

Zen Technologies

18 June 2024

VISIT NOTE

| | |
|-----------------------------|------------------|
| Sector: Aerospace & Defense | Rating: NR |
| CMP: Rs 1,118 | Target Price: NA |

Stock Info

| | |
|--------------------|----------------------|
| Sensex/Nifty | 76,993/23,466 |
| Bloomberg | ZEN IN |
| Equity shares (mn) | 77 |
| 52-wk High/Low | 1,130 / 385 |
| Face value | Rs 1 |
| M-Cap | Rs 93.9bn/USD 1.12bn |
| 3-m Avg turnover | USD 10.81mn |

Financial Snapshot (Rs mn)

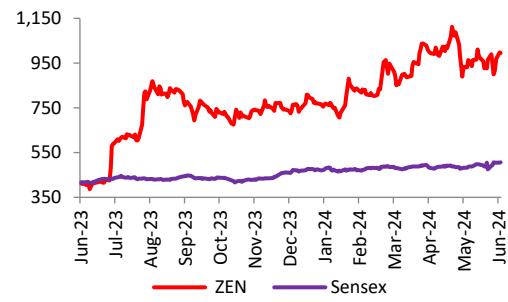
| Y/E Mar | FY22 | FY23 | FY24 |
|---------------|------|-------|-------|
| Net sales | 537 | 1,614 | 4,303 |
| EBITDA | 19 | 513 | 1,772 |
| EBITDA (%) | 3.6 | 31.8 | 41.2 |
| PAT | 20 | 376 | 1,292 |
| EPS | 0.25 | 4.88 | 16.75 |
| P/E (x) | NMF* | 80.7 | 58.7 |
| P/B (x) | 4.9 | 9.0 | 16.4 |
| EV/EBITDA (x) | NMF* | 54.4 | 41.9 |
| RoE (%) | 0.9 | 11.7 | 32.8 |
| RoCE (%) | 1.7 | 17.1 | 64.7 |

NMF: Not meaning full

Shareholding Pattern (%)

| | Mar'24 | Dec'23 | Sep'23 |
|-----------|--------|--------|--------|
| Promoter | 55.1 | 55.1 | 57.4 |
| - Pledged | - | 0.5 | 0.5 |
| FII | 3.8 | 4.7 | 4.7 |
| DII | 3.3 | 3.1 | 3.1 |
| Others | 37.8 | 37.1 | 37.1 |

Stock Performance (1-year)



Targeting Rs 20bn revenue for FY27

We recently met Mr. Ashok Atluri, promoter and MD of Hyderabad-based Zen Technologies (ZEN IN). Established in 1993, Zen has emerged as India's largest training equipment and simulator company, having diversified into anti-drone systems. ZEN delivered 1,000+ simulators to 100+ customers across the 3 armed forces, State and Central police forces of India and of other countries.

Order book update: New order wins helped ZEN end FY24 with an order book (OB) of Rs 14.0bn. On the back of Rs 13.6bn (notably, include 3 training equipment orders totaling Rs 2.32bn in Aug/ Sep 2023, 1 export order worth Rs 3.4bn in Jul 2023) of order inflows in FY24, ZEN nearly tripled its YoY outstanding OB as of end FY24.

Training simulators/ anti-drone systems accounted for 56%/ 44% of the FY24 outstanding OB, respectively. Similarly, of its total OB, AMC/ Equipment accounted for 19%/ 81%, respectively.

ZEN is targeting to win ~Rs 12-13bn of order inflows in FY25 (most of which management believes would fructify by 3QFY25/ 4QFY25). These numbers may see some upside, if their initiative to partner with an international player materializes.

Update on revenues: On its expanded OB, ZEN reported 101% increase in its FY24 revenue to Rs 4.39bn. Management has guided Rs 9bn revenue for FY25 (reflects 91% YoY revenue growth). Management indicated this guidance excludes additional revenue opportunity from its new product pipeline that the company plans to launch.

Directionally in line with its FY25 revenue guidance, management has guided Rs20bn revenue for FY27 (exports would contribute ~35% of total revenue). Notably, this guidance excludes revenue from the targeted acquisitions.

