

# Persistent Systems | BUY



## Burden of expectations

PSYS' 3.3% cc QoQ growth, albeit below estimates (JMFe: 4%), was still creditable given the current macro. Sequential growth also belies a still strong YoY growth of 18.8%. If one were to nit-pick, higher contribution from license sale (38% QoQ) means services growth was softer at 2.5% QoQ (USD terms), fuelling concerns of slowdown. LTM TCV growth - 13% YoY - stayed below revenue growth, another investors' argument against sustainability of growth momentum. One should however note that LTM book-to-bill is still healthy at 1.47x. Slowdown in top healthcare account, a key growth driver over past few quarters, may further compound worries. That said, PSYS' strength has been to balance growth across portfolio of accounts. Double digit growth in top 6-10/11-20 client buckets underscores the point. We are therefore not flustered with client specific slowdown. Though we acknowledge that pick-up in deal wins is needed to build confidence on FY27 growth outlook. PSYS' head-start in AI-led platform approach puts it in a good stead. Out of prudence, we lower our FY26/27E USD growth to 16%/16% (from 18%/17%), driving 0-2% EPS cuts. PSYS' multiples (42x FY27E) leaves limited scope of disappointment. That could weigh on near-term performance. We would advise buy on dips. Retain BUY with INR 6,720 TP.

- **1QFY26 – good but not great:** PSYS reported 3.3% cc QoQ growth, missing JMFe: 4%. BFSI (+9% QoQ; USD terms) and Hi-tech (+3.6%) picked-up even as Healthcare & Life Sciences (-1.9%) declined due to offshore transitions in large accounts. Interestingly, growth was still led by top-accounts with top 6-10/11-20 cohorts growing 11.5%/13.5% QoQ in USD terms. EBIT margin declined 10bps to 15.5%, missing JMFe: 16.0%. Delayed ramp-ups and offshore transitions (-100bps), absence of earn-out reversal (-60bps), amortization (-40bps) and FX (-40bps) were headwinds to margins, while lower ESOP costs (+230bps) aided margins. PAT came in at INR 4,249mn (+7.4% QoQ), a slight miss from expectations (JMFe: INR 4,364mn).
- **Deal wins and outlook:** TCV/ACV for the quarter grew by 12.5%/14.2% YoY. Book-to-bill of 1.34x, though still healthy, was at eight quarter low. ACV/TCV ratio increased to 74% (+110bps YoY). Management flagged elongated decision cycles in healthcare and parts of BFSI. While BFSI continues to anchor growth, Hi-tech and software vertical expected to remain stable, and Healthcare expected to rebound post transition. Client discussions remain active across platform-led programs, with SASVA and GenAI gaining traction. For now, the company reiterated USD 2bn revenue aspiration by FY27-end and 200-300bps margin expansion target, to be supported by pricing levers, platform productivity, and SG&A optimization. Wage hikes were deferred by a quarter, indicating a still soft supply-side and sustained margin pressure, much like the rest of the peer group.
- **Lower EPS by 0-2%; Retain BUY:** We still expect PSYS to reach its stated goal of USD 2bn run-rate by 4QFY27, but build a slightly gradual slope to reach there. We build 3.7% CQGR now (vs 4.1% earlier). As a result, our FY26/27E USD growth is now 16% each. Our margin assumptions are broadly intact, as we sense that management wants to strike a better growth-margin balance going ahead, prudent in current macro. BUY stays.

### Recommendation and Price Target

|                            |       |
|----------------------------|-------|
| Current Reco.              | BUY   |
| Previous Reco.             | BUY   |
| Current Price Target (12M) | 6,720 |
| Upside/(Downside)          | 19.9% |
| Previous Price Target      | 6,770 |
| Change                     | -0.7% |

### Key Data – PSYS IN

|                          |                     |
|--------------------------|---------------------|
| Current Market Price     | INR5,606            |
| Market cap (bn)          | INR876.7/US\$10.1   |
| Free Float               | 63%                 |
| Shares in issue (mn)     | 76.4                |
| Diluted share (mn)       | 155.2               |
| 3-mon avg daily val (mn) | INR2,957.8/US\$34.2 |
| 52-week range            | 6,789/4,149         |
| Sensex/Nifty             | 82,727/25,220       |
| INR/US\$                 | 86.4                |

### Price Performance

| %         | 1M   | 6M    | 12M  |
|-----------|------|-------|------|
| Absolute  | -7.8 | -10.9 | 16.5 |
| Relative* | -8.6 | -17.9 | 12.9 |

\* To the BSE Sensex

| Financial Summary      | (INR mn) |         |         |         |         |
|------------------------|----------|---------|---------|---------|---------|
| Y/E March              | FY24A    | FY25A   | FY26E   | FY27E   | FY28E   |
| Net Sales              | 98,216   | 119,387 | 140,751 | 162,386 | 189,202 |
| Sales Growth (%)       | 17.6     | 21.6    | 17.9    | 15.4    | 16.5    |
| EBITDA                 | 17,243   | 20,581  | 25,451  | 29,306  | 33,939  |
| EBITDA Margin (%)      | 17.6     | 17.2    | 18.1    | 18.0    | 17.9    |
| Adjusted Net Profit    | 11,297   | 14,001  | 17,837  | 20,745  | 23,862  |
| Diluted EPS (INR)      | 146.9    | 89.0    | 114.9   | 133.7   | 153.8   |
| Diluted EPS Growth (%) | 143.7    | -39.4   | 29.2    | 16.3    | 15.0    |
| ROIC (%)               | 37.2     | 36.2    | 34.8    | 35.3    | 42.8    |
| ROE (%)                | 25.3     | 24.8    | 26.1    | 26.0    | 25.5    |
| P/E (x)                | 38.2     | 63.0    | 48.8    | 41.9    | 36.5    |
| P/B (x)                | 8.7      | 13.8    | 12.0    | 10.2    | 8.7     |
| EV/EBITDA (x)          | 24.0     | 20.0    | 16.2    | 13.8    | 11.2    |
| Dividend Yields (%)    | 0.6      | 0.6     | 0.9     | 0.9     | 1.1     |

