

SELL**TP: Rs 599 | ▼ 26%****ZENSAR
TECHNOLOGIES**

| IT Services

| 23 July 2025

Uncertainty impacts order inflow. Hopes FY26>FY25

- 1QFY26 revenue in line, margin a tad disappointing. Right shifting of demand leads to TCV being lower after three consecutive > US\$200mn
- Mid-single digit revenue CC growth in FY26 likely with stable EBIT margins. The latter is commendable despite the salary hike in 2Q.
- Slower revenue growth among tier-2 makes us retain the Target PE multiple at – 17x, 20% discount to that of TCS and reiterate our SELL

Girish Pai

research@bobcaps.in

Revenue in line: Revenue stood at US\$162mn reflecting a QoQ growth of 1.9% in CC terms and YoY growth of 3.8%. Vertical Performance - QoQ CC revenue growth: 5.5% in TMT; 2.9% in BFSI; 5.2% in HLS; -4.1% in MCS. Geographical Performance - QoQ CC revenue growth - USA: +4.3%; UK/ EU: -5.8%; South Africa 1.5%. EBIT margin came in lower than expected largely due to higher SGA costs QoQ.

Continued uncertainty impacts TCV: After delivering 3 consecutive quarters of >US\$200mn in TCV in order inflow, 1QFY26 came in at US\$174mn. ZENT says that continued uncertainty led to the right shifting of demand.

Choosing its large contracts carefully has helped it maintain margins despite a salary hike: The CEO stated that instead of fighting for RFP-based cost-take-out contracts which are very competitive in nature, ZENT has been proactively building solutions for its client and hence avoiding big margin pressure. That has led it to give a salary hike for its entire employee base starting 1 July 2025. Unlike many of its peers.

First order and second order impact of Tariffs: Tariff-related pressures are directly impacting the manufacturing and consumer sectors as a first-order effect. However, if consumer weakness deepens, second-order effects could spread to sectors like banking, financial services, credit cards, and mortgages

Unlikely to be in leader's quadrant by FY27: When the current CEO stepped in, he aspired for ZENT to move up one quadrant a year at a time from a revenue growth standpoint to the leaders quadrant in year 4(FY27). FY24 being the first year, it was at bottom most quadrant – on revenue growth- but focused on getting margins to peer matching levels. That happened rather quickly in FY24. Getting into the leader's quadrant by FY27 would require buildup of both sales and delivery muscle and significant capabilities in efficiency-based projects. ZENT is yet to generate confidence in us to get to the leader's quadrant in growth by FY27 and hence our 20% discount to the target PE of industry benchmark TCS and retention of the SELL rating. We have broadly maintained our estimates for FY27/FY28.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	ZENT IN/Rs 811
Market cap	US\$ 2.1bn
Free float	50%
3M ADV	US\$ 10.3mn
52wk high/low	Rs 985/Rs 536
Promoter/FPI/DII	49%/15%/21%

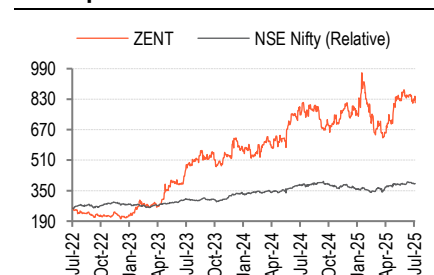
Source: NSE | Price as of 22 Jul 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	52,806	56,990	62,815
EBITDA (Rs mn)	8,166	8,865	9,832
Adj. net profit (Rs mn)	6,498	6,946	7,773
Adj. EPS (Rs)	28.4	30.5	34.2
Consensus EPS (Rs)	28.4	31.8	36.0
Adj. ROAE (%)	17.5	16.8	17.2
Adj. P/E (x)	28.6	26.6	23.7
EV/EBITDA (x)	21.7	20.0	18.0
Adj. EPS growth (%)	(2.5)	7.4	12.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Key Points from the quarter and the earnings call

- Revenue stood at US\$162mn (in line with our estimates) reflecting a QoQ growth of 1.9% in CC terms and YoY growth of 3.8% in CC terms
 - Vertical Performance - QoQ CC revenue growth: 5.5% in TMT; 2.9% in BFSI; 5.2% in HLS; -4.1% in MCS
 - Geographical Performance - QoQ CC revenue growth - USA: +4.3%; UK/ EU: -5.8%; South Africa 1.5%
- Gross profit margin: 30.5%, QoQ increase of 20 bps
- EBIT margin stood at 13.5% (against our estimate of 14.2%), QoQ decline of ~40 bps, majorly due to increased sales and marketing investment, travel, and other expenses
- Order book addition of US\$172mn, representing 11.7% YoY growth but down QoQ by ~20% QoQ. ZENT had clocked >US\$200mn in TCV in its three consecutive quarters. We believe that orders were moved forward to the future due to the uncertainty. A situation that it faced towards the end of 4QFY25 too.
- LTM attrition stood at 9.8%; Utilization for the quarter: 84.3%
- Total Headcount: 10,620; Gross addition of 728 employees but net reduction of ~80 QoQ.
- AI drives 30% of active pipeline; 20% of order booking influenced by AI
- Salary hikes and potential ESOP impact to affect the margins next quarter
 - Effective July 1st, salary hikes announced for all employees as scheduled
 - The current ESOP plan is still under consideration; margin impact will depend on plan approval and grant timing. Despite potential ESOP-related costs, the company remains committed to maintaining mid-teens EBITDA margin range
- Regarding salary hikes starting July 1, the expected impact on costs is ~US\$3mn in 2Q (about 185bps impact in the quarter). However, the recovery from these increased costs, through pricing adjustments and growth, will take time due to a lead-lag effect
- Subcontractor costs increased (by 150bps QoQ) due to third-party expenses but expected to normalize
- The contribution from the top client is ~10% of total revenue
- Management observed resilience in key accounts and strong AI-driven deal pipeline supported by emerging tech investments
- Expect some macro-driven variability in planned budgets
- Macro environment remains challenging with slowing growth in US and Europe and only marginal improvement in business capital expenditure
- CIOs pausing net- new spending due to macroeconomic uncertainties

- Pipeline outlook affected by market uncertainty and seasonality
- Management believes that for TMT vertical the worst is behind, but consistent growth remains uncertain due to ongoing layoffs by major players
- MCS performance muted due to the strong base in 3Q of prior year and impact of 2 April 2025 Tariffs, especially on manufacturing and retail sectors
 - The company expects the manufacturing and consumer verticals to return to growth in 2Q, though ongoing macro uncertainties—especially tariffs—may influence performance beyond that
- While growth has lagged in Africa, a new leader was appointed in April and early signs of improvement are emerging. However, meaningful results from these efforts may take a few more quarters to materialize
- The company has a strong cash position, which will partially go toward a US\$29mn dividend payout. Beyond that, the cash will be used prudently to support large deal creation and potential M&A opportunities. The team is open to larger acquisitions to accelerate growth toward the US\$1bn revenue target but is selective and patient
- Hiring is not expected to match revenue growth directly; improved utilization and AI efficiencies enable higher delivery with leaner headcount
- Wage hikes in India are slightly higher compared to those in the US, UK, and South Africa
- The growth among top accounts is broad-based
- There has been a continued right shift in demand. Due to ongoing tariff uncertainty, clients are focusing only on essential projects and postponing new capital expenditure
- The company doesn't face extreme cost pressure for AI talent like some tech giants do, because they are actively developing AI skills internally rather than relying heavily on the external market
- The company sees some pressure in its Experience Services business, particularly in marketing, due to AI-driven content generation and budget cuts at large tech firms. The impact is limited, as the segment contributes ~\$7–8 million per quarter (~5% of annual revenue)
- Two large deals from last year have started generating revenue, and the company uses a steady revenue recognition model to avoid fluctuations.
- Tariff-related pressures are directly impacting the manufacturing and consumer sectors as a first-order effect. However, if consumer weakness deepens, second-order effects could spread to sectors like banking, financial services, credit cards, and mortgages
- Vendor consolidation deals tend to push prices down. While the company aims to maintain strong client relationships to avoid being excluded, it does not actively pursue these consolidation deals because they can hurt profitability. It proactively creates deals so that it does not face margin pressure.

We have an underweight stance on Indian IT services.