As orders executed prior to FY21-FY22 need AMC support, ZEN expects share of AMC revenue to increase from ~Rs 332mn in FY24 (~7.8% of total FY24 revenue) to ~Rs700mn by FY25. ZEN management has set an AMC revenue target of ~Rs 1.5bn by FY28, considering it expects to ramp up execution).

Margin outlook: ZEN reported ~41%/~30% EBITDA margin / PAT margin, respectively, in FY24. The company attributes the higher FY24 EBITDA margin to its product mix. Margins in the simulator business tends to be higher than those in the anti-drones business. Further, margins in the export business too tend to be superior than in the domestic business. ZEN management has guided for FY25 EBITDA/ PAT margins of 35%/25%, respectively.

Outlook on net working capital (NWC): Going forward, ZEN management has indicated a sustainable NWC of 140-160 days.

Enables resolution to raise up to Rs 10bn for inorganic growth. The company has identified the target companies and is in the process of evaluating them.

Valuation: The stock has run up 140% over the last 12 months, on the back of a growing total addressable market (TAM), large ticket order wins, and uptick in execution. At CMP of Rs1,118, ZEN trades at FY24 P/E multiple of 58.7x. We do not have a rating on the stock.

Key Risks: Delays in awarding cycle, delays in pursuing inorganic growth.

Understanding the ZEN's business

Early mover advantage

Zen Technologies started operations in 1993 with a single product, Small Arms Training Simulator (SATS), which was used by National Police Academy, Delhi Police. For all domestic opportunities during 1993-2005, ZEN used to compete against large foreign players like Thales, L3 Harris, Elbit, Rheinmetall. Thereafter, Ministry of Defense (MoD) introduced policies that favored local players, with emphasis on higher indigenization. Things changed dramatically after a high-level committee suggested that Indian Armed Forces increase the adoption of simulators. This led to the entry of new players in the domestic market. Now, 12 types of simulators (also made by ZEN) have been reserved to be procured only from domestic players. Early-mover advantage and continuous investments in R&D, have helped ZEN in building a robust portfolio of 35+ types of simulator and training equipment variants. Management believes an early-mover advantage coupled with the uptick in awarding cycle augur well for the company's growth prospects.

Focus on R&D and an asset-light model have helped ZEN build a strong portfolio

ZEN is heavily focused on R&D, evident from the fact the company had a total R&D staff of 120+ as of FY23 (~46% of total employee count). The company incurred R&D costs of Rs 245mn (5.6% of FY24 sales) in FY24. During FY18-FY24, ZEN cumulatively spent Rs 975mn towards R&D.

We also like ZEN's asset-light strategy (the company outsources 80-85% of its manufacturing work), which enables the company to focus on R&D work and expand its product portfolio.

Product quality and after-sales support

Continuous R&D and operating efficiency have aided ZEN in offering high-quality products at competitive prices. The product offering is augmented by after-sales support, which includes additional training as well as AMC contract, which provides the company with an additional source of income.

