Angel Top Picks – August 2019

Top Picks

Company	CMP (₹)	TP (₹)
Banking/NBFC		
Aditya Birla Capital	82	130
ICICI Bank	425	490
HDFC Bank	2,252	2,660
RBL Bank	403	650
Shriram Transport Finance	968	1,470
Consumption		
Amber Enterprises	782	910
Bata India	1,307	1,643
Blue Star	679	867
Safari Industries	568	1,000
Parag Milk Foods	229	330
TTK Prestige	5,363	7,708
Media/Automobiles		
Maruti Suzuki	5,472	8,552
M&M	550	1,050
Real Estate/Infra/Logistics/Power		
GMM Pfaudler	1,196	1,570
Jindal Steel	135	250
KEI Industries	438	612
Pharmaceutical		
Aurobindo Laboratories	572	890

Source: Angel Research;
Note: CMP as of 31 July, 2019

Indian stock market was down sharply during the month as the BSE 100 index was down by 5.9% for the month of July. Post the sharp fall in the month of July markets have now given up its entire gains for the calender year with the index up by just 0.5% since the beginning of the year.

Taxation on FPI leads to FII outflow for the month – The Government in the Union Budget proposed to increase surcharge on Individuals and trusts earning more than ₹ 2 cr. and ₹ 5 cr. One of the unintentional consequence of the hike in surcharge is that FPI's who are registered as trusts in India will now be required to pay higher taxes. As a result FII flows turned sharply negative in July as they pulled out ₹ 12,419 cr. during the month as compared to net inflows of ₹ 2,596 cr. in Jun'19. FII flows for calendar year 2019 now stands at ₹ 66,296 cr.

Escalating US-China trade war added to volatility – The trade war between US and China has escalated further with the US President proposing tariffs of 10% on additional Chinese goods worth USD 300bn. The recent escalation in trade war is expected to hurt global growth and is one of the biggest risk to both the global and Indian economy.

Improving monsoon deficit and RBI rate cuts to help markets - Monsoon deficit has now reduced to 9% at the end of July as compared to a deficit of over 30% in end June. The deficit is likely to reduce significantly over the next few weeks which bode well for the rural economy. The RBI is expected to announce a 25bps rate cut in the benchmark repo rate on the 7th of Aug'19. Given very low inflation of ~3% we expect that the RBI will maintain it's accommodative stance and indicate more rate cuts during the year which should reduce cost of borrowings for businesses and individuals over the next 6-9 months.

Macros suggests that worst is almost behind us - Rate cuts by the RBI, Improving monsoon situation along with expected relief for FPI's from additional surcharge should help in reversing the FII outflows going forward. We believe that the worst is almost over for the markets and a firm bottom should be in place in the immediate future.

Top pick's overview

We recommend our top picks as it has outperformed the benchmark BSE 100 significantly since inception. All of our top picks are backed by sound business model and are likely to do well in coming years. We continue to remain positive on consumer (both discretionary and non discretionary) space and private sector banks (both corporate and retail).

Exhibit 1: Top Picks Performance

	Return Since Inception (30th Oct, 2015)
Top Picks Return	39.4%
BSE 100	36.8%
Outperformance	2.6%

Source: Company, Angel Research

Top Picks

Stock Info

CMP	82
TP	130
Upside	58.5%
Sector	Financials
Market Cap (₹ cr)	18,052
Beta	1.2
52 Week High / Low	152/78

2 year-Chart

Source: Company, Angel Research

Aditya Birla Capital

- Aditya Birla Capital (ABCL) is one of the most diversified financial services entities, with a presence in non-bank financing, asset management, housing finance, insurance and advisory businesses.
- ABFL (NBFC) business contributes highest value in our SOTP valuation. It has recorded a strong CAGR of 32% over FY14-19. Despite aggressive growth in lending and migration to 90dpd for NPA recognition, GNPA has remained at ~1%. Banka Tie up with HDFC bank has gaining traction which is visible in improvement in VNB margin (FY18–4.5%, FY19-9.5%) and new business premium.
- We expect financialization of savings, increasing penetration in Insurance & Mutual funds would ensure steady growth. Further, Banca tie-up with HDFC Bank, DBS and LVB should restore insurance business.

