

# Zen Technologies

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	ZEN IN
Equity Shares (m)	90
M.Cap.(INRb)/(USDb)	152.7 / 1.8
52-Week Range (INR)	2628 / 945
1, 6, 12 Rel. Per (%)	-8/-1/11
12M Avg Val (INR M)	1182

## Financials Snapshot (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	8.1	13.1	18.2
EBITDA	3.0	4.9	6.7
EBITDA Margin (%)	37.0	37.0	37.0
PAT	2.7	4.2	5.5
EPS (INR)	29.8	46.7	61.2
EPS Growth (%)	2.3	56.7	31.1
BV/Share (INR)	216.8	263.5	324.7

## Ratios

Net D/E	-0.7	-0.6	-0.5
RoE (%)	14.7	19.4	20.8
RoCE (%)	14.7	19.4	20.8

## Valuations

P/E (x)	56.7	36.2	27.6
P/BV (x)	7.8	6.4	5.2
EV/EBITDA (x)	47.1	29.0	20.6

## Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	49.1	49.1	55.1
DII	8.8	9.5	3.4
FII	6.5	6.4	3.6
Others	35.7	35.1	37.9

FII Includes depository receipts

**CMP: INR1,691**      **TP: INR1,650 (-2%)**      **Neutral**

## Soft start to the year

ZEN posted weak numbers in 1QFY26, with a miss on revenue and PAT. ZEN's execution was impacted by design changes in an existing project and lower-than-expected order inflows so far in FY26. The company expects inflows to start ramping up from 2QFY26, thereby supporting execution. To bake in lower inflows and execution in 1QFY26, we cut our estimates by 22%/18% for FY26/FY27 and revise the TP to INR1,650 (from INR1,850), based on 30x Sep'27E EPS. The stock is currently trading at a P/E of 56.7x/36.2x/27.6x on FY26/27/28E EPS. Our estimates bake in a CAGR of 25%/28% in revenue/PAT over FY25-28 with strong EBITDA margin of 37%. We maintain our Neutral stance on the stock and would look for order inflow announcements for further sustainability of revenues going forward.

## Weak set of results

ZEN reported weak results in 1QFY26, with a miss on revenue and PAT. Revenue declined 56% YoY to INR1.1b, due to design modifications in a major equipment order, resulting in deferment of INR500-700m in revenue. Gross margins were 90bp below our expectation at 55.1% vs. our estimate of 56%. Absolute EBITDA fell by 63% YoY to INR380m, resulting in PAT of INR371m, which was aided by higher other income. PAT margin expanded 420bp YoY to 33.4% vs. our est. of 31.4%. As of Jun'25, the standalone order book stood at ~INR6.1b. During the quarter, ZEN acquired shares representing 76% of the total paid-up share capital of TISA Aerospace for a consideration of INR65.6m.

## Awaiting procurement normalization

The standalone order book stood at INR6.1b, while subsidiaries contributed INR1.5b to the consolidated order book. Within the standalone segment, INR2.6b was attributed to AMC and the remaining INR3.5b represented equipment orders, which included both simulators and anti-drone systems. Specifically, simulator orders were valued at ~INR2.8b and anti-drone systems at ~INR640m. Management highlighted the possibility of a simulator order worth INR6.5b in 2QFY26, which could materially enhance execution visibility in 2HFY26. However, the current moderation in order inflows reflects a temporary delay in standard procurement activity, as the government remains focused on emergency purchases after Operation Sindoor. While we remain constructive on ZEN's long-term positioning in high-impact defense domains, the near-term softness in order momentum and execution warrants a cautious stance. We await order inflow announcements over the next couple of quarters for greater visibility on earnings.

### Strengthening indigenous IP play with strategic acquisitions

In Jun'25, ZEN acquired a 76% stake in TISA Aerospace for INR65.6m, marking its entry into the high-growth loitering munitions (kamikaze drones) segment. TISA has previously delivered systems to DRDO and is currently developing multiple variants for the Indian Army. This acquisition complements ZEN's expertise in anti-drone systems and propulsion, enabling the company to accelerate the development of next-generation loitering munitions. ZEN is also actively investing in product upgrades, targeting commercialization within 12-18 months. The move aligns with ZEN's strategy of owning indigenous IP in critical defense technologies, enhancing its relevance in modern warfare and broadening its portfolio.

### Guidance and other updates

Despite a slow start to FY26, management maintains its previous guidance of 50% CAGR in revenue, achieving cumulative revenue of INR60b over FY26-28, with EBITDA margin/PAT margin of 35%/25% across the years. Management expects this to be supported by 1) pick-up of regular procurement cycle; 2) finalization of emergency procurement orders; 3) increased exports across Africa, the Middle East, the US & Latin America, CIS countries, Southeast Asia, and NATO-aligned countries; and 4) inorganic growth led by execution ramp-up of its subsidiaries (revenue of INR1.7b expected from US-based ARI and INR800m from other subsidiaries such as UTS).

### Financial outlook

We trim our estimates by 22%/18% for FY26/27 to factor in the impact of the current temporary slowdown on near-term execution. We expect a CAGR of 25%/29%/28% in revenue/EBITDA/PAT during FY25-28. This will be supported by 1) finalization of orders across simulators and anti-drones; 2) EBITDA margin of ~37% for FY26-FY28, and 3) control over working capital due to improved collections.

