

In-line revenue; weaker margin trajectory leads to EPS cut

Information Technology ▶ Result Update ▶ April 22, 2024

TARGET PRICE (Rs): 3,700

Persistent reported mixed performance in Q4 — revenue grew 3.4% QoQ CC, in line with our estimate, while margin of 14.5% (flat QoQ) missed it. Revenue growth still lopsided with HLS contributing ~94% of incremental revenue sequentially. Top client growth was impacted by a planned ramp down for the second consecutive quarter, while other large client growth was healthy. Deal wins TCV was USD447.7mn (1.4x book-to-bill), showing moderation with Q4 and TTM TCV up 6% and 12.6% YoY, respectively. Amid the challenging macros, the management aims for top-quartile growth in FY25E, while maintaining EBITM at FY24 levels. Company reiterated their medium-term target of improving EBITM by 200-300bps over the next 3 years. However, progress has been slow and target is shifted by a year; which is disappointing. Moderation in deal intake, Q4 performance, and slow progress on margin trajectory led to EPS cut of 5-6% for FY25-26E. Valuation remains rich even after today's ~10% price correction. We retain REDUCE with a TP of Rs3,700/sh at 34x Mar-25E EPS.

Persistent Systems: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Revenue	57,107	83,506	98,216	113,610	133,367
EBITDA	9,730	15,191	16,757	19,938	24,573
Adj. PAT	6,904	9,211	10,935	13,178	16,650
Adj. EPS (Rs)	45.2	60.3	71.0	85.5	108.1
EBITDA margin (%)	17.0	18.2	17.1	17.5	18.4
EBITDA growth (%)	41.9	56.1	10.3	19.0	23.2
Adj. EPS growth (%)	53.2	33.4	17.8	20.5	26.3
RoE (%)	22.4	25.9	24.5	24.5	26.3
RoIC (%)	45.2	39.8	34.9	37.9	44.4
P/E (x)	77.7	58.2	49.4	41.0	32.5
EV/EBITDA (x)	53.8	34.6	31.3	26.0	20.7
P/B (x)	15.9	13.5	10.9	9.3	7.9
FCFF yield (%)	1.8	2.0	1.8	1.9	2.5

Source: Company, Emkay Research

Results Summary

Persistent's revenue grew 3.4% QoQ (similar in CC) to USD310.9mn, broadly in line with our estimates. EBITM came in at 14.5% (flat QoQ), lower than our estimate of 15%. EBITM was flat sequentially due to one-time transition costs related to ramp up in large vendor consolidation deals (-110bps), addition of lateral hires at offshore (-50bps), and higher travel costs for planning and budgeting exercise for FY25 (-40bps). These were negated by reduction in earn out liability related to an acquisition (where performance did not meet expectations) and reversal of provisions (+200bps). Revenue growth was led by HLS (14.8% QoQ) and BFSI (1.8%), while Software, Hi-Tech, and Emerging Industries (SHTE) saw a decline of 0.7% QoQ (ex-top client: grew 1.8%). Top-client revenue declined 11% QoQ due to planned ramp downs. Top 2-10 clients saw a growth of 10.3% QoQ. Among geographies, North America, India, and ROW reported growth of 4%, 4.5%, and 47.8% QoQ, while Europe saw a decline of 9.3% QoQ. The company has announced a final dividend of Rs10/sh. **What we liked:** Steady revenue growth, healthy cash conversion (OCF/EBITDA: 76.9%). **What we did not like:** Margin miss.

Earnings Call KTAs

1) Demand environment has remained largely unchanged over the last few quarters and is not expected to improve materially anytime soon. 2) Company recently won large deals (including vendor consolidation), which have higher onsite proportion at the start, and have seen an increase in contractor spending along with lower utilization and higher travel costs. 3) HLS growth was driven by a large deal ramp up and well supported by multiple mid-sized deals. Overall environment has been difficult in BFSI, but the company has delivered growth aided by new deals. Hi-Tech is facing headwinds due to enterprise customers facing their own challenges and is likely to remain under pressure for the next few quarters. 4) FY25 growth is likely to be led by HLS followed by BFSI and SHTE. 5) Management aims to turn around performance in Europe, driven by both team reinforcements and M&A activities. 6) For M&A, Persistent is looking for tuck-in acquisitions in HLS and BFSI, which are at the cusp of data/AI. Within Healthcare, the company is targeting areas like Payer-Provider ecosystem, while in BFSI, it is focused on certain micro segments. In terms of geography, it is looking at a combination of Western Europe from a business perspective and Eastern Europe from a delivery perspective.