Key Financials

Y/E March	Op. Inc (₹ cr)	PAT (₹ cr)	EPS (₹)	ABV (₹)	ROE (%)	P/E (x)	P/ABV (x)
FY2020E	2,368	1,281	6	49	12	14.1	1.7
FY2021E	3,032	1,699	8	57	14	10.6	1.4

Source: Company, Angel Research

Stock Info

CMP	782
TP	910
Upside	16.3%
Sector	Electronics
Market Cap (₹ cr)	2,458
Beta	0.9
52 Week High / Low	1,121/621

1 year-Chart

Source: Company, Angel Research

Amber Enterprises

- Amber Enterprises India Ltd. (Amber) is the market leader in the room air conditioners (RAC) outsourced manufacturing space in India. It is a one-stop solutions provider for the major brands in the RAC industry and currently serves eight out of the ten top RAC brands in India.
- In line with its strategy to capture more wallet share, it has made 2 acquisitions in the printed circuit board (PCB) manufacturing space over the last 1 year which will boost its manufacturing capabilities.
- We expect Amber to report consolidated revenue/PAT CAGR of 23%/41% respectively over FY2018-20E. Its growing manufacturing capabilities and scale put it in a sweet spot to capture the underpenetrated RAC market in India.

Key Financials

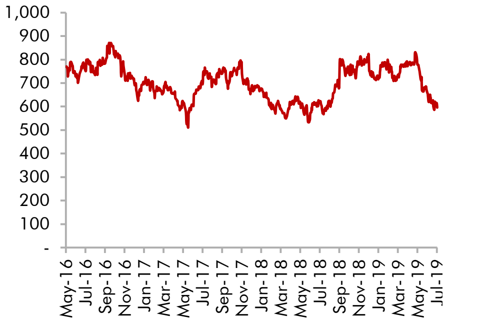
Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
FY2019	3,433	8.5	123	39	11.3	20.0	2.3	8.9	0.8
FY2020E	3,988	8.6	151	48	12.5	16.2	2.0	7.4	0.6

Source: Company, Angel Research

Stock Info

CMP	572
TP	890
Upside	55.6%
Sector	Pharmaceuticals
Market Cap (₹ cr)	33,500
Beta	0.8
52 Week High / Low	838/540

3 year-Chart



Source: Company, Angel Research

Aurobindo Pharma

- Aurobindo Pharmaceuticals is an India-based leading global generic company. It's predominately formulations Export Company, with USA & Europe contributing ~80% of sales (FY2018).
- Recently it acquired dermatology and oral solids businesses from Sandoz Inc., USA. With this acquisition, Aurobindo adds sales of US$0.9bn and would become the 2nd largest generic player in the US by number of prescriptions.
- Aurobindo has a robust pipeline (has filed 519 ANDA's; second highest amongst Indian companies) & is investing to enhance its foray into complex generic (mainly injectables, ophthalmic etc.) & biosimilar, which will drive its next leg of growth.
- We expect Aurobindo to report net revenue CAGR of ~22% & net profit to grow at ~19% CAGR during FY2018-20E, aided by acquisitions. Valuations of the company are cheap V/s its peers and own fair multiples of 17-18x.

Key Financials

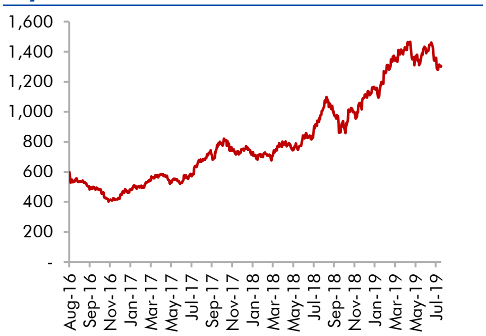
Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
FY2019	18,799	19.6	2,575	44	20.1	13.0	2.4	9.8	1.9
FY2020E	24,234	21.9	3,438	58	22.2	9.7	2.0	6.7	1.5