### Valuation and view

The stock currently trades at 56.7x/36.2x/27.6x P/E on FY26/27/28E earnings. While we remain positive about the company and its ability to capitalize on upcoming demand for simulators and anti-drones, our estimates and current valuations capture the positives related to upcoming orders and correspondingly a 28% PAT CAGR over FY25-28. We factor in 1Q performance and arrive at a **revised TP of INR1,650** (from INR1,850 earlier), **based on 30x Sep'27E earnings. Reiterate Neutral.**

### Key risks and concerns

Any slowdown in procurement from the defense industry, especially for simulators, can expose the company to the risk of reduced order inflows and hinder its growth. ZEN is also exposed to foreign currency risks for its export revenue. High working capital can also pose risks to cash flows, as historically, its working capital has remained high due to issues related to high debtors and high inventories. This is likely to come down due to improved collections and lower inventory, as per management. However, any delays in the same can affect cash flows for FY26-28.

## Standalone - Quarterly Earning Model

(INR m)

Y/E March	FY25				FY26E				FY25	FY26	FY26E	Est
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE			1QE	Var (%)
<b>Net Sales</b>	<b>2,540</b>	<b>2,417</b>	<b>1,415</b>	<b>2,935</b>	<b>1,111</b>	<b>1,460</b>	<b>1,866</b>	<b>3,675</b>	<b>9,307</b>	<b>8,112</b>	<b>2,589</b>	<b>(57)</b>
YoY Change (%)	91.7	277.4	44.3	116.3	(56.3)	(39.6)	31.8	25.2	116.3	(12.8)	(39.8)	
Total Expenditure	1,508	1,623	1,048	1,991	730	942	1,166	2,272	6,169	5,110	1,657	(56)
<b>EBITDA</b>	<b>1,032</b>	<b>794</b>	<b>367</b>	<b>944</b>	<b>380</b>	<b>518</b>	<b>700</b>	<b>1,403</b>	<b>3,137</b>	<b>3,001</b>	<b>932</b>	<b>(59)</b>
Margins (%)	40.6	32.9	26.0	32.2	34.3	35.5	37.5	38.2	33.7	37.0	36.0	
Depreciation	22	23	26	29	31	32	32	35	101	130	31	(1)
Interest	10	21	27	36	14	25	26	39	94	104	25	(44)
Other Income	30	84	220	244	199	212	212	224	578	846	217	(8)
<b>PBT</b>	<b>1,030</b>	<b>835</b>	<b>534</b>	<b>1,122</b>	<b>535</b>	<b>673</b>	<b>853</b>	<b>1,553</b>	<b>3,520</b>	<b>3,614</b>	<b>1,094</b>	<b>(51)</b>
Tax	288	182	147	273	164	172	218	371	890	925	280	(42)
Rate (%)	28.0	21.8	27.6	24.3	30.6	25.6	25.6	23.9	25.3	25.6	25.6	
<b>Reported PAT</b>	<b>742</b>	<b>652</b>	<b>386</b>	<b>849</b>	<b>371</b>	<b>501</b>	<b>634</b>	<b>1,182</b>	<b>2,630</b>	<b>2,689</b>	<b>814</b>	<b>(54)</b>
<b>Adj PAT</b>	<b>742</b>	<b>652</b>	<b>386</b>	<b>849</b>	<b>371</b>	<b>501</b>	<b>634</b>	<b>1,182</b>	<b>2,630</b>	<b>2,689</b>	<b>814</b>	<b>(54)</b>
YoY Change (%)	57.4	276.1	21.9	177.3	(50.0)	(23.3)	64.3	39.2	107.3	2.3	(35.8)	
Margins (%)	29.2	27.0	27.3	28.9	33.4	34.3	34.0	32.2	28.3	33.1	31.4	



## Conference call highlights

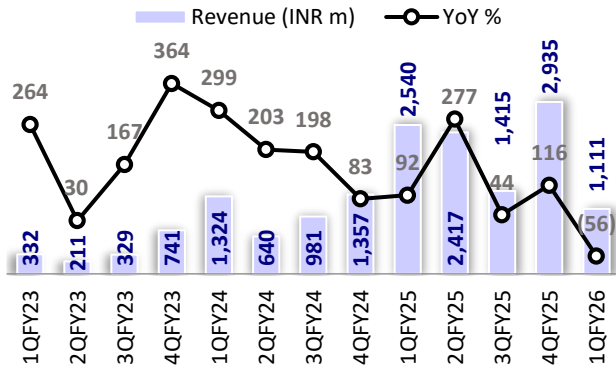
- **Revenue disappointment in 1QFY26:** Revenues dropped significantly due to design modifications in a major equipment order by end-user. A deferred revenue of ~INR500m-700m is expected to be recognized in 2QFY26.
- **Order book split:** The standalone order book stood at INR6.05b, while subsidiaries contributed INR1.48b to the consolidated order book. Within the standalone segment, INR2.6b was attributed to AMC, and the remaining INR3.5b represented equipment orders, which included both simulators and anti-drone systems. Specifically, simulator orders were valued at ~INR2.8b, and anti-drone systems at ~INR640m. Management also highlighted an imminent simulator order worth INR6.5b, expected in 2QFY26, which would significantly augment the order book and provide execution visibility for 2H FY26 and beyond.
- **Export opportunities:** The company is actively targeting export markets, including Africa, the Middle East, CIS countries, Southeast Asia, and NATO-aligned countries. In particular, the US and Latin America are being approached through ZEN's US-based subsidiary, ARI, which has a robust dealer network in multiple regions including Japan. While some export orders are expected to materialize in 2H FY26, the company considers FY27 a potentially breakthrough year for exports.
- **Demand outlook:** While the demand environment remains strong, the company acknowledged that the procurement cycle has slowed due to the government's focus on emergency purchases following Operation Sindoor. However, these delays are seen as temporary, and management expects regular procurement cycles to pick up from 3QFY26.
- **Future inflows timeline and size:** Management expects a substantial increase in its order inflows over the next few months. A simulator order worth INR6.5b is anticipated by Sep'25, where ZEN is currently the sole qualified vendor. In

