

October 23, 2024

## Q2FY25 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
<b>Rating</b>	ACCUMULATE		ACCUMULATE	
<b>Target Price</b>	5,810		5,770	
Sales (Rs. bn)	137	165	135	162
% Chng.	1.5	1.6		
EBITDA (Rs. bn)	24	30	24	30
% Chng.	2.1	2.2		
EPS (Rs.)	107.9	135.0	106.2	132.8
% Chng.	1.6	1.6		

### Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. bn)	98	117	137	165
EBITDA (Rs. bn)	17	20	24	30
Margin (%)	17.6	17.2	17.7	18.3
PAT (Rs. m)	11	14	17	21
EPS (Rs.)	74.2	87.3	107.9	135.0
Gr. (%)	19.2	17.7	23.5	25.2
DPS (Rs.)	42.0	43.7	53.9	67.5
Yield (%)	0.8	0.8	1.0	1.3
RoE (%)	25.6	25.5	27.6	29.9
RoCE (%)	22.9	24.2	26.0	28.3
EV/Sales (x)	8.0	6.8	5.7	4.7
EV/EBITDA (x)	45.5	39.4	32.2	25.8
PE (x)	69.9	59.3	48.0	38.4
P/BV (x)	16.1	14.2	12.4	10.7

### Key Data

PERS.BO | PSYS IN

52-W High / Low	Rs.5,693 / Rs.2,840
Sensex / Nifty	80,221 / 24,472
Market Cap	Rs.808bn / \$ 9,605m
Shares Outstanding	156m
3M Avg. Daily Value	Rs.2271.8m

### Shareholding Pattern (%)

Promoter's	30.66
Foreign	23.33
Domestic Institution	27.37
Public & Others	18.64
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(3.2)	47.7	75.4
Relative	2.0	35.6	43.0

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## Continue to be a growth leader in the sector...

### Quick Pointers:

- Margin steady despite wage hike implementation & multiple headwinds during the quarter
- Won highest TCV ever of US\$ 529 mn incl. net new wins of US\$ 390 mn

**PSYS reported strong growth in Q2FY25, with revenue of US\$345 million, up 5.1% QoQ in CC and 5.3% QoQ in USD terms, exceeding our estimate of 2.9% QoQ CC growth and consensus estimate of 3.9% QoQ USD growth. BFS and Healthcare segments drove growth despite ongoing weakness in Hitech sector. EBIT margin remained flat QoQ at 14%, vs our expectation of 70 bps decline and cons. est. of 30 bps QoQ decline. PSYS achieved its highest-ever TCV win of US\$529 mn (previous high was US\$521 mn in Q3FY24), with net new wins of US\$390 mn. Additionally, ACV stood at US\$348 mn, up 10.3% YoY, with net new wins of US\$219 mn.**

**The growth momentum continued in Q2 aided by continued ramp ups within Healthcare/Life vertical, which further got supported by strong momentum in BFSI. The critical and resilience aspects of the industries, and the nature of engagement with product and platform companies, are enabling it to participate in the non-discretionary areas. Although the growth within Software and Hi-Tech (41% of rev.) was muted in Q2, the gradual recovery should align to improving revenue profile of SaaS/ERP companies. The record high deal TCV (USD530 mn) with sharp improvement in NN component (+25% QoQ) warrant strong revenue visibility for the coming periods. The marque Hi-Tech vertical has also witnessed incremental deal flows in Q2, but the deal complexity is reasonably high, which is making the deployment even slower, but otherwise the management seemed confident to balance the growth in each of three vectors. The management expects the furlough impact in H2 to be as similar as last year's, while reiterated its aspiration to achieve USD2bn revenue by FY27. Considering the Q2 revenue beat and usual Q3 furloughs, we are passing on the benefits to H2 and revising our revenue growth by ~150bps for FY25E. At the same time, we are also cognizant of volume uptick in healthcare vertical in FY25E, which will get moderate through FY26E. Hence, we are broadly keeping our USD revenue estimates unchanged for FY26E/FY27E at 17%/19% respectively.**

**On the margins front, the execution was remarkable, beating our estimates by 70 bps QoQ. The management indicated that it has multiple optimization levers with further headroom for improving utilization and optimizing subcon. Additionally, the S&M investments are largely in place, it would draw its attention to capitalize on those while right-shoring the resource deployment. We are revising our margins upward by 30bps in FY25E, while keeping the estimates broadly unchanged for FY26E/FY27E.**

**Valuations and outlook:** PSYS' unique value proposition and its strong play around regulated verticals are keeping it more resilient in this adverse environment.

