



## Persistent Systems Ltd

**Consistent Execution**



PERSISTENT SYSTEMS LTD,  
MIHAN, NAGPUR, INDIA

April 05, 2026

## Reco BUY

Industry	IT Consult-/Software
LTP (April 02, 2026)	Rs. 5227.7
<b>Entry Range</b>	<b>Rs. 5170-5280</b>
<b>Add on Dips</b>	<b>Rs. 4650-4740</b>
<b>Base Case Target</b>	<b>Rs. 5600</b>
<b>Bull Case Target</b>	<b>Rs. 5950</b>
<b>Time Horizon</b>	<b>4 Quarters</b>

### Stock Info

BSE Code	533179
NSE Code	PERSISTENT
Bloomberg	PSYS IN
CMP Apr 02, 2026	5227.7
Equity Capital (Rs Cr)	78.8
Face Value (Rs)	5.0
Equity Share O/S (Cr)	15.8
Market Cap (Rs Cr)	82,467
Book Value (Rs)	453
Avg. 52 Wk Volumes	614,342
52 Week High	6599.0
52 Week Low	4148.95

### Share Holding Pattern % (Dec'25)

Promoters	30.3
Institutions	52.6
Non-Institutions	17.1
Total	100

### One Year Price Chart



\* Refer at the end for explanation on Risk Ratings

Fundamental Research Analyst

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## Riding the Digital Engineering Wave – Strategic partner in client programs for data and AI engineering

### Our Take

- Persistent is focused on large deals, client mining, strong relationship with clients, healthy order book and timely acquisitions to support its product solutions profile to a healthy revenue trajectory in the coming quarters. The company is winning deals in BFSI against larger peers and gaining traction with clients as a challenger to them. BFSI is likely to lead growth going forward, followed by Hi-Tech. Healthcare & Life Sc- is back on track.
- On the business front, the company expects to deliver strong results despite the challenging global environment and continue on its plan to expand in Europe and the Asia Pacific while continuing its focus on North America. The company continues to see traction in large, multi-year deals focused on AI-led engineering and data modernisation.
- Investors can buy in the Rs 5170-5280 band and add on dips in the Rs 4650-4740 band (27x FY28E EPS). We believe the base case fair value of the stock is Rs 5600 (32x FY28E EPS) and the bull case fair value of the stock is Rs 5950 (34x FY28E EPS) over the next 4 quarters.**

### Presence in IT products, technology and solutions across the industries

Persistent Systems is a global IT company, specialised in software products and technology services. Persistent develops solutions in key next-generation technology areas, including analytics, big data, cloud computing, mobility and social, for the telecommunications, life sciences, & healthcare and banking & financial services verticals. The company has established relationships with a strong customer base across varied industries and verticals and maintains low customer concentration, with its top 10 customers contributing around 40.9% to its revenues in FY25.

### Sustainable and diversified order book,

Persistent System's trailing twelve-month (TCV) stood at US\$ 674.5 mn in Q3FY26, vs. at US\$ 609.2 mn in Q2FY26, US\$ 520.8 mn in Q1FY26, US\$ 517.5 mn in Q4FY25, US\$ 594.1 mn in Q3FY25, US\$ 529 mn in Q2FY25, and US\$ 462.8 mn in Q1FY25. New order book (TTM) booked at US\$ 350.8 in Q2FY26 vs. US\$ 337 in Q2FY26, US\$ 329 in Q2FY26, and US\$ 336 in Q3FY25. For FY25, TCV and ACV stood at \$2103.7 mn and \$14641 mn, respectively. The company is more optimistic about driving sustainable growth through strategic investments in disruptive technologies such as AI.

### Focused on achieving the guidance of US\$ 2bn revenue mark

Persistent expects to maintain top-quartile growth at similar levels amid the challenging microenvironment. Persistent could continue its growth momentum in the coming quarters, led by robust deal wins, a healthy deal pipeline, new logo wins, and a strong demand environment. Growth was supported by a sharper focus on signing the large long-term/annuity deal over the past few quarters. The company has continued to maintain the guidance of achieving US\$ 2bn revenue by FY27E (implies a CAGR of 19% over FY24-FY27) and revenue target of US\$ 5bn by FY31E (implies a CAGR of 26% over FY27-31E).

