

# Persistent Systems

## Bold acquisition; strategic fit

Persistent Systems (PSYS) has announced a definitive agreement to acquire 100% of Nagarro SE, a Munich-based digital engineering company, in an all-cash deal valued at an enterprise value (EV) of ~EUR 1.27bn. The offer price of EUR 81 per share reflects a significant premium of ~140% over its last price and is valued at 1.27x EV/sales and 9.12x EV/EBITDA. The transaction will proceed through a voluntary public takeover offer requiring at least 50% plus one share for completion. Persistent already holds ~21% via a share purchase agreement, and Nagarro's management board has committed to tender its shares in the offer. We view this acquisition as strategic fit for Persistent, as it strengthens its presence in Europe, expands vertical coverage into industrials and consumer segments, enhances ERP capabilities, and deepens its digital engineering strengths. Assuming moderate growth at Nagarro and excluding one-off costs, the deal is expected to be EPS-accretive by 4.4%. Persistent continues to differentiate itself within the mid-cap IT space through consistent growth, a premium client base, robust service offerings, and strong integration of AI across both solutions and internal operations. Given the already premium valuation and execution uncertainties around integrating a large acquisition, we downgrade our multiple from 35x to 30x and reiterate ADD with a revised TP of INR 5,500, based on 30x (35x earlier) Mar-28E EPS.

- Building a global leader with complementary capabilities:** The combined entity, Persistent-Nagarro Group, forms a differentiated, AI-led global digital engineering powerhouse with pro-forma revenue of ~USD 2.9bn and a workforce exceeding 46,000 employees across 40+ countries. The geographic mix becomes more balanced, with North America contributing ~USD 1.7bn and Europe increasing its share from ~9% to ~22%. Strategically, the two firms bring highly complementary capabilities. Persistent contributes expertise in Cloud, Data & AI, strong penetration in North America, and leadership in BFSI, HiTech, and HLS verticals. Nagarro adds scale in Europe, deep ERP and CX expertise, and capabilities in physical/industrial AI spanning automotive, manufacturing, and IoT/OT, along with established presence in Industrials and Consumer sectors. Post combination, the entity becomes the second-largest Digital Engineering player globally and the seventh-largest Technology Services provider in India.
- Financial logic, synergies, and EPS accretion outlook:** The transaction valuation stands at 1.27x EV/revenue and 9.12x EV/adjusted EBITDA (TTM), indicating a reasonable valuation for a high-quality, strategically aligned asset. Persistent has arranged EUR 1.4bn in committed bridge financing from Barclays, priced at EURIBOR + 175–250 bps. Leverage is expected to range between ~1.9x and 2.5x depending on acceptance levels, with a projected reduction to below 1.0x by FY30. The deal is anticipated to be accretive to both cash EPS and reported EPS from Year 1 (excluding transaction-related costs). While detailed synergy estimates will follow regulatory approvals, the combined platform is expected to unlock value through integrated delivery capabilities, broader market reach, and enhanced platform-based offerings driven by AI-led innovation. The merged entity will serve 350+ marquee clients and address a total addressable market (TAM) exceeding USD 1.4trn, with significant scale (>USD 500mn each) in BFSI, HLS, and TMT verticals. Revenue synergies are expected through cross-selling opportunities — deploying Persistent's AI solutions within Nagarro's European automotive and ERP client base and introducing Nagarro's ERP/CX offerings into Persistent's North American accounts. Capability synergies stem from a strengthened AI engineering bench and an expanded ecosystem of hyperscalers, ISVs, and frontier labs. Minimal overlap across geographies and verticals reduces concentration risks while maximizing cross-sell potential.

## ADD

CMP (as on 29 Jun 2026)	INR 4,299
Target Price	INR 5,500
NIFTY	23,946

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 6,240	INR 5,500
EPS %	FY27E +0.4	FY28E -1.3

### KEY STOCK DATA

Bloomberg code	PSYS IN
No. of Shares (mn)	158
MCap (INR bn) / (\$ mn)	678/7,173
6m avg traded value (INR mn)	3,692
52 Week high / low	INR 6,599/4,449

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(21.5)	(30.0)	(25.4)
Relative (%)	(14.4)	(20.8)	(19.9)

### SHAREHOLDING PATTERN (%)

	Dec-25	Mar-26
Promoters	30.29	30.29
FIs & Local MFs	29.82	30.47
FPIs	22.80	22.11
Public & Others	17.09	17.13
Pledged Shares	0.00	0.00

