




# ZENSAR TECHNOLOGIES LTD.

Industry IT  
Bloomberg ZENT IN  
BSE CODE 504067

## Transition cost to continue to hamper margins in near term

<b>RATING</b>	<b>NEUTRAL</b>
<b>CMP</b>	<b>222</b>
<b>Price Target</b>	<b>243</b>
<b>Potential Upside</b>	<b>9%</b>

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

### Stock Info

52wk Range H/L	352/146
Mkt Capital (Rs Cr)	4998
Free float (%)	28%
Avg. Vol 1M (,000)	94
No. of Shares (Cr)	23
Promoters Pledged (Cr)	0

### Research Analyst

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

### 3Q FY19 Result Update

- Company's 3QFY19 performance reflected a mixed set of numbers where revenue stood at USD 143.7 million, a growth of 4.5%QoQ in cc terms and 4% QoQ in USD term (above our estimates of USD 141.4million) whereas PAT decline 40.8%QoQ to Rs55.3 crore due to forex losses and miss in margins.
- EBITDA for the quarter stood at Rs110 crore, a decline of 10.1%QoQ. Margin contracted 202 bps to 10.7% adversely impacted by new deal execution and transition stage(93bps), normal 3Q furlough(50bps), lower utilization(43bps), drop in non core business margin(41bps) and impact by system integration tools(34bps). However some portion was offset by currency benefit(42bps).
- Digital continued its growth momentum in 3QFY19 by growing 5.8 %QoQ and 35.9%YoY to USD64.5 million primarily driven by CX,UX, Front end development capabilities and cloud infrastructure services together. It now contributes 44.9% of total revenue.
- The Company has exited from Row business (~1.5% of overall revenue) and sold it to first Tek. Row (non core business) constituted of India, Australia and Middle East. As the part of deal the company has divested from non government business and are in progress to wind up the government business in next few quarters.

### View and Valuation

We expect zensar to post better performance in FY20 seeing the strong focus in core service (mainly in digital service and Cloud, Digital Led next gen CIS) and continued momentum in large deal. The company continue to win large deal in 3QFY19 which resulted in net new TCV of more than USD200mn, Thus taking the net new deal TCV to 500 million for 9 months. We expect momentum to continue and recent wins to drive growth in FY20. Even the management has also stated of deal ramping up and moving to steady phase by 1QFY20. Thus giving clear visibility of revenue growth going ahead. However the exit from non core business (Row) is expected to impact the growth in next few quarters

On margin front, we have reduced margin by 90 bps and 50 bps for FY19 and FY20 post margin miss in 3QFY19. The transition cost is expected to continue in next quarter as the new deal is expected to still be in transition phase and thus impacting the overall margins. On the subcontracting cost, zensar is no different from industry. The company is hiring subcontractors to meet the current demand. Thus we expect higher subcontracting cost to continue for medium term which will be reflected in margins

We expect zensar to post PAT growth of 21% CAGR over FY18 to **FY20E. Factoring in the near term impact on margins, we have reduced our multiple from 16x TO 15X, we are Neutral on the stock with target price of Rs243 (15x FY20EPS).**

### Key Risks to our rating and target

- Slow growth in large deal wins

KEY FINANCIAL/VALUATIONS	FY16	FY17	FY18	FY19E	FY20E
Net Sales	2997	3056	3108	3977	4595
EBITDA	484	382	365	482	593
EBIT	419	333	300	397	483
PAT	292	238	246	324	365
EPS (Rs)	13	11	11	14	16
EPS growth (%)	10%	-19%	3%	31%	13%
ROE (%)	24%	17%	16%	18%	18%
ROCE (%)	27%	19%	14%	16%	18%
BV	56	65	74	86	99
P/B (X)	3.3	2.8	2.4	2.6	2.2
P/E (x)	14.2	17.4	16.4	15.4	13.7

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.