Source: Company, Angel Research

Stock Info

CMP	1,307
TP	1,643
Upside	25.7%
Sector	Footwear
Market Cap (₹ cr)	16,804
Beta	0.8
52 Week High / Low	1,478 / 834

3 year-Chart



Source: Company, Angel Research

Bata India

- Bata India Ltd (BIL) is the largest footwear retailer in India, offering footwear, accessories and bags across brands like Bata, Hush Puppies, Naturalizer, Power, etc. BIL's ~70% revenue is derived from Men & Kids segment and balance from women's segment. BIL has over 1,400 Bata retail stores across India.
- Further, over the last 3 years, the company has added 135 stores (net addition). Going forward, the company has plans to open 500 stores (already identified 435 cities) mainly in tier-II and tier-III cities over the next 4-5 years.
- We expect BIL to report net revenue CAGR of ~17% to ~₹4,100cr over FY2019-21E mainly due increasing brand consciousness amongst Indian consumers, new product launches and focus on women's segment (high growth segment). Further, on the bottom-line front, we expect CAGR of ~18% to ₹422cr over the same period on the back of margin improvement (increasing premium product sales).

Key Financials

Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
FY2020E	3,008	16.2	306	24	17.5	61.7	10.8	17.5	6.0
FY2021E	3,497	16.4	358	28	17.6	52.7	9.3	15.5	5.1

Source: Company, Angel Research

Blue Star

Stock Info

CMP	679
TP	867
Upside	27.7%
Sector	Cons.Durable
Market Cap (₹ cr)	6,542
Beta	0.6
52 Week High / Low	825/507

3 year-Chart

Source: Company, Angel Research

- BSL is one of the largest air-conditioning companies in India. With a mere 3% penetration level of ACs vs 25% in China, the overall outlook for the room air-conditioner (RAC) market in India is favorable.
- BSL's RAC business has been outgrowing the industry by ~10% points over the last few quarters, resulting in the company consistently increasing its market share. This has resulted in the Cooling Products Division (CPD)'s share in overall revenues increasing from~23% in FY2010 to ~50% in FY2018 (expected to improve to ~50-55% in FY20E). With strong brand equity and higher share in split ACs, we expect the CPD to continue to drive growth.
- Going Aided by increasing contribution from the Unitary Products, we expect the overall top-line to post revenue CAGR of ~13% over FY2018-20E and margins to improve from 5.8% in FY2018 to 6.2% in FY2020E.

Key Financials

Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
FY2020E	5,178	6.1	135	14	15.6	48.2	7.5	17.8	1.3
FY2021E	5,871	6.3	198	20	20.8	33.0	6.9	15.0	1.1

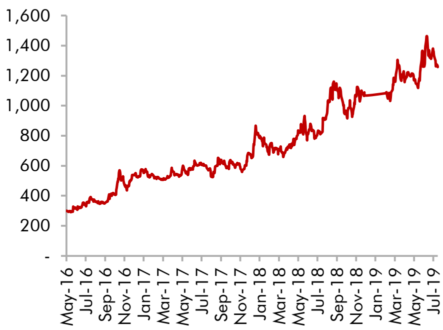
Source: Company, Angel Research

GMM Pfaudler Ltd.

Stock Info

CMP	1,196
TP	1,570
Upside	31.3%
Sector	Machinery
Market Cap (₹ cr)	1,748
Beta	0.8
52 Week High / Low	1,483/877

3 year-Chart



Source: Company, Angel Research

- GMM Pfaudler Limited (GMM) is the Indian market leader in glass-lined (GL) steel equipment used in corrosive chemical processes of agrochemicals, specialty chemical and pharma sector. The company is seeing strong order inflow from the user industries which is likely to provide 20%+ growth outlook for next couple of years.
- GMM has also increased focus on the non-GL business, which includes mixing equipment, filtration and drying equipment for the chemical processing industry. It is expecting to increase its share of non-GL business to 50% by 2020.
- GMM is likely to maintain the 20%+ growth trajectory over FY18-20 backed by capacity expansion and cross selling of non-GL products to its clients.