Additionally, the investments around hiring senior leadership team within key verticals have been instrumental in fueling client mining/hunting activities and closing large strategic deals. However, the valuation looks expensive with all positive are factored into the current price. We estimate USD revenues/earnings CAGR of 18%/22% over FY24-FY27E. The stock is currently trading at 38x FY27E, we are assigning P/E of 43x to FY27E with a target price of INR 5,810. We maintain ACCUMULATE.

### **Beat on Revenue, Deal win at record high**

- Revenue of USD345mn, up 5.1% QoQ CC USD & 5.3% QoQ in USD, vs our estimates of 2.9% CC QoQ, and consensus estimates of 3.9% QoQ USD growth
- Vertical wise growth was led by BFSI and Healthcare with 7.7% and 9.6% QoQ while, Hi-Tech growth was muted at 0.8%
- Geo wise, NA and Europe were up by 6.1% and 6.6% QoQ, respectively
- EBIT margin at 14.0% vs of our estimate of 13.3% & consensus estimate of 13.7%. However, there is an earn out reversal (H1 - INR 1,097m) in Q2 as well, hence implied Q2 Adj. margins at 10.2%
- Record high TCV win at USD529mn, up 14.3% QoQ while NN was up 25.4%. ACV came at USD 348 mn, up 3.3%, while NN ACV was up 10.3%
- Net Headcount declined by 280. Utilization incl. trainees increased by 300 bps QoQ to 84.8% while attrition increased by 10bps QoQ to 12.0%
- PAT came at Rs3.25bn (up 6.1% QoQ) in line of our estimate

## Conference Call Highlights

- Margin during the quarter was impacted by the headwinds of: i) wage hike implementation (210 bps), ii) absence of rationalization benefits received in Q1 (130 bps), iii) lower earn out credit reversal received in Q1 (60 bps) & iv) ESOP exp. (60 bps). The above headwinds were offset by the tailwinds of: i) increased utilization (120 bps), ii) pricing benefits & right shoring (130 bps), iii) lower subcon cost (70 bps), iv) lower resale business (50 bps) & v) currency benefit (30 bps)
- The management stated that it expects furloughs in the BFS and Hitech segments to be similar to last year. They also indicated that the Hitech segment, which has been experiencing weakness since Q3FY24, has likely bottomed out and is expected to recover within the next 1-2 quarters.
- The management mentioned that H2 margins could be impacted by the headwinds of furlough impact. However, they also expressed confidence that margin will be improve with the levers of increasing utilization (comfort band of 83-85%), SG&A optimization, right shoring, pricing, stable attrition & sustained revenue growth.
- On FY26 margins, the management mentioned that they invested in cost optimization initiatives in FY25, which will not incur in future. They further indicated that the absence of these expenses, along with the benefits derived from the programs, would serve as a margin lever for FY26.
- The management stated that deal wins and the deal pipeline remain healthy. They also noted that, despite no significant change in the macro environment, they expect revenue growth to be sustained in H2. Furthermore, they mentioned that their growth in BFS and Healthcare segments is not reliant on a revival in discretionary spending. However, they indicated that a rebound in discretionary spending would drive demand in the Hitech segment.
- Revenue from Top 5/10/20/50 clients grew by 7.7%/5.3%/5.7%/5.4% QoQ respectively.
- The management mentioned that they have launched the T100 program, aimed at focusing on their top 100 clients by expanding their offerings to these clients. They further stated that there is still significant headroom for growth among the company's top clients.
- The management mentioned that they have integrated Starfish Associates in Q2.
- ETR for the quarter came at 25.2% in Q2 compared to 23.5% in Q1 due to higher profit in high geographies. The management expects ETR for FY25 to be in the band of 23.5-24.5%.

