

Strong execution drives superior performance

Information Technology ▶ Management Meet Update ▶ March 11, 2024

TARGET PRICE (Rs): 7,850

We recently interacted with the management of PSYS, to comprehend the demand environment & business outlook. KTAs: Under the leadership of CEO Sandeep Kalra, PSYS has strengthened its sales focus, changed incentive models to identify large deals & inculcate long-range thinking, enhanced client mining efforts, expanded partnerships across major tech players, and bolstered capabilities in hyperscaler clouds, integration, salesforce and digital payments via strategic tuck-in acquisitions – this has helped PSYS deliver top-quartile growth. Despite a challenging demand scenario, PSYS is well-poised to sustain industry-leading growth momentum, on the back of strong execution, proactive deal pursuits, and ability to identify new growth avenues like PE channel (~60-65% of the pursuits are proactive), presence in high-growth areas, and limited exposure to legacy business. But the stock has seen a stellar run-up of over 26%/74%/361% in the last 3M/1Y/3Y, resp., and trades at ~45x/36x on FY25E/FY26E EPS (broadly similar to BBG consensus) which we find expensive. Current valuation requires flawless execution and sustained industry growth tailwinds, and leaves little room for error. We find the risk-reward unfavorable at the CMP and await a better entry point to turn constructive on the stock. We roll forward to Mar-26E; retain REDUCE with TP of Rs7,850 at 34x Mar-26E EPS.

Persistent Systems: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	57,107	83,506	98,254	115,955	137,233
EBITDA	9,730	15,191	17,011	21,522	26,262
Adj. PAT	6,904	9,211	10,913	14,211	17,716
Adj. EPS (Rs)	90.3	120.5	141.9	184.7	230.3
EBITDA margin (%)	17.0	18.2	17.3	18.6	19.1
EBITDA growth (%)	41.9	56.1	12.0	26.5	22.0
Adj. EPS growth (%)	53.2	33.4	17.7	30.2	24.7
RoE (%)	22.4	25.9	24.9	27.0	28.1
RoIC (%)	45.2	39.8	36.4	44.1	50.1
P/E (x)	91.2	68.3	58.0	44.6	35.8
EV/EBITDA (x)	63.3	40.7	36.2	28.3	22.9
P/B (x)	18.7	15.9	13.2	11.1	9.2
FCFF yield (%)	0.8	0.8	1.4	1.7	2.2

Source: Company, Emkay Research

Demand scenario remains tough, but PSYS's proactive approach drives consistent performance

Management is seeing some green shoots in discretionary spending, but has indicated that the overall demand environment is not materially different versus the last few quarters. Strong execution, proactive deal pursuits, and success in large deals are driving healthy deal intake for the company. Deal intake TCV grew 15.3% YoY to USD1.8bn on TTM basis, on account of traction in the private equity (PE) channel and Company's proactive approach towards building the deal pipeline. PSYS works with 375 clients (over USD250k annualized revenue; ~47% of the clients boast of above-USD1mn revenue run-rate), including 14 of the top-30 technology majors, 8 of the top-10 global banks, and 6 of the top-10 healthcare companies. Mgmt expects revenue growth to stay broad-based, led by Healthcare, and followed by Software, hi-tech & emerging industries, and by BFSI. Expansion into Europe (targets increasing revenue share to 12-15% from ~9% of revenue now), expanding new logos in focus verticals, cross-selling to existing accounts, deepening partnership with tech majors, and steady progress on large-deal wins would drive strong growth and consistency in operating performance over the next 3-5 years.

Private equity channel adds another growth avenue

PSYS has tapped the PE channel to add newer avenues of growth. As PE firms increasingly intensify investments in software companies, they are looking to maximize investment returns within a set timeframe, with revenue and profit growth being the focus. With over 30 years of software product engineering experience, PSYS brings the right expertise, operating models, and infrastructure that is required to aid PE firms in deriving value throughout the investment lifecycle. ISVs select PSYS to optimize their operations, while continuing to innovate on product development. PSYS serves 16 of the top-20 software players and has been involved in the engineering of more than 5,500 product-releases from ISVs in the past five years. The PE channel is scaling well for the company, and is on track to attain a USD100mn run-rate.

