

# Persistent Systems

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	PSYS IN
Equity Shares (m)	76
M.Cap.(INRb)/(USD\$)	609.4 / 7.3
52-Week Range (INR)	7965 / 3951
1, 6, 12 Rel. Per (%)	11/49/64
12M Avg Val (INR M)	2292

## Financials & Valuations (INR b)

Y/E Mar	2024E	2025E	2026E
Sales	98.1	113.7	133.1
EBIT Margin (%)	14.6	15.2	16.1
Adj. PAT	11.3	13.7	16.9
Adj. EPS (INR)	146.4	177.7	219.4
PAT	10.8	13.7	16.9
EPS (INR)	140.1	177.7	219.4
EPS Gr.(%)	17.7	21.4	23.4
BV/Sh.(INR)	614.6	732.1	877.1

## Ratios

RoE (%)	26.1	26.8	27.7
RoCE (%)	21.4	22.2	23.4
Payout (%)	35.0	35.0	35.0

## Valuations

P/E (x)	54.1	44.6	36.1
P/BV (x)	12.9	10.8	9.0
EV/EBITDA (x)	33.7	27.8	22.3
Div. Yield (%)	0.6	0.8	1.0

## Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	31.1	31.1	31.3
DII	28.7	28.0	25.9
FII	23.3	22.9	22.4
Others	18.0	18.0	20.4

FII Includes depository receipts

**CMP: INR7,922 TP: INR8,110 (+2%) Neutral**

## Growth outlook already baked into the price

### Growth momentum continues; led by strong business mix

- Persistent Systems (PSYS) delivered 3QFY24 revenue of USD300.6m, up 3.1% QoQ in CC terms, in line with our estimate. Deal win TCV was at a record high (USD 521m), aided by strong wins and renewals in North America. EBITDA margin at 17.7% (up 90bp QoQ) beat our estimates; the improvement was attributed to seasonality in IP business and SG&A optimization.
- PSYS's 3QFY24 revenue performance was positive, although the growth was skewed toward Healthcare and Life (up 16% QoQ); the other two verticals reported muted growth. Despite a seasonal furlough, the deal TCV recorded yet another quarter of strong growth, up 8.8% QoQ (vs +26% QoQ in 2Q), translating to 1.7x BTB.
- 3Q revenue growth was aided by IP seasonality and earlier deal ramp-ups in Healthcare; however, the healthy deal pipeline and strong conversion should lead to a balanced growth in 4Q. Additionally, the insulated service mix and lower dependency on discretionary spends are also leading to strong renewals and conversion, unlike its peers. The management was confident of delivering a top-quartile growth, while remaining cautiously positive on the macro outlook. We believe, the strong deal wins and continued momentum in its growth vectors are the strong foundations for FY25E/FY26E growth. We are building in USD revenue CAGR of 16% over FY24E-FY26E.
- PSYS saw a sharp margin improvement of 90bp on account of strong annuity-based (IP) revenues and SG&A optimization. The management was confident of achieving further improvement in margin, led by enhanced productivity, resulting from previous fresher and lateral hires. Additionally, it anticipates leveraging SG&A optimization from its earlier strategic investments. PSYS further reiterated its aspiration of 200-300bp EBITDA margin improvement over the next two to three years. We expect EBIT margin at 15.2%/16.1% in FY25/FY26, which will lead to FY24-26E PAT CAGR of 22%.
- The stock is currently trading at a rich valuation of 36x FY26E EPS, leaving little room for further upside, despite the strong growth delivery. We believe PSYS' valuation appropriately factors in the favorable growth along with the adverse macro environment. We value the stock at 37x FY26E EPS. We reiterate **Neutral** as we see limited upside from the current levels.