addition, the company expects significant orders under the emergency procurement window for anti-drone systems, particularly those with hard-kill capabilities, to be finalized during 2HFY26.

- **Guidance maintained:** Despite the slow start to FY26, management reaffirmed its long-term revenue guidance and strategic roadmap. While FY26 is likely to be flat or only modestly positive due to 1H delays, management expects to deliver significant growth in FY27 and FY28, driven by strong inflows and execution. Additionally, ZEN is investing heavily in becoming an AI-native organization, integrating AI across its products, operations, and financial systems to drive innovation and efficiency.
- **Subsidiary guidance:** ARI, the US-based subsidiary, is expected to contribute INR1.7b in revenue in FY26, while other subsidiaries like Vector Technics and UTS are expected to contribute INR800m. After accounting for intercompany eliminations, the total consolidated contribution from subsidiaries is projected to be around INR2.5b. These businesses are also expected to maintain EBITDA margins of ~35% and PAT margins of ~25%, consistent with ZEN's margin benchmarks. The company also announced its plan to increase ownership in ARI from 76% to 100% by year-end, reflecting its long-term confidence in the international business.

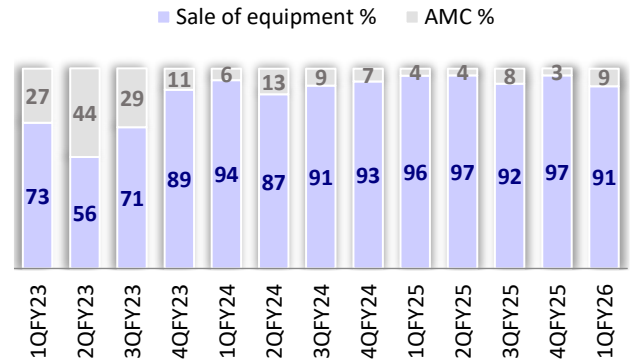
## Key Exhibits

**Exhibit 1: Total revenue declined 56% YoY on slower-than-expected execution**



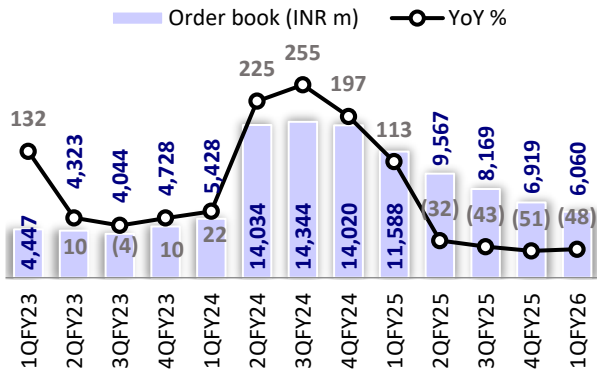