Key Financials

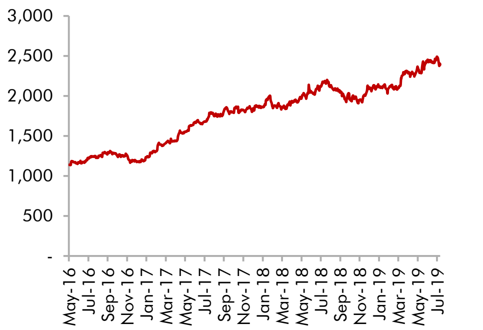
Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
FY2019	503	17.1	58	40	21.0	29.7	6.2	18.9	3.2
FY2020E	592	16.9	66	45	19.7	26.4	5.2	15.9	2.7

Source: Company, Angel Research

Stock Info

CMP	2,252
TP	2,660
Upside	18.1%
Sector	Banking
Market Cap (₹ cr)	615,703
Beta	0.8
52 Week High / Low	2,502/1,884

3 year-Chart



Source: Company, Angel Research

HDFC Bank

- Bank has planned to improve business with digital platform and engaging with mid market client. Banks next leg of growth road map 1) increasing branch opening number from 300 current to 600 annually in non urban area. 2) Increase POS 4x to 4mn by FY21 and double the virtual relationship manager client in 3 years.
- Asset Strong and steady NIM of 4.4% on the back of lower cost of funds and lower credit cost will ensure healthy return ratios for the company. Despite strong growth, the company has maintained stable asset quality (GNPA/NPA – 1.3%/0.4%).
- HDFC bank's subsidiaries, HDB Financial Services (HDBFS) and HDFC Securities continue to contribute well to the banks overall growth. Strong loan book, well-planned product line and clear customer segmentation aided this growth.
- We We expect the company's loan growth to remain 22% over next two years and earnings growth is likely to be more than 21%.

Key Financials

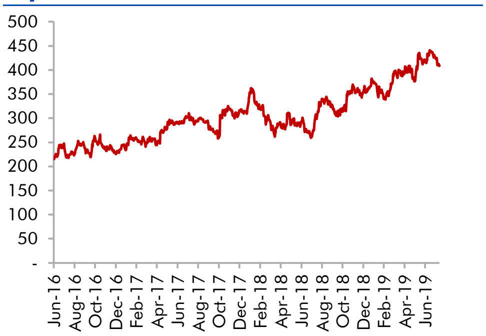
Y/E March	NII (₹ cr)	NIM (%)	PAT (₹ cr)	EPS (₹)	ABV (₹)	ROA (%)	ROE (%)	P/E (x)	P/ABV (x)
FY2020E	57,795	4.4	24,915	91	619	1.8	17.1	24.7	3.6
FY2021E	68,500	4.4	30,149	110	711	1.9	16.3	20.4	3.2

Source: Company, Angel Research

Stock Info

CMP	425
TP	490
Upside	15.3%
Sector	Banking
Market Cap (₹ cr)	273,967
Beta	1.3
52 Week High / Low	444/294

3 year-Chart



Source: Company, Angel Research

ICICI Bank

- ICICI bank has taken a slew of steps to strengthen its balance sheet. Measures such as Incremental lending to higher rated corporate, reducing concentration in few stressed sectors and building up the retail loan book. The share of retail loans in overall loans increased to 61.4% (Q4FY19) from 38% in FY12.
- ICICI bank's slippages remained high during FY18 and hence GNPA went up to 8.8% vs. 5.8% in FY16. We expect addition to stress assets to reduce and credit costs to further decline owing to incremental lending to higher rated corporate and faster resolution in Accounts referred to NCLT under IBC.
- The gradual improvement in recovery of bad loans would reduce credit costs that would help to improve return ratio. The strength of the liability franchise, shift in loan mix towards retail assets and better rated companies, and improvement in bad loans would be a key trigger for multiple expansion.