## 3QFY19 Results

## Margin miss

Financials	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	YoY %	QoQ%	FY17	FY18	YoY %
Net Sales /	794	814	905	969	1,036	30.5%	6.9%	3,056	3,108	1.7%
Other Income	6	27	24	41	3	-61%	-94%	24	74	209.2%
COGS	58	37	37	35	59	2.7%	68.5%	235	140	-40.2%
Employee	422	437	486	531	566	34.2%	6.5%	1,580	1,705	7.9%
Other Expenses	116	122	129	119	125	7.9%	5.2%	859	849	-1.1%
EBITDA	105	95	116	123	110	4.8%	-10.1%	382	365	-4.5%
Depreciation	16	14	18	22	24	48.3%	5.8%	49	65	34.0%
EBIT	89	82	98	100	87	-3.0%	-13.7%	333	300	-10.1%
Interest	6	5	6	10	11	79.1%	14.2%	9	23	158.5%
PBT	90	103	116	132	78	-12.7%	-40.8%	349	352	0.8%
Tax	30	30	32	37	22	-26.6%	-41.4%	110	105	-4.7%
PAT	60	73	84	95	57	-5.9%	-40.5%	238	246	3.4%

### Digital service and cloud infrastructure led strong growth in 3QFY19

Revenue for the quarter stood at USD 143.7 million, a growth of 4% QoQ which is above our estimates of USD 141.4 million. In rupee term, revenue stood at Rs 1035 crore led by strong growth in digital service and cloud infrastructure next gen CIS.

### Revival in IMS

Segments (in mn\$)	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	QoQ%	YoY%
<b>Application Management</b>	<b>93</b>	<b>98</b>	<b>102</b>	<b>109</b>	<b>115</b>	<b>117</b>	<b>119</b>	<b>2%</b>	<b>10%</b>
Digital Services	39	40	43	46	52	54	57	5.3%	24.2%
Core Application	55	58	59	63	63	63	62	-2%	-1%
<b>IMS</b>	<b>21</b>	<b>20</b>	<b>21</b>	<b>18</b>	<b>20</b>	<b>21</b>	<b>24</b>	<b>15.5%</b>	<b>36.0%</b>
Core Infrastructure	11	10	10	6	7	7	11	55%	70%
Third Party Maintenance	14	13	7	6	7	7	6	-11.7%	4.9%
Cloud, Digital Led next gen CIS	0	0	4	6	6	7	11	54%	93%

Application Services has been growing steady over the last few quarters. It clocked 10% YoY growth in 3QFY19. Growth was mainly driven by Digital services which grew 5.3% sequentially. Growth in IMS was strong (grew by 15.5% QoQ) in 3QFY19 backed by growth in cloud digital and next gen services. However Third party services which is non core business of Zensar declined 11.7% QoQ as the company has strategically exited from Row business.

### Softness continued in retail segment

Business unit(USD mn)	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	QoQ%	YoY%
Manufacturing	60	61	63	65	68	73	73	1.0%	16%
Retail and Consumer	30	32	33	34	33	30	30	0.8%	-9%
Financial Services	23	24	25	26	32	32	35	8.8%	37%
Emerging	1	1	1	2	2	4	6	48.7%	383%

Retail and manufacturing continued to remain soft for the quarter. Retail grew 0.8% QoQ and manufacturing showed a growth of 1% QoQ. Financial services grew 8.8% QoQ while emerging segment posted a strong growth of 48.7% QoQ.

### Continued growth in US and Europe

Geographical Segment	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	QoQ%	YoY %
US	85	85	90	91	100	103	109	6.5%	21.6%
Europe	16	17	17	18	19	20	21	4.2%	23.9%
Africa	11	12	12	13	13	13	12	-5.2%	1.9%
ROW	3	5	4	4	3	3	2	-40.9%	-57.3%

## Margin misses due to furlough and transition cost

EBITDA for the quarter stood at Rs110 crore, a decline of 10.1%QoQ. Margins came at 10.7% contracted by 202 bps. The factors that impacted margin were: 1] new deal execution and transition state (93bps), 2] normal 3Q furlough (50bps), 3] lower utilization (43bps), 4] and drop in non core business margin (41bps), 5] impact on the system integration tools (34bps). However some portion was offset by currency benefit (42bps).