### Strong execution on margins; recorded highest-ever deal TCV

- Persistent Systems' 3QFY24 revenue stood at USD300.6m (in line with our estimate), up 3.1% QoQ in CC terms. It reported USD growth of 3.0% QoQ.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

- Growth was again led by the healthcare sector, which was up 16.4% QoQ vs 7.0% QoQ reported in 2Q. Hi-Tech and BFSI segments experienced a growth of 0.1% and a decline of 0.5% QoQ, respectively.
- In terms of regional performance, North America & APAC grew 3.7% and 4.0% QoQ, respectively, while Europe was weak, down 3.5% QoQ.
- 3Q saw the highest ever TCV of USD 521m, up 9% QoQ and 18% YoY (1.7x Book to Bill).
- Net headcount was up 494 (up 2.3% QoQ); utilization was up 90bp QoQ at 81.5%; TTM Attrition moderated further to 11.9% (down 160bp QoQ)
- EBITDA margin stood at 17.7%, up 90bp QoQ. It was above our estimate of 17.0%, clocking a sharp recovery from 2Q wage hike impact.
- Adj. PAT stood at INR 2.9b (up 8.7% QoQ), above our estimate of INR 2.7b on account of a margin beat.
- The company has proposed a stock split of 1:2. The board has declared an interim dividend of INR 32 per share.

#### Key highlights from the management commentary

- The demand environment remains fluid with account mining and new deal wins serving as the major drivers for growth. Both existing and newly acquired accounts played a significant role in driving top-line growth in 3Q. While there are some green shoots on the discretionary spends, it is not yet substantial.
- North America has witnessed strong deal wins in 3Q, aided by robust deal pipeline. About 75% of the deal TCV is attributed to North America and it has witnessed a higher number of renewals that lead to stronger ACV and TCV in 3Q.
- The robust healthcare growth in 3Q is driven by the substantial contribution from medical devices, with pharma and healthcare provider businesses taking the lead in the US region. Additionally, the company has made strategic investments in the payer domain, which is expected to get materialized over the course of time.
- The improvement in margin was led by seasonality in the IP business, contributing an 80bp increase (includes +30 bp rise in utilization). Additionally, there was a +60 bp improvement attributed to SG&A optimization. However, this was partially offset by furloughs and ramp-ups in the onsite mix (led to increase in subcon).

#### Improvement in growth already priced in; maintain Neutral

- While its peers have struggled to deliver positive growth and outlook, PSYS has maintained its growth momentum with sharp execution on margins during the quarter.
- The deal TCVs were strong in 3Q and it is building a strong foundation for growth in FY25/FY26. The company's: 1) strong performance in recent years, 2) healthy order book, and 3) strong deal pipeline indicate an encouraging demand trend.
- The stock is currently trading at 36x FY26E EPS. Our TP is based on 37x FY26E EPS. We reiterate our **Neutral** rating as we believe the positives have already been captured and the stock offers limited upside from its current levels.

## Quarterly performance (IFRS)

(INR m)