We reinitiated coverage on the Indian IT Services with an Underweight stance through a report on 1 January 2025 (**Slow is the (new/old) normal**), and reiterated that view with an update on 12th March 2025 (**FY26 unlikely to be better than FY25**). We also put out a recent update (**Uncertainty stays and 'eating the tariff' may impact even FY27**) where we indicate we believe the tariff decisions of 7 July 2025 on 14 countries, post the 90-day pause, prolongs the current phase of uncertainty.

Consequently, we see Tier-1 growth to remain at low single digit level for FY26 and 'eating the tariff' may lead to adverse impact on FY27

While both earnings and PE multiples have corrected since 1 Jan 2025, we believe the industry's structural organic revenue growth from here on will be lower than the ~7% CAGR seen during FY15-FY20, possibly ~5% CAGR over FY25-FY30 in constant currency (CC) terms.

Multiple speed breakers post FY25 drive our Underweight stance

Trump policies raise uncertainty: The tariffs, the higher fiscal deficit from the 'one big, beautiful bill' (OBBA), the crackdown on illegal immigration, DOGE, etc all point to uncertainty in the coming days which may delay decision making

Higher for longer interest rate environment: One of the reasons for optimism around the Indian IT Services sector in late 2024 had been the view that the US would achieve a soft landing in 2025 and that Fed Funds rate would be gradually lowered from the peak of 5.25-5.5%, driven by lower inflation. This, the market felt, was the apt environment for a broader pick up in discretionary spending beyond that of North American BFSI sector, especially after two muted years when the constant refrain from vendors for the weak growth was of 'macro uncertainty'.

Lately, based on inflation prints and fears of a higher fiscal deficit, US 10-year yields have remained firm. There are fears that sustained high interest rates could reduce IT outsourcing demand, particularly in sectors like BFSI and Telecom, and dampen US demand in areas like housing, autos and retail.

Covid-induced pull forward of demand requires a multi-year unwind. We think there were excesses during the compressed transformation phase which are yet to be fully unwound.

Gen AI and GCCs are going to disrupt growth: We also believe that AI/Gen AI will lead to compression of revenue for the industry in the next 24-36 months as companies self-cannibalize to hold on to their existing clients. We also believe that the rapid growth of the GCCs is a threat to outsourcing. While there seems to be collaboration between the outsourcers and their clients in setting up these GCCs, there will be growth discontinuity when the business is insourced at some point.

Massive hyper scaler AI capex should accentuate re-alignment in IT spend:

Software players, including hyper scalers, are increasing capex on AI-related data centres. This will drive higher pricing, forcing enterprises to allocate more IT spend to

cloud/SaaS and move it away from the those who have lower bargaining power – the global IT services players.

Higher competition: Indian Tier-1 companies now face higher competition from Accenture (especially as it loses business due to DOGE), Tier-2 players, and Cognizant, likely slowing their growth compared to FY15-FY20. This is besides the fact that by FY25, Tier-1 revenue will reach US\$ 85bn, double that in FY15. Due to the higher base now, growth may not be as rapid.

Weak TCV: The weaker TCV for most players in FY25 (YoY) and lack of any mega deal announcements in recent quarters points to a brewing growth problem for FY26. Many of the large companies like TCS, INFO and HCLT will also grapple with large contributions to incremental revenue by a set of large clients in FY25 or the need to set off large pass-through items.

How we are valuing companies: We are using PE methodology and using TCS as our industry benchmark. The target PE used for TCS now is 21.3x, which is the average PE multiple of TCS over the last 10 years less 0.5SD. Through our choice of the benchmark Target PE multiple, we seek to capture the probability of downside risks to consensus growth expectations for FY26/FY27, especially due to Trump 2.0 proposals.

Tier- 2 valuation reflects growth gap with Tier-1

The Tier-2 set have been taking away market share from the Tier-1 set due to better execution and due to their smaller size. And unlike in the past cycles, they have performed better than the Tier-1 largely due to better management teams.

However, the current PE premium to Tier-1s is excessive as we believe that to deliver on the high consensus revenue growth expectations, they may be taking on more cost take-out projects which are likely to impact their margins adversely.

Fig 1 – Quarterly results: Comparison of actuals with estimates

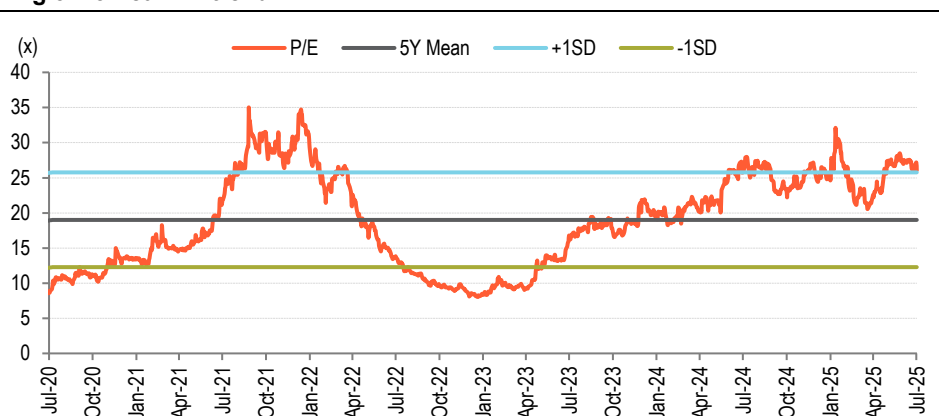
Y/E March (Rsmn)	1QFY25	4QFY25	1QFY26	YoY (%)	QoQ (%)	1QFY26E	Deviation (%)
Net Sales (USD mn)	154.4	156.8	162.0	4.9	3.3	161.9	0.0
Net Sales	12,881	13,589	13,850	7.5	1.9	14,008	(1.1)
Direct Cost	8,968	9,471	9,627	7.4	1.6	9,719	(0.9)
Gross Profit	3,913	4,118	4,223	7.9	2.5	4,289	(1.5)
% of Sales	30.4	30.3	30.5			30.6	
SG&A	1,952	1,993	2,117	8.5	6.2	2,053	3.1
% of Sales	15.2	14.7	15.3			14.7	
EBITDA	1,961	2,125	2,106	7.4	(0.9)	2,236	(5.8)
EBITDA Margin (%)	15.2	15.6	15.2			16.0	(4.7)
Depreciation	247	238	231	(6.4)	(2.9)	248	(6.7)
EBIT	1,714	1,887	1,875	9.4	(0.6)	1,988	(5.7)
EBIT Margin (%)	13.3	13.9	13.5			14.2	
Finance Costs	42	49	36	(14.6)	(26.5)	49	(26.5)
Other Income (net)	424	460	567	33.6	23.3	340	66.8
Profit Before Tax	2,097	2,298	2,406	14.8	4.7	2,279	5.6
Provision for Taxation - Current & Deferred	518	534	586	13.1	9.7	554	5.8
Effective Tax Rate (%)	24.7	23.2	24.4			24.3	
Net Profit	1,579	1,764	1,820	15.3	3.2	1,726	5.5
Minority Share of Net Profit	-	-	-			-	
PAT attributable to equity shareholders after Minority Interest	1,579	1,764	1,820	15.3	3.2	1,726	5.5
NPM (%)	12.3	13.0	13.1			12.3	

Source: Company, BOBCAPS Research

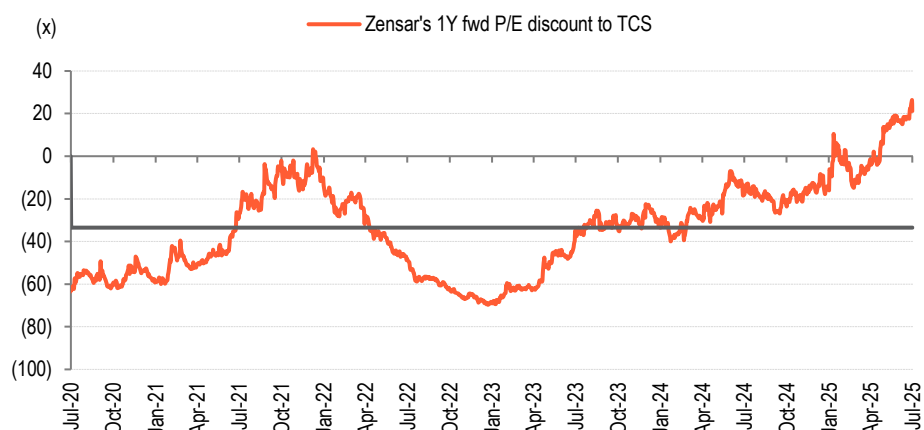
Fig 2 – Revised Estimates

	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
INR/USD	86.6	89.3	91.1	87.3	89.3	91.1	(0.7)	-	-
USD Revenue (USD mn)	658	704	757	654	700	753	0.5	0.5	0.5
USD revenue growth (%)	5.3	7.0	7.5	4.8	7.0	7.5			
Revenue (Rs mn)	56,990	62,815	68,893	57,096	62,513	68,545	(0.2)	0.5	0.5
EBIT (Rs mn)	7,888	8,712	9,549	7,862	8,701	9,535	0.3	0.1	0.1
EBIT Margin (%)	13.8	13.9	13.9	13.8	13.9	13.9			
PAT (Rs mn)	6,946	7,773	8,645	6,922	7,822	8,745	0.3	(0.6)	(1.1)
FDEPS (Rs)	30.5	34.2	38.0	30.5	34.5	38.5	(0.0)	(0.7)	(1.2)

