

# Persistent Systems

Estimate change	↔
TP change	↑↑
Rating change	↔

Bloomberg	PSYS IN
Equity Shares (m)	156
M.Cap.(INRb)/(USDb)	876.7 / 10.1
52-Week Range (INR)	6789 / 4149
1, 6, 12 Rel. Per (%)	-9/-19/14
12M Avg Val (INR M)	3013

## Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	119.4	142.8	170.3
EBIT Margin (%)	14.7	15.5	16.0
Adj. PAT	14.0	17.9	21.9
Adj. EPS (INR)	90.2	114.5	140.1
EPS Gr. (%)	20.2	26.9	22.3
BV/Sh.(INR)	411.9	477.2	561.9
<b>Ratios</b>			
RoE (%)	24.8	26.1	27.2
RoCE (%)	22.8	23.6	24.7
Payout (%)	38.8	40.0	40.0
<b>Valuations</b>			
P/E (x)	62.1	48.9	40.0
P/BV (x)	13.6	11.7	10.0
EV/EBITDA (x)	41.1	32.7	26.8
Div. Yield (%)	0.6	0.8	1.0

## Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	30.6	30.7	31.0
DII	27.8	26.9	28.2
FII	24.8	25.2	23.2
Others	16.9	17.3	17.5

FII Includes depository receipts

**CMP: INR5,606** **TP: INR6,800 (+21%)** **Buy**

## Steady steps toward USD2b ambition

### Although keeps one eye on margins

- Persistent Systems (PSYS) reported 1QFY26 revenue of USD390m (vs. est. USD392m), up 3.9% QoQ in USD terms and 3.3% in CC (est. +4.0%). EBIT margin stood at 15.5% (est. 15.8%).
- EBIT grew 3.3% QoQ/31.1% YoY to INR5.1b. Adj. PAT came in at INR4.2b (est. INR4.2b), up 7.4% QoQ/38.7% YoY. For 1QFY26, revenue/EBIT/PAT grew 21.8%/34.8%/38.7% YoY in INR terms.
- We expect PSYS's revenue/EBIT/PAT to grow 20.8%/35.3%/36.9% YoY in 2QFY26. TTM TCV was USD520.8m, up 1% QoQ and up 12% YoY (1.3x book-to-bill). We value PSYS at 48x FY27E EPS. Given its consistent execution and visibility on growth, we value PSYS at 48x FY27E EPS. Reiterate **BUY** with a TP of INR 6,800.

## Our view: BFSI and Hi-Tech to sustain momentum in FY26

- **Growth moderates, but FY27 target holds steady:** PSYS reported 3.3% QoQ CC growth in 1QFY26, moderating from its ~4.5% recent run-rate due to client-specific delays and macro caution. That said, growth was broad-based with BFSI and Hi-Tech continuing to lead. The company reaffirmed its USD2b revenue goal by FY27, implying an 18-19% cc CAGR over FY25-27.
- **BFSI & Hi-Tech continue to drive momentum:** BFSI/Hi-Tech registered healthy growth of 9.0%/3.6% QoQ in USD terms. BFSI stood out this quarter with healthy traction across sub-segments and strong deal wins. PSYS expects BFSI to continue driving growth in FY26. Further, deal activity in Hi-Tech is gradually improving, with early traction in modernization and AI-led programs. We expect momentum in both to sustain through FY26.
- **Pipeline remains healthy, but conversion remains key:** TTM TCV stood at USD520.8m (+12% YoY) with a 1.3x book-to-bill, slightly below historical levels. While deal conversions may remain uneven in the near term, PSYS continues to pursue large deals and is sharpening its TCV-to-ACV conversion focus.
- **Margins, however, are a risk:** Headline EBIT margin contracted just 10bp QoQ to 15.5%. This included a 230bp benefit from lower ESOP costs. Adjusting for this, core margins stood at ~13.2%.
- With wage hikes deferred and ESOP costs expected to remain stable in the near term, some room exists for margin expansion through SG&A leverage. We factor in margin expansion of 80bp over FY26E (another 60bp by FY27E) despite the management reiterating its target of 200-300bp margin expansion over the medium term.

