

Persistent Systems | BUY

A near-perfect quarter

PSYS' 2Q performance addressed most of investor concerns, in our view. Revenues grew 4.4% cc QoQ, exceeding expectations (JMFe: 3.4%). Rebound in Healthcare & Lifesciences (+3.8% QoQ) and top-5 clients (7.8%) indicate PSYS is offsetting planned offshoring in its top account and navigating regulatory challenges in this vertical well, allaying concerns. Sharp pick-up in ACV (+28% YoY), which was tracking below revenue growth, should build-back confidence in growth sustaining into FY27. Only soft spot was 10% decline in net new TCV even as overall TCV grew 15%. That could be attributable to quarterly fluctuations, in our view. License revenue share, another investors' worry, fell 120bps, implying an even stronger 5.6% QoQ services growth. That (+80bps), along with offshoring and FX benefit aided margin beat. EBIT margins expanded 80bps (JMFe: 50bps), positioning PSYS comfortably to achieve its 100bps margin expansion in FY26, despite wage hike ahead. PSYS' consistent strong performance, despite unchanged macro, underlines its head-start in AI-offerings, relentless execution and an eye on client diversification. This is a strong blue-print for predictable growth. We therefore raise our FY26-28E cc growth 150-220bps, though keep margin estimates largely unchanged, driving 1.5-4.5% EPS increase. Such consistency merits premium valuation. BUY.

- **2QFY26 – strong performance:** PSYS reported 4.4% cc QoQ growth, a beat on JMFe: 3.4%. BFSI (+7% QoQ; USD terms) and Hi-tech (+2.2%) demonstrated growth and Healthcare & Life Sciences (+3.8%) also picked up. Interestingly, while growth was led by top 10 accounts with top 5/6-10 cohorts growing 7.8%/5.3% QoQ in USD terms, top 11-20 cohort saw a 1.1% decline. EBIT margin increased 80bps to 16.3%, a beat on JMFe: 16.0%. Software-license cost reduction (+80bps), FX movement (+60bps), planned offshore transition (+30bps) aided margins, while higher doubtful debt provisions (-50bps), lower utilization (-20bps), and higher depreciation and amortization costs (-20bps) were headwinds. PAT came in at INR 4,715mn (+10.9% QoQ), a beat on expectations (JMFe: INR 4,552mn).
- **Deal wins and outlook:** TCV/ACV for the quarter grew by 15.2%/28.6% YoY. Book-to-bill increased to 1.5x after 1.34x in Q1, which was an eight quarter low. ACV/TCV ratio increased to 74% (+770bps YoY). Management highlighted that while the macro environment has not changed, customers are increasingly adapting to and operating within the current environment. While BFSI continues to anchor growth, Hi-tech and software vertical expected to remain stable, and Healthcare expected to recover. Client discussions remain active across platform-led and modernization programs, with SASVA and GenAI gaining traction. For now, the company reiterated 200-300bps margin expansion target by FY27 end (+100bps in FY26, and +100bps in FY27), to be supported by margin levers and platform productivity. Wage hikes are now effective Oct 1, 2025 onwards. Management expects ~180bps impact of the wage hike in Q3, to be partially offset (~80-100bps) by margin levers including offshoring, utilization, subcontractor rationalization, SG&A optimization and ESOP cost reduction.
- **Increase EPS by 1.5-4.5%; Maintain BUY:** We have raised FY26-27E cc revenue growth by 150-220bps, on the back of pick up in ACV (+28% YoY). Largely unchanged margin assumptions however drive 1.5-4.5% EPS change. We continue to value the stock at 40x, justified in our view. Maintain BUY.