Source: Company, BOBCAPS Research

Fig 3 – 5 Year PE trend

Source: Company, BOBCAPS Research

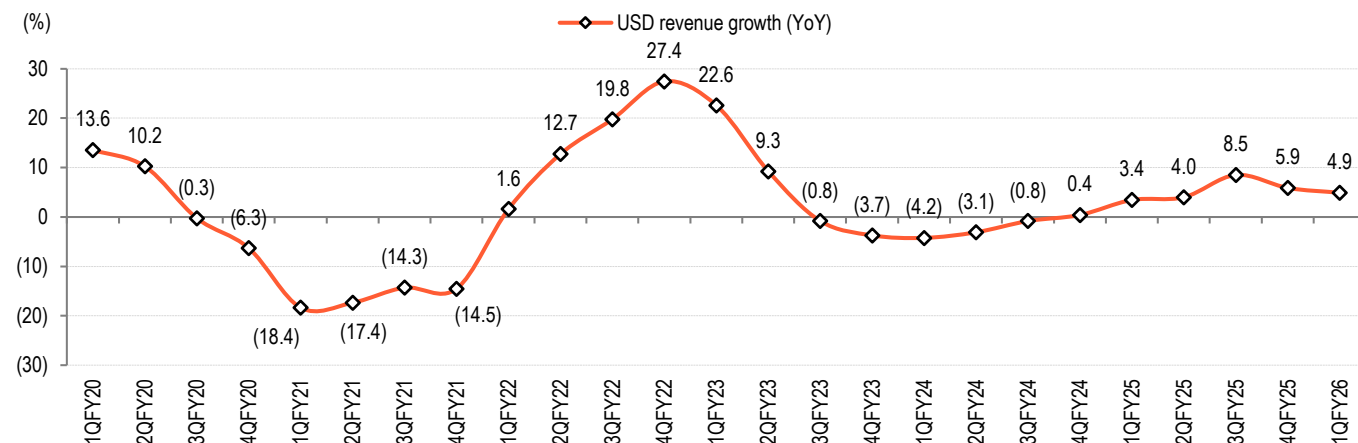
Fig 4 – Premium/ Discount to TCS

Source: Company, BOBCAPS Research

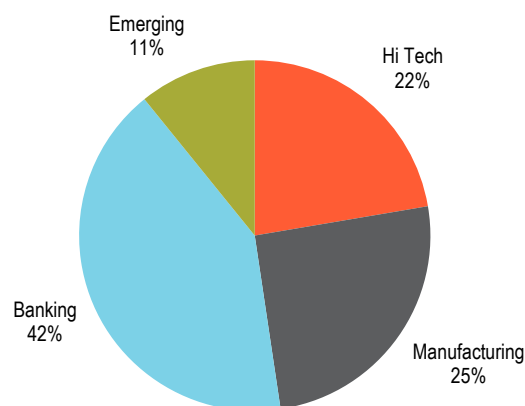
Fig 5 – P&L at a glance

(Rs mn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Average INR/USD	67.1	64.4	70.0	70.9	74.3	74.5	80.2	82.8	84.6	86.6	89.3	91.1
Net sales (US\$mn)	455.6	482.2	566.9	589.5	494.0	569.4	604.3	592.3	624.4	657.8	703.7	756.5
-Growth (%)	0.6	5.8	17.6	4.0	(16.2)	15.3	6.1	(2.0)	5.4	5.3	7.0	7.5
Net Sales	30,556	31,077	39,663	41,768	36,682	42,437	48,483	49,018	52,806	56,990	62,815	68,893
-Growth (%)	3.1	1.7	27.6	5.3	(12.2)	15.7	14.2	1.1	7.7	7.9	10.2	9.7
Direct cost	21,603	22,068	28,286	30,159	24,417	29,214	35,000	33,434	37,111	39,401	42,602	46,723
Gross Profit	8,953	9,009	11,377	11,608	12,264	13,222	13,483	15,584	15,695	17,589	20,213	22,170
Gross Margin (%)	29.3	29.0	28.7	27.8	33.4	31.2	27.8	31.8	29.7	30.9	32.2	32.2
SGA Expenses	5,135	5,360	6,611	6,482	5,423	6,659	7,960	6,868	7,529	8,724	10,381	11,358
% of sales	16.8	17.2	16.7	15.5	14.8	15.7	16.4	14.0	14.3	15.3	16.5	16.5
Other operating income	48	79	162	2	-	-	-	-	-	-	-	-
EBITDA	3,866	3,728	4,928	5,128	6,841	6,564	5,523	8,716	8,166	8,865	9,832	10,811
% of sales	12.7	12.0	12.4	12.3	18.7	15.5	11.4	17.8	15.5	15.6	15.7	15.7
Depreciation & Amortisation	486	651	894	1,592	1,733	1,849	1,830	1,338	1,019	977	1,120	1,262
% of sales	1.6	2.1	2.3	3.8	4.7	4.4	3.8	2.7	1.9	1.7	1.8	1.8
EBIT	3,381	3,078	4,034	3,536	5,109	4,715	3,693	7,378	7,147	7,888	8,712	9,549
% of sales	11.1	9.9	10.2	8.5	13.9	11.1	7.6	15.1	13.5	13.8	13.9	13.9
Other income (net)	105	438	420	279	(281)	1,023	750	1,379	1,429	1,294	1,563	1,879
PBT	3,486	3,515	4,454	3,815	4,828	5,738	4,443	8,757	8,577	9,182	10,275	11,428
-PBT margin (%)	11.4	11.3	11.2	9.1	13.2	13.5	9.2	17.9	16.2	16.1	16.4	16.6
Provision for tax	1,103	1,051	1,267	1,057	1,262	1,525	1,166	2,107	2,079	2,236	2,503	2,783
Effective tax rate (%)	31.6	29.9	28.5	27.7	26.1	26.6	26.2	24.1	24.2	24.4	24.4	24.4
Net profit	2,383	2,464	3,186	2,758	3,566	4,213	3,277	6,650	6,498	6,946	7,773	8,645
Minority Interest	35	50	51	82	70	53	0	0	0	0	0	0
Net reported profit	2,348	2,414	3,136	2,676	3,497	4,161	3,277	6,650	6,498	6,946	7,773	8,645
-Growth (%)	(24.0)	2.8	29.9	(14.7)	30.7	19.0	(21.2)	102.9	(2.3)	6.9	11.9	11.2
-Net profit margin (%)	7.7	7.8	7.9	6.4	9.5	9.8	6.8	13.6	12.3	12.2	12.4	12.5

