

Industry	Financial
Bloomberg	LICHF IN
BSE CODE	500253

## Disbursement tapered amid liquidity concern but Margin stabilizes.

<b>RATING</b>	<b>BUY</b>
<b>CMP</b>	<b>449</b>
<b>Price Target</b>	<b>567</b>
<b>Potential Upside</b>	<b>26%</b>

<b>Rating Change</b>	↔
<b>Estimate Change</b>	↔
<b>Target Change</b>	↔

### Stock Info

52wk Range H/L	583/387
Mkt Capital (Rs Cr)	22,684
Free float (%)	60%
Avg. Vol 1M (,000)	1,478
No. of Shares (Cr)	50
Promoters Pledged %	0%

### Research Analyst

**DEEPAK KUMAR**

Deepak.kumar@narnolia.com

+91-22-62701205

Anu Gupta

Anu.gupta@narnolia.com

+91-22-62701226

### 3QFY19 Result Update

- ❑ LICHF reported a good set of numbers with NII growth of 42% (IND AS reporting) backed by AUM growth of 16% YoY due to high growth in project loan portfolio. PAT growth has been 26%/5% YoY/QoQ.
- ❑ NIM declined to 2.33% in 3QFY19 from 2.35% QoQ due to rise in cost of fund. Yield grew by 21 bps sequentially and cost of funds reported growth of 15 bps sequentially. Lending rates were hiked by the company by December 2018 by 60 bps and in January 10bps more were hiked.
- ❑ There was inclusion of "Net Loss on Derecognition of Financial Instruments under Amortized Cost Category" Under IND AS reporting in expense line of the company. The loss under this segment was reported at Rs 135 Cr against loss of Rs 12 Cr a year ago while it was Rs 130 Cr in 2Q FY19. Employee expenses grew by 34% YoY due to new hiring.
- ❑ Asset quality deteriorated as Gross NPA in 3QFY19 increased to 1.26% as against 1.20% during last quarter mainly contributed by retail portfolio. However, there was improvement in assets quality in project loan as management mentioned recovery in 5-6 accounts which helped the LICHSFIN in write back of Rs 3 Cr of ECL provisions during the quarter.
- ❑ Loan growth picked-up during the quarter at 16% YoY, which is slightly higher than its historical average of 15% but growth in individual segment moderated to 8% YoY. Disbursement growth moderated to 4% YoY due to liquidity pressure.

### View and Valuation

LICHF has been very competitive in its product pricing which is at par or even below to some PSU banks. To tackle the falling spread management raised the PLR by almost 70 bps till January, going ahead we expect yield resetting (up to 93% is in floating rate) & rising share of non-core high yielding business to provide some cushioning to the margins. Delinquencies in project segment witnessed some recovery from 5-6 accounts and management expect some improvement going ahead. However, we remain cautious on current stress environment related to real estate developer. Loan growth remained steady at 15-16% range, we were expecting LICHSFIN to get benefit from ease of competition from NBFC. Management expects loan growth of 16%+ going ahead. LICHSFIN is currently trading at 1.2x BVPS FY20e. We maintain BUY on the stock with the target price of Rs 567.

### Key Risks to our rating and target

- ❑ Further deterioration of asset quality in project loan.
- ❑ Lower AUM will hurt NII growth.

KEY FINANCIAL/VALUATIONS	FY16	FY17	FY18	FY19E	FY20E
NII	2944	3645	3701	4297	5333
PPP	2710	3237	3301	3561	4441
PAT	1661	1931	1990	2349	2980
NIM %	2.5	2.7	2.4	2.4	2.6
EPS (Rs)	33	38	39	47	59
EPS growth (%)	19.8	16.3	3.0	18	27
ROE (%)	19.6	19.1	16.7	16.1	16.8
ROA (%)	1.4	1.4	1.2	1.3	1.4
BV	181	219	251	326	376
P/B (X)	2.7	2.8	2.1	1.4	1.2
P/E (x)	15.0	16.2	13.6	9.7	7.6

The views expressed above accurately reflect the personal views of the authors about the subject companies and its(their) securities. The authors have not and will not receive any compensation for providing a specific recommendation or view. Narnolia Financial Advisors Ltd. does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