Y/E March	FY23				FY24E				FY23	FY24E	FY24	Var.
(Consolidated)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%/bp)
Revenue (USD m)	241.5	255.6	264.4	274.6	282.9	291.7	300.6	310.0	1,036	1,185	300.0	0.2
QoQ (%)	11.1	5.8	3.4	3.9	3.0	3.1	3.0	3.1	35.3	14.4	2.8	22bp
Revenue (INR m)	18,781	20,486	21,694	22,545	23,212	24,117	24,982	25,732	83,506	98,043	24,987	0.0
QoQ (%)	14.7	9.1	5.9	3.9	3.0	3.9	3.6	3.0			3.6	-2bp
YoY (%)	52.7	51.6	45.4	37.6	23.6	17.7	15.2	14.1	46.2	17.4	15.2	-2bp
GPM (%)	33.8	33.5	33.8	33.9	34.2	33.1	33.8	33.9	33.8	33.7	33.0	80bp
SGA (%)	16.1	15.5	15.3	15.5	16.0	16.3	16.1	15.7	15.6	16.0	16.0	11bp
EBITDA	3,333	3,680	4,016	4,163	4,229	4,052	4,418	4,683	15,191	17,383	4,248	4.0
EBITDA margin (%)	17.7	18.0	18.5	18.5	18.2	16.8	17.7	18.2	18.2	17.7	17.0	69bp
EBIT	2,688	2,987	3,332	3,466	3,466	3,308	3,631	3,886	12,472	14,290	3,473	4.5
EBIT Margin (%)	14.3	14.6	15.4	15.4	14.9	13.7	14.5	15.1	14.9	14.6	13.9	63bp
Other income	131	-31	192	-60	90	250	262	103	233	705	100	162.1
ETR (%)	24.9	25.6	24.1	26.2	22.0	26.0	26.5	25.0	25.2	24.9	25.0	
PAT	2,116	2,200	2,676	2,515	2,774	2,633	2,861	2,991	9,507	11,259	2,680	6.8
QoQ (%)	5.3	4.0	21.6	-6.0	10.3	-5.1	8.7	4.5			1.8	689bp
YoY (%)	33.3	36.0	51.7	25.1	31.1	19.7	6.9	18.9	36.2	18.4	0.1	678bp
EPS (INR)	27.7	28.8	31.1	32.9	29.8	34.2	37.2	38.9	120.5	140.1	34.8	6.8

## Key performance indicators

Y/E March	FY23				FY24				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue growth (QoQ CC%)	12.0%	6.6%	3.5%	3.5%	2.9%	3.2%	3.1%	3.0%		
<b>Margins (%)</b>										
Gross Margin	33.8	33.5	33.8	33.9	34.2	33.1	33.8	33.9	33.8	33.7
EBIT Margin	14.3	14.6	15.4	15.4	14.9	13.7	14.5	15.1	14.9	14.6
Net Margin	11.3	10.7	12.3	11.2	12.0	10.9	11.5	11.6	11.4	11.5
<b>Operating metrics</b>										
Headcount	21,638	22,476	22,598	22,889	23,130	22,842	23,336		22,889	
Utilization (%)	79.5	79.9	77.6	77.3	78.3	80.6	81.5		78.6	
LTM Attrition (%)	24.8	23.7	21.6	19.8	15.5	13.5	11.9		19.8	
<b>Effort Mix (%)</b>										
Global Delivery Centers	14.7%	14.4%	14.3%	13.1%	13.1%	12.7%	13.8%		14.1%	
India	85.3%	85.6%	85.7%	86.9%	86.9%	87.3%	86.2%		85.9%	



## Highlights from the management commentary

## Growth and demand outlook

- The demand environment remains fluid with account mining and new deal wins serving as the major drivers for growth. Both existing and newly acquired accounts played a significant role in driving top-line growth in 3Q. While there are some green shoots on the discretionary spends, it is not yet substantial.
- North America has witnessed strong deal wins in 3Q, aided by robust deal pipeline. About 75% of the deal TCV is attributed to North America and it has witnessed a higher number of renewals that lead to stronger ACV and TCV in 3Q.
- The net headcount addition of ~500 QoQ is attributed to a 75% surge in lateral hiring, with the remaining portion accounted for by the addition of freshers. Specifically, the company brought on board 400 freshers in 3Q.
- The robust healthcare growth in 3Q is driven by the substantial contribution from medical devices, with pharma and healthcare provider businesses taking the lead in the US region. Additionally, the company has made strategic investments in the payer domain, which is expected to get materialized over the course of time.

- The management indicated that while crossing a \$1b mark revenue, the company gets to participate in the bigger projects through global Fortune-50 enterprises that will lead to change in revenue and client-mix over the future course.
- Despite the macro headwinds, the growth has been resilient, which is attributed to a lower concentration of discretionary elements to its business mix, while pivoting upon annuity and IP-led revenues
- The company is working around 75+ POCs for GenAI. It is collaborating with the Hyperscalers to generate industry-wide use-cases, while leveraging cloud and cybersecurity infrastructure. However, it is difficult to evaluate on the number POCs that would lead to production in a given timeframe.
- The company has on boarded 3000+ data engineers and experts to mission critical projects.

