

**Persistent Systems (PSYS) announced the acquisition of Germany-based Nagarro through a voluntary public takeover offer, valuing the company at an EV of ~€1.27bn (~1.3x/9.2x CY25 revenue/adj EBITDA), creating a ~\$2.9bn AI-led digital engineering leader. Strategically, the acquisition strengthens its European footprint, enhances AI-led engineering capabilities, and creates a more balanced revenue mix across clients, verticals, geographies and offerings. With limited client overlap, Nagarro complements PSYS's existing portfolio while expanding the combined entity's TAM to over \$1.4tn. The acquisition aligns with management's objective of scaling its European presence through large-scale M&A, although we view the valuation as slightly stretched and expect the near-term reported EPS dilution. Further, the recently announced large deal win (TCV: >\$650mn) with a US-based tech major is expected to partially cushion near-term earnings dilution impact. We expect the stock to face a near-term overhang due to inherent execution risks in a scaled transaction (70%/65% of PSYS's revenue/employee base), EPS dilution concerns, and an elevated risk profile from balance sheet leverage. We have not yet incorporated the transaction into our estimates pending closure. We maintain ADD and TP of Rs5,200 at 30x Mar-28E EPS.**

#### Transaction contours

PSYS has incorporated 'Galaxy Germany Holding SE' (BidCo), a wholly owned German subsidiary, to execute the transaction. BidCo has signed a binding SPA to acquire the ~21% stake (excluding treasury shares) from the largest shareholder, Lantano Beteiligungen, for €81/share, followed by a voluntary public takeover offer for the remaining shares at €81/share in cash. Nagarro's management, holding ~13%, has also indicated its intention to tender, implying ~33% committed support. The transaction is subject to a minimum acceptance condition of 50%+1 share (including the SPA stake) and requisite approvals, with completion contingent on open offer participation.

#### Funding and post-acquisition plans

The acquisition will be funded through a committed €1.4bn, 18M bridge facility, (EURIBOR + 175-250bps; 4.1-4.8%), including the potential refinancing of Nagarro's existing debt. The deal is expected to close by Q4CY26/Q1CY27. Post completion, PSYS intends to delist Nagarro from the Frankfurt Stock Exchange while preserving its operating structure and separate brand under the 'Persistent-Nagarro Group' with a DPLTA (domination/profit-and-loss transfer agreement) explicitly ruled out for at least 2Y. (Exhibit 5/6).

#### Our view on the transaction

We expect near-term sentiment to remain cautious despite the strategic rationale. The transaction materially increases execution risk given its size, funding structure, and integration complexity. While the BCA provides continuity by preserving Nagarro's operating structure for 2Y, it also implies a phased integration approach, potentially pushing out cost and operating synergies with a gradual extraction vs a conventional acquisition. Hence, we believe execution, rather than strategic fit alone, will remain the primary driver of the stock's near-term performance.

|                       |        |
|-----------------------|--------|
| Target Price – 12M    | Mar-27 |
| Change in TP (%)      | -      |
| Current Reco.         | ADD    |
| Previous Reco.        | ADD    |
| Upside/(Downside) (%) | 7.3    |

| Stock Data              | PSYS IN    |
|-------------------------|------------|
| 52-week High (Rs)       | 6,599      |
| 52-week Low (Rs)        | 4,449      |
| Shares outstanding (mn) | 157.8      |
| Market-cap (Rs bn)      | 765        |
| Market-cap (USD mn)     | 8,099      |
| Net-debt, FY27E (Rs mn) | (40,081.6) |
| ADTV-3M (mn shares)     | 0.7        |
| ADTV-3M (Rs mn)         | 3,740.1    |
| ADTV-3M (USD mn)        | 39.6       |
| Free float (%)          | 67.6       |
| Nifty-50                | 24,056.0   |
| INR/USD                 | 94.4       |

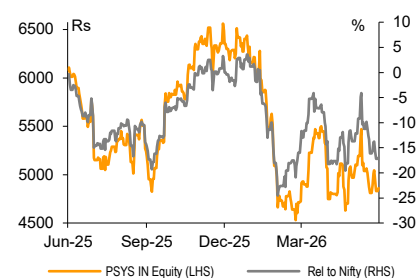
#### Shareholding, Mar-26

|               |           |
|---------------|-----------|
| Promoters (%) | 30.3      |
| FPIs/MFs (%)  | 22.1/30.5 |

#### Price Performance

| (%)           | 1M    | 3M    | 12M    |
|---------------|-------|-------|--------|
| Absolute      | (3.8) | (1.7) | (20.7) |
| Rel. to Nifty | (3.9) | (4.7) | (16.7) |

