Persistent Systems SELL

IT Services | Q2FY26 Result Update

CMP: Rs.5,338 | TP: Rs 5,220 | Downside 2%

DOLAT CAPITAL
IN-DEPTH-PRECISE-ACTIONABLE

Commentary turned better, though valuations remain rich

- **PSYS posted Rev. of $460mn, up 4.4% in CC terms (DE 3.9%), led by strong growth in BFSI, growing 7% QoQ, while other verticals also contributed healthily (Healthcare up 3.8%, Tech up 2.2%).**
- **EBIT margin rose 80bps QoQ to 16.3%, aided by +80bps from reduction in software license cost (reseller charges), +60bps FX, & +30bps offshoring; partly offset by -50bps higher doubtful debt (healthcare client), -20bps lower utilization, and -20bps higher D&A (Capex). Mgmt is confident of systemic OPM gains over FY25-FY27E.**
- **Healthy ACV/TCV wins (up 15% TTM basis) and a strong pipeline have led management to turn incrementally positive from its earlier cautious stance. We raise our FY26E/FY27E EPS estm by 3% each and introduce FY28E EPS at Rs.145. However, in view of overall macro-challenges, we believe valuations are full and thus maintain our 'SELL' rating with a TP of Rs 5,220 (valued at 36x FY28E EPS).**

Healthy Wins, Pipeline & Market Outlook

TCV bookings reached a record $609mn (up 14% YoY on TTM) with new bookings at $350mn, reflecting broad-based wins across BFSI, Hi-Tech, and Healthcare. Management reports improving customer confidence and the opening of pipelines (across segments) despite macroeconomic uncertainties. Execution capability emerges as the key differentiator, positioning Persistent to capture AI-led transformation opportunities, a notably contrasting outlook versus peers' cautious recovery stance.

Vertical & Geographical Performance & Strategic Positioning

BFSI grew 7% QoQ/30% YoY, led by ramp-ups in large clients (F100) and expansion among Fintech players. Europe region revenue surged 7% QoQ/38% YoY on healthy momentum among Hitech clientele. Healthcare (4% QoQ/6% YoY) shows positive momentum across scientific instruments, medical devices, pharma, and payers. Management targets $100mn quarterly revenue per sub-vertical as mentioned above in the long term (over the next 4-5 years while overall Healthcare currently stands at ~$100mn).

Operating Margin Expansion & Revenue Trajectory

Management reiterated its $2 bn revenue target by FY27 with disciplined margin expansion (200-300bps over FY25-FY27). Q2 EBIT margins improved by 80bps QoQ to 16.3% but would see Wage increments effective October, impacting margins by 180bps, which would also be offset by 80-100bps through offshoring optimization and subcontracting.

Key Data

Nifty	25,146
Equity / FV	Rs 779mn / Rs 10
Market Cap	Rs 824bn
	USD 9.3bn
52-Week High/Low	Rs 6,789/ 4,341
Avg. Volume (no)	5,17,898
Bloom Code	PSYS IN

	Current	Previous
Rating	SELL	SELL
Target Price	5,220	4,730

Change in Estimates

(Rs.bn)	Current		Chg (%)/bps	
	FY26E	FY27E	FY26E	FY27E
Revenue	144	165	2.7	4.1
EBITDA	26	30	5.6	8.4
EBITDA (%)	18.1	18.1	49	71
APAT	17	20	4.3	4.3
EPS (Rs)	111.4	125.2	3.3	3.3

Valuation (x)

	FY26E	FY27E	FY28E
P/E	47.9	42.6	36.8
EV/EBITDA	31.1	26.8	23.0
ROE (%)	25.3	24.2	23.9
RoACE (%)	26.0	24.8	24.4

Q2FY26 Result (Rs Mn)

Particulars	Q2FY26	YoY (%)	QoQ (%)
Revenue	35,807	23.6	7.4
Total Expense	28,969	19.9	6.4
EBITDA	6,838	42.2	11.8
Depreciation	1,000	34.3	6.7
EBIT	5,837	43.7	12.7
Other Income	331	17.0	(12.0)
Interest	0		
EBT	6,168	42.0	11.1
Tax	1,454	32.7	11.4
RPAT	4,715	45.1	10.9
APAT	4,715	45.1	10.9
		(bps)	(bps)
Gross Margin	36.0	258	70
EBITDA (%)	19.1	250	75
NPM (%)	13.2	195	42
Tax Rate (%)	23.6	(164)	8
EBIT (%)	16.3	228	77

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Exhibit 1: Quarterly performance versus estimates