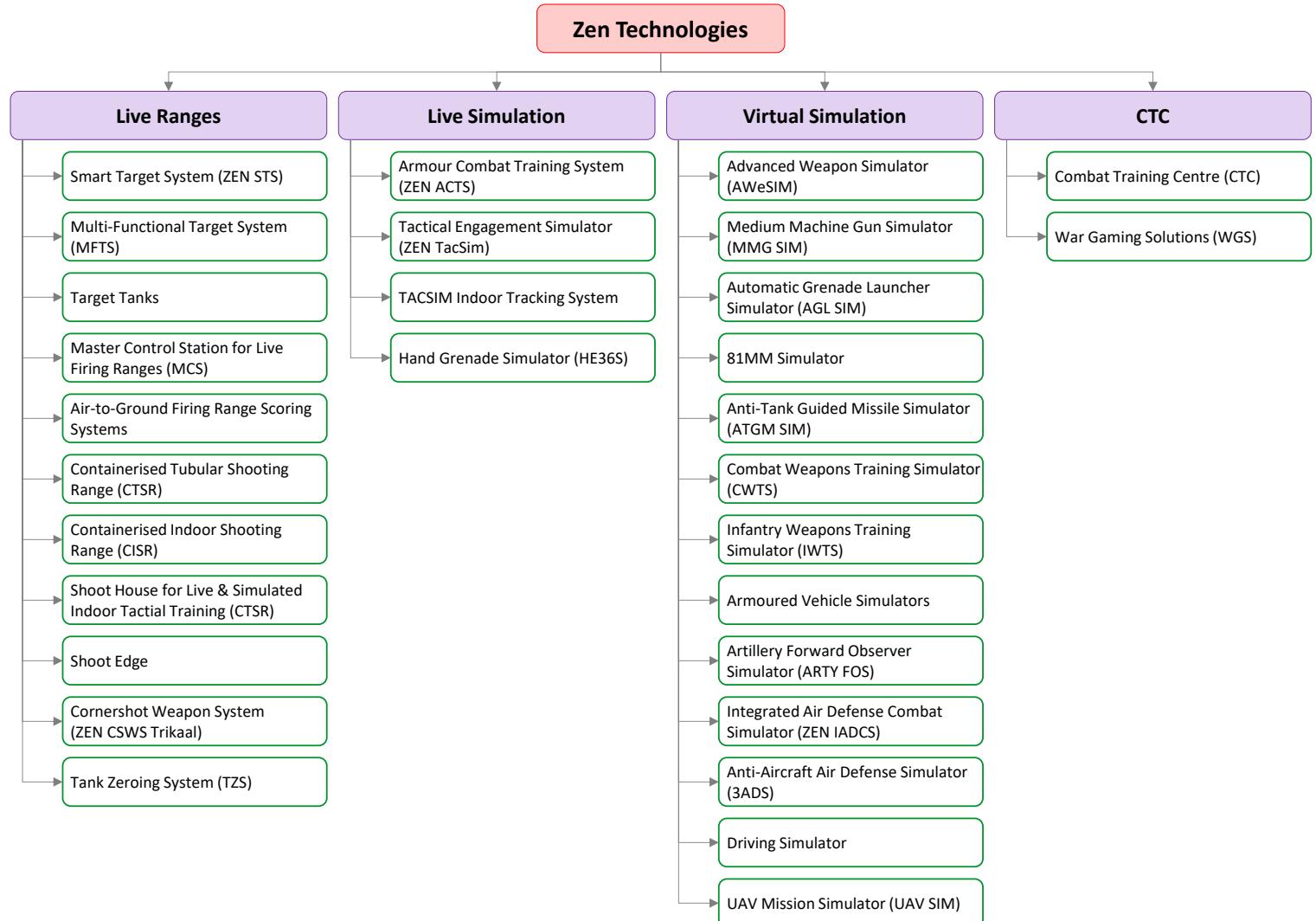
Core competencies

ZEN is a system engineering company with skill sets in areas of electronics, optics, system engineering, mechanical engineering, and software. ZEN being a prime contractor to the Indian army, is well positioned to consider JVs with any of the foreign players.

A strong track record of winning orders

ZEN management claims over 90% strike rate when it comes to winning orders in the domestic market. Despite new entrants in the Indian simulator space, most have not been able to clear the technical rounds, indicating the company holds a strong edge for all opportunities emanating in the near term.

Exhibit 1: Zen Technologies - Portfolio of offerings



Source: Company, Systematix Institutional Research

FINANCIALS (STANDALONE)

Income Statement

| YE: Mar (Rs mn) | FY21 | FY22 | FY23 | FY24 |
|----------------------------|------------|------------|--------------|--------------|
| Net Sales | 496 | 537 | 1,614 | 4,303 |
| Growth (%) | -66 | 8 | 201 | 167 |
| Operating Expenses | 418 | 518 | 1,102 | 2,530 |
| Operating Profit | 78 | 19 | 513 | 1,772 |
| Other Operating Income | 0 | 0 | 0 | 0 |
| EBITDA | 78 | 19 | 513 | 1,772 |
| Growth (%) | -88 | -75 | 2,551 | 246 |
| Depreciation | 40 | 37 | 44 | 73 |
| Other Income | 29 | 53 | 71 | 139 |
| EBIT | 67 | 35 | 540 | 1,838 |
| Finance Cost | 10 | 14 | 20 | 18 |
| Exceptional Item | 0 | 3 | -20 | -24 |
| Profit before tax | 57 | 18 | 539 | 1,844 |
| Tax (current + deferred) | 16 | -2 | 163 | 552 |
| Reported Net Profit | 41 | 20 | 376 | 1,292 |
| Adjusted Net Profit | 41 | 22 | 356 | 1,268 |
| Growth (%) | -93 | -45 | 1,493 | 256 |