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	6,140
Upside/(Downside)	15.0%
Previous Price Target	5,870
Change	4.6%

Key Data – PSYS IN

Current Market Price	INR5,338
Market cap (bn)	INR834.8/US\$9.4
Free Float	68%
Shares in issue (mn)	76.4
Diluted share (mn)	158.6
3-mon avg daily val (mn)	INR2,813.6/US\$31.7
52-week range	6,789/4,149
Sensex/Nifty	82,030/25,146
INR/US\$	88.8

Price Performance

%	1M	6M	12M
Absolute	-1.4	17.5	-5.0
Relative*	-1.6	9.9	-5.2

* To the BSE Sensex

Financial Summary

(INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	98,216	1,19,387	1,45,341	1,69,804	1,94,871
Sales Growth (%)	17.6	21.6	21.7	16.8	14.8
EBITDA	17,243	20,581	27,019	31,683	36,791
EBITDA Margin (%)	17.6	17.2	18.6	18.7	18.9
Adjusted Net Profit	11,297	14,001	18,874	22,554	25,600
Diluted EPS (INR)	146.9	89.0	119.0	142.2	161.4
Diluted EPS Growth (%)	143.7	-39.4	33.7	19.5	13.5
ROIC (%)	37.2	36.2	38.6	41.8	49.1
ROE (%)	25.3	24.8	27.5	27.7	26.4
P/E (x)	36.3	60.0	44.9	37.5	33.1
P/B (x)	8.3	13.2	11.4	9.5	8.0
EV/EBITDA (x)	22.8	19.0	14.3	11.9	9.6
Dividend Yield (%)	0.6	0.7	0.9	0.9	1.1

Source: Company data, JM Financial. Note: Valuations as of 14/Oct/2025

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Key Highlights from the call

- **Demand:** Management noted broad-based YoY growth across all key verticals, led by BFSI, followed by Hi-tech, and then HLS. Leadership highlighted continued traction in cost-optimization, modernization, and cloud transformation programs, even as the overall macro environment remained largely unchanged. The company mentioned that clients are now more accustomed to operating in the current environment, with steady pipeline conversion and renewals providing visibility for the coming quarters. PSYS also indicated increasing activity in data readiness and AI-driven initiatives, as enterprises seek measurable productivity gains and operational efficiency.
- **Outlook:** Management expressed confidence in sustaining growth momentum, supported by strong deal wins, healthy renewals, and expanding engagement with existing clients. Leadership highlighted that the company is proactively approaching its top 100 customers (which together contribute 80%+ of revenues) with tailored AI-led propositions to deepen relationships and drive incremental growth. The company emphasized its intent to go deeper within existing verticals, leveraging domain strengths and differentiated solutions to expand share of wallet. Management also underscored the need to move faster than peers in taking new AI capabilities and modernization offerings to market, noting that their agile execution model and early investments in AI position it well to capitalize on emerging opportunities.
- **Margin:** The company reported an EBIT margin of 16.3% in Q2FY26, expanding by 80bps QoQ and 230bps YoY. Management noted that improvement was driven by multiple tailwinds - including a software-license cost roll-off (+80bps), favorable forex movement (+60bps), and planned offshoring initiatives (+30bps). These gains were partially offset by headwinds - higher doubtful-debt provisions (-50bps), lower utilization (-20bps), and higher depreciation and amortization (-20bps). Leadership highlighted that the wage hike, effective Oct 1, 2025, is expected to exert a headwind of ~180bps in Q3FY26. However, they expect this to be mitigated by margin levers including offshoring, utilization, subcontractor rationalization, SG&A optimization and ESOP cost reduction, offsetting ~80-100bps of the wage hike impact. For the medium term, management reiterated its trajectory of ~100bps margin expansion in FY26 and 100bps in FY27, translating into achieving 200-300bps expansion target. Beyond this, the company intends to prioritize growth.
- **Bookings:** TCV for Q1 FY26 came in at USD 609mn, with new bookings contributing USD 351mn and an ACV of USD 448mn. Management noted that revenue conversion is supported by both recent ACV and multi-year deal executions. They noted that the performance was broad-based, supported by large and multi-year engagements across key verticals. Leadership emphasized that the quality and diversity of their wins and the strong pipeline and position them well for sustained growth across verticals.
- **Segments:** BFSI emerged as the strongest performing vertical in Q2, reporting 30% YoY growth driven by transformation and modernization programs across sub-verticals. **Hi-tech and Software** also posted healthy growth of 15.5% YoY, supported by strong traction in product engineering, cloud infrastructure, and AI-led development programs. **Healthcare & Life Sciences** grew 6.6% YoY aided by digital experience modernization. Leadership emphasized that while BFSI continues to be the primary growth driver, steady demand in Hi-Tech and early signs of recovery in Healthcare provide a balanced growth outlook across verticals.
- **AI strategy:** Leadership outlined their AI strategy built on three foundational pillars – AI for Technology, AI for Business, and Enterprise Data Readiness for AI. They noted that these are supported by enablers around AI infrastructure, workforce transformation, and responsible AI practices. The company highlighted continued progress on its AI platforms, particularly SASVA, which now includes an on-premise deployment option and optimized GPU infrastructure, alongside 20+ new patents filed during the quarter, taking the total to 75.
- **Supply:** Persistent closed Q2 FY26 with a headcount of 26,224, marking a net addition of 884 employees QoQ. TTM attrition remained stable at 13.8%. Wage hikes were implemented for all employees, effective from Oct 1, 2025. They highlighted that utilization stood at 88.2%, declining sequentially but remaining above the company's comfort range of 83-85%, which management described as sustainable for supporting both growth and capability-building.