Particulars (Rs mn)	Actual	Estimates		% Variation		Comment
		Dolat	Consensus	Dolat	Consensus	
USD Revenue	406	404	397	0.6	2.4	Traction in BFSI led revenue beat
INR Revenue	35,807	35,609	35,205	0.6	1.7	
EBIT	5,837	5,484	5,538	6.4	5.4	Large cost savings on the software charge led the beat
EBIT, margin (%)	16.3	15.4	15.7	90 bps	60 bps	
PAT	4,715	4,292	4,423	9.8	6.6	Better OI expanded the Beat

Source: Company, Dolat Capital

Change in Estimates

For FY26E/FY27E: Following the Q2 results, we have increased our USD rev forecasts by 1.2%/3% to positive notes of management commentary & continued healthy deal wins. We expand our OPM estm. by 30bps/37bps to account for offshoring optimization & subcontracting rationalization. We are also revising our EPS estimates upwards by 3.3% for both FY26/27E. We introduce FY28E, considering a 13% revenue growth & 30bps margin improvement, as long-term aspiration attainment efforts will support these increments.

Exhibit 2: Change in Estimates

Particulars (Rs. mn)	FY25A	FY26E			FY27E			FY28E
	Actual	Old	New	Chg.(%)	Old	New	Chg.(%)	Introduced
USD Revenue	1,409	1,623	1,644	1.2	1,809	1,863	3.0	2,112
YoY growth,	18.8	15.2	16.6	144 bps	11.5	13.4	190 bps	13.4
INR Revenue	119,387	1,40,354	1,44,162	2.7	1,58,313	1,64,880	4.1	1,88,006
YoY growth,	21.6	17.6	20.8	319 bps	12.8	14.4	158 bps	14.0
EBIT	17,512	21,054	22,053	4.7	23,853	25,449	6.7	29,530
EBIT Margin,	14.7	15.0	15.3	30 bps	15.1	15.4	37 bps	15.7
Net Profit	14,001	16,701	17,425	4.3	18,774	19,580	4.3	22,676
EPS (Rs)	90.7	107.8	111.4	3.3	121.2	125.2	3.3	145.0

Source: Dolat Capital, Company

What to expect next Quarter

We expect rev growth of 2.8% QoQ in Q3FY26, driven by the continued ramp-up from healthy TCV/ACV conversions. OPM is expected to dip by ~159 bps QoQ due to the full-Q wage hike impact of 180bps, absence of 1x tailwinds (Software charge, Fx), though cost optimization efforts might offset some effect.

Exhibit 3: What to expect next Quarter

Particulars (Rs. Mn)	Q3FY6E	Q2FY26	Q4FY25	QoQ (%)	YoY (%)
USD Revenue	418	406	360	2.8	15.9
INR Revenue	36,955	35,807	30,623	3.2	20.7
EBIT	5,438	5,837	4,557	(6.8)	19.3
PAT	4,168	4,715	3,730	(11.6)	11.8
EPS (Rs. Abs)	26.7	30.2	23.9	(11.6)	11.4
EBIT Margin (%)	14.7	16.3	14.9	(159 bps)	(17 bps)

Source: Company, Dolat Capital

Exhibit 4: Key Assumptions in Our Estimates

Key Assumptions	FY24A	FY25A	FY26E	FY27E	FY28E
USD revenue growth (%)	14.5	18.8	16.6	13.4	13.4
INR revenue growth (%)	17.6	21.6	20.8	14.4	14.0
EBIT margin (%)	14.4	14.7	15.3	15.4	15.7
EPS growth (%)	16.7	26.2	22.8	12.4	15.8
USD/INR	82.8	84.7	87.7	88.5	89.0

Source: Company, Dolat Capital

Exhibit 5: Key Growth Matrix

Growth YoY (%)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
USD Revenue	13.7	13.2	16.0	18.4	19.8	20.7	18.7	17.6
INR Revenue	15.2	14.9	17.9	20.1	22.6	25.2	21.8	23.6