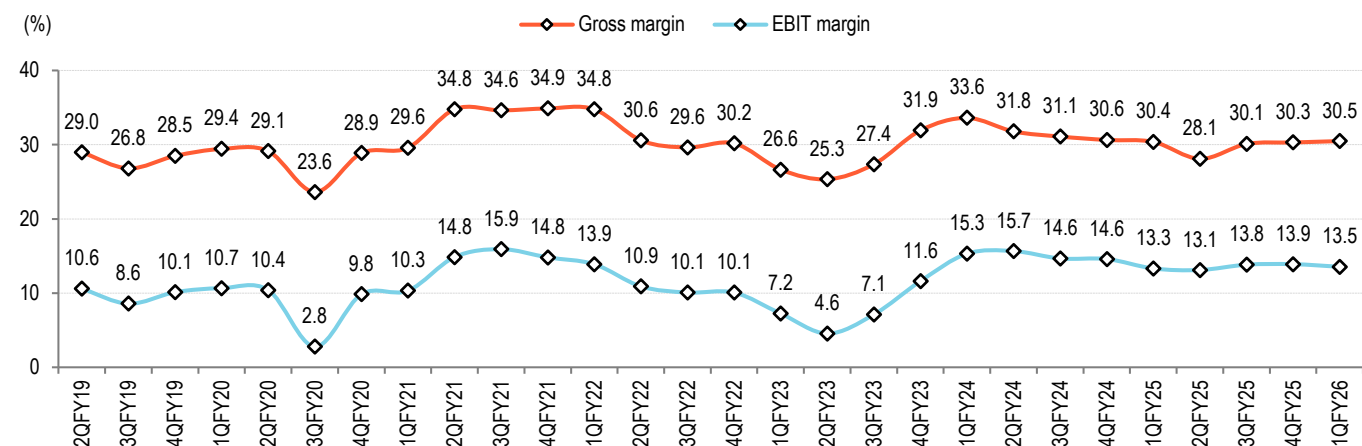
Source: Company, BOBCAPS Research

Fig 6 – USD Revenue growth (YoY)