Source: Company, MOFSL

**Exhibit 2: Share of revenue from equipment sales remains a major contributor**



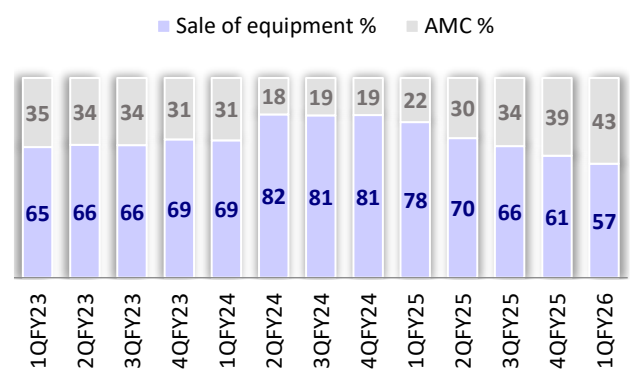
Source: Company, MOFSL

**Exhibit 3: Order book decreased by 48% YoY mainly due to delayed ordering from the government**



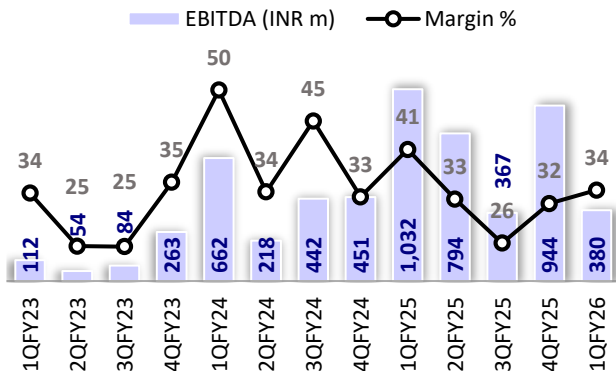
Source: Company, MOFSL

**Exhibit 4: Share of AMC has been on a rise since 1QFY25 on faster execution of equipment orders**



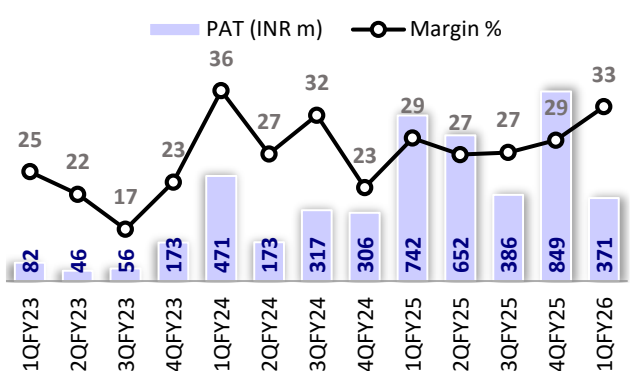
Source: Company, MOFSL

**Exhibit 5: EBITDA declined 63% YoY on a high-based, while margin contracted 630bp YoY to 34.3%**



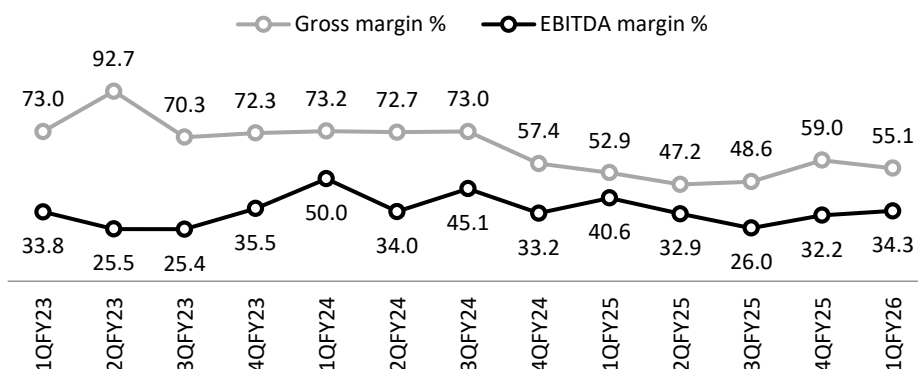
Source: Company, MOFSL

**Exhibit 6: PAT decreased 50% YoY, while PAT margin expanded 420bp YoY to 33.4%**



Source: Company, MOFSL

**Exhibit 7: Gross margin expanded 320bp YoY, while EBITDA margin contracted but was broadly in line with management guidance for full-year**



Source: Company, MOFSL

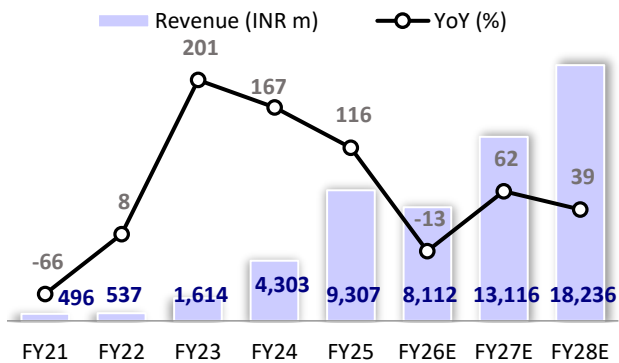
**Exhibit 8: We lower our estimates to factor in 1Q performance and slower-than-expected pace of execution**

(INR m)	FY26E			FY27E			FY28E
	Rev	Old	Chg (%)	Rev	Old	Chg (%)	New
Net Sales	8,112	10,789	(24.8)	13,116	16,734	(21.6)	18,236
EBITDA	3,001	3,992	(24.8)	4,853	6,192	(21.6)	6,747
EBITDA (%)	37.0	37.0	0 bp	37.0	37.0	0 bp	37.0
Adj. PAT	2,689	3,426	(21.5)	4,214	5,156	(18.3)	5,526
EPS (INR)	29.8	37.9	(21.5)	46.7	57.1	(18.3)	61