Source: Company, Dolat Capital

Exhibit 6: Quarterly and YTD Trend

Particulars (mn)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY (%)	QoQ (%)	H1FY25	H1FY26	YoY (%)
USD Revenue	**346**	**360**	**375**	**390**	**406**	**17.6**	**4.2**	**674**	**796**	**18.1**
INR Revenue	**28,972**	**30,623**	**32,421**	**33,336**	**35,807**	**23.6**	**7.4**	**56,343**	**69,143**	**22.7**
Operating Expenses	24,164	25,245	26,577	27,220	28,969	19.9	6.4	46,984	56,189	19.6
Cost of revenue	19,294	20,000	21,117	21,576	22,924	18.8	6.2	37,623	44,500	18.3
as % of sales	66.6	65.3	65.1	64.7	*64.0*	(258 bps)	(70 bps)	*66.8*	*64.4*	(241 bps)
SG&A expenses	4,870	5,244	5,460	5,644	6,046	24.1	7.1	9,361	11,689	24.9
as % of sales	16.8	17.1	16.8	16.9	*16.9*	7 bps	(5 bps)	*16.6*	*16.9*	29 bps
EBITDA	**4,807**	**5,378**	**5,844**	**6,116**	**6,838**	**42.2**	**11.8**	**9,359**	**12,954**	**38.4**
Depreciation	745	821	791	938	1,000	34.3	6.7	1,457	1,938	33.0
EBIT	**4,062**	**4,557**	**5,053**	**5,178**	**5,837**	**43.7**	**12.7**	**7,902**	**11,016**	**39.4**
Other Income	283	263	(1)	376	331	17.0	(12.0)	448	707	57.8
PBT	4,345	4,820	5,052	5,554	6,168	42.0	11.1	8,350	11,722	40.4
Total Tax	1,095	1,090	1,095	1,305	1,454	32.7	11.4	2,037	2,758	35.4
Reported PAT	**3,250**	**3,730**	**3,958**	**4,249**	**4,715**	**45.1**	**10.9**	**6,314**	**8,964**	**42.0**
Reported EPS	**21.2**	**24.3**	**25.6**	**27.4**	**30.3**	**43.0**	**10.5**	**41.3**	**57.7**	**39.9**
Margins (%)						**(bps)**	**(bps)**			**(bps)**
EBIDTA	16.6	17.6	18.0	18.3	19.1	250 bps	75 bps	16.6	18.7	212
EBIT	14.0	14.9	15.6	15.5	16.3	228 bps	77 bps	14.0	15.9	191
EBT	15.0	15.7	15.6	16.7	17.2	223 bps	57 bps	14.8	17.0	213
PAT	11.2	12.2	12.2	12.7	13.2	195 bps	42 bps	11.2	13.0	176
Effective Tax rate	25.2	22.6	21.7	23.5	23.6	(164 bps)	8 bps	24.4	23.5	(86)

Source: Company

Earning Call KTAs

- **Revenue:** Reported revenue stood at $406mn (up 4.4% in CC), up 4.2% QoQ and 17.6% YoY in USD terms, driven by strong momentum in BFSI, while Tech and Healthcare provided modest support to overall growth.
- **Geography:** North America led with 79.8% of revenue and steady growth of 4.2% QoQ, Europe (9% of rev) grew robustly at 7.7% QoQ driven by digital client engagements, India's (9% of rev) Geo revenues declined by 2.1% but demand strong for platform and data engineering work, and the RoW recovered & grew 26% QoQ showed healthy broad-based growth.
- **Verticals:** BFSI led vertical growth with a 7% QoQ increase, supported by large digital transformation projects. Software, Hi-Tech, and Emerging Industries grew 2.2%, while Healthcare & Life Sciences experienced a growth of 3.8% as it saw good demand & traction specifically in Europe.
- **EBIT Margin Walkthrough:** The EBIT margin for Q2FY26 improved by 80 bps sequentially to 16.3% for Q2, supported by tailwinds including 80 bps from the removal of software license costs related to a large client, which would not be incurred again, 60 bps from favorable currency movements, and 30 bps from planned offshoring. These gains were partially offset by headwinds such as a 50bps impact from higher doubtful debt provisions regarding a client in the healthcare vertical, 20 bps from lower utilization, and 20 bps due to depreciation and amortization expenses on increased facility & IT related capex.
- **TCV & Deal wins:** Record high TCV for Q2 was $609mn (up ~14% YoY on TTM basis), with new bookings of $350mn, and a pipeline supported by multi-year, AI-led digital transformation deals. ACV stood at $448mn (up ~15% YoY on TTM basis). Strategic wins included collaborations with a cloud infrastructure provider and a global energy tech firm, as well as multiple deals in BFSI, healthcare, and life sciences, highlighting continued diversification and growth in large-scale projects.
- **Employees:** The company increased headcount by 884 to 26,224, with attrition marginally improved to 13.8%. Wage increments were rolled out from October 1, 2025, with an expected impact of 180bps on the next quarter's margins. Wages are aligned with industry standards, and the firm continues to invest in upskilling its workforce. The current utilization level stands at 88.2% vs 88.7% QoQ, which is expected to remain in this band for the near term. Management's long-term comfort lies in the 83-85% range.
- **Outlook:** Management remains confident of achieving its $2bn target in revenue by FY27, fueled by strong traction in large digital transformation deals and accelerating adoption of AI-led platform strategies. It reiterated that OPMs are projected to expand by 200–300 bps over the next two years, supported by continued investments in AI, platforms, and talent. With a robust deal pipeline, healthy renewals, and a focus on operational excellence, the company is well-positioned to sustain momentum and deliver strong, profitable growth despite some macro uncertainties.
- **AI Initiatives:** The Company has advanced extensively in AI, deploying over 50 internal agents across functions, winning awards and being recognized as a leader in Gartner's Generative AI quadrant. AI platform SASVA now holds 75 patents, with collaborations with Digital-Ocean and Anthropic.