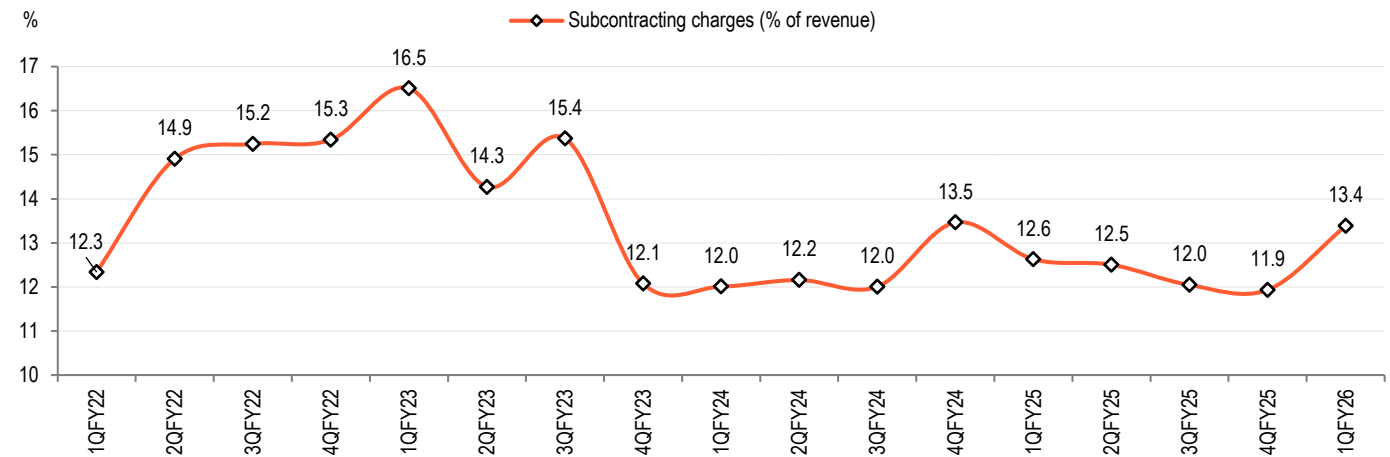
Source: Company, BOBCAPS Research

Fig 7 – Vertical mix for 1QFY26

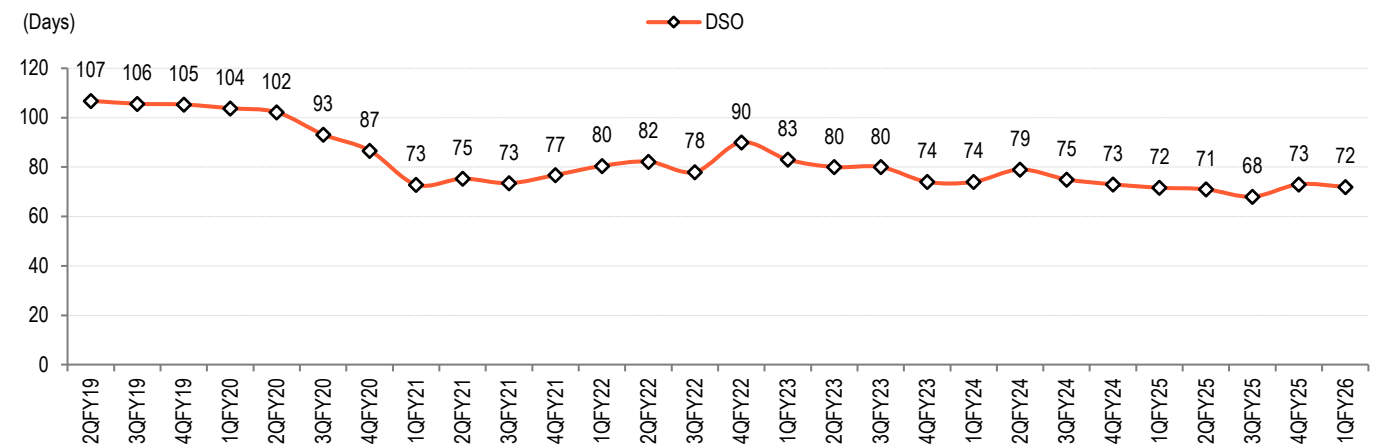
Source: Company, BOBCAPS Research

Fig 8 – Gross Margin and EBIT Margin

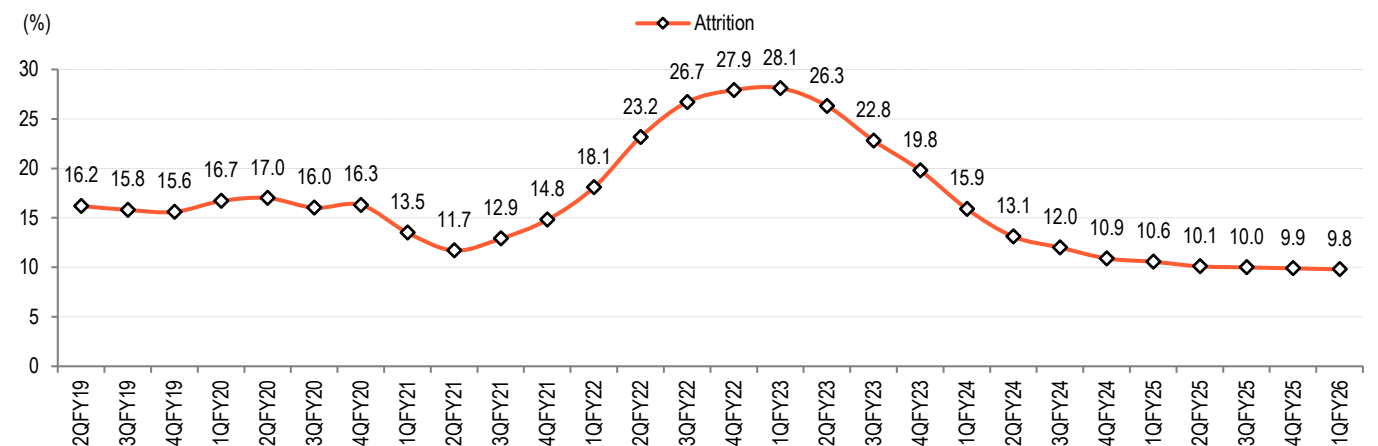
Source: Company, BOBCAPS Research

Fig 9 – Subcontracting charges (as % of revenue) trend

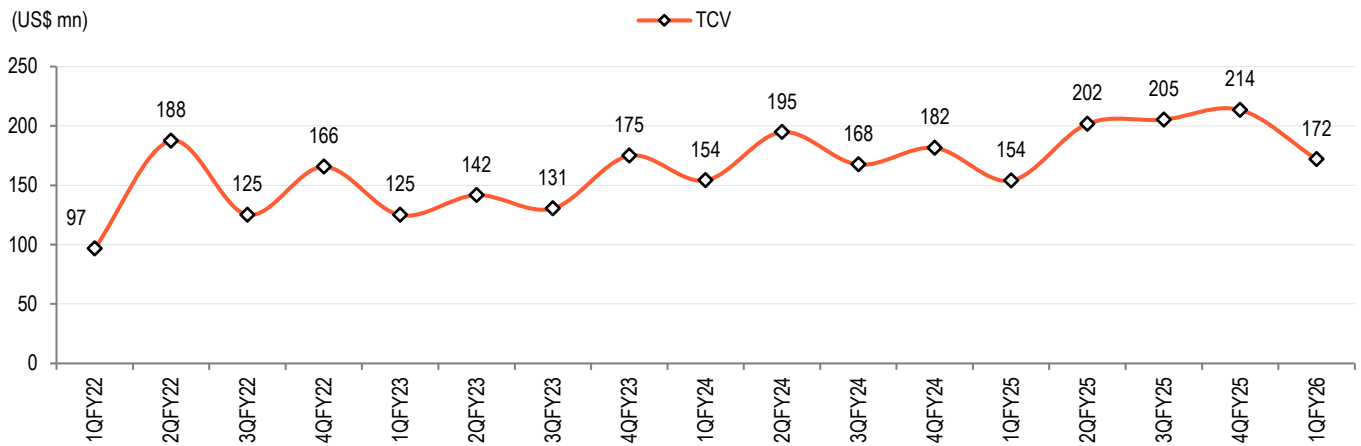
Source: Company, BOBCAPS Research

Fig 10 – DSO trend

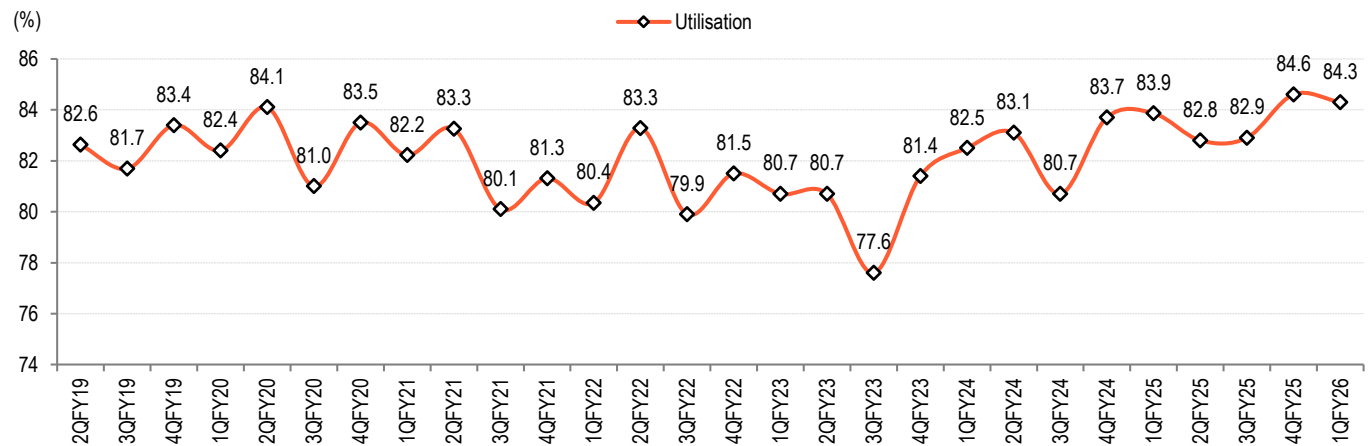
Source: Company, BOBCAPS Research

Fig 11 – Attrition trend

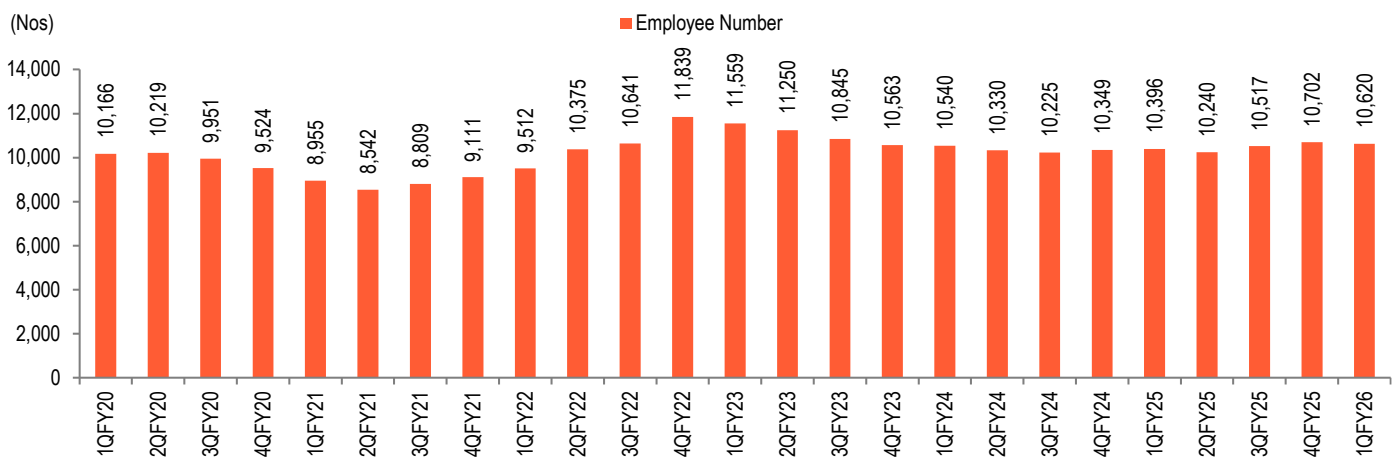
Source: Company, BOBCAPS Research

Fig 12 – TCV trend

Source: Company, BOBCAPS Research

Fig 13 – Utilization (%) – excluding trainees

Source: Company, BOBCAPS Research

Fig 14 – Employee Number

Source: Company, BOBCAPS Research

Fig 15 – Quarterly Snapshot

	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
INR/USD	77.19	79.65	82.08	82.22	82.20	82.61	83.21	83.03	83.40	83.70	84.40	86.70	85.50
Revenue (in USD mn)	156	155	146	148	149	150	145	148	154	156	157	157	162
(Rs mn)													
Revenue	12,034	12,346	11,976	12,127	12,272	12,408	12,041	12,297	12,881	13,080	13,256	13,589	13,850
Gross margin	3,205	3,128	3,277	3,873	4,126	3,945	3,745	3,768	3,913	3,674	3,990	4,118	4,223
SGA	1,844	2,074	1,928	2,114	1,825	1,637	1,669	1,738	1,952	1,663	1,921	1,993	2,117
EBITDA	1,361	1,054	1,349	1,759	2,301	2,308	2,076	2,030	1,961	2,011	2,069	2,125	2,106
Depreciation and Amortisation	490	492	497	351	423	366	312	237	247	297	237	238	231
EBIT	871	562	852	1,408	1,878	1,942	1,764	1,793	1,714	1,714	1,832	1,887	1,875
Forex gain/loss	98	159	71	58	5	-	60	(60)	(19)	(181)	(109)	(50)	89
Other income	115	125	188	214	279	363	360	581	444	592	416	510	478
Interest	64	75	76	63	60	57	64	28	42	45	37	49	36
PBT	1,020	771	1,035	1,617	2,102	2,248	2,120	2,286	2,097	2,080	2,102	2,298	2,406
Tax	269	203	270	424	540	510	504	553	518	522	505	534	586
PAT	751	568	765	1,193	1,562	1,738	1,616	1,733	1,579	1,558	1,597	1,764	1,820
EPS	3.32	2.51	3.38	5.27	6.90	7.67	7.13	7.65	6.96	6.88	7.04	7.77	8.01
YoY Growth (%)													
USD Revenue	22.6	9.3	(0.8)	(3.7)	(4.2)	(3.1)	(0.8)	0.4	3.4	4.0	8.5	5.9	4.9
INR Revenues	28.5	17.5	8.6	5.1	2.0	0.5	0.5	1.4	5.0	5.4	10.1	10.5	7.5
Gross profit	(1.6)	(2.7)	0.3	11.2	28.7	26.1	14.3	(2.7)	(5.2)	(6.9)	6.5	9.3	7.9
EBIT	(33.0)	(50.9)	(23.2)	21.3	115.6	245.6	107.0	27.3	(8.7)	(11.7)	3.9	5.2	9.4
Net profit	(25.7)	(39.8)	(15.8)	(8.0)	108.0	206.0	111.2	45.3	1.1	(10.4)	(1.2)	1.8	15.3
QoQ Growth (%)													
USD Revenues	1.8	(0.6)	(5.9)	1.1	1.2	0.6	(3.7)	2.35	4.28	1.14	0.51	(0.13)	3.3
INR Revenues	4.3	2.6	(3.0)	1.3	1.2	1.1	(3.0)	2.1	4.7	1.5	1.3	2.5	1.9
EBIT	(25.0)	(35.5)	51.6	65.3	33.4	3.4	(9.2)	1.6	(4.4)	0.0	6.9	3.0	(0.6)
Net profit	(42.1)	(24.4)	34.7	55.9	30.9	11.3	(7.0)	7.2	(8.9)	(1.3)	2.5	10.5	3.2
Margins (%)													
Gross margin	26.6	25.3	27.4	31.9	33.6	31.8	31.1	30.6	30.4	28.1	30.1	30.3	30.5
EBITDA	11.3	8.5	11.3	14.5	18.8	18.6	17.2	16.5	15.2	15.4	15.6	15.6	15.2
EBIT	7.2	4.6	7.1	11.6	15.3	15.7	14.6	14.6	13.3	13.1	13.8	13.9	13.5
PAT	6.2	4.6	6.4	9.8	12.7	14.0	13.4	14.1	12.3	11.9	12.0	13.0	13.1
SGA	15.3	16.8	16.1	17.4	14.9	13.2	13.9	14.1	15.2	12.7	14.5	14.7	15.3