### Valuation and revisions to our estimates

- **We project an 18% USD revenue CAGR over FY25-27 for PSYS**, which, combined with margin expansion, could result in a ~25% EPS CAGR. This places the company in a league of its own as a diversified product engineering and IT services player.
- We largely maintain our estimates for FY26E/FY27E. Owing to its superior earnings growth trajectory, on a PEG basis, we believe the valuation still has room for upside. We value PSYS at 48x FY27E EPS. **Reiterate BUY with a TP of INR6,800.**

### In-line revenues and miss on margins; BFSI & Hi-Tech led growth

- 1QFY26 revenue stood at USD390m (vs. est. USD392m), up 3.9% QoQ in USD terms. It reported CC growth of 3.3% QoQ vs our estimate of 4.0% QoQ CC growth.
- Growth was led by BFSI (up 9.0% QoQ) and Hi-Tech (up 3.6% QoQ) in USD terms.
- EBIT margin at 15.5% was down 10bp QoQ and below our estimate of 15.8%.
- TTM TCV stood at USD520.8m, up 1% QoQ and up 12% YoY (1.3x book-to-bill).
- Net new TCV was up 2.4% QoQ at USD337m. ACV stood at USD385.3m.
- Net headcount improved 3% QoQ. Utilization was up 60bp QoQ at 88.7%. TTM attrition was up 100bp QoQ at 13.9%.
- EBITDA grew 4.6% QoQ/34.4% YoY to INR6.1b and EBITDA margin came in at 18.3%, in line with our estimate of 18.3%.
- Adj. PAT stood at INR4.2b (up 7.4% QoQ/38.7% YoY), in line with our estimate of INR4.2b.

### Key highlights from the management commentary

- The environment remains cautious, with delays in client decision-making cycles.
- The company's strategy for the next couple of years is to deepen its presence in existing verticals before expanding into new ones such as Auto—potentially through inorganic acquisitions.
- There was a secular increase in revenues across all top 100 clients. The company remains committed to achieving USD2b in revenue by FY27.
- The focus will be on delivering profitable growth without compromising margins. There may be tuck-in acquisitions (especially in Europe, which is targeted to contribute 15% of total revenues) that will be capability-led over scale.
- The deal pipeline remains healthy, and the company remains confident about the large deals in progress.
- The focus remains on improving TCV to ACV conversion.
- Wage hikes have been deferred by a quarter; historically, they occur in 2Q.
- Management expects 200-300bp margin expansion by FY27.
- HLS declined QoQ, primarily due to a planned transition of work from onsite to offshore and some client-specific issues.
- No further decline is expected in this vertical; growth is expected to resume in the remainder of the year.

### Valuation and view

- We project an 18% USD revenue CAGR over FY25-27 for PSYS, which, combined with margin expansion, could result in a ~25% EPS CAGR. This places the company in a league of its own as a diversified product engineering and IT services player.
- We largely maintain our estimates for FY26E/FY27E. Owing to its superior earnings growth trajectory, on a PEG basis, we believe the valuation still has room for upside. We value PSYS at 48x FY27E EPS. **Reiterate BUY with a TP of INR6,800.**