Aspires reaching USD2bn revenue by FY27, with margin expansion

PSYS aims to maintain its growth momentum and attain USD2bn revenue run-rate by FY27, implying ~18% CAGR in FY23-27. It expects organic rev. CAGR of ~16%, while it sees acquisitions contributing ~USD150mn. It targets to expand EBITM by 200-300bps, factoring-in SG&A leverage with scale (+100bps), higher utilization (+100bps), pyramid correction, automation, and moderation in amortization costs as a percent of revenue.

Target Price – 12M	Mar-25
Change in TP (%)	5.4
Current Reco.	REDUCE
Previous Reco.	REDUCE
Upside/(Downside) (%)	(4.7)
CMP (11-Mar-24) (Rs)	8,234.6

Stock Data	Ticker
52-week High (Rs)	8,980
52-week Low (Rs)	3,951
Shares outstanding (mn)	77.0
Market-cap (Rs bn)	634
Market-cap (USD mn)	7,663
Net-debt, FY24E (Rs mn)	-17,655
ADTV-3M (mn shares)	-
ADTV-3M (Rs mn)	2,568.8
ADTV-3M (USD mn)	31.0
Free float (%)	66.0
Nifty-50	22,333
INR/USD	82.8

Shareholding, Dec-23

Promoters (%)	31.1
FPIs/MFs (%)	24.6/26.1

Price Performance

(%)	1M	3M	12M
Absolute	(4.7)	26.2	73.7
Rel. to Nifty	(7.3)	18.5	38.1

1-Year share price trend (Rs)



Dipesh Mehta

dipeshkumar.mehta@emkayglobal.com
+91 22 6612 1253

Ayush Bansal

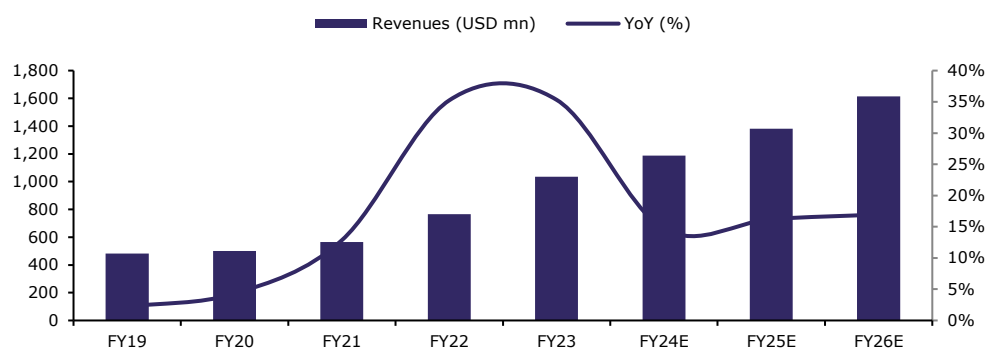
ayush.bansal@emkayglobal.com
+91 22 6612 1344