Source: MOFSL

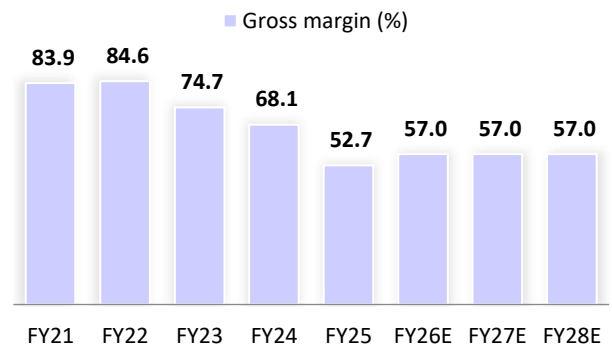
## Financial outlook

**Exhibit 9: We expect ZEN to clock 25% revenue CAGR over FY25-FY28**



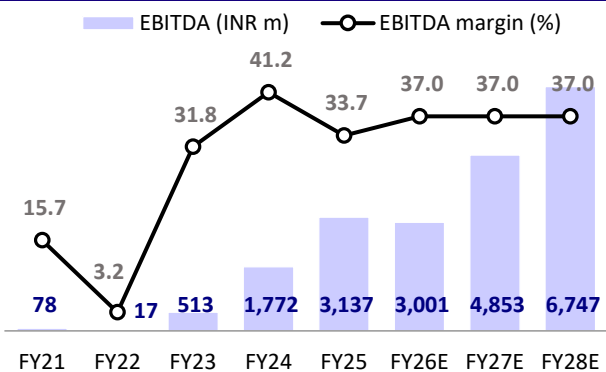
Source: Company, MOFSL

**Exhibit 10: Gross margin to normalize and remain at comfortable levels beyond FY25**



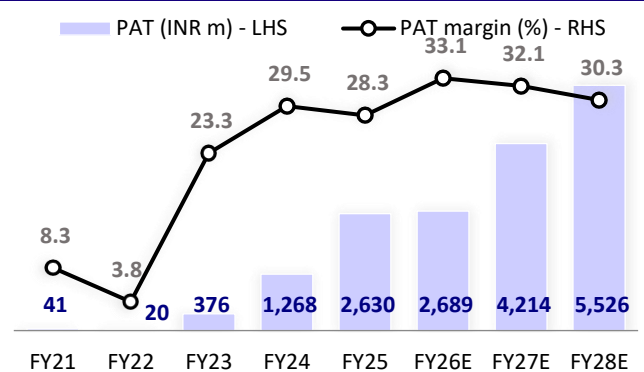
Source: Company, MOFSL

**Exhibit 11: EBITDA margin to remain above 35%**



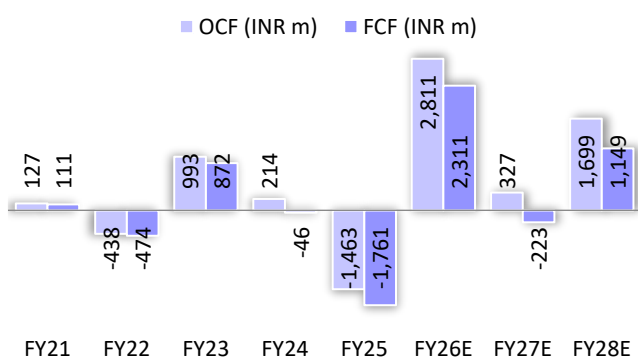
Source: Company, MOFSL

**Exhibit 12: We expect 28% PAT CAGR over FY25-FY28**



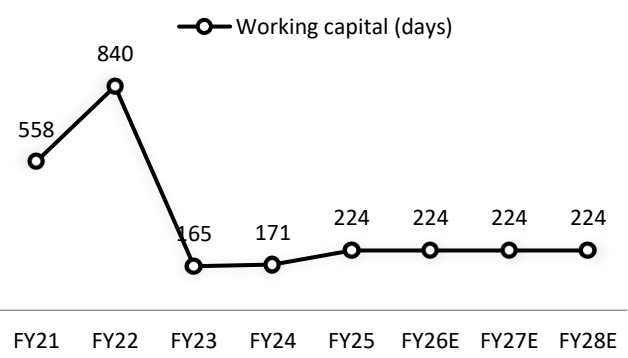
Source: Company, MOFSL

**Exhibit 13: OCF and FCF to be lumpy over the years**



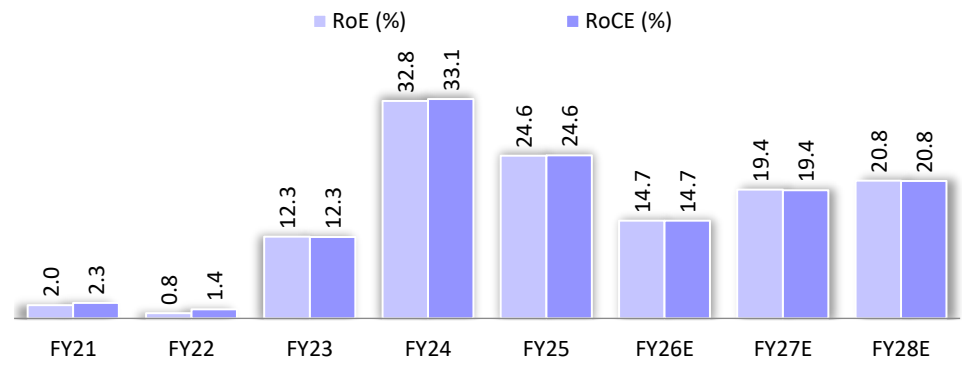
Source: Company, MOFSL

**Exhibit 14: NWC to stabilize on improved collections**



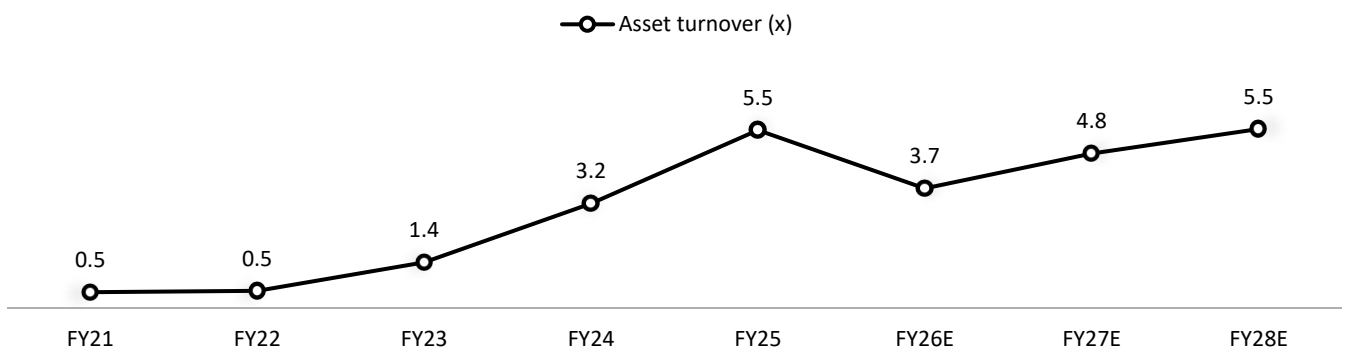
Source: Company, MOFSL

**Exhibit 15: ROE and ROCE expected to reach above 20% levels**



Source: Company, MOFSL

**Exhibit 16: With an improved product mix, we expect the asset turnover ratio to improve**



Source: Company, MOFSL



## Financials and valuations

Standalone - Income Statement									(INR m)
Y/E Mar	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Total Income from Operations</b>	<b>1,470</b>	<b>496</b>	<b>537</b>	<b>1,614</b>	<b>4,303</b>	<b>9,307</b>	<b>8,112</b>	<b>13,116</b>	<b>18,236</b>
Change (%)	59.4	-66.3	8.4	200.6	166.5	116.3	-12.8	61.7	39.0
Raw Materials	390	80	83	408	1,373	4,402	3,488	5,640	7,841
<b>Gross Profit</b>	<b>1,080</b>	<b>416</b>	<b>454</b>	<b>1,206</b>	<b>2,930</b>	<b>4,904</b>	<b>4,624</b>	<b>7,476</b>	<b>10,394</b>