### Quarterly Performance (IFRS)

Y/E March (Consolidated)	FY25				FY26E				FY25	FY26E	Est.	Var.
	2Q	3Q	4Q	1Q	2QE	3QE	4QE				1QFY26	(% / bp)
Revenue (USD m)	328	346	360	375	390	404	420	439	1,409	1,652	392.1	-0.6
QoQ (%)	5.6	5.3	4.3	4.2	3.9	3.6	4.0	4.5	18.8	17.2	4.5	-63bp
Revenue (INR m)	27,372	28,972	30,623	32,421	33,336	35,010	36,410	38,049	1,19,387	1,42,805	33,546	-0.6
QoQ (%)	5.7	5.8	5.7	5.9	2.8	5.0	4.0	4.5			3.5	-65bp
YoY (%)	17.9	20.1	22.6	25.2	21.8	20.8	18.9	17.4	21.6	19.6	22.6	-77bp
<b>GPM (%)</b>	<b>33.0</b>	<b>33.4</b>	<b>34.7</b>	<b>34.9</b>	<b>35.3</b>	<b>35.0</b>	<b>34.0</b>	<b>35.0</b>	<b>34.0</b>	<b>34.8</b>	<b>35.0</b>	<b>28bp</b>
SGA (%)	16.4	16.8	17.1	16.8	16.9	16.6	16.6	16.6	16.8	16.7	16.7	23bp
EBITDA	4,552	4,807	5,378	5,844	6,116	6,442	6,335	7,001	20,581	25,894	6,139	-0.4
EBITDA Margin (%)	16.6	16.6	17.6	18.0	18.3	18.4	17.4	18.4	17.2	18.1	18.3	5bp
EBIT	3,840	4,062	4,557	5,053	5,178	5,497	5,389	6,012	17,512	22,075	5,300	-2.3
EBIT Margin (%)	14.0	14.0	14.9	15.6	15.5	15.7	14.8	15.8	14.7	15.5	15.8	-27bp
Other income	165	283	263	-1	376	280	291	304	710	1,252	268	40.1
ETR (%)	23.5	25.2	22.6	21.7	23.5	23.0	23.3	23.5	23.2	23.3	23.0	
<b>Adj. PAT</b>	<b>3,064</b>	<b>3,250</b>	<b>3,729</b>	<b>3,958</b>	<b>4,249</b>	<b>4,448</b>	<b>4,357</b>	<b>4,832</b>	<b>14,001</b>	<b>17,886</b>	<b>4,288</b>	<b>-0.9</b>
QoQ (%)	-2.8	6.1	14.7	6.1	7.4	4.7	-2.1	10.9			8.3	-97bp
YoY (%)	10.5	23.4	30.3	25.5	38.7	36.9	16.8	22.1	22.6	27.8	39.9	-126bp
<b>Reported EPS (INR)</b>	<b>19.9</b>	<b>21.0</b>	<b>23.9</b>	<b>25.4</b>	<b>27.2</b>	<b>28.5</b>	<b>27.9</b>	<b>30.9</b>	<b>90.2</b>	<b>114.5</b>	<b>27.5</b>	<b>-1.1</b>

### Key Performance Indicators

Y/E March	FY25				FY26		FY25
	1Q	2Q	3Q	4Q	1Q		
Revenue (QoQ CC %)	5.6	5.1	4.6	4.5	3.3		
<b>Margins</b>							
Gross Margin	33.0	33.4	34.7	34.9	35.3	34.0	
EBIT Margin	14.0	14.0	14.9	15.6	15.5	14.7	
Net Margin	11.2	11.2	12.2	12.2	12.7	11.7	
<b>Operating metrics</b>							
Headcount	23,519	23,237	23,942	24,594	25,340	24,594	
Voluntary Attrition (%)	11.9	12.0	12.6	12.9	13.9	12.9	
Utilisation (%)	82.1	84.8	87.4	88.4	88.7	88.4	
<b>Effort Mix(%)</b>							
Global Delivery Centers	15.2	15.8	15.1	14.8	14.5	15.2	
India	84.8	84.2	84.9	85.2	85.5	84.8	



### Highlights from the management commentary

#### Growth and demand outlook

- The environment remains cautious, with delays in client decision-making cycles.
- The company's strategy for the next couple of years is to deepen its presence in existing verticals before expanding into new ones such as Auto—potentially through inorganic acquisitions.
- There was a secular increase in revenues across all top 100 clients. The company remains committed to achieving USD2b in revenue by FY27.

- The focus will be on delivering profitable growth without compromising margins. There may be tuck-in acquisitions (especially in Europe, which is targeted to contribute 15% of total revenues) that will be capability-led over scale.
- There were delays in deal ramp-ups in the healthcare vertical for some clients.
- Growth in FY26 is expected to be led by BFSI, followed by Hi-Tech and HLS.
- The deal pipeline remains healthy, and the company remains confident about the large deals in progress.
- TTM TCV stood at USD 520.8 mn, up 1% QoQ and 12% YoY, translating into a 1.3x book-to-bill ratio.
- The deal pipeline remains healthy, and the company remains confident about the large deals in progress.
- The focus remains on improving TCV to ACV conversion.
- Wage hikes have been deferred by a quarter; historically, they occur in 2Q.
- Management expects 200-300 bp margin expansion by FY27.
- BFSI led growth during 1QFY26, supported by an SASVA-built underwriter agent deployed in loan origination and verification. It is expected to remain a key growth driver in FY26.
- **HLS** declined QoQ, primarily due to a planned transition of work from onsite to offshore and some client-specific issues.
- The company executed vendor consolidation for a large client, leading to more offshore subcontracting.
- HLS comprises medical device manufacturers, payers, providers, and pharma companies. The medical device supply chain is highly dependent on China, making it vulnerable to tariff impacts. DOGE's funding cuts have also impacted research at medical universities that use products and services from PSYS clients.
- No further decline is expected in this vertical; growth is expected to resume in the remainder of the year.
- **Europe:** The company aims for Europe to contribute 15% of revenue in the medium term.
- TTM attrition rose 100bp QoQ to 13.9%, though it remains within a comfortable range.
- No major attrition issues are anticipated. Most of the hiring was done offshore.