Source: Company data, JM Financial. Note: Valuations as of 23/Jul/2025

JM Financial Research is also available on:  
Bloomberg - JMFR <GO>,  
Thomson Publisher & Reuters,  
S&P Capital IQ, FactSet and Visible Alpha

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, while softness in the top healthcare account due to offshore transitions impacted QoQ trends. The reported that strong client expansion was seen across revenue cohorts, particularly in the USD 1mn+ and USD 5mn+ buckets. Geography-wise, the company highlighted that Europe remained a standout performer, with North America and India also posting healthy growth. Leadership cited robust traction in platform-led digital engineering programs and highlighted sustained client interest in AI-powered transformation across domains.
- **Outlook:** : Management expressed confidence in sustaining momentum despite macro uncertainties, aided by a strong deal pipeline and healthy ACV bookings. FY27 revenue aspiration of USD 2bn was reiterated, with BFSI expected to lead growth in FY26, followed by Hi-Tech and Healthcare. The company mentioned that while decision-making cycles remain elongated, Persistent is focused on leveraging its differentiated capabilities in SASVA, agentic AI solutions, and platform IPs to drive scalable growth.
- **Margin:** EBIT margin for Q1 FY26 stood at 15.5%, reflecting a 10bps sequential decline. Management noted that the margin included a 230bps tailwind from lower ESOP cost. This was offset by multiple headwinds: 60bps drag from absence of earnout reversal (present in the prior quarter), 100bps impact from transition to offshore from onsite and delayed ramp-ups and transition overlaps, 40bps from higher amortization linked to prior acquisitions, and 40bps due to unfavorable currency movement. Management deferred annual wage hikes by a quarter, citing macro uncertainty, and remains focused on sustaining margin trajectory through disciplined cost control, SG&A leverage, and ongoing operational efficiency programs.
- **Bookings:** TCV for Q1 FY26 came in at USD 520.8mn, with new bookings contributing USD 337mn and an ACV of USD 385.3mn. Management noted that revenue conversion is supported by both recent ACV and multi-year deal executions. Despite cautious client sentiment, the company highlighted strong traction across verticals and reaffirmed visibility from its executable order book. Large deal wins across BFSI, healthcare, and technology were driven by proactive client engagement and strong AI-led platform differentiation.
- **Segments:** BFSI emerged as the strongest performing vertical in Q1, reporting 30.7% YoY growth driven by platform-led transformation and digital banking programs. **Hi-tech and Software** also posted healthy growth of 14.1% YoY, aided by AI-led modernization deals. **Healthcare & Life Sciences** grew 12.4% YoY but declined 2.1% QoQ due to planned offshore transitions in large accounts. Management expressed confidence in the vertical's medium-term trajectory, supported by strong pipeline activity, particularly in compliance-driven and platform-centric opportunities.
- **AI strategy:** Management reiterated its pivot to an AI-led, platform-driven strategy anchored in two core pillars – AI for Tech and AI for Business. On the Tech front, Persistent launched SASVA 3.0, an upgraded digital engineering platform designed to enhance productivity across the software lifecycle while enabling on-premise deployments for regulated industries. On the Business side, the company continues to invest in agentic AI use cases across BFSI and HLS, including solutions for underwriting automation and scientific research acceleration. Leadership highlighted growing client interest and early traction across verticals, further supported by investments in responsible AI, security, and governance frameworks.
- **Supply:** Persistent closed Q1 FY26 with a headcount of 25,340, marking a net addition of 746 employees QoQ. TTM attrition rose to 13.9% from 11.9% YoY but remained within the guided range. Wage hikes were deferred by a quarter as a cautionary measure amid macro uncertainty. The company continues to prioritize productivity, talent transformation, and cost discipline to support margin delivery.

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

Confident on FY27 revenue aspiration given current trajectory, with BFSI expected to lead growth in FY26.

Margin Walk: (-10 bps)

Tailwinds-

Lower ESOP costs: +230bps

Headwinds-

Absence of earnout reversal: -60bps. Delayed ramp-ups and onsite to offshore transition: -100bps. Higher amortization: -40bps. Unfavourable forex movt.: -40bps

Despite challenges at a top client, Management remains optimistic about Healthcare vertical on the back of strong pipeline

Wage hikes were deferred by a quarter

## Exhibit 1. 1QFY26 result summary

|                          | 1Q26 A | 4Q25 A | Change<br>(QoQ) | Estimate<br>(JMFe) | Variance<br>(vs. JMFe) | Estimate<br>(Consensus) | Variance<br>(vs.<br>consensus) | QoQ estimate |           |
|--------------------------|--------|--------|-----------------|--------------------|------------------------|-------------------------|--------------------------------|--------------|-----------|
|                          |        |        |                 |                    |                        |                         |                                | JMFe         | Consensus |
| USD-INR                  | 85.54  | 86.41  | -1.0%           | 85.71              | -0.2%                  | 85.71                   | -0.2%                          | -0.8%        | -0.8%     |
| Revenue (USD mn)         | 390    | 375    | 3.9%            | 390                | -0.2%                  | 391                     | -0.3%                          | 4.0%         | 4.2%      |
| Revenue (INR mn)         | 33,336 | 32,421 | 2.8%            | 33,452             | -0.3%                  | 33,502                  | -0.5%                          | 3.2%         | 3.3%      |
| EBIT - Reported (INR mn) | 5,178  | 5,053  | 2.5%            | 5,353              | -3.3%                  | 5,253                   | -1.4%                          | 5.9%         | 4.0%      |
| EBIT margin              | 15.5%  | 15.6%  | -5bp            | 16.0%              | -47bp                  | 15.7%                   | -15bp                          | 42bp         | 10bp      |
| PAT (INR mn)             | 4,249  | 3,958  | 7.4%            | 4,364              | -2.6%                  | 4,194                   | 1.3%                           | 10.3%        | 6.0%      |
| EPS (INR)                | 27.40  | 25.64  | 6.9%            | 28.27              | -3.1%                  | 27.17                   | 0.9%                           | 10.3%        | 6.0%      |