**Exhibit 1: Q2FY25 Results: Revenue increased by 5.1%QoQ CC, EBIT margin flat in Q2**

Y/e March	2QFY25	2QFY25E	% Var.	1QFY25	QoQ gr. (%)	2QFY24	YoY gr. (%)	H1FY25	H1FY24	YoY gr. (%)
IT Services Revenue (USD m)	346	338	2.1	328	5.3	292	18.4	674	575	17.2
Overall Revenue (INR b)	29	28	2.2	27	5.8	24	20.1	56	47	19.0
Gross Profit	10	9	6.0	9	7.0	8	21.1	19	16	17.6
Gross Margin (%)	33.4	32.2	120bps	33.0	40bps	33.1	30bps	33.2	33.6	-40bps
SG&A and Other Costs	4.9	4.6	5.4	4.5	8.4	3.9	23.7	9.4	8	22.5
% of Rev	16.8	16.3	50bps	16.4	40bps	16.3	50bps	16.6	16.1	50bps
<b>EBITDA</b>	<b>5</b>	<b>5</b>	<b>6.6</b>	<b>5</b>	<b>5.6</b>	<b>4</b>	<b>18.6</b>	<b>9</b>	<b>8</b>	<b>13.0</b>
EBITDA Margin (%)	16.6	15.9	70bps	16.6	0bps	16.8	-20bps	16.6	17.5	-90bps
Depreciation	1	1	1	1	5	1	0.1	1	2	-3.3
% of Rev	2.6	2.6	0bps	2.6	0bps	3.1	-50bps	2.6	3.2	-60bps
<b>EBIT</b>	<b>4</b>	<b>4</b>	<b>7.7</b>	<b>4</b>	<b>5.8</b>	<b>3</b>	<b>22.8</b>	<b>8</b>	<b>7</b>	<b>16.7</b>
EBIT Margin (%)	14.0	13.3	70bps	14.0	0bps	13.7	30bps	14.0	14.3	-30bps
Other Income (net)	0	0	24.7	0	71.2	0	13.2	0	0	31.6
<b>PBT</b>	<b>4</b>	<b>4</b>	<b>8.7</b>	<b>4</b>	<b>8.5</b>	<b>4</b>	<b>22.1</b>	<b>8</b>	<b>7</b>	<b>17.4</b>
Tax	1	1	16.6	1	16.4	1	18.4	2	2	19.3
Effective tax rate (%)	25.2	23.5	170bps	23.5	170bps	26.0	-80bps	24.4	24.0	40bps
<b>Adjusted PAT</b>	<b>3</b>	<b>3</b>	<b>6.3</b>	<b>3</b>	<b>6.1</b>	<b>3</b>	<b>23.4</b>	<b>6</b>	<b>5</b>	<b>16.8</b>
Exceptional items	0	0.0	NA	0	NA	0	NA	0	0.5	NA
<b>Reported PAT</b>	<b>3.2</b>	<b>3.1</b>	<b>6.3</b>	<b>3</b>	<b>6.1</b>	<b>3</b>	<b>23.4</b>	<b>6</b>	<b>6</b>	<b>7.1</b>
<b>Reported EPS (INR)</b>	<b>21.2</b>	<b>19.9</b>	<b>6.8</b>	<b>19.9</b>	<b>6.5</b>	<b>17.5</b>	<b>21.1</b>	<b>41.1</b>	<b>36.0</b>	<b>14.1</b>

Source: Company, PL

**Exhibit 2: Regional growth (%)**

Geographies	Contribution to revenue (%)	QoQ gr. (%)
North America	81.3	6.1
Europe	7.9	6.6
India & ROW	10.8	-1.1

Source: Company, PL

**Exhibit 3: Vertical Growth (%)**

Verticals	Contribution to revenue (%)	QoQ gr. (%)
BFSI	31.5	7.7
Healthcare & Life Science	27.8	9.6
Tech. Cos. & Emerging Verticals	40.7	0.8