Management reported growth across all key verticals, led by BFSI, followed by Hi-tech, and then HLS

Margin Walk: (+80 bps)

Tailwinds-

Software-license cost reduction: +80bps

FX gains: +60bps

Offshoring transition initiative: +30bps

Headwinds-

Higher doubtful debt provision: -50bps

Lower utilization: -20bps.

Higher depreciation & amortization: -20bps.

Management expects strong growth momentum to continue in BFSI and growth revival in Healthcare

Wage hikes effective from Oct 1, 2025

Exhibit 1. 2QFY26 result summary

	2Q26 A	1Q26 A	Change (QoQ)	Estimate (JMFe)	Variance (vs. JMFe)	Estimate (Consensus)	Variance (vs. consensus)	QoQ estimate	
								JMFe	Consensus
USD-INR	88.15	85.54	3.1%	87.40	0.9%	87.40	0.9%	2.2%	2.2%
Revenue (USD mn)	406	390	4.2%	404	0.6%	394	3.1%	3.7%	1.1%
Revenue (INR mn)	35,807	33,336	7.4%	35,306	1.4%	35,015	2.3%	5.9%	5.0%
EBIT - Reported (INR mn)	5,837	5,178	12.7%	5,651	3.3%	5,529	5.6%	9.1%	6.8%
EBIT margin	16.3%	15.5%	77bp	16.0%	30bp	15.8%	51bp	47bp	26bp
PAT (INR mn)	4,715	4,249	10.9%	4,552	3.6%	4,416	6.8%	7.1%	3.9%
EPS (INR)	30.31	27.43	10.5%	29.38	3.2%	28.50	6.3%	7.1%	3.9%