### Margin performance and outlook

- The improvement in margin was led by seasonality in the IP business, contributing an 80bp increase (includes +30 bp rise in utilization). Additionally, there was a +60 bp improvement attributed to SG&A optimization. However, this was partially offset by furloughs and ramp-ups in the onsite mix (led to increase in subcon).
- The management reiterated its aspiration of 200-300 bp margin improvement over the next two to three years. key drivers: (1) The earlier investments in on-campus and lateral talent hiring are yet to yield their full productivity. It believes that the utilization rate is expected to improve from 81.5% to 85%, and every 100 bp improvement in utilization would lead to a 30 bp margin improvement. (2) The company acknowledges an overinvestment in SG&A in terms of hiring senior leadership, talent reskilling, and building newer capabilities. These investments are anticipated to deliver results in the coming years.
- The onsite project rampup led to an increase in subcon for 3Q and it will continue to be the part of the cost until it turns the projects to offshore overtime. The company is flexing on multiple levers to improve margins.
- The improvement in segmental margin for hi-tech vertical is majorly due to strong IP-revenue recorded this quarter. Also, hi-tech concentration on IP-Led deals is relatively higher vs other verticals.

### Exhibit 1: Growth was led by Healthcare and Life verticals

Verticals	Contribution to revenue (%)	Growth (QoQ %)	Growth (YoY %)
BFSI	31.2	-0.5	8.8
Healthcare and Life Science	21.8	16.4	26.5
Tech., Cos., and Emerging Verticals	47.0	0.1	11.8

Source: Company, MOFSL

### Exhibit 2: Strong growth in North America; Europe growth was weak

Geographies	Contribution to revenue (%)	Growth (QoQ %)	Growth (YoY %)
North America	79.7	3.7	17.5
Europe	8.9	-3.5	12.4
RoW	11.4	4.0	-6.8

Source: Company, MOFSL

**Exhibit 3: The growth was broad-based ex-top account**

Client metrics	Contribution to revenue (%)	Growth (QoQ %)	Growth (YoY %)
Top client	9.3	-6.0	42.9
Top two-to-five clients	18.7	6.5	22.9
Top six-to-10 clients	11.3	4.0	24.7

Source: Company, MOFSL

**Improvement in growth already priced in; maintain Neutral**

- While its peers have struggled to deliver positive growth and outlook, PSYS has maintained its growth momentum with sharp execution on margins during the quarter.
- The deal TCVs were strong in 3Q and it is building a strong foundation for growth in FY25/FY26. The company's: 1) strong performance in recent years, 2) healthy order book, and 3) strong deal pipeline indicate an encouraging demand trend.
- The stock is currently trading at 36x FY26E EPS. Our TP is based on 37x FY26E EPS. We reiterate our **Neutral** rating as we believe the positives have already been captured and the stock offers limited upside from its current levels.

**Exhibit 4: Revisions to our estimates**

	Revised estimate			Earlier estimate			Change (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
USD:INR	82.7	83.0	83.0	82.8	83.0	83.0	-0.1%	0.0%	0.0%
Revenue (USD m)	1,185	1,369	1,603	1,186	1,375	1,578	0.0%	-0.4%	1.5%
Growth (%)	14.4	15.5	17.1	14.4	15.9	14.8	0bps	-50bps	230bps
EBIT margin (%)	14.6	15.2	16.1	14.4	15.2	16.1	20bps	0bps	0bps
PAT (INR m)	11,259	13,660	16,861	11,049	13,719	16,605	1.9%	-0.4%	1.5%
EPS	146.4	177.6	219.2	143.6	178.3	215.8	1.9%	-0.4%	1.6%

