

Suryoday Small Finance Bank Ltd. (SSFB)

BUY

CMP	Rs. 122.25
Target Price	Rs. 201
Time Frame	9-12 months
Risk	Low
Sector	Banking.



Price & Volume Analysis

% Change from previous Day	0.37%
% Change from previous Month	0.37%
52 Week High	157.95
52 Week Low	77
Weekly H/L	125/118
Deliverable	32.96%
Book Value / Share	150.43
EPS	0
Market Cap (Rs. CR)	1,297

Suryoday Small Finance Bank (SSFB) started operations as an SFB in January 2017. It has operations across 13 states and union territories. It has arrangements with various payment banks in India and has been able to leverage its relationship with such payment banks to grow its deposit base. The Company's distribution network also comprises its ATMs, phone banking, mobile banking, tablet banking, unified payment interface, CSPs, and internet banking services.

Momentum Analysis

RSI (14, E9) Monthly	34.21
Smoothed RSI	-
Stochastic oscillator monthly (1,3,3)	37.11

The technical landscape of momentum oscillators is enticing as the 14-period RSI witnessed a positive reverse divergence when the prices were making higher lows suggesting a strength in up-move. The technical indicators head north almost vertically. Stochastics also gave a positive crossover after reversing from a probable complex H&S pattern on the daily charts.

Support & Resistance Analysis

Support 1	97.5
Support 2	77
Resistance 1	158
Resistance 2	211

A classic rebound seen from an oversold zone on the weekly and monthly time frames. Most importantly, SSFB is now signaling a massive breakout from a higher consolidation zone on the daily charts. The make-or-break support seen at 97.50.

Trend Analysis

Moving Average - 50 Days	106
Moving Average - 200 Days	104
ADX (14d)	24.61
Bollinger Band Weekly	87.04/121.3
MACD Weekly	3

The positive takeaway is that SSFB which was consistently taking resistance at its 200-DMA is now taking support at the same 200DMA. The recent bounce is now resulting into a massive rebound on the upside on the monthly/weekly charts. ADX indicator too suggesting robust positive bias.

CONCLUSION

Suryoday Small Finance Bank (SSFB) is among the leading small finance banks (SFB) in India and has been serving customers in the unbanked, underbanked segments. As of March 31, 2022, the customer base was 19.2 lakh. Suryoday SFB operates via 565 banking outlets and has 5252 employees. Its operations are predominantly in urban and semi-urban locations due to greater income earning capabilities and employment opportunities in such areas compared with rural regions. SSFB reported a net profit of Rs 13 crore in July-September as against a net loss of Rs 1.92 crore the same time a year ago. The bank's net interest income was at Rs 175.9 crore, up 19.5 per cent year-on-year. On a sequential basis, the bank's net profit rose 67.7 per cent from Rs 7.75 crore in April-June. As on September 30, the bank's gross non-performing asset ratio was at 9.90 per cent, down from 10.21 per cent a year ago and 10.03 per cent a quarter ago. The net NPA ratio was at 4.76 per cent as on September 30 versus 4.48 per cent a year ago and 5.02 per cent a quarter ago.

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**Msearch's Recommendation (Absolute Performance) Buy: > 20% within the next 12 Months
Accumulate: 5% to 20% within the next 12 Months Sell : < -20% within the next 12 Months**

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