Key Financials

Y/E March	Op. Inc (₹ cr)	NIM (%)	PAT (₹ cr)	EPS (₹)	ABV (₹)	ROA (%)	ROE (%)	P/E (x)	P/ABV (x)
FY2020E	31,732	3.4	12,250	19	169	1.2	10.8	22	2.5
FY2021E	37,135	3.5	16,518	26	189	1.4	13.2	16	2.2

Source: Company, Angel Research

Jindal Steel & Power Ltd.

Stock Info

CMP	135
TP	250
Upside	85.2%
Sector	Steel & Power
Market Cap (₹ cr)	13,780
Beta	1.8
52 Week High / Low	246/118

3 year-Chart

Source: Company, Angel Research

- The company has increased its crude steel capacity more than double in last five years from 3.6 MTPA to 8.6 MTPA and currently running at ~65% utilization.
- Owing to continuous demand of steel from infrastructure, housing and auto sectors along with limited addition of steel capacity in near term and favorable government policies augur well for JSPL to perform well going forward, we expect JSPL's utilization to improve to 80-85% by FY20 along with reduction in debt led by improving in profitability.
- From April 2019, power segment has seen improvement in PLF and now producing 1,700 megawatts, up from the average 1,400 megawatts, this will lead improvement in PLF from 34% to 50%.
- Expect 515MW of PPA from NHPC currently, JPL emerged as L1 bidder.
- JSPL is trading at attractive valuation to its peer, we value the stock based on asset based approach of Steel segment on EV/Tone basis and Power segment on EV/MW basis.

Key Financials

Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
FY2020E	45,561	22.4	2,076	21	6.9	6.3	0.4	4.2	1.0
FY2021E	47,450	24.1	3,239	33	9.4	4.0	0.4	3.5	0.8

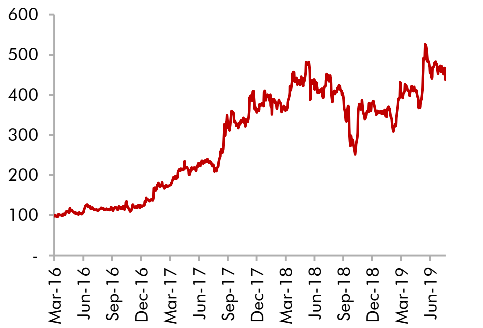
Source: Company, Angel Research

KEI Industries

Stock Info

CMP	438
TP	612
Upside	39.7%
Sector	cable
Market Cap (₹ cr)	3,458
Beta	1.2
52 Week High / Low	532/248

3 year-Chart



Source: Company, Angel Research

- KEI's current order book (OB) stands at ₹3,866cr (segmental break-up: out which EPC is around ₹1,508cr and balance from cables, substation & EHV). Its OB grew by ~28% in the last 3 years due to strong order inflows from State Electricity Boards, Power grid, etc.
- KEI's consistent effort to increase its retail business from 30-32% of revenue in FY18 to 40-45% of revenue in the next 2-3 years on the back of strengthening distribution network (currently 926 which is expect to increase ~1,500 by FY20) and higher ad spend.
- KEI's export (FY19 – 16% of revenue) is expected to reach a level 20% in next two years with higher order execution from current OB and participation in various international tenders. We expect KEI to report net revenue CAGR of ~1% to ~₹5,610cr and net profit CAGR of ~25% to ₹276cr over FY2019-21E.