Target Price – 12M	Mar-25
Change in TP (%)	(5.1)
Current Reco.	REDUCE
Previous Reco.	REDUCE
Upside/(Downside) (%)	5.5
CMP (22-Apr-24) (Rs)	3,508.5

Stock Data	Ticker
52-week High (Rs)	4,490
52-week Low (Rs)	2,163
Shares outstanding (mn)	154.1
Market-cap (Rs bn)	540
Market-cap (USD mn)	6,483
Net-debt, FY25E (Rs mn)	-22,492
ADTV-3M (mn shares)	1
ADTV-3M (Rs mn)	2,357.7
ADTV-3M (USD mn)	28.3
Free float (%)	66.0
Nifty-50	22,336
INR/USD	83.4
Shareholding, Mar-24	
Promoters (%)	31.0
FPIs/MFs (%)	25.0/25.9

Price Performance

(%)	1M	3M	12M
Absolute	(12.0)	(11.4)	63.5
Rel. to Nifty	(12.9)	(14.5)	29.0

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

Exhibit 1: Quarterly snapshot

(Rs mn)	Q4FY24	Q3FY24	QoQ (%)	Q4FY23	YoY (%)
Net sales (USD mn)	310.9	300.6	3.4	274.6	13.2
Net sales	25,905	24,982	3.7	22,545	14.9
Operating expenses	21,362	20,564	3.9	18,382	
EBITDA	4,544	4,418	2.8	4,163	9.1
Margins (%)	17.5	17.7	-10	18.5	-90
Depreciation	799	787		697	
EBIT	3,744	3,631	3.1	3,466	8.0
Margins (%)	14.5	14.5	-10	15.4	-90
Other income	210	262		-60	
Pre-tax profit	3,955	3,893	1.6	3,406	16.1
Tax provided	802	1032		891	
Profit after tax	3,153	2,861	10.2	2,515	
Emkay Net profit	3,153	2,861	10.2	2,515	25.4
EPS (Rs/sh)	20.5	18.6	10.1	16.5	24.4

Source: Company, Emkay Research

Exhibit 2: Actuals vs. estimates

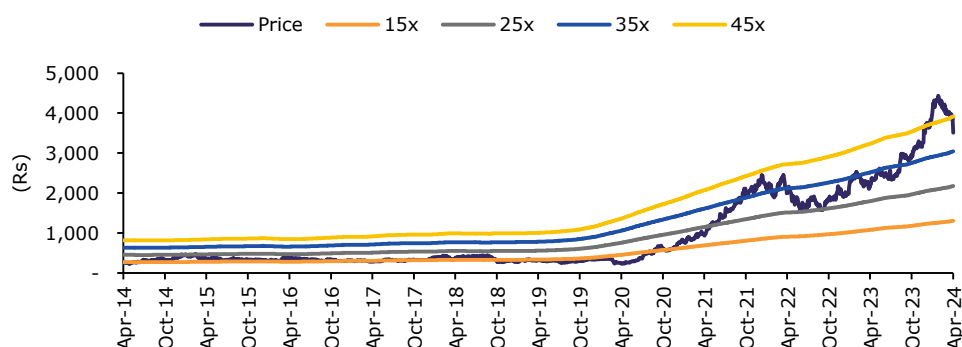
(Rs mn)	Actual	Estimates		Variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Revenues (USD mn)	310.9	310.8	308.8	0.0%	0.7%	Revenue came in line with our expectations
Sales	25,905	25,794	25,629	0.4%	1.1%	
EBIT	3,744	3,868	3,848	-3.2%	-2.7%	
EBIT, margin	14.5%	15.0%	15.0%	-50 bps	-60 bps	EBITM missed our expectations
PAT	3,153	3,034	3,031	3.9%	4.0%	Profit was better than expectations due to lower ETR (tax credit on account of ESOP perquisite income reported by US employees)

