4x	58.9x	40.1x	34.2x	28.8x
P/BV (x)	35.1	8.0	6.8	5.9	5.0



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