Source: Company, BOBCAPS Research

Fig 16 – Key Metrics

	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Revenue (USD mn)	156	155	146	148	149	150	145	148	154	156	157	157	162
P and L (Rs mn)													
Revenue	12,034	12,346	11,976	12,127	12,272	12,408	12,041	12,297	12,881	13,080	13,256	13,589	13,850
EBITDA	1,361	1,054	1,349	1,759	2,301	2,308	2,076	2,030	1,961	2,011	2,069	2,125	2,106
EBIT	871	562	852	1,408	1,878	1,942	1,764	1,793	1,714	1,714	1,832	1,887	1,875
PAT	751	568	765	1,193	1,562	1,738	1,616	1,733	1,579	1,558	1,597	1,764	1,820
Vertical Mix (%)													
Hi Tech	27.4	25.7	25.9	27.6	26.2	27.2	25.9	25.5	24.7	22.4	21.4	21.7	22.3
Manufacturing	13.2	12.4	12.2	12.7	12.4	25.9	26.1	26.3	25.8	26.2	27.7	26.7	25.3
Banking	16.7	17.5	18.4	16.1	17.7	37.3	38.6	38.7	39.7	40.9	40.1	41.0	41.5
Emerging	7.5	9.8	7.9	7.3	6.7	9.6	9.4	9.5	9.8	10.5	10.8	10.6	10.8
Retail and Consumer services	18.8	17.9	19.7	19.3	20.9	-	-	-	-	-	-	-	-
Insurance	16.5	16.7	15.8	17.0	16.1	-	-	-	-	-	-	-	-
Geographical Mix (%)													
US	70.9	71.6	70.0	70.3	69.4	66.1	66.0	67.2	68.7	67.6	67.3	67.4	68.3
Europe	18.1	17.4	18.7	18.1	19.2	21.6	21.4	20.8	19.8	21.1	21.2	21.4	20.5
Africa	11.0	11.0	11.3	11.6	11.4	12.3	12.5	12.0	11.5	11.3	11.5	11.2	11.2
Service offering Mix (%)													
Digital services	58.4	57.7	58.6	58.7	56.8	56.2	54.4	55.6	55.7	55.5	54.4	55.0	53.0
Core Application Services	23.7	22.3	22.0	23.9	24.9	25.6	27.0	25.9	26.0	24.3	25.0	24.3	25.9
Cloud, Digital Led next gen CIS	11.9	12.0	13.6	12.7	18.3	18.2	18.5	18.4	18.3	20.3	20.5	20.7	21.1
Core Infrastructure Services	5.9	8.0	5.7	4.7	-	-	-	-	-	-	-	-	-
Revenue Mix (%)													
Onsite	58.4	57.1	55.3	53.6	52.0	50.9	50.4	50.0	51.4	49.7	49.5	49.0	47.4
Offshore	41.6	42.9	44.7	46.4	48.0	49.1	49.6	50.0	48.6	50.3	50.5	51.0	32.6
IT Utilization (%) (excluding trainees)	80.7	80.7	77.6	81.4	82.5	83.1	80.7	83.7	83.9	82.8	82.9	84.6	84.3
Clients Concentration (%)													
Top 5 Clients	33.3	34.6	31.9	34.3	34.0	31.5	29.2	28.3	28.3	28.1	27.5	27.6	27.2
Top 10 Clients	45.2	45.5	44.7	46.1	45.2	42.2	40.6	40.8	42.1	42.0	41.0	40.8	41.4
Top 20 Clients	61.2	60.7	61.3	61.4	61.7	48.3	57.5	57.2	58.7	58.4	56.8	55.8	57.6
Number of Client													
1 USD mn +	86.0	87.0	87.0	84.0	87.0	84.0	84.0	85.0	85.0	86.0	87.0	84.0	82.0
5 USD mn +	26.0	28.0	28.0	29.0	29.0	29.0	32.0	31.0	31.0	32.0	34.0	33.0	32.0
10 USD mn +	13.0	13.0	15.0	14.0	14.0	14.0	14.0	14.0	14.0	15.0	14.0	14.0	16.0
20 USD mn +	4.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0	6.0	6.0
Employees	11,559.0	11,250.0	10,845.0	10,563.0	10,540.0	10,330.0	10,225.0	10,349.0	10,396.0	10,240.0	10,517.0	10,702.0	10,620.0
TTM Attrition (%)	28.1	26.3	22.8	19.8	15.9	13.1	12.0	10.9	10.6	10.1	10.0	9.9	9.8