Source: Company, Visible Alpha, JM Financial estimates

2QFY26 result review

Exhibit 2. Key financials

	1Q25	2Q25	3Q25	4Q25	FY25	1Q26	2Q26
Cons. revenues (USD m)	328.2	345.5	360.2	375.2	1,409.1	389.7	406.2
<i>Change (YoY)</i>	5.6%	18.4%	19.8%	20.7%	18.8%	18.7%	17.6%
Cons. revenues (Rs m)	27,372	28,972	30,623	32,421	119,387	33,336	35,807
<i>Change (QoQ/YoY)</i>	5.7%	5.8%	5.7%	5.9%	21.6%	2.8%	7.4%
Cost of revenues	18,329	19,294	20,000	21,117	78,740	21,576	22,924
Gross profit	9,043	9,678	10,622	11,304	40,647	11,760	12,883
Gross margin	33.0%	33.4%	34.7%	34.9%	34.0%	35.3%	36.0%
Total operating expense	4,491	4,870	5,244	5,460	20,066	5,644	6,046
EBITDA	4,552	4,807	5,378	5,844	20,581	6,116	6,838
EBITDA margin	16.6%	16.6%	17.6%	18.0%	17.2%	18.3%	19.1%
Depreciation & amortization	712	745	821	791	3,069	938	1,001
EBIT	3,840	4,062	4,557	5,053	17,512	5,178	5,837
EBIT margin	14.0%	14.0%	14.9%	15.6%	14.7%	15.5%	16.3%
Other income	165	283	263	-1	710	376	331
Profit before tax	4,005	4,345	4,820	5,052	18,223	5,554	6,168
Income tax expense	941	1,095	1,091	1,095	4,222	1,305	1,454
PAT	3,064	3,250	3,730	3,958	14,001	4,249	4,715
Adjusted Basic EPS	20.08	21.19	24.27	25.64	91.23	27.21	30.31
<i>Change (QoQ/YoY)</i>	-3.0%	5.5%	14.1%	6.1%	26.7%	8.0%	9.9%

Source: Company, JM Financial

Revenue growth was led by BFSI, all three verticals saw sequential growth.

Europe and America saw sequential growth, while India saw a decline.

Management confident of 100bps margin expansion in FY26, and optimistic about achieving 200-300bps expansion target by FY27.

Exhibit 3. Vertical portfolio

	2Q25	3Q25	4Q25	1Q26	2Q26
Industry segment					
BFSI	32%	32%	32%	34%	35%
Healthcare & Lifesciences	28%	28%	27%	25%	25%
Technology Cos & Emerging verticals	41%	41%	41%	41%	40%
Revenue (USD mn and QoQ growth)					
BFSI	109	114	121	132	141
<i>Change QoQ</i>	7.7%	4.9%	6.1%	9.0%	7.0%
Healthcare & Lifesciences	96	100	101	99	102
<i>Change QoQ</i>	9.6%	4.3%	0.4%	-1.9%	3.8%
Technology Cos & Emerging verticals	141	146	153	159	162
<i>Change QoQ</i>	0.8%	3.7%	5.2%	3.6%	2.2%

Source: Company, JM Financial

Utilization levels decreased sequentially by 50bps to 88.2%.

Exhibit 4. Key manpower metrics

	2Q25	3Q25	4Q25	1Q26	2Q26
Total	23,237	23,942	24,594	25,350	26,224
Technical	21,675	22,407	23,072	23,797	24,608
Sales & Business Development	492	489	485	496	510
Support	1,070	1,046	1,037	1,057	1,106
Net additions - Technical	-549	732	665	725	1,536
- As % of opening base	-2.3%	3.2%	2.8%	2.9%	6.1%
Attrition - LTM	12.0%	12.6%	12.9%	13.9%	13.8%
Blended utilization	84.8%	87.4%	88.1%	88.7%	88.2%

Source: Company, JM Financial

Exhibit 5. PSYS margin walk – 1Q25-2Q26

(March YE basis)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26
Salary increase		-210bp				
Utilisation	90bp	120bps	70bps	20bps		-20bps
Sub-Contractor expenses	-210bp	70bps	70bps			
Visa cost	-60bp	60bps				
Onsite/offshore mix					-100bps	+30bps
Software license cost						+80bps
Travel						
Furloughs			-60bps			
IP Revenue				-40bps		
SG&A	-70bp			30bps		
Operational efficiency	90bp					
Reversal of Earn-out credit	60bp	-60bps	-100bps	20bps	-60bps	
Higher provision for doubtful debts						-50bps
Change in useful life of assets	40bp					
Employee benefit rationalisation	10bp	-130bp				
Amortisation					-40bps	-20bps
ESOP issuance		-60bps	20bps		+230bps	
Others (FX+ Pricing benefits+ Lower resale b/s)		210bps	40bps	40bps	-40bps	+60bps
Net Expansion/(Contraction) in margins	-50bp	0bp	90bps	70bps	-10bps	+80bps

