Narnolia™

TECH MAHINDRA LTD.

Industry	IT
Bloomberg	TECHM IN
BSE CODE	532755

Margin expected to outperform in FY19

RATING	ACCUMULATE
CMP	749
Price Target	845
Potential Upside	13%

Rating Change	↑
Estimate Change	↑
Target Change	↑

Stock Info

52wk Range H/L	780/459
Mkt Capital (Rs Cr)	73,001
Free float (%)	64%
Avg. Vol 1M (,000)	3122
No. of Shares (Cr)	98
Promoters Pledged %	NA

Research Analyst
Niharika Ojha
niharika@narnolia.com
+91-22-62701230

Key Highlights-

- Company posted flattish revenue performance (0.5% decline in USD term)mainly led by decline in healthcare segment. However, better than expected margin execution (240bps) led to strong PAT growth of 13.3% in USD term in 2QFY19.
- Telecom sector reported a strong of 4.3% in USD term after been muted for almost two years. The management expects momentum to continue as robust deal wins (300mn dollar win in 2QFY19) to lead the growth in 2HFY19.
- HCI declined 40 mn dollars in 2QFY19 due to ramp down of the projects in 3 to 4 hospitals. The nature of the business is bit volatile thus management is expecting to improve in future as order book is building up.
- TECHM is confident of seeing a better in 2HFY19 on account of strong seasonality and continued deal wins.Even margin are expected to gradually improve in 2HFY19.

2Q FY19 Result Update

Company reported flattish revenue growth in USD term however rupees depreciation helped to get revenue to grow 4.3% in rupee term. Revenue for the quarter stood at Rs8630 crore led by strong growth in communication, however healthcare offset the growth. In constant currency revenue was flattish QoQ (0.4%). EBITDA for the quarter stood at Rs1619 crore. Margin expanded 240 bps mainly on account of absence of visa cost (60bps), currency benefit (80 bps), 140 bps come from operational efficiency. However was slightly offset by wage hike for a portion of workforce (40bps). Better than expected margin led to strong PAT of Rs1056 growth of 17%QoQ.

View and Valuation

Company showed a mixed set of revenue performance in 2QFY19 where good sign of recovery was seen in telecom segment (contributes approx half of revenue) which grew 4.3% in USD term. However, enterprise segment (contributes ~50 TO 55% of revenue) which supported the growth in FY18 saw decline of 3%QoQ in USD term as healthcare business posted steep decline due to ramp down of projects. Though top line was seeing volatility in 1HFY19 (challenges in HCI or telecom turbulence), margin continued to improve (390 bps expansion from 1HFY18).Thus supporting overall PAT for 1HFY19 (grew 11.6% QoQ in 1HFY19 vs10.9% last year).

Going forward, we expect TECHM to post better performance in FY19 led by strong revival in communication, continued deal wins (550mn dollar) and improvement in enterprise segment. 2HFY19 is historically considered as strong growth for TECHM, thus we are confident of better number in latter half of the year with continued deal wins in telecom and robust pipeline for enterprise segment (BFSI and Retails). However with decline in healthcare business and uncertainty on the performance has made our FY19 estimates reduced by 1%.But as the margin execution was better than expected in 1HFY19 (17.6% in 1HFY19 vs. 15.3% in FY18), Our overall margin estimates for FY19 has improved by 130 bps (earlier estimated 17%).Also management commentary of gradual increase in margin in 2HFY19 led by continued improvement in operating leverages has given us confidence for strong margin in FY19.

Thus we value the stock at Rs845 (17x FY20EPS) and recommend ACCUMULATE.

Key Risks to our rating and target

- Slower than expected growth in telecom .

KEY FINANCIAL/VALUATIONS	FY16	FY17	FY18	FY19E	FY20E
Net Sales	26494	29141	30773	34779	39352
EBITDA	4271	4184	4710	6371	7082
EBIT	3512	3206	3625	5187	5692
PAT	3027	2851	3786	4282	4874
EPS (Rs)	31	29	39	44	50
EPS growth (%)	14%	-6%	32%	13%	14%
ROE (%)	23%	18%	21%	21%	21%
ROCE (%)	22%	17%	16%	21%	20%
BV	151	169	192	222	257
P/E (x)	15	16	17	17	15
P/B (X)	3	3	3	3	3