Source: Company, Systematix Institutional Research

Cash Flow

| YE: Mar (Rs mn) | FY21 | FY22 | FY23 | FY24 |
|--------------------------------------|-------------|-------------|--------------|--------------|
| Profit before tax | 57 | 19 | 539 | 1,844 |
| Depreciation | 40 | 37 | 44 | 73 |
| Change in Working Capital | 78 | -455 | 537 | -1,405 |
| Total tax paid | -28 | -12 | -87 | -321 |
| Others (inc. Interest Income) | -14 | -27 | -40 | 22 |
| Cash Flow from Operations (a) | 132 | -438 | 993 | 214 |
| Capital expenditure | -16 | -36 | -121 | -260 |
| Change in investments | 0 | 0 | 0 | 0 |
| Others | -160 | -396 | 94 | -560 |
| Cash Flow from Investing (b) | -176 | -432 | -27 | -820 |
| Free cash flow (a+capex) | 116 | -474 | 872 | -47 |
| Equity raised/(repaid)/ (buyback) | 134 | 25 | -97 | 27 |
| Debt raised/(repaid) | -1 | 865 | -64 | -58 |
| Dividend (incl. tax) | -32 | -8 | -8 | -17 |
| Others | -10 | -9 | -15 | -14 |
| Cash Flow from financing (c) | 91 | 873 | -184 | -62 |
| Net change in cash (a+b+c) | 47 | 3 | 782 | -668 |
| Opening cash balance | 295 | 758 | 690 | 2,090 |
| Closing cash balance | 342 | 761 | 1,472 | 1,422 |

Source: Company, Systematix Institutional Research

Balance Sheet

| YE: Mar (Rs mn) | FY21 | FY22 | FY23 | FY24 |
|-------------------------------------|--------------|--------------|--------------|--------------|
| Share Capital | 80 | 80 | 80 | 84 |
| Reserves & Surplus | 2,052 | 2,838 | 3,112 | 4,447 |
| Net Worth | 2,132 | 2,917 | 3,192 | 4,531 |
| Minority Interest | 0 | 0 | 0 | 0 |
| Total Liabilities | 2,132 | 2,917 | 3,192 | 4,531 |
| Non-current Liabilities | 19 | 49 | 24 | 104 |
| Long-term borrowings | 1 | 30 | 0 | 0 |
| Deferred tax liabilities | 0 | 0 | 0 | 63 |
| Other Long-term liabilities | 1 | 1 | 1 | 10 |
| Long term provisions | 17 | 18 | 23 | 31 |
| Current Liabilities | 86 | 612 | 1,249 | 2,548 |
| Short-term borrowings | 7 | 91 | 58 | 0 |
| Trade Payables | 25 | 33 | 37 | 262 |
| Other Current Liabilities | 54 | 488 | 1,154 | 2,287 |
| Short term provisions | 1 | 0 | 0 | 0 |
| Total Liabilities and Equity | 2,236 | 3,579 | 4,465 | 7,184 |
| Non-Current Assets | 1,079 | 1,076 | 1,107 | 1,427 |
| Net Block | 621 | 616 | 693 | 892 |
| Goodwill | 0 | 0 | 0 | 0 |
| Non-current Investments | 241 | 243 | 243 | 263 |
| Long-term loans and advances | 10 | 15 | 11 | 0 |
| Deferred tax Assets | 206 | 201 | 134 | 0 |
| Other non-current Assets | 2 | 0 | 25 | 272 |
| Current Assets | 1,157 | 2,503 | 3,357 | 5,757 |
| Inventories | 92 | 142 | 411 | 1,334 |
| Sundry Debtors | 174 | 195 | 662 | 1,691 |
| Cash & Bank Balances | 342 | 761 | 1,472 | 1,422 |
| Other current Assets | 504 | 1,184 | 549 | 1,209 |
| Loans & Advances | 45 | 220 | 263 | 100 |
| Current Investments | 0 | 0 | 0 | 0 |
| Total Assets | 2,236 | 3,579 | 4,465 | 7,184 |

