

Industry  
Bloomberg  
BSE CODE

TECHNOLOGY  
MAST IN  
523704

RATING	BUY
CMP	330
Price Target	395
Potential Upside	20%

Rating Change	↔
Estimate Change	↔
Target Change	↑

STOCK INFO	
52wk Range H/L	509/301
Mkt Capital (Rs Cr)	774
Free float (%)	52%
Avg. Vol 1M (,000)	3
No. of Shares (Cr)	2
Promoters Pledged %	0

Fig in Rs Cr

FINANCIAL	FY19	FY20E	FY21E
Net Sales	1,033	1,005	1,139
EBITDA	132	130	143
EBIT	114	107	119
PAT	100	102	115
EPS (Rs)	43	44	49
EPS growth (%)	43%	2%	13%
ROE (%)	12	13	16
ROCE (%)	18	15	15
BV	302	335	376
P/B (X)	1	1	1
P/E (x)	10	8	7

## RESEARCH ANALYST

**NIHARIKA OJHA**

niharika@narnolia.com  
+91-22-62701230

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.

## Positive move in Brexit giving some hope for UK business recovery

### 2QFY20 Result Update

#### Revenue misses estimates, PAT in line

- Mastek reported mix set of number in 2QFY20 .Revenue declined 1.6%QoQ to GBP28.01 million (below our estimates of GBP 28.7million ) directly attributable to continued challenges in UK market while PAT grew 1.7% to Rs 24.6 crore, in line with estimates of Rs24.8crore
- EBITDA for the quarter came at Rs 28.9 crore, a de-growth of 12.9%QoQ.Margin declined by 160bps to 11.8% (misses estimates )as compared to 13.3% last quarter primarily impacted by wage hike and exceptional activities during the quarter(180bps impact).
- Attrition for the quarter increased to 24.1% as compared to 20.4% last quarter
- The company added 11 new clients in 2QFY20. Total client count after the end of H1 was 144 (LTM) as compared to 154 (LTM) in 1QFY20 mainly impacted by macro challenges.

#### Continued drag from UK market while recovery seen in US market

Mastek UK market continued to see challenges due to Brexit issue.UK market during the quarter further declined 3.4%QoQ primarily led by deal closure and timing issue where the project signing got delayed While after restructuring US market saw growth recovery of 2.6%QoQ . India revenue on a very small base grew by almost 16% QoQ as it has started to get large customers with reasonable size deals.

#### Order book remained robust

Order backlog during the quarter remained solid and increased 3.9%QoQ and to Rs626.5 crore (£ 71.8 m) as compared to Rs 602.7crore (£ 68.8 m) in 1QFY20.11 new w logos were won during the quarter and trailing 12-month clientele now still stands at 144.

#### Liquidation the Majesco stake

For getting inorganic growth, the company is actually going through a process of cleaning up the balance sheet. The company is monetizing the majesco stake and also some legacy office buildings so to confirm the core business to simply on value creation

#### View and Valuation

Mastek is the only Indian IT company with low exposure to legacy and have 84%of digital Business .Also working in UK market; the company has differentiated itself by being UK Govt's top-10 vendors list. However with geo political instability around the UK market( its major market ) due to uncertainty around Brexit has impacted its government segment badly in recent quarterly performances .Going ahead, robust deal pipeline (up by 3.9%QoQ) , management change and recovery in US market after restructuring is giving some sense of growth going ahead . However as the company dependence is more towards UK market (71.5% revenue contributor), as some positive move came in Brexit (though still require a quarter more for better clarity) which has given a hope of recovery in coming quarters. But the growth is expected to remain laggards in FY20 and FY21 to see better revenue growth. Post result, we have cut down our revenue estimates by 5%/10% and PAT by 2%/6% for FY20/21E due to revenue miss .Thus we largely maintain our BUY stance on the stock with reduced target price of Rs395.