Employee Cost	167	127	148	228	432	570	568	918	1,277
Other Expenses	278	211	289	465	726	1,197	1,055	1,705	2,371
<b>Total Expenditure</b>	<b>834</b>	<b>418</b>	<b>520</b>	<b>1,102</b>	<b>2,530</b>	<b>6,169</b>	<b>5,110</b>	<b>8,263</b>	<b>11,489</b>
% of Sales	56.7	84.3	96.8	68.2	58.8	66.3	63.0	63.0	63.0
<b>EBITDA</b>	<b>636</b>	<b>78</b>	<b>17</b>	<b>513</b>	<b>1,772</b>	<b>3,137</b>	<b>3,001</b>	<b>4,853</b>	<b>6,747</b>
Margin (%)	43.3	15.7	3.2	31.8	41.2	33.7	37.0	37.0	37.0
Depreciation	38	40	37	44	73	101	130	165	202
<b>EBIT</b>	<b>599</b>	<b>38</b>	<b>-20</b>	<b>469</b>	<b>1,699</b>	<b>3,036</b>	<b>2,871</b>	<b>4,688</b>	<b>6,546</b>
Int. and Finance Charges	32	10	14	20	18	94	104	114	125
Other Income	19	29	53	91	139	578	846	1,090	1,007
<b>PBT bef. EO Exp.</b>	<b>586</b>	<b>57</b>	<b>19</b>	<b>539</b>	<b>1,820</b>	<b>3,520</b>	<b>3,614</b>	<b>5,664</b>	<b>7,427</b>
EO Items	-1	0	-2	14	-24	0	0	0	0
<b>PBT after EO Exp.</b>	<b>587</b>	<b>57</b>	<b>20</b>	<b>525</b>	<b>1,844</b>	<b>3,520</b>	<b>3,614</b>	<b>5,664</b>	<b>7,427</b>
Total Tax	-20	16	-2	163	552	890	925	1,450	1,901
Tax Rate (%)	-3.3	27.8	-7.9	31.0	29.9	25.3	25.6	25.6	25.6
<b>Reported PAT</b>	<b>606</b>	<b>41</b>	<b>22</b>	<b>362</b>	<b>1,292</b>	<b>2,630</b>	<b>2,689</b>	<b>4,214</b>	<b>5,526</b>
<b>Adjusted PAT</b>	<b>605</b>	<b>41</b>	<b>20</b>	<b>376</b>	<b>1,268</b>	<b>2,630</b>	<b>2,689</b>	<b>4,214</b>	<b>5,526</b>
Change (%)	214.4	-93.2	-50.5	1,753.7	237.0	107.3	2.3	56.7	31.1
Margin (%)	41.2	8.3	3.8	23.3	29.5	28.3	33.1	32.1	30.3