Source: Company, Bloomberg, Emkay Research

Exhibit 3: Changes in estimates

(Rs mn)	FY25E			FY26E		
	Old	New	Change	Old	New	Change
Revenues (USD mn)	1,363.8	1,352.5	-0.8%	1,595.9	1,569.0	-1.7%
YoY growth	15.0%	14.0%		17.0%	16.0%	
Revenues	114,563	113,610	-0.8%	135,655	133,367	-1.7%
EBIT	17,902	16,785	-6.2%	22,215	21,136	-4.9%
EBIT margins (%)	15.6	14.8		16.4	15.8	
Net profits	14,014	13,178	-6.0%	17,481	16,650	-4.8%
EPS (Rs/sh)	91.1	85.5	-6.1%	113.6	108.1	-4.9%

Source: Company, Emkay Research

Exhibit 4: 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	FY24	FY25E	FY26E
Revenue	57,107	83,506	98,216	113,610	133,367
Revenue growth (%)	36.4	46.2	17.6	15.7	17.4
EBITDA	9,730	15,191	16,757	19,938	24,573
EBITDA growth (%)	41.9	56.1	10.3	19.0	23.2
Depreciation & Amortization	1,660	2,719	3,094	3,153	3,437
EBIT	8,070	12,472	13,663	16,785	21,136
EBIT growth (%)	58.2	54.6	9.5	22.8	25.9
Other operating income	0	0	0	0	0
Other income	1,291	706	1,280	1,307	1,588
Financial expense	118	473	467	403	375
PBT	9,243	12,705	14,476	17,689	22,349
Extraordinary items	0	(297)	0	0	0
Taxes	2,339	3,198	3,541	4,511	5,699
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
Reported PAT	6,904	9,211	10,935	13,178	16,650
PAT growth (%)	53.2	33.4	18.7	20.5	26.3
Adjusted PAT	6,904	9,211	10,935	13,178	16,650
Diluted EPS (Rs)	45.2	60.3	71.0	85.5	108.1
Diluted EPS growth (%)	53.2	33.4	17.8	20.5	26.3
DPS (Rs)	15.5	25.0	26.0	31.0	38.5
Dividend payout (%)	34.3	41.5	36.6	36.2	35.6
EBITDA margin (%)	17.0	18.2	17.1	17.5	18.4
EBIT margin (%)	14.1	14.9	13.9	14.8	15.8
Effective tax rate (%)	25.3	25.2	24.5	25.5	25.5
NOPLAT (pre-IndAS)	6,028	9,333	10,321	12,505	15,746
Shares outstanding (mn)	76.4	76.4	154.1	154.1	154.1

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
PBT	9,243	12,705	14,476	17,689	22,349
Others (non-cash items)	1,981	4,635	3,202	2,101	2,073
Taxes paid	(2,367)	(3,405)	(3,414)	(4,511)	(5,699)
Change in NWC	(407)	(4,377)	(2,052)	(2,176)	(2,735)
Operating cash flow	8,450	9,558	12,213	13,104	15,988
Capital expenditure	(3,808)	(4,321)	(2,791)	(3,309)	(3,280)
Acquisition of business	(6,154)	(4,311)	(2,074)	0	0
Interest & dividend income	719	539	597	1,051	1,364
Investing cash flow	(9,773)	(4,213)	(4,695)	(11,930)	4,084
Equity raised/(repaid)	0	0	1,608	0	0
Debt raised/(repaid)	4,161	(514)	(2,414)	(1,000)	(700)
Payment of lease liabilities	(351)	(545)	(760)	0	0
Interest paid	0	0	0	0	0
Dividend paid (incl tax)	(1,987)	(2,981)	(4,084)	(4,776)	(5,931)
Others	(351)	(545)	(1,047)	0	0
Financing cash flow	1,823	(4,039)	(5,937)	(5,776)	(6,631)
Net chg in Cash	499	1,305	1,581	(4,602)	13,441
OCF	8,450	9,558	12,213	13,104	15,988
Adj. OCF (w/o NWC chg.)	8,857	13,935	14,265	15,280	18,723
FCFF	4,642	5,237	9,423	9,794	12,708
FCFE	5,242	5,302	9,553	10,443	13,697
OCF/EBITDA (%)	86.8	62.9	72.9	65.7	65.1
FCFE/PAT (%)	75.9	57.6	87.4	79.2	82.3
FCFF/NOPLAT (%)	77.0	56.1	91.3	78.3	80.7