2QFY19 Results

Better margin Execution

Financials	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	YoY %	QoQ%	FY17	FY18	YoY %
Net Sales	7,606	7,776	8,055	8,276	8,630	13%	4%	29,141	30,773	5.6%
Other Income	322	225	451	111	175	-46%	57%	778	1,417	82%
Employee Exp	4,205	4,213	4,145	4,379	4,303	2%	-2%	15,454	16,624	7.6%
Other Expenses	2,296	2,298	2,497	2,540	2,708	18%	7%	9,503	9,439	-0.7%
EBITDA	1,106	1,265	1,412	1,357	1,619	46%	19%	4,184	4,710	12.6%
Deprication	265	274	299	281	294	11%	5%	978	1,085	10.9%
EBIT	840	990	1,113	1,076	1,324	58%	23%	3,206	3,625	13.0%
Interest	39	34	53	31	39	0%	27%	129	162	26.3%
PBT	1,124	1,181	1,512	1,157	1,461	30%	26%	3,855	4,879	26.5%
Tax	285	257	281	246	391	37%	59%	1,002	1,093	9.0%
Exceptional	-	-	-	-	-			-	-	
PAT	839	924	1,231	899	1,056	26%	17%	2,851	3,786	32.8%

2QFY19 revenue performance

Revenue for the quarter stood at Rs8630 crore led by strong growth in communication, however healthcare offset the growth. In constant currency revenue was flattish QoQ (0.4%).

Turnaround in communication, softness continued in BFSI

Industry(in usd mn)	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	QoQ%	YoY %
Ccommunication	515	516	517	518	485	506	4.3%	-2.0%
Enterprise								
Manufacturing	220	224	231	240	246	245	-0.5%	9.2%
Technology,media & entertain	68	70	79	91	88	89	0.9%	27.7%
BFSI	164	166	161	162	166	164	-1.2%	-1.2%
Retail, transport & logistics	77	85	86	77	75	79	6.0%	-6.8%
Others	94	117	137	157	164	136	-16.8%	16.8%

Communication revenue revived in 2QFY19 and grew 4.3% QoQ whereas Enterprise decline by 3% QoQ. While there was a decline in BFSI (de-growth of 1.2%QoQ) and others (de-growth of 16.8%QoQ), verticals like Tech, Media & Entertainment (0.9% QoQ) and Retail (growth of 6% QoQ) drove growth in 2QFY19.The weakness in others would have been led by Healthcare which in the preceding few quarters had seen very high growth.

Weakness continued in Europe

Geography(in usdmn)	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	QoQ%	YoY %
America	533	533	567	581	590	573	-2.9%	7.4%
Europe	339	353	360	371	367	361	-1.7%	2.2%
RoW	266	291	282	287	267	285	6.9%	-1.9%

In terms of geographies, revenue from Americas declined 2.9%QoQ and Europe by 1.7% QoQ. Row led the growth by improving 6.9%QoQ.

Better than expected margin execution led to strong PAT growth

EBITDA for the quarter stood at Rs1619 crore (growth of 19%QoQ).Margin expanded 240 bps mainly on account of absence of visa cost (60bps) , currency benefit(80 bps), 140 bps come from operational efficiency and business mix. However slightly was offset by wage hike for a portion of workforce (40bps) .The Company continues to do investment in technology, innovation and beat on 5G, block chain and cyber security.

Better than expected margin led to strong PAT of Rs1056 growth of 17%QoQ.

Softness seen in top 10 and top 20 clients

Client Contribution(in usd mn)	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	QoQ%	YoY %
Top 5	295	292	281	289	268	284	6.0%	-2.7%
Top 10	118	121	121	118	130	115	-11.7%	-5.5%
Top 20	139	131	143	162	168	157	-6.2%	20.3%

Client metrics saw a mix set of numbers where top 5 grew by 6% QoQ, the top 6-10 declined by 11.7% QoQ and the top 11-20 declined by 6.2% QoQ.On a YoY basis, the top 5 declined by 2.9%, the top 6-10 declined by 5.7%, and the top 11-20 grew by 20.1%.

Concall Highlights

- Digital performance: 2QFY19 saw continued improvement in digital which grew 10%QoQ and is now contributing 31% of total revenue (vs. 28% in last quarter).

- Performance of 2QFY19: Revenue declined in USD term mainly due to volatility in healthcare business as project come to an end in 3 to 4 large hospitals. However excluding healthcare business the business showed 3.5%CC growth led by strong growth in communication business (5%QoQ in cc term)after a stand of 15 quarters.