#### 1-Year share price trend (Rs)



#### Persistent Systems: Financial Snapshot (Consolidated)

| Y/E Mar (Rs mn)     | FY24   | FY25    | FY26    | FY27E   | FY28E   |
|---------------------|--------|---------|---------|---------|---------|
| Revenue             | 98,216 | 119,387 | 147,484 | 176,262 | 208,965 |
| EBITDA              | 16,757 | 20,582  | 27,954  | 33,834  | 40,051  |
| Adj. PAT            | 10,935 | 14,002  | 19,331  | 22,849  | 28,200  |
| Adj. EPS (Rs)       | 71.0   | 89.8    | 122.5   | 144.8   | 178.8   |
| EBITDA margin (%)   | 17.1   | 17.2    | 19.0    | 19.2    | 19.2    |
| EBITDA growth (%)   | 10.3   | 22.8    | 35.8    | 21.0    | 18.4    |
| Adj. EPS growth (%) | (42.9) | 26.6    | 36.4    | 18.2    | 23.4    |
| RoE (%)             | 24.5   | 24.8    | 27.3    | 26.6    | 27.5    |
| RoIC (%)            | 34.8   | 37.1    | 42.6    | 47.2    | 52.6    |
| P/E (x)             | 68.3   | 53.9    | 41.0    | 33.5    | 27.1    |
| EV/EBITDA (x)       | 43.6   | 35.7    | 26.3    | 21.4    | 17.7    |
| P/B (x)             | 15.1   | 12.0    | 9.8     | 8.2     | 6.8     |
| FCFF yield (%)      | 1.3    | 1.3     | 2.1     | 2.5     | 3.0     |

Source: Company, Emkay Research

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### Acquisition to enhance scale, build capabilities, and expand geo footprint

The acquisition strengthens PSYS's position in Europe, expands its scale in Europe/RoW, and strengthens its ability to deliver AI- and digital transformation-led outcomes for clients. (Exhibit 2/3/4).

1) Creates a \$2.9bn AI-led digital engineering leader: The combined entity will have >46k employees (including ~37k in India, ~3.5k in North America, and ~3k in Europe) across over 40 countries, significantly strengthening PSYS's global delivery footprint.

2) Addresses the strategic gap in Europe: >40% of Nagarro's revenue is generated from Europe, making it highly complementary to Persistent, whose business has historically been North America-centric. The acquisition increases Europe's contribution from ~9% to ~22% of pro forma revenue, creating a more balanced geographic mix (>\$1.7bn North America/>\$600mn Europe) and strengthening PSYS's presence in Europe.

3) Creates meaningful scale-up across verticals: Post-acquisition, PSYS will have >\$500mn revenue scale across BFSI, HLS, and TMT, >\$400mn in Industrials, and >\$300mn in Consumer, enhancing its ability to win larger transformation deals while driving cross-selling opportunities across 350+ marquee clients.

4) Strengthens positioning in AI-led engineering: Nagarro brings complementary strengths in digital engineering, SAP/ERP, cloud, data, customer experience, and AI-native software engineering, strengthening PSYS's capabilities beyond traditional application development. The combination enhances PSYS's positioning in enterprise AI transformation, with deeper European client access and stronger enterprise modernization capabilities.

The management expects the transaction to be cash EPS accretive as well as reported EPS accretive in Year 1 (excluding the transaction expenses).

### Growth convergence to be a critical watchpoint

PSYS has historically commanded a premium valuation on the back of its superior growth profile and execution consistency (3Y/5Y revenue CAGR: ~17%/24%). While the acquisition strengthens its long-term strategic positioning, investors are likely to focus on whether integrating a slower-growing Nagarro (3Y CAGR: ~5%) can be achieved without diluting PSYS's growth trajectory. The pace of revenue acceleration at Nagarro through cross-selling and execution synergies will therefore be a key determinant of value creation.

### Nagarro – Brief profile

Nagarro is a Munich-headquartered leading digital engineering company with ~18,500 employees (~13,500 in India, ~3,000 in Europe, ~500 in the US and ~1,500 in RoW) across 40+ countries and generating CY25 revenue of ~€1.0bn. It has deep capabilities across AI-led engineering, enterprise modernization, ERP, CX, cloud, and data, with strong client relationships across Europe, including 4 of Europe's top 5 auto OEMs. Last 3Y revenue: CY25: €999mn/CY24: €972mn/CY23: €912mn. Per Nagarro's FY26 guidance, the midpoint implies revenue of €1.03bn (+3.1% yoy) and an adj EBITDAM of 15.0%.