Exhibit 7: Vertical Trend for the Quarter

Vertical	Amount ($ mn)	Mix (%)	QoQ (%)	YoY (%)	Incremental Revenue ($ mn)	% Contribution of Incremental Revenue
BFSI	141	35	7.0	29.9	9	56
Tech & Emerging Vertical	162	40	2.2	15.5	3	21
Healthcare	102	25	3.8	6.6	4	23
Total	**406**	**100**	**4.2**	**17.6**	**17**	**100**

Source: Company, Dolat Capital

Exhibit 8: Geography Trend for the Quarter

Geography	Amount ($ mn)	Mix (%)	QoQ (%)	YoY (%)	Incremental Revenue ($ mn)	% Contribution of Incremental Revenue
North America	324	80	4.2	15.4	13	80
Europe	38	9	7.7	38.4	3	16
India	37	9	(2.1)	17.6	(1)	-5
RoW	7	2	26.6	24.9	1	9
Total	**406**	**100**	**4.2**	**17.6**	**17**	**100**

Source: Company, Dolat Capital

Exhibit 9: Client Bucket Trend the Quarter

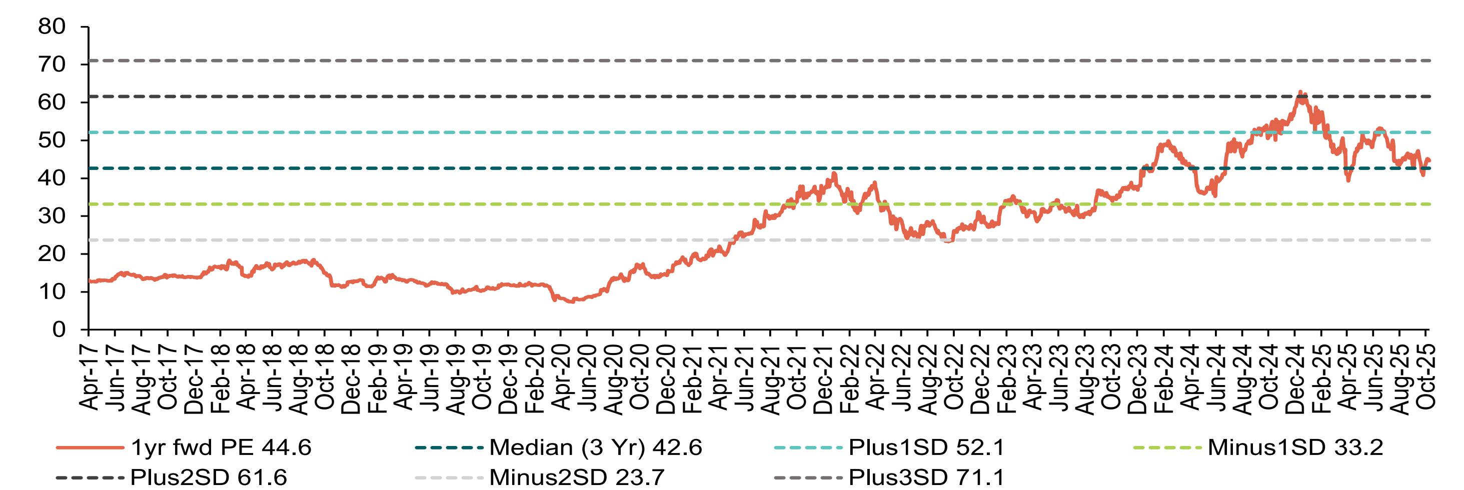
Client	Amount ($ mn)	Mix (%)	QoQ (%)	YoY (%)	Incremental Revenue ($ mn)	% Contribution of Incremental Revenue
Top 5 client	134	33	7.8	23.2	9.7	58.9
Top 6-10 client	42	10	5.3	19.9	2.1	12.7
Top 10 Client	175	43	7.2	22.4	11.8	71.5
Non-Top 10 clients	231	57	2.1	14.2	4.7	28.5
Total	**406**	**100**	**4.2**	**17.6**	**17**	**100.0**

Source: Company, Dolat Capital

Valuation

We believe **PSYS is well-positioned to deliver steady revenue growth**, which should drive a healthy ~17% EPS CAGR over FY25-28E. However, the stock's current valuation of 45x on a TMF basis is still rich, trading above its 3-year median of 42.6x. This elevated multiple despite weakening macros, in our view, leaves the stock price unfavorable on a risk-reward basis. Hence, we value the stock at 36x FY28E EPS (implies over 2x on PEG basis) of Rs. 145 with revised **TP of Rs. 5,220** and **maintain our 'SELL' rating on the stock.**