- Deal wins: 2QFY19 signed a net new TCV of 550mn dollar of deal wins. Out of 550mn dollar deal, 350 mn dollar deal came from telecom and rest 200mn dollar deal wins was from Enterprise segment.

- Margin performance: Margin expanded 240 bps mainly on account of absence of visa cost (60bps) , currency benefit(80 bps), 140 bps come from operational efficiency and business mix. However slightly was offset by wage hike for a portion of workforce (40bps) .The Company continues to do investment in technology, innovation and beat on 5G, block chain and cyber security.

- Healthcare performance: HCI which sharply decline 50 %(contributes 40mn of revenue) in 2QFY19 mainly works on implementation, training and go live support as it moves to go live space revenue drops sharply thus the steep decline was seen in 2QFY19 resulting in ramp down of the projects .The nature of business is bit volatile thus management is expecting to improve excess of 10%YoY going ahead as order book is building up. The best way to measure is through YoY basis.

- Robust growth in telecom: Growth in telecom is coming from data communication and increases in capex spending, change, run and grow the strategy is now reaping benefit for the company. The result in not from new wave (5G) but it is from the operational improvement of customer resulting in to sign new deals. The management expects the broad based growth in telecom to continue led by digital transformational journey.

- **On** Enterprise: Higher base effect resulted in decline in BFSI but management continue to see strong pipeline going ahead .The enterprise business is expected to post 8% to 10% YoY growth in FY19.

- Outlook of revenue and margins: 2HFY19 is historically strong, thus management expected large deal wins and strong growth in digital to continue the momentum in next two quarters. Also, Margin is expected to gradually move in 2HFY19.The Company continues to do investment in 2HFY19 too.

Exhibit: Telecom Segment

2QFY19 reported a revival in Telecom segment (growth of 4.3% in USD terms).

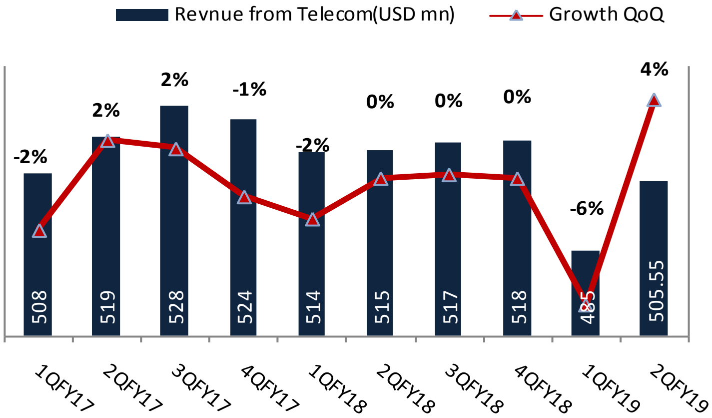


Exhibit: Enterprise Segment

Enterprise segment impacted by decline in BFSI, Healthcare and muted growth in manufacturing.

