

Industry
Bloomberg
BSE CODE

Financial
INDOSTAR IN
541336

Acquisition Drives Growth, Underlying Stress May Affect Profitability

RATING	NEUTRAL
CMP	276
Price Target	284
Potential Upside	3%
Rating Change	↓
Estimate Change	↓
Target Change	↓

STOCK INFO	
52wk Range H/L	487/274
Mkt Capital (Rs Cr)	2,552
Free float (%)	25%
Avg. Vol 1M (,000)	198
No. of Shares (Cr)	9
Promoters Pledged %	

Fig in Rs Cr

FINANCIAL	FY19	FY20E	FY21E
NII	616	855	1037
PPP	409	563	707
PAT	255	221	284
NIM %	6.4	5.7	5.6
EPS (Rs)	28	24	31
EPS growth (%)	2.3	-13.5	28.8
ROE (%)	10.0	7.1	8.5
ROA (%)	2.6	1.5	1.5
BV	328	350	378
P/B (X)	0.8	0.8	0.7
P/E (X)	10.0	11.5	9.0

1QFY20 Result Update

- NII has grown at a rate of 8% QoQ while AUM has declined at a rate of 2% QoQ. Net income has grown at the rate of 8% QoQ while operating expense has grown at the rate of 15% which resulted in the rise in the C/I ratio from 34% to 37% QoQ. PAT has grown at a declining rate of 51% QoQ on the back of higher provisioning.
- AUM has grown at a declining rate of 2% sequentially backed by the slowdown in the corporate segment while all the other segment has remained almost stable on a QoQ basis. The share of corporate is steadily declining in the portfolio from 70% to 33% YoY.
- GNPA has spiked to 2.9% from 70 bps QoQ while NNPA has increased from 50 bps to 2.5%. PCR has declined to 14% from 29% QoQ. Credit cost has increased manifold during the quarter to 46 bps.

AUM growth has remained Muted Sequentially

INDOSTAR has acquired a CV portfolio of IIFL of Rs 3949 Cr which resulted in a 74% YoY growth while sequentially growth has declined by 2%. Management has cautiously slowed down disbursement in the corporate segment on the back of rising stress. Disbursement has declined by 45% YoY with 61% of the incremental disbursement is to the retail segment. Management has guided for AUM growth at about 30-40% in the current market conditions. Assignment to On book will remain in the ratio of 90:10%. INDOSTAR has tied up with ICICI Bank to ensure on-tap liquidity for CV Finance business which will facilitate incremental growth in liquidity stress.

Asset Quality Has Deteriorated

GNPA has spiked to 2.9% from 70 bps QoQ while NNPA has increased from 50 bps to 2.5%. The rise in the GNPA was mainly attributed to rising in the GNPA in the corporate segment from 80 bps to 3.5% YoY and GNPA in the SME segment from 2.6% to 4% YoY. The housing & vehicle segment has risen from 40 bps to 1% and 10 bps to 30 bps QoQ respectively. Repayment in the corporate lending book stood at Rs 612 Cr from 2744 Cr QoQ. Management is confident of the recovery in the corporate delinquency in FY20.

Muted NII Growth but Spreads witnessed expansion

NII grew at the rate of 8% QoQ backed by a sequential slow down in the AUM growth. The portfolio yield has increased from 12.90% to 14.4% QoQ due to the acquisition of high yielding vehicle segment while the cost of borrowing has increased from 9.7% to 10.3% YoY which resulted in spread expansion to 4.1% from 3.2% but NIM has remained stable at 6.7%

View and Valuation

The recent inorganic CV acquisition from IIFL has driven growth in INDOSTAR finance while old portfolio growth has grown marginally due to the liquidity situation. Management is forging tie-ups with various banks to continue its growth trajectory irrespective of the liquidity crisis. Management optimistically guided for loan growth in the range of 30-40%. It has slow down incremental disbursement in the corporate segment amidst real estate stress. The acquisition of high yielding CV segment has offset margin pressure irrespective of high-cost borrowings during the quarter. Asset quality has deteriorated due to rising slippages in the corporate account; along with inherited NPLs in the CV acquisition which IIFL has provided an upfront cash payment for redressal. We remain cautious on the stock on the back rising slippages in the corporate account, slowdown in the SME segment, margin pressure and liquidity crisis. We downgrade the stock to NEUTRAL at .75x FY21 at Rs 284.

Key Risks to our rating and target

- Delinquency in Corporate Segment will hamper Credit cost.
- Lack of liquidity will affect Growth.