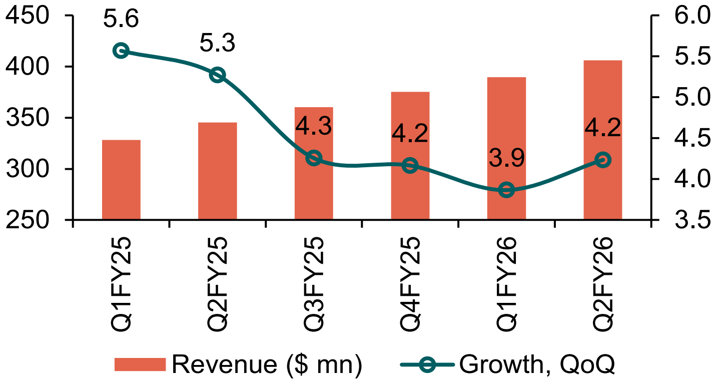
Exhibit 10: PSYS trades at 44.6x TMF (near 3yr median of 42.6x), implying modest valuations



Source: Company, Dolat Capital

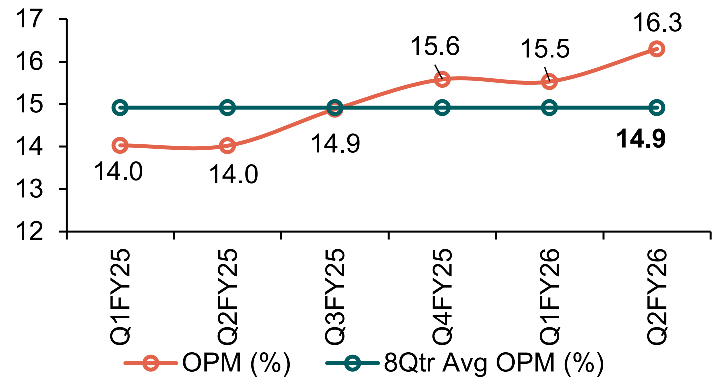
Story in Charts

Exhibit 11: Rev Grew by 4.2% in $ terms (4.4%CC)