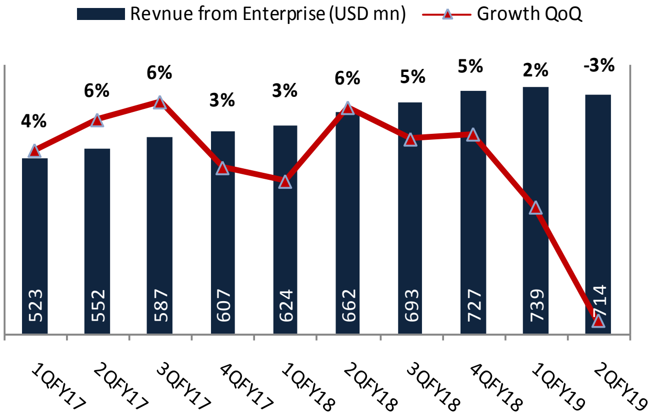


Exhibit: Margin Trend

Operational efficiency and INR depreciation offset the wage impact

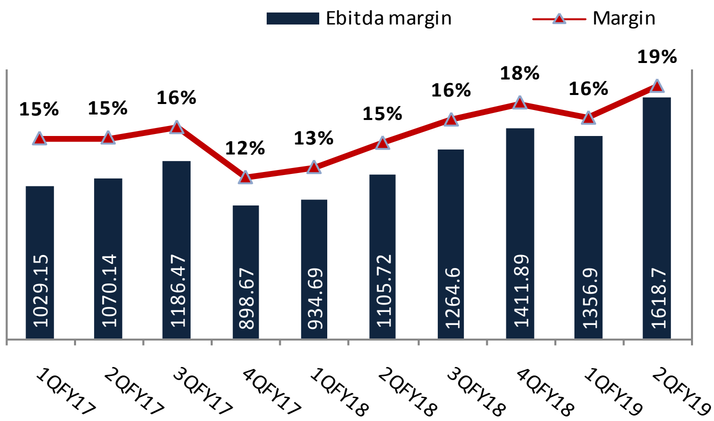


Exhibit:Top Client contribution

Stability continued in top client contribution (23% range).

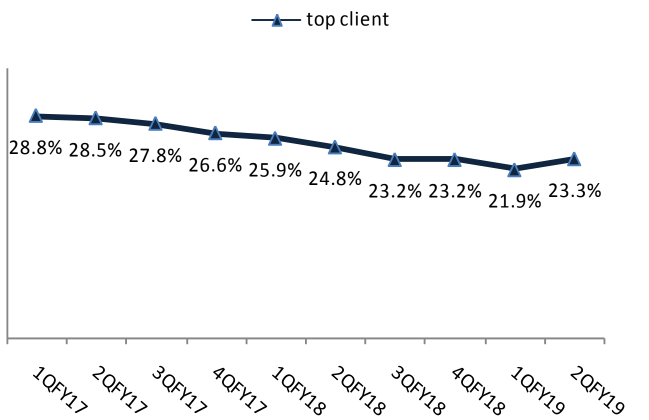


Exhibit: Utilization trend

Utilization declined in 2QFY19 after achieving its all time high range.

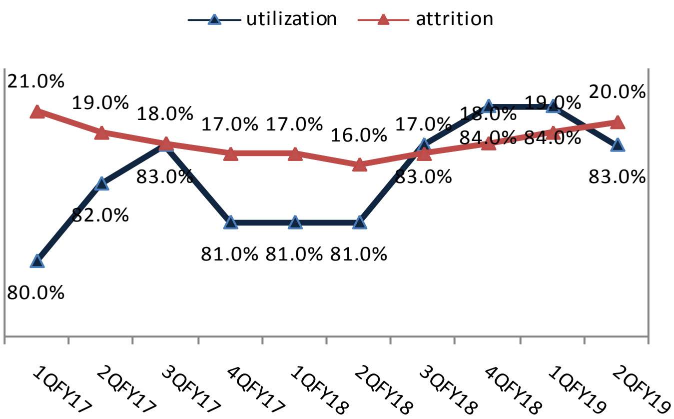
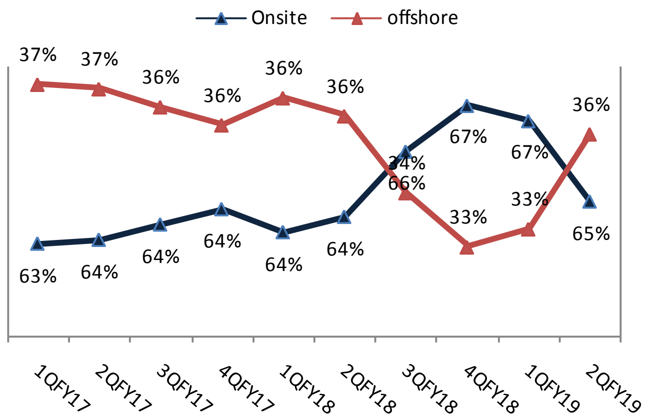


Exhibit: Onsite/Offshore mix

Continued decline in onsite Mix.



Operational Details

Geography %	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19
America	48%	47%	45%	47%	45%	47%	47%	48%	47%
Europe	30%	29%	30%	30%	30%	30%	30%	30%	30%
Rest of world	22%	24%	25%	23%	25%	23%	23%	22%	23%

Client Contribution	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19
Top 5	29%	28%	27%	26%	25%	23%	23%	22%	23%
Top 10	40%	38%	38%	36%	35%	33%	33%	33%	33%
Top 20	52%	51%	49%	49%	46%	45%	46%	46%	46%

On/Off Break-up in %	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19
Onsite	64%	64%	64%	64%	64%	66%	67%	67%	65%
Offshore	37%	36%	36%	36%	36%	34%	33%	33%	36%