### Continue its growth momentum in the coming quarters, led by healthy deal pipeline and deal wins

Persistent remained one of the Indian IT companies to report sequential growth in all 23 consecutive quarters and reported the strongest growth among leading Indian IT companies, aided by renewed sales, negligible exposure to troubled verticals, and focus on high-growth verticals. Persistent could continue its growth momentum in the coming quarters, led by robust deal wins, a healthy deal pipeline, and a strong demand environment. Growth was supported by a sharper focus on signing the large long-term/annuity deal over the past few quarters. However, margins have been volatile over the same period.

### Strong performance in Q3FY26

- Persistent Systems' numbers were above expectations in Q3FY26, delivering another strong quarter, driven by significant traction in the client portfolio globally. Consolidated revenue grew 5.5% QoQ and 23.4% YoY to Rs 3,778 crore in Q3FY26, driven by broad-based growth in segments and geographies. Revenue in USD terms was up by 4.3% QoQ and 17.3% YoY to US\$ 422.5 mn.
- EBIT surged by 8.5% QoQ and 38.7% YoY to Rs 633 crore and EBIT margin increased by 40bps QoQ and 180bps YoY to 16.7% in Q3FY26. Net Profit was down 6.8% QoQ and rose 17.8% YoY to Rs 439 crore. One-off expenses of Rs 89 crore impacted net profit due to the new labour code. PAT margin stood at 11.6% in Q3FY26 vs. 13.2% in Q2FY26 and 12.2% in Q3FY25.
- On the segment front, revenue contribution from BFSI stood at 35% in Q3FY26 vs. 34.8% in Q2FY26, revenue from Healthcare and life science stood at 25.4% in Q3FY26 vs. 25.2% in Q2FY26, and Software, Hi-Tech & Emerging Industries revenue stood at 39.6% in Q3FY26 vs. 39.8% in Q2FY26.
- On the geography mix, US contributed 81.5%, Europe 8.5%, India 7.8% and RoW 1.7% in Q3FY26 vs. US contributed 79.8%, Europe 9.3%, India 9.2% and RoW 1.7% in Q3FY26,

### Financial Summary

Particulars (Rs Cr)	Q3FY26	Q3FY25	YoY-%	Q2FY26	QoQ-%	FY23	FY24	FY25	FY26E	FY27E	FY28E
Total Operating Income	3778	3062	23.4	3581	5.5	8351	9822	11939	14686	17530	20376
EBITDA	733	538	36.3	683	7.3	1519	1724	2058	2686	3339	3988
APAT	439	373	17.8	471	-6.8	943	1130	1400	1923	2276	2742
Diluted EPS (Rs)	27.9	23.6	17.8	29.9	-6.8	59.8	71.6	88.8	121.9	144.3	173.8
RoE-%						25.1	24.5	24.8	26.9	27.8	28.0
P/E (x)						87.5	73.0	58.9	42.9	36.2	30.1
EV/EBITDA (x)						53.2	46.8	39.1	29.6	23.6	19.4

(Source: Company, HDFC sec)

## Valuation & Recommendation:

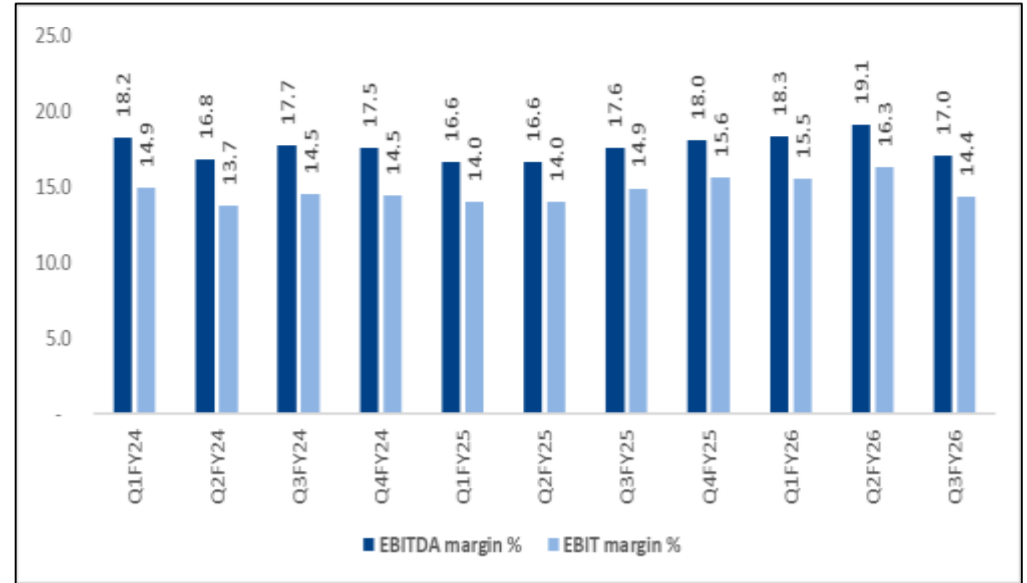
Investors can buy in the Rs 5170-5280 band and add on dips in the Rs 4650-4740 band (27x FY28E EPS). We believe the base case fair value of the stock is Rs 5600 (32x FY28E EPS) and the bull case fair value of the stock is Rs 5950 (34x FY28E EPS) over the next 4 quarters.