Source: Company, Visible Alpha, JM Financial estimates

## 1QFY26 result review

### Exhibit 2. Key financials

|                               | FY24           | 1Q25          | 2Q25          | 3Q25          | 4Q25          | FY25           | 1Q26          |
|-------------------------------|----------------|---------------|---------------|---------------|---------------|----------------|---------------|
| <b>Cons. revenues (USD m)</b> | <b>1,186.1</b> | <b>328.2</b>  | <b>345.5</b>  | <b>360.2</b>  | <b>375.2</b>  | <b>1,409.1</b> | <b>389.7</b>  |
| Change (QoQ/YoY)              | 14.5%          | 5.6%          | 18.4%         | 19.8%         | 20.7%         | 18.8%          | 18.7%         |
| <b>Cons. revenues (Rs m)</b>  | <b>98,216</b>  | <b>27,372</b> | <b>28,972</b> | <b>30,623</b> | <b>32,421</b> | <b>119,387</b> | <b>33,336</b> |
| Change (QoQ/YoY)              | 17.6%          | 5.7%          | 5.8%          | 5.7%          | 5.9%          | 21.6%          | 2.8%          |
| Cost of revenues              | 65,231         | 18,329        | 19,294        | 20,000        | 21,117        | 78,740         | 21,576        |
| <b>Gross profit</b>           | <b>32,985</b>  | <b>9,043</b>  | <b>9,678</b>  | <b>10,622</b> | <b>11,304</b> | <b>40,647</b>  | <b>11,760</b> |
| <b>Gross margin</b>           | <b>33.6%</b>   | <b>33.0%</b>  | <b>33.4%</b>  | <b>34.7%</b>  | <b>34.9%</b>  | <b>34.0%</b>   | <b>35.3%</b>  |
| Total operating expense       | 15,742         | 4,491         | 4,870         | 5,244         | 5,460         | 20,066         | 5,644         |
| <b>EBITDA</b>                 | <b>17,243</b>  | <b>4,552</b>  | <b>4,807</b>  | <b>5,378</b>  | <b>5,844</b>  | <b>20,581</b>  | <b>6,116</b>  |
| <b>EBITDA margin</b>          | <b>17.6%</b>   | <b>16.6%</b>  | <b>16.6%</b>  | <b>17.6%</b>  | <b>18.0%</b>  | <b>17.2%</b>   | <b>18.3%</b>  |
| Depreciation & amortization   | 3,094          | 712           | 745           | 821           | 791           | 3,069          | 938           |
| <b>EBIT</b>                   | <b>14,149</b>  | <b>3,840</b>  | <b>4,062</b>  | <b>4,557</b>  | <b>5,053</b>  | <b>17,512</b>  | <b>5,178</b>  |
| <b>EBIT margin</b>            | <b>14.4%</b>   | <b>14.0%</b>  | <b>14.0%</b>  | <b>14.9%</b>  | <b>15.6%</b>  | <b>14.7%</b>   | <b>15.5%</b>  |
| Other income                  | 813            | 165           | 283           | 263           | -1            | 710            | 376           |
| Profit before tax             | 14,962         | 4,005         | 4,345         | 4,820         | 5,052         | 18,223         | 5,554         |
| Income tax expense            | 3,665          | 941           | 1,095         | 1,091         | 1,095         | 4,222          | 1,305         |
| <b>PAT</b>                    | <b>11,297</b>  | <b>3,064</b>  | <b>3,250</b>  | <b>3,730</b>  | <b>3,958</b>  | <b>14,001</b>  | <b>4,249</b>  |
| <b>Adjusted Basic EPS</b>     | <b>71.69</b>   | <b>20.08</b>  | <b>21.19</b>  | <b>24.27</b>  | <b>25.64</b>  | <b>91.23</b>   | <b>27.21</b>  |
| Change (QoQ/YoY)              | 18.1%          | -3.0%         | 5.5%          | 14.1%         | 6.1%          | 26.7%          | 8.0%          |

Source: Company, JM Financial

Revenue growth was led by BFSI, and Hi-Tech. Healthcare and lifesciences saw decline.

Europe and India saw strong sequential growth

Management confident of 200-300bps margin expansion in the near to medium term.

### Exhibit 3. Vertical portfolio

|  | 1Q25       | 2Q25       | 3Q25       | 4Q25       | 1Q26       |
|--|------------|------------|------------|------------|------------|
| <b>Industry segment</b>                        |            |            |            |            |            |
| BFSI   | 31%        | 32%        | 32%        | 32%        | 34%        |
| Healthcare & Lifescience                       | 27%        | 28%        | 28%        | 27%        | 25%        |
| Technology Cos & Emerging verticals            | 43%        | 41%        | 41%        | 41%        | 41%        |
| <b>Revenue (USD mn and QoQ growth)</b>         |            |            |            |            |            |
| <b>BFSI</b>                                    | <b>101</b> | <b>109</b> | <b>114</b> | <b>121</b> | <b>132</b> |
| Change QoQ                                     | 5.9%       | 7.7%       | 4.9%       | 6.1%       | 9.0%       |
| <b>Healthcare &amp; Lifescience</b>            | <b>88</b>  | <b>96</b>  | <b>100</b> | <b>101</b> | <b>99</b>  |
| Change QoQ                                     | 16.5%      | 9.6%       | 4.3%       | 0.4%       | -1.9%      |
| <b>Technology Cos &amp; Emerging verticals</b> | <b>139</b> | <b>141</b> | <b>146</b> | <b>153</b> | <b>159</b> |
| Change QoQ                                     | -0.5%      | 0.8%       | 3.7%       | 5.2%       | 3.6%       |

Source: Company, JM Financial

Utilization levels remained elevated at 88.7%.