No. of Million $ Clients	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19
≥ $1 million clients	341	356	354	377	390	389	392	396	407
≥ $5 million clients	120	128	134	139	147	154	156	154	157
≥ $10 million clients	66	65	71	74	81	83	85	86	86
≥ $20 million clients	40	38	36	41	40	40	44	47	45
≥ $50 million clients	14	14	14	14	14	16	16	16	16
No. of Active Clients	825	837	843	864	885	903	913	926	930
% of Repeat Business	96%	93%	94%	97%	95%	93%	88%	99%	97%

No. of Million $ Clients	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19
IT Attrition % (LTM)	19%	18%	17%	17%	16%	17%	18%	19%	20%
IT Utilization %	78%	77%	77%	77%	81%	83%	84%	81%	81%
Utilization % (Excl Trainees)	82%	83%	81%	81%	81%	83%	84%	84%	83%

BS details	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19
Borrowings	137	143	137	207	209	218	240	249	256
Cash and Cash Equivalent	400	495	538	602	596	607	777	841	790

Capital Expenditure	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19
Capital Expenditure	337	190	284	145	454.8	167.4	209.3	186.8	150.7

Capital Expenditure	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19
GBP IN MN	193	227	201	247	260	241	229	213	190
STRIKE RATE(INR)	105	100	100	97	95	94	94	95	97
USD IN MN	1088	1123	1030	878	646	577	598	894	1069
STRIKE RATE(INR)	72	73	73	73	72	72	71	71	72
EURO IN MN	131	110	138	165	256	236	244	228	220
STRIKE RATE(INR)	82	82	82	82	84	82	85	86	87

Financial Details

Balance Sheet

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
Share Capital	128	234	480	436	439	442	442	442
Reserves	5297	8947	11768	14155	15998	18401	21310	24811
Networth	**5425**	**9181**	**12249**	**14591**	**16437**	**18843**	**21752**	**25253**
Debt	1080	52	675	1002	1220	1726	1726	1726
Other Non Cur Liab	432	790	454	678	1157	1167	1167	1167
Total Capital Employed	**7047**	**11398**	**14768**	**17695**	**20508**	**23475**	**26384**	**29885**
Net Fixed Assets (incl CWIP)	938	2297	2872	3106	4104	4899	5960	6291
Non Cur Investments	3924	1219	1299	118	231	1246	1246	1246
Other Non Cur Asst	**0**	**21**	**31**	**537**	**646**	**602**	**602**	**602**
Non Curr Assets	**1969**	**4157**	**6266**	**6884**	**8863**	**10482**	**11543**	**11874**
Debtors	1704	4349	5206	5771	5338	6498	7344	8310
Cash & Bank	536	3315	2405	4018	3219	3044	2704	4749
Other Curr Assets& loan	666	2616	3813	2446	3361	2112	2387	2701
Current investments	175	253	804	1125	2165	3445	5043	5496
current financial asset	0	0	0	1587	2157	2942	2942	2942
Inventories	11	10	25	40	61	66	74	84
Curr Assets	**3091**	**10542**	**12253**	**14986**	**16300**	**18107**	**20495**	**24281**
Creditors	640	1472	2059	2276	2312	2037	2302	2605
Provisons	**317**	**1267**	**1799**	**355**	**387**	**403**	**455**	**515**
Other Curr Liab	981	1802	1223	1238	1612	1707	1929	2183
Other financial liability	0	0	0	270	423	1877	1877	1877
Employee benefit obligations	0	0	0	692	825	938	938	938
Curr Liabilities	**1938**	**4542**	**5080**	**4830**	**5559**	**6962**	**7502**	**8118**
Net Curr Assets	1154	6000	7173	10156	10768	11145	12994	16163
Total Assets	***8984***	***15940***	***19848***	***22525***	***26067***	***30437***	***33886***	***38003***