Source: Company, JM Financial

Exhibit 6. Geographic distribution

	2Q25	3Q25	4Q25	1Q26	2Q26
Geography: Revenue mix					
North Americas	81%	81%	81%	80%	80%
Europe	8%	8%	8%	9%	9%
India	9%	9%	9%	10%	9%
ROW	2%	2%	2%	1%	2%
Revenue (USD mn and QoQ growth)					
North Americas	281	290	302	311	324
Change QoQ	6.1%	3.2%	4.2%	3.0%	4.2%
Europe	27	30	32	35	38
Change QoQ	6.6%	8.2%	6.7%	11.3%	7.7%
India	32	34	35	38	37
Change QoQ	-1.2%	6.5%	3.1%	9.4%	-2.1%
ROW	6	7	7	5	7
Change QoQ	-0.9%	23.8%	-1.3%	-19.2%	26.6%

Source: Company, JM Financial

Exhibit 7. Key client metrics

	2Q25	3Q25	4Q25	1Q26	2Q26
Revenue concentration					
Top 5 clients	31.4%	30.8%	32.7%	31.8%	32.9%
Top 10 clients	41.5%	40.0%	42.2%	42.0%	43.2%
Non-Top10 clients	58.5%	60.0%	57.8%	58.0%	56.8%
Revenue growth					
Top-5 clients	7.7%	2.3%	10.6%	1.0%	7.8%
Top-6 to 10 clients	-1.6%	-5.0%	7.6%	11.5%	5.3%
Top-10 clients	5.3%	0.5%	9.9%	3.4%	7.2%
Non-Top 10 clients	5.1%	6.9%	0.3%	4.2%	2.1%
Relationship distribution					
USD 75 mn +	3	3	4	4	4
Change QoQ	0	0	1	0	0
USD 50 mn - USD 75mn	1	1	0	0	0
Change QoQ	0	0	-1	0	0
USD 20 mn - USD 50mn	6	6	6	8	8
Change QoQ	0	0	0	2	0
USD 10 mn - USD 20mn	11	12	11	10	13
Change QoQ	2	1	-1	-1	3
USD 5 mn - USD 10mn	22	25	34	34	31
Change QoQ	0	3	9	0	-3
USD 1 mn - USD 5mn	141	142	136	135	135
Change QoQ	4	1	-6	-1	0

Source: Company, JM Financial

Maintain BUY, TP revised to 6,140.

We have revised our cc growth expectations upward by 150-220bps over FY26-27E. This translates to 1.3-3.2% increase in our USD revenue estimates. We are building revenue of USD 1.9bn vs management's stated target of USD 2bn for FY27E. Our margin estimates see limited changes. We expect EBIT Margin of 15.8% for FY26E and build 30bps/20bps margin expansion for FY27E/FY28E. Changes to our growth estimates drive 3-7% increase in our PAT estimates. EPS estimates have been revised by 1.5-4.5%. We continue to value the stock at 40x. We maintain BUY with a revised TP of 6,140 (from 5,870 earlier).

Exhibit 8. What has changed

	Old			New			Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Exchange rate (INR/USD)	87.52	88.50	88.50	87.72	88.50	88.50	0.2%	0.0%	0.0%
Consolidated revenue (USD mn)	1,636	1,858	2,102	1,657	1,919	2,202	1.3%	3.2%	4.8%
Growth in cc revenues (YoY)	16.1%	13.6%	13.1%	17.6%	15.8%	14.8%	149bp	220bp	168bp
Consolidated revenue (INR mn)	143,185	164,476	185,991	145,341	169,804	194,871	1.5%	3.2%	4.8%
EBITDA margin	18.4%	18.5%	18.3%	18.6%	18.7%	18.9%	19bp	19bp	59bp
EBIT margin	15.7%	16.1%	16.1%	15.8%	16.1%	16.3%	15bp	6bp	19bp
Adjusted PAT (INR mn)	18,279	21,545	23,975	18,874	22,554	25,600	3.3%	4.7%	6.8%
Adjusted EPS (INR)	117.8	138.8	154.5	119.7	142.2	161.4	1.6%	2.4%	4.5%