## Story in Charts

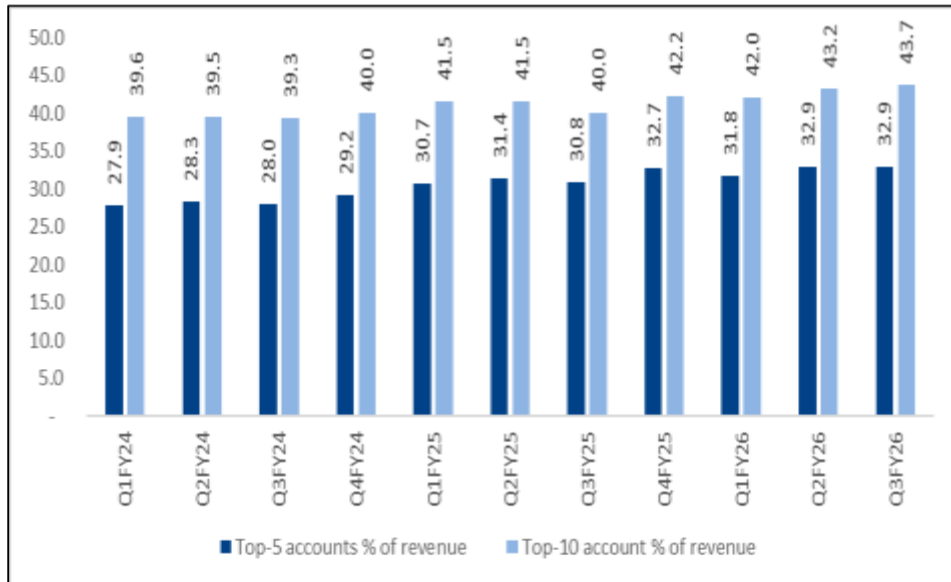
Sequential revenue (USD) growth over the last 23 consecutive quarters



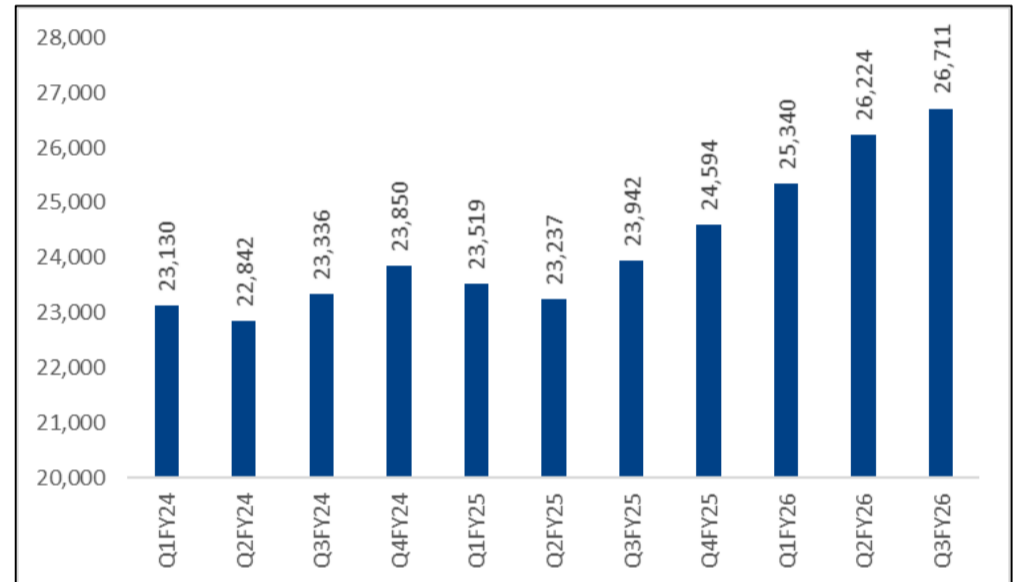
Margins (%)- impacted by labour code, wage hikes and furlough