### Margin performance and outlook

- EBIT margin for the quarter stood at 15.5%, down 10bp QoQ.
- Margin walk: **Headwinds:** 60bp impact due to the absence of earn-out reversals, 100 bp impact from maintaining onsite resources over offshore to derisk projects, 40bp from delayed ramp-ups, 40 bp from higher amortization, and 40bp from currency fluctuations.
- **Tailwinds:** 230bp from lower ESOP costs.
- Higher amortisation is due to acquired assets and will continue at similar levels without a substantial increase.
- ESOP costs are expected to remain flat for a couple of quarters and reduce in FY27 vs FY26.
- Pricing, utilization, and SG&A leverage will act as margin levers.
- Management expects 200-300bp margin expansion by FY27.
- Wage hikes have been deferred by a quarter; historically, they occur in 2Q.

**Exhibit 1: BFSI-led growth; HLS dragged but management expects better performance for the rest of the year**

Verticals (QoQ USD, %)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26
BFSI	15.6	3.0	2.8	2.9	6.2	0.0	-0.5	1.8	5.9	7.7	4.9	6.1	9.0
Healthcare and Lifesciences	6.9	4.8	2.9	4.4	-2.7	7.0	16.4	14.8	16.5	9.6	4.3	0.4	-1.9
Software and Hi-tech and Emerging verticals	10.0	8.3	4.1	4.3	3.2	3.8	0.1	-0.8	-0.5	0.8	3.7	5.2	3.6

Source: Company, MOFSL

**Exhibit 2: Growth continued in Europe**

Geographies (QoQ USD, %)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26
North America	10.9	6.1	1.5	4.9	4.7	3.1	3.7	3.9	6.4	6.1	3.2	4.2	3.0
Europe	12.5	3.3	12.2	18.9	-3.0	1.0	-3.5	-9.4	5.6	6.6	8.2	6.7	11.3
RoW	12.0	5.0	10.6	-11.8	-3.1	5.0	4.0	9.8	0.3	-1.1	9.1	2.3	4.8

Source: Company, MOFSL

**Valuation and view:**

- We project an 18% USD revenue CAGR over FY25-27 for PSYS, which, combined with margin expansion, could result in a ~25% EPS CAGR. This places the company in a league of its own as a diversified product engineering and IT services player.
- We largely maintain our estimates for FY26E/FY27E. Owing to its superior earnings growth trajectory, on a PEG basis, we believe the valuation still has room for upside. We value PSYS at 48x FY27E EPS. **Reiterate BUY with a TP of INR6,800.**