For context, Nagarro was demerged from Allgeier SE in Dec-20 to unlock shareholder value by separating its high-growth global digital engineering business from Allgeier's domestic IT services and staffing operations. (Exhibit 7).

### A significant large deal win underpins PSYS's organic growth

Along with the announcement of the Nagarro acquisition, PSYS has also announced a 6.5Y strategic services agreement with a US-headquartered global tech company, with a TCW of over \$650mn (ACV of over \$125mn; existing client; net new deal). The deal is likely to contribute ~7.6% to revenue based on the FY26 revenue run-rate.

This report is intended for Team White Marquee Solutions (team.emkay@whitemarquesolutions)

# Snapshots from the deck

## Exhibit 1: Nagarro's top-down view

**Nagarro: EUR 1 billion digital engineering leader with a strong European footprint and complementary vertical and technology strengths**

|  |   |  |   |
|--|---|--|---|
| <b>€1,001M</b><br><i>(\$ 1,141.1M)</i><br>TTM Mar'26 Revenue | <b>5.3%</b><br>3-year Revenue CAGR <sup>(1)</sup><br><b>18.4%</b><br>5-year Revenue CAGR <sup>(1)</sup> | <b>€139M</b><br><i>(\$159.5M)</i><br>TTM Mar'26 Adj. EBITDA <sup>(2)</sup> | <b>13.9%</b><br>TTM Mar'26 Adj. EBITDA Margin |
|--|---|--|---|

- Headquartered in **Munich, Germany** and listed on Frankfurt Stock Exchange
- Seasoned Management Board:** Manas Human (CEO), Vikram Sehgal (COO), Annette Mainka (CRC) and Prateek Aggarwal (CFO)
- 18,500+ professionals** across 40 countries (13,500+ in India, 3,000+ in Europe, 500+ in US and 1,500+ in Rest of the World)
- A **diversified digital engineering leader** delivering **full-stack solutions** across digital engineering, intelligent enterprise, and experience & design
- Strong European business** with long-standing client relationships in Industrials and Consumer verticals

### KEY PARTNERS



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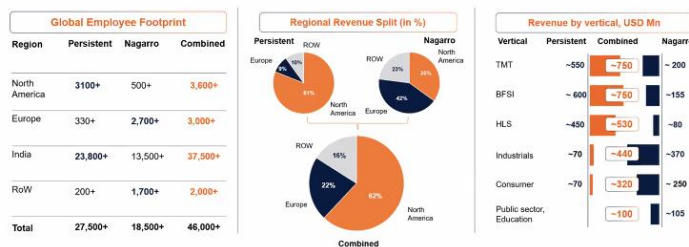
Note: Nagarro financials (FY Dec 31) have been finalized for FYE Mar 31. Calculated based on CY2025 revenue growth. 2. Adj. EBITDA for Nagarro, as reported by the company. It excludes effects of share-based compensation expense. Includes one time impact of 120 hrs on account of new labour code in India. FX effects on purchase price, acquisition related expenses, and other non-recurring items.



Source: Company, Emkay Research

## Exhibit 2: Strategic complementarity between PSYS and Nagarro

... a **highly complementary strategic fit** that creates a globally balanced profile across regions and verticals



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Source: Company, Emkay Research

## Exhibit 3: Investment thesis underpinning the transaction

Together, **Persistent – Nagarro Group** will create an AI-led engineering powerhouse to serve global clients with end-to-end offerings across every major sector...

- New dimension of scale**
- Enhanced capabilities**
- Stronger diversification**
- Broader vertical depth**
- Strong cultural fit**

A global leader in **AI-led digital engineering** with ~USD 2.9B run-rate revenue (Q4FY26) and 46,000+ employees across 40+ countries

Nagarro's AI, Digital, Product Design, ERP and CX capabilities complement Persistent's technology portfolio – the group strengthens the AI Forward Deployed Engineering capabilities, to accelerate client outcomes in AI-led transformation

At-scale presence in **North America (USD 1.7B+)** and **Europe (USD 600M+)**; Europe rising from ~9% to ~22%<sup>(1)</sup> of pro-forma revenue

Scaled verticals with \$750M+ BFSI and TMT, \$500M+ HLS, \$400M+ Industrials; \$300M+ in Consumer; combined marquee client base

Two global organizations with entrepreneurial ethos, an engineering-first culture, and decades of trust with some of the world's most demanding clients

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Note: FX: US\$ 1 = EUR 0.877. 1. For TTM Mar'26 Revenue.