Pulkit Chawla

pulkit.chawla@emkayglobal.com
+91 22 6642 4258

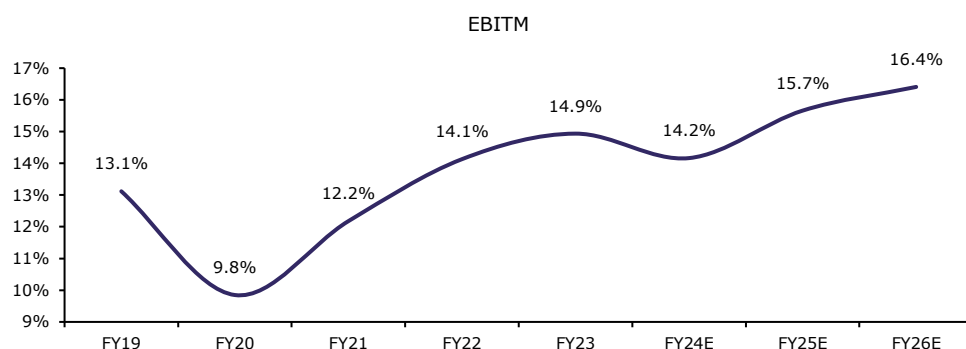
Story in Charts

Exhibit 1: We expect revenue CAGR of ~16% over FY23-26E



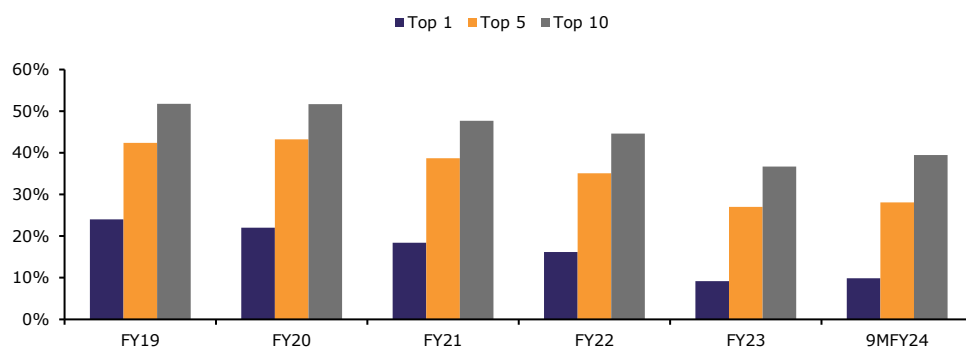
Source: Company, Emkay Research

Exhibit 2: We believe Company will see a ~150bps margin expansion during FY23-26E



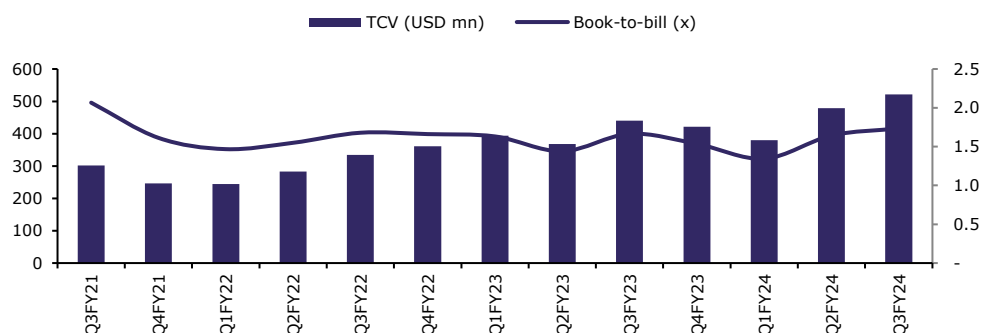
Source: Company, Emkay Research

Exhibit 3: Dependency on top client has significantly reduced in the last 5 years



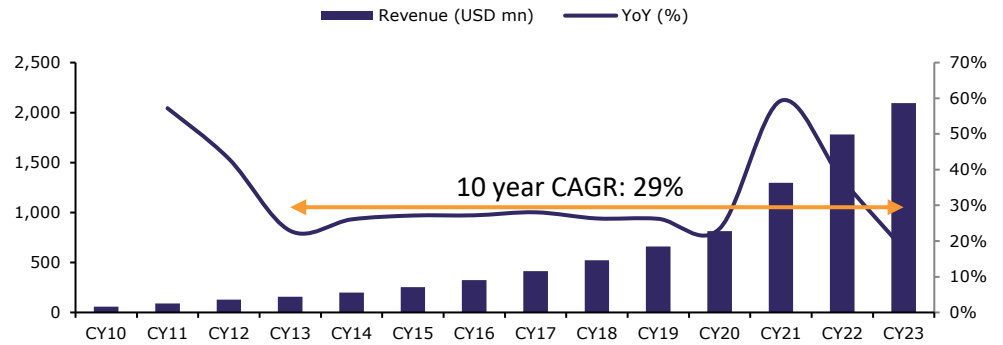
Source: Company, Emkay Research

Exhibit 4: Deal intake TCV grew 15.3% YoY (TTM basis)