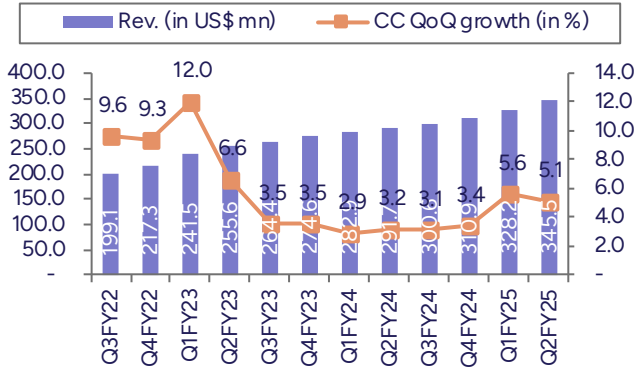
Source: Company, PL

**Exhibit 4: Key Performance Indicators**

	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	FY24*	FY25E*
<b>Revenue growth (QoQ CC%)</b>	<b>3.5</b>	<b>3.50</b>	<b>2.90</b>	<b>3.20</b>	<b>3.10</b>	<b>3.40</b>	<b>5.60</b>	<b>5.10</b>	<b>14.5</b>	<b>17.5</b>
<b>Margins (%)</b>										
Gross Margin	33.8	33.9	34.2	33.1	33.8	33.3	33.0	33.4	33.6	33.5
EBIT Margin	15.4	15.4	14.9	13.7	14.5	14.5	14.0	14.0	14.4	14.6
Net Margin	12.3	11.2	12.0	10.9	11.5	12.2	11.2	11.2	11.6	11.6
<b>Operating metrics</b>										
Headcount	22,598	22,889	23,130	22,842	23,336	23,850	23,519	23,237	23,850	
Utilization (%)	77.6	77.3	78.3	80.6	81.5	80	82.1	84.8	80	
LTM Attrition (%)	21.6	19.8	15.5	13.5	11.9	11.5	11.9	12	12	
<b>Effort Mix (%)</b>										
Global Delivery Centers	14.3%	13.1%	13.1%	12.7%	13.8%	14.8%	15.2%	15.8%	13.6%	
India	85.7%	86.9%	86.9%	87.3%	86.2%	85.2%	84.8%	84.2%	86.4%	