Source: Company, Emkay Research

## Exhibit 4: Value realization across different vectors

Where we are now: Persistent - Nagarro Group

- Strengthening Forward Looking Capabilities: **Global AI Powerhouse**
- Service Lines Diversification: **ERP and CX**
- Verticals Augmentation: **Industrials, Consumer, Public Sector**
- Europe Business Expansion: **22% Europe Presence**
- Nearshore Europe Delivery Presence: **3300+ team members**

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Source: Company, Emkay Research

## Exhibit 5: Transaction structure and key details on the financing arrangement

### Financing and related details

- Transaction to be funded through committed bridge financing from Barclays**
  - Interest:** EURIBOR + Margin of 175 up to 250 bps (4.1% - 4.8%)
  - Leverage (Net Debt / Combined EBITDA):** ~1.9x to 2.5x based on open offer acceptance (50% + 1 share to 100%) and is expected to reduce below 1.0x by FY30
  - Total amount of facility:** Committed bridge financing facility of EUR 1.4 Billion (includes amount for refinancing of Nagarro's existing debt if required)
  - Security:** Corporate guarantee up to EUR 1.54 Billion provided by Persistent Systems Ltd. (additional amount provisions for outstanding accrued interest, if any)
- Goodwill and other intangibles:** 70:30 ratio
- Amortization period for other intangibles:** 8 years
- Expected to be Cash EPS accretive as well as Reported EPS accretive in Year 1 (excluding transaction expenses)**
- Revenue and Cost synergies to be detailed post regulatory approvals**

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Source: Company, Emkay Research

## Exhibit 6: Valuation assessment based on the CY25A and guidance/consensus estimates

### Valuation – Fair Premium for a High-Quality asset with Strong Strategic fit

| Naples Multiple Analysis                           |          | Excl Treasury Shares | Premium                         |
|--|----------|----------------------|---------------------------------|
| Offer Price  |          | €81.0                | 12M VWAP                        |
| Outstanding shares (excluding Treasury shares) (m) |          | 12.38                | 60M VWAP                        |
| Equity Value (m)                                   |          | €1,002.5             | 3M VWAP                         |
| Reported Net Debt (m), Mar-26                      |          | €267.5               |                                 |
| Enterprise Value (m)                               |          | €1,269.9             |                                 |
| Multiple Analysis                                  |          | Metric               |                                 |
| Revenue Multiples                                  | € m      |                      |                                 |
| CY25A Revenue                                      | €999.3   | 1.27x                | 52 W High                       |
| TTM Revenue (upto Mar-26)                          | €1,000.5 | 1.27x                | 52 W Low                        |
| CY26E Consensus Revenue                            | €1,029.9 | 1.23x                | Closing Price on 25th June      |
| CY26E Guidance (Lower-end)                         | €1,000.0 | 1.27x                |                                 |
| CY26E Guidance (Mid-point)                         | €1,030.0 | 1.23x                |                                 |
| CY26E Guidance (Upper-end)                         | €1,060.0 | 1.20x                |                                 |
| Adj. EBITDA Multiples                              |          | € m                  |                                 |
| CY25A Adj. EBITDA                                  | €139.2   | 8.19x                | <b>CY26 Growth – 3.1%</b>       |
| TTM Adj. EBITDA (upto Mar-26)                      | €139.2   | 8.12x                | <b>CY26 Adj. EBITDA – 15.0%</b> |
| CY26E Consensus Adj. EBITDA                        | €154.2   | 8.24x                |                                 |
| CY26E Guidance (Lower-end)                         | €145.0   | 8.76x                |                                 |
| CY26E Guidance (Mid-point)                         | €154.7   | 8.21x                |                                 |
| CY26E Guidance (Upper-end)                         | €164.3   | 7.73x                |                                 |
| Additional Reference Point                         |          |                      |                                 |
| CY25A Adj. EBITDA, incl FX adjustment              | €153.7   | 8.26x                |                                 |

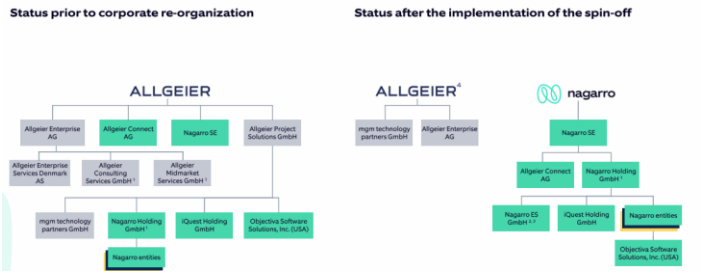
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Source: Company, Emkay Research

**Exhibit 7: Nagarro emerged from the spin-off of Allgeier SE's Enterprise Services business, to create a standalone, pure-play digital engineering company**