#### Key Risks to our rating and target

- Slow down in order booking.
- Prolonged weakness in US business

## 2QFY20 Results

### Mixed quarter

Fig in Rs Cr

FINANCIALS	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	YoY %	QoQ%	FY18	FY19	YoY %
Net Sales	257	265	267	248	244	-5.2%	-1.6%	817.21	1033.2	26.4%
Other Income	9	6	7	5	9	4.8%	77.8%	21	25	171.7%
Employee Exp	150	149	149	135	135	-9.8%	0.0%	481	587	22.1%
Other Expenses	76	82	83	80	80	5.1%	0.3%	237	315	32.9%
EBITDA	31	34	35	33	29	-8.5%	-12.9%	100	132	32.0%
Deprication	5	4	4	6	6	17.5%	-1.7%	19	17	-7.5%
EBIT	27	30	31	27	23	-13.2%	-15.2%	81	114	41.1%
Interest	2	1	1	1	1	-64.5%	4.9%	6	6	4.6%
PBT	33	34	37	31	31	-4.7%	-0.6%	96	133	38.3%
Tax	8	8	10	7	7	-13.9%	-8.3%	26	32	22.4%
PAT	25	27	27	24	25	-1.8%	1.7%	70	100	43.5%

### Concall Highlights

- 2QFY20 Performance:** The revenues both in terms of total income as well as operating income in 2QFY20 remained flat QoQ in cc terms. Revenue in US has grown by QoQ cc The revenue in UK got impacted by the timing of some of the deal closures as well as the revenue recognition resulting in de-growth of 0.8% in cc terms. India revenue on a very small base grew by almost 16% QoQ as It has started to get large customers with reasonable size deals.
- Margin performance:** Margin during the quarter was 10.6%, a contraction of 150bps. Wage hike as well as the headcount optimization and digital workforce build up resulting in 180bps impact however this was partly offset by the continued effort through agile cost structure and a more variable cost structure as well as operational efficiency.
- UK public sector:** UK public sector business differentiates Mastek against any other Indian services competitor. As the company gets through these uncertainly, it expected to improve. Also off shoring of some UK government contracts will start in Q3 but will not have material in its revenue contribution.
- Recovery of US market:** Under the leadership of Raman Sapra, the company is encouraged with the recovery in US business which grew 1.4% in constant currency. The company expanded its partnership further in s retail space. Thus expects to continue to growth going ahead
- Recent development:** The company in order to expand all the market coverage is growing through strategic partnerships, such as the new deals that they have signed with UIP And sees more partnerships in the pipeline going ahead.
- Strong order booking and client addition in 2Q:** 12 months older backlog now stands at GBP71.8 million in constant currency, which represent 3.5% QoQ growth. 11 new logos during the quarter and are trailing 12-month clientele now still stands at 144.
- Liquidation the Majesco stake:** For getting inorganic growth, The Company is on track for monetizing the majesco stake and also some legacy office buildings.
- Higher Attrition:** Attrition during the quarter increased to 24.1%, however management expects over three to four quarter it will lower the attrition back to 15% to 18% annualized rate.
- Macro outlook:** Though the company has seen challenges continued due to headwind from Brexit as its has massive exposure in UK with 70% of the revenues contribution , Going forward the company is more encouraged now and believes with more clarity in they will able to have more deal and move forward strongly as the fundamentals for the UK business remain extremely solid .Hopefully with recent announcement by PM , the company move into a more positive territory. Also as the deal comes back , management FY21 to climb back to double digit growth.

## Revenues by Client Geography

### CONTINUED DECLINE IN UK MARKET WHILE US SAW GROWTH

VERTICALS ( GBP MN)	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	QoQ%	YoY%
UK	18	19	20	21	22	20	20	-0.6%	-1.5%
US	7	7	7	7	6	7	7	5.7%	2.6%
Others	0	1	0	0	0	0	1	20.3%	18.6%

## Revenues by Business Segments

### FS LED THE GROWTH, GOVERNMENT REMAINED MUTED

INDUSTRY WISE (GBPMN)	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	QoQ%	YoY%
Government	8	8	11	11	12	11	11	0.0%	2.5%
Financial Services	6	6	5	5	5	5	5	8.1%	-7.5%
Retail Services	9	10	10	10	10	10	11	0.8%	3.2%
Others	2	3	2	2	2	2	1	-5.8%	-13.2%

## Revenues by Offering

### ADM AND DIGITAL CONTINUED TO REMAIN STRONG

SERVICES (GBPMN)	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	QoQ%	YoY%
ADM	12	13	14	15	12	11	12	10.6%	-9.2%
Digital Commerce	6	7	7	6	6	7	7	4.9%	7.3%
<b>Application Support</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>6</b>	<b>5</b>	<b>5</b>	<b>-8.2%</b>	<b>33.2%</b>
BI & Analytics	3	2	2	2	3	3	2	-18.9%	12.7%
Agile Consulting	1	1	1	1	1	1	1	1.3%	-12.0%
Assurance & Testing	1	1	1	1	1	0	0	-40.4%	-66.7%