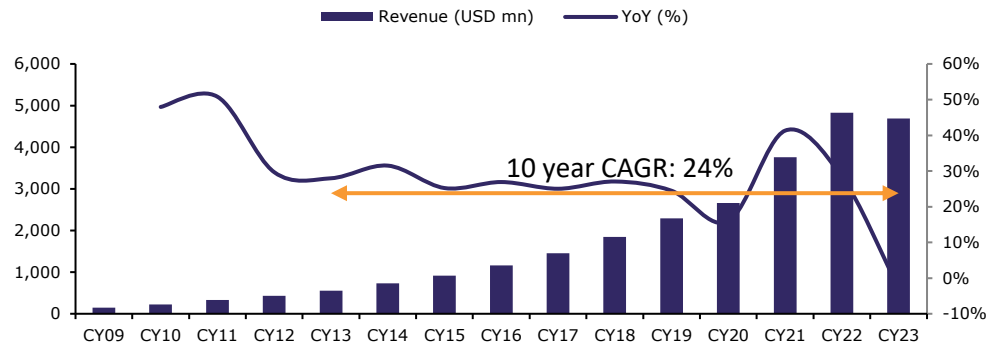
Source: Company, Emkay Research

Exhibit 5: Peer Globant's revenue CAGR stands at ~32% over the last 14 years



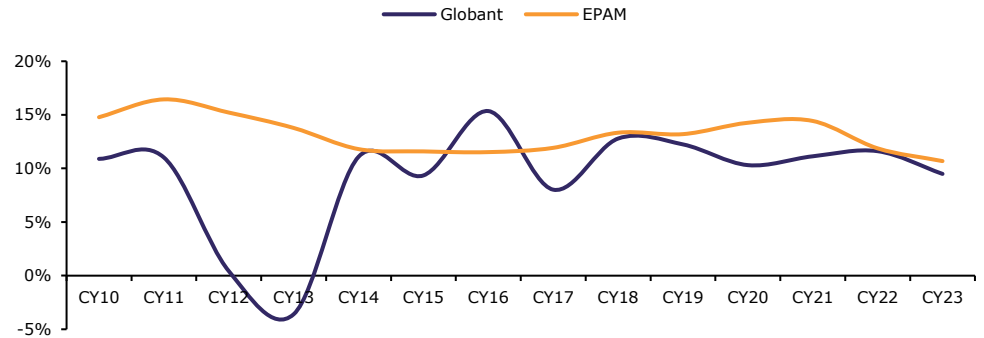
Source: Company, Emkay Research

Exhibit 6: Peer EPAM's revenue grew ~27% during the last 15 years



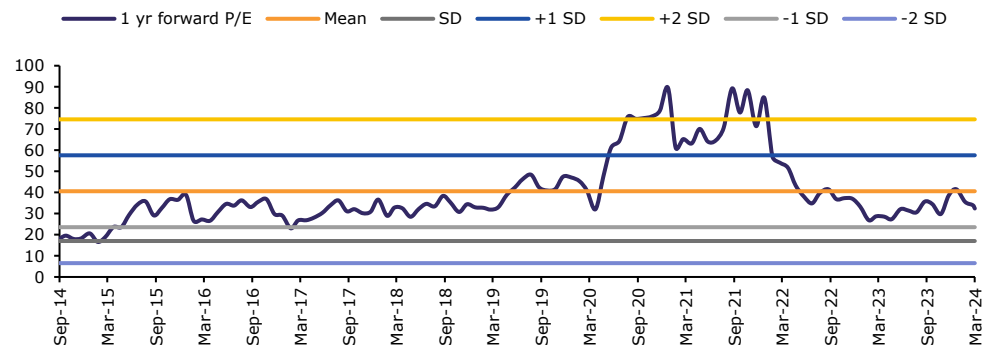
Source: Company, Emkay Research

Exhibit 7: EBITM trajectory of Globant and EPAM for the last 14 years

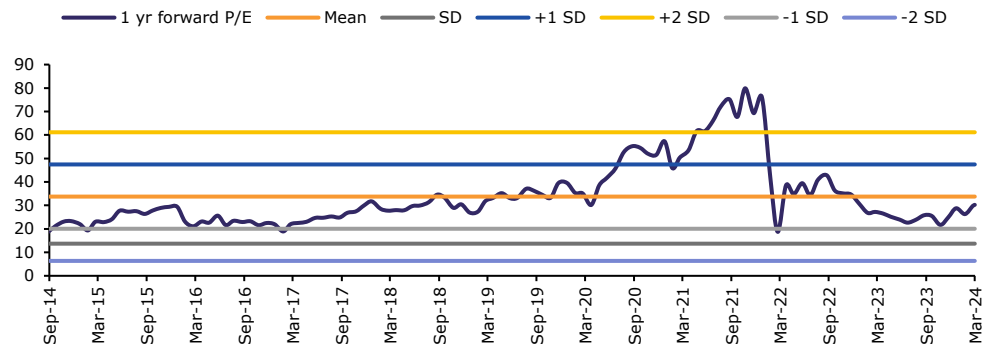


Source: Company, Emkay Research

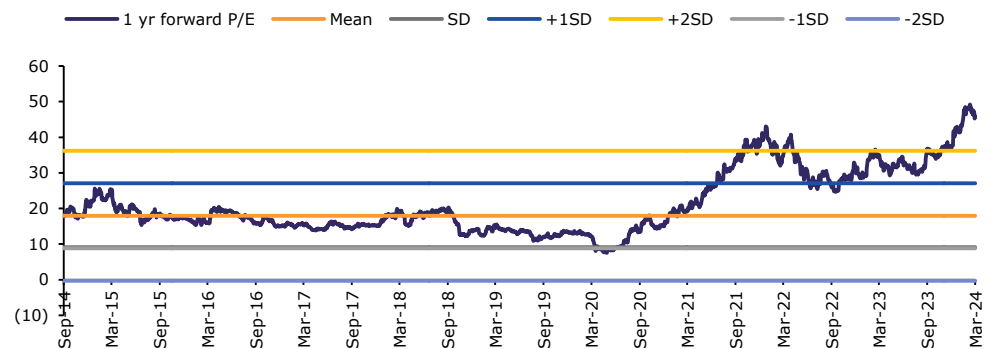
Exhibit 8: Globant – One-year forward P/E trading closer to its mean



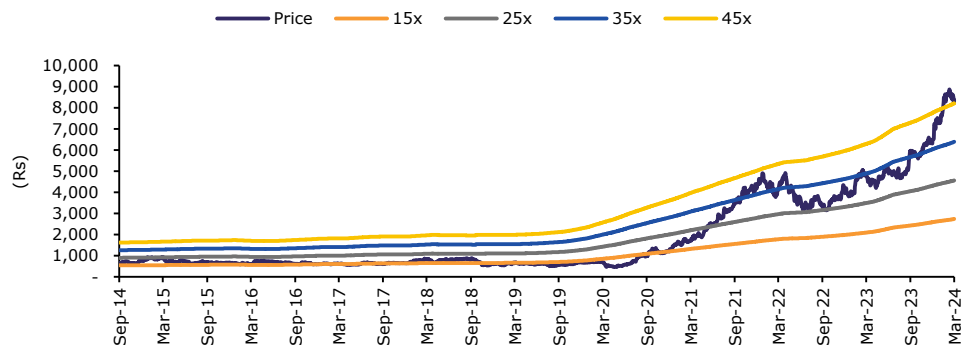
Source: Company, Emkay Research

Exhibit 9: EPAM – One-year forward P/E trading a tad below its mean

Source: Company, Emkay Research

Exhibit 10: PSYS – One-year forward P/E currently trading above the +2SD level

Source: Company, Emkay Research

Exhibit 11: PSYS – One-year forward P/E

Source: Company, Emkay Research

Persistent Systems: Consolidated Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	57,107	83,506	98,254	115,955	137,233