Other income during the quarter was at 3 crore (decline of 94%QoQ) mainly impacted by forex losses however some cooling came in due to reversal from the provision of consistent contingent payable that was consumed in previous years amount to GBP1.7 million (1064 lakh).

Thus, overall PAT decline 40.8%QoQ to Rs55.3 crore due to forex losses and miss in margins.

## Outlook for margins

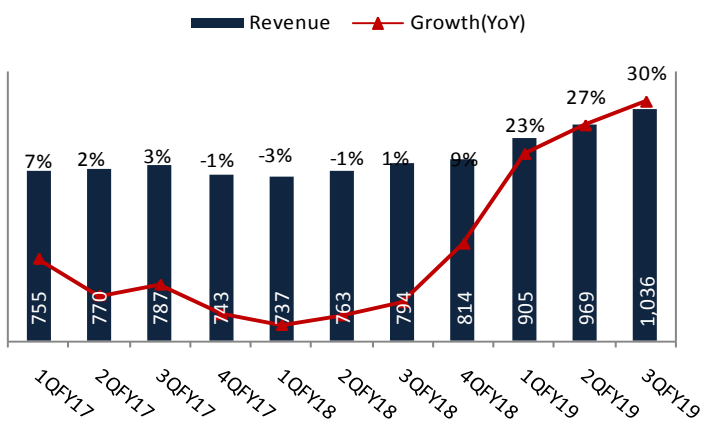
The Company expects the deal to move to steady face in end of 4QFY19 and beginning of 1Q, thus the transition cost will continue to impact the margin near term. However the management expects core ebitda margin to get back to 15% in medium term.

## Concall Highlights:

- ❑ **Continued growth in digital:** Digital continued its growth momentum in 3QFY19 by growing 5.8 %QoQ and 35.9%YoY to USD64.5 million primarily driven by CX, UX, Front end development capabilities and cloud infrastructure services together. It now contributes 44.9% of total revenue. The company continues its emphasis on digital and expects to the growth to continue going forward.
- ❑ **Momentum continued in large deal:** The company continued its large deal momentum in 3QFY19 by winning key deals across regions from key and existing client. Multiple new logos were added during the quarter. Net new deals win for the quarter was more than USD220million. The pipeline remains healthy and crossed a mark of 1 billion for the company.
- ❑ **Robust Order book:** The order booking during the quarter stood at USD500 million in YTD bases in previous 9 months of the quarter.
- ❑ **Business segment performance:** Financial service grew 9.6%QoQ in cc terms and Hi-tech grew by 3.8%QoQ in cc terms. Retail and consumer grew sequentially by 1.1% QoQ in cc terms.
- ❑ **Strong growth across all acquisition:** All acquisition continuing to do well in their respective area. Keystone had good quarter and grew 10.5%QoQ. Indigo slate that the company acquired in recently had its full quarter impact in 3QFY19 (grew 59.2% sequentially). Foolproof revenue grew by 16.4%YoY basis and cynosure grew 18.8% QoQ.
- ❑ **Exit from non core business:** The Company has exited from Row business (~1.5% of overall revenue) and sold it to first Tek. Row constituted of India, Australia and Middle East. As the part of deal the company has divested from non government business and are in progress to wind up the government business in next few quarters. The Row in YTD 9 month basis still 3QFY19 declined 29.2% n revenue and generated a loss of \$1.28 million before tax.
- ❑ **Expansion plan in FY20:** The Company is expanding footprints across India. Thus developing centre's across PAN India locations and is expected to add around 1,500 seats to bolster the company's growth plan.
- ❑ **Outlook for FY20:** The management expects steady growth to continue in FY20 and FY21 on the back of strong deal wins (mainly ramping up in 4QFY19 and full impact on 1QFY20) and continued top 20 client growth. Confident to be at higher end of nasscom guidance.
- ❑ **Continued softness in retail:** Retail business is going through the shift from e-commerce to order management supply chain side of that business. The management expects growth to come back in 4QFY19 however the dramatic growth seen in retail in past, will take come more quarter to get back that level.