Standalone - Balance Sheet									(INR m)
Y/E Mar	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	77	80	80	80	84	90	90	90	90
Total Reserves	1,910	2,052	2,837	3,112	4,447	16,800	19,488	23,703	29,228
<b>Net Worth</b>	<b>1,988</b>	<b>2,132</b>	<b>2,917</b>	<b>3,192</b>	<b>4,531</b>	<b>16,890</b>	<b>19,579</b>	<b>23,793</b>	<b>29,319</b>
Minority Interest	0	0	0	0	0	0	0	0	0
Total Loans	9	9	123	59	0	522	522	522	522
Deferred Tax Liabilities	-203	-206	-201	-134	63	2	2	2	2
<b>Capital Employed</b>	<b>1,794</b>	<b>1,935</b>	<b>2,839</b>	<b>3,117</b>	<b>4,595</b>	<b>17,414</b>	<b>20,103</b>	<b>24,317</b>	<b>29,843</b>
Gross Block	995	1,012	1,016	1,142	1,326	1,689	2,189	2,739	3,289
Less: Accum. Deprn.	351	391	425	468	541	642	772	937	1,139
<b>Net Fixed Assets</b>	<b>644</b>	<b>621</b>	<b>591</b>	<b>674</b>	<b>785</b>	<b>1,047</b>	<b>1,417</b>	<b>1,802</b>	<b>2,151</b>
Goodwill on Consolidation	0	0	0	0	0	0	0	0	0
Capital WIP	0	0	25	19	107	70	70	70	70
<b>Total Investments</b>	<b>159</b>	<b>241</b>	<b>243</b>	<b>243</b>	<b>263</b>	<b>2,185</b>	<b>2,185</b>	<b>2,185</b>	<b>2,185</b>
<b>Curr. Assets, Loans &amp; Adv.</b>	<b>1,128</b>	<b>1,169</b>	<b>2,517</b>	<b>3,394</b>	<b>6,029</b>	<b>15,452</b>	<b>17,599</b>	<b>22,149</b>	<b>28,064</b>
Inventory	104	86	142	411	1,334	510	445	719	1,000
Account Receivables	444	174	196	662	1,691	3,784	3,298	5,333	7,414
Cash and Bank Balance	185	333	761	1,472	1,422	8,392	11,445	12,199	14,229
Loans and Advances	299	563	1,404	812	1,564	2,753	2,399	3,880	5,394
Other Current Asset	96	13	15	36	17	13	12	19	26
<b>Curr. Liability &amp; Prov.</b>	<b>138</b>	<b>95</b>	<b>538</b>	<b>1,213</b>	<b>2,589</b>	<b>1,340</b>	<b>1,168</b>	<b>1,889</b>	<b>2,627</b>
Account Payables	111	78	520	1,190	2,559	1,309	1,141	1,845	2,565
Other Current Liabilities	16	17	18	23	0	0	0	0	0
Provisions	10	1	0	0	31	31	27	44	61
<b>Net Current Assets</b>	<b>990</b>	<b>1,074</b>	<b>1,979</b>	<b>2,181</b>	<b>3,440</b>	<b>14,112</b>	<b>16,431</b>	<b>20,260</b>	<b>25,437</b>
<b>Appl. of Funds</b>	<b>1,793</b>	<b>1,935</b>	<b>2,839</b>	<b>3,117</b>	<b>4,595</b>	<b>17,414</b>	<b>20,103</b>	<b>24,317</b>	<b>29,843</b>

## Financials and valuations

### Ratios

Y/E Mar	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Basic (INR)</b>									
<b>EPS</b>	<b>6.7</b>	<b>0.5</b>	<b>0.2</b>	<b>4.2</b>	<b>14.0</b>	<b>29.1</b>	<b>29.8</b>	<b>46.7</b>	<b>61.2</b>
Cash EPS	7.1	0.9	0.6	4.7	14.9	30.2	31.2	48.5	63.4
BV/Share	22.0	23.6	32.3	35.4	50.2	187.1	216.8	263.5	324.7
DPS	0.4	0.1	0.1	0.2	1.0	2.0	0.0	0.0	0.0
Payout (%)	5.1	19.4	39.2	4.2	6.6	6.9	0.0	0.0	0.0
<b>Valuation (x)</b>									
P/E	251.8	3,717.5	7,508.3	405.0	120.2	58.0	56.7	36.2	27.6
Cash P/E	237.1	1,884.0	2,646.2	362.8	113.6	55.8	54.1	34.8	26.6
P/BV	76.7	71.5	52.3	47.8	33.6	9.0	7.8	6.4	5.2
EV/Sales	103.6	306.8	282.6	93.5	35.1	15.5	17.4	10.7	7.6
EV/EBITDA	239.4	1,960.0	8,824.5	294.5	85.2	46.1	47.1	29.0	20.6
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0
FCF per share	6.9	1.3	-5.2	9.7	-0.5	-19.5	25.6	-2.5	12.7
<b>Return Ratios (%)</b>									
RoE	35.6	2.0	0.8	12.3	32.8	24.6	14.7	19.4	20.8
RoCE	33.4	2.3	1.4	12.3	33.1	24.6	14.7	19.4	20.8
RoIC	42.2	1.9	-1.4	20.3	56.9	47.4	32.4	42.9	41.9
<b>Working Capital Ratios</b>									
Fixed Asset Turnover (x)	1.5	0.5	0.5	1.4	3.2	5.5	3.7	4.8	5.5
Asset Turnover (x)	0.8	0.3	0.2	0.5	0.9	0.5	0.4	0.5	0.6
Inventory (Days)	26	64	96	93	113	20	20	20	20
Debtor (Days)	110	128	133	150	143	148	148	148	148
Creditor (Days)	28	57	353	269	217	51	51	51	51
<b>Leverage Ratio (x)</b>									
Current Ratio	8.2	12.3	4.7	2.8	2.3	11.5	15.1	11.7	10.7
Interest Cover Ratio	18.8	3.8	-1.4	23.1	92.3	32.2	27.7	41.1	52.2
Net Debt/Equity	-0.2	-0.3	-0.3	-0.5	-0.4	-0.6	-0.7	-0.6	-0.5