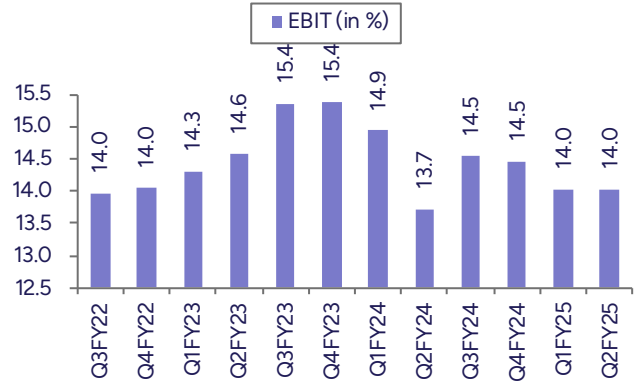
Source: Company, PL, \* USD growth YoY

**Exhibit 5: Revenue increased by 5.1% QoQ CC**



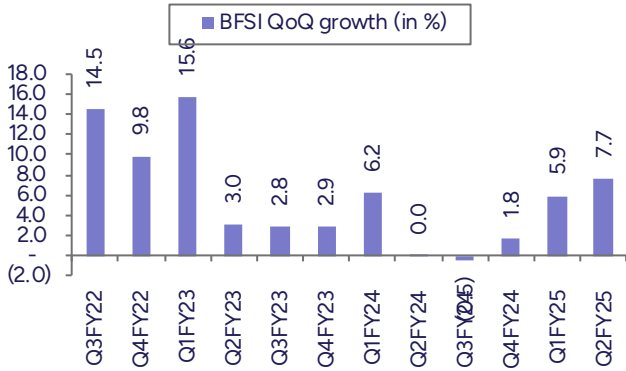
Source: Company, PL

**Exhibit 6: EBIT margin (%) flat in Q2**



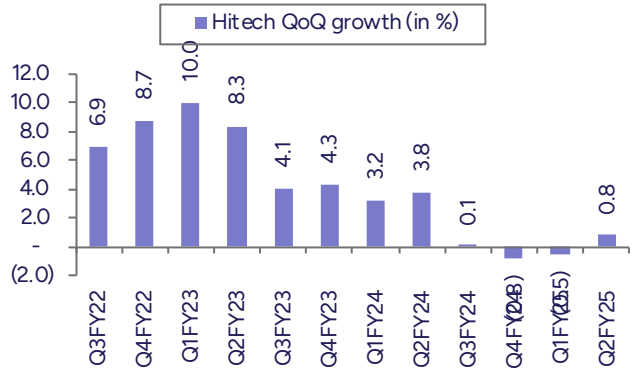
Source: Company, PL

**Exhibit 7: BFSI continue momentum**



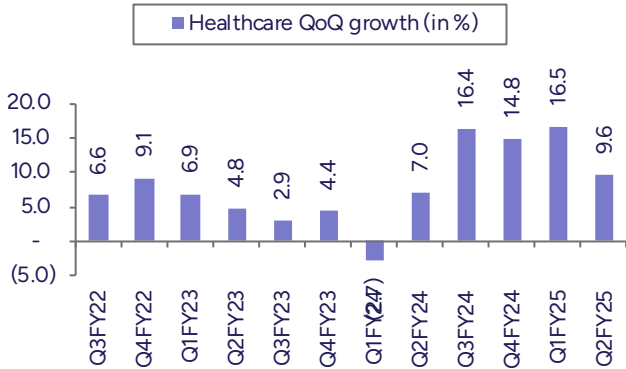
Source: Company, PL

**Exhibit 8: Hitech performance still muted**



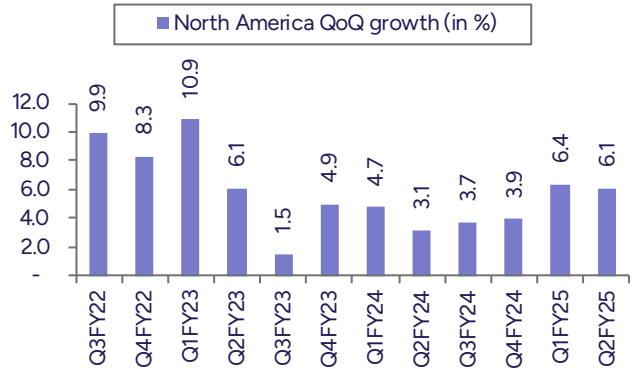
Source: Company, PL

**Exhibit 9: Healthcare growth remains strong**



Source: Company, PL

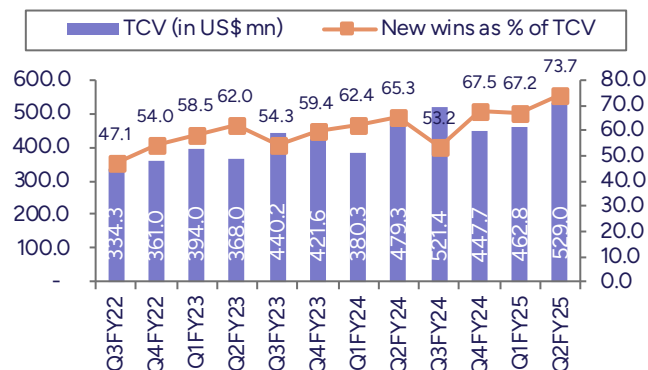
**Exhibit 10: North America QoQ growth**