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Share capital	764	764	770	770	770
Reserves & Surplus	32,918	38,887	48,807	57,210	67,929
Net worth	33,682	39,651	49,577	57,980	68,699
Minority interests	0	0	0	0	0
Deferred tax liability (net)	(1,123)	(1,129)	(1,341)	(1,341)	(1,341)
Total debt	4,325	4,285	2,073	1,073	373
Total liabilities & equity	36,885	42,807	50,309	57,712	67,732
Net tangible fixed assets	2,918	4,860	4,420	4,020	3,707
Net intangible assets	8,270	9,171	4,575	3,560	2,535
Net ROU assets	1,358	2,198	2,307	2,449	2,630
Capital WIP	0	0	0	0	0
Goodwill	2,790	7,184	10,913	10,913	10,913
Investments [JV/Associates]	0	0	0	0	0
Cash & equivalents	17,369	15,428	18,495	23,565	31,006
Current assets (ex-cash)	19,242	26,059	31,332	34,337	40,129
Current Liab. & Prov.	16,133	22,256	22,067	21,432	23,489
NWC (ex-cash)	3,109	3,803	9,265	12,905	16,640
Total assets	36,885	42,807	50,309	57,712	67,732
Net debt	(13,044)	(11,143)	(16,421)	(22,492)	(30,633)
Capital employed	36,885	42,807	50,309	57,712	67,732
Invested capital	19,516	27,378	31,815	34,147	36,725
BVPS (Rs)	220.4	259.4	321.8	376.4	446.0
Net Debt/Equity (x)	(0.4)	(0.3)	(0.3)	(0.4)	(0.4)
Net Debt/EBITDA (x)	(1.3)	(0.7)	(1.0)	(1.1)	(1.2)
Interest coverage (x)	0.0	0.0	0.0	0.0	0.0
RoCE (%)	29.3	33.1	32.1	33.5	36.2

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY22	FY23	FY24	FY25E	FY26E
P/E (x)	77.7	58.2	49.4	41.0	32.5
P/CE(x)	62.6	43.9	38.5	33.1	26.9
P/B (x)	15.9	13.5	10.9	9.3	7.9
EV/Sales (x)	9.2	6.3	5.3	4.6	3.8
EV/EBITDA (x)	53.8	34.6	31.3	26.0	20.7
EV/EBIT(x)	31.6	20.6	38.4	30.9	24.1
EV/IC (x)	13.1	9.4	16.5	15.2	13.9
FCFF yield (%)	1.8	2.0	1.8	1.9	2.5
FCFE yield (%)	2.0	2.0	1.8	1.9	2.5
Dividend yield (%)	0.4	0.7	0.7	0.9	1.1
DuPont-RoE split					
Net profit margin (%)	12.1	11.4	11.1	11.6	12.5
Total asset turnover (x)	1.8	2.1	2.1	2.1	2.1
Assets/Equity (x)	1.0	1.1	1.0	1.0	1.0
RoE (%)	22.4	25.9	24.5	24.5	26.3
DuPont-RoIC					
NOPLAT margin (%)	10.6	11.2	10.5	11.0	11.8
IC turnover (x)	5.3	4.3	3.6	3.3	3.4
RoIC (%)	45.2	39.8	34.9	37.9	44.4
Operating metrics					
Core NWC days	19.9	16.6	34.4	41.5	45.5
Total NWC days	19.9	16.6	34.4	41.5	45.5
Fixed asset turnover	2.5	2.7	3.0	3.4	3.8
Opex-to-revenue (%)	83.0	81.8	82.9	82.5	81.6