Concentration across product engineering, professional services, and support



Total headcount (Nos): net headcount increased by 1.8% QoQ



(Source: Company, HDFC sec)

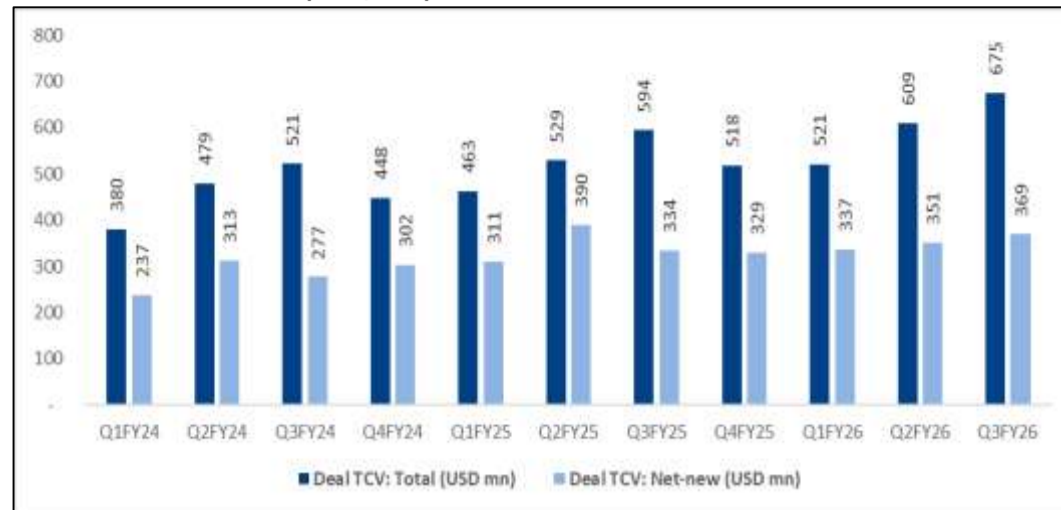
## Key Drivers

### Strong order inflow amid a tight demand environment could bring revenue visibility in the future

- Persistent System's trailing twelve-month (TCV) stood at US\$ 674.5 mn in Q3FY26, vs. at US\$ 609.2 mn in Q2FY26, US\$ 520.8 mn in Q1FY26, US\$ 517.5 mn in Q4FY25, US\$ 594.1 mn in Q3FY25, US\$ 529 mn in Q2FY25, and US\$ 462.8 mn in Q1FY25.
- New order book (TTM) booked at US\$ 369 in Q3FY26, vs. US\$ 350.8 in Q2FY26, US\$ 337 in Q1FY26, US\$ 329 in Q4FY25, and US\$ 336 in Q3FY25. For FY25, TCV and ACV stood at \$2103.7 mn and \$14641 mn, respectively. The company is more optimistic about driving sustainable growth through strategic investments in disruptive technologies such as AI.
- On a YoY basis, the company added one new client in the \$75mn+ revenue category, two in the \$20-\$50mn+ revenue category, five in the \$10-\$20 mn+ category, and eight in the \$5-\$10mn+ revenue category, while eight clients declined in the \$1-\$5 mn+ revenue category.
- Persistent System's focus remains on expanding within the Top 100, which the company stated contributes ~82% of revenue, using platform/IP-led case studies. Strong capabilities in digital engineering across the verticals and geographies provide strong growth visibility in the medium term.
- Taking into consideration the robust order book, new logos and synergies, Persistent Systems expects to report US\$2 bn revenue by FY27E and the company requires a speed-up in booking numbers to sustain growth, either better pipeline conversion or expansion.

Focus remains on expanding within the Top 100, which the company stated contributes ~82% of revenue