## Revenues by Project type

### STEEP DECLINE IN FIXED PRICE CONTRACTS

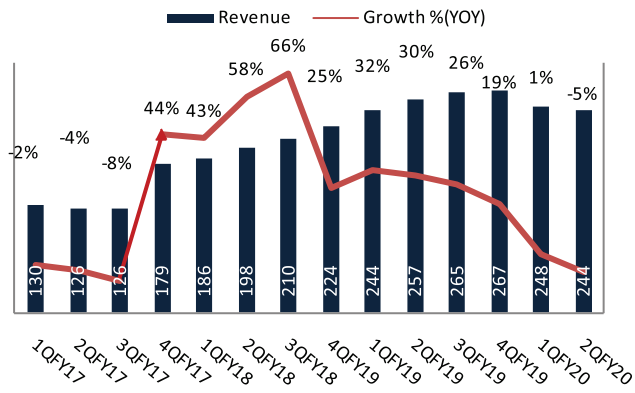
SERVICES(CRORE)	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	QoQ%	YoY%
Fixed Price	6	6	6	8	8	7	5	-24.6%	-15.0%
Time & Material	19	21	22	21	21	21	23	10.1%	4.1%

## Client Metrics

Nos	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	QoQ%	YoY%
Active Clients (TTM)	9	7	9	14	7	9	11	22.2%	22.2%
Active Clients (during the qtr)	170	166	162	165	157	154	144	-6.5%	-11.1%
Top 5 Client	0	0	0	0	0	0	0	-0.7%	-3.6%
Top 10 Client	1	1	1	1	1	1	1	-1.2%	0.7%

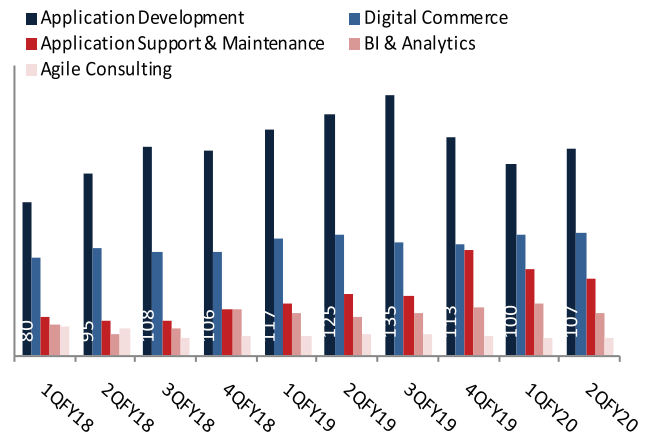
## Exhibit: Revenue trend

UK challenges continue to weigh on overall growth



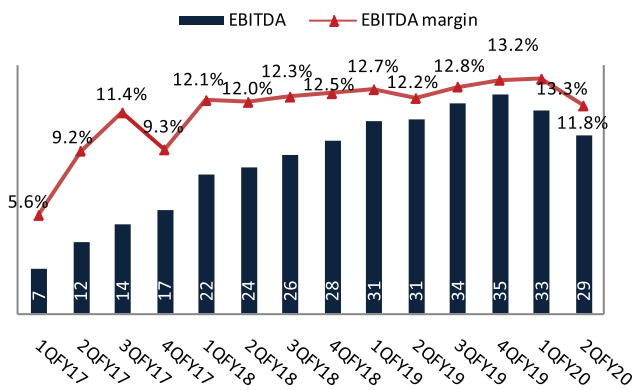
## Exhibit: Service line

Most of service line soft due macro challenges.



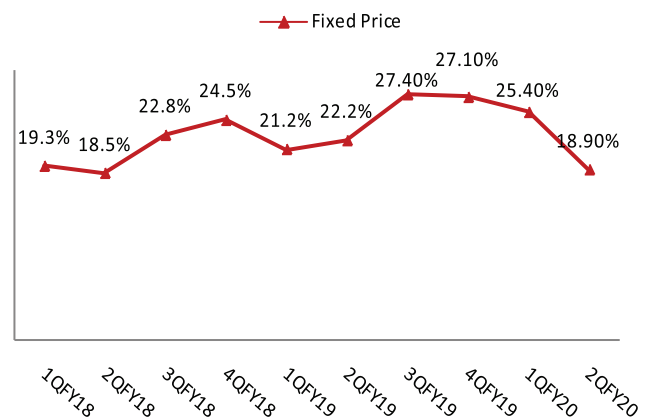
## Exhibit: Margin Trend

Wage hike impacted the margins.