Source: JM Financial estimates

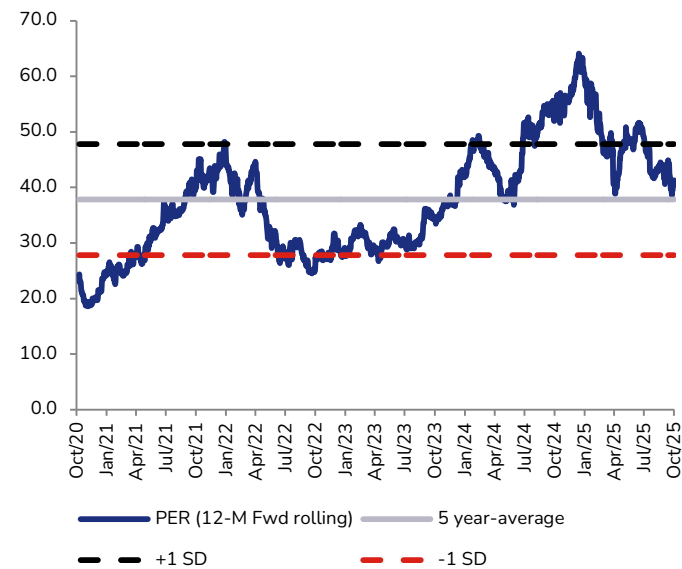
Exhibit 9. JMFe vs. Consensus estimates

	Consensus			JMFe			Difference		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales (USD mn)	1,660	1,950	2,250	1,657	1,919	2,202	-0.2%	-1.6%	-2.2%
Sales (INR mn)	1,42,229	1,67,161	1,92,867	145,341	169,804	194,871	2.2%	1.6%	1.0%
EBITDA (INR mn)	25,242	30,264	35,068	27,019	31,683	36,791	7.0%	4.7%	4.9%
EBITDA margin (%)	17.7%	18.1%	18.2%	18.6%	18.7%	18.9%	84bp	55bp	70bp
EBIT (INR mn)	21,830	26,458	31,105	23,018	27,376	31,741	5.4%	3.5%	2.0%
EBIT margin (%)	15.3%	15.8%	16.1%	15.8%	16.1%	16.3%	49bp	29bp	16bp
EPS (INR)	112.6	136.7	160.7	119.7	142.2	161.4	6.3%	4.0%	0.4%

Note: Consensus estimates as of 9th Oct and may not reflect changes in estimates post result. Source: Visible Alpha, JM Financial estimates