Source: Company, Systematix Institutional Research

Ratios

| YE: Mar | FY21 | FY22 | FY23 | FY24 |
|-------------------------------|------|------|-------|------|
| Adjusted EPS (Rs) | 0.5 | 0.3 | 4.6 | 16.4 |
| Growth (%) | -93 | -45 | 1,493 | 256 |
| Dividend/share (Rs) | 0.4 | 0.1 | 0.1 | 0.0 |
| Dividend payout ratio (%) | 77.6 | 35.5 | 2.2 | 0.0 |
| EBITDA margin (%) | 15.6 | 3.6 | 31.8 | 41.2 |
| EBIT margin | 13.5 | 6.5 | 33.4 | 42.7 |
| Adj. Net margin | 8.3 | 4.2 | 22.1 | 29.5 |
| Tax rate (%) | 27.9 | -8.9 | 30.2 | 29.9 |
| Debt/ Equity (x) | 0.0 | 0.0 | 0.0 | 0.0 |
| Inventory days | 67 | 96 | 93 | 113 |
| Sundry Debtor days | 128 | 133 | 150 | 143 |
| Trade Payable days | 18 | 23 | 8 | 22 |
| Du-Pont Analysis - ROE | | | | |
| Adj. Net margin (%) | 8.3 | 4.2 | 22.1 | 29.5 |
| Asset turnover (x) | 0.2 | 0.2 | 0.5 | 0.9 |
| Leverage factor (x) | 1.0 | 1.0 | 1.0 | 1.0 |
| ROE (%) | 2.0 | 0.9 | 11.7 | 32.8 |
| ROCE (%) | 2.5 | 1.7 | 17.1 | 64.7 |
| Valuation (x) | | | | |
| PER | | | 80.7 | 58.7 |
| PCE | | | 76.4 | 57.6 |
| Price/Book | | | 9.0 | 16.4 |
| EV/EBITDA | | | 54.4 | 41.9 |