Source: Company, BOBCAPS Research

Fig 17 – QoQ and YoY growth of various parameters

	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
QoQ Growth (%)													
Company	1.8	(0.6)	(5.9)	1.1	1.2	0.6	(3.7)	2.3	4.3	1.1	0.5	(0.1)	3.3
Service Offering													
Digital services	(0.6)	(1.8)	(4.4)	1.3	(2.1)	(0.5)	(6.7)	4.6	4.4	0.8	(1.5)	1.0	(0.4)
Core Application Services	9.6	(6.5)	(7.1)	9.8	5.5	3.4	1.6	(1.8)	4.7	(5.5)	3.4	(2.9)	10.1
Cloud, Digital Led next gen CIS	(0.7)	0.3	6.7	(5.6)	45.9	0.1	(2.1)	1.8	3.7	12.2	1.5	0.8	5.3
Core Infrastructure Services	(1.6)	34.8	(32.9)	(16.6)	-	-	-	-	-	-	-	-	-
Industry													
Hi Tech	(23.4)	(6.7)	(5.1)	7.7	(3.9)	4.4	(8.3)	0.8	1.1	(8.4)	(4.0)	1.3	6.2
Manufacturing	41.4	(6.6)	(7.4)	5.2	(1.2)	110.1	(2.9)	3.1	2.3	2.7	6.3	(3.7)	(2.1)
Retail and Consumer services	18.8	(5.3)	3.6	(1.0)	9.6	-	-	-	-	-	-	-	-
Insurance	(5.1)	0.6	(10.9)	8.8	(4.1)	-	-	-	-	-	-	-	-
Banking	18.8	4.2	(1.0)	(11.5)	11.3	112.0	(0.3)	2.6	7.0	4.2	(1.5)	2.1	4.6
Emerging	29.4	29.9	(24.1)	(6.6)	(7.1)	44.1	(5.7)	3.4	7.1	8.9	3.4	(2.0)	5.3
Geography													
US	2.5	0.4	(8.0)	1.5	(0.1)	(4.2)	(3.8)	4.2	6.6	(0.5)	0.1	0.0	4.7
Europe	(3.1)	(4.4)	1.2	(2.1)	7.4	13.2	(4.6)	(0.5)	(0.7)	7.8	1.0	0.8	(1.0)
Africa	4.6	(0.6)	(3.3)	3.8	(0.5)	8.5	(2.1)	(1.7)	(0.2)	(0.5)	2.3	(2.7)	3.3
Client Concentration													
Top 5	1.8	3.3	(13.2)	8.7	0.3	(6.8)	(10.7)	(0.8)	4.4	0.3	(1.6)	0.2	1.8
Top 10	0.0	0.1	(7.5)	4.3	(0.8)	(6.1)	(7.3)	2.9	7.5	1.0	(1.9)	(0.6)	4.8
Top 20	0.4	(1.4)	(4.9)	1.3	1.7	(21.2)	14.7	1.8	7.0	0.6	(2.2)	(1.9)	6.6
YoY Growth (%)													
Company	22.6	9.3	(0.8)	(3.7)	(4.2)	(3.1)	(0.8)	0.4	3.4	4.0	8.5	5.9	4.9
Service Offering													
Digital services	23.6	2.5	(3.0)	(5.5)	(6.9)	(5.6)	(7.9)	(4.9)	1.4	2.7	8.5	4.7	(0.1)
Core Application Services	5.6	4.7	(3.0)	4.6	0.6	11.2	21.7	8.8	8.0	(1.3)	0.5	(0.7)	4.5
Cloud, Digital Led next gen CIS	44.8	36.0	15.3	0.2	47.3	47.0	34.9	45.5	3.4	16.0	20.2	19.1	20.9
Core Infrastructure Services	60.1	56.2	(5.8)	(25.8)	-	-	-	-	-	-	-	-	-
Industry													
Hi Tech	(19.9)	(28.1)	(30.0)	(27.0)	(8.4)	2.6	(0.8)	(7.2)	(2.4)	(14.4)	(10.4)	(9.9)	(5.4)
Manufacturing	43.6	25.6	24.7	28.7	(10.0)	102.4	112.2	107.9	115.3	5.2	15.2	7.5	2.8
Retail and Consumer services	58.6	27.1	21.4	15.4	6.5	-	-	-	-	-	-	-	-
Insurance	8.3	(2.9)	(11.0)	(7.5)	(6.6)	-	-	-	-	-	-	-	-
Banking	106.2	56.8	29.4	8.4	1.5	106.5	108.1	141.4	132.1	14.0	12.7	12.2	9.6
Emerging	150.4	180.4	35.1	19.1	(14.4)	(5.1)	18.0	30.7	50.6	13.7	24.7	18.1	16.1
Geography													
US	23.8	11.1	(2.1)	(3.9)	(6.3)	(10.5)	(6.5)	(4.0)	2.4	6.4	10.6	6.2	4.3
Europe	25.9	8.2	3.0	(8.3)	1.6	20.3	13.5	15.4	6.7	1.6	7.5	8.9	8.6
Africa	10.8	0.1	1.0	4.4	(0.8)	8.4	9.7	3.9	4.2	(4.5)	(0.2)	(1.2)	2.3
Client Concentration													
Top 5	6.3	8.1	(7.5)	(0.8)	(2.2)	(11.8)	(9.2)	(17.2)	(13.8)	(7.2)	2.2	3.3	0.7
Top 10	12.1	4.8	(5.7)	(3.5)	(4.2)	(10.1)	(9.9)	(11.1)	(3.7)	3.5	9.6	5.9	3.2
Top 20	17.8	7.2	(0.8)	(4.7)	(3.5)	(22.9)	(7.0)	(6.5)	(1.6)	25.7	7.2	3.3	2.9

Source: Company, BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	49,018	52,806	56,990	62,815	68,893
EBITDA	8,716	8,166	8,865	9,832	10,811
Depreciation	1,338	1,019	977	1,120	1,262
EBIT	7,378	7,147	7,888	8,712	9,549
Net interest inc./(exp.)	0	0	0	0	0
Other inc./(exp.)	1,379	1,429	1,294	1,563	1,879
Exceptional items	0	0	0	0	0
EBT	8,757	8,577	9,182	10,275	11,428
Income taxes	2,107	2,079	2,236	2,503	2,783
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	6,650	6,498	6,946	7,773	8,645
Adjustments	0	0	0	0	0
Adjusted net profit	6,650	6,498	6,946	7,773	8,645

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	3,224	3,454	3,752	4,121	4,545
Other current liabilities	5,445	5,385	5,622	5,916	6,254
Provisions	48	53	53	53	53
Debt funds	0	0	0	0	0
Other liabilities	3,241	3,239	3,239	3,239	3,239
Equity capital	453	454	454	454	454
Reserves & surplus	34,067	39,144	42,682	46,705	51,260
Shareholders' fund	34,520	39,598	43,136	47,159	51,714
Total liab. and equities	46,478	51,729	55,801	60,488	65,805
Cash and cash eq.	7,241	7,436	7,938	9,483	11,513
Accounts receivables	7,320	7,901	8,582	9,426	10,397
Inventories	0	0	0	0	0
Other current assets	4,874	5,272	5,379	5,512	5,665
Investments	6,506	12,537	15,037	17,037	19,037
Net fixed assets	811	908	1,190	1,355	1,519
CWIP	52	6	6	6	6
Intangible assets	8,103	9,819	9,819	9,819	9,819
Deferred tax assets, net	1,099	1,079	1,079	1,079	1,079
Other assets	10,472	6,771	6,771	6,771	6,771
Total assets	46,478	51,729	55,801	60,488	65,805

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	7,480	7,240	7,695	8,683	9,650
Capital expenditures	(4)	2,335	1,260	1,284	1,427
Change in investments	1,997	6,031	2,500	2,000	2,000
Other investing cash flows	0	0	0	0	0
Cash flow from investing	2,001	3,696	1,240	716	573
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	0	0	0	0	0
Interest expenses	0	0	0	0	0
Dividends paid	(2,378)	(2,951)	(3,408)	(3,749)	(4,090)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(2,378)	(2,951)	(3,408)	(3,749)	(4,090)
Chg in cash & cash eq.	(39)	195	502	1,545	2,029
Closing cash & cash eq.	7,241	7,436	7,938	9,483	11,513

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	29.4	28.7	30.6	34.2	38.0
Adjusted EPS	29.1	28.4	30.5	34.2	38.0
Dividend per share	10.5	13.0	15.0	16.5	18.0
Book value per share	152.4	174.4	189.8	207.6	227.6

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	3.6	3.4	3.1	2.8	2.5
EV/EBITDA	20.2	21.7	20.0	18.0	16.2
Adjusted P/E	27.9	28.6	26.6	23.7	21.3
P/BV	5.3	4.7	4.3	3.9	3.6

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	75.9	75.8	75.6	75.6	75.6
Interest burden (PBT/EBIT)	118.7	120.0	116.4	117.9	119.7
EBIT margin (EBIT/Revenue)	15.1	13.5	13.8	13.9	13.9
Asset turnover (Rev./Avg TA)	111.8	107.5	106.0	108.0	109.1
Leverage (Avg TA/Avg Equity)	1.4	1.3	1.3	1.3	1.3
Adjusted ROAE	20.9	17.5	16.8	17.2	17.5

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	1.1	7.7	7.9	10.2	9.7
EBITDA	57.8	(6.3)	8.6	10.9	10.0
Adjusted EPS	102.6	(2.5)	7.4	12.2	11.2

Profitability & Return ratios (%)

EBITDA margin	17.8	15.5	15.6	15.7	15.7
EBIT margin	15.1	13.5	13.8	13.9	13.9
Adjusted profit margin	13.6	12.3	12.2	12.4	12.5
Adjusted ROAE	20.9	17.5	16.8	17.2	17.5
ROCE	15.9	13.4	13.4	13.6	13.7

Working capital days (days)

Receivables	73	55	55	55	55
Inventory	NA	NA	NA	NA	NA
Payables	24	24	24	24	24

Ratios (x)

Gross asset turnover	60.4	58.2	47.9	46.4	45.4
Current ratio	3.0	3.7	3.9	4.1	4.3
Net interest coverage ratio	NA	NA	NA	NA	NA
Adjusted debt/equity	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA ("US") OR IN OR INTO ANY OTHER JURISDICTION IF SUCH AN ACTION IS PROHIBITED BY APPLICABLE LAW.

Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**

Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**

SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**

Brand Name: **BOBCAPS**

Trade Name: **www.barodaetrade.com**

CIN: **U65999MH1996GOI098009**

Logo:  **BOBCAPS**
TRUST | INNOVATION | EXCELLENCE

Investments 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.