**Total Contracts Value (US\$, mn)**



**Positioning big to bigger; On the way to generating US\$ 2bn and US\$5 bn revenue**

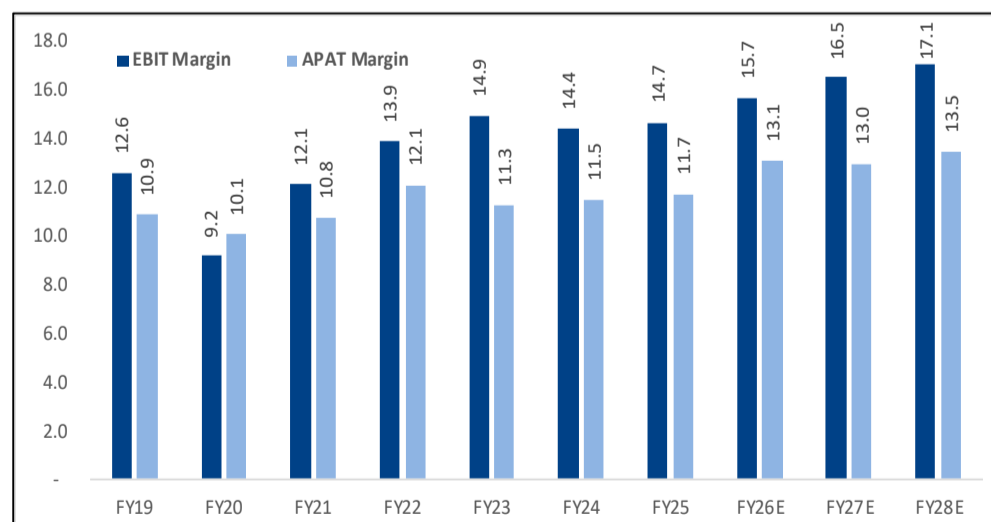
Persistent described significant momentum across the verticals, Application & data modernisation in BFSI and Healthcare/Life Sciences. More “transformation programs in mid to large firms.” in healthcare. In Hi-tech: AI adoption focused on product development productivity, and in the private equity space, the company is increasing use of AI for “end-to-end programs”; the company positioned productivity and “long-range savings” as key differentiators to PE and portfolio firms.

Growth was supported by a sharpening focus on the signing of the large long-term/annuity deal over the past few quarters. The company has continued to maintain the guidance of achieving US\$ 2bn revenue by FY27E (implies a CAGR of 19% over FY25-FY27E) and revenue target of US\$ 5bn by FY31E (implies a CAGR of ~26% over FY27-31E). The company has taken significant steps, including doubling down on the top 100 clients, expanding alternative service lines such as Private Equity, and developing 12-15 sub-vertical growth engines within three primary verticals.

**Expects sustainable margins**

- Persistent System’s EBIT margin increased by 40bps QoQ and 180bps YoY to 16.7% in Q3FY26. PAT margin stood at 11.6% in Q3FY26 vs. 13.2% in Q2FY26 and 12.2% in Q3FY25. One-off expenses of Rs 89 crore impacted net profit due to the new labour code. Ex-labour-code: EBIT margin would have been 16.7% (+40 bps QoQ); PAT margin would have been 13.4%.
- Margins in Q3 were supported by tailwinds, including currency benefits (30bp), lower subcontracting costs (20bp), higher utilisation and SG&A optimisation (40bp), and ~150bp benefit from pricing driven by increased use of AI platforms and tools. However, the margin was impacted by headwinds, including wage hikes (180bp), labour code impact (230bp), and furloughs (20bp).
- The ~150bp margin improvement from AI platforms reflects a combination of upfront monetisation and productivity benefits through reduced manpower deployment. Monetisation of platforms such as SASVA, iAura, and the GenAI Hub is beginning to reflect in margins.
- The company reiterated it does not provide forward-looking guidance on margins. However, tone remained constructive: “confident of continuing the growth momentum going ahead. We expect EBIT margin at 16.5% and 17.1% for FY27E and FY28E, respectively. However, a tough demand environment could pressurise margins further.

**Margins (%)**



**Leveraging the GenAI opportunity going forward**

- AI is opening opportunities for Persistent in both AI for product engineering and AI for enterprises. Persistent is leveraging its AI platform, SASVA’ iAURA, GenAI Hub for opportunities in AI for product engineering.
- AI-powered large language models (LLM) and machine learning (ML) SASVA platform launched in March 2024. SASVA will be embedded into software engineering to efficiently address distinct use cases by preventing technical debt in new development, minimising accumulated technical debt in mid- to late-

**Focused on the signing of the large long-term/annuity deal over the past few quarters.**

**Expect EBIT margin at 16.5% and 17.1% for FY27E and FY28E, respectively**

stage software, and addressing complex scenarios in software sustenance and specialised industries with enterprise scale. SASVA enables clients across sectors to boost enterprise productivity throughout software development phases, delivering cost and time efficiencies with improved quality. SASVA continues to be a central AI driver for clients, scaling through assessment-led expansions.