### Exhibit 4. Key manpower metrics

|                              | 1Q25          | 2Q25          | 3Q25          | 4Q25          | 1Q26          |
|------------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Total</b>                 | <b>23,519</b> | <b>23,237</b> | <b>23,942</b> | <b>24,594</b> | <b>25,350</b> |
| Technical                    | 21,866        | 21,675        | 22,407        | 23,072        | 23,797        |
| Sales & Business Development | 510           | 492           | 489           | 485           | 496           |
| Support                      | 1,143         | 1,070         | 1,046         | 1,037         | 1,057         |
| Net additions - Technical    | -358          | -549          | 732           | 665           | 725           |
| - As % of opening base       | -1.5%         | -2.3%         | 3.2%          | 2.8%          | 2.9%          |
| Attrition - LTM              | 11.9%         | 12.0%         | 12.6%         | 12.9%         | 13.9%         |
| Blended utilization          | 82.1%         | 84.8%         | 87.4%         | 88.1%         | 88.7%         |

Source: Company, JM Financial

**Exhibit 5. PSYS margin walk – 2Q24-4Q25**

| (March YE basis)                                | 4Q24       | 1Q25         | 2Q25       | 3Q25         | 4Q25         | 1Q26          |
|---|------------|--------------|------------|--------------|--------------|---------------|
| Salary increase                                 |            |              | -210bp     |              |              |               |
| Utilisation                                     | -50bp      | 90bp         | 120bps     | 70bps        | 20bps        |               |
| Sub-Contractor expenses                         | -110bp     | -210bp       | 70bps      | 70bps        |              |               |
| Visa Cost                                       |            | -60bp        | 60bps      |              |              |               |
| Onsite/offshore mix                             |            |              |            |              |              | -100bps       |
| Travel  | -40bp      |              |            |              |              |               |
| Furloughs                                       |            |              |            | -60bps       |              |               |
| IP Revenue                                      |            |              |            |              | -40bps       |               |
| SG&A  |            | -70bp        |            |              | 30bps        |               |
| Operational efficiency                          |            | 90bp         |            |              |              |               |
| Reversal of Earn-out credit                     | 200bp      | 60bp         | -60bps     | -100bps      | 20bps        | -60bps        |
| Change in useful life of assets                 |            | 40bp         |            |              |              |               |
| Employee benefit rationalisation                |            | 10bp         | -130bp     |              |              |               |
| Amortisation                                    |            |              |            |              |              | -40bps        |
| ESOP issuance                                   |            |              | -60bps     | 20bps        |              | +230bps       |
| Others (FX+ Pricing benefits+ Lower resale b/s) |            |              | 210bps     | 40bps        | 40bps        | -40bps        |
| <b>Net Expansion/(Contraction) in margins</b>   | <b>0bp</b> | <b>-50bp</b> | <b>0bp</b> | <b>90bps</b> | <b>70bps</b> | <b>-10bps</b> |

Source: Company, JM Financial

**Exhibit 6. Geographic distribution**

|  | 1Q25   | 2Q25  | 3Q25  | 4Q25  | 1Q26   |
|--|--------|-------|-------|-------|--------|
| <b>Geography: Revenue mix</b>          |        |       |       |       |        |
| North Americas                         | 81%    | 81%   | 81%   | 81%   | 80%    |
| Europe                                 | 8%     | 8%    | 8%    | 8%    | 9%     |
| India                                  | 10%    | 9%    | 9%    | 9%    | 10%    |
| ROW                                    | 2%     | 2%    | 2%    | 2%    | 1%     |
| <b>Revenue (USD mn and QoQ growth)</b> |        |       |       |       |        |
| <b>North Americas</b>                  | 265    | 281   | 290   | 302   | 311    |
| Change QoQ                             | 6.4%   | 6.1%  | 3.2%  | 4.2%  | 3.0%   |
| <b>Europe</b>                          | 26     | 27    | 30    | 32    | 35     |
| Change QoQ                             | 5.6%   | 6.6%  | 8.2%  | 6.7%  | 11.3%  |
| <b>India</b>                           | 32     | 32    | 34    | 35    | 38     |
| Change QoQ                             | 2.4%   | -1.2% | 6.5%  | 3.1%  | 9.4%   |
| <b>ROW</b>                             | 6      | 6     | 7     | 7     | 5      |
| Change QoQ                             | -10.3% | -0.9% | 23.8% | -1.3% | -19.2% |

Source: Company, JM Financial

**Exhibit 7. Key client metrics**

|                                  | 1Q25  | 2Q25  | 3Q25  | 4Q25  | 1Q26  |
|----------------------------------|-------|-------|-------|-------|-------|
| <b>Revenue concentration</b>     |       |       |       |       |       |
| Top 5 clients                    | 30.7% | 31.4% | 30.8% | 32.7% | 31.8% |
| Top 10 clients                   | 41.5% | 41.5% | 40.0% | 42.2% | 42.0% |
| Non-Top10 clients                | 58.5% | 58.5% | 60.0% | 57.8% | 58.0% |
| <b>Revenue growth</b>            |       |       |       |       |       |
| Top-5 clients                    | 11.0% | 7.7%  | 2.3%  | 10.6% | 1.0%  |
| Top-6 to 10 clients              | 5.6%  | -1.6% | -5.0% | 7.6%  | 11.5% |
| Top-10 clients                   | 9.5%  | 5.3%  | 0.5%  | 9.9%  | 3.4%  |
| Non-Top 10 clients               | 2.9%  | 5.1%  | 6.9%  | 0.3%  | 4.2%  |
| <b>Relationship distribution</b> |       |       |       |       |       |
| USD 75 mn +                      | 3     | 3     | 3     | 4     | 4     |
| Change QoQ                       | 1     | 0     | 0     | 1     | 0     |
| USD 50 mn - USD 75mn             | 1     | 1     | 1     | 0     | 0     |
| Change QoQ                       | 0     | 0     | 0     | -1    | 0     |
| USD 20 mn - USD 50mn             | 6     | 6     | 6     | 6     | 8     |
| Change QoQ                       | -1    | 0     | 0     | 0     | 2     |
| USD 10 mn - USD 20mn             | 9     | 11    | 12    | 11    | 10    |
| Change QoQ                       | 2     | 2     | 1     | -1    | -1    |
| USD 5 mn - USD 10mn              | 22    | 22    | 25    | 34    | 34    |
| Change QoQ                       | -1    | 0     | 3     | 9     | 0     |
| USD 1 mn - USD 5mn               | 137   | 141   | 142   | 136   | 135   |
| Change QoQ                       | -1    | 4     | 1     | -6    | -1    |

Source: Company, JM Financial

## Maintain BUY, TP revised to 6,720.

We have revised our cc growth expectations downward by 95-175 bps over FY26-27E. This translates to 1.5-2.3% decline 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 15.5% for FY26E and build 10/20 bps margin expansion for FY27/FY28E. Changes to our growth estimates drive 1-4% cuts to our PAT estimates. EPS estimates have been revised by 0.4% to (1.6%). EPS estimate for FY26 has seen an increase because of reduction in o/s shares. We continue to value the stock at 48x. We maintain BUY with a revised TP of 6,720 (from 6,770 earlier).