**Reorganization due to spin-off**



Source: Nagarro Capital Markets Presentation 2020, Emkay Research

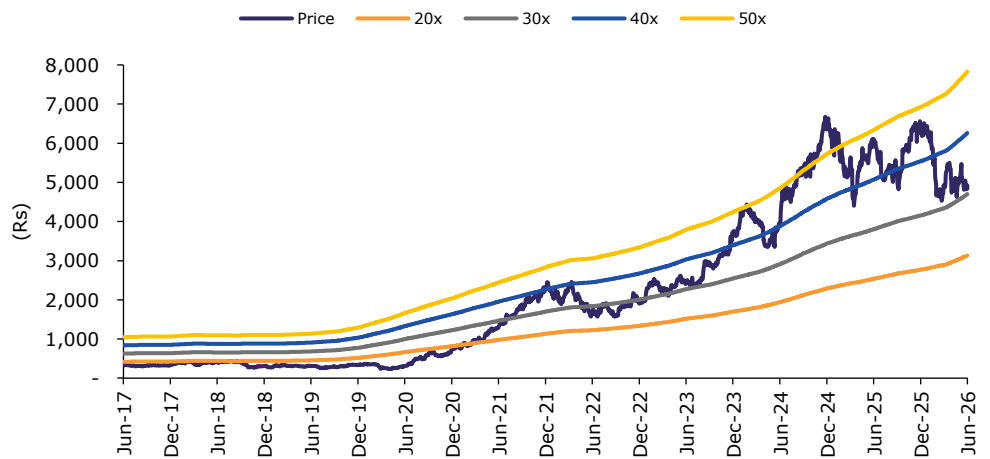
**Exhibit 8: Indicative list of Nagarro's clients**

**Working with the leaders in each industry**

|  |  |
|--|--|
| <p><b>Automotive, Manufacturing and Industrial</b></p> | <p><b>Energy, Utilities and Building Automation</b></p>      |
| <p><b>Travel and Logistics</b></p>                     | <p><b>Public, Non-profit and Education</b></p>               |
| <p><b>Telecom, Media and Entertainment</b></p>         | <p><b>Life Sciences and Healthcare</b></p>                   |
| <p><b>Retail and CPG</b></p>                           | <p><b>Horizontal Tech</b></p>                                |
| <p><b>Financial Services and Insurance</b></p>         | <p><b>Management Consulting and Business Information</b></p> |

Source: Nagarro Capital Markets Presentation 2020, Emkay Research

**Exhibit 9: PSYS – One-year forward PER**



Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

## Persistent Systems: Consolidated Financials and Valuations

### Profit & Loss

| Y/E Mar (Rs mn)             | FY24          | FY25           | FY26           | FY27E          | FY28E          |
|-----------------------------|---------------|----------------|----------------|----------------|----------------|
| <b>Revenue</b>              | <b>98,216</b> | <b>119,387</b> | <b>147,484</b> | <b>176,262</b> | <b>208,965</b> |
| Revenue growth (%)          | 17.6          | 21.6           | 23.5           | 19.5           | 18.6           |
| <b>EBITDA</b>               | <b>16,757</b> | <b>20,582</b>  | <b>27,954</b>  | <b>33,834</b>  | <b>40,051</b>  |
| EBITDA growth (%)           | 10.3          | 22.8           | 35.8           | 21.0           | 18.4           |
| Depreciation & Amortization | 3,094         | 3,069          | 4,030          | 4,599          | 5,256          |
| <b>EBIT</b>                 | <b>13,663</b> | <b>17,513</b>  | <b>23,925</b>  | <b>29,235</b>  | <b>34,795</b>  |
| EBIT growth (%)             | 9.5           | 28.2           | 36.6           | 22.2           | 19.0           |
| Other operating income      | -             | -              | -              | -              | -              |
| Other income                | 1,280         | 1,382          | 1,804          | 1,313          | 2,789          |
| Financial expense           | 467           | 671            | 727            | 680            | 720            |
| <b>PBT</b>                  | <b>14,476</b> | <b>18,223</b>  | <b>25,002</b>  | <b>29,868</b>  | <b>36,863</b>  |
| Extraordinary items         | 0             | 0              | (680)          | 0              | 0              |
| Taxes                       | 3,541         | 4,221          | 5,671          | 7,019          | 8,663          |
| Minority interest           | -             | -              | -              | -              | -              |
| Income from JV/Associates   | -             | -              | -              | -              | -              |
| <b>Reported PAT</b>         | <b>10,935</b> | <b>14,002</b>  | <b>18,651</b>  | <b>22,849</b>  | <b>28,200</b>  |
| PAT growth (%)              | 18.7          | 28.0           | 33.2           | 22.5           | 23.4           |
| <b>Adjusted PAT</b>         | <b>10,935</b> | <b>14,002</b>  | <b>19,331</b>  | <b>22,849</b>  | <b>28,200</b>  |
| <b>Diluted EPS (Rs)</b>     | <b>71.0</b>   | <b>89.8</b>    | <b>122.5</b>   | <b>144.8</b>   | <b>178.8</b>   |
| Diluted EPS growth (%)      | (42.9)        | 26.6           | 36.4           | 18.2           | 23.4           |
| <b>DPS (Rs)</b>             | <b>26.0</b>   | <b>35.0</b>    | <b>40.0</b>    | <b>50.0</b>    | <b>62.5</b>    |
| <b>Dividend payout (%)</b>  | <b>36.6</b>   | <b>39.0</b>    | <b>33.8</b>    | <b>34.5</b>    | <b>35.0</b>    |
| EBITDA margin (%)           | 17.1          | 17.2           | 19.0           | 19.2           | 19.2           |
| EBIT margin (%)             | 13.9          | 14.7           | 16.2           | 16.6           | 16.7           |
| Effective tax rate (%)      | 24.5          | 23.2           | 22.7           | 23.5           | 23.5           |
| <b>NOPLAT (pre-IndAS)</b>   | <b>10,321</b> | <b>13,456</b>  | <b>18,498</b>  | <b>22,365</b>  | <b>26,618</b>  |
| Shares outstanding (mn)     | 154           | 156            | 158            | 158            | 158            |