- The company launched an open-source MLX solution on Apple Silicon to reduce cost/latency for agent-driven inference (described as “virtual LLM-style performance”), and formed a partnership with Digital Ocean (private cloud/sovereign deployments) and Anthropic (frontier model access).
- The company has partnered with Amazon Web Services (AWS), Google, IBM, Microsoft, and Salesforce to create intellectual property based on AI. The company recently launched a suite of offerings for software engineering and modernisation, digital assistants and sector-specific solutions, all powered by generative AI.
- Monetisation of platforms such as SASVA, iAura, and the GenAI Hub has started to reflect in margins. Besides, AI is emerging as a structural opportunity requiring investments across data, and enterprise systems.

### **Strong fundamentals led by healthy debt protection metrics and liquidity**

- Persistent Systems' financial profile remains healthy, marked by stable earnings, sizeable network, and strong liquidity with large cash reserves, healthy capital structure and coverage metrics. The company has achieved substantial and sustained growth in revenue and profit.
- The company reported revenue growth in US\$ terms at 16.4% CAGR, EBITDA growth at 18% CAGR and net profit growth at 17% CAGR over a decade on a consolidated basis. Its revenue grew by 18.8% YoY in US\$ terms to US\$ 1409 mn, and revenue growth was 21.6% YoY to Rs 11,939 crore in INR terms in FY25.
- Expecting an acceleration in demand, we expect that the revenue could grow by ~20% CAGR over the FY25 to FY28E. Its margins could sustain at 14.5%-17% in FY26E- FY28E.
- Persistent Systems enjoys a healthy capital structure and a negligible debt status, which will continue to remain so due to no major debt-funded expansion plans over the medium term. Strong cash and liquidity positions are maintained. Cash and equivalents of approximately Rs 2,905 as on Dec 31, 2025.
- Persistent Systems has always been generous in declaring dividends over the last 23 years. The company declared a total dividend of Rs 35 per share in FY25 vs Rs 26 per share in FY24. We expect dividends of Rs 45 and Rs 55 per share to shareholders for FY26E and FY27E, respectively.
- Because of cost rationalisation efforts and reduction in employee cost, the company could see growth in profitability as well as better return ratios in the future. We expect RoE at 26.9 % and 27.8% for FY26E and FY27E, respectively.

**Robust financials led by a debt-free balance sheet, cost control measures and return ratio**

### **Risks & Concerns**

- Indian rupee appreciation against the USD, pricing pressure, retention of the skilled headcounts, strict immigration norms and rise in visa costs are key concerns.
- For Persistent, revenue from the US contributed ~82% in Q3FY26. This exposes the company to the risk of an economic slowdown in this region and regulatory challenges. Any geopolitical risk or economic uncertainty could impact its business.
- Persistent has client concentration risk, top-5 clients contributed ~33%, and top-10 contributed ~44% and top-20 contributed ~55% in Q3FY26, any cancellation of deal could impact its revenue. Revenue contribution across the category is falling quarter after quarter. However, the company has longstanding relationships with its clientele.
- Persistent faces intense competition from tier-1 IT players and well-established tier-2 players, which limits its pricing/bargaining power with customers. Additionally, the trading nature of its low-margin distribution business can drag its profits.
- Healthcare clients dependent on US government funding for research are impacted due to an overnight cut in funding. Healthcare insurance companies are also impacted due to medical cost inflation and reduction in funding by the US government. Macro uncertainty could further hit the Healthcare and Insurance Verticals.
- Any change in the contract nitty-gritty from large clients, like non-renewal of contracts or higher discounts due to aggressive competition intensity, can impact the sustainability and scalability of such clients.
- Delays in decision-making due to higher uncertainty could create a challenge for TCV/ACV growth.

### **Company Description**

Persistent Systems is in the business of providing software and technology services. The company provides a range of services, including software products and platform engineering, customer experience (CX) transformation, cloud and infrastructure services, intelligent automation, enterprise information technology (IT) security, enterprise integration, application development and management, and data and analytics. The company serves various industries, including BFSI, HLS, software and hi-tech, and emerging industries.

Persistent was incorporated in 1990 and is headquartered in Pune, Maharashtra, led by Dr. Anand Deshpande, who has more than 35 years of experience in the IT services industry. Mr Sandeep Kalra (Chief Executive

Officer), having spent more than 16 years with HCL Tech, joined Persistent in 2019 and is credited with the strong growth that Persistent has witnessed since FY20.

The company has a presence in around 20 countries with an employee strength of more than 26,700 as of December 31, 2025. As of December 31, 2025, around 86.9% of the employees operated from India, 11.4% from North America, 1.1% from Europe and 0.6% from the Rest of the World.