### Exhibit 8. What has changed

|                               | Old      |          |          | New      |          |          | Change |       |       |
|-------------------------------|----------|----------|----------|----------|----------|----------|--------|-------|-------|
|                               | FY26E    | FY27E    | FY28E    | FY26E    | FY27E    | FY28E    | FY26E  | FY27E | FY28E |
| Exchange rate (INR/USD)       | 85.38    | 85.38    | 85.38    | 85.89    | 85.38    | 85.38    | 0.6%   | 0.0%  | 0.0%  |
| Consolidated revenue (USD mn) | 1,663    | 1,946    | 2,264    | 1,639    | 1,902    | 2,216    | -1.5%  | -2.3% | -2.1% |
| Growth in USD revenues (YoY)  | 18.0%    | 17.0%    | 16.3%    | 16.3%    | 16.1%    | 16.5%    | -175bp | -95bp | 18bp  |
| Consolidated revenue (INR mn) | 1,42,015 | 1,66,170 | 1,93,316 | 1,40,751 | 1,62,386 | 1,89,202 | -0.9%  | -2.3% | -2.1% |
| EBITDA margin                 | 18.0%    | 18.2%    | 18.0%    | 18.1%    | 18.0%    | 17.9%    | 5bp    | -14bp | -8bp  |
| EBIT margin                   | 15.6%    | 15.9%    | 15.9%    | 15.5%    | 15.6%    | 15.8%    | -12bp  | -30bp | -14bp |
| Adjusted PAT (INR mn)         | 18,009   | 21,562   | 24,591   | 17,837   | 20,745   | 23,862   | -1.0%  | -3.8% | -3.0% |
| Adjusted EPS (INR)            | 114.5    | 137.0    | 156.3    | 114.9    | 133.7    | 153.8    | 0.4%   | -2.4% | -1.6% |

Source: JM Financial estimates

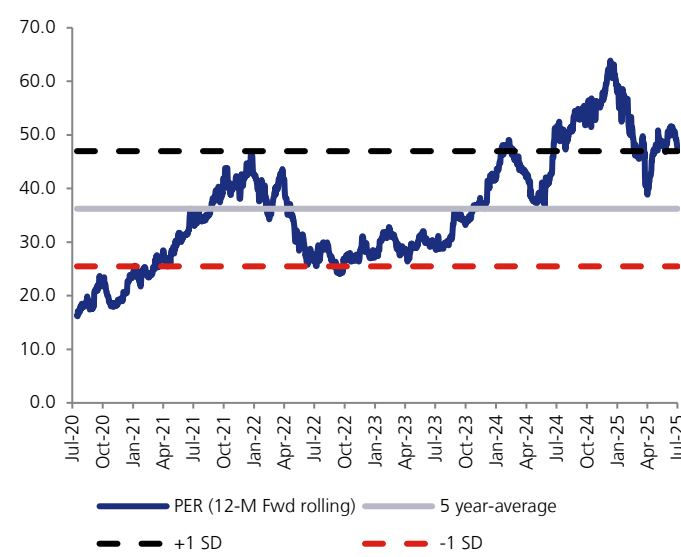
### Exhibit 9. JMFe vs. Consensus estimates

|                   | Consensus |          |          | JMFe     |          |          | Difference |       |       |
|-------------------|-----------|----------|----------|----------|----------|----------|------------|-------|-------|
|                   | FY26E     | FY27E    | FY28E    | FY26E    | FY27E    | FY28E    | FY26E      | FY27E | FY28E |
| Sales (USD mn)    | 1,660     | 1,950    | 2,250    | 1,639    | 1,902    | 2,216    | 0.2%       | -0.4% | -0.4% |
| Sales (INR mn)    | 1,42,229  | 1,67,161 | 1,92,867 | 1,40,751 | 1,62,386 | 1,89,202 | -1.3%      | -2.5% | -1.5% |
| EBITDA (INR mn)   | 25,242    | 30,264   | 35,068   | 25,451   | 29,306   | 33,939   | -1.0%      | -2.9% | -1.9% |
| EBITDA margin (%) | 17.7%     | 18.1%    | 18.2%    | 18.1%    | 18.0%    | 17.9%    | 0.8%       | -3.2% | -3.2% |
| EBIT (INR mn)     | 21,830    | 26,458   | 31,105   | 21,772   | 25,389   | 29,830   | 34bp       | -6bp  | -24bp |
| EBIT margin (%)   | 15.3%     | 15.8%    | 16.1%    | 15.5%    | 15.6%    | 15.8%    | -0.3%      | -4.0% | -4.1% |
| EPS (INR)         | 112.6     | 136.7    | 160.7    | 114.9    | 133.7    | 153.8    | 12bp       | -19bp | -36bp |

Note: Consensus estimates as of 10<sup>th</sup> Jul and may not reflect changes in estimates post result. Source: Visible Alpha, JM Financial estimates