Source: MOFSL, Company

**Exhibit 5: Operating metrics**

	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
<b>Geography (%)</b>									
North America	79.2	78.6	78.4	78.6	77.1	77.9	79.2	79.2	79.7
Europe	8.3	8.4	8.5	8.3	9.0	10.3	9.7	9.5	8.9
RoW	12.5	13.0	13.1	13.0	13.9	11.8	11.1	11.3	11.4
<b>Vertical Mix (%)</b>									
BFSI	32.2	32.4	33.7	32.8	32.6	32.3	33.3	32.3	31.2
Healthcare & Life Science	20.7	20.7	19.9	19.7	19.6	19.7	18.6	19.3	21.8
Tech. Cos. & Emerging Verticals	47.1	46.9	46.4	47.5	47.8	48.0	48.1	48.4	47.0
<b>Client Metrics (%)</b>									
Top Client	17.5	14.0	11.7	8.7	7.4	9.3	10.2	10.2	9.3
Top 5 Clients	36.1	32.5	30.8	26.9	24.7	26.5	27.9	28.3	28.0
Top 10 Clients	45.0	42.1	40.7	36.7	35.0	37.4	39.6	39.5	39.3
<b>Employee Metrics</b>									
Technical People	15,721	17,283	20,144	20,941	21,033	21,295	21,511	21,263	21,738
Sales & BD	294	317	367	387	405	414	428	443	465
Others	974	999	1,127	1,148	1,160	1,180	1,191	1,136	1,133
<b>Total</b>	<b>16,989</b>	<b>18,599</b>	<b>21,638</b>	<b>22,476</b>	<b>22,598</b>	<b>22,889</b>	<b>23,130</b>	<b>22,842</b>	<b>23,336</b>
<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%
- India	87.0%	86.1%	85.3%	85.6%	85.7%	86.9%	86.9%	87.3%	86.2%
Linear Utilization %	83.0	80.6	79.5	79.9	77.6	77.3	78.3	80.6	81.5
Attrition (%)	26.9	26.6	24.8	23.7	21.6	19.8	15.5	13.5	11.9

Source: Company, MOFSL

## Financials and valuations

Income Statement								(INR m)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>Sales</b>	<b>33,659</b>	<b>35,658</b>	<b>41,879</b>	<b>57,107</b>	<b>83,506</b>	<b>98,043</b>	<b>1,13,592</b>	<b>1,33,029</b>
Change (%)	11.0	5.9	17.4	36.4	46.2	17.4	15.9	17.1
Cost of Goods Sold	21,378	23,494	27,650	37,895	55,315	64,954	75,360	87,533
<b>Gross Profit</b>	<b>12,281</b>	<b>12,164</b>	<b>14,229</b>	<b>19,212</b>	<b>28,191</b>	<b>33,089</b>	<b>38,232</b>	<b>45,496</b>
Selling Expenses	6,476	7,234	7,398	9,556	12,999	15,706	17,406	19,954
<b>EBITDA</b>	<b>5,805</b>	<b>4,930</b>	<b>6,830</b>	<b>9,656</b>	<b>15,191</b>	<b>17,383</b>	<b>20,825</b>	<b>25,542</b>
Depreciation	1,692	1,660	1,756	1,660	2,719	3,092	3,521	4,124
<b>EBIT</b>	<b>4,113</b>	<b>3,270</b>	<b>5,075</b>	<b>7,996</b>	<b>12,472</b>	<b>14,290</b>	<b>17,304</b>	<b>21,418</b>
Other Income	864	1,254	1,020	1,321	233	705	909	1,064
<b>PBT</b>	<b>4,977</b>	<b>4,523</b>	<b>6,094</b>	<b>9,317</b>	<b>12,705</b>	<b>14,996</b>	<b>18,213</b>	<b>22,482</b>
Tax	2,327	1,121	1,588	2,339	3,198	3,737	4,553	5,620
<b>Net Profit</b>	<b>2,650</b>	<b>3,403</b>	<b>4,507</b>	<b>6,978</b>	<b>9,507</b>	<b>11,259</b>	<b>13,660</b>	<b>16,861</b>
Change (%)	-18.0	28.4	32.4	54.8	36.2	18.4	21.3	23.4
Extraordinary Item	0	0	0	75	297	486	0	0
<b>Net Income after EO</b>	<b>2,650</b>	<b>3,403</b>	<b>4,507</b>	<b>6,904</b>	<b>9,211</b>	<b>10,773</b>	<b>13,660</b>	<b>16,861</b>