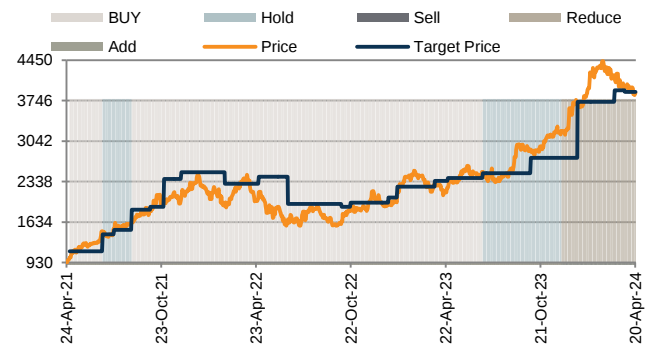
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
31-Mar-24	3,985	3,900	Reduce	Dipeshkumar Mehta
11-Mar-24	4,117	3,925	Reduce	Dipeshkumar Mehta
01-Mar-24	4,300	3,725	Reduce	Dipeshkumar Mehta
23-Jan-24	4,127	3,725	Reduce	Dipeshkumar Mehta
31-Dec-23	3,695	3,725	Reduce	Dipeshkumar Mehta
30-Nov-23	3,200	2,750	Reduce	Dipeshkumar Mehta
20-Oct-23	2,954	2,750	Hold	Dipeshkumar Mehta
02-Oct-23	2,898	2,750	Hold	Dipeshkumar Mehta
21-Jul-23	2,375	2,485	Hold	Dipeshkumar Mehta
02-Jul-23	2,506	2,485	Hold	Dipeshkumar Mehta
26-Apr-23	2,236	2,400	Buy	Dipeshkumar Mehta
01-Apr-23	2,305	2,350	Buy	Dipeshkumar Mehta
19-Jan-23	2,129	2,250	Buy	Dipeshkumar Mehta
02-Jan-23	2,014	2,063	Buy	Dipeshkumar Mehta
21-Oct-22	1,833	1,975	Buy	Dipeshkumar Mehta
04-Oct-22	1,649	1,900	Buy	Dipeshkumar Mehta
22-Jul-22	1,816	1,950	Buy	Dipeshkumar Mehta
23-Jun-22	1,684	1,950	Buy	Dipeshkumar Mehta
28-Apr-22	2,154	2,425	Buy	Dipeshkumar Mehta
01-Apr-22	2,361	2,300	Buy	Dipeshkumar Mehta
15-Mar-22	2,163	2,300	Buy	Dipeshkumar Mehta
22-Feb-22	1,964	2,300	Buy	Dipeshkumar Mehta
11-Feb-22	2,098	2,500	Buy	Dipeshkumar Mehta
22-Jan-22	2,151	2,500	Buy	Dipeshkumar Mehta
01-Jan-22	2,452	2,500	Buy	Dipeshkumar Mehta
30-Nov-21	2,069	2,500	Buy	Dipeshkumar Mehta
28-Oct-21	1,994	2,385	Buy	Dipeshkumar Mehta
02-Oct-21	1,822	1,900	Buy	Dipeshkumar Mehta
30-Sep-21	1,858	1,850	Buy	Dipeshkumar Mehta
13-Sep-21	1,794	1,850	Buy	Dipeshkumar Mehta
27-Aug-21	1,627	1,850	Buy	Dipeshkumar Mehta
24-Jul-21	1,520	1,500	Hold	Dipeshkumar Mehta
02-Jul-21	1,465	1,425	Hold	Dipeshkumar Mehta
30-Apr-21	1,019	1,125	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 April 22, 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 April 22, 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 April 22, 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.

**SESHADRI
KUMAR SEN**

Digitally signed by SESHADRI KUMAR SEN
DN: cn=IN, o=Personal,
pseudonym=133422712594461905DSVUy8kk9u
n4ET,
2.5.4.20=1217a0ac22644d6a490a50ef35978ca2c
bcf94e39548b678bafc1f29f6e1ced7,
postalCode=400011, st=Maharashtra,
serialNumber=07837cb61a11364e9d2229a78d0a
f55d5d599551ae83b808ee76a10dbb491f06e,
cn=SESHADRI KUMAR SEN
Date: 2024.04.22 18:44:46 +05'30'

This report is intended for team.emkay@whitemarquesolutions.com use and downloaded at 04/23/2024 12:59 PM

Emkay Research is also available on www.emkayglobal.com and Bloomberg EMKAY<GO>. Please refer to the last page of the report on Restrictions on Distribution. In Singapore, this research report or research analyses may only be distributed to Institutional Investors, Expert Investors or Accredited Investors as defined in the Securities and Futures Act, Chapter 289 of Singapore.