Revenue growth (%)	36.4	46.2	17.7	18.0	18.4
EBITDA	9,730	15,191	17,011	21,522	26,262
EBITDA growth (%)	41.9	56.1	12.0	26.5	22.0
Depreciation & Amortization	1,660	2,719	3,094	3,361	3,744
EBIT	8,070	12,472	13,917	18,161	22,518
EBIT growth (%)	58.2	54.6	11.6	30.5	24.0
Other operating income	0	0	0	0	0
Other income	1,291	706	1,300	1,366	1,686
Financial expense	118	473	493	451	423
PBT	9,243	12,705	14,724	19,075	23,780
Extraordinary items	0	(297)	0	0	0
Taxes	2,339	3,198	3,811	4,864	6,064
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
Reported PAT	6,904	9,211	10,913	14,211	17,716
PAT growth (%)	53.2	33.4	18.5	30.2	24.7
Adjusted PAT	6,904	9,211	10,913	14,211	17,716
Diluted EPS (Rs)	90.3	120.5	141.9	184.7	230.3
Diluted EPS growth (%)	53.2	33.4	17.7	30.2	24.7
DPS (Rs)	31.0	50.0	51.0	65.0	77.0
Dividend payout (%)	34.3	41.5	35.9	35.2	33.4
EBITDA margin (%)	17.0	18.2	17.3	18.6	19.1
EBIT margin (%)	14.1	14.9	14.2	15.7	16.4
Effective tax rate (%)	25.3	25.2	25.9	25.5	25.5
NOPLAT (pre-IndAS)	6,028	9,333	10,315	13,530	16,776
Shares outstanding (mn)	76.4	76.4	76.9	76.9	76.9