Source: Company, Systematix Institutional Research

Institutional Equities Team

| | | | |
|-----------------------------------|--|-------------------------|---------------------------------------|
| Nikhil Khandelwal | Managing Director | +91-22-6704 8001 | nikhil@systematixgroup.in |
| Equity Research | | | |
| Analysts | Industry Sectors | Desk-Phone | E-mail |
| Dhananjay Sinha | Co Head of Equities & Head of Research - Strategy & Economics | +91-22-6704 8095 | dhananjaysinha@systematixgroup.in |
| Abhishek Mathur | FMCG | +91-22-6704 8059 | abhishekmathur@systematixgroup.in |
| Ashish Poddar | Consumer Durables, EMS, Building Materials, Small-Mid Caps | +91-22-6704 8039 | ashishpoddar@systematixgroup.in |
| Himanshu Nayyar | Consumer Staples & Discretionary | +91-22-6704 8079 | himanshunayyar@systematixgroup.in |
| Manjith Nair | Banking, Insurance | +91-22-6704 8065 | manjithnair@systematixgroup.in |
| Pradeep Agrawal | NBFCs & Diversified Financials | +91-22-6704 8024 | pradeepagrawal@systematixgroup.in |
| Pratik Tholiya | Specialty & Agro Chem, Fertilisers, Sugar, Textiles and Select Midcaps | +91-22-6704 8028 | pratiktholiya@systematixgroup.in |
| Sameer Pardikar | IT & ITES | +91-22-6704 8041 | sameerpardikar@systematixgroup.in |
| Santosh Yellapu | Capital Goods | +91-22-6704 8094 | santoshyellapu@systematixgroup.in |
| Shweta Dikshit | Metals & Mining | +91-22-6704 8042 | shwetadikshit@systematixgroup.in |
| Sudeep Anand | Oil & Gas, Logistics, Cement, Wagons | +91-22-6704 8085 | sudeepanand@systematixgroup.in |
| Vishal Manchanda | Pharmaceuticals and Healthcare | +91-22-6704 8064 | vishalmanchanda@systematixgroup.in |
| Chetan Mahadik | Consumer Staples & Discretionary | +91-22-6704 8091 | chetanmahadik@systematixgroup.in |
| Deeksha Bhardwaj | Strategy & Economics | +91-22-6704 8017 | deekshabhardwaj@systematixgroup.in |
| Devanshi Kamdar | IT & ITES | +91-22-6704 8098 | devanshikamdar@systematixgroup.in |
| Hinal Kothari | Metals & Mining | +91-22-6704 8076 | hinalkothari@systematixgroup.in |
| Jennisa Popat | Oil & Gas, Logistics, Cement, Wagons | +91-22-6704 8066 | jennisapopat@systematixgroup.in |
| Kalash Jain | Midcaps | +91-22-6704 8038 | kalashjain@systematixgroup.in |
| Krishna Zaveri | Consumer Durables, EMS, Building Materials, Small-Mid Caps | +91-22-6704 8023 | krishazaveri@systematixgroup.in |
| Mahek Shah | Consumer Durables, EMS, Building Materials, Small-Mid Caps | +91-22-6704 8040 | mahekshah@systematixgroup.in |
| Nirali Chheda | Banking, Insurance | +91-22-6704 8019 | niralichheda@systematixgroup.in |
| Pashmi Chheda | Banking, Insurance | +91-22-6704 8063 | pashmichheda@systematixgroup.in |
| Pravin Mule | NBFCs & Diversified Financials | +91-22-6704 8034 | pravinmule@systematixgroup.in |
| Prathmesh Kamath | Oil & Gas, Logistics, Cement, Wagons | +91-22-6704 8022 | prathmeshkamath@systematixgroup.in |
| Purvi Mundhra | Macro-Strategy | +91-22-6704 8078 | purvimumdhra@systematixgroup.in |
| Rajesh Mudaliar | Consumer Staples & Discretionary | +91-22-6704 8084 | rajeshmudaliar@systematixgroup.in |
| Ronak Dhruv | NBFCs & Diversified Financials | +91-22-6704 8045 | ronakdhruv@systematixgroup.in |
| Rushank Mody | Pharmaceuticals and Healthcare | +91-22-6704 8046 | rushankmody@systematixgroup.in |
| Swati Saboo | Midcaps | +91-22-6704 8043 | swatisaboo@systematixgroup.in |
| Yogeeta Rathod | Midcaps | +91-22-6704 8081 | yogeetarathod@systematixgroup.in |
| Equity Sales & Trading | | | |
| Name | | Desk-Phone | E-mail |
| Vipul Sanghvi | Co Head of Equities & Head of Sales | +91-22-6704 8062 | vipulsanghvi@systematixgroup.in |
| Jignesh Desai | Sales | +91-22-6704 8068 | jigneshdesai@systematixgroup.in |
| Sidharth Agrawal | Sales | +91-22-6704 8090 | sidharthagrawal@systematixgroup.in |
| Shreya Chaudhary | Sales | +91-22-6704 8033 | shreyachaudhary@systematixgroup.in |
| Rahul Khandelwal | Sales | +91-22-6704 8003 | rahul@systematixgroup.in |
| Chintan Shah | Sales | +91-22-6704 8061 | chintanshah@systematixgroup.in |
| Pawan Sharma | Director and Head - Sales Trading | +91-22-6704 8067 | pawansharma@systematixgroup.in |
| Mukesh Chaturvedi | Vice President and Co Head - Sales Trading | +91-22-6704 8074 | mukeshchaturvedi@systematixgroup.in |
| Vinod Bhuwad | Sales Trading | +91-22-6704 8051 | vinodbhuwad@systematixgroup.in |
| Rashmi Solanki | Sales Trading | +91-22-6704 8097 | rashmisolanki@systematixgroup.in |
| Karan Damani | Sales Trading | +91-22-6704 8053 | karandamani@systematixgroup.in |
| Vipul Chheda | Dealer | +91-22-6704 8087 | vipulchheda@systematixgroup.in |
| Paras Shah | Dealer | +91-22-6704 8047 | parasshah@systematixgroup.in |
| Rahul Singh | Dealer | +91-22-6704 8054 | rahulsingh@systematixgroup.in |
| Niraj Singh | Dealer | +91-22-6704 8096 | nirajsingh@systematixgroup.in |
| Corporate Access | | | |
| Mrunal Pawar | Vice President & Head Corporate Access | +91-22-6704 8088 | mrunalpawar@systematixgroup.in |
| Darsha Hiwrale | Associate Corporate Access | +91-22-6704 8083 | darshahiwrale@systematixgroup.in |
| Production | | | |
| Madhu Narayanan | Editor | +91-22-6704 8071 | madhunarayanan@systematixgroup.in |
| Mrunali Pagdhare | Production | +91-22-6704 8057 | mrunalip@systematixgroup.in |
| Vijayendra Achrekar | Production | +91-22-6704 8089 | vijayendraachrekar@systematixgroup.in |
| Operations | | | |
| Sachin Malusare | Vice President | +91-22-6704 8055 | sachinmalusare@systematixgroup.in |
| Jignesh Mistry | Manager | +91-22-6704 8049 | jigneshmistry@systematixgroup.in |
| Hiren Patel | Assistant Manager | +91-22-6704 8056 | hirenpatel@systematixgroup.in |