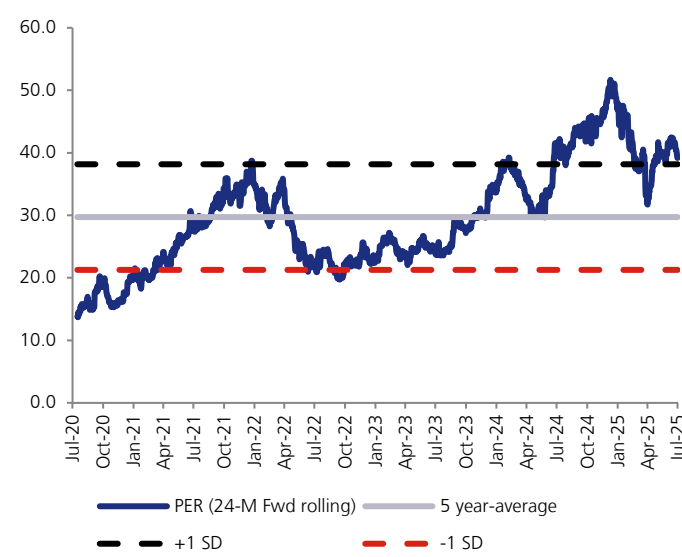
Valuation charts

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        | 119,387        | 140,751        | 162,386        | 189,202        |
| Sales Growth                | 17.6%         | 21.6%          | 17.9%          | 15.4%          | 16.5%          |
| Other Operating Income      | 0             | 0              | 0              | 0              | 0              |
| <b>Total Revenue</b>        | <b>98,216</b> | <b>119,387</b> | <b>140,751</b> | <b>162,386</b> | <b>189,202</b> |
| Cost of Goods Sold/Op. Exp  | 65,231        | 78,740         | 91,537         | 105,845        | 123,666        |
| Personnel Cost              | 0             | 0              | 0              | 0              | 0              |
| Other Expenses              | 15,742        | 20,066         | 23,762         | 27,235         | 31,597         |
| <b>EBITDA</b>               | <b>17,243</b> | <b>20,581</b>  | <b>25,451</b>  | <b>29,306</b>  | <b>33,939</b>  |
| EBITDA Margin               | 17.6%         | 17.2%          | 18.1%          | 18.0%          | 17.9%          |
| EBITDA Growth               | 13.5%         | 19.4%          | 23.7%          | 15.1%          | 15.8%          |
| Depn. & Amort.              | 3,094         | 3,069          | 3,679          | 3,917          | 4,109          |
| EBIT                        | 14,149        | 17,512         | 21,772         | 25,389         | 29,830         |
| Other Income                | 813           | 710            | 1,543          | 1,728          | 1,362          |
| Finance Cost                | 0             | 0              | 0              | 0              | 0              |
| PBT before Excep. & Forex   | 14,962        | 18,223         | 23,315         | 27,117         | 31,193         |
| Excep. & Forex Inc./Loss(-) | 0             | 0              | 0              | 0              | 0              |
| PBT                         | 14,962        | 18,223         | 23,315         | 27,117         | 31,193         |
| Taxes                       | 3,665         | 4,222          | 5,479          | 6,373          | 7,330          |
| Extraordinary Inc./Loss(-)  | -362          | 0              | 0              | 0              | 0              |
| Assoc. Profit/Min. Int.(-)  | 0             | 0              | 0              | 0              | 0              |
| Reported Net Profit         | 10,935        | 14,001         | 17,837         | 20,745         | 23,862         |
| <b>Adjusted Net Profit</b>  | <b>11,297</b> | <b>14,001</b>  | <b>17,837</b>  | <b>20,745</b>  | <b>23,862</b>  |
| Net Margin                  | 11.5%         | 11.7%          | 12.7%          | 12.8%          | 12.6%          |
| Diluted Share Cap. (mn)     | 76.9          | 157.3          | 155.2          | 155.2          | 155.2          |
| <b>Diluted EPS (INR)</b>    | <b>146.9</b>  | <b>89.0</b>    | <b>114.9</b>   | <b>133.7</b>   | <b>153.8</b>   |
| Diluted EPS Growth          | 143.7%        | -39.4%         | 29.2%          | 16.3%          | 15.0%          |
| Total Dividend + Tax        | 2,870         | 6,655          | 9,338          | 9,338          | 11,205         |
| Dividend Per Share (INR)    | 31.0          | 35.5           | 49.6           | 49.6           | 59.5           |

Source: Company, JM Financial

| Cash Flow Statement          |               |               |               |               | (INR mn)      |
|------------------------------|---------------|---------------|---------------|---------------|---------------|
| Y/E March                    | FY24A         | FY25A         | FY26E         | FY27E         | FY28E         |
| Profit before Tax            | 14,476        | 18,223        | 23,315        | 27,117        | 31,193        |
| Depn. & Amort.               | 3,094         | 3,069         | 3,679         | 3,917         | 4,109         |
| Net Interest Exp. / Inc. (-) | 467           | 671           | 0             | 0             | 0             |
| Inc (-) / Dec in WCap.       | -2,052        | -6,233        | -8,771        | -3,762        | 6,038         |
| Others                       | 364           | 2,922         | -1,543        | -1,728        | -1,362        |
| Taxes Paid                   | -3,414        | -5,114        | -5,479        | -6,373        | -7,330        |
| <b>Operating Cash Flow</b>   | <b>12,936</b> | <b>13,538</b> | <b>11,202</b> | <b>19,171</b> | <b>32,647</b> |
| Capex                        | -2,839        | -2,367        | -5,199        | -4,837        | -1,968        |
| Free Cash Flow               | 10,096        | 11,171        | 6,003         | 14,334        | 30,679        |
| Inc (-) / Dec in Investments | -428          | -2,494        | -712          | 0             | 0             |
| Others                       | -1,428        | 517           | 1,543         | 1,728         | 1,362         |
| <b>Investing Cash Flow</b>   | <b>-4,695</b> | <b>-4,344</b> | <b>-4,368</b> | <b>-3,109</b> | <b>-606</b>   |
| Inc / Dec (-) in Capital     | 0             | 0             | 0             | 0             | 0             |
| Dividend + Tax thereon       | -4,084        | -4,600        | -7,758        | -7,758        | -9,310        |
| Inc / Dec (-) in Loans       | -1,386        | -2,061        | 0             | 0             | 0             |
| Others                       | -467          | -373          | 0             | 0             | 0             |
| <b>Financing Cash Flow</b>   | <b>-5,937</b> | <b>-7,034</b> | <b>-7,758</b> | <b>-7,758</b> | <b>-9,310</b> |
| <b>Inc / Dec (-) in Cash</b> | <b>2,304</b>  | <b>2,159</b>  | <b>-924</b>   | <b>8,304</b>  | <b>22,731</b> |
| Opening Cash Balance         | 10,912        | 12,955        | 13,643        | 13,427        | 21,731        |
| Closing Cash Balance         | 13,216        | 15,115        | 12,718        | 21,731        | 44,462        |