Source : BSE

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- Funding structure, goodwill, and accounting impact:** The USD 1,498mn financing package includes USD 1,143mn for equity acquisition and USD 354mn for refinancing Nagarro’s debt. First-year interest costs are estimated at USD 62mn, based on a five-year amortizing structure at EURIBOR + 2.2% (~5%), with the full-year combined interest expense estimated at ~USD 69mn. Under purchase price allocation (PPA), ~30% of the consideration (~USD 343mn) is assigned to intangibles, amortized over eight years, translating to ~USD 43mn annually. The pro-forma financials reflect ~USD 47mn in amortization, subject to final valuation adjustments, while the remaining ~USD 800mn is recorded as goodwill, which will be impairment-tested annually rather than amortized. Nagarro’s financials include reported adjusted EBITDA of USD 159mn (13.9% TTM as of Mar’26). An additional EUR 15.5mn unrealized intra-group FX loss, if adjusted, would increase CY25 adjusted EBITDA margin to ~15.4%.
- Leadership framework and next steps:** The integration approach focuses on maintaining the core strengths and cultural advantages of both organizations while leveraging synergies to create long-term value for stakeholders. The combined company will be led by Persistent’s experienced management team, with Nagarro’s co-founder and CEO, Manas Human, along with other senior leaders, expected to play key roles during integration. The transaction remains subject to regulatory approvals and successful completion of the open offer. Upon closure, the Persistent–Nagarro Group is positioned to deliver complex, large-scale digital engineering programs globally, supported by deep engineering expertise, geographic diversity, and strong AI capabilities — ensuring continued relevance in an evolving digital landscape.
- Largest-ever deal won:** Persistent secured its largest-ever deal with a US-based global technology enterprise, with a TCV exceeding USD 650mn and an ACV of over USD 125mn. Its a 6.5-year engagement which encompasses product development, product support, and cloud services operations and support.

### Financial Summary

YE March (INR bn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue (USD mn)	1,186	1,409	1,654	1,911	2,199	2,524
Net Sales	98.22	119.39	147.48	181.00	208.95	242.30
EBIT	14.15	17.51	23.03	30.08	35.09	41.79
APAT	11.30	14.00	19.34	23.50	27.78	32.45
Diluted EPS (INR)	73.4	91.0	124.9	149.0	176.1	205.7
P/E (x)	58.5	47.2	34.4	28.9	24.4	20.9
EV / EBITDA (x)	37.4	31.1	23.3	18.2	15.2	12.4
RoE (%)	24.5	24.8	26.3	27.4	27.2	26.8

Source: Company, HSIE Research

### Change in estimates

YE March (INR bn)	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
Revenue (USD mn)	1,911	1,911	0.0	2,199	2,199	0.0
Revenue	174.88	181.00	3.5	203.45	208.95	2.7
EBIT	29.06	30.08	3.5	34.84	35.09	0.7
EBIT margin (%)	16.6	16.6	0bps	17.1	16.8	-33bps
APAT	23.42	23.50	0.4	28.13	27.78	(1.3)
EPS (INR)	148.4	149.0	0.4	178.3	176.1	(1.3)

Source: Company, HSIE Research

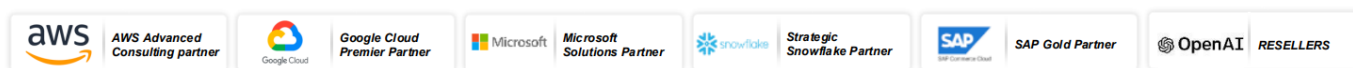
Exhibit 1: About Nagarro

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

<b>€1,001M</b> <i>(\$ 1,141.1M)</i> TTM Mar'26 Revenue	<b>5.3%</b> 3-year Revenue CAGR <sup>(1)</sup> <b>18.4%</b> 5-year Revenue CAGR <sup>(1)</sup>	<b>€139M</b> <i>(\$158.5M)</i> TTM Mar'26 Adj. EBITDA <sup>(2)</sup>	<b>13.9%</b> TTM Mar'26 Adj. EBITDA Margin
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- 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



Source: Persistent acquisition presentation

Exhibit 2: Deal and Funding assumptions (per Investor FAQ)

Particulars	Amount (USD mn)
Loan – share acquisition	1,143
Loan – refinance Nagarro debt	354
<b>Total loan / funding</b>	<b>1,498</b>
First-year interest cost (5-yr EMI, ~5%)	62
Effective interest rate	4.1%
Interest basis	EURIBOR + 2.2% (~5%)
Intangibles % of consideration	30%
Intangibles useful life	8 years
Blended tax rate	25.0%
INR / USD	93.00
USD / EUR	1.14
Persistent shares outstanding	157.8

Source: Company, HSIE Research

Exhibit 3: Purchase Price allocation

Particulars	Amount (USD mn)
Consideration for shares (acquisition loan)	1,143
Intangibles created (30%)	343
<b>Goodwill / residual (70%)</b>	<b>800</b>
<b>Annual intangibles amortisation</b>	<b>43</b>