**3QFY 19 Results**  
**Below expectation**
**Muted Disbursement Growth**

<i>Financials</i>	<i>3QFY18</i>	<i>4QFY18</i>	<i>1QFY19</i>	<i>2QFY19</i>	<i>3QFY19</i>	<i>YoY %</i>	<i>QoQ%</i>	<i>FY17</i>	<i>FY18</i>	<i>YoY %</i>
<i>Interest Inc.</i>	3,587	3,847	4,034	4,188	4,414	<b>23.1%</b>	<b>5.4%</b>	13,877	14,826	<b>6.8%</b>
<i>Interest Exp.</i>	2,823	2,843	3,025	3,138	3,330	<b>18.0%</b>	<b>6.1%</b>	10,231	11,125	<b>8.7%</b>
<i>NII</i>	764	1,004	1,009	1,049	1,084	<b>42.0%</b>	<b>3.3%</b>	3,645	3,701	<b>1.5%</b>
<i>Other Income</i>	39	87	25	21	25	<b>-36.0%</b>	<b>21.7%</b>	204	247	<b>21.3%</b>
<i>Total Income</i>	803	1,091	1,034	1,070	1,109	<b>38.2%</b>	<b>3.7%</b>	3,942	4,061	<b>3.0%</b>
<i>Ope Exp.</i>	105	224	85	235	253	<b>140.2%</b>	<b>7.8%</b>	612	648	<b>5.8%</b>
<i>PPP</i>	698	867	949	835	856	<b>22.8%</b>	<b>2.6%</b>	3,237	3,301	<b>2.0%</b>
<i>Provisions</i>	(20)	28	161	89	(3)	<b>-0.8465</b>	<b>-1.0351</b>	281	239	<b>-15.1%</b>
<i>PBT</i>	718	839	788	746	860	<b>19.7%</b>	<b>15.3%</b>	2,956	3,062	<b>3.6%</b>
<i>Tax</i>	243	299	220	172	263	<b>8%</b>	<b>52.9%</b>	1,025	1,072	<b>4.6%</b>
<i>Net Profit</i>	475	539	567	574	596	<b>25.5%</b>	<b>4.0%</b>	1,931	1,990	<b>3%</b>

**NIM pressure stabilizes**

NII grew at a high rate of 42% YoY mainly on account of IND AS adjustments. NIM declined by only 2 bps QoQ to 2.33% due to rise in cost of fund. Overall yield improved sequentially by 21 bps to 10.45% in 3QFY19. Cost of fund also increased sequentially by 15 bps to 8.45%. The incremental yield on assets stands at 9.95% and Cost of funds stands at 8.38% for 9MFY19. The yield on advances for retail loan stands at 10.25% and for project loan stands at 13.45% for 3QFY19. Management increased PLR by 70 bps YTD which will increase the yield going ahead as 90% of the book is now at floating rate..

**Loan book growth remain steady**

Loan growth picked-up during the quarter at 16% YoY, which is slightly higher than its historical average of 15%. Individual loan portfolio grew by 8% YoY. Project/Developer loan book grew by 84% YoY, while LAP portfolio grew by 46% YoY. Disbursement growth has been lower at 4% YoY led by de-growth in individual loan portfolio YoY and on QoQ basis total disbursement declined by 10% in 3QFY19. The management expects 16% portfolio growth in 4QFY19. Home Loan disbursement is expected to be at around Rs 11000-12000 Cr in 4QFY19.

**Asset Quality remained stable.**

Asset quality deteriorated marginally as GNPA increased by 6 bps QoQ to 1.26% mainly contributed by retail portfolio and delayed repayment of the loans. NNPA stands at 0.85% in 3QFY19. Slippages in the retail segment in 3QFY19 have been from the 2-3-year-old loans and more of delayed repayments. NPAs in corporate segment decreased sequentially in 3QFY19 mainly due to the recoveries in 5-6 small account amounting to Rs 60 Cr. As per the management, in developer book there is no default expected going ahead. PCR as per NHB norms stands at 65% for 3QFY19 against 90% a year back.

**Concall Highlights**

- NIM declined to 2.33% in 3QFY19 from 2.35% QoQ mainly on the account of high asset growth in the company. The incremental yield on assets stands at 9.95% and Cost of funds stands at 8.38% for 9MFY19. The yield on advances for retail loan stands at 10.25% and for project loan stands at 13.45% for 3QFY19. The weighted average cost of funds for the company was increased by 15 bps in 9MFY19 as against the same period last which was successfully passed to the customers. Lending rates were hiked by the company by December 2018 by 60 bps and in January 10bps more were hiked.
- Instead of all the volatile environment and NBFC crisis the company was able to access all the revenues in 3QFY19.
- Loan growth has been muted for this quarter; the management expects 16% portfolio growth in 4QFY19. Home Loan disbursement is expected to be at around Rs 11000-12000 Cr in 4QFY19.
- Total disbursement for 3QFY19 stands at Rs 12778 Cr ,among which Rs 9170 Cr of Home loan and Rs 1238 Cr for LAP i.e. Loan Against Property.

**Concall Highlights**

- The floating rate assets are in excess of 80%.
- Builder loans are only the SPV level loan, from which 95% would be residential and the rest would be the commercial one.
- The borrowing mix of the company includes Rs 20000 Cr via NCD, Rs 9000 Cr via Commercial Paper and Rs 1000 Cr via public deposit in 3QFY19. Commercial paper declined to 5% in 3QFY19. Borrowings were at the bank rate of MCLR+0% spread (8.4-8.5%) and bond rate at 8.5-8.8%. In 4QFY19 borrowings are expected to be more on the retail deposits side, the company is also hopeful of ECB with banks in 4QFY19 or by first quarter of FY20. Total borrowings repaid in 3QFY19 stands at Rs 15000-18000 Cr.
- Gross NPA in 3QFY19 increased to 1.26% as against 0.87% during same period last year mainly contributed by retail portfolio. Modification of loan is at Rs 15978 Cr.
- ECL provision has declined in 3QFY19 as there was a reversal of Rs 3.14 Cr on this. NPAs in corporate segment decreased QoQ in 3QFY19 mainly due to the recoveries in 5-6 small account amounting to Rs 60 Cr. As per the management, in developer book there is no default expected going ahead.
- Slippages in the retail segment in 3QFY19 have been from the 2-3 year old loans and more of delayed repayments.
- Around 300 additional employees were recruited in 3QFY19.
- The management expects the current environment to allow the company to increase its market share in the long run.

## Profitability Matrix

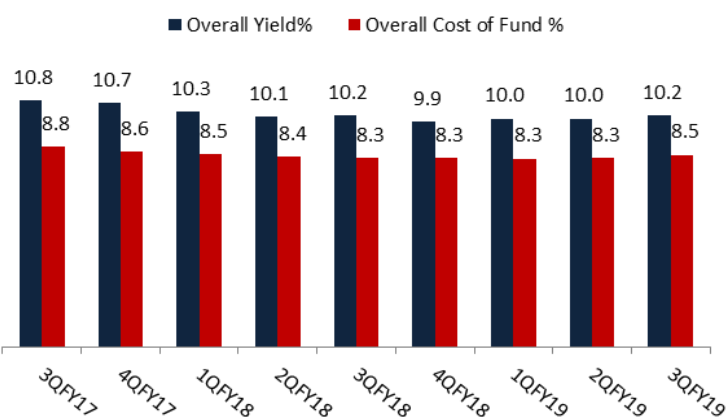
	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	YoY (+/-)	QoQ (+/-)
C/I Ratio %	9.6	11.6	13.1	20.5	8.2	21.9	22.8	9.68	0.86
Empl. Cost/ Tot. Exp. %	58.4	45.3	49.0	28.1	56.5	24.4	27.4	-21.61	3.03
Other Exp/Tot. Exp. %	39.0	28.1	41.4	70.7	35.7	71.8	70.1	28.63	-1.75
Provision/PPP %	23.8	26.0	(2.9)	3.2	17.0	10.7	(0.4)	2.57	-11.07
Tax Rate %	26.7	19.7	33.8	35.7	28.0	23.1	30.6	-3.20	7.54
Int Exp./Int Inc. (%)	74.6	74.3	78.7	73.9	75.0	74.9	75.4	-3.27	0.49
Other Inc./NII %	3.3	1.6	5.1	8.7	2.5	2.0	2.3	-2.82	0.35
PPP/ Net Income %	90.4	88.4	86.9	79.5	91.8	78.1	77.2	-9.68	-0.86
PAT/ Net Income %	50.5	52.5	59.2	49.4	54.9	53.6	53.8	-5.42	0.14
NII Growth % (YoY)	11.5	11.3	(16.6)	(3.5)	9.7	8.9	42.0	58.56	33.09
PPP Growth YoY %	16.0	9.4	(14.0)	(3.2)	10.5	(3.4)	22.8	36.76	26.23
PAT Growth %	17.6	3.9	(4.8)	1.9	18.3	11.6	25.5	30.36	13.90

## Margin Performance

Margin %	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	YoY (+/-)	QoQ (+/-)
Overall Yield	10.3	10.1	10.2	9.9	10.0	10.0	10.2	0.02	0.15
Cost of Funds	8.5	8.4	8.3	8.3	8.3	8.3	8.5	0.13	0.15
Spreads(Cal)	1.6	1.4	1.6	1.6	1.5	1.5	1.4	-0.20	-0.03
NIM Reported.	2.5	2.4	2.3	2.5	2.3	2.4	2.3	0.00	-0.02

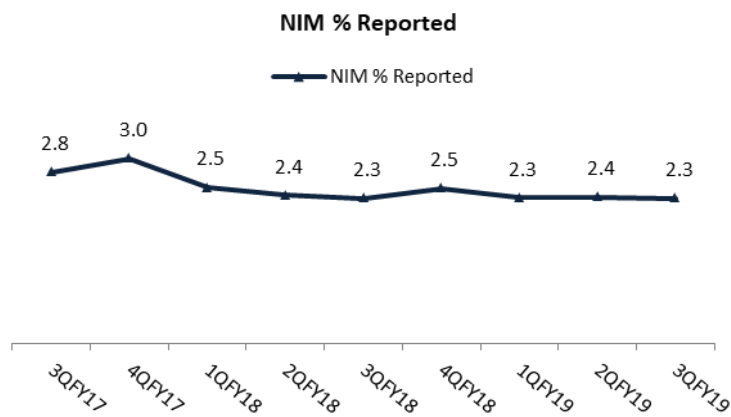
### Exhibit: Yield and Cost

Yield improved and cost of fund remained stable.



### Exhibit: Net Interest Margin

NIM improved marginally.



## Asset & Borrowings Growth Trend

	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
Disbursements	9684	15192	8699	10983	12293	17402	9594	14272	12778
Growth YoY %	15	15	15	20	27	15	10	30	4
AUM	135366	144534	147051	151417	156176	166363	168652	175953	181698
Growth YoY %	15	15	15	16	15	15	15	16	16
Borrowings	119428	126335	129163	133622	137629	145339	147735	154451	160291
Growth YoY %	15	14	14	15	15	15	14	16	16

## Asset Composition

Individual Loan Portfolio %	86	84	83	83	83	81	79	78	77
LAP %	10	13	13	13	13	14	16	16	17
Project/Developer loan	3	4	4	4	4	5	5	6	6

Exhibit: AUM Growth %

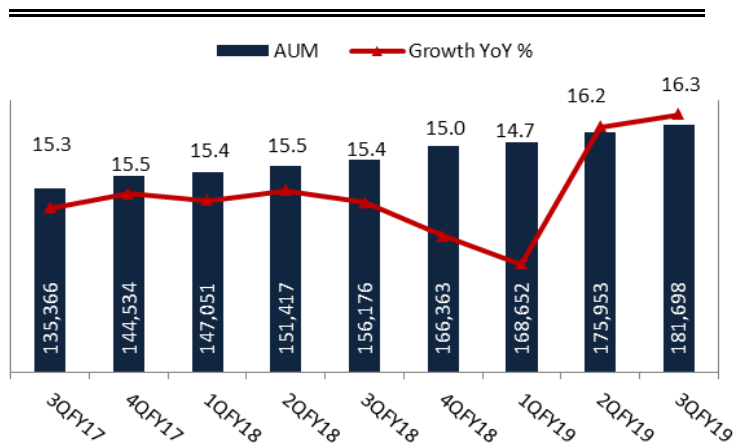
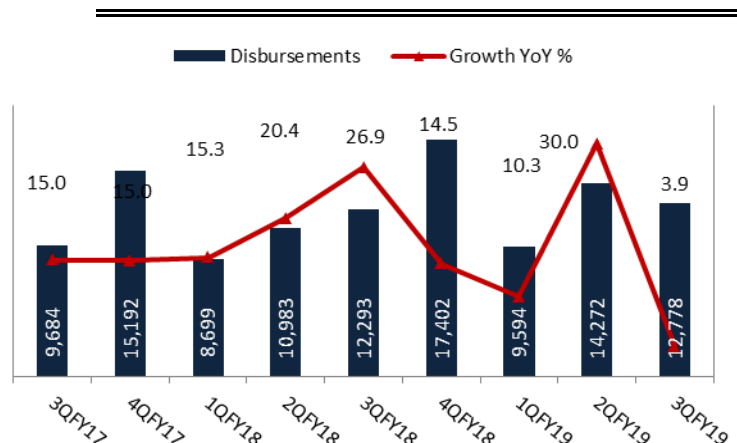


Exhibit: Disbursement Growth %



## Borrowing Mix

	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
Debenture and Securities	81	79	79	79	78	79	74	68	74
Bank Loans	9	9	9	9	10	10	12	16	14
Public Deposits	4	5	5	5	5	5	5	4	5
Others	6	7	7	7	7	6	9	12	7

## Disbursement Break up

	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
Core Home Loans	72	62	77	77	75	62	76	63	72
Lap	17	30	19	17	17	25	15	16	18
Corporate Loan	12	8	5	5	8	13	9	21	10
Total	100	100	100	100	100	100	100	100	100

## Asset Quality

	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
GNPA (Rs in Cr)	759	627	1,059	1,303	1,421	1,304	2,041	2,235	2,271
GNPA %	0.56	0.43	0.72	0.86	0.91	0.78	1.21	1.27	1.25
NNPA (Rs in Cr)	361	205	565	530	607	712	1,388	1,065	723
NNPA %	0.27	0.14	0.39	0.35	0.39	0.43	0.83	0.61	0.40
Specific PCR %	128.0	166.0	67.5	71.8	61.2	96.0	44.9	70	68

Exhibit: Asset Quality

Asset quality remained weak.

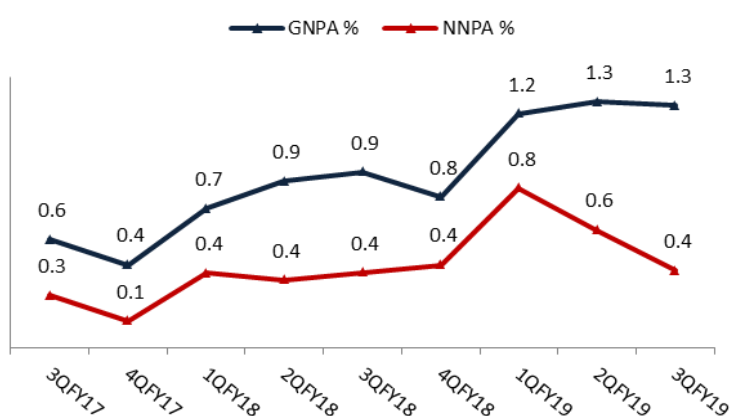
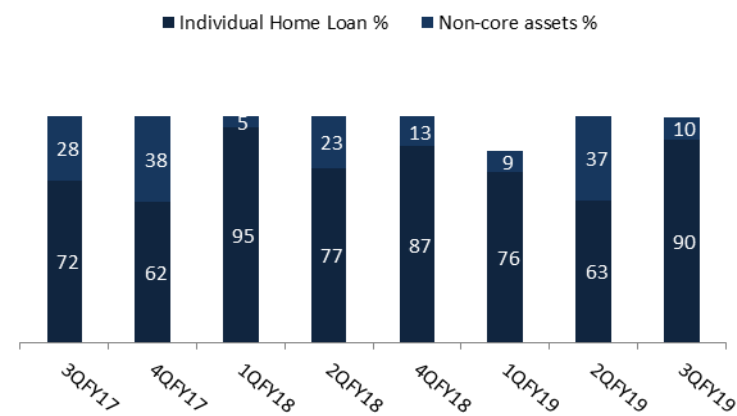


Exhibit: Share of Individual and non core assets



## Financial Details

### Balance Sheet

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
<b>Share Capital</b>	<b>101</b>	<b>101</b>	<b>101</b>	<b>101</b>	<b>101</b>	<b>101</b>	<b>101</b>	<b>101</b>
>> Equity Capital	101	101	101	101	101	101	101	101
>> Preference Capital	0	0	0	0	0	0	0	0
Reserves & Surplus	6380	7432	7717	9045	10976	12590	16341	18873
<b>Networth</b>	<b>6481</b>	<b>7533</b>	<b>7818</b>	<b>9146</b>	<b>11077</b>	<b>12691</b>	<b>16442</b>	<b>18974</b>
Change (%)	14	16	4	17	21	15	30	15
Total Borrowings	68764	82036	96547	110936	126335	145339	167822	193011
Change (%)	23	19	18	15	14	15	15	15
Provisions	985	1077	1070	1267	1139	1376	1141	1293
Other Liabilities	4330	5132	7110	9149	12349	12446	12222	12117
<b>Total Liabilities</b>	<b>80560</b>	<b>95777</b>	<b>112545</b>	<b>130498</b>	<b>150901</b>	<b>171852</b>	<b>197628</b>	<b>225395</b>
Investments	185	199	237	277	528	987	1135	1294
Loans	77813	91341	108361	125173	144534	166363	191317	218102
Change (%)	23	17	19	16	15	15	15	14
Fixed Assets	62	76	80	92	97	97	107	118
Other Assets	1035	1139	934	1029	1280	1452	1643	1853
Cash Balances	1466	3022	2933	3927	4462	2953	3425	4029
<b>Total Assets</b>	<b>80560</b>	<b>95777</b>	<b>112545</b>	<b>130498</b>	<b>150901</b>	<b>171852</b>	<b>197628</b>	<b>225395</b>

### Income Statement

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
Interest income	7,459	9,073	10,547	12,251	13,877	14,826	17,285	20,584
Interest expended	5,925	7,174	8,310	9,307	10,231	11,125	12,987	15,251
Net Interest Income	1,534	1,899	2,236	2,944	3,645	3,701	4,297	5,333
Change (%)	10	24	18	32	24	2	16	24
Other Income	200	261	252	235	204	247	107	267
Change (%)	(14)	31	(4)	(7)	(13)	21	(57)	149
Total Net Income	1,734	2,160	2,488	3,179	3,849	3,948	4,404	5,599
Change (%)	7	25	15	28	21	3	12	27
Operating Expenses	282	313	379	469	612	648	844	1,158
Change (%)	19	11	21	24	31	6	30	37
>> Employee Expenses	90	104	129	150	246	218	249	337
Change (%)	25	15	25	16	63	(11)	14	35
>>Other Expenses	191	209	250	318	366	430	595	821
Pre-provisioning Profit	1,452	1,847	2,109	2,710	3,237	3,301	3,561	4,441
Change (%)	5	27	14	28	19	2	8	25
Provisions	79	21	7	146	281	239	294	302
Change (%)	(49)	(73)	(65)	1,920	92	(15)	23	3
PBT	1,374	1,826	2,102	2,564	2,956	3,062	3,267	4,139
Tax	350	508	716	903	1,025	1,072	918	1,159
Profit After Tax	1,023	1,318	1,386	1,661	1,931	1,990	2,349	2,980
Change (%)	12	29	5	20	16	3	18	27
Adjusted Profit After Tax	1,023	1,318	1,386	1,661	1,931	1,990	2,349	2,980
Change (%)	12	29	5	20	16	3	18	27

## Financial Details

### Key Ratios

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
<b>Balance Sheet Metrics</b>								
AUM	77813	91341	108361	125173	144534	166363	191317	218102
>> Off-Book AUM	0	0	0	0	0	0	0	0
AUM Growth (%)	23.4	17.4	18.6	15.5	15.5	15.1	15.0	14.0
Borrowing Growth (%)	22.6	19.3	17.7	14.9	13.9	15.0	15.5	15.0
Loan/Borrowing Ratio	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Disbursement (Rs Cr)	24359	25271	30326	36273	41541	49385	56753	66234
Disbursement Growth (%)	20	20	20	20	15	19	15	17
CRAR (%)	17	16	15	17	16	15	18	18
>> Tier 1 (%)	11.5	12.2	11.8	13.9	13.4	13.1	15.6	15.8
>> Tier 2 (%)	5.0	4.2	3.5	3.2	2.3	2.4	2.1	2.1
Debt/Equity (x)	10.6	10.9	12.3	12.1	11.4	11.5	10.2	10.2

### Assets Quality Metrics

Gross NPA (Rs)	471	609	495	568	627	1,304	2,391	2,835
Gross NPA (%)	0.6	0.7	0.5	0.5	0.4	0.8	1.3	1.3
Net NPA (Rs)	276	354	234	270	205	712	1,746	1,701
Net NPA (%)	0.4	0.4	0.2	0.2	0.1	0.4	0.9	0.8
Provision Coverage (%)	41	42	53	52	67	45	27	40
Provision/Average Advances (%)	0.1	0.0	0.0	0.1	0.2	0.2	0.2	0.1

### Margin Metrics

Yield On Advances (%)	10.6	10.7	10.6	10.5	10.3	9.5	9.7	10.1
Cost Of Funds (%)	9.5	9.5	9.3	9.0	8.6	8.2	8.3	8.5
Spread (%)	1.1	1.2	1.3	1.5	1.7	1.3	1.4	1.6
NIM on AUM (%)	2.2	2.2	2.2	2.5	2.7	2.4	2.4	2.6

### Profitability & Efficiency Metrics

Int. Expended/Int.Earned (%)	79.4	79.1	78.8	76.0	73.7	75.0	75.1	74.1
Other Income/NII (%)	13.0	13.8	11.3	8.0	5.6	6.7	2.5	5.0
Operating Profit/ Net Income (%)	83.7	85.5	84.8	85.3	84.1	83.6	80.8	79.3
Net Profit/Net Income (%)	59.0	61.0	55.7	52.2	50.2	50.4	53.3	53.2
Cost to Income (%)	16.3	14.5	15.2	14.7	15.9	16.4	19.2	20.7
Employee Exp/ Net Income (%)	5.2	4.8	5.2	4.7	6.4	5.5	5.7	6.0
Cost on Average Assets (%)	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5
Provisions/PPP (%)	5.4	1.1	0.3	5.4	8.7	7.2	8.3	6.8
Tax Rate (%)	25.5	27.8	34.1	35.2	34.7	35.0	28.1	28.0

### Valuation Ratio Metrics

EPS (Rs)	20	26	27	33	38	39	47	59
Change (%)	11.9	28.8	5.2	19.8	16.3	3.0	18.1	26.9
ROAE (%)	16.8	18.8	18.1	19.6	19.1	16.7	16.1	16.8
ROAA (%)	1.4	1.5	1.3	1.4	1.4	1.2	1.3	1.4
Dividend Payout (%)	18.7	17.2	18.2	16.7	16.2	17.2	15.9	13.5
Dividend yield (%)	1.5	2.1	1.4	1.2	1.2	1.3	1.6	1.8
Dividend Per Share	3.8	4.5	5.0	5.5	6.2	6.8	7.4	8.0
Book Value (Rs)	128	149	155	181	219	251	326	376
Change (%)	14.1	16.2	3.8	17.0	21.1	14.6	29.6	15.4
P/B (X)	1.7	1.6	2.8	2.7	2.8	2.1	1.4	1.2
P/E (X)	11.0	9.0	15.9	15.0	16.2	13.6	9.7	7.6

Financial Details

Exhibit: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
<i>Interest Income</i>	10.3	10.1	10.1	9.9	9.2	9.4	9.7
<i>Interest expended</i>	8.1	8.0	7.7	7.3	6.9	7.0	7.2
<b><i>Net Interest Income</i></b>	<b>2.2</b>	<b>2.1</b>	<b>2.4</b>	<b>2.6</b>	<b>2.3</b>	<b>2.3</b>	<b>2.5</b>
<i>Non-Fund Based Income</i>	0.3	0.2	0.2	0.1	0.2	0.1	0.1
<i>Total Income</i>	2.5	2.4	2.6	2.7	2.4	2.4	2.6
<b><i>Total Operating Expenses</i></b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.5</b>	<b>0.5</b>
<i>&gt;&gt; Employee Expenses</i>	0.1	0.1	0.1	0.2	0.1	0.1	0.2
<i>&gt;&gt; Other Expenses</i>	0.2	0.2	0.3	0.3	0.3	0.3	0.4
<i>Operating Profit</i>	2.1	2.0	2.2	2.3	2.0	1.9	2.1
<i>Provisions</i>	0.0	0.0	0.1	0.2	0.1	0.2	0.1
<i>Others</i>	-	-	-	-	-	-	-
<i>PBT</i>	2.1	2.0	2.1	2.1	1.9	1.8	2.0
<i>Tax</i>	0.6	0.7	0.7	0.7	0.7	0.5	0.5
<b><i>PAT/RoAA</i></b>	<b>1.5</b>	<b>1.3</b>	<b>1.4</b>	<b>1.4</b>	<b>1.2</b>	<b>1.3</b>	<b>1.4</b>
<i>Equity Multiplier (x)</i>	12.6	13.6	14.3	13.9	13.6	12.7	11.9
<b><i>ROAE</i></b>	<b>18.8</b>	<b>18.1</b>	<b>19.6</b>	<b>19.1</b>	<b>16.7</b>	<b>16.1</b>	<b>16.8</b>



Narnolia Financial Advisors Ltd. is a SEBI registered Research Analyst having SEBI Registration No. INH300006500. The Company/Analyst (s) does/do not have any holding in the stocks discussed but these stocks may have been recommended to clients in the past. Clients of Narnolia Financial Advisors Ltd. may be holding aforesaid stocks.

The stocks recommended are based on our analysis which is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed.

**Disclosures:** Narnolia Financial Advisors Ltd. (NFAL) (FormerlyMicrosec Capital Ltd.) is a SEBI Registered Research Analyst having registration no. INH300006500. 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](http://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.

**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](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com).

Correspondence Office Address: Arch Waterfront, 5<sup>th</sup> Floor, Block GP, Saltlake, Sector 5, Kolkata 700 091; Tel No.: 033-40541700; [www.narnolia.com](http://www.narnolia.com).

Registered Office Address: Marble Arch, Office 201, 2<sup>nd</sup> Floor, 236B, AIC Bose Road, Kolkata 700 020; Tel No.: 033-4050 1500; [www.narnolia.com](http://www.narnolia.com)

Compliance Officer: Manish Kr Agarwal, Email Id: [mkagarwal@narnolia.com](mailto: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: INH300006500, Merchant Banking: (Registration No.: INM000010791), PMS: (Registration No.: INP000002304), AMFI Registered 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 (Formerly Microsec Commerze Ltd.)-MCX/NCDEX Commodities Broker: INZ000051636 || NarnoliaVelox Advisory Ltd.- SEBI Registered PMS: INP000005109 || Eastwind Capital Advisors Pvt Ltd. (EASTWIND)-SEBI Registered Investment Adviser: INA300005439 || Narnolia Insurance Brokers Limited (Formerly Microsec Insurance Brokers Ltd.)-IRDA Licensed Direct Insurance Broker (Life & Non-Life) Certificate No. 134, License No. DB046/02 || 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.