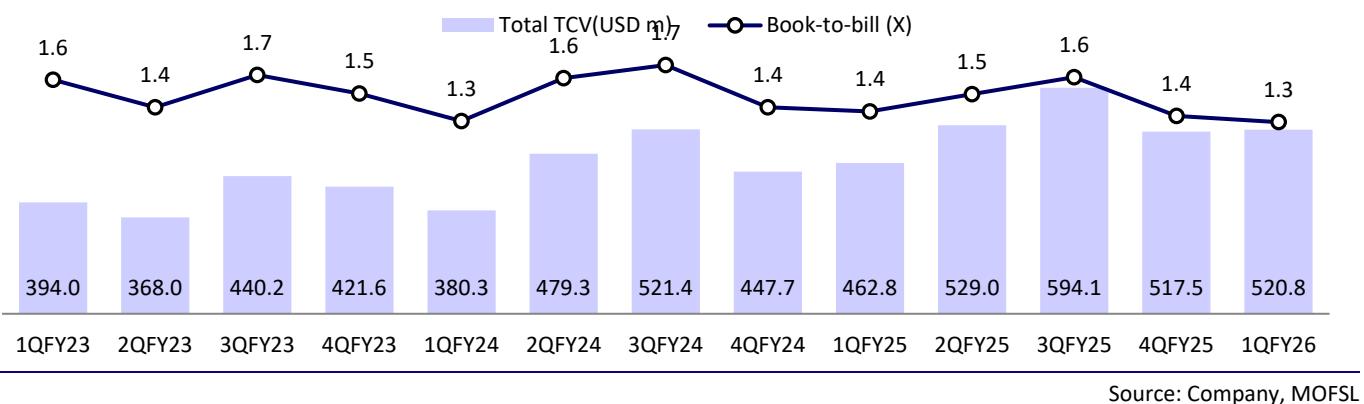
**Exhibit 3: Changes to our estimates**

	Revised		Earlier		Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
INR/USD	86.4	86.7	86.4	86.7	0.0%	0.0%
USD Revenue (m)	1,652	1,964	1,683	2,010.6	-1.8%	-2.3%
Growth (%)	17.2	18.9	19.4	19.5	-220bps	-60bps
EBIT margin (%)	15.5	16.0	15.5	16.0	-10bps	0bps
PAT (INR m)	17,886	21,876	18,247	22,460.8	-2.0%	-2.6%
EPS	114.5	140.1	117.1	144.1	-2.2%	-2.8%