Source: Company, JM Financial

| Balance Sheet                     |               |               |               |               | (INR mn)      |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|
| Y/E March                         | FY24A         | FY25A         | FY26E         | FY27E         | FY28E         |
| Shareholders' Fund                | 49,577        | 63,191        | 73,272        | 86,258        | 100,810       |
| Share Capital                     | 770           | 779           | 782           | 782           | 782           |
| Reserves & Surplus                | 48,807        | 62,411        | 72,490        | 85,476        | 100,028       |
| 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        | -2,091        | -2,091        | -2,091        |
| <b>Total - Equity &amp; Liab.</b> | <b>48,317</b> | <b>61,166</b> | <b>71,180</b> | <b>84,167</b> | <b>98,719</b> |
| Net Fixed Assets                  | 20,243        | 22,386        | 23,906        | 24,826        | 22,685        |
| Gross Fixed Assets                | 4,755         | 4,393         | 5,989         | 6,910         | 7,277         |
| Intangible Assets                 | 15,488        | 17,993        | 17,916        | 17,916        | 15,408        |
| Less: Depn. & Amort.              | 0             | 0             | 0             | 0             | 0             |
| Capital WIP                       | 0             | 0             | 0             | 0             | 0             |
| Investments                       | 5,539         | 6,415         | 7,126         | 7,126         | 7,126         |
| Current Assets                    | 46,595        | 56,541        | 69,039        | 85,201        | 111,832       |
| Inventories                       | 0             | 0             | 0             | 0             | 0             |
| Sundry Debtors                    | 16,761        | 18,478        | 26,993        | 31,143        | 36,285        |
| Cash & Bank Balances              | 12,955        | 13,643        | 13,427        | 21,731        | 44,462        |
| Loans & Advances                  | 0             | 0             | 0             | 0             | 0             |
| Other Current Assets              | 16,878        | 24,420        | 28,618        | 32,328        | 31,085        |
| Current Liab. & Prov.             | 24,060        | 24,175        | 28,896        | 32,992        | 42,930        |
| Current Liabilities               | 24,060        | 24,175        | 28,896        | 32,992        | 42,930        |
| Provisions & Others               | 0             | 0             | 0             | 0             | 0             |
| Net Current Assets                | 22,535        | 32,365        | 40,143        | 52,209        | 68,902        |
| <b>Total - Assets</b>             | <b>48,317</b> | <b>61,166</b> | <b>71,174</b> | <b>84,161</b> | <b>98,713</b> |

Source: Company, JM Financial

| Dupont Analysis     |       |       |       |       |       |
|---------------------|-------|-------|-------|-------|-------|
| Y/E March           | FY24A | FY25A | FY26E | FY27E | FY28E |
| Net Margin          | 11.5% | 11.7% | 12.7% | 12.8% | 12.6% |
| Asset Turnover (x)  | 2.0   | 2.0   | 2.0   | 2.0   | 2.0   |
| Leverage Factor (x) | 1.1   | 1.0   | 1.0   | 1.0   | 1.0   |
| RoE                 | 25.3% | 24.8% | 26.1% | 26.0% | 25.5% |

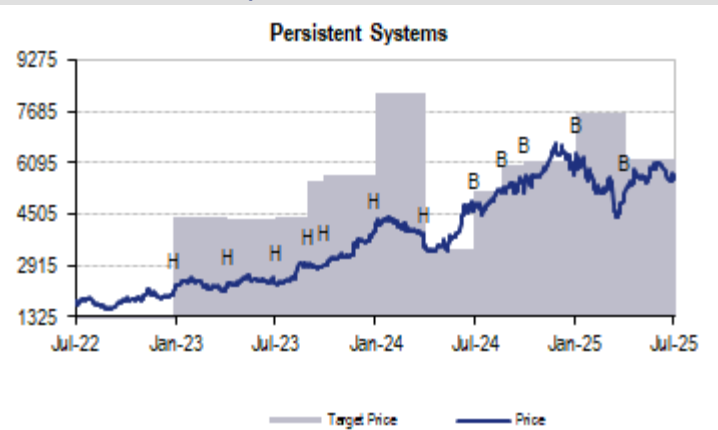
| Key Ratios          |       |       |       |       |       |
|---------------------|-------|-------|-------|-------|-------|
| Y/E March           | FY24A | FY25A | FY26E | FY27E | FY28E |
| BV/Share (INR)      | 644.5 | 405.5 | 468.5 | 551.5 | 644.6 |
| ROIC                | 37.2% | 36.2% | 34.8% | 35.3% | 42.8% |
| ROE                 | 25.3% | 24.8% | 26.1% | 26.0% | 25.5% |
| Net Debt/Equity (x) | -0.3  | -0.2  | -0.2  | -0.3  | -0.4  |
| P/E (x)             | 38.2  | 63.0  | 48.8  | 41.9  | 36.5  |
| P/B (x)             | 8.7   | 13.8  | 12.0  | 10.2  | 8.7   |
| EV/EBITDA (x)       | 24.0  | 20.0  | 16.2  | 13.8  | 11.2  |
| EV/Sales (x)        | 4.2   | 3.5   | 2.9   | 2.5   | 2.0   |
| Debtor days         | 62    | 56    | 70    | 70    | 70    |
| Inventory days      | 0     | 0     | 0     | 0     | 0     |
| Creditor days       | 98    | 79    | 82    | 82    | 93    |

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  |

Recommendation History



## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

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

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Chenergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: [jmfinancial.research@jmfl.com](mailto:jmfinancial.research@jmfl.com) | [www.jmfl.com](http://www.jmfl.com)Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: [sahil.salastekar@jmfl.com](mailto:sahil.salastekar@jmfl.com)Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: [instcompliance@jmfl.com](mailto:instcompliance@jmfl.com)

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

| 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.

**Research Analyst(s) Certification**

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.

**Important Disclosures**

This research report has been prepared by JM Financial Institutional Securities Limited (JM Financial Institutional Securities) to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its associates solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of JM Financial Institutional Securities. This report has been prepared independent of the companies covered herein.