RESEARCH ANALYST

DEEPAK KUMAR

Deepak.kumar@narnolia.com
+91-22-62701205

SWETA PADHI

Shweta.padhi@narnolia.com

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.

Muted Growth

1QFY20 Results

Below Our Expectations

Fig in Rs Cr

FINANCIALS	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	YoY %	QoQ%	FY18	FY19	YoY %
Interest Inc.	221	313	312	330	405	82.8%	22.6%	787	1,177	49.6%
Interest Exp.	112	139	147	163	225	101.2%	37.9%	326	561	72.4%
NII	109	174	165	167	179	64.0%	7.6%	461	616	33.5%
Other Income	0	-	-	-	-	0.0%	0.0%	-	-	0.0%
Total Income	110	174	165	167	179	63.6%	7.6%	461	616	33.5%
Ope Exp.	45	58	47	57	66	46.2%	14.9%	141	207	46.5%
PPP	65	117	118	110	114	75.6%	3.7%	320	409	27.8%
Provisions	7	11	5	(6)	61	7.2351	-10.7	(4)	16	-5.15
PBT	57	106	113	116	53	-7.3%	-54.1%	324	393	21.2%
Tax	20	35	38	45	19	-5%	-58.7%	112	138	22.6%
Net Profit	38	71	75	71	35	-8.5%	-51.2%	212	255	20%

Concall Highlights

- Liquidity challenges have affected the book growth. Corporate has not grown in last few quarters due to management approach cautious approach due to liquidity crisis. Management will wait to grow the book till liquidity situation improves. Risk premium has moved up by 50-80 bps on the MCLR.
- One time special write off stood at Rs 50 Cr.
- Management has guided credit cost (including the recoveries) will amount to 50bps -1%. In SME credit loss is expected 50-60 bps.
- Management has guided for AUM growth at about 30-40% in the current market conditions. Assignment to On book will remain in the ratio of 90:10%.
- Management has entered into a partnership with ICICI Bank to lend CV on their behalf. This will keep the disbursement (both new & used) intact in a liquidity tight situation. The scheme of arrangement will be result in capital efficiency as the capital utilization will decline from 15% to 8% as per the arrangement. With spreads of 6% acquiring to the profit. The scheme of arrangement has already started in July.
- Management is looking for similar arrangement to further growth.
- Management before acquiring IIFL CV portfolio has done few due diligence by CRISIL & EY and has found that future credit loss may amount upto Rs 202 Cr, the amount was paid upfront by IIFL. If the accounts get defaulted in the next 28 months then this amount is utilized otherwise it will be a income for INDOSTAR on other hand If the amount is insufficient then the incremental loss will be bear by INDOSTAR.
- Management expects few SARFAESI recoveries further down the line.
- INDOSTAR 0 dpd CV portfolio is around 90%.
- During the quarter 1 corporate account of Rs 154 Cr has slipped to NPA on which provision of Rs 16 Cr has been provided. Management states INDOSTAR carries excess provision on its Balance sheet which could be used by any of the segment.
- Management is aspiring for RoE guidance of 15-18% & RoA 2.5-3%.

Profitability Matrix

	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	YoY (+/-)	QoQ (+/-)
C/I Ratio %	40.9	33.1	28.6	34.2	36.6	-4.34	2.34
Empl. Cost/ Tot. Exp. %	23.1	21.3	15.3	20.9	20.0	-3.10	-0.92
Other Exp/Tot. Exp.%	14.4	9.5	10.7	10.5	12.0	-2.41	1.49
Provision/PPP %	11.4	9.2	3.8	(5.7)	53.2	41.88	58.93
Tax Rate %	34.0	34.0	34.0	34.0	34.0	0.00	0.00
Int Exp./Int Inc. (%)	50.6	44.5	47.0	49.5	55.6	5.08	6.18
Other Inc./NII %	-	-	-	-	-	0.00	0.00
PPP/ Net Income %	59.1	66.9	71.4	65.8	63.4	4.34	-2.34
PAT/ Net Income %	34.5	40.7	45.7	42.5	19.3	-15.21	-23.21
NII Growth % (YoY)	-	41.8	59.7	43.0	64.0	64.05	21.04
PPP Growth YoY %	-	20.8	85.6	51.3	75.6	75.64	24.39
PAT Growth %	-	(0.2)	76.8	53.3	(8.5)	-8.54	-61.82

Margin Performance

MARGIN %	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	YoY (+/-)	QoQ (+/-)
Overall Yield	12.2	15.1	14.3	12.9	14.4	2.20	1.50
Cost of Funds	9.0	9.7	9.9	9.7	10.3	1.30	0.60
Spreads(Cal)	3.2	5.4	4.4	3.2	4.1	0.90	0.90
NIM Reported.	6.4	8.6	7.7	6.7	6.7	0.30	0.00