Source: MOFSL, Company

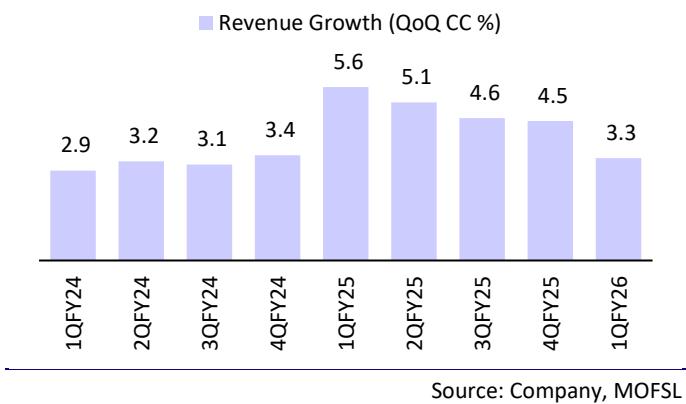
## Story in charts

### Exhibit 4: BTB fell to 1.3x; TCV growth muted sequentially



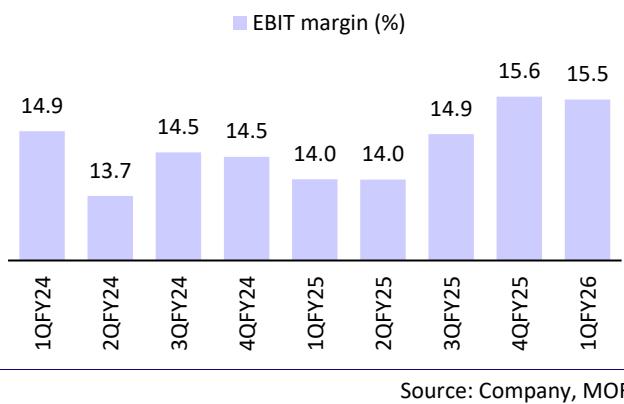
Source: Company, MOFSL

### Exhibit 5: Reported 3.3% QoQ CC growth



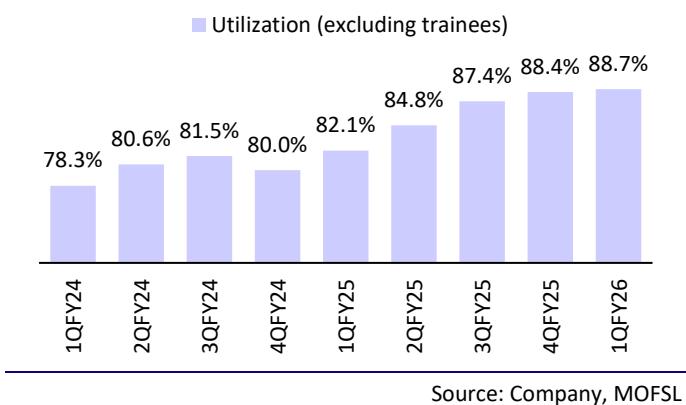
Source: Company, MOFSL

### Exhibit 6: Margins dropped 10bp QoQ



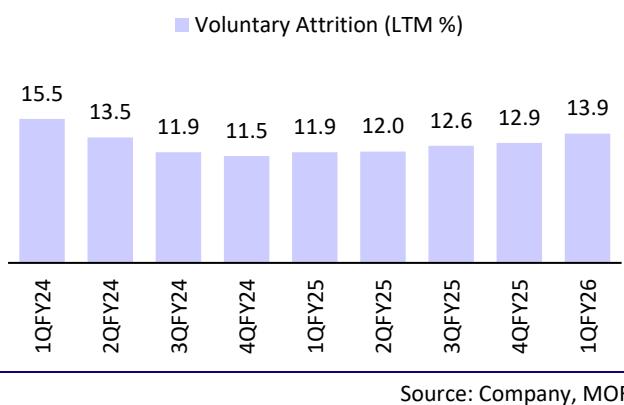
Source: Company, MOFSL

### Exhibit 7: Utilization improved 30bp to 88.7% in 4QFY25



Source: Company, MOFSL

### Exhibit 8: Attrition rate increased 100bp QoQ



Source: Company, MOFSL

**Exhibit 9: Operating metrics**

	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
<b>Geography (%)</b>									
North America	79.2	79.2	79.7	80.1	80.7	81.3	80.5	80.5	79.8
Europe	9.7	9.5	8.9	7.8	7.8	7.9	8.2	8.4	9.0
RoW	11.1	11.3	11.4	12.1	11.5	10.8	11.3	11.1	11.2
<b>Vertical Mix (%)</b>									
BFSI	33.3	32.3	31.2	30.7	30.8	31.5	31.7	32.3	33.9
Healthcare & Life Science	18.6	19.3	21.8	24.2	26.7	27.8	27.8	26.8	25.3
Tech. Cos. & Emerging Verticals	48.1	48.4	47	45.1	42.5	40.7	40.5	40.9	40.8
<b>Client Metrics (%)</b>									
Top 5 Clients	27.9	28.3	28	29.2	30.7	31.4	30.8	32.7	31.8
Top 10 Clients	39.6	39.5	39.3	40	41.5	41.5	40	42.2	42
<b>Employee Metrics</b>									
Technical People	21,511	21,263	21,738	22,224	21,866	21,675	22,407	23,072	23,787
Sales & BD	428	443	465	484	510	492	489	485	496
Others	1,191	1,136	1,133	1,142	1,143	1,070	1,046	1,037	1,057
<b>Total</b>	<b>23,130</b>	<b>22,842</b>	<b>23,336</b>	<b>23,850</b>	<b>23,519</b>	<b>23,237</b>	<b>23,942</b>	<b>24,594</b>	<b>25,340</b>
<b>Effort Mix</b>									
- Global Delivery Centers	13.10	12.70	13.80	14.80	15.20	15.80	15.10	14.80	14.50
- India	86.90	87.30	86.20	85.20	84.80	84.20	84.90	85.20	85.50
Attrition (%)	78.3	80.6	81.5	80	82.1	84.8	87.4	88.4	88.7
Linear Utilization %	15.5	13.5	11.9	11.5	11.9	12.0	12.6	12.9	13.9