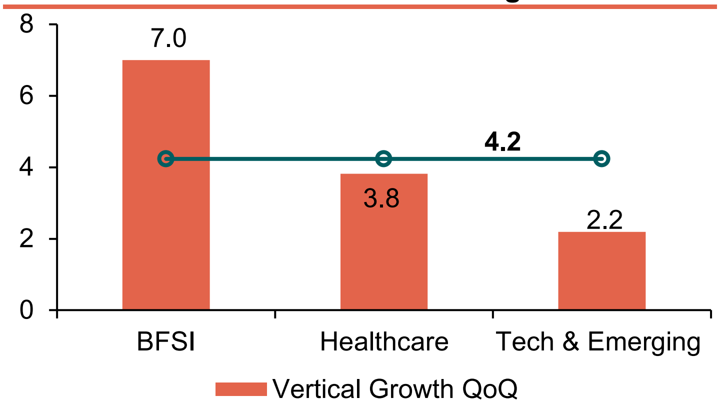
Source: Company, Dolat Capital

Exhibit 12: OPM of 16.3%, above prev. 8Q average



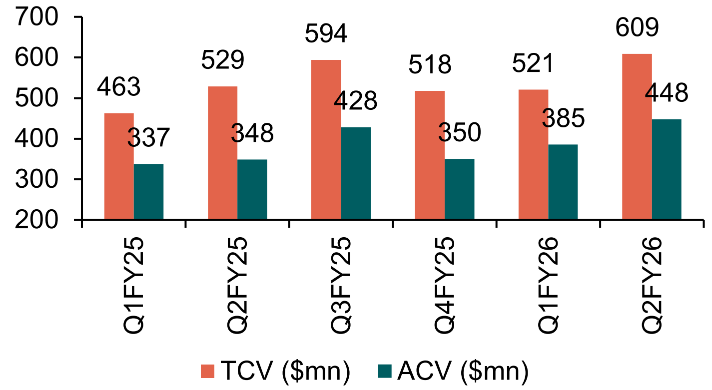
Source: Company, Dolat Capital

Exhibit 13: BFSI and Healthcare led growth



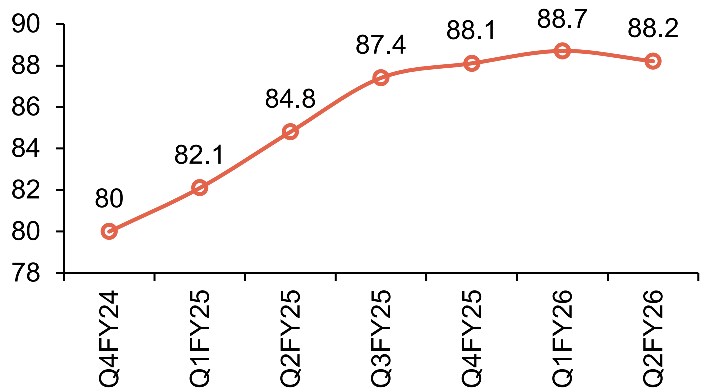
Source: Company, Dolat Capital

Exhibit 14: TCV/ACV at $609mn/$448mn



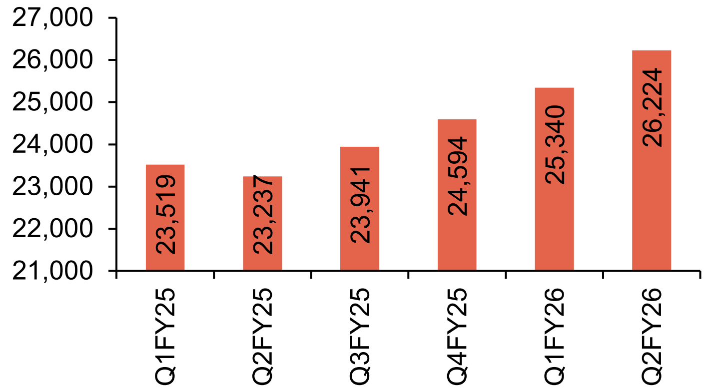
Source: Company, Dolat Capital

Exhibit 15: Utilization at fairly high levels of 88.2%



Source: Company, Dolat Capital

Exhibit 16: Headcount saw net add. of 884



Source: Company, Dolat Capital

Exhibit 17: Operating Metrics

Operating Metrics	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
$ Revenue	291.7	300.6	310.9	328.2	345.5	360.2	375.2	389.7	406.2
USD Growth, QoQ	3.1	3.0	3.4	5.6	5.3	4.3	4.2	3.9	4.2
USD Growth, YoY	14.1	13.7	13.2	16.0	18.4	19.8	20.7	18.7	17.6
Geographical Amount									
US & Canada	231.0	239.5	249.0	264.9	280.9	290.0	302.0	311.0	324.1
UK	27.7	26.7	24.2	25.6	27.3	29.5	31.5	35.1	37.8
India	28.3	30.1	31.4	32.2	31.8	33.9	34.9	38.2	37.4
RoW	4.7	4.2	6.2	5.6	5.5	6.8	6.8	5.5	6.9
Geographical YoY % Growth									
US & Canada	15.0	17.5	16.4	18.2	21.6	21.0	21.3	17.4	15.4
UK	30.6	12.4	(14.2)	(6.7)	(1.5)	10.4	30.0	37.0	38.4
India	(3.7)	(7.6)	14.4	14.8	12.3	12.7	11.1	18.7	17.6
RoW	14.1	(0.5)	25.8	64.4	18.4	62.6	8.6	(2.2)	24.9
Vertical Amount									
BFSI	94.2	93.8	95.4	101.1	108.8	114.2	121.2	132.1	141.4
CMT	141.2	141.3	140.2	139.5	140.6	145.9	153.5	159.0	162.5
Healthcare	56.3	65.5	75.2	87.6	96.0	100.1	100.6	98.6	102.4
Vertical YoY % Growth									
BFSI	12.4	8.8	7.6	7.3	15.5	21.8	27.0	30.7	29.9
CMT	16.3	11.8	6.4	2.5	(0.4)	3.3	9.4	14.0	15.5
Healthcare	11.8	26.5	39.1	66.5	70.6	52.3	33.7	12.5	6.6
Top Client Amount									
Top 5 client	82.6	84.2	90.8	100.8	108.5	110.9	122.7	123.9	133.6
Top 6-10 client	32.7	34.0	33.6	35.4	34.9	33.1	35.6	39.7	41.8
Top 10 clients	115.2	118.1	124.4	136.2	143.4	144.1	158.3	163.7	175.5
Non-Top 10 clients	176.5	182.4	186.5	192.0	202.1	216.1	216.9	226.0	230.7
Top Client YoY % Growth									
Top 5 client	20.1	28.9	24.8	27.7	31.4	31.8	35.2	47.3	23.2
Top 6-10 client	30.5	24.7	12.2	7.1	6.8	(2.4)	6.2	17.0	19.9
Top 10 clients	22.9	27.7	21.1	21.6	24.4	22.0	27.3	38.6	22.4
Non-Top 10 clients	9.1	6.2	8.5	12.4	14.5	18.5	16.3	23.9	14.2
Client Engagement Size									
Large > USD 5M	39	38	40	41	43	47	55	56	56
Medium > USD 1M, < USD 5M	136	138	138	137	141	142	136	135	135
Active Billed Clients	375	375	382	374	379	383	371	NA	NA
DSO	66	66	63	67	68	64	58	56	54
Employee Data									
Technical	21,263	21,738	22,224	21,866	21,675	22,407	23,072	23,787	24,608
Sales and BD	443	465	484	510	492	489	485	496	510
Others	1,136	1,133	1,142	1,143	1,070	1,046	1,037	1,057	1,106
Total Employees	22,842	23,336	23,850	23,519	23,237	23,941	24,594	25,340	26,224
Attrition Rate (LTM)	13.5	11.9	11.5	11.9	12.0	12.6	12.9	13.9	13.8
Reported Utilization	80.6	81.5	80.0	82.1	84.8	87.4	88.1	88.7	88.2