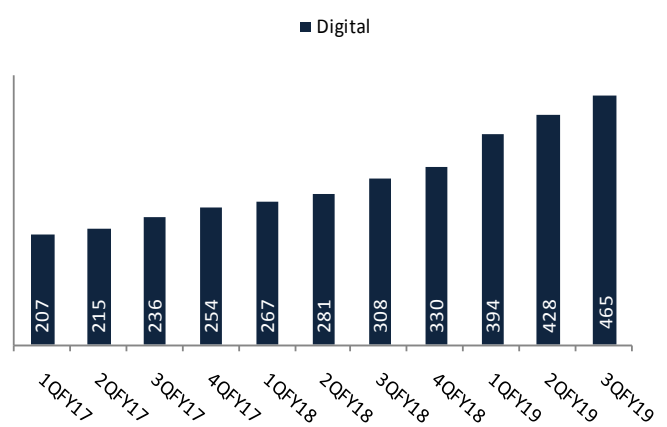
## Exhibit: Revenue trend

Continued uptick in revenue growth led by strong growth in core business.



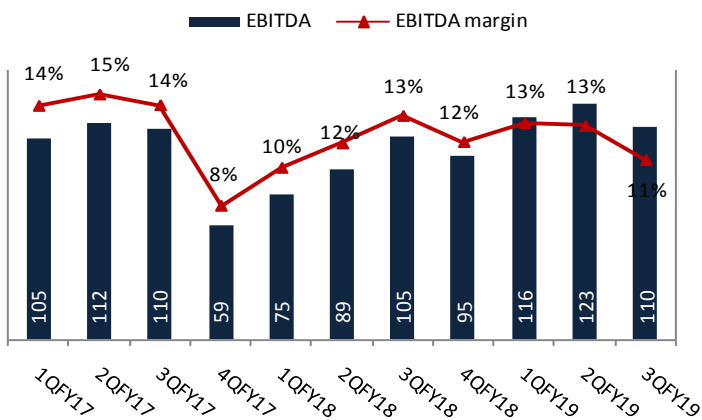
## Exhibit: Digital Revenue

Sustained growth momentum in Digital.



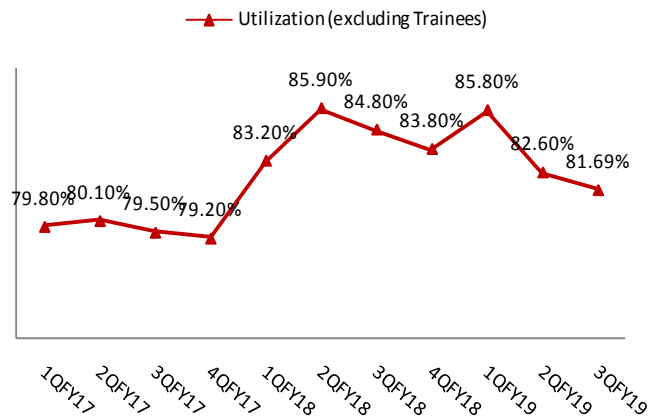
## Exhibit: EBITDA margins

Margin miss led by transition cost and furlough.