DISCLOSURES/APPENDIX**I. ANALYST CERTIFICATION**

I, **Santosh Yellapu**, hereby certify that (1) views expressed in this research report accurately reflect my/our personal views about any or all of the subject securities or issuers referred to in this research report, (2) no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report by **Systematix Shares and Stocks (India) Limited (SSSIL)** or its group/associate companies, (3) reasonable care is taken to achieve and maintain independence and objectivity in making any recommendations.

| Disclosure of Interest Statement | Update |
|--|---------------|
| Analyst holding in the stock | No |
| Served as an officer, director or employee | No |

II. ISSUER SPECIFIC REGULATORY DISCLOSURES, unless specifically mentioned in point no. 9 below:

1. The research analyst(s), SSSIL, associates or relatives do not have any financial interest in the company(ies) covered in this report.
2. The research analyst(s), SSSIL, associates or relatives collectively do not hold more than 1% of the securities of the company(ies) covered in this report as of the end of the month immediately preceding the distribution of the research report.
3. The research analyst(s), SSSIL, associates or relatives did not have any other material conflict of interest at the time of publication of this research report.
4. The research analyst, SSSIL and its associates have not received compensation for investment banking or merchant banking or brokerage services or any other products or services from the company(ies) covered in this report in the past twelve months.
5. The research analyst, SSSIL or its associates have not managed or co-managed a private or public offering of securities for the company(ies) covered in this report in the previous twelve months.
6. SSSIL or its associates have not received compensation or other benefits from the company(ies) covered in this report or from any third party in connection with this research report.
7. The research analyst has not served as an officer, director or employee of the company(ies) covered in this research report.
8. The research analyst and SSSIL have not been engaged in market making activity for the company(ies) covered in this research report.
9. Details of SSSIL, research analyst and its associates pertaining to the companies covered in this research report:

| Sr. No. | Particulars | Yes / No. |
|----------------|---|------------------|
| 1 | Whether compensation was received from the company(ies) covered in the research report in the past 12 months for investment banking transaction by SSSIL. | No |
| 2 | Whether research analyst, SSSIL or its associates and relatives collectively hold more than 1% of the company(ies) covered in the research report. | No |
| 3 | Whether compensation has been received by SSSIL or its associates from the company(ies) covered in the research report. | No |
| 4 | Whether SSSIL or its affiliates have managed or co-managed a private or public offering of securities for the company(ies) covered in the research report in the previous twelve months. | No |
| 5 | Whether research analyst, SSSIL or associates have received compensation for investment banking or merchant banking or brokerage services or any other products or services from the company(ies) covered in the research report in the last twelve months. | No |

10. There is no material disciplinary action taken by any regulatory authority that impacts the equity research analysis activities.

STOCK RATINGS

BUY (B): The stock's total return is expected to exceed 15% over the next 12 months.

HOLD (H): The stock's total return is expected to be within -15% to +15% over the next 12 months.

SELL (S): The stock's total return is expected to give negative returns of more than 15% over the next 12 months.

NOT RATED (NR): The analyst has no recommendation on the stock under review.

INDUSTRY VIEWS

ATTRACTIVE (AT): Fundamentals/valuations of the sector are expected to be attractive over the next 12-18 months.

NEUTRAL (NL): Fundamentals/valuations of the sector are expected to neither improve nor deteriorate over the next 12-18 months.

CAUTIOUS (CS): Fundamentals/valuations of the sector are expected to deteriorate over the next 12-18 months.

III. DISCLAIMER

The information and opinions contained herein have been compiled or arrived at based on the information obtained in good faith from 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.