Source: Company, MOFSL

## Financials and valuations

Income Statement								(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Sales</b>	<b>35,658</b>	<b>41,879</b>	<b>57,107</b>	<b>83,506</b>	<b>98,216</b>	<b>1,19,387</b>	<b>1,42,805</b>	<b>1,70,340</b>
Change (%)	5.9	17.4	36.4	46.2	17.6	21.6	19.6	19.3
Cost of Goods Sold	23,494	27,650	37,895	55,315	65,231	78,740	93,095	1,11,142
<b>Gross Profit</b>	<b>12,164</b>	<b>14,229</b>	<b>19,212</b>	<b>28,191</b>	<b>32,985</b>	<b>40,647</b>	<b>49,710</b>	<b>59,198</b>
Selling Expenses	7,234	7,398	9,556	12,999	15,742	20,066	23,816	27,936
<b>EBITDA</b>	<b>4,930</b>	<b>6,830</b>	<b>9,656</b>	<b>15,191</b>	<b>17,243</b>	<b>20,581</b>	<b>25,894</b>	<b>31,262</b>
% of Net Sales	13.8	16.3	16.9	18.2	17.6	17.2	18.1	18.4
Depreciation	1,660	1,756	1,660	2,719	3,094	3,069	3,819	4,088
<b>EBIT</b>	<b>3,270</b>	<b>5,075</b>	<b>7,996</b>	<b>12,472</b>	<b>14,149</b>	<b>17,512</b>	<b>22,075</b>	<b>27,174</b>
% of Net Sales	9.2	12.1	14.0	14.9	14.4	14.7	15.5	16.0
Other Income	1,254	1,020	1,321	233	813	710	1,252	1,363
<b>PBT</b>	<b>4,523</b>	<b>6,094</b>	<b>9,317</b>	<b>12,705</b>	<b>14,962</b>	<b>18,222</b>	<b>23,327</b>	<b>28,537</b>
Tax	1,121	1,588	2,339	3,198	3,541	4,222	5,441	6,660
Rate (%)	24.8	26.1	25.1	25.2	23.7	23.2	23.3	23.3
Extraordinary Item	0	0	75	297	486	0	0	0
<b>Adjusted PAT</b>	<b>3,403</b>	<b>4,507</b>	<b>6,904</b>	<b>9,211</b>	<b>10,935</b>	<b>14,001</b>	<b>17,886</b>	<b>21,876</b>
Change (%)	28.4	32.4	53.2	33.4	18.7	28.0	27.8	22.3

Balance Sheet								(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Share Capital	764	764	764	764	770	779	779	779
Other Reserves	23,093	27,192	32,918	38,887	48,807	62,411	73,143	86,269
<b>Net Worth</b>	<b>23,858</b>	<b>27,957</b>	<b>33,682</b>	<b>39,651</b>	<b>49,577</b>	<b>63,191</b>	<b>73,922</b>	<b>87,048</b>
Loans	46	44	4,889	4,947	99	-	-	-
Other liabilities	544	957	1,360	2,013	2,218	2,848	3,406	4,063
<b>Capital Employed</b>	<b>24,448</b>	<b>28,958</b>	<b>39,931</b>	<b>46,610</b>	<b>51,894</b>	<b>66,038</b>	<b>77,328</b>	<b>91,111</b>
<b>Net Block</b>	<b>2,791</b>	<b>3,254</b>	<b>4,276</b>	<b>7,058</b>	<b>6,727</b>	<b>8,150</b>	<b>9,830</b>	<b>11,242</b>
CWIP	166	122	1,071	161	335	42	42	42
Intangibles	1,661	1,315	11,060	16,355	15,488	17,261	17,261	17,261
Investments	4,621	3,621	3,878	4,516	5,539	6,415	6,415	6,415
Deferred Tax Assets	960	1,038	1,123	1,129	1,360	2,024	1,428	1,703
Other	866	602	4,394	1,792	3,056	3,215	3,845	4,586
<b>Current Assets</b>	<b>19,856</b>	<b>26,703</b>	<b>28,339</b>	<b>35,179</b>	<b>41,232</b>	<b>50,260</b>	<b>63,184</b>	<b>77,772</b>
Debtors	5,922	5,709	9,484	15,705	16,761	18,478	20,345	24,268
Investments	5,165	13,765	10,514	6,242	6,330	6,899	9,399	11,899
Cash & BB	4,572	2,419	2,978	4,670	6,625	6,744	13,448	17,757
Loans & Advances	14	71	16	-	-	-	-	-
Other Current Assets	4,183	4,739	5,347	8,562	11,515	18,139	19,993	23,848
<b>Current Liab. &amp; Prov</b>	<b>6,474</b>	<b>7,697</b>	<b>14,210</b>	<b>19,581</b>	<b>21,842</b>	<b>21,328</b>	<b>24,677</b>	<b>27,911</b>
Trade payables	2,247	2,733	4,299	5,689	8,139	8,886	11,346	13,534
Other Liabilities	2,616	2,486	5,961	9,243	10,372	8,413	8,512	8,629
Provisions	1,611	2,478	3,950	4,649	3,331	4,029	4,819	5,748
<b>Net Current Assets</b>	<b>13,382</b>	<b>19,006</b>	<b>14,130</b>	<b>15,598</b>	<b>19,390</b>	<b>28,932</b>	<b>38,507</b>	<b>49,861</b>
<b>Application of Funds</b>	<b>24,448</b>	<b>28,958</b>	<b>39,931</b>	<b>46,610</b>	<b>51,894</b>	<b>66,038</b>	<b>77,329</b>	<b>91,111</b>