Balance Sheet								(INR m)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Share Capital	791	764	764	764	764	764	764	764
Other Reserves	22,656	23,093	27,192	32,918	38,887	45,719	54,598	65,558
<b>Net Worth</b>	<b>23,447</b>	<b>23,858</b>	<b>27,957</b>	<b>33,682</b>	<b>39,651</b>	<b>46,483</b>	<b>55,362</b>	<b>66,322</b>
Loans	12	46	44	4,889	4,947	4,947	4,947	4,947
Other liabilities	177	544	957	1,360	2,013	2,364	2,738	3,207
<b>Capital Employed</b>	<b>23,636</b>	<b>24,448</b>	<b>28,958</b>	<b>39,931</b>	<b>46,610</b>	<b>53,793</b>	<b>63,047</b>	<b>74,475</b>
<b>Net Block</b>	<b>2,331</b>	<b>2,791</b>	<b>3,254</b>	<b>4,276</b>	<b>7,058</b>	<b>7,466</b>	<b>7,445</b>	<b>6,821</b>
CWIP	12	166	122	1,071	161	161	161	161
Intangibles	1,980	1,661	1,315	11,060	16,355	16,355	16,355	16,355
Investments	4,346	4,621	3,621	3,878	4,516	4,516	4,516	4,516
Deferred Tax Assets	405	960	1,038	1,123	1,129	1,326	1,536	1,799
Other	577	866	602	4,394	1,792	2,105	2,438	2,856
<b>Current Assets</b>	<b>18,905</b>	<b>19,856</b>	<b>26,703</b>	<b>28,339</b>	<b>35,179</b>	<b>44,674</b>	<b>55,293</b>	<b>69,360</b>
Debtors	4,923	5,922	5,709	9,484	15,705	15,579	18,050	21,139
Investments	3,296	5,165	13,765	10,514	6,242	10,742	16,242	21,742
Cash and BB	6,729	4,572	2,419	2,978	4,670	7,116	8,053	11,394
Loans and Advances	8	14	71	16	-	-	-	-
Other Current Assets	3,950	4,183	4,739	5,347	8,562	11,236	12,947	15,085
<b>Current Liab. and Prov.</b>	<b>4,920</b>	<b>6,474</b>	<b>7,697</b>	<b>14,210</b>	<b>19,581</b>	<b>22,811</b>	<b>24,698</b>	<b>27,393</b>
Trade payables	1,517	2,247	2,733	4,299	5,689	8,058	9,025	10,569
Other Liabilities	1,639	2,616	2,486	5,961	9,243	9,294	9,349	9,417
Provisions	1,764	1,611	2,478	3,950	4,649	5,459	6,324	7,406
<b>Net Current Assets</b>	<b>13,985</b>	<b>13,382</b>	<b>19,006</b>	<b>14,130</b>	<b>15,598</b>	<b>21,864</b>	<b>30,594</b>	<b>41,967</b>
<b>Application of Funds</b>	<b>23,636</b>	<b>24,448</b>	<b>28,958</b>	<b>39,931</b>	<b>46,610</b>	<b>53,793</b>	<b>63,046</b>	<b>74,475</b>

E: MOFSL estimates



## Financials and valuations

### Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>EPS</b>	<b>33.1</b>	<b>44.5</b>	<b>59.0</b>	<b>91.3</b>	<b>124.4</b>	<b>146.4</b>	<b>177.6</b>	<b>219.2</b>
Cash EPS	54.3	66.3	82.0	113.0	160.0	186.6	223.4	272.8
Book Value	293.2	312.2	365.9	440.7	530.5	614.6	731.9	876.8
DPS	11.0	12.0	20.0	31.0	50.0	51.2	62.2	76.7
Payout (%)	33.2	26.9	33.9	33.9	40.2	35.0	35.0	35.0