Exhibit: Yield and Cost

Spreads has Improved

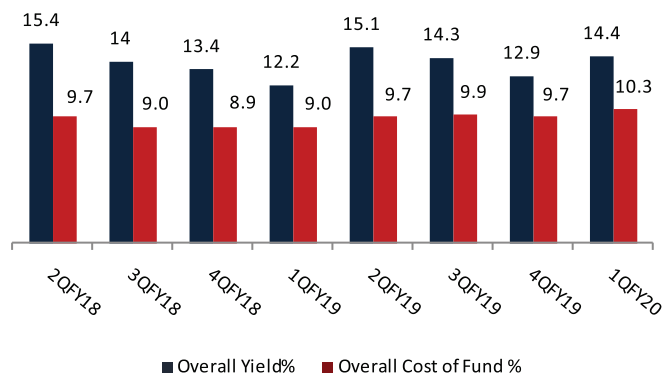
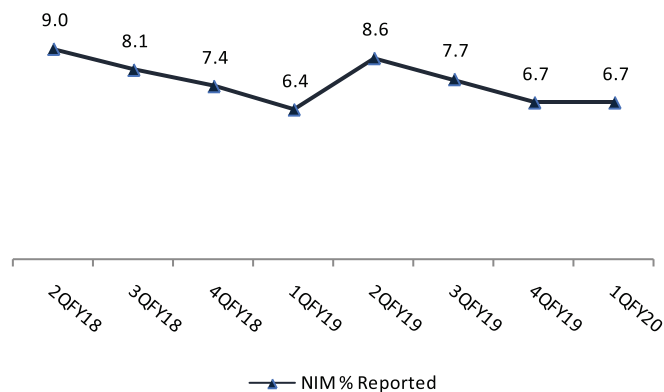


Exhibit: Net Interest Margin

NIM has Remained Stable Sequentially



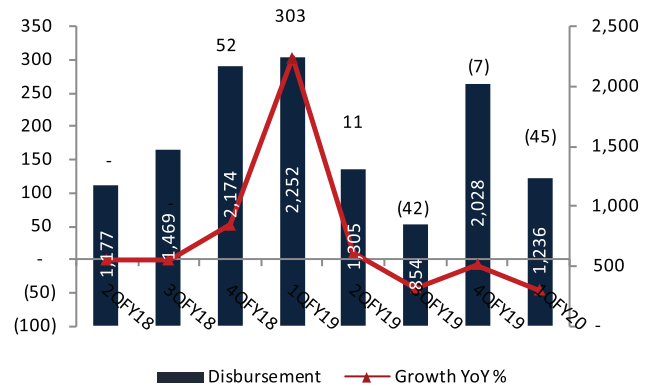
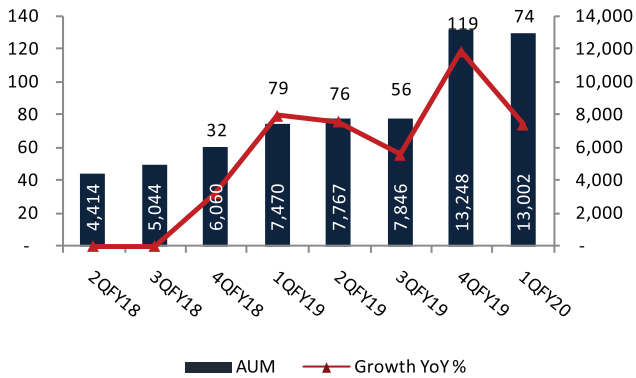
Asset & Borrowings Growth Trend

Fig in Rs Cr

	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20
Disbursements	2174	2252	1305	854	2028	1236
Growth YoY %	52	303	11	-42	-7	-45
AUM	6060	7470	7767	7846	13248	13002
Growth YoY %	32	79	76	56	119	74
Borrowings	4602	5335	5803	6231	8936	9861
Growth YoY %	36	-	-	-	94	85

Exhibit: AUM Growth %

Exhibit: Disbursement Growth %



AUM Break up

	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20
Corporate (%)	76	73	70	63	58	39	37
SME (%)	23	24	22	24	24	16	16
Housing (%)	0	1	2	4	5	5	5
Vehicle (%)	0	2	5	9	13	41	41