Income Statement

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
Revenue from Operation	**6,873**	**18,831**	**22,621**	**26,494**	**29,141**	**30,773**	**34,779**	**39,352**
Change (%)	25%	174%	20%	17%	10%	6%	13%	13%
	-	-	0%	0%	0%	0%	0%	0%
EBITDA	**1,424**	**4,184**	4153	4271	4184	4710	6371	7082
Change (%)	55%	194%	-1%	3%	-2%	13%	35%	11%
Margin (%)	21%	22%	18%	16%	14%	15%	18%	18%
Depr & Amor.	200	522	611	759	978	1085	1185	1390
EBIT	**1,224**	**3,662**	**3,542**	**3,512**	**3,206**	**3,625**	**5,187**	**5,692**
Int. & other fin. Cost	103	80	30	97	129	162	147	155
Other Income	(75)	113	107	439	778	1,417	626	984
EBT	**1,224**	**3,662**	**3,542**	**3,512**	**3,206**	**3,625**	**5,187**	**5,692**
Exp Item	-	(120)	-	-	-	-	-	-
Tax	236	752	960	830	1,002	1,093	1,384	1,647
Minority Int & P/L share of Ass.	(20)	(34)	(31)	-	-	-	-	-
Reported PAT	**811**	**3,062**	**2,659**	**3,024**	**2,853**	**3,786**	**4,282**	**4,874**
Adjusted PAT	**791**	**3,029**	**2,628**	**3,027**	**2,851**	**3,786**	**4,282**	**4,874**
Change (%)	47%	283%	-13%	15%	-6%	33%	13%	14%
Margin(%)	12%	16%	12%	11%	10%	12%	12%	12%

Financial Details

Key Ratios

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
ROE	17%	41%	25%	23%	18%	21%	21%	21%
ROCE	19%	40%	27%	22%	17%	16%	21%	20%
Asset Turnover	8	12	9	9	8	7	6	6
Current Ratio	2	2	2	3	3	3	3	3
Debtor Days	90	84	84	79	67	77	77	77
Book Value Per Share	212	197	127	151	169	192	222	257
Payable Days	34	29	33	31	29	24	24	24
Earnings Per Share	31	65	27	31	29	39	44	50
P/E	17	14	23	15	16	17	17	15
Price / Book Value	3	5	5	3	3	3	3	3
EV/EBITDA	10	9	14	10	11	13	11	10
EV/Sales	2	2	3	2	2	2	2	2
Div Payout%	16%	15%	22%	38%	31%	36%	32%	28%

Cash Flow Statement

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
PBT	1047	3695	3618	3857	3853	4879	5666	6521
(inc)/Dec in Working Capital	-31	-1615	-850	-461	544	-783	-590	-673
Non Cash Op Exp	181	610	713	1057	754	984	1185	1390
Int Paid (+)	0	0	0	0	0	0	0	0
Tax Paid	-341	-1094	-1073	-1315	-1080	-1526	-1384	-1647
others	0	0	0	0	0	0	0	0
CF from Op. Activities	**855**	**1596**	**2409**	**3137**	**4071**	**3554**	**4877**	**5591**
(inc)/Dec in FA & CWIP	-175	-914	-1113	-871	-760	-790	-2246	-1721
Free Cashflow	681	682	1296	2266	3311	2763	2632	3869
(Pur)/Sale of Inv	0	-62	-447	-278	-912	0	-1599	-452
CF from Inv. Activities	-783	-190	-2092	-1460	-3051	-3360	-3844	-2173
inc/(dec) in NW	**7**	**50**	**58**	**36**	**35**	**25**	**0**	**0**
inc/(dec) in Debt	219	852	802	138	-14	960	0	0
Int. Paid	-102	-97	-64	-93	-111	-160	0	0
Div Paid (inc tax)	-59	-136	-550	-555	-1239	-944	-1373	-1373
others	-102	-1738	-1101	-115	-352	-311	0	0
CF from Fin. Activities	65	-972	-790	-496	-1571	-269	-1373	-1373
Inc(Dec) in Cash	**138**	**434**	**-473**	**1181**	**-550**	**-76**	**-340**	**2044**
Add: Opening Balance	400	1018	1679	1213	2555	2042	1966	1626
Closing Balance	**538**	**1452**	**1206**	**2394**	**2005**	**1966**	**1626**	**3670**

Disclosures: Narnolia Financial Advisors Ltd.* (NFAL) (FormerlyMicrosec Capital Ltd.) is a SEBI Registered Research Analyst having registration no. INH300002407 valid till 01.12.2020. NFALis engaged in the business of providing Stock Broking, Depository Participant, Merchant Banking, Portfolio Management & distribution of various financial products. Details of associate entities of NFAL is available on the website at www.narnolia.com