Key Financials

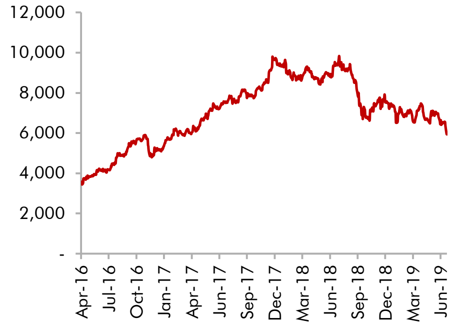
Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	EV/EBITDA (x)	EV/Sales (x)
FY2020E	4,878	10.5	233	30	3.4	14.5	7.8	0.8
FY2021E	5,610	10.5	276	68	22.3	12.2	6.6	0.7

Source: Company, Angel Research

Stock Info

CMP	5,472
TP	8,552
Upside	56.3%
Sector	Automobile
Market Cap (₹ cr)	165,303
Beta	1.3
52 Week High / Low	9,470/5,447

3 year-Chart



Source: Company, Angel Research

Maruti Suzuki

- Maruti Suzuki continues to hold ~52% market share in the passenger vehicles. The launch of exciting models has helped the company to ride on the premiumization wave that is happening in the country. In the last two years, company has seen improvement in the business mix with the pie of the utility vehicles growing from ~4% to current 15%. The 2-3 months of waiting period of new models, launch of Swift Hatchback in January, 2018 and headroom for more capacity utilization at Gujarat plant is the near term earning triggers.

- Due to the favorable business mix, company has also been seeing improvement in the margins. Company has already moved from ~11-12% Together with higher operating leverage at Gujarat plant, increasing Nexa outlets, and improving business mix, we believe that company has further room to improve its margins.

Key Financials

Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
FY2020E	84,277	11.9	6,443	213	12.9	26.1	3.4	12.7	1.5
FY2021E	90,201	12.6	7,126	236	13.5	23.6	3.2	10.9	1.4

Source: Company, Angel Research

Stock Info

CMP	550
TP	1,050
Upside	90.9%
Sector	Automobile
Market Cap (₹ cr)	68,407
Beta	1.3
52 Week High / Low	992/534

3 year-Chart

Source: Company, Angel Research

Mahindra & Mahindra Ltd.

- M&M is an India-based company, operating in nine segments: automotive, farm equipment, IT services, financial services, steel trading & processing, infrastructure, hospitality, Systech and Others (comprising logistics, after-market, two wheelers and investment).

- IMD has predicted a near normal monsoon for 2019 for the third consecutive year which should be a strong trigger for tractor sales growth. In our view, strong growth in tractor industry would benefit M&M the most due to strong brand recall and leadership position in farm tractor.

- We expect M&M to report net revenue CAGR of ~9% to ~₹63,184cr over FY2019-21E mainly due to healthy growth in automobile segment like Utility Vehicles (on the back of new launches and facelift of some models) and strong growth in Tractors segment driven by strong brand recall and improvement in rural sentiment. Further on the bottom-line front, we expect CAGR of ~9% to ₹5,107cr over the same period on the back of margin improvement.

Key Financials

Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
FY2020E	57,337	12.4	4,756	40	12.6	13.7	1.7	6.5	0.8
FY2021E	63,184	12.4	5,107	43	13.9	12.8	1.8	6.0	0.7

Source: Company, Angel Research

Parag Milk Foods

Stock Info

CMP	229
TP	330
Upside	44.1%
Sector	Dairy
Market Cap (₹ cr)	1,928
Beta	0.9
52 Week High / Low	344/197

3 year-Chart

Source: Company, Angel Research

- Parag Milk Foods (PARAG) is one of the leading dairy products companies in India. The company has been successful in creating strong brands like GO, Gowardhan and in introducing new products like Whey Protein. It has become the 2nd player in processed cheese (after Amul) in a short span of 10 years and commands 33% market share.
- Value Added Products like cheese, whey protein enjoy higher gross margins of 25-45% versus 6-8% entailed in liquid milk. VAP forms ~66% to its revenue (the highest among the listed players versus 25-30% for others). Driven by recently launched products and higher share of VAP, its operating margins would improve in next few years.
- Thus we expect PARAG to report net revenue/PAT CAGR of 18%/19% respectively over FY2019-21E.