Source: Company, HSIE Research

**Exhibit 4: Pro-forma combined P&L – TTM Mar'26**

Particulars (USD mn)	Persistent	Nagarro	Combined
<b>Revenue</b>	<b>1,654</b>	<b>1,141</b>	<b>2,795</b>
<b>EBITDA*</b>	<b>304</b>	<b>159</b>	<b>463</b>
<i>EBITDA margin %</i>	<i>18.4%</i>	<i>13.9%</i>	<i>16.6%</i>
Operational D&A	45	34	79
Acquisition amortisation	–	–	47
<b>EBIT</b>	<b>259</b>	<b>125</b>	<b>337</b>
<i>EBIT margin %</i>	<i>15.7%</i>	<i>11%</i>	<i>12.1%</i>
Other income	15	3	18
Interest cost	–	–	69
<b>PBT</b>	<b>274</b>	<b>128</b>	<b>286</b>
Tax (25%)	(69)	(32)	(72)
<b>PAT</b>	<b>206</b>	<b>96</b>	<b>215</b>

Source: Company, HSIE Research

**Exhibit 5: EPS accretion – 100% consolidation, no equity issued**

Particulars	Persistent	Combined
PAT (\$M)	205	215
Shares outstanding (mn)	157.8	157.8
<b>EPS (USD)</b>	<b>1.30</b>	<b>1.36</b>
<b>EPS (INR)</b>	<b>121</b>	<b>126–127</b>
<b>EPS accretion (per company FAQ)</b>	<b>+~4.4%</b>	

Source: Company, HSIE Research

**Exhibit 6: Financial metrics (Persistent FY26 / Nagarro CY25)**

Particulars (USD mn)	Persistent	Nagarro*	Combined
<b>Revenue</b>	<b>1,654</b>	<b>1,141</b>	<b>2,795</b>
<i>Revenue growth YoY</i>	<i>+17.4%</i>	<i>~+3%</i>	–
<i>3-yr revenue CAGR</i>	<i>~21%</i>	<i>~7%</i>	–
<b>EBITDA</b>	<b>304</b>	<b>159</b>	<b>463</b>
<i>EBITDA margin</i>	<i>18.4%</i>	<i>13.9%</i>	<i>16.6%</i>
<b>EBIT (\$M)</b>	<b>259</b>	<b>125</b>	<b>337</b>
<i>EBIT margin</i>	<i>15.7%</i>	<i>11.0%</i>	<i>12.1%</i>
<b>PAT (\$M)</b>	<b>205</b>	<b>96</b>	<b>~215</b>
<i>PAT margin</i>	<i>12.4%</i>	<i>8.4%</i>	<i>~10.8%</i>

Source: Company, HSIE Research; \*\*Nagarro at Reported Adjusted EBITDA (CY25). Combined PAT after acquisition charges per FAQ pro-forma.

**Exhibit 7: People & Productivity**

Metric	Persistent	Nagarro	Combined
<b>Total employees</b>	<b>27,500</b>	<b>18,500</b>	<b>46,000</b>
Employees in India	23,800	13,500	37,300
Employees in North America	3,100	500	3,600
Employees in Europe	330	2,700	3,030
Countries	21	40	40
<b>Revenue per employee (\$'000)</b>	<b>60</b>	<b>62</b>	<b>61</b>

Source: Company, HSIE Research

**Exhibit 8: Vertical/Industry split**

Vertical	Persistent	Nagarro	Combined
Software / Hi-Tech / TMT	39.0%	17.0%	30.0%
BFSI	34.0%	16.0%	26.7%
Healthcare & Life Sciences	26.0%	9.0%	19.1%
Industrial / Automotive / Mfg	-	28.0%	11.4%
Consumer / Retail	-	18.0%	7.3%
Public, Non-profit & Education	-	12.0%	4.9%
<b>Total</b>	<b>99.0%</b>	<b>100.0%</b>	<b>99.4%</b>

Source: Company, HSIE Research

# Persistent Systems: Company Update

## Exhibit 9: Geographic split (% of revenue)

Region	Persistent	Nagarro	Combined
North America	80.6%	34.0%	61.6%
Europe	8.1%	43.0%	22.3%
India / RoW	11.3%	23.0%	16.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Company, HSIE Research

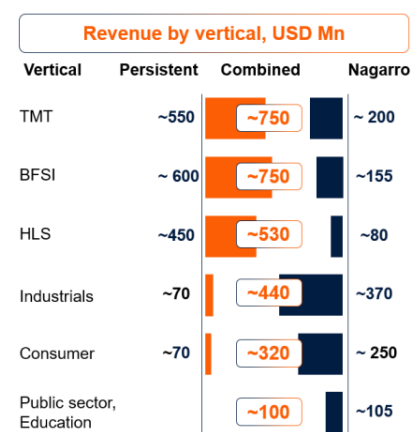