Source: Company, Emkay Research

### Cash flows

| Y/E Mar (Rs mn)              | FY24           | FY25           | FY26           | FY27E          | FY28E          |
|------------------------------|----------------|----------------|----------------|----------------|----------------|
| PBT (ex-other income)        | 14,476         | 18,223         | 24,112         | 29,868         | 36,863         |
| Others (non-cash items)      | 3,202          | 4,694          | 5,596          | 2,718          | 2,668          |
| Taxes paid                   | (3,414)        | (5,114)        | (6,249)        | (7,019)        | (8,663)        |
| Change in NWC                | (2,052)        | (6,233)        | (5,788)        | (3,340)        | (4,827)        |
| <b>Operating cash flow</b>   | <b>12,213</b>  | <b>11,569</b>  | <b>17,671</b>  | <b>22,227</b>  | <b>26,041</b>  |
| Capital expenditure          | (2,791)        | (1,931)        | (1,952)        | (4,469)        | (4,800)        |
| Acquisition of business      | (2,074)        | (490)          | (1,065)        | 0              | 0              |
| Interest & dividend income   | 597            | 570            | 498            | 1,881          | 2,589          |
| <b>Investing cash flow</b>   | <b>(4,695)</b> | <b>(4,344)</b> | <b>(6,099)</b> | <b>(2,008)</b> | <b>(2,211)</b> |
| Equity raised/(repaid)       | 1,608          | 1,846          | 499            | 0              | 0              |
| Debt raised/(repaid)         | (2,414)        | (2,061)        | 0              | 0              | 0              |
| Payment of lease liabilities | -              | -              | -              | -              | -              |
| Interest paid                | -              | -              | -              | -              | -              |
| Dividend paid (incl tax)     | (4,084)        | (4,600)        | (5,790)        | (7,888)        | (9,859)        |
| Others                       | (1,047)        | (1,466)        | (2,191)        | 0              | 0              |
| <b>Financing cash flow</b>   | <b>(5,937)</b> | <b>(6,282)</b> | <b>(7,482)</b> | <b>(7,888)</b> | <b>(9,859)</b> |
| Net chg in Cash              | 1,581          | 943            | 4,091          | 12,331         | 13,970         |
| OCF                          | 12,213         | 11,569         | 17,671         | 22,227         | 26,041         |
| Adj. OCF (w/o NWC chg.)      | 14,265         | 17,803         | 23,459         | 25,567         | 30,868         |
| FCFF                         | 9,423          | 9,638          | 15,719         | 17,758         | 21,241         |
| FCFE                         | 9,553          | 9,537          | 15,491         | 18,959         | 23,110         |
| OCF/EBITDA (%)               | 72.9           | 56.2           | 63.2           | 65.7           | 65.0           |
| FCFE/PAT (%)                 | 87.4           | 68.1           | 83.1           | 83.0           | 81.9           |
| <b>FCFF/NOPLAT (%)</b>       | <b>91.3</b>    | <b>71.6</b>    | <b>85.0</b>    | <b>79.4</b>    | <b>79.8</b>    |