Key Financials

Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
FY2020E	2,331	10.4	116	14	13.5	16.6	2.4	8.6	0.9
FY2021E	2,823	10.6	151	18	14.9	12.8	2.1	6.9	0.7

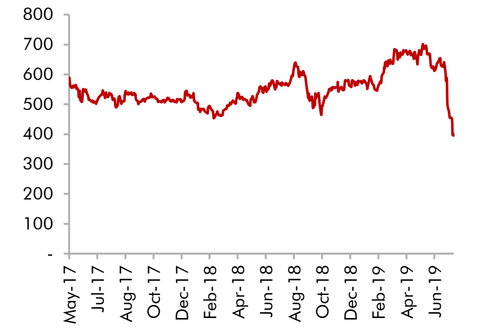
Source: Company, Angel Research

RBL Bank

Stock Info

CMP	403
TP	650
Upside	61.3%
Sector	Banking
Market Cap (₹ cr)	17,310
Beta	1.2
52 Week High / Low	716/380

2 year-Chart



Source: Company, Angel Research

- RBL Bank (RBK) has grown its loan book at healthy CAGR of 53% over FY10-19. We expect it to grow at 35% over FY19-21E. With adequately diversified, well capitalised B/S, RBK is set to grab market share from corporate lenders (esp.PSUs).
- The retail loan portfolio grew 62% YoY to ₹18,319cr and now constitutes 32% of the loan book (18% share in 4QFY17).NIM has expanded to 4.23%, up 19bps YoY, despite a challenging interest rate scenario on the back of a changing portfolio mix. However, the management disclosed stressed asset worth ₹ 1,000/- Cr which will increase GNPA to 2.25%. Management is confident that it would normalise by Q1FY21.
- RBL Bank currently trades at 1.8x its FY2021E price to book value, which we believe is reasonable for a bank in a high growth phase with stable asset quality.

Key Financials

Y/E March	Op. Inc (₹ cr)	NIM (%)	PAT (₹ cr)	EPS (₹)	ABV (₹)	ROA (%)	ROE (%)	P/E (x)	P/ABV (x)
FY2020E	3,434	3.8	1,071	25	191	1.1	13.4	16.1	2.1
FY2021E	4,635	3.9	1,651	39	219	1.3	18.0	10.4	1.8

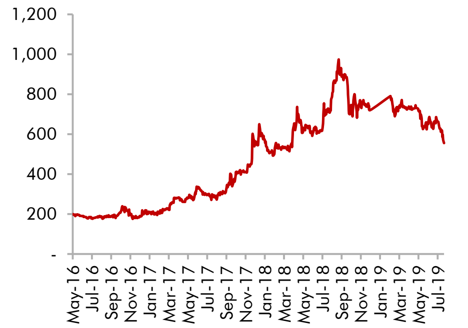
Source: Company, Angel Research

Safari Industries

Stock Info

CMP	568
TP	1,000
Upside	76.1%
Sector	Luggage
Market Cap (₹ cr)	1,269
Beta	0.6
52 Week High / Low	1,005/544

3 year-Chart



Source: Company, Angel Research

- Safari Industries Ltd (Safari) is the third largest branded player in the Indian luggage industry. Post the management change in 2012, Safari has grown its revenue by 6x in the last 7 years. This has been achieved by foraying in many new categories like back pack, school bags (via acquisition of Genius and Genie) and improvement in distribution networks.
- Its margins have more than doubled from 4.1% in FY2014 to 9.8% in FY2018, driven by launch of new product categories and business. We expect it to maintain 9%+ margins from FY2018 onwards led by regular price hikes, shift towards organized player and favorable industry dynamics.
- We expect its revenue to grow by a CAGR of ~37%/49% in revenue/ earnings over FY2018-20E on the back of growth in its recently introduced new products.