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

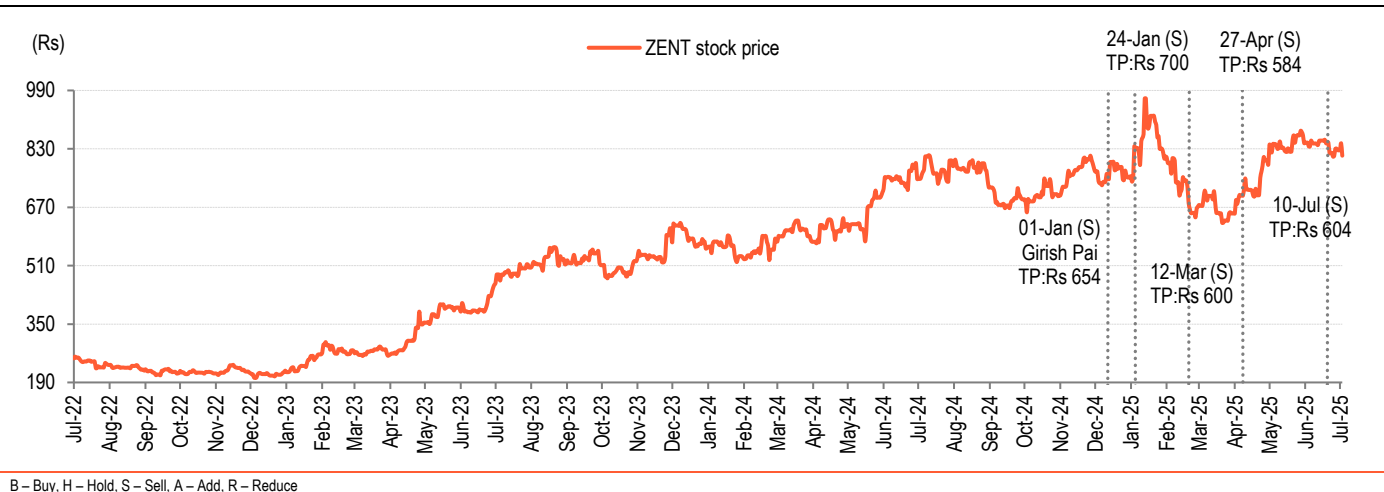
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): ZENSAR TECHNOLOGIES (ZENT IN)



Analyst certification

The research analyst(s) authoring this report hereby certifies that (1) all of the views expressed in this research report accurately reflect his/her personal views about the subject company or companies and its or their securities, and (2) no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of BOB Capital Markets Limited (BOBCAPS).

General disclaimers

BOBCAPS is engaged in the business of Stock Broking and Investment Banking. BOBCAPS is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Category I Merchant Banker. BOBCAPS is a wholly owned subsidiary of Bank of Baroda which has its various subsidiaries engaged in the businesses of stock broking, lending, asset management, life insurance, health insurance and wealth management, among others.

BOBCAPS's activities have neither been suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. BOBCAPS has not been debarred from doing business by any stock exchange or SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against BOBCAPS affecting its equity research analysis activities.

BOBCAPS is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017.

BOBCAPS 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, BOBCAPS prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction. We are not soliciting any action based on this material. It is for the general information of BOBCAPS's clients. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. BOBCAPS research reports follow rules laid down by Securities and Exchange Board of India and individuals employed as research analysts are separate from other employees who are performing sales trading, dealing, corporate finance advisory or any other activity that may affect the independence of its research reports.

The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. BOBCAPS does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment in certain transactions — including those involving futures, options, and other derivatives as well as non-investment-grade securities — that give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavour to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have “long” or “short” positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein and may from time to time add to or dispose of any such securities (or investment). We and our affiliates may assume an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis, and may also perform or seek to perform investment banking or advisory services for or relating to these companies and may also be represented in the supervisory board or any other committee of these companies.

For the purpose of calculating whether BOBCAPS and its affiliates hold, beneficially own, or control, including the right to vote for directors, one per cent or more of the equity shares of the subject company, the holdings of the issuer of the research report is also included.

BOBCAPS and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, effectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the Risk disclosure document before entering into any derivative transactions.

No part of this material may be (1) copied, photocopied, or duplicated in any form by any means or (2) redistributed without BOBCAPS's prior written consent.

Company-specific disclosures under SEBI (Research Analysts) Regulations, 2014

The research analyst(s) or his/her relatives do not have any material conflict of interest at the time of publication of this research report.

BOBCAPS or its research analyst(s) or his/her relatives do not have any financial interest in the subject company. BOBCAPS or its research analyst(s) or his/her relatives do not have actual/beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

The research analyst(s) has not received any compensation from the subject company or third party in the past 12 months in connection with research report/activities. Compensation of the research analyst(s) is not based on any specific merchant banking, investment banking or brokerage service transactions.

BOBCAPS or its research analyst(s) is not engaged in any market making activities for the subject company.

The research analyst(s) has not served as an officer, director or employee of the subject company.

BOBCAPS or its associates may have material conflict of interest at the time of publication of this research report.

BOBCAPS's associates may have financial interest in the subject company. BOBCAPS's associates may hold actual / beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS or its associates may have managed or co-managed a public offering of securities for the subject company or may have been mandated by the subject company for any other assignment in the past 12 months.

BOBCAPS may have received compensation from the subject company in the past 12 months. BOBCAPS may from time to time solicit or perform investment banking services for the subject company. BOBCAPS or its associates may have received compensation from the subject company in the past 12 months for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. BOBCAPS or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

Other disclaimers

BOBCAPS and MAYBANK (as defined below) make no representation or warranty, express or implied, as to the accuracy or completeness of any information obtained from third parties and expressly disclaim the merchantability, suitability, quality and fitness of this report. The information in this report has not been independently verified, is provided on an “as is” basis, should not be relied on by you in connection with any contract or commitment, and should not be used as a substitute for enquiries, procedures and advice which ought to be undertaken by you. This report also does not constitute an offer or solicitation to buy or sell any securities referred to herein and you should not construe this report as investment advice. All opinions and estimates contained in this report constitute BOBCAPS's judgment as of the date of this report and are subject to change without notice, and there is no obligation on BOBCAPS or MAYBANK to update this report upon issuance. This report and the information contained herein may not be reproduced, redistributed, disseminated or copied by any means without the prior consent of BOBCAPS and MAYBANK.

To the full extent permitted by law neither BOBCAPS, MAYBANK nor any of their respective affiliates, nor any other person, accepts any liability howsoever arising, whether in contract, tort, negligence, strict liability or any other basis, including without limitation, direct or indirect, special, incidental, consequential or punitive damages arising from any use of this report or the information contained herein. By accepting this report, you agree and undertake to fully indemnify and hold harmless BOBCAPS and MAYBANK from and against claims, charges, actions, proceedings, losses, liabilities, damages, expenses and demands (collectively, the “Losses”) which BOBCAPS and/or MAYBANK may incur or suffer in any jurisdiction including but not limited to those Losses incurred by BOBCAPS and/or MAYBANK as a result of any proceedings or actions brought against them by any regulators and/or authorities, and which in any case are directly or indirectly occasioned by or result from or are attributable to anything done or omitted in relation to or arising from or in connection with this report.

Distribution into the United Kingdom (“UK”):

This research report will only be distributed in the United Kingdom, in accordance with the applicable laws and regulations of the UK, by Maybank Securities (London) Ltd (“MSL”) who is authorised and regulated by the Financial Conduct Authority (“FCA”) in the United Kingdom (MSL and its affiliates are collectively referred to as “MAYBANK”). BOBCAPS is not authorized to directly distribute this research report in the UK.

This report has not been prepared by BOBCAPS in accordance with the UK's legal and regulatory requirements.

This research report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of MAYBANK as selected by MAYBANK solely at its discretion; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended from time to time (the “Order”), or (c) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc. as mentioned in the stated Article) of the Order; (all such persons together being referred to as “relevant persons”).

This research report is directed only at relevant persons and must not be acted on or relied on by any persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

The relevant person as recipient of this research report is not permitted to reproduce, change, remove, pass on, distribute or disseminate the data or make it available to third parties without the written permission of BOBCAPS or MAYBANK. Any decision taken by the relevant person(s) pursuant to the research report shall be solely at their costs and consequences and BOBCAPS and MAYBANK shall not have any liability of whatsoever nature in this regard.

No distribution into the US:

This report will not be distributed in the US and no US person may rely on this communication.

Other jurisdictions:

This report has been prepared in accordance with SEBI (Research Analysts) Regulations and not in accordance with local regulatory requirements of any other jurisdiction. In any other jurisdictions, this report is only for distribution (subject to applicable legal or regulatory restrictions) to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions by Maybank Securities Pte Ltd. (Singapore) and / or by any broker-dealer affiliate or such other affiliate as determined by Malayan Banking Berhad.

If the recipient of this report is not as specified above, then it should not act upon this report and return the same to the sender.

By accepting this report, you agree to be bound by the foregoing limitations.