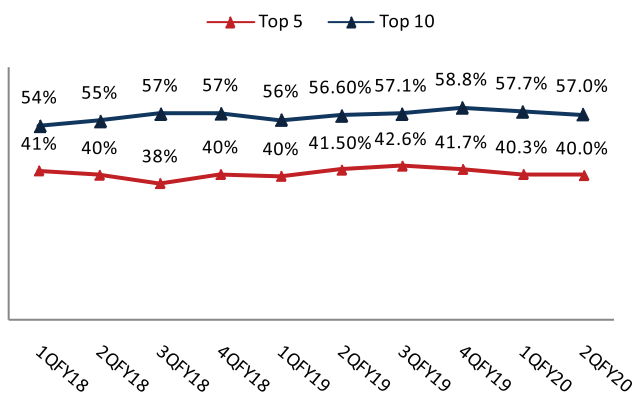
## Exhibit: Fixed Price and Time & Material

Decline in fixed price contracts due to weakness in UK market.



## Exhibit: Top Client

Softness seen in top client.



## Financial Details

### Balance Sheet

Fig in Rs Cr

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Share Capital	11	11	11	12	12	12	12	12
Reserves	549	585	308	432	537	704	790	888
<b>Networth</b>	<b>560</b>	<b>596</b>	<b>319</b>	<b>444</b>	<b>549</b>	<b>716</b>	<b>801</b>	<b>900</b>
Debt	1	20	0	65	50	69	69	69
Other Non Current Liab	25	27	6	103	52	32	59	59
<b>Total Capital Employed</b>	<b>586</b>	<b>643</b>	<b>325</b>	<b>611</b>	<b>651</b>	<b>818</b>	<b>929</b>	<b>1,028</b>
Net Fixed Assets (incl CWIP)	261	280	66	75	73	71	61	53
Non Current Investments	3	2	19	169	166	282	282	282
Other Non Cur Asst	346	357	133	245	245	220	210	202
<b>Non Current Assets</b>	<b>348</b>	<b>359</b>	<b>151</b>	<b>414</b>	<b>412</b>	<b>503</b>	<b>493</b>	<b>484</b>
Inventory	-	-	-	-	-	-	-	-
Debtors	117	133	97	85	135	208	203	230
Cash & Bank	90	163	89	48	88	93	121	162
Other Curr Assets	94	89	44	14	10	49	48	55
Other financial assets	-	-	-	68	77	19	19	19
Short-term loans and advances	24	35	16	0	0	0	0	0
<b>Current Assets</b>	<b>406</b>	<b>472</b>	<b>277</b>	<b>320</b>	<b>428</b>	<b>484</b>	<b>604</b>	<b>718</b>
Creditors	4	13	9	20	19	9	9	10
Provisions	24	17	6	32	5	12	12	14
Other Curr Liab	140	151	88	3	44	36	35	39
Other financial liabilities	-	-	-	39	27	0	27	27
Other long-term liabilities	-	-	-	4	9	6	6	6
<b>Curr Liabilities</b>	<b>167</b>	<b>180</b>	<b>103</b>	<b>122</b>	<b>185</b>	<b>169</b>	<b>167</b>	<b>175</b>
<b>Net Curr Assets</b>	<b>238</b>	<b>292</b>	<b>174</b>	<b>197</b>	<b>243</b>	<b>315</b>	<b>437</b>	<b>543</b>
<b>Total Assets</b>	<b>754</b>	<b>832</b>	<b>428</b>	<b>734</b>	<b>840</b>	<b>987</b>	<b>1,097</b>	<b>1,203</b>