Key Financials

Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/Sales (x)
FY2019	582	10.2	32	15	16.0	50.1	8.2	3.0
FY2020E	785	10.4	47	21	19.1	34.5	6.8	2.2

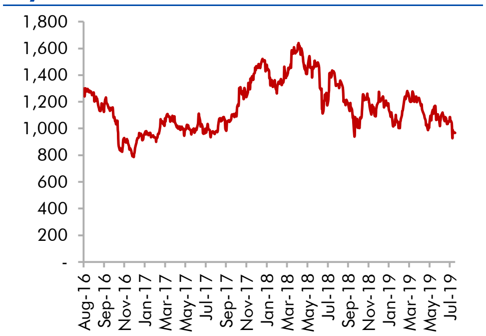
Source: Company, Angel Research

Shriram Transport Finance

Stock Info

CMP	968
TP	1,470
Upside	51.9%
Sector	Financials
Market Cap (₹ cr)	21,792
Beta	1.4
52 Week High / Low	1,476/903

3 year-Chart



Source: Company, Angel Research

- SHTF's primary focus is on financing pre-owned commercial vehicles. We expect AUM to grow at CAGR of 15% over FY2019-21E led by pick up in infra/ construction Post 2019 elections, macro revival and Ramping up in rural distribution.
- In last three year SHTF, GNPA and credit cost has been increased primarily due to the transition of NPA recognition from 180DPD to 90DPD (Q4FY18). Q1FY19 onwards asset quality started witnessing steady improvement, and we expect this trend to continue.
- We expect STFC to report RoA/RoE to 2.7%/17.6% in FY2021E respectively. At CMP, the stock is trading at 1.2x FY2021E ABV and 6x FY2021E EPS, which we believe is reasonable for differentiated business model with return ratios.

Key Financials

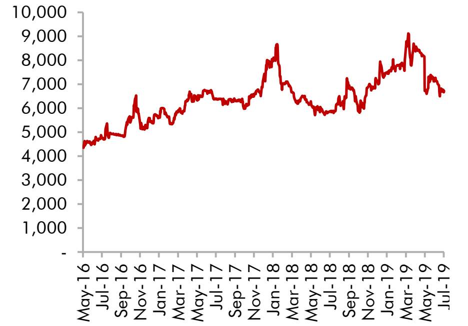
Y/E March	Op. Inc (₹ cr)	NIM (%)	PAT (₹ cr)	EPS (₹)	ABV (₹)	ROA (%)	ROE (%)	P/E (x)	P/ABV (x)
FY2020E	8,681	8.1	2,868	126	812	2.6	16.7	7.7	1.4
FY2021E	9,946	8.3	3,405	150	946	2.7	17.1	6.5	1.2

Source: Company, Angel Research

Stock Info

CMP	5,363
TP	7,708
Upside	43.2%
Sector	Houseware
Market Cap (₹ cr)	7,434
Beta	0.4
52 Week High / Low	7,738/4,581

3 year-Chart



Source: Company, Angel Research

TTK Prestige

- TTK Prestige (TTK) is the leading brands in kitchen appliances with 40%+ market share in organized market. It has successfully transformed from a single product company to a multi product company offering an entire gamut of kitchen and home appliances (600+ products).
- It has also launched an economy range – 'Judge Cookware' to capture the untapped demand especially at the bottom end of the pyramid. It is expecting good growth in cleaning solution.
- It expects to double its revenue in the next five years backed by revival in consumption demand, new 6 cr LPG connections under the Ujjawala Scheme, inorganic expansion and traction in exports. We expect TTK to report a CAGR of 16%/22% in revenue/PAT respectively over FY2018-20E.

Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)
FY2020E	2,649	14.3	247	213	17.7	25.1	4.9	2.2
FY2021E	3,093	14.1	287	249	17.6	31.6	4.1	2.0

Source: Company, Angel Research

Exhibit 2: Changes in Recommendation

Effective Date	Stock	CMP	Change in recommantaion	
		(₹)	From	To
06-06-2019	Ashok Leyland	70	Buy	Hold
06-06-2019	GIC Housing	243	Buy	Hold
06-06-2019	Inox Wind	55	Buy	Hold
06-06-2019	Music Broadcast	46	Buy	Hold
06-06-2019	Siyaram Silk Mills	255	Buy	Hold

Source: Angel Research

Hold – While we recommend to Hold on to existing positions at current level, we would await for further data points before recommending any fresh purchases.

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