### Standalone - Cashflow Statement

(INR m)

Y/E Mar	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	586	57	19	539	1,844	3,520	3,614	5,664	7,427
Depreciation	38	40	37	44	73	101	130	165	202
Interest & Finance Charges	23	-15	-30	-48	12	59	104	114	125
Direct Taxes Paid	-114	-28	-12	-87	-321	-984	-925	-1,450	-1,901
(Inc)/Dec in WC	111	74	-452	537	-1,405	-3,778	734	-3,076	-3,147
<b>CF from Operations</b>	<b>643</b>	<b>127</b>	<b>-439</b>	<b>985</b>	<b>204</b>	<b>-1,082</b>	<b>3,657</b>	<b>1,418</b>	<b>2,706</b>
Others	1	0	1	8	10	-381	-846	-1,090	-1,007
<b>CF from Operating incl EO</b>	<b>644</b>	<b>127</b>	<b>-438</b>	<b>993</b>	<b>214</b>	<b>-1,463</b>	<b>2,811</b>	<b>327</b>	<b>1,699</b>
(Inc)/Dec in FA	-23	-10	-36	-121	-260	-298	-500	-550	-550
<b>Free Cash Flow</b>	<b>622</b>	<b>117</b>	<b>-474</b>	<b>872</b>	<b>-46</b>	<b>-1,761</b>	<b>2,311</b>	<b>-223</b>	<b>1,149</b>
(Pur)/Sale of Investments	-26	-82	-3	-25	-42	-1,922	0	0	0
Others	-62	-84	-393	119	-518	-6,404	846	1,090	1,007
<b>CF from Investments</b>	<b>-110</b>	<b>-176</b>	<b>-432</b>	<b>-27</b>	<b>-820</b>	<b>-8,624</b>	<b>346</b>	<b>540</b>	<b>457</b>
Issue of Shares	0	0	0	0	0	9,802	0	0	0
Inc/(Dec) in Debt	-154	-1	865	-64	-58	507	0	0	0
Interest Paid	-32	-5	-9	-16	-12	-44	-104	-114	-125
Dividend Paid	-23	-32	-8	-8	-17	-90	0	0	0
Others	-5	134	25	-97	26	-7	0	0	0
<b>CF from Fin. Activity</b>	<b>-214</b>	<b>97</b>	<b>873</b>	<b>-184</b>	<b>-62</b>	<b>10,169</b>	<b>-104</b>	<b>-114</b>	<b>-125</b>
<b>Inc/Dec of Cash</b>	<b>321</b>	<b>47</b>	<b>3</b>	<b>782</b>	<b>-668</b>	<b>82</b>	<b>3,053</b>	<b>754</b>	<b>2,031</b>
Opening Balance	-225	96	144	147	929	261	8,392	11,445	12,199
Other Bank Balances	89	189	614	543	1,161	8,050	0	0	0
<b>Closing Balance</b>	<b>185</b>	<b>333</b>	<b>761</b>	<b>1,472</b>	<b>1,422</b>	<b>8,392</b>	<b>11,445</b>	<b>12,199</b>	<b>14,229</b>

Investment in securities market is subject to market risks. Read all the related documents carefully before investing.

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

#### Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on [www.motilaloswal.com](http://www.motilaloswal.com). MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL 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 MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL 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. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

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). Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

#### Regional Disclosures (outside India)

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 MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

#### For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

#### For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

#### For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to [grievances@motilaloswal.com](mailto:grievances@motilaloswal.com).

Nainesh Rajani

Email: [nainesh.rajani@motilaloswal.com](mailto:nainesh.rajani@motilaloswal.com)

Contact: (+65) 8328 0276

#### Specific Disclosures

- Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies).  
MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.  
Nature of Financial interest is holding equity shares or derivatives of the subject company
- Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.  
MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No
- Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.  
MOFSL may have received compensation from the subject company(ies) in the past 12 months.
- Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.  
MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
- Research Analyst has not served as an officer, director or employee of subject company(ies).
- MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.

7. MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
8. MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
9. MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
10. MOFSL has not engaged in market making activity for the subject company.

The associates of MOFSL may have:

- financial interest in the subject company
- actual/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 or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- 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 MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 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)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

#### 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.

#### Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for 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 MOFSL. 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. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

#### Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient 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. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. 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. This may not be taken in substitution for the exercise of independent judgment by any recipient. 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 its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. 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. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alterations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, 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 that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL 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 meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

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

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.