### Income Statement

Fig in Rs Cr

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
<b>Revenue from Operation</b>	<b>923</b>	<b>1013</b>	<b>527</b>	<b>562</b>	<b>817</b>	<b>1033</b>	<b>1005</b>	<b>1139</b>
Change (%)	35%	10%	-48%	7%	45%	26%	-3%	13%
<b>EBITDA</b>	<b>90</b>	<b>56</b>	<b>18</b>	<b>53</b>	<b>100</b>	<b>132</b>	<b>130</b>	<b>143</b>
Change (%)	58%	-38%	-67%	191%	88%	32%	-1%	10%
Margin (%)	10%	5%	3%	9%	12%	13%	13%	13%
Depr & Amor.	33	37	16	13	19	17	22	24
<b>EBIT</b>	<b>57</b>	<b>18</b>	<b>2</b>	<b>40</b>	<b>81</b>	<b>114</b>	<b>107</b>	<b>119</b>
Int. & other fin. Cost	1	1	1	3	6	6	3	3
Other Income	11	17	17	10	21	25	27	34
<b>EBT</b>	<b>68</b>	<b>34</b>	<b>19</b>	<b>47</b>	<b>96</b>	<b>133</b>	<b>131</b>	<b>150</b>
Exp Item	-	12	3	3	-	1	-	-
Tax	16	5	3	7	26	32	29	34
Minority Int & P/L share of Ass.	-	-	-	-	-	-	-	-
<b>Reported PAT</b>	<b>52</b>	<b>18</b>	<b>14</b>	<b>37</b>	<b>70</b>	<b>100</b>	<b>102</b>	<b>115</b>
<b>Adjusted PAT</b>	<b>52</b>	<b>18</b>	<b>14</b>	<b>37</b>	<b>70</b>	<b>100</b>	<b>102</b>	<b>115</b>
Change (%)	51%	-66%	-22%	169%	90%	43%	2%	13%
Margin(%)	6%	2%	3%	7%	9%	10%	10%	10%

## Financial Details

### Key Ratios

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
ROE	9	4	4	7	11	12	13	16
ROCE	12	6	4	10	15	18	15	15
Asset Turnover	4	4	8	8	11	14	16	21
Current Ratio	2	3	3	3	2	3	4	4
Debtor Days	46	48	67	55	60	74	74	74
Book Value Per Share	253	264	139	201	235	302	335	376
Payable Days	2	5	7	13	8	3	3	3
Earnings Per Share	23	8	6	16	30	43	44	49
P/E	9	54	24	11	17	10	8	7
Price / Book Value	1	2	1	1	2	1	1	1
EV/EBITDA	4	15	13	8	11	8	6	5
EV/Sales	0	1	0	1	1	1	1	1

### Cash Flow Statement

Fig in Rs Cr

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
PBT	68	34	19	47	70	101	131	150
(inc)/Dec in Working Capital	16	(8)	7	(10)	(45)	(51)	31	(21)
Non Cash Op Exp	28	42	13	10	48	55	22	24
Int Paid (+)	-	-	-	-	-	-	-	-
Tax Paid	(23)	1	(8)	(4)	(9)	(31)	(29)	(34)
others	-	-	-	-	-	-	-	-
<b>CF from Op. Activities</b>	<b>89</b>	<b>68</b>	<b>31</b>	<b>43</b>	<b>64</b>	<b>76</b>	<b>155</b>	<b>118</b>
(inc)/Dec in FA & CWIP	(27)	(49)	(13)	(15)	(15)	(16)	(12)	(15)
Free Cashflow	63	19	19	28	49	60	143	102
others	(570)	(494)	-	-	(113)	(153)	(99)	(40)
CF from Inv. Activities	-	-	-	-	-	-	-	-
inc/(dec) in NW	(70)	(24)	16	(119)	(24)	(53)	(111)	(55)
inc/(dec) in Debt	-	-	-	-	-	-	-	-
Int. Paid	-	19	(1)	67	4	1	-	-
Div Paid (inc tax)	(1)	(1)	(0)	(3)	(3)	(2)	-	-
others	(12)	(10)	(9)	(2)	(11)	(18)	(17)	(17)
<b>CF from Fin. Activities</b>	<b>(55)</b>	<b>14</b>	<b>6</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>-</b>	<b>-</b>
<b>Inc(Dec) in Cash</b>	<b>(67)</b>	<b>22</b>	<b>(4)</b>	<b>64</b>	<b>(7)</b>	<b>(16)</b>	<b>(17)</b>	<b>(17)</b>
<b>Add: Opening Balance</b>	<b>(48)</b>	<b>66</b>	<b>43</b>	<b>(12)</b>	<b>34</b>	<b>6</b>	<b>28</b>	<b>41</b>
<b>Closing Balance</b>	<b>119</b>	<b>67</b>	<b>25</b>	<b>59</b>	<b>54</b>	<b>87</b>	<b>93</b>	<b>121</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) (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](http://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](http://www.nseindia.com), [www.bseindia.com](http://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](http://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](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.