## Financials and valuations

### Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>EPS</b>	<b>22.3</b>	<b>29.5</b>	<b>45.7</b>	<b>62.5</b>	<b>75.1</b>	<b>90.2</b>	<b>114.5</b>	<b>140.1</b>
Cash EPS	33.1	41.0	56.5	80.4	95.4	110.0	139.0	166.3
Book Value	156.1	182.9	220.4	260.7	325.9	411.9	477.2	561.9
DPS	6.0	10.0	15.5	25.0	26.0	35.0	45.8	56.0
Payout (%)	26.9	33.9	33.9	40.0	34.6	38.8	40.0	40.0
<b>Valuation (x)</b>								
P/E ratio	251.7	190.0	122.8	89.7	74.6	62.1	48.9	40.0
Cash P/E ratio	169.2	136.8	99.2	69.7	58.7	50.9	40.3	33.7
EV/EBITDA ratio	171.8	123.0	87.8	55.7	48.7	41.1	32.7	26.8
EV/Sales ratio	23.7	20.1	14.9	10.1	8.5	7.1	5.9	4.9
Price/Book Value	35.9	30.6	25.4	21.5	17.2	13.6	11.7	10.0
Dividend Yield (%)	0.1	0.2	0.3	0.4	0.5	0.6	0.8	1.0
<b>Profitability Ratios (%)</b>								
RoE	14.4	17.4	22.6	25.9	25.6	24.8	26.1	27.2
RoCE	10.2	14.1	17.4	21.6	21.9	22.8	23.6	24.7
<b>Turnover Ratios</b>								
Debtors (Days)	61	50	61	69	62	56	52	52
Asset Turnover (x)	13.9	13.9	15.2	14.7	14.2	16.1	15.9	16.2

### Cash Flow Statement

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
CF from Operations	4,597	5,781	8,857	13,935	14,265	17,803	21,705	25,964
Chg. in Working Capital	-1,369	1,578	-407	-4,377	-2,052	-6,233	153	-4,904
<b>Net Operating CF</b>	<b>3,229</b>	<b>7,359</b>	<b>8,450</b>	<b>9,558</b>	<b>12,213</b>	<b>11,569</b>	<b>21,858</b>	<b>21,060</b>
Net Purchase of FA	-746	-1,251	-3,808	-4,290	-2,710	-1,931	-5,500	-5,500
<b>Free Cash Flow</b>	<b>2,483</b>	<b>6,108</b>	<b>4,642</b>	<b>5,268</b>	<b>9,503</b>	<b>9,638</b>	<b>16,358</b>	<b>15,560</b>
Net Purchase of Invest.	597	-4,166	-5,965	76	-1,985	-2,414	-2,500	-2,500
<b>Net Cash from Inv.</b>	<b>-148</b>	<b>-5,417</b>	<b>-9,773</b>	<b>-4,213</b>	<b>-4,695</b>	<b>-4,344</b>	<b>-8,000</b>	<b>-8,000</b>
Issue of shares	0	0	0	0	1,608	0	0	0
Proceeds from LTB/STB	-2,344	-3,044	3,810	-1,059	-3,461	-1,309	0	0
Dividend Payments	-2,978	-1,070	-1,987	-2,981	-4,084	-4,973	-7,154	-8,750
<b>Net CF from Finan.</b>	<b>-5,321</b>	<b>-4,114</b>	<b>1,823</b>	<b>-4,039</b>	<b>-5,937</b>	<b>-6,282</b>	<b>-7,154</b>	<b>-8,750</b>
<b>Net Cash Flow</b>	<b>-2,241</b>	<b>-2,171</b>	<b>499</b>	<b>1,305</b>	<b>1,581</b>	<b>943</b>	<b>6,703</b>	<b>4,310</b>
Exchange difference	84	19	59	387	374	-824	0	0
Opening Cash Balance	<b>6,729</b>	<b>4,572</b>	<b>2,420</b>	<b>2,979</b>	<b>4,671</b>	<b>6,626</b>	<b>6,745</b>	<b>13,449</b>
<b>Closing Cash Balance</b>	<b>4,572</b>	<b>2,420</b>	<b>2,979</b>	<b>4,671</b>	<b>6,626</b>	<b>6,745</b>	<b>13,449</b>	<b>17,758</b>

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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

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