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
PBT	9,243	12,705	14,724	19,075	23,780
Others (non-cash items)	1,981	4,635	2,395	2,181	2,222
Taxes paid	(2,367)	(3,405)	(3,811)	(4,864)	(6,064)
Change in NWC	(407)	(4,377)	(802)	(1,751)	(2,109)
Operating cash flow	8,450	9,558	12,506	14,641	17,829
Capital expenditure	(3,808)	(4,321)	(4,164)	(4,490)	(4,390)
Acquisition of business	(6,154)	(4,311)	0	0	0
Interest & dividend income	719	539	699	1,180	1,522
Investing cash flow	(9,773)	(4,213)	(9,226)	(7,310)	3,132
Equity raised/(repaid)	0	0	1,395	0	0
Debt raised/(repaid)	4,161	(514)	(1,000)	(1,000)	(700)
Payment of lease liabilities	(351)	(545)	0	0	0
Interest paid	0	0	0	0	0
Dividend paid (incl tax)	(1,987)	(2,981)	(3,923)	(5,000)	(5,923)
Others	(351)	(545)	0	0	0
Financing cash flow	1,823	(4,039)	(3,529)	(6,000)	(6,623)
Net chg in Cash	499	1,305	(249)	1,331	14,338
OCF	8,450	9,558	12,506	14,641	17,829
Adj. OCF (w/o NWC chg.)	8,857	13,935	13,308	16,392	19,938
FCFF	4,642	5,237	8,341	10,151	13,439
FCFE	5,242	5,302	8,547	10,880	14,538
OCF/EBITDA (%)	86.8	62.9	73.5	68.0	67.9
FCFE/PAT (%)	75.9	57.6	78.3	76.6	82.1
FCFF/NOPLAT (%)	77.0	56.1	80.9	75.0	80.1

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Share capital	764	764	769	769	769
Reserves & Surplus	32,918	38,887	47,266	56,477	68,270
Net worth	33,682	39,651	48,035	57,246	69,039
Minority interests	0	0	0	0	0
Deferred tax liability (net)	(1,123)	(1,129)	(1,129)	(1,129)	(1,129)
Total debt	4,325	4,285	3,285	2,285	1,585
Total liabilities & equity	36,885	42,807	50,191	58,402	69,495
Net tangible fixed assets	2,918	4,860	4,444	4,396	4,361
Net intangible assets	8,270	9,171	4,901	3,943	2,965
Net ROU assets	1,358	2,198	2,689	2,823	2,983
Capital WIP	0	0	0	0	0
Goodwill	2,790	7,184	10,506	10,506	10,506
Investments [JV/Associates]	0	0	0	0	0
Cash & equivalents	17,369	15,428	20,940	26,271	34,609
Current assets (ex-cash)	19,242	26,059	28,474	32,596	37,551
Current Liab. & Prov.	16,133	22,256	22,062	22,433	23,779
NWC (ex-cash)	3,109	3,803	6,411	10,163	13,772
Total assets	36,885	42,807	50,191	58,402	69,495
Net debt	(13,044)	(11,143)	(17,655)	(23,986)	(33,024)
Capital employed	36,885	42,807	50,191	58,402	69,495
Invested capital	19,516	27,378	29,251	32,131	34,887
BVPS (Rs)	440.7	518.8	624.4	744.2	897.5
Net Debt/Equity (x)	(0.4)	(0.3)	(0.4)	(0.4)	(0.5)
Net Debt/EBITDA (x)	(1.3)	(0.7)	(1.0)	(1.1)	(1.3)
Interest coverage (x)	0.0	0.0	0.0	0.0	0.0
RoCE (%)	29.3	33.1	32.7	36.0	37.8