## Revenue Mix-%

### Geographical contribution-%

(QoQ, %)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
North Americas	79.7	80.1	80.7	81.3	80.5	80.5	79.8	79.8	81.5
RoW	11.4	12.1	11.5	10.8	11.3	11.1	11.2	10.9	10.0
Europe	8.9	7.8	7.8	7.9	8.2	8.4	9	9.3	8.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

## Performance by Verticals

(% of revenue)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
BFSI	30.7	30.8	31.5	31.7	32.3	33.9	34.8	35
HC & Lifesciences	24.2	26.7	27.8	27.8	26.8	25.3	25.2	25.4
Tech-Cos & Emerging	45.1	42.5	40.7	40.5	40.9	40.8	40	39.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

## Financial Statements

### Income Statements

Particulars (in Rs Cr)	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Net Revenues</b>	<b>8351</b>	<b>9822</b>	<b>11939</b>	<b>14686</b>	<b>17530</b>	<b>20376</b>
Growth (%)	46.2	17.6	21.6	23.0	19.4	16.2
Operating Expenses	6831	8097	9881	12000	14191	16388
<b>EBITDA</b>	<b>1519</b>	<b>1724</b>	<b>2058</b>	<b>2686</b>	<b>3339</b>	<b>3988</b>
Growth (%)	<b>58.5</b>	<b>13.5</b>	<b>19.4</b>	<b>30.5</b>	<b>24.3</b>	<b>19.5</b>
<b>EBITDA Margin (%)</b>	<b>18.2</b>	<b>17.6</b>	<b>17.2</b>	<b>18.3</b>	<b>19.0</b>	<b>19.6</b>
Depreciation	272	309	307	387	444	507
<b>EBIT</b>	<b>1247</b>	<b>1415</b>	<b>1751</b>	<b>2300</b>	<b>2895</b>	<b>3481</b>
Other Income	41	79	138	187	156	179
Interest expenses	47	47	67	73	76	76
<b>PBT</b>	<b>1241</b>	<b>1448</b>	<b>1822</b>	<b>2414</b>	<b>2975</b>	<b>3584</b>
Tax	320	354	422	560	699	842
<b>RPAT</b>	<b>921</b>	<b>1093</b>	<b>1400</b>	<b>1854</b>	<b>2276</b>	<b>2742</b>
Share of Asso./Minority Int.	-22	-36	0	-69	0	0
<b>Adj PAT</b>	<b>943</b>	<b>1130</b>	<b>1400</b>	<b>1923</b>	<b>2276</b>	<b>2742</b>
Growth (%)	36.6	19.8	23.9	37.3	18.4	20.5
EPS	59.8	71.6	88.8	121.9	144.3	173.8

(Source: Company, HDFC sec)

### Balance Sheet

Particulars (in Rs Cr) - As at March	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>SOURCE OF FUNDS</b>						
Share Capital	76	77	78	78	78	78
Reserves	3889	4881	6241	7403	8832	10574
<b>Shareholders' Funds</b>	<b>3965</b>	<b>4958</b>	<b>6319</b>	<b>7480</b>	<b>8910</b>	<b>10652</b>
Long Term Debt	206	10	0	0	0	0
Net Deferred Taxes	-113	-136	-187	-187	-187	-187
Long Term Provisions & Others	489	222	270	270	270	270
<b>Minority Interest</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Source of Funds</b>	<b>4547</b>	<b>5053</b>	<b>6401</b>	<b>7563</b>	<b>8993</b>	<b>10735</b>
<b>APPLICATION OF FUNDS</b>						
Net Block & Goodwill	1840	2221	2541	2547	2691	2844
CWIP	16	34	77	77	77	77
Other Non-Current Assets	251	251	200	200	200	200
<b>Total Non Current Assets</b>	<b>2107</b>	<b>2506</b>	<b>2819</b>	<b>2825</b>	<b>2968</b>	<b>3122</b>
Inventories	0	0	0	0	0	0
Trade Receivables	1525	1676	1848	2273	2713	3154
Cash & Equivalents	2097	1904	2054	2860	3782	5007
Other Current Assets	830	1152	1814	2231	2663	3096
<b>Total Current Assets</b>	<b>4453</b>	<b>4732</b>	<b>5716</b>	<b>7364</b>	<b>9159</b>	<b>11256</b>
Short-Term Borrowings	225	197	0	0	0	0
Trade Payables	569	814	889	1093	1305	1517
Other Current Liab & Provisions	1219	1173	1244	1533	1830	2127
<b>Total Current Liabilities</b>	<b>2013</b>	<b>2184</b>	<b>2133</b>	<b>2626</b>	<b>3135</b>	<b>3644</b>
<b>Net Current Assets</b>	<b>2440</b>	<b>2548</b>	<b>3583</b>	<b>4738</b>	<b>6024</b>	<b>7613</b>
<b>Total Application of Funds</b>	<b>4547</b>	<b>5053</b>	<b>6401</b>	<b>7563</b>	<b>8993</b>	<b>10735</b>