This document is for information purposes only. This report is based on information that we consider reliable; we do not represent that it is accurate or complete and one should exercise due caution while acting on it. Description of any company(ies) or its/their securities mentioned herein are not complete and this document is not and should not be construed as an offer or solicitation of an offer to buy or sell any securities or other financial instruments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. All opinions, projections and estimates constitute the judgment of the author as on the date of the report and these, plus any other information contained in the report, are subject to change without notice. Prices and availability of financial instruments are also subject to change without notice. This report is intended for distribution to institutional investors.

This report is not directed to or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject to SSSIL or its affiliates to any registration or licensing requirement within such jurisdiction. If this report is inadvertently sent or has reached any individual in such country, especially USA, the same may be ignored and brought to the attention of the sender. Neither this document nor any copy of it may be taken or transmitted into the United States (to U.S. persons), Canada, or Japan or distributed, directly or indirectly, in the United States or Canada or distributed or redistributed in Japan or to any resident thereof. Any unauthorized use, duplication,

redistribution or disclosure of this report including, but not limited to, redistribution by electronic mail, posting of the report on a website or page, and/or providing to a third party a link, is prohibited by law and will result in prosecution. The information contained in the report is intended solely for the recipient and may not be further distributed by the recipient to any third party.

SSSIL generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, SSSIL generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that they cover. Our salespeople, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein. Our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. The views expressed in this research report 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. The compensation of the analyst who prepared this document is determined exclusively by SSSIL; however, compensation may relate to the revenues of the Systematix Group as a whole, of which investment banking, sales and trading are a part. Research analysts and sales persons of SSSIL may provide important inputs to its affiliated company(ies).

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations which could have an adverse effect on their value or price or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies, effectively assume currency risk. SSSIL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on the basis of this report including but not restricted to fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

SSSIL and its affiliates, officers, directors, and employees subject to the information given in the disclosures may: (a) from time to time, have long or short positions in, and buy or sell, the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation (financial interest) or act as a market maker in the financial instruments of the company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential material conflict of interest with respect to any recommendation and related information and opinions. The views expressed are those of the analyst and the company may or may not subscribe to the views expressed therein.

SSSIL, its affiliates and any third party involved in, or related to, computing or compiling the information hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of this information. Without limiting any of the foregoing, in no event shall SSSIL, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind. The company accepts no liability whatsoever for the actions of third parties. The report may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the report refers to website material of the company, the company has not reviewed the linked site. Accessing such website or following such link through the report or the website of the company shall be at your own risk and the company shall have no liability arising out of, or in connection with, any such referenced website.

SSSIL will not be liable for any delay or any other interruption which may occur in presenting the data due to any technical glitch to present the data. In no event shall SSSIL be liable for any damages, including without limitation, direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by SSSIL through this presentation.

SSSIL or any of its other group companies or associates will not be responsible for any decisions taken on the basis of this report. Investors are advised to consult their investment and tax consultants before taking any investment decisions based on this report.

Registration granted by SEBI to SSSIL and certification from NISM to the analyst in no way guarantee performance of SSSIL or to provide any assurance of returns to investors.



Systematix Shares and Stocks (India) Limited:

Registered and Corporate address: The Capital, A-wing, No. 603 – 606, 6th Floor, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051
Tel no. 022-66198000/40358000 Fax no. 022-66198029/40358029 Email id contactus@systematixgroup.in. Visit us at: www.systematixgroup.in

Details of Compliance officer: Ms Nipa Savla, Compliance officer Tel no. 022-66198092/4035808092 Email id compliance@systematixgroup.in

Details of Email id grievance redressal cell : grievance@systematixgroup.in

Details of Registration : CIN - U65993MH1995PLC268414 | BSE SEBI Reg. No.: INZ000171134 (Member Code: 182) | NSE SEBI Reg. No.: INZ000171134 (Member Code: 11327) | MCX SEBI Reg. No.: INZ000171134 (Member Code: 56625) | NCDEX SEBI Reg. No.: INZ000171134 (Member Code: 1281) | Depository Participant SEBI Reg. No.: IN-DP-480-2020 (DP Id: 12034600) | PMS SEBI Reg. No.: INP000002692 | Research Analyst SEBI Reg. No.: INH200000840 | AMFI : ARN - 64917