Source: Company, Dolat Capital

Financial Performance

Profit and Loss Account

(Rs Mn)	FY25A	FY26E	FY27E	FY28E
Revenue	**1,19,387**	**1,44,162**	**1,64,880**	**1,88,006**
Total Expense	**98,806**	**1,18,110**	**1,34,984**	**1,53,624**
COGS	78,740	93,413	1,07,220	1,22,146
Employees Cost	0	0	0	0
Other expenses	20,065	24,697	27,763	31,478
EBIDTA	**20,582**	**26,052**	**29,896**	**34,382**
Depreciation	3,069	3,999	4,447	4,852
EBIT	**17,512**	**22,053**	**25,449**	**29,530**
Interest	0	0	0	0
Other Income	710	802	484	704
Exc. / E.O. items	0	0	0	0
EBT	**18,223**	**22,855**	**25,934**	**30,235**
Tax	4,221	5,430	6,354	7,559
Minority Interest	**0**	**0**	**0**	**0**
Profit/Loss share of associates	0	0	0	0
RPAT	14,001	17,425	19,580	22,676
Adjustments	0	0	0	0
APAT	**14,001**	**17,425**	**19,580**	**22,676**

Balance Sheet

(Rs Mn)	FY25A	FY26E	FY27E	FY28E
Sources of Funds				
Equity Capital	779	779	779	779
Minority Interest	0	0	0	0
Reserves & Surplus	62,411	73,737	86,435	1,01,604
Net Worth	**63,191**	**74,516**	**87,215**	**1,02,383**
Total Debt	0	20	70	170
Net Deferred Tax Liability	(1,874)	(1,924)	(1,994)	(2,084)
Total Capital Employed	**61,317**	**72,612**	**85,291**	**1,00,470**
Applications of Funds				
Net Block	**26,143**	**29,493**	**32,196**	**35,095**
CWIP	42	92	117	132
Investments	9,803	9,803	9,803	9,803
Current Assets, Loans & Advances	**49,354**	**60,727**	**73,748**	**89,317**
Current Investments	0	0	0	0
Inventories	0	0	0	0
Receivables	19,142	23,572	26,413	29,509
Cash and Bank Balances	10,255	14,403	22,479	32,236
Loans and Advances	0	0	0	0
Other Current Assets	19,957	22,752	24,856	27,573
Less: Current Liabilities & Provisions	**24,025**	**27,503**	**30,574**	**33,877**
Payables	8,886	10,493	11,971	13,553
Other Current Liabilities	15,139	17,010	18,604	20,324
sub total				
Net Current Assets	25,329	33,224	43,174	55,440
Total Assets	**61,317**	**72,612**	**85,291**	**1,00,470**

E – Estimates

Important Ratios

Particulars	FY25A	FY26E	FY27E	FY28E
(A) Margins (%)				
Gross Profit Margin	34.0	35.2	35.0	35.0
EBIDTA Margin	17.2	18.1	18.1	18.3
EBIT Margin	14.7	15.3	15.4	15.7
Tax rate	23.2	23.8	24.5	25.0
Net Profit Margin	11.7	12.1	11.9	12.1
(B) As Percentage of Net Sales (%)				
COGS	66.0	64.8	65.0	65.0
Employee	0.0	0.0	0.0	0.0
Other	16.8	17.1	16.8	16.7
(C) Measure of Financial Status				
Gross Debt / Equity	0.0	0.0	0.0	0.0
Interest Coverage				
Inventory days	0	0	0	0
Debtors days	59	60	58	57
Average Cost of Debt	0.0	0.0	0.0	0.0
Payable days	33	32	32	32
Working Capital days	46	48	46	45
FA T/O	4.6	4.9	5.1	5.4
(D) Measures of Investment				
AEPS (Rs)	90.7	111.4	125.2	145.0
CEPS (Rs)	110.6	137.0	153.6	176.0
DPS (Rs)	35.3	39.0	44.0	48.0
Dividend Payout (%)	39.0	35.0	35.1	33.1
BVPS (Rs)	409.4	476.4	557.6	654.6
RoANW (%)	24.8	25.3	24.2	23.9
RoACE (%)	25.1	26.0	24.8	24.4
RoAIC (%)	38.4	40.4	42.1	45.1
(E) Valuation Ratios				
CMP (Rs)	5338	5338	5338	5338
Mcap (Rs Mn)	8,23,898	8,23,898	8,23,898	8,23,898
EV	8,13,643	8,09,515	8,01,489	7,91,832
MCap/ Sales	6.9	5.7	5.0	4.4
EV/Sales	6.8	5.6	4.9	4.2
P/E	58.8	47.9	42.6	36.8
EV/EBITDA	39.5	31.1	26.8	23.0
P/BV	13.0	11.2	9.6	8.2
Dividend Yield (%)	0.7	0.7	0.8	0.9
(F) Growth Rate (%)				
Revenue	21.6	20.8	14.4	14.0
EBITDA	19.4	26.6	14.8	15.0
EBIT	23.8	25.9	15.4	16.0
PBT	25.9	25.4	13.5	16.6
APAT	23.9	24.5	12.4	15.8
EPS	22.1	22.8	12.4	15.8