(Source: Company, HDFC sec)

## Cash Flow Statement

Particulars (in Rs Cr)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Reported PBT	1,241	1,448	1,822	2,414	2,975	3,584
Non-operating & EO items	174	-36	95	-88	-61	-79
Interest Expenses	47	47	67	73	76	76
Depreciation	272	309	307	387	444	507
Working Capital Change	-438	-205	-623	-445	-460	-461
Tax Paid	-340	-341	-511	-560	-699	-842
<b>OPERATING CASH FLOW ( a )</b>	<b>956</b>	<b>1,221</b>	<b>1,157</b>	<b>1,781</b>	<b>2,274</b>	<b>2,786</b>
Capex	-864	-284	-5,728	-393	-588	-660
Free Cash Flow	91	937	-4,572	1,388	1,687	2,125
Investments	0	0	0	0	0	0
Non-operating income	-174	36	-95	88	61	79
<b>INVESTING CASH FLOW ( b )</b>	<b>-1,038</b>	<b>-248</b>	<b>-5,824</b>	<b>-305</b>	<b>-526</b>	<b>-582</b>
Debt Issuance / (Repaid)	-4	0	0	0	0	0
Interest Expenses	-47	-29	-37	-73	-76	-76
FCFE	40	908	-4,609	1,315	1,611	2,049
Share Capital Issuance	0	1	1	0	0	0
Dividend	-298	-408	-460	-692	-846	-1,000
<b>FINANCING CASH FLOW ( c )</b>	<b>-349</b>	<b>-437</b>	<b>-496</b>	<b>-765</b>	<b>-922</b>	<b>-1,076</b>
Net Cash Flow (a)+(b)+(c)	<b>-432</b>	<b>537</b>	<b>-5,163</b>	<b>711</b>	<b>826</b>	<b>1,128</b>

(Source: Company, HDFC sec)

## Key Ratios

Particulars	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Profitability Ratio (%)</b>						
EBITDA Margin	18.2	17.6	17.2	18.3	19.0	19.6
EBIT Margin	14.9	14.4	14.7	15.7	16.5	17.1
APAT Margin	11.3	11.5	11.7	13.1	13.0	13.5
RoE	25.1	24.5	24.8	26.9	27.8	28.0
RoCE	22.1	22.5	24.9	27.4	28.2	28.4
<b>Solvency Ratio (x)</b>						
Net Debt/EBITDA	-1.1	-1.0	-1.0	-1.1	-1.1	-1.3
Net D/E	-0.4	-0.3	-0.3	-0.4	-0.4	-0.5
<b>PER SHARE DATA (Rs)</b>						
EPS	59.8	71.6	88.8	121.9	144.3	173.8
CEPS	77.0	91.2	108.2	146.4	172.4	206.0
Dividend	25.0	25.0	35.0	45.0	55.0	65.0
BV	251.4	314.3	400.6	474.2	564.8	675.3
<b>Turnover Ratios (days)</b>						
Debtor days	67	62	56	56	56	56
Inventory days	0	0	0	0	0	0
Creditors days	25	30	27	27	27	27
<b>VALUATION (x)</b>						
P/E	87.5	73.0	58.9	42.9	36.2	30.1
P/BV	20.8	16.6	13.1	11.0	9.3	7.7
EV/EBITDA	53.2	46.8	39.1	29.6	23.6	19.4
EV / Revenues	9.7	8.2	6.7	5.4	4.5	3.8
Dividend Yield (%)	0.5	0.5	0.7	0.9	1.1	1.2
Dividend Payout (%)	41.8	34.9	39.4	36.9	38.1	37.4

(Source: Company, HDFC sec)

### HDFC Sec Prime Research Rating description

#### Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. These stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

#### Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

#### Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicity of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

#### Rating Criteria

- Buy - > 15%+ return potential
- Add - +5% to +15% return potential
- Reduce - -10% to +5% return potential
- Sell - >10% downside return potential

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