### Valuation (x)

P/E ratio	239.1	177.9	134.3	86.8	63.7	54.1	44.6	36.1
Cash P/E ratio	145.9	119.6	96.7	70.1	49.5	42.5	35.5	29.0
EV/EBITDA ratio	107.4	120.9	86.3	61.8	38.6	33.7	27.9	22.4
EV/Sales ratio	18.5	16.7	14.1	10.5	7.0	6.0	5.1	4.3
Price/Book Value	27.0	25.4	21.7	18.0	14.9	12.9	10.8	9.0
Dividend Yield (%)	0.1	0.2	0.3	0.4	0.6	0.6	0.8	1.0

### Profitability Ratios (%)

RoE	11.9	14.4	17.4	22.6	25.9	26.1	26.8	27.7
RoCE	9.7	10.2	14.1	17.4	21.6	21.4	22.2	23.4

### Turnover Ratios

Debtors (Days)	53	61	50	61	69	58	58	58
Asset Turnover (x)	13.7	13.9	13.9	15.2	14.7	13.5	15.2	18.6

### Cash Flow Statement

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
CF from Operations	4,536	4,597	5,781	8,857	13,935	14,352	17,181	20,985
Chg. in Working Capital	-213	-1,369	1,578	-407	-4,377	522	-2,463	-2,743
<b>Net Operating CF</b>	<b>4,323</b>	<b>3,229</b>	<b>7,359</b>	<b>8,450</b>	<b>9,558</b>	<b>14,874</b>	<b>14,718</b>	<b>18,242</b>
Net Purchase of FA	-374	-746	-1,251	-3,808	-4,290	-3,500	-3,500	-3,500
<b>Free Cash Flow</b>	<b>3,949</b>	<b>2,483</b>	<b>6,108</b>	<b>4,642</b>	<b>5,268</b>	<b>11,374</b>	<b>11,218</b>	<b>14,742</b>
Net Purchase of Invest.	-1,885	597	-4,166	-5,965	76	-4,500	-5,500	-5,500
<b>Net Cash from Inv.</b>	<b>-2,259</b>	<b>-148</b>	<b>-5,417</b>	<b>-9,773</b>	<b>-4,213</b>	<b>-8,000</b>	<b>-9,000</b>	<b>-9,000</b>
Issue of shares	0	0	0	0	0	0	0	0
Proceeds from LTB/STB	3,913	-2,344	-3,044	3,810	-1,059	0	0	0
Dividend Payments	-1,590	-2,978	-1,070	-1,987	-2,981	-3,941	-4,781	-5,901
<b>Net CF from Finan.</b>	<b>2,323</b>	<b>-5,321</b>	<b>-4,114</b>	<b>1,823</b>	<b>-4,039</b>	<b>-3,941</b>	<b>-4,781</b>	<b>-5,901</b>
<b>Net Cash Flow</b>	<b>4,386</b>	<b>-2,241</b>	<b>-2,171</b>	<b>499</b>	<b>1,305</b>	<b>2,933</b>	<b>937</b>	<b>3,341</b>
Exchange difference	-71	84	19	59	387	-487	0	0
Opening Cash Balance	<b>2,414</b>	<b>6,729</b>	<b>4,572</b>	<b>2,420</b>	<b>2,979</b>	<b>4,671</b>	<b>7,117</b>	<b>8,054</b>
<b>Closing Cash Balance</b>	<b>6,729</b>	<b>4,572</b>	<b>2,420</b>	<b>2,979</b>	<b>4,671</b>	<b>7,117</b>	<b>8,054</b>	<b>11,395</b>

E: MOFSL estimates

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NOTES



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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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