Asset Quality

	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20
GNPA Calc.	80	72	81	69	70	74	381
GNPA (%)	1.70	1.30	1.20	0.90	0.90	0.70	2.90
NNPA Calc.	66	61	68	46	47	53	328
NNPA (%)	1.40	1.10	1.00	0.60	0.60	0.50	2.50
PCR (%)	18	15	17	33	33	29	14

Branch

	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20
SME	10	10	10	10	10	10	10
Housing	15	31	40	46	56	55	55
Vehicle	60	75	114	136	142	305	324
Total	39	91	129	155	159	322	322

Average Ticket Size

	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20
SME	1.36	1.29	1.28	1.29	1.26	1.29	1.13
Vehicle	0.07	0.07	0.07	0.07	0.06	0.09	0.09
Housing	0.13	0.12	0.12	0.13	0.12	0.13	0.12

Financial Details

Balance Sheet

Fig in Rs Cr

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Share Capital	68	68	73	78	79	92	92	92
Equity Capital	68	68	73	78	79	92	92	92
Preference Capital	0	0	0	0	0	0	0	0
Reserves & Surplus	1067	1217	1468	1822	2005	2938	3134	3396
Networth	1136	1285	1541	1900	2084	3030	3226	3488
Change (%)	11	13	20	23	10	45	6	8
Total Borrowings	1899	2574	3001	3373	4602	8936	13686	17250
Change (%)	72	36	17	12	36	94	53	26
Provisions	14	18	20	43	0	0	0	0
Other Liabilities	112	115	130	169	508	312	525	662
Total Liabilities	3161	3992	4692	5485	7194	12278	17438	21400
Investments	61	55	10	197	1067	502	710	887
Loans	2572	3492	4043	4587	5850	10183	14413	18016
Change (%)	45	36	16	13	28	74	42	25
Fixed Assets	1	1	4	9	62	67	95	118
Other Assets	59	-41	286	638	93	478	425	531
Cash Balances	468	486	350	54	122	1048	1796	1848
Total Assets	3161	3992	4692	5485	7194	12278	17438	21400

Income Statement

Fig in Rs Cr

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Interest income	395	528	641	715	787	1,177	1,894	2,443
Interest expended	192	258	289	312	326	561	1,039	1,406
Net Interest Income	203	270	352	403	461	616	855	1,037
Change (%)	22	33	30	14	14	33	39	21
Other Income	2	0	0	1	-	-	1	1
Change (%)	1,113	(100)	1,930	1,273	(100)	N/A	N/A	64
Total Net Income	205	270	352	404	461	616	856	1,038
Change (%)	24	32	30	15	14	33	39	21
Operating Expenses	34	41	56	71	141	207	293	331
Change (%)	3	19	38	26	99	46	42	13
Employee Expenses	25	28	39	48	97	123	182	201
Change (%)	13	11	41	21	104	26	48	11
Other Expenses	9	13	17	23	44	84	112	130
Pre-provisioning Profit	171	229	296	333	320	409	563	707
Change (%)	29	34	29	13	(4)	28	38	26
Provisions	1	3	3	12	(4)	16	228	277
Change (%)	(51)	124	11	265	(132)	(515)	1,296	22
PBT	169	226	292	320	324	393	335	430
Tax	57	77	101	111	112	138	114	146
Profit After Tax	112	149	191	209	212	255	221	284
Change (%)	24	33	28	9	1	20	(14)	29
Adjusted Profit After Tax	112	149	191	209	212	255	221	284
Change (%)	24	33	28	9	1	20	(14)	29