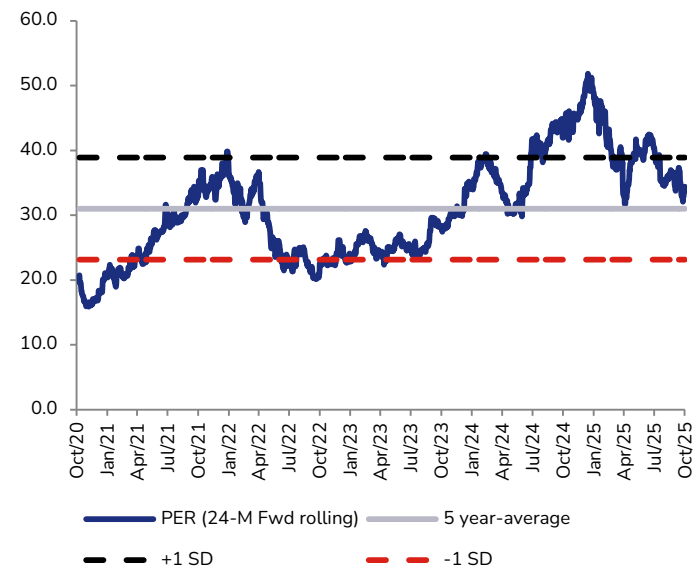
Valuation charts

Exhibit 10. PSYS 12-M fwd PER, 5 years



Source: Bloomberg, JM Financial

Exhibit 11. PSYS 24-M fwd PER, 5 years



Source: Bloomberg, JM Financial

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	98,216	1,19,387	1,45,341	1,69,804	1,94,871
Sales Growth	17.6%	21.6%	21.7%	16.8%	14.8%
Other Operating Income	0	0	0	0	0
Total Revenue	98,216	1,19,387	1,45,341	1,69,804	1,94,871
Cost of Goods Sold/Op. Exp	65,231	78,740	93,906	1,09,897	1,25,732
Personnel Cost	0	0	0	0	0
Other Expenses	15,742	20,066	24,416	28,224	32,349
EBITDA	17,243	20,581	27,019	31,683	36,791
EBITDA Margin	17.6%	17.2%	18.6%	18.7%	18.9%
EBITDA Growth	13.5%	19.4%	31.3%	17.3%	16.1%
Depn. & Amort.	3,094	3,069	4,001	4,307	5,049
EBIT	14,149	17,512	23,018	27,376	31,741
Other Income	813	710	1,574	2,107	1,723
Finance Cost	0	0	0	0	0
PBT before Excep. & Forex	14,962	18,223	24,592	29,483	33,464
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	14,962	18,223	24,592	29,483	33,464
Taxes	3,665	4,222	5,718	6,928	7,864
Extraordinary Inc./Loss(-)	-362	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	10,935	14,001	18,874	22,554	25,600
Adjusted Net Profit	11,297	14,001	18,874	22,554	25,600
Net Margin	11.5%	11.7%	13.0%	13.3%	13.1%
Diluted Share Cap. (mn)	76.9	157.3	158.6	158.6	158.6
Diluted EPS (INR)	146.9	89.0	119.0	142.2	161.4
Diluted EPS Growth	143.7%	-39.4%	33.7%	19.5%	13.5%
Total Dividend + Tax	2,870	6,655	9,544	9,544	11,452
Dividend Per Share (INR)	31.0	35.5	50.3	50.3	60.3

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	14,476	18,223	24,592	29,483	33,464
Depn. & Amort.	3,094	3,069	4,001	4,307	5,049
Net Interest Exp. / Inc. (-)	467	671	0	0	0
Inc (-) / Dec in WCap.	-2,052	-6,233	-5,182	-3,173	1,759
Others	364	2,922	-1,574	-2,107	-1,723
Taxes Paid	-3,414	-5,114	-5,718	-6,928	-7,864
Operating Cash Flow	12,936	13,538	16,118	21,582	30,685
Capex	-2,839	-2,367	-4,568	-4,757	-1,844
Free Cash Flow	10,096	11,171	11,550	16,825	28,841
Inc (-) / Dec in Investments	-428	-2,494	-1,486	0	0
Others	-1,428	517	1,574	2,107	1,723
Investing Cash Flow	-4,695	-4,344	-4,480	-2,650	-121
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-4,084	-4,600	-7,929	-7,929	-9,515
Inc / Dec (-) in Loans	-1,386	-2,061	0	0	0
Others	-467	-373	0	0	0
Financing Cash Flow	-5,937	-7,034	-7,929	-7,929	-9,515
Inc / Dec (-) in Cash	2,304	2,159	3,709	11,002	21,049
Opening Cash Balance	10,912	12,955	13,643	18,835	29,837
Closing Cash Balance	13,216	15,115	17,351	29,837	50,886