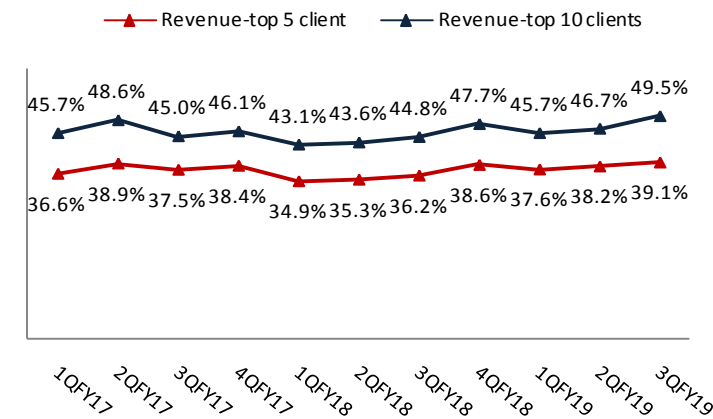
## Exhibit: Utilization rate

Continued dip in utilization rate.



## Exhibit: Top client contribution

Strong momentum amongst top clients.



## Operational Details

Industry (%)	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
Manufacturing	51.8%	52.4%	52.4%	51.7%	51.5%	51.3%	50.0%	52.5%	51.0%
Retail & Consumer	25.2%	26.6%	26.5%	27.0%	27.0%	27.2%	24.7%	21.7%	21.0%
Financial Services	19.4%	17.5%	20.0%	20.4%	20.6%	20.2%	23.5%	23.0%	24.1%
Emerging	3.6%	3.4%	1.1%	0.9%	1.0%	1.3%	1.8%	2.8%	4.0%

Geographical Segment (%)	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
US	74.4%	73.5%	74.4%	72.0%	73.3%	72.2%	74.1%	74.3%	76.0%
Europe	12.0%	13.9%	13.8%	14.2%	13.5%	14.2%	13.7%	14.3%	14.3%
Africa	9.3%	9.0%	9.5%	9.9%	9.6%	10.4%	9.8%	9.1%	8.3%
ROW	4.3%	3.5%	2.4%	3.9%	3.6%	3.2%	2.4%	2.3%	1.3%

Project Type	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
Fixed Price	47.2%	47.4%	47.9%	50.9%	53.2%	54.2%	52.7%	53.7%	53.7%
Time & Materials	52.8%	52.6%	52.1%	49.1%	46.8%	45.8%	47.3%	46.3%	46.3%

No. of \$mn Clients	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
1 Million dollar +	71	72	87	84	81	80	91	98	100
5 Million dollar +	6	7	13	14	15	17	19	20	20
10 Million dollar +	4	4	6	6	6	4	5	7	7
20 Million dollar +	2	2	2	2	2	2	2	2	2

Top clients	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
Revenue-top 5 client	37.5%	38.4%	34.9%	35.3%	36.2%	38.6%	37.6%	38.2%	39.1%
Revenue-top 10 clients	45.0%	46.1%	43.1%	43.6%	44.8%	47.7%	45.7%	46.7%	49.5%
Revenue-top 20 clients	55.6%	56.2%	54.5%	56.1%	56.0%	59.3%	57.1%	57.6%	60.2%
Repeat business %	74.8%	76.0%	75.5%	82.2%	79.8%	87.0%	87.1%	86.6%	82.6%
Number of active clients	215	216	243	248	260	253	291	325	322
New clients added in the pe	41	11	38	14	12	28	42	38	26

Revenue mix	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
Onsite	67%	65%	63%	63%	63%	63%	65%	66%	67%
Offshore	34%	35%	37%	37%	37%	37%	35%	34%	33%

Utilization	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
Utilization (excl Trainees)	79.5%	79.2%	83.2%	85.9%	84.8%	83.8%	85.8%	82.6%	81.7%