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY22	FY23	FY24E	FY25E	FY26E
P/E (x)	91.2	68.3	58.0	44.6	35.8
P/CE(x)	73.5	51.5	45.2	36.0	29.5
P/B (x)	18.7	15.9	13.2	11.1	9.2
EV/Sales (x)	10.8	7.4	6.3	5.3	4.4
EV/EBITDA (x)	63.3	40.7	36.2	28.3	22.9
EV/EBIT(x)	76.4	49.6	44.2	33.6	26.7
EV/IC (x)	31.6	22.6	21.1	19.0	17.2
FCFF yield (%)	0.8	0.8	1.4	1.7	2.2
FCFE yield (%)	0.8	0.8	1.3	1.7	2.3
Dividend yield (%)	0.4	0.6	0.6	0.8	0.9
DuPont-RoE split					
Net profit margin (%)	12.1	11.4	11.1	12.3	12.9
Total asset turnover (x)	1.8	2.1	2.1	2.1	2.1
Assets/Equity (x)	1.0	1.1	1.1	1.0	1.0
RoE (%)	22.4	25.9	24.9	27.0	28.1
DuPont-RoIC					
NOPLAT margin (%)	10.6	11.2	10.5	11.7	12.2
IC turnover (x)	5.3	4.3	3.6	3.5	3.8
RoIC (%)	45.2	39.8	36.4	44.1	50.1
Operating metrics					
Core NWC days	19.9	16.6	23.8	32.0	36.6
Total NWC days	19.9	16.6	23.8	32.0	36.6
Fixed asset turnover	2.5	2.7	3.0	3.4	3.8
Opex-to-revenue (%)	83.0	81.8	82.7	81.4	80.9

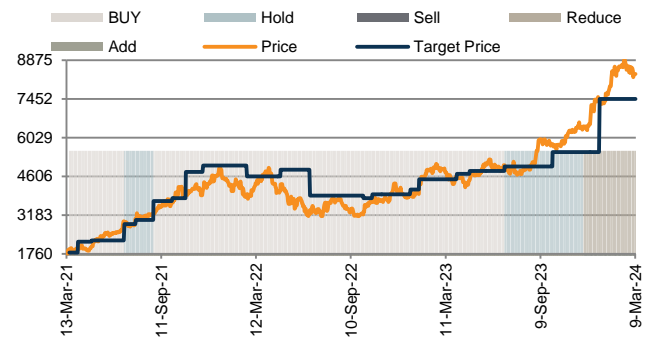
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
01-Mar-24	8,599	7,450	Reduce	Dipeshkumar Mehta
23-Jan-24	8,254	7,450	Reduce	Dipeshkumar Mehta
31-Dec-23	7,389	7,450	Reduce	Dipeshkumar Mehta
30-Nov-23	6,400	5,500	Reduce	Dipeshkumar Mehta
20-Oct-23	5,907	5,500	Hold	Dipeshkumar Mehta
02-Oct-23	5,797	5,500	Hold	Dipeshkumar Mehta
21-Jul-23	4,750	4,970	Hold	Dipeshkumar Mehta
02-Jul-23	5,011	4,970	Hold	Dipeshkumar Mehta
26-Apr-23	4,472	4,800	Buy	Dipeshkumar Mehta
01-Apr-23	4,610	4,700	Buy	Dipeshkumar Mehta
19-Jan-23	4,258	4,500	Buy	Dipeshkumar Mehta
02-Jan-23	4,028	4,125	Buy	Dipeshkumar Mehta
21-Oct-22	3,666	3,950	Buy	Dipeshkumar Mehta
04-Oct-22	3,299	3,800	Buy	Dipeshkumar Mehta
22-Jul-22	3,633	3,900	Buy	Dipeshkumar Mehta
23-Jun-22	3,368	3,900	Buy	Dipeshkumar Mehta
28-Apr-22	4,309	4,850	Buy	Dipeshkumar Mehta
01-Apr-22	4,723	4,600	Buy	Dipeshkumar Mehta
15-Mar-22	4,327	4,600	Buy	Dipeshkumar Mehta
22-Feb-22	3,927	4,600	Buy	Dipeshkumar Mehta
11-Feb-22	4,196	5,000	Buy	Dipeshkumar Mehta
22-Jan-22	4,302	5,000	Buy	Dipeshkumar Mehta
01-Jan-22	4,904	5,000	Buy	Dipeshkumar Mehta
30-Nov-21	4,139	5,000	Buy	Dipeshkumar Mehta
28-Oct-21	3,989	4,770	Buy	Dipeshkumar Mehta
02-Oct-21	3,643	3,800	Buy	Dipeshkumar Mehta
30-Sep-21	3,716	3,700	Buy	Dipeshkumar Mehta
13-Sep-21	3,588	3,700	Buy	Dipeshkumar Mehta
27-Aug-21	3,254	3,700	Buy	Dipeshkumar Mehta
24-Jul-21	3,039	3,000	Hold	Dipeshkumar Mehta
02-Jul-21	2,930	2,850	Hold	Dipeshkumar Mehta
30-Apr-21	2,038	2,250	Buy	Dipeshkumar Mehta
05-Apr-21	1,959	2,200	Buy	Dipeshkumar Mehta
04-Apr-21	1,953	2,200	Buy	Dipeshkumar Mehta
18-Mar-21	1,849	1,800	Buy	Dipeshkumar Mehta