Source: Company, PL

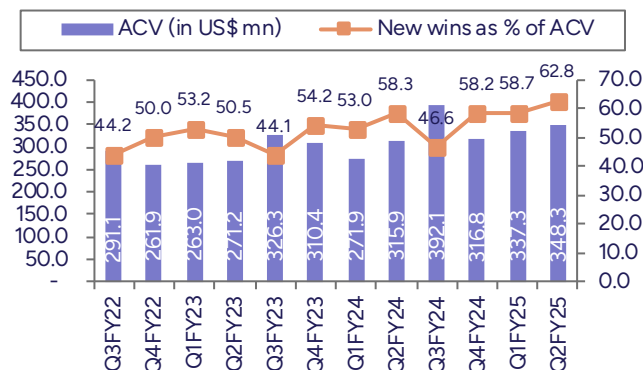


**Exhibit 11: TCV wins at record high in Q2**



Source: PL, Company

**Exhibit 12: ACV also steady**



Source: PL, Company

**Exhibit 13: Operating Metrics**

	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
<b>Geography (%)</b>												
North America	79.2	78.6	78.4	78.6	77.1	77.9	79.2	79.2	79.7	80.1	80.7	81.3
Europe	8.3	8.4	8.5	8.3	9.0	10.3	9.7	9.5	8.9	7.8	7.8	7.9
RoW	12.5	13.0	13.1	13.0	13.9	11.8	11.1	11.3	11.4	12.1	11.5	10.8
<b>Vertical Mix (%)</b>												
BFSI	32.2	32.4	33.7	32.8	32.6	32.3	33.3	32.3	31.2	30.7	30.8	31.5
Healthcare & Life Science	20.7	20.7	19.9	19.7	19.6	19.7	18.6	19.3	21.8	24.2	26.7	27.8
Tech. Cos. & Emerging Verticals	47.1	46.9	46.4	47.5	47.8	48.0	48.1	48.4	47.0	45.1	42.5	40.7
<b>Client Metrics (%)</b>												
Top Client	17.5	14.0	11.7	8.7	7.4	9.3	10.2	10.2	9.3	8.0	-	-
Top 5 Clients	36.1	32.5	30.8	26.9	24.7	26.5	27.9	28.3	28.0	29.2	30.7	31.4
Top 10 Clients	45.0	42.1	40.7	36.7	35.0	37.4	39.6	39.5	39.3	40.0	41.5	41.5
<b>Employee Metrics</b>												
Technical People	15,721	17,283	20,144	20,941	21,033	21,295	21,511	21,263	21,738	22,224	21,866	21,675
Sales & BD	294	317	367	387	405	414	428	443	465	484	510	492
Others	974	999	1,127	1,148	1,160	1,180	1,191	1,136	1,133	1,142	1,143	1,070
Total	16,989	18,599	21,638	22,476	22,598	22,889	23,130	22,842	23,336	23,850	23,519	23,237
<b>Effort Mix</b>												
- Global Delivery Centers	13.0%	13.9%	14.7%	14.4%	14.3%	13.1%	13.1%	12.7%	13.8%	14.8%	15.2%	15.8%
- India	87.0%	86.1%	85.3%	85.6%	85.7%	86.9%	86.9%	87.3%	86.2%	85.2%	84.8%	84.2%
Linear Utilization %	83.0	80.6	79.5	79.9	77.6	77.3	78.3	80.6	81.5	80.0	82.1	84.8

Source: Company, PL

## Financials

### Income Statement (Rs bn)

Y/e Mar	FY24	FY25E	FY26E	FY27E
<b>Net Revenues</b>	<b>98</b>	<b>117</b>	<b>137</b>	<b>165</b>
YoY gr. (%)	17.6	18.7	17.9	20.0
Employee Cost	65	77	92	109
Gross Profit	33	39	46	56
Margin (%)	33.6	33.5	33.4	33.7
SG&A Expenses	16	19	22	25
Other Expenses	-	-	-	-
<b>EBITDA</b>	<b>17</b>	<b>20</b>	<b>24</b>	<b>30</b>
YoY gr. (%)	13.5	15.9	21.7	24.1
Margin (%)	17.6	17.2	17.7	18.3
Depreciation and Amortization	3	3	3	4
<b>EBIT</b>	<b>14</b>	<b>17</b>	<b>21</b>	<b>26</b>
Margin (%)	14.4	14.6	15.2	15.9
Net Interest	-	-	-	-
Other Income	1	1	1	1
<b>Profit Before Tax</b>	<b>15</b>	<b>18</b>	<b>22</b>	<b>28</b>
Margin (%)	15.2	15.3	16.1	16.8
Total Tax	4	4	5	7
Effective tax rate (%)	23.7	24.2	24.5	24.5
<b>Profit after tax</b>	<b>11</b>	<b>14</b>	<b>17</b>	<b>21</b>
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>11</b>	<b>14</b>	<b>17</b>	<b>21</b>
YoY gr. (%)	20.1	18.4	23.5	25.2
Margin (%)	11.6	11.6	12.2	12.7
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>11</b>	<b>14</b>	<b>17</b>	<b>21</b>
YoY gr. (%)	18.7	23.7	23.5	25.2
Margin (%)	11.1	11.6	12.2	12.7
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	11	14	17	21
<b>Equity Shares O/s (bn)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EPS (Rs)</b>	<b>74.2</b>	<b>87.3</b>	<b>107.9</b>	<b>135.0</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs bn)