Headcount	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
Technical -Onsite	1619	1691	1810	1806	1847	1866	2019	2274	2360
Technical -Offshore	5761	5739	5779	5674	5713	5868	6077	6044	6259
Technical -BPO / Others	333	286	259	247	243	248	253	284	283
Marketing	103	102	91	78	70	68	64	80	76
Support (including trainees)	748	706	628	609	724	855	709	800	835
Gross employees	750	573	606	419	684	900	724	906	1045
% of women	25.5%	25.6%	26.2%	26.0%	26.2%	27.7%	26.5%	27.1%	27.5%

Attrition	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
Attrition	15.6%	15.4%	17.1%	15.4%	15.0%	14.9%	18.8%	17.0%	16.6%

## Financial Details

### Balance Sheet

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
Share Capital	44	44	44	45	45	45	45	45
Reserves	685	902	1113	1203	1421	1624	1885	2188
<b>Networth</b>	<b>729</b>	<b>946</b>	<b>1157</b>	<b>1265</b>	<b>1470</b>	<b>1669</b>	<b>1930</b>	<b>2233</b>
Debt	133	75	1	1	1	6	6	6
Other Non Cur Liab	37	35	41	49	74	78	78	78
<b>Total Capital Employed</b>	<b>899</b>	<b>1078</b>	<b>1298</b>	<b>1466</b>	<b>1683</b>	<b>1766</b>	<b>2394</b>	<b>2696</b>
Net Fixed Assets (incl CWIP)	399	424	549	119	134	175	347	526
Non Cur Investments	1	1	1	26	96	144	144	144
Other Non Cur Asst	54	60	61	337	399	513	718	718
<b>Non Curr Assets</b>	<b>54</b>	<b>61</b>	<b>62</b>	<b>364</b>	<b>495</b>	<b>658</b>	<b>863</b>	<b>863</b>
Inventory	105	129	123	126	113	106	136	157
Debtors	335	358	454	540	533	642	809	930
Cash & Bank	142	146	197	275	327	204	235	203
Other Curr Assets	94	139	170	90	79	71	107	124
Current investments	42	148	93	108	147	130	130	130
bank balance	0	0	0	2	2	3	3	3
unbilled revenue	0	0	0	235	255	307	380	438
other financial asset	0	0	0	11	18	0	0	0
<b>Short-term loans and advances</b>	<b>86</b>	<b>82</b>	<b>87</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Curr Assets	803	1001	1124	1386	1473	1463	1799	1984
Creditors	106	151	130	166	177	184	235	272
other financial liabilities	0	0	0	101	80	162	162	162
Other Curr Liab	301	252	257	306	136	162	184	218
Curr Liabilities	358	408	437	403	420	530	615	676
<b>Net Curr Assets</b>	<b>445</b>	<b>593</b>	<b>687</b>	<b>983</b>	<b>1053</b>	<b>933</b>	<b>1184</b>	<b>1308</b>
<b>Total Assets</b>	<b>1257</b>	<b>1486</b>	<b>1735</b>	<b>1869</b>	<b>2103</b>	<b>2296</b>	<b>3009</b>	<b>3372</b>

### Income Statement

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
<b>Revenue from Operation</b>	<b>2129</b>	<b>2335</b>	<b>2656</b>	<b>2997</b>	<b>3056</b>	<b>3108</b>	<b>3977</b>	<b>4595</b>
Change (%)	19%	10%	14%	13%	2%	2%	28%	16%
<b>EBITDA</b>	<b>300</b>	<b>358</b>	<b>392</b>	<b>484</b>	<b>382</b>	<b>365</b>	<b>482</b>	<b>593</b>
Change (%)	21%	19%	9%	24%	-21%	-4%	32%	23%
Margin (%)	14%	15%	15%	16%	12%	12%	12.1%	12.9%
Depr & Amor.	33	38	42	65	49	65	85	110
<b>EBIT</b>	<b>267</b>	<b>320</b>	<b>350</b>	<b>419</b>	<b>333</b>	<b>300</b>	<b>397</b>	<b>483</b>
Int. & other fin. Cost	10	10	11	11	9	23	37	44
Other Income	3	30	27	8	24	74	89	69
<b>EBT</b>	<b>261</b>	<b>340</b>	<b>366</b>	<b>417</b>	<b>349</b>	<b>352</b>	<b>449</b>	<b>507</b>
Exp Item	0	0	0	0	0	0	0	0
Tax	86	102	101	125	110	105	125	142
Minority Int & P/L share of Ass.	0	0	0	0	0	0	0	0
<b>Reported PAT</b>	<b>175</b>	<b>238</b>	<b>265</b>	<b>292</b>	<b>238</b>	<b>246</b>	<b>324</b>	<b>365</b>
<b>Adjusted PAT</b>	<b>175</b>	<b>238</b>	<b>265</b>	<b>292</b>	<b>238</b>	<b>246</b>	<b>324</b>	<b>365</b>
Change (%)	10%	36%	11%	10%	-18%	3%	31%	13%
Margin(%)	8%	10%	10%	10%	8%	8%	8%	8%