JM Financial Institutional Securities is registered with the Securities and Exchange Board of India (SEBI) as a Research Analyst and a Stock Broker having trading memberships of the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). No material disciplinary action has been taken by SEBI against JM Financial Institutional Securities in the past two financial years which may impact the investment decision making of the investor. Registration granted by SEBI and certification from the National Institute of Securities Market (NISM) in no way guarantee performance of JM Financial Institutional Securities or provide any assurance of returns to investors.

JM Financial Institutional Securities renders stock broking services primarily to institutional investors and provides the research services to its institutional clients/investors. JM Financial Institutional Securities and its associates are part of a multi-service, integrated investment banking, investment management, brokerage and financing group. JM Financial Institutional Securities and/or its associates might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, broking, financing or any other advisory services to the company(ies) covered herein. JM Financial Institutional Securities and/or its associates might have received during the past twelve months or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services.

JM Financial Institutional Securities and/or its associates, their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) covered under this report or (c) act as an advisor or lender/borrower to, or may have any financial interest in, such company(ies) or (d) considering the nature of business/activities that JM Financial Institutional Securities is engaged in, it may have potential conflict of interest at the time of publication of this report on the subject company(ies).

Neither JM Financial Institutional Securities nor its associates or the Research Analyst(s) named in this report or his/her relatives individually own one per cent or more securities of the company(ies) covered under this report, at the relevant date as specified in the SEBI (Research Analysts) Regulations, 2014.

The Research Analyst(s) principally responsible for the preparation of this research report and their immediate relatives are prohibited from buying or selling debt or equity securities, including but not limited to any option, right, warrant, future, long or short position issued by company(ies) covered under this report. The Research Analyst(s) principally responsible for the preparation of this research report or their immediate relatives (as defined under SEBI (Research Analysts) Regulations, 2014); (a) do not have any financial interest in the company(ies) covered under this report or (b) did not receive any compensation from the company(ies) covered under this report, or from any third party, in connection with this report or (c) do not have any other material conflict of interest at the time of publication of this report. Research Analyst(s) are not serving as an officer, director or employee of the company(ies) covered under this report.

While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and JM Financial Institutional Securities does not warrant its accuracy or completeness. JM Financial Institutional Securities may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision.

This research report is based on the fundamental research/analysis conducted by the Research Analyst(s) named herein. Accordingly, this report has been prepared by studying/focusing on the fundamentals of the company(ies) covered in this report and other macro-economic factors. JM Financial Institutional Securities may have also issued or may issue, research reports and/or recommendations based on the technical/quantitative analysis of the company(ies) covered in this report by studying and using charts of the stock's price movement, trading volume and/or other volatility parameters. As a result, the views/recommendations expressed in such technical research reports could be inconsistent or even contrary to the views contained in this report.

The investment discussed or views expressed or recommendations/opinions given herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and JM Financial Institutional Securities reserves the right to make modifications and alterations to this statement as they may deem fit from time to time.

This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction.

This report is not directed or intended for distribution to, or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject JM Financial Institutional Securities and/or its affiliated company(ies) to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

**Additional disclosure only for U.S. persons:** JM Financial Institutional Securities has entered into an agreement with JM Financial Securities, Inc. ("JM Financial Securities"), a U.S. registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") in order to conduct certain business in the United States in reliance on the exemption from U.S. broker-dealer registration provided by Rule 15a-6, promulgated under the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), as amended, and as interpreted by the staff of the U.S. Securities and Exchange Commission ("SEC") (together "Rule 15a-6").

This research report is distributed in the United States by JM Financial Securities in compliance with Rule 15a-6, and as a "third party research report" for purposes of FINRA Rule 2241. In compliance with Rule 15a-6(a)(3) this research report is distributed only to "major U.S. institutional investors" as defined in Rule 15a-6 and is not intended for use by any person or entity that is not a major U.S. institutional investor. If you have received a copy of this research report and are not a major U.S. institutional investor, you are instructed not to read, rely on, or reproduce the contents hereof, and to destroy this research or return it to JM Financial Institutional Securities or to JM Financial Securities.

This research report is a product of JM Financial Institutional Securities, which is the employer of the research analyst(s) solely responsible for its content. The research analyst(s) preparing this research report is/are resident outside the United States and are not associated persons or employees of any U.S. registered broker-dealer. Therefore, the analyst(s) are not subject to supervision by a U.S. broker-dealer, or otherwise required to satisfy the regulatory licensing requirements of FINRA and may not be subject to the Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Any U.S. person who is recipient of this report that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, must contact, and deal directly through a U.S. registered representative affiliated with a broker-dealer registered with the SEC and a member of FINRA. In the U.S., JM Financial Institutional Securities has an affiliate, JM Financial Securities, Inc. located at 1325 Avenue of the Americas, 27th Floor, Office No. 2715, New York, New York 10019. Telephone +1 (332) 900 4958 which is registered with the SEC and is a member of FINRA and SIPC.

**Additional disclosure only for U.K. persons:** Neither JM Financial Institutional Securities nor any of its affiliates is authorised in the United Kingdom (U.K.) by the Financial Conduct Authority. As a result, this report is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the matters to which this report relates may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This report is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons.

**Additional disclosure only for Canadian persons:** This report is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities described herein in Canada or any province or territory thereof. Under no circumstances is this report to be construed as an offer to sell securities or as a solicitation of an offer to buy securities in any jurisdiction of Canada. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the registration requirement in the relevant province or territory of Canada in which such offer or sale is made. This report is not, and under no circumstances is it to be construed as, a prospectus or an offering memorandum. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. If you are located in Canada, this report has been made available to you based on your representation that you are an "accredited investor" as such term is defined in National Instrument 45-106 Prospectus Exemptions and a "permitted client" as such term is defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada nor should it be construed as being tailored to the needs of the recipient. Canadian recipients are advised that JM Financial Securities, Inc., JM Financial Institutional Securities Limited, their affiliates and authorized agents are not responsible for, nor do they accept, any liability whatsoever for any direct or consequential loss arising from any use of this research report or the information contained herein.