Y/e Mar	FY24	FY25E	FY26E	FY27E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>32</b>	<b>35</b>	<b>39</b>	<b>42</b>
Tangibles	16	20	23	27
Intangibles	16	16	16	16
<b>Acc: Dep / Amortization</b>	<b>21</b>	<b>24</b>	<b>27</b>	<b>31</b>
Tangibles	9	12	16	20
Intangibles	11	11	11	11
<b>Net fixed assets</b>	<b>11</b>	<b>12</b>	<b>12</b>	<b>11</b>
Tangibles	7	7	7	7
Intangibles	5	5	5	5
Capital Work In Progress	0	0	0	0
Goodwill	11	11	11	11
Non-Current Investments	6	7	8	10
Net Deferred tax assets	1	2	2	2
Other Non-Current Assets	3	4	4	5
<b>Current Assets</b>				
Investments	6	6	6	6
Inventories	-	-	-	-
Trade receivables	17	19	23	27
Cash & Bank Balance	7	9	12	17
Other Current Assets	12	15	18	21
<b>Total Assets</b>	<b>74</b>	<b>84</b>	<b>96</b>	<b>111</b>
<b>Equity</b>				
Equity Share Capital	1	1	1	1
Other Equity	49	56	64	74
<b>Total Networkth</b>	<b>50</b>	<b>56</b>	<b>65</b>	<b>75</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	0	0	0	0
Provisions	-	-	-	-
Other non current liabilities	2	3	3	4
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	8	11	13	16
Other current liabilities	14	14	15	16
<b>Total Equity &amp; Liabilities</b>	<b>74</b>	<b>84</b>	<b>96</b>	<b>111</b>

Source: Company Data, PL Research

**Cash Flow (Rs bn)**

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	14	18	22	28
Add. Depreciation	3	3	3	4
Add. Interest	0	-	-	-
Less Financial Other Income	1	1	1	1
Add. Other	0	-	-	-
Op. profit before WC changes	18	21	26	32
Net Changes-WC	(2)	(3)	(4)	(5)
Direct tax	(3)	(4)	(5)	(7)
<b>Net cash from Op. activities</b>	<b>12</b>	<b>14</b>	<b>16</b>	<b>20</b>
Capital expenditures	(3)	(4)	(4)	(4)
Interest / Dividend Income	1	-	-	-
Others	(3)	(1)	(1)	(2)
<b>Net Cash from Inv. activities</b>	<b>(5)</b>	<b>(5)</b>	<b>(5)</b>	<b>(5)</b>
Issue of share cap. / premium	2	-	-	-
Debt changes	(3)	-	-	-
Dividend paid	(4)	(7)	(8)	(10)
Interest paid	0	-	-	-
Others	-	-	-	-
<b>Net cash from Fin. activities</b>	<b>(6)</b>	<b>(7)</b>	<b>(8)</b>	<b>(10)</b>
<b>Net change in cash</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>4</b>
Free Cash Flow	9	10	13	16