Source: Company, Emkay Research

### Balance Sheet

| Y/E Mar (Rs mn)                       | FY24          | FY25          | FY26          | FY27E         | FY28E          |
|---------------------------------------|---------------|---------------|---------------|---------------|----------------|
| Share capital                         | 770           | 779           | 789           | 789           | 789            |
| Reserves & Surplus                    | 48,807        | 62,411        | 77,590        | 92,552        | 110,893        |
| <b>Net worth</b>                      | <b>49,577</b> | <b>63,191</b> | <b>78,379</b> | <b>93,340</b> | <b>111,681</b> |
| Minority interests                    | -             | -             | -             | -             | -              |
| Non-current liab. & prov.             | (1,341)       | (1,874)       | (3,134)       | (3,134)       | (3,134)        |
| <b>Total debt</b>                     | <b>2,073</b>  | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>       |
| <b>Total liabilities &amp; equity</b> | <b>52,747</b> | <b>64,426</b> | <b>80,019</b> | <b>94,981</b> | <b>113,322</b> |
| Net tangible fixed assets             | 4,420         | 4,351         | 3,969         | 4,360         | 4,896          |
| Net intangible assets                 | 4,575         | 4,923         | 5,522         | 4,252         | 2,957          |
| Net ROU assets                        | 2,307         | 3,799         | 5,472         | 6,296         | 6,601          |
| Capital WIP                           | -             | -             | -             | -             | -              |
| Goodwill                              | 10,913        | 12,338        | 13,597        | 13,597        | 13,597         |
| Investments [JV/Associates]           | -             | -             | -             | -             | -              |
| <b>Cash &amp; equivalents</b>         | <b>18,495</b> | <b>20,058</b> | <b>28,330</b> | <b>40,082</b> | <b>54,052</b>  |
| Current & ex-cash                     | 31,332        | 39,099        | 53,040        | 54,076        | 63,887         |
| Current Liab. & Prov.                 | 19,629        | 20,916        | 30,286        | 27,982        | 32,966         |
| <b>NWC (ex-cash)</b>                  | <b>11,703</b> | <b>18,184</b> | <b>22,754</b> | <b>26,094</b> | <b>30,921</b>  |
| <b>Total assets</b>                   | <b>52,747</b> | <b>64,426</b> | <b>80,019</b> | <b>94,981</b> | <b>113,322</b> |
| Net debt                              | (16,421)      | (20,058)      | (28,330)      | (40,082)      | (54,052)       |
| Capital employed                      | 52,747        | 64,426        | 80,019        | 94,981        | 113,322        |
| <b>Invested capital</b>               | <b>31,946</b> | <b>40,569</b> | <b>46,217</b> | <b>48,603</b> | <b>52,670</b>  |
| BVPS (Rs)                             | 321.8         | 405.5         | 496.9         | 591.7         | 708.0          |
| Net Debt/Equity (x)                   | (0.3)         | (0.3)         | (0.4)         | (0.4)         | (0.5)          |
| Net Debt/EBITDA (x)                   | (1.0)         | (1.0)         | (1.0)         | (1.2)         | (1.3)          |
| Interest coverage (x)                 | 32.0          | 28.1          | 35.4          | 44.9          | 52.2           |
| <b>RoCE (%)</b>                       | <b>31.3</b>   | <b>32.9</b>   | <b>36.3</b>   | <b>35.6</b>   | <b>36.7</b>    |