## Financial Details

### Key Ratios

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
ROE	27%	28%	25%	24%	17%	16%	18%	18%
ROCE	27%	27%	25%	27%	19%	14%	16%	18%
Asset Turnover	5	6	5	25	23	18	11	9
Current Ratio	2	2	3	3	4	3	3	3
Debtor Days	58	56	62	94	94	111	111	111
Payable Days	18	24	18	20	21	22	22	22
Book Value Per Share	33	43	52	56	65	74	86	99
Earnings Per Share	8	11	12	13	11	11	14	16
P/E	6	7	11	14	17	16	15	14
Price / Book Value	1	2	2	3	3	2	3	2
EV/EBITDA	4	4	7	8	10	11	11	9
EV/Sales	1	1	1	1	1	1	1	1
EPS Growth		36%	10%	10%	-19%	3%	31%	13%

### Cash Flow Statement

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
PBT	261	340	366	417	349	352	449	507
(inc)/Dec in Working Capital	-115	-52	38	-141	-28	-138	-220	0
Non Cash Op Exp	296	388	381	500	438	456	534	0
Int Paid (+)	0	0	0	0	0	0	0	0
Tax Paid	-75	-105	-99	-105	-102	-104	-125	-142
others	0	0	0	0	0	0	0	0
<b>CF from Op. Activities</b>	<b>106</b>	<b>231</b>	<b>321</b>	<b>255</b>	<b>307</b>	<b>206</b>	<b>189</b>	<b>320</b>
(inc)/Dec in FA & CWIP	-34	-33	-37	-43	-35	-52	-257	-289
Free Cashflow	72	198	283	212	272	153	-68	31
(Pur)/Sale of Inv	5	-105	58	-5	-25	-10	0	0
others	4	9	-203	7	-129	-94	0	0
<b>CF from Inv. Activities</b>	<b>-25</b>	<b>-128</b>	<b>-182</b>	<b>-41</b>	<b>-189</b>	<b>-157</b>	<b>-462</b>	<b>-289</b>
inc/(dec) in NW	2	2	6	4	5	3	0	0
inc/(dec) in Debt	-65	-52	-27	-26	-20	44	366	0
Int. Paid	-12	-12	-12	-11	-9	-10	0	0
Div Paid (inc tax)	-38	-41	-54	-97	-26	-63	-63	-63
others	0	4	0	0	0	0	0	0
<b>CF from Fin. Activities</b>	<b>-114</b>	<b>-99</b>	<b>-87</b>	<b>-129</b>	<b>-50</b>	<b>-204</b>	<b>303</b>	<b>-63</b>
Inc(Dec) in Cash	-33	4	51	85	68	-155	30	-32
<b>Add: Opening Balance</b>	<b>174</b>	<b>141</b>	<b>145</b>	<b>190</b>	<b>259</b>	<b>15</b>	<b>204</b>	<b>235</b>
Closing Balance	141	145	196	275	327	186	235	203

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, 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, 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.