No penalties have been levied on NFAL by any Regulatory/Statutory authority. NFAL, it's associates, Research Analyst or their relative may have financial interest in the subject company. NFAL and/or its associates and/or Research Analyst may have beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report. NFAL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of NFAL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report. Research Analyst may have served as director/officer, etc. in the subject company in the last 12 month period. NFAL and/or its associates may have received compensation from the subject company in the past 12 months. In the last 12 months period ending on the last day of the month immediately preceding the date of publication of this research report, NFAL or any of its associates may have: a) managed or co-managed public offering of securities from subject company of this research report, b) received compensation for investment banking or merchant banking or brokerage services from subject company of this research report, c) received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report. d) Subject Company may have been a client of NFAL or its associates during 12 months preceding the date of distribution of the research report. NFAL and it's associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. NFAL and / or its affiliates may do and seek to do business including Investment Banking with companies covered in the research reports. As a result, the recipients of this report should be aware that NFAL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific Merchant Banking, Investment Banking or Brokerage service transactions. Research Analyst's views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of NFAL or its associates maintains arm's length distance with Research Team as all the activities are segregated from NFAL research activity and therefore it can have an independent view with regards to subject company for which Research Team have expressed their views.

Terms & Conditions: This report has been prepared by NFAL and is meant for sole use by the recipient and not for public circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of NFAL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances.The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors.Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his/her/its own advisors to determine the merits and risks of such an investment. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. NFAL will not treat recipients as customers by virtue of their receiving this report. Neither the Company, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits or lost opportunities that may arise from or in connection with the use of the information/report. The person accessing this information specifically agrees to exempt NFAL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold NFAL or any of its affiliates or employees responsible for any such misuse and further agrees to hold NFAL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject NFAL & its group companies to registration or licensing requirements within such jurisdictions.

Analyst Certification The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclosure of Interest Statement-

Analyst's ownership of the stocks mentioned in the Report	NIL

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com.

*The name of the Company has been changed from "Microsec Capital Limited" to "Narnolia Financial Advisors Limited" pursuant to change of control. The change in name has been duly effected in the records of the Registrar of Companies (ROC). The application for fresh registration in the new name of "Narnolia Financial Advisors Limited" pursuant to change of control is under process with SEBI.

Correspondence Office Address: Arch Waterfront, 5th Floor, Block GP, Saltlake, Sector 5, Kolkata 700 091; Tel No.: 033-40541700; www.narnolia.com.
Registered Office Address: Marble Arch, Office 201, 2nd Floor, 236B, AJC Bose Road, Kolkata 700 020; Tel No.: 033-4050 1500; www.narnolia.com

Compliance Officer: Manish Kr Agarwal, Email Id: mkagarwal@narnolia.com, Contact No.:033-40541700.

Registration details of Company: Narnolia Financial Advisors Ltd. (NFAL): SEBI Stock Broker Registration: INZ000166737 (NSE/BSE/MSEI); NSDL/CDSL: IN-DP-380-2018; Research Analyst: INH300002407, Merchant Banking: (Registration No.: INM000010791), PMS: (Registration No.: INP000002304), AMFIRegistered Mutual Fund distributor: ARN 3087

Registration Details of Group entities: G. Raj & Company Consultants Ltd (G RAJ)-BSE Broker INZ260010731; NSDL DP: IN-DP-NSDL-371-2014 || Narnolia Commerze Limited-MCX/NCDEX Commodities Broker: INZ000051636 || Narnolia Velox Advisory Ltd.- SEBI Registered PMS: INP000005109 || Eastwind Capital Advisors Pvt Ltd. (EASTWIND)-SEBI Registered Investment Adviser: INA300005439 || Narnolia Insurance Brokers Limited-IRDA Licensed Direct Insurance Broker (Life & Non-Life) License No.134 || Narnolia Securities Ltd. (NSL)-AMFI Registered Mutual Fund distributor: ARN 20558, PFRDA NPS POP: 27092018 || Narnolia Capital Advisors Pvt. Ltd. - RBI Registered NBFC:B.05.02568.

Disclaimer:

This report has been prepared by Narnolia Financial Advisors Ltd. (NFAL)and is meant for sole use by the recipient and not for public circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of NFAL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances.The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors.Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his/her/its own advisors to determine the merits and risks of such an investment. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. NFAL will not treat recipients as customers by virtue of their receiving this report. Neither the Company, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits or lost opportunities that may arise from or in connection with the use of the information/report. The person accessing this information specifically agrees to exempt NFAL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold NFAL or any of its affiliates or employees responsible for any such misuse and further agrees to hold NFAL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject NFAL & its group companies to registration or licensing requirements within such jurisdictions.