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	49,577	63,191	74,138	88,763	1,04,848
Share Capital	770	779	782	782	782
Reserves & Surplus	48,807	62,411	73,356	87,981	1,04,066
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	99	0	0	0	0
Def. Tax Liab. / Assets (-)	-1,360	-2,024	-2,637	-2,637	-2,637
Total - Equity & Liab.	48,317	61,166	71,501	86,126	1,02,211
Net Fixed Assets	20,243	22,386	22,953	23,403	20,198
Gross Fixed Assets	4,755	4,393	4,472	4,922	5,413
Intangible Assets	15,488	17,993	18,481	18,481	14,785
Less: Depn. & Amort.	0	0	0	0	0
Capital WIP	0	0	0	0	0
Investments	5,539	6,415	7,015	7,015	7,015
Current Assets	46,595	56,541	71,412	90,167	1,19,485
Inventories	0	0	0	0	0
Sundry Debtors	16,761	18,478	23,095	26,983	30,966
Cash & Bank Balances	12,955	13,643	18,835	29,837	50,886
Loans & Advances	0	0	0	0	0
Other Current Assets	16,878	24,420	29,482	33,348	37,634
Current Liab. & Prov.	24,060	24,175	29,885	34,464	44,493
Current Liabilities	24,060	24,175	29,885	34,464	44,493
Provisions & Others	0	0	0	0	0
Net Current Assets	22,535	32,365	41,527	55,703	74,993
Total - Assets	48,317	61,166	71,501	86,126	1,02,211

Source: Company, JM Financial

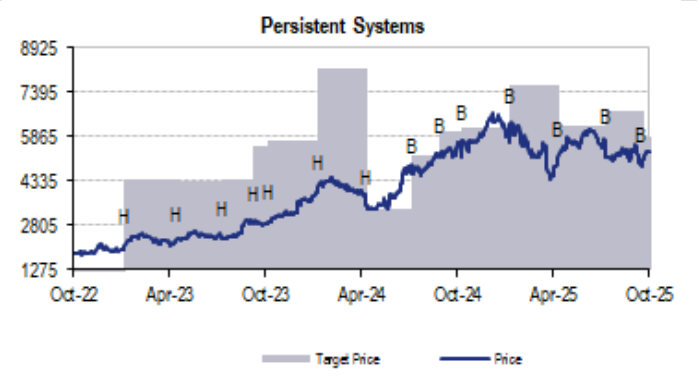
Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	11.5%	11.7%	13.0%	13.3%	13.1%
Asset Turnover (x)	2.0	2.0	2.0	2.0	1.9
Leverage Factor (x)	1.1	1.0	1.0	1.0	1.0
RoE	25.3%	24.8%	27.5%	27.7%	26.4%
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	644.5	405.5	470.0	562.7	664.6
ROIC	37.2%	36.2%	38.6%	41.8%	49.1%
ROE	25.3%	24.8%	27.5%	27.7%	26.4%
Net Debt/Equity (x)	-0.3	-0.2	-0.3	-0.3	-0.5
P/E (x)	36.3	60.0	44.9	37.5	33.1
P/B (x)	8.3	13.2	11.4	9.5	8.0
EV/EBITDA (x)	22.8	19.0	14.3	11.9	9.6
EV/Sales (x)	4.0	3.3	2.7	2.2	1.8
Debtor days	62	56	58	58	58
Inventory days	0	0	0	0	0
Creditor days	98	79	82	82	94

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
19-Jan-23	Hold	4,400	
26-Apr-23	Hold	4,320	-1.8
23-Jul-23	Hold	4,390	1.6
21-Sep-23	Hold	5,530	26.0
20-Oct-23	Hold	5,720	3.4
22-Jan-24	Hold	8,220	43.7
22-Apr-24	Hold	3,400	-58.6
20-Jul-24	Buy	5,240	54.1
10-Sep-24	Buy	6,030	15.1
23-Oct-24	Buy	6,170	2.3
23-Jan-25	Buy	7,630	23.7
24-Apr-25	Buy	6,220	-18.5
23-Jul-25	Buy	6,720	8.0
1-Oct-25	Buy	5,870	-12.6

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return $\geq$ 15% over the next twelve months.
ADD	Expected return $\geq$ 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return $\geq$ -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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