E – Estimates

Cash Flow

Particulars	FY25A	FY26E	FY27E	FY28E
Profit before tax	**18,223**	**22,855**	**25,934**	**30,235**
Depreciation & w.o.	3,069	3,999	4,447	4,852
Net Interest Exp	675	(802)	(484)	(704)
Direct taxes paid	(5,114)	(5,430)	(6,354)	(7,559)
Change in Working Capital	(6,233)	(3,796)	(1,944)	(2,599)
Non Cash	950	0	0	0
(A) CF from Operating Activities	**11,569**	**16,826**	**21,598**	**24,224**
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(2,420)	(7,400)	(7,175)	(7,765)
Free Cash Flow	**9,639**	**9,426**	**14,423**	**16,459**
(Inc)./ Dec. in Investments	(2,494)	0	0	0
Other	570	802	484	704
(B) CF from Investing Activities	**(4,344)**	**(6,598)**	**(6,691)**	**(7,061)**
Issue of Equity/ Preference	1,846	0	0	0
Inc./(Dec.) in Debt	(2,061)	20	50	100
Interest exp net	(373)	0	0	0
Dividend Paid (Incl. Tax)	(4,600)	(6,100)	(6,882)	(7,507)
Other	(1,094)	0	0	0
(C) CF from Financing	**(6,282)**	**(6,080)**	**(6,832)**	**(7,407)**
Net Change in Cash	931	4,148	8,076	9,756
Opening Cash balances	**6,743**	**7,675**	**11,823**	**19,899**
Closing Cash balances	**7,675**	**11,823**	**19,899**	**29,656**

E – Estimates

Notes

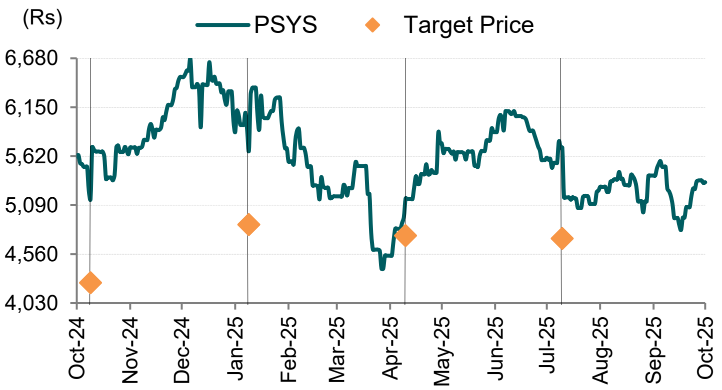
Stock Info and Rating History

Price Performance

Particulars	1M	3M	12M
Absolute (%)	(1)	(5)	(5)
Rel to NIFTY (%)	(1)	(5)	(5)

Shareholding Pattern

Particulars	Mar'25	Jun'25	Sep'25
Promoters	30.7	30.6	30.6
MF/Banks/FIs	26.9	27.8	30.6
FIIs	24.4	24.2	21.2
Public / Others	18.1	17.5	17.6



Month	Rating	TP (Rs.)	Price (Rs.)
Oct-24	SELL	4,250	5,158
Jan-25	SELL	4,880	5,683
Apr-25	SELL	4,760	5,164
Jul-25	SELL	4,730	5,714

Price as on recommendation date

Notes

Dolat Rating Matrix

Total Return Expectation (12 Months)

Buy	**> 20%**
Accumulate	**10 to 20%**
Reduce	**0 to 10%**
Sell	**< 0%**

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The research analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

I. Analyst(s) and Associate (S) holding in the Stock(s): (Nil)

II. Disclaimer:

DOLAT CAPITAL

IN-DEPTH-PRECISE-ACTIONABLE

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