Financial Details

Key Ratios

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Balance Sheet Metrics								
AUM	2572	3492	4043	4587	6060	13248	16560	20700
Off-Book AUM	0	0	0	0	6060	11735	14413	18016
AUM Growth (%)	45.5	35.8	15.8	13.4	32.1	118.6	25.0	25.0
Borrowing Growth (%)	72.0	35.5	16.6	12.4	36.4	94.2	53.2	26.0
Loan/Borrowing Ratio	1.4	1.4	1.3	1.4	1.3	1.1	1.1	1.0
Disbursement (Rs Cr)	0	0	4903	1429	2174	2028	2484	3105
Disbursement Growth (%)	0	0	0	(71)	52	(7)	22	25
CRAR (%)	42	33	34	34	28	24	20	17
Tier 1 (%)	41.1	32.3	33.8	33.4	28.0	21.7	19.5	16.9
Tier 2 (%)	0.5	0.3	0.4	0.4	0.3	2.3	0.1	0.1
Debt/Equity (x)	135.4	135.7	134.7	136.0	127.1	114.0	105.3	104.4
Assets Quality Metrics								
Gross NPA (Rs)	-	10	5	32	72	74	497	725
Gross NPA (%)	-	0.6	0.2	1.4	1.3	0.7	3.0	3.5
Net NPA (Rs)	-	9	4	28	61	53	482	710
Net NPA (%)	-	0.5	0.2	1.2	1.1	0.5	2.9	3.4
Provision Coverage (%)	-	10	17	14	15	29	15	15
Provision/Average Advances (%)	0.1	0.1	0.1	0.3	(0.1)	0.3	1.4	1.5
Margin Metrics								
Yield On Advances (%)	18.2	17.4	17.0	16.6	14.8	12.2	12.7	13.1
Cost Of Funds (%)	12.8	11.5	10.4	9.8	8.2	8.3	9.2	9.1
Spread (%)	5.4	5.9	6.6	6.8	6.6	3.9	3.5	4.0
NIM on AUM (%)	9.3	8.9	9.3	9.3	8.7	6.4	5.7	5.6
Profitability & Efficiency Metrics								
Int. Expended/Int.Earned (%)	48.6	48.8	45.1	43.6	41.4	47.7	54.8	57.6
Other Income/NII (%)	1.2	0.0	0.0	0.2	-	-	0.1	0.1
Operating Profit/ Net Income (%)	83.2	84.8	84.0	82.4	69.4	66.4	65.7	68.1
Net Profit/Net Income (%)	54.7	55.2	54.2	51.8	45.9	41.4	25.8	27.4
Cost to Income (%)	16.8	15.2	16.0	17.6	30.6	33.6	34.3	31.9
Employee Exp/ Net Income (%)	12.3	10.4	11.2	11.8	21.1	19.9	21.2	19.4
Cost on Average Assets (%)	0.1	0.1	0.1	0.2	(0.1)	0.2	1.5	1.4
Provisions/PPP (%)	0.8	1.3	1.1	3.7	(1.2)	4.0	40.5	39.1
Tax Rate (%)	33.7	34.1	34.7	34.8	34.6	35.0	34.2	34.0
Valuation Ratio Metrics								
EPS (Rs)	16	22	26	27	27	28	24	31
Change (%)	24.7	32.8	19.4	2.4	1.4	2.3	(13.5)	28.8
ROAE (%)	10.4	12.3	13.5	12.1	10.6	10.0	7.1	8.5
ROAA (%)	4.2	4.2	4.4	4.1	3.3	2.6	1.5	1.5
Dividend Payout (%)	-	-	-	-	-	3.6	8.4	6.5
Dividend yield (%)	-	-	-	-	-	0.4	0.7	0.7
Dividend Per Share	-	-	-	-	-	-	1.0	1.0
Book Value (Rs)	166	188	210	243	266	328	350	378
Change (%)	11.0	13.1	11.8	15.4	9.7	23.4	6.6	8.1
P/B (X)	-	-	-	-	-	0.8	0.8	0.7
P/E (X)	-	-	-	-	-	10.0	11.5	9.0

Financial Details

Exhibit: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Interest Income	14.7	14.8	14.8	14.0	12.4	12.1	12.7	12.6
Interest expended	7.1	7.2	6.7	6.1	5.1	5.8	7.0	7.2
Net Interest Income	7.6	7.6	8.1	7.9	7.3	6.3	5.8	5.3
Non-Fund Based Income	0.1	0.0	0.0	0.0	-	-	0.0	0.0
Total Income	7.6	7.6	8.1	7.9	7.3	6.3	5.8	5.3
Total Operating Expenses	1.3	1.1	1.3	1.4	2.2	2.1	2.0	1.7
Employee Expenses	0.9	0.8	0.9	0.9	1.5	1.3	1.2	1.0
Other Expenses	0.3	0.4	0.4	0.5	0.7	0.9	0.8	0.7
Operating Profit	6.4	6.4	6.8	6.5	5.0	4.2	3.8	3.6
Provisions	0.1	0.1	0.1	0.2	(0.1)	0.2	1.5	1.4
Others								
PBT	6.3	6.3	6.7	6.3	5.1	4.0	2.3	2.2
Tax	2.1	2.2	2.3	2.2	1.8	1.4	0.8	0.8
PAT/RoAA	4.2	4.2	4.4	4.1	3.3	2.6	1.5	1.5
Equity Multiplier (x)	2.5	3.0	3.1	3.0	3.2	3.8	4.8	5.8
ROAE	10.4	12.3	13.5	12.1	10.6	10.0	7.1	8.5

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) (Formerly Microsec Capital Ltd.) is a SEBI Registered Research Analyst having registration no. INH300006500. NFAL is 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, its 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 its 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, 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: 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, nor 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.