Source: Company Data, PL Research

**Quarterly Financials (Rs bn)**

Y/e Mar	Q3FY24	Q4FY24	Q1FY25	Q2FY25
<b>Net Revenue</b>	<b>25</b>	<b>26</b>	<b>27</b>	<b>29</b>
YoY gr. (%)	3.6	3.7	5.7	5.8
Raw Material Expenses	17	17	18	19
Gross Profit	8	9	9	10
Margin (%)	33.8	33.3	33.0	33.4
<b>EBITDA</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>5</b>
YoY gr. (%)	-	-	-	-
Margin (%)	17.7	17.5	16.6	16.6
Depreciation / Depletion	1	1	1	1
<b>EBIT</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Margin (%)	14.5	14.5	14.0	14.0
Net Interest	-	-	-	-
Other Income	-	-	-	-
<b>Profit before Tax</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Margin (%)	15.6	15.3	14.6	15.0
Total Tax	1	1	1	1
Effective tax rate (%)	26.5	20.3	23.5	25.2
<b>Profit after Tax</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
YoY gr. (%)	8.7	10.2	(2.9)	6.1
Margin (%)	11.5	12.2	11.2	11.2
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
YoY gr. (%)	8.7	10.2	(2.9)	6.1
Margin (%)	11.5	12.2	11.2	11.2
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Avg. Shares O/s (bn)	-	-	-	-
<b>EPS (Rs)</b>	<b>18.6</b>	<b>20.5</b>	<b>19.9</b>	<b>21.0</b>

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY24	FY25E	FY26E	FY27E
<b>Per Share(Rs)</b>				
EPS	74.2	87.3	107.9	135.0
CEPS	94.3	106.8	130.0	160.6
BVPS	321.9	363.7	417.6	485.1
FCF	60.9	66.9	83.0	105.8
DPS	42.0	43.7	53.9	67.5
<b>Return Ratio(%)</b>				
RoCE	22.9	24.2	26.0	28.3
ROIC	18.3	19.0	20.4	22.2
RoE	25.6	25.5	27.6	29.9
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.3)	(0.3)	(0.3)	(0.3)
Debtor (Days)	62	59	60	60
<b>Valuation(x)</b>				
PER	69.9	59.3	48.0	38.4
P/B	16.1	14.2	12.4	10.7
P/CEPS	94.3	106.8	130.0	160.6
EV/EBITDA	45.5	39.4	32.2	25.8
EV/Sales	8.0	6.8	5.7	4.7
Dividend Yield (%)	0.8	0.8	1.0	1.3

Source: Company Data, PL Research

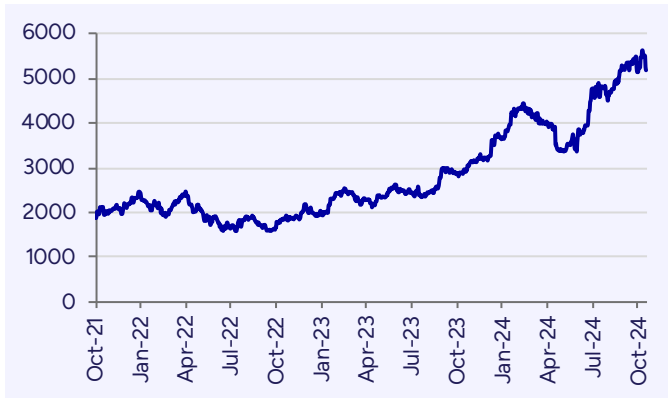
**Key Operating Metrics**

Y/e Mar	FY24	FY25E	FY26E	FY27E
Revenue (in US\$ mn)	1,186	1,393	1,633	1,948

Source: Company Data, PL Research



Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	03-Oct-24	Accumulate	5,770	5,488
2	28-Aug-24	Accumulate	5,320	4,910

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Cyient	Accumulate	2,120	1,914
2	HCL Technologies	BUY	2,130	1,856
3	Infosys	BUY	2,260	1,968
4	LTIMindtree	BUY	7,360	6,394
5	Mphasis	Hold	3,050	3,080
6	Persistent Systems	Accumulate	5,770	5,488
7	Tata Consultancy Services	BUY	4,920	4,227
8	Tech Mahindra	Accumulate	1,790	1,688
9	Wipro	Accumulate	580	529

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<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

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