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of BSE Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX), Multi Commodity Exchange of India Ltd (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) (hereinafter referred to be as "Stock Exchange(s)"). EGFSL along with its [affiliates] offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.emkayglobal.com.

EGFSL is registered as Research Analyst with the Securities and Exchange Board of India ("SEBI") bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any Stock Exchange nor its activities were suspended by any Stock Exchange with whom it is registered in last five years. However, SEBI and Stock Exchanges had conducted their routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to its existing clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the clients simultaneously, not all clients may receive this report at the same time. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient.

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. EGFSL may have issued or may issue other reports (on technical or fundamental analysis basis) of the same subject company that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Users of this report may visit www.emkayglobal.com to view all Research Reports of EGFSL. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the research published by any other analyst or by associate entities of EGFSL; our proprietary trading, investment businesses or other associate entities may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its affiliates. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

This report has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research report relating to any issuer/subject company.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets.

Disclaimer for U.S. persons only: Research report is a product of Emkay Global Financial Services Ltd., under Marco Polo Securities 15a6 chaperone service, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of Financial Institutions Regulatory Authority (FINRA) or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors. Emkay Global Financial Services Ltd. has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

RESTRICTIONS ON DISTRIBUTION

This report is not directed to, 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 or regulation. Except otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom.

ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associated persons¹ may have served as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate may have Financial Interests² in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

¹ An associated person is defined as (i) who reports directly or indirectly to such a research analyst in connection with the preparation of the reports; or (ii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial Interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

- EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her associate/relative's may have Financial Interest/proprietary positions in the securities recommended in this report as of March 11, 2024
- EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Report
Disclosure of previous investment recommendation produced:
- EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
- EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's may have material conflict of interest in the securities recommended in this report as of March 11, 2024
- EGFSL, its affiliates and Research Analyst or his/her associate/relative's may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the March 11, 2024
- EGFSL or its associates may have managed or co-managed public offering of securities for the subject company in the past twelve months.
- EGFSL, its affiliates and Research Analyst or his/her associate may have received compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
- EGFSL, its affiliates and/or and Research Analyst or his/her associate may have received any compensation or other benefits from the subject company or third party in connection with this research report.

Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	>15% upside
ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	<15% downside

Emkay Global Financial Services Ltd.

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India
Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com

OTHER DISCLAIMERS AND DISCLOSURES:**Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) -:**

EGFSL or its associates may have financial interest in the subject company.

Research Analyst or his/her associate/relative's may have financial interest in the subject company.

EGFSL or its associates and Research Analyst or his/her associate/ relative's may have material conflict of interest in the subject company. The research Analyst or research entity (EGFSL) have not been engaged in market making activity for the subject company.

EGFSL or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of public appearance or publication of Research Report.

Research Analyst or his/her associate/relatives may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of public appearance or publication of Research Report.

Research Analyst may have served as an officer, director or employee of the subject company.

EGFSL or its affiliates may have received any compensation including for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. . Emkay may have issued or may issue other reports that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Emkay Investors may visit www.emkayglobal.com to view all Research Reports. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the research published by any other analyst or by associate entities of Emkay; our proprietary trading, investment businesses or other associate entities may make investment decisions that are inconsistent with the recommendations expressed herein. EGFSL or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. EGFSL or its associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report. EGFSL or its associates may have received compensation from the subject company in the past twelve months. Subject Company may have been client of EGFSL or its affiliates during twelve months preceding the date of distribution of the research report and EGFSL or its affiliates may have co-managed public offering of securities for the subject company in the past twelve months.