Source: Company, Emkay Research

### Valuations and key Ratios

| Y/E Mar                  | FY24        | FY25        | FY26        | FY27E       | FY28E       |
|--------------------------|-------------|-------------|-------------|-------------|-------------|
| P/E (x)                  | 68.3        | 53.9        | 41.0        | 33.5        | 27.1        |
| EV/CE(x)                 | 14.1        | 11.6        | 9.4         | 7.8         | 6.4         |
| P/B (x)                  | 15.1        | 12.0        | 9.8         | 8.2         | 6.8         |
| EV/Sales (x)             | 7.4         | 6.2         | 5.0         | 4.1         | 3.4         |
| EV/EBITDA (x)            | 43.6        | 35.7        | 26.3        | 21.4        | 17.7        |
| EV/EBIT(x)               | 53.4        | 42.0        | 30.8        | 24.8        | 20.4        |
| EV/IC (x)                | 22.9        | 18.1        | 15.9        | 14.9        | 13.5        |
| FCFF yield (%)           | 1.3         | 1.3         | 2.1         | 2.5         | 3.0         |
| FCFE yield (%)           | 1.2         | 1.2         | 2.0         | 2.5         | 3.0         |
| Dividend yield (%)       | 0.5         | 0.7         | 0.8         | 1.0         | 1.3         |
| <b>DuPont-RoE split</b>  |             |             |             |             |             |
| Net profit margin (%)    | 11.1        | 11.7        | 13.1        | 13.0        | 13.5        |
| Total asset turnover (x) | 2.1         | 2.1         | 2.2         | 2.2         | 2.1         |
| Assets/Equity (x)        | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         |
| <b>RoE (%)</b>           | <b>24.5</b> | <b>24.8</b> | <b>27.3</b> | <b>26.6</b> | <b>27.5</b> |
| <b>DuPont-RoIC</b>       |             |             |             |             |             |
| NOPLAT margin (%)        | 10.5        | 11.3        | 12.5        | 12.7        | 12.7        |
| IC turnover (x)          | 3.3         | 3.3         | 3.4         | 3.7         | 4.1         |
| <b>RoIC (%)</b>          | <b>34.8</b> | <b>37.1</b> | <b>42.6</b> | <b>47.2</b> | <b>52.6</b> |
| <b>Operating metrics</b> |             |             |             |             |             |
| Core NWC days            | 43.5        | 55.6        | 56.3        | 54.0        | 54.0        |
| <b>Total NWC days</b>    | <b>43.5</b> | <b>55.6</b> | <b>56.3</b> | <b>54.0</b> | <b>54.0</b> |
| Fixed asset turnover     | 2.5         | 2.8         | 3.1         | 3.4         | 3.8         |
| Opex-to-revenue (%)      | 82.9        | 82.8        | 81.0        | 80.8        | 80.8        |

Source: Company, Emkay Research

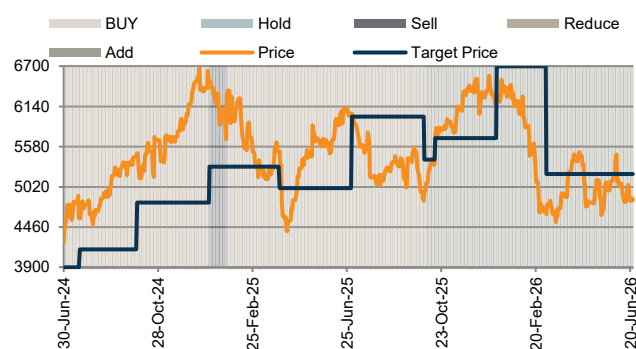
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**RECOMMENDATION HISTORY - DETAILS**

| Date      | Closing Price (Rs) | TP (Rs) | Rating | Analyst           |
|-----------|--------------------|---------|--------|-------------------|
| 22-Apr-26 | 5,073              | 5,200   | Add    | Dipeshkumar Mehta |
| 31-Mar-26 | 4,877              | 5,200   | Add    | Dipeshkumar Mehta |
| 05-Mar-26 | 4,642              | 5,200   | Add    | Dipeshkumar Mehta |
| 18-Feb-26 | 5,521              | 6,700   | Add    | Dipeshkumar Mehta |
| 20-Jan-26 | 6,343              | 6,700   | Add    | Dipeshkumar Mehta |
| 01-Jan-26 | 6,283              | 6,700   | Add    | Dipeshkumar Mehta |
| 15-Oct-25 | 5,725              | 5,700   | Add    | Dipeshkumar Mehta |
| 01-Oct-25 | 4,955              | 5,400   | Add    | Dipeshkumar Mehta |
| 24-Jul-25 | 5,174              | 6,000   | Reduce | Dipeshkumar Mehta |
| 01-Jul-25 | 6,039              | 6,000   | Reduce | Dipeshkumar Mehta |
| 25-Apr-25 | 5,274              | 5,000   | Reduce | Dipeshkumar Mehta |
| 31-Mar-25 | 5,514              | 5,000   | Reduce | Dipeshkumar Mehta |
| 23-Jan-25 | 6,288              | 5,300   | Reduce | Dipeshkumar Mehta |
| 01-Jan-25 | 6,437              | 5,300   | Sell   | Dipeshkumar Mehta |
| 23-Oct-24 | 5,719              | 4,800   | Reduce | Dipeshkumar Mehta |
| 01-Oct-24 | 5,488              | 4,800   | Reduce | Dipeshkumar Mehta |
| 20-Jul-24 | 4,583              | 4,150   | Reduce | Dipeshkumar Mehta |
| 01-Jul-24 | 4,496              | 3,900   | Reduce | Dipeshkumar Mehta |

Source: Company, Emkay Research

**RECOMMENDATION HISTORY - TREND**



Source: Company, Bloomberg, Emkay Research

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| <b>REDUCE</b> | 5% upside to 15% downside                     |
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