

Industry	Financial
Bloomberg	CANF IN
BSE CODE	511196

Improving housing Supply will foster the loan growth ahead.

RATING	BUY
CMP	343
Price Target	421
Potential Upside	23%

Rating Change	↔
Estimate Change	↔
Target Change	↔

Stock Info

52wk Range H/L	429/217
Mkt Capital (Rs Cr)	4,563
Free float (%)	70%
Avg. Vol 1M (,000)	1,637
No. of Shares (Cr)	13
Promoters Pledged %	

Research Analyst

DEEPAK KUMAR

Deepak.kumar@narnolia.com

+91-22-62701205

SWETA PADHI

Shweta.padhi@narnolia.com

+91-22-62701227

4QFY19 Result Update

- NII grew at the rate of 5% YoY. PPP grew at the rate of 5% while PAT growth has decreased by 9% YoY mainly on account of adjustments of fee income under IND-AS and adjustment related to previous year tax of Rs 5 Cr. Under IND-AS there was amortization of fee income to the tune of Rs 28 Cr for the full year.
- NIM has decreased by 139 bps YoY but remained stable on sequential basis; Yields have remained stable at 10.6% QoQ while COF has remained at 7.90% level as at 4QFY19.
- C/I ratio stood at 16.8% as operating expenses grew by 26%/51% YoY/QoQ due to rise in employee cost under AS-15 requirement.
- AUM growth is at 17% as on 4QFY19, driven by growth in Individual segment by 16% YoY, mortgage segment grew at 10% YoY. Disbursement has grown at 12.5%/18% YoY/QoQ while sanctions grew at 20% YoY as at 4QFY19. Excluding Karnataka, loan book growth is at 22% YoY.
- RoE for FY19 is depressed on account of some income adjustment as well as adjustments in the net-worth of the company. Deferred tax liability has been reversed to the net-worth under IND-AS requirement. Due to this, leverage ratio has improved to single digit at 9.37x and management hopes to bring it down to 7.5-8x level by raising equity to the extent of Rs 1000 Cr.

View and Valuation

Rise in cost of fund & increased competition had taken a toll on CANFINHOME margins. However, with the liquidity pressure, competitions have eased and management has increased loan rates by 100 bps during last one year and hence the benefit of which is expected to accrue from coming quarters. Further rise in share of non-metro branches & non salaried segment management expects NIM to improve going ahead. With the stability or fall in cost of fund, margin for CANFIN is likely to improve going ahead. Further the disbursement has shown sign of revival with Karnataka book also improving. Sanctions are showing good tractions. Due to little ease in competition, management said that the prepayment rates have reduced which was also reflected in the incremental loan growth of 21% YoY in 4Q FY19. Management is optimistic of loan book growth, and has guided 25% YoY growth. Asset quality has shown improvement and management is confident of further recovery from under the SARFAESI Act. CANFIN has Rs 1000 Cr of capital raising approval and is likely that management will raise the capital in near term to improve leverage. We roll over our target price on FY21 Book Value at 2.2x and maintain BUY with the target price of Rs 421.

Key Risks to our rating and target

- Continued adverse impact on supply side will impact the loan growth.
- Further liquidity pressure will increase the cost of fund.

KEY FINANCIAL/VALUATIONS	FY17	FY18	FY19	FY20E	FY21E
NII	422	510	530	645	815
PPP	389	453	471	591	733
PAT	235	286	297	384	468
NIM %	3.5	3.5	3.1	3.2	3.3
EPS (Rs)	18	23	22	29	35
EPS growth (%)	49.8	28.2	-1.7	29	22
ROE (%)	24.1	24.9	18.2	19.6	19.9
ROA (%)	1.9	2.1	1.7	1.8	1.8
BV	81	101	134	160	193
P/B (X)	5.2	4.8	2.6	2.1	1.8
P/E (x)	23.9	21.4	15.3	11.9	9.7

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.

4QFY19 Results Below our Expectations

Stable Performance

Financials	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	YoY %	QoQ%	FY18	FY19	YoY %
Interest Inc.	386	396	414	438	451	16.8%	3.1%	1,491	1,700	14.0%
Interest Exp.	255	270	284	302	314	23.0%	4.1%	981	1,169	19.2%
NII	131	126	130	136	138	4.9%	1.1%	510	530	4.1%
Other Income	7	8	9	6	12	79.5%	115.4%	31	32	1.3%
Total Income	138	134	139	142	150	8.6%	5.8%	545	567	4.0%
Ope Exp.	26	20	18	22	33	26.6%	50.8%	88	92	4.4%
PPP	112	114	122	120	118	4.5%	-2.3%	453	471	3.8%
Provisions	1	-	-	-	1	42.9%	-	22	1	-95.1%
PBT	112	114	122	120	116	4.3%	-3.2%	431	470	8.9%
Tax	38	39	45	46	49	31%	7.6%	145	173	19.2%
Net Profit	74	75	77	74	67	-9.4%	-9.9%	286	297	4%

NIM has remained under pressure but may improve going ahead

NII growth has improved to 5% YoY on the back of steady AUM growth of 17% YoY. Margin has stabilized at 3.14% in 4Q FY19. Management said yields are under pressure due to competition. However last year interest rate was increased from 8.5% in March 2018 to 8.95% in April 2018 and then 9.5% in October 2018. CANFINHOME is into annual resetting of interest rate and hence now yields are expected to improve going ahead. Cost of fund stood at 8.90% as at 4QFY19. Incremental cost of fund has improved from 3Q FY19 level. Management expects spreads of 3.5%+ to be maintained going ahead.

AUM growth has remained Steady, Targeting 25% Growth in FY20

Disbursement has increased by 12% YoY. Overall Karnataka Loan growth stood at 6.5% whereas incremental growth was 18% YoY. Excluding Karnataka, loan growth is at 22% YoY. 31% of the entire loan book comes from Karnataka. Sanctions in Karnataka have registered positive growth in 4Q FY19, against negative growth in last 3 quarters. Conversion of disbursement to loan book is expected to improve going ahead because of lesser balance transfer, prepayment. Though growth rate has improved but it is expected to remain impacted in 1HFY20 due to election & monsoon period while 2HFY20 is expected to be better. Incremental loan book growth is expected to improve to double digit. Incremental Loan book growth of Rs 4600 Cr is expected in FY20 mainly from Housing 2022 scheme, mostly the growth is expected to come from Individual Housing segment. 8% of fresh loan approvals during FY19 were for Housing & 12% for Non-Housing. 67% of fresh loan approvals were to Salaried & Professionals while 33% were to SENP segment. 71% of the outstanding loan book as at Mar'19 comes from Salaried & Professionals; 90% from HL. Management is targeting 25% loan growth in FY20.

Asset Quality Improves.

Gross NPA & Net NPA improved to 0.62% & 0.43% respectively from 0.71% & 0.51% in Q3. PCR has improved to 30% as at 4QFY19. ECL provision for standard is at 40 bps while for NPA provision is at 60 bps. During the year 367 accounts amounting Rs 60.31 Cr is under SARFAESI action. Out of which 307 accounts got upgraded. Total 639 accounts amounting to Rs 95 Cr is under SARFEASI. Management is optimistic of realizing it going ahead.

Other Details

- ❑ Management plans to increase 20 branches in FY20. All the metro branches are being centralized for collection & recovery purposes. Branches are expected to break-even in 1 year's period. Productivity of earlier branches is expected to improve going ahead.
- ❑ Under IND-AS fee income of Rs.29 Cr has to be amortized over the period of loan going ahead.
- ❑ Management spent Rs.6 Cr under CSR during the year vis-à-vis Rs 3.4 Cr during FY18.

Concall Highlights

- NII growth has improved to 5% YoY. Margin has stabilized at 3.14% in 4Q FY19. Management said Yields are under pressure due to competition. However last year in interest rate was increased from 8.5% in March 2018 to 8.95% in April 2018 and then 9.5% in October 2018. CANFINHOME is into annual resetting of interest rate and hence now yields are expected to improve going ahead. Cost of fund stood at 8.90% as at 4QFY19. Incremental cost of fund has improved from 3Q FY19 level. Management expects spreads of 3.5%+ to be maintained going ahead.
- Under IND-AS processing fee of Rs 29 Cr has to be amortised over the period of loan and thus by this much amount, profitability has been impacted during the year.
- Tax amounting to Rs 5.42 Cr amounting to previous year is disputed item which has been accounted during the period. Going ahead it is expected to normalize to 35% level.
- RoE for FY19 is depressed on account of some income adjustment as well as adjustments in the net-worth of the company. Deferred tax liability has been reversed to the net-worth under IND-AS requirement. However due to this, leverage ratio has improved to single digit at 9.37x and management hopes to bring it down to 7.5-8x level by raising equity to the extent of Rs 1000 Cr. Management believes that healthier leverage ratio will help in the better cost of fund from lenders.
- Disbursement has increased by 12% YoY. Overall Karnataka Loan growth stood at 6.5% whereas incremental growth was 18% YoY. Excluding Karnataka, loan growth is at 22% YoY. 31% of the entire loan book comes from Karnataka. Sanctions in Karnataka has registered positive growth in 4Q FY19, against negative growth in last 3 quarters.
- Conversion of disbursement to loan book is expected to improve going ahead because of lesser balance transfer, prepayment. Though growth rate has improved but it is expected to remain impacted in 1HFY20 due to election & monsoon period while 2HFY20 is expected to be better. Incremental loan book growth is expected to improve to double digit. Incremental Loan book growth of Rs 4600 Cr is expected in FY20 mainly from Housing 2022 scheme, mostly the growth is expected to come from Individual Housing segment.
- Management plans to increase 20 branches in FY20. All the metro branches are being centralized for collection & recovery purposes. Branches are expected to break-even in 1 year's period. Productivity of earlier branches is expected to improve going ahead.
- Management plans to grow incremental book in non metro (ticket size 10-12 lakh) apart from metro (average ticket size 30 lakh.) it will available fund from PSLC & affordable housing fund of NHB. Contribution of salaried will be higher in non-metro. Presently, 50% of the portfolio is below Rs 6 lakh p.a salary customers.
- Non-salaried segment loans are of lesser tenure. Addressing the RERA compliant supply side issue will improve the share of salaried going forward.
- Weekly repayment is at Rs 75 Cr with monthly prepayment of Rs 350-375 Cr.
- Employee cost has doubled on sequential basis because of AS-15 requirement.
- ECL provision for standard is at 40 bps while for NPA provision is at 60 bps.
- Difference in yield between salaried & Non salaried is at 30-40 bps. CP share is almost like 12% as at 4QFY19.

Profitability Matrix

	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	YoY (+/-)	QoQ (+/-)
C/I Ratio %	15.0	15.1	18.6	14.9	12.7	15.2	21.7	3.08	6.46
Empl. Cost/ Tot. Exp. %	49.6	53.1	50.5	53.0	34.2	39.3	50.2	-0.27	10.93
Other Exp/Tot. Exp.%	33.5	32.6	35.5	34.4	47.0	44.9	35.7	0.18	-9.15
Provision/PPP %	6.8	7.8	0.7	-	-	-	0.9	0.25	0.93
Tax Rate %	34.2	39.3	33.8	34.1	36.8	38.2	34.0	0.18	-4.20
Int Exp./Int Inc. (%)	65.4	66.4	66.0	68.1	68.5	68.9	69.5	3.47	0.61
Other Inc./NII %	7.3	9.4	5.3	6.2	6.8	4.2	9.0	3.75	4.79
PPP/ Net Income %	85.0	84.9	81.4	85.1	87.3	84.8	78.3	-3.08	-6.46
PAT/ Net Income %	52.1	47.5	53.5	56.1	55.2	52.4	44.7	-8.87	-7.75
NII Growth % (YoY)	26.7	15.4	10.4	1.2	2.0	6.9	4.9	-5.47	-1.99
PPP Growth YoY %	25.0	18.4	1.2	1.1	4.3	1.7	4.5	3.39	2.83
PAT Growth %	29.7	11.1	4.3	8.1	7.6	12.3	(9.4)	-5.03	-21.68

Margin Performance

Margin %	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	YoY (+/-)	QoQ (+/-)
Overall Yield Cal.	10.9	10.7	10.5	10.3	10.4	10.5	10.5	-0.01	-0.08
Cost Of Funds Cal.	8.2	8.0	7.8	8.0	8.0	8.2	8.2	0.37	-0.05
NIM Reported.	3.6	3.6	3.5	3.3	3.2	3.2	3.1	-0.39	-0.04

Exhibit: Yield and Cost

Fall in both yield & cost

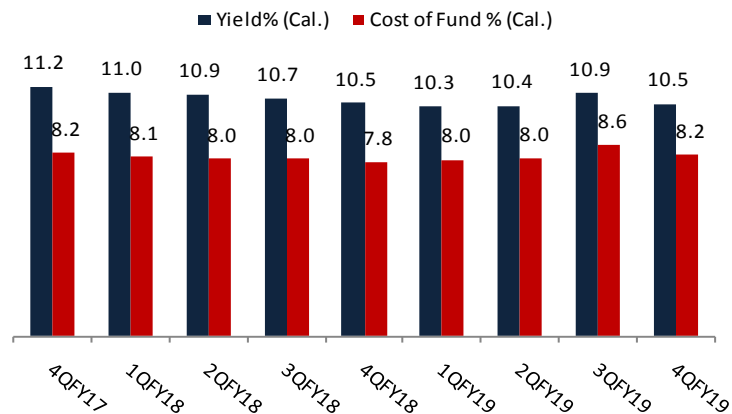
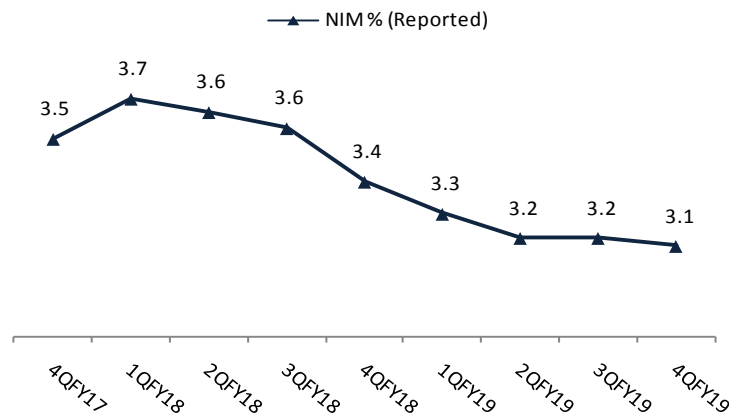


Exhibit: Net Interest Margin

NIM stabilized QoQ



Asset Growth Trend

	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19
Sanctions	1339	1185	1575	1547	1453	1209	1521	1483	1738
Growth YoY %	-1.5	-0.5	3.8	14.5	8.5	2.0	-3.4	-4.1	19.6
Disbursements	1234	1153	1346	1322	1385	1164	1443	1318	1554
Growth YoY %	2.9	9.6	3.6	9.5	12.2	1.0	7.2	-0.3	12.2
AUM	13313	13808	14456	15058	15743	16199	16935	17568	18381
Growth YoY %	25.1	23.5	20.7	18.7	18.3	17.3	17.1	16.7	16.8
Borrowings	11872	12276	12827	13303	13921	14272	15000	15500	16694
Growth YoY %	25.3	22.9	19.0	16.9	17.3	16.3	16.9	16.5	19.9

Exhibit: AUM Growth %

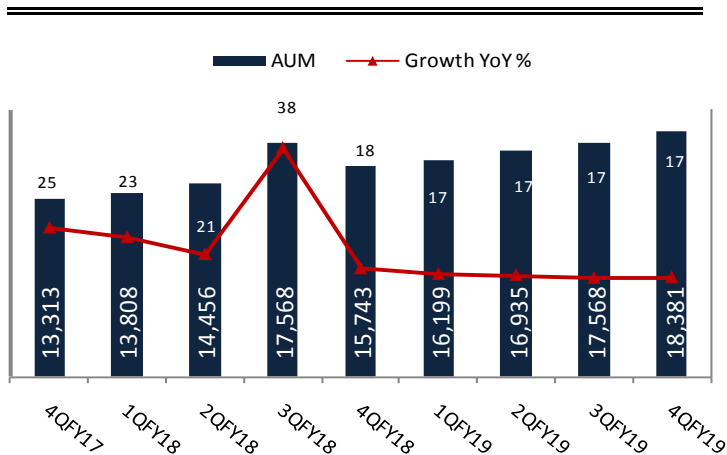
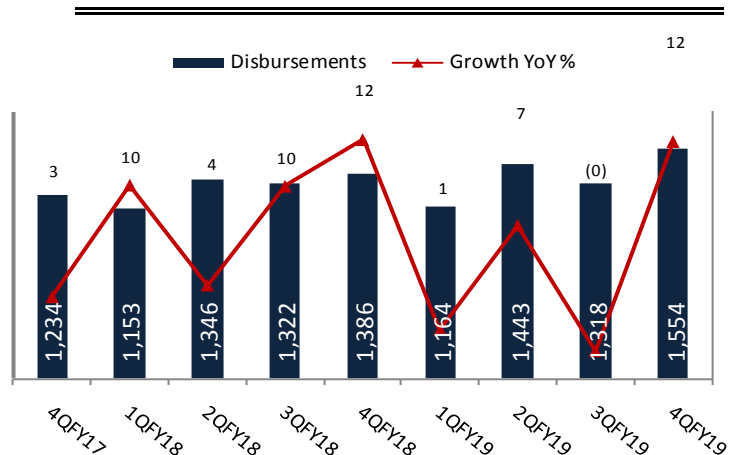


Exhibit: Disbursement Growth %



Borrowing Mix

	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19
Market Borrowings	51	52	52	58	50	52	46	38	34
Bank Loans	19	19	33	22	33	38	45	48	52
Refinance from NHB	28	27	15	18	15	8	7	13	12
Deposits from public	2	2	2	2	2	2	2	1	2

Loan Portfolio Break up

	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19
Salaried & Professionals	75.3	74.6	73.9	73.5	73.2	72.7	72.0	71.5	71.1
Non Salaried Class- Self Employed &	24.4	25.1	25.9	26.3	26.7	27.1	27.8	28.3	28.8
Builder Loans	0.1	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.1
Staff Loans	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total	100	100	100	100	100	100	100	100	100

Asset Quality

	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	YoY (+/-)	QoQ (+/-)
GNPA (Rs in Cr)	58	69	67	107	107	125	114	46.02	-11.44
GNPA %	0.40	0.46	0.46	0.66	0.63	0.71	0.62	0.16	(0.09)
NNPA (Rs in Cr)	26	38	32	71	71	89	79	47.84	-9.62
NNPA %	0.18	0.25	0.25	0.44	0.42	0.42	0.43	0.18	0.01
Specific PCR %	55	45	53	33	33	29	30	-23.15	1.29

Exhibit: Asset Quality

Asset quality shown Improvement

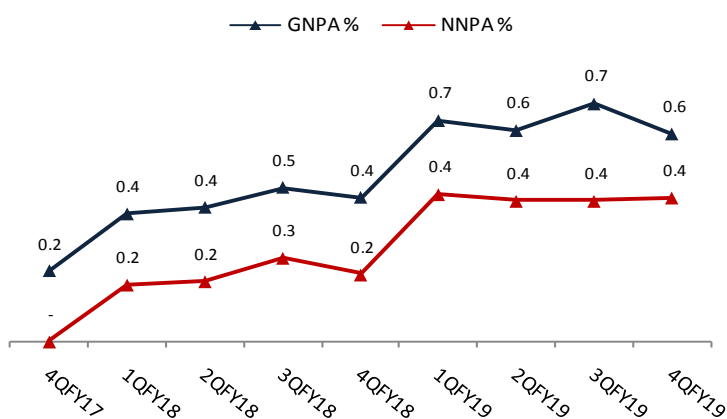
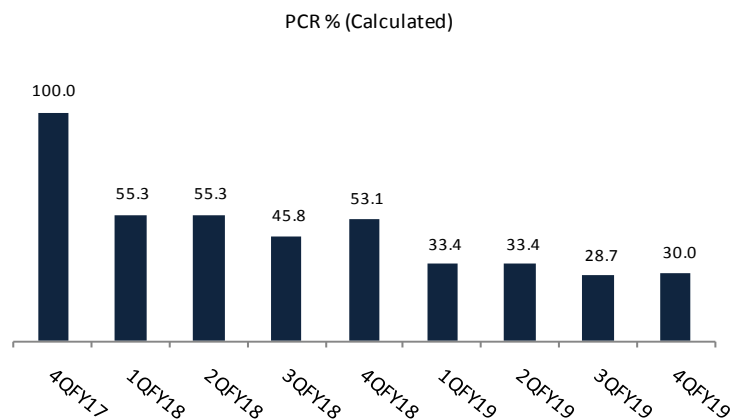


Exhibit: Provisions

PCR has Improved



Financial Details

Balance Sheet

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Share Capital	20	27	27	27	27	27	27	27
>> Equity Capital	20	27	27	27	27	27	27	27
>> Preference Capital	0	0	0	0	0	0	0	0
Reserves & Surplus	432	745	851	1050	1460	1756	2108	2544
Networth	452	771	878	1076	1487	1782	2135	2570
Change (%)	15	71	14	23	38	20	20	20
Total Borrowings	5269	7375	9478	11872	13925	16694	20022	24427
Change (%)	49	40	29	25	17	20	20	22
Provisions	92	124	189	208	34	27	180	220
Other Liabilities	99	64	249	302	284	277	394	673
Total Liabilities	5912	8334	10795	13458	15730	18780	22731	27890
Investments	15	15	15	16	16	16	22	27
Loans	5844	8232	10643	13313	15644	18285	22425	27358
Change (%)	46	41	29	25	18	17	23	22
Fixed Assets	8	9	9	10	10	10	10	10
Other Assets	36	70	110	99	41	49	55	60
Cash Balances	9	8	17	20	19	420	218	434
Total Assets	5912	8334	10795	13458	15730	18780	22731	27890

Income Statement

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Interest income	557	788	1,044	1,306	1,491	1,700	2,054	2,535
Interest expended	423	610	743	884	981	1,169	1,409	1,720
Net Interest Income	134	178	301	422	510	530	645	815
Change (%)	40	32	69	40	21	4	22	26
Other Income	21	29	39	47	31	32	39	49
Change (%)	50	40	33	21	(33)	1	22	26
Total Net Income	155	207	340	469	541	562	684	864
Change (%)	42	33	64	38	15	4	22	26
Operating Expenses	44	55	67	80	88	92	93	131
Change (%)	22	26	21	19	10	4	1	41
>> Employee Expenses	18	25	33	39	45	41	44	56
Change (%)	14	38	33	18	15	(8)	7	26
>>Other Expenses	26	31	34	41	43	50	48	75
Pre-provisioning Profit	111	152	273	389	453	471	591	733
Change (%)	51	36	80	42	16	4	26	24
Provisions	4	14	19	20	22	1	16	25
Change (%)	(420)	221	36	1	12	(95)	1,322	59
PBT	107	137	254	370	431	470	576	709
Tax	31	51	97	134	145	173	192	241
Profit After Tax	76	86	157	235	286	297	384	468
Change (%)	40	14	83	50	22	4	29	22
Adjusted Profit After Tax	76	86	157	235	286	297	384	468
Change (%)	40	14	83	50	22	4	29	22

Financial Details

Key Ratios

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Balance Sheet Metrics								
AUM	5844	8232	10643	13313	15743	18381	22425	27358
>> Off-Book AUM	0	0	0	0	99	96	0	0
AUM Growth (%)	45.5	40.9	29.3	25.1	18.3	16.8	22.0	22.0
Borrowing Growth (%)	48.9	40.0	28.5	25.3	17.3	19.9	19.9	22.0
Loan/Borrowing Ratio	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Disbursement (Rs Cr)	2548	3346	3923	4792	5207	5479	6624	8081
Disbursement Growth (%)	20	20	20	22	9	5	21	22
CRAR (%)	14	18	21	19	19	20	19	19
>> Tier 1 (%)	13.1	15.6	17.6	16.0	17.0	17.8	17.3	17.1
>> Tier 2 (%)	0.8	2.8	3.1	2.5	2.1	1.8	2.0	1.7
Debt/Equity (x)	11.6	9.6	10.8	11.0	9.4	9.4	9.4	9.5

Assets Quality Metrics

Gross NPA (Rs)	12	14	20	28	67	114	67	82
Gross NPA (%)	0.2	0.2	0.2	0.2	0.4	0.6	0.3	0.3
Net NPA (Rs)	-	-	-	-	32	79	44	53
Net NPA (%)	-	-	-	-	0.2	0.4	0.2	0.2
Provision Coverage (%)	100	100	100	100	53	30	35	35
Provision/Average Advances (%)	0.1	0.2	0.2	0.2	0.2	0.0	0.1	0.1

Margin Metrics

Yield On Advances (%)	11.3	11.2	11.1	10.9	10.3	10.0	10.1	10.2
Cost Of Funds (%)	9.6	9.7	8.8	8.3	7.6	7.6	7.7	7.7
Spread (%)	1.7	1.5	2.2	2.6	2.7	2.3	2.4	2.4
NIM on AUM (%)	2.7	2.5	3.2	3.5	3.5	3.1	3.2	3.3

Profitability & Efficiency Metrics

Int. Expended/Int.Earned (%)	75.9	77.5	71.2	67.7	65.8	68.8	68.6	67.8
Other Income/NII (%)	15.6	16.5	13.0	11.2	6.2	6.0	6.0	6.0
Operating Profit/ Net Income (%)	71.7	73.3	80.4	83.0	83.8	83.7	86.5	84.9
Net Profit/Net Income (%)	48.8	41.6	46.2	50.2	52.9	52.8	56.1	54.1
Cost to Income (%)	28.3	26.7	19.6	17.0	16.2	16.3	13.5	15.1
Employee Exp/ Net Income (%)	11.5	12.0	9.7	8.3	8.3	7.4	6.5	6.5
Cost on Average Assets (%)	0.9	0.8	0.7	0.7	0.6	0.5	0.4	0.5
Provisions/PPP (%)	4.0	9.4	7.1	5.0	4.9	0.2	2.6	3.4
Tax Rate (%)	28.9	37.3	38.1	36.3	33.6	36.8	33.3	34.0

Valuation Ratio Metrics

EPS (Rs)	7	6	12	18	23	22	29	35
Change (%)	39.9	(12.5)	82.5	49.8	28.2	(1.7)	29.4	21.8
ROAE (%)	17.9	14.1	19.0	24.1	24.9	18.2	19.6	19.9
ROAA (%)	1.5	1.2	1.6	1.9	2.1	1.7	1.8	1.8
Dividend Payout (%)	20.6	25.4	20.4	13.6	53.0	10.8	8.3	6.8
Dividend yield (%)	0.9	0.3	0.2	0.1	0.6	0.6	0.6	0.6
Dividend Per Share	1.3	1.4	2.0	2.0	2.0	2.0	2.0	2.0
Book Value (Rs)	44	58	66	81	101	134	160	193
Change (%)	15.3	31.3	13.8	22.6	25.1	32.4	19.8	20.4
P/B (X)	0.9	2.1	3.5	5.2	4.8	2.6	2.1	1.8
P/E (X)	5.1	18.7	19.6	23.9	21.4	15.3	11.9	9.7

Financial Details

Exhibit: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY20E
<i>Interest Income</i>	11.2	11.1	10.9	10.8	10.2	9.8	9.9	10.0
<i>Interest expended</i>	8.5	8.6	7.8	7.3	6.7	6.8	6.8	6.8
<i>Net Interest Income</i>	2.7	2.5	3.1	3.5	3.5	3.1	3.1	3.2
<i>Non-Fund Based Income</i>	0.4	0.4	0.4	0.4	0.2	0.2	0.2	0.2
<i>Total Income</i>	3.1	2.9	3.6	3.9	3.7	3.3	3.3	3.4
<i>Total Operating Expenses</i>	0.9	0.8	0.7	0.7	0.6	0.5	0.4	0.5
>> <i>Employee Expenses</i>	0.4	0.3	0.3	0.3	0.3	0.2	0.2	0.2
>> <i>Other Expenses</i>	0.5	0.4	0.4	0.3	0.3	0.3	0.2	0.3
<i>Operating Profit</i>	2.2	2.1	2.9	3.2	3.1	2.7	2.8	2.9
<i>Provisions</i>	0.1	0.2	0.2	0.2	0.2	0.0	0.1	0.1
<i>Others</i>	0.0	-	-	-	-	-	-	-
<i>PBT</i>	2.1	1.9	2.7	3.0	3.0	2.7	2.8	2.8
<i>Tax</i>	0.6	0.7	1.0	1.1	1.0	1.0	0.9	1.0
<i>PAT/RoAA</i>	1.5	1.2	1.6	1.9	2.0	1.7	1.8	1.8
<i>Equity Multiplier (x)</i>	11.8	11.6	11.6	12.4	11.4	10.6	10.6	10.8
<i>ROAE</i>	17.9	14.1	19.0	24.1	22.3	18.2	19.6	19.9

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

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, www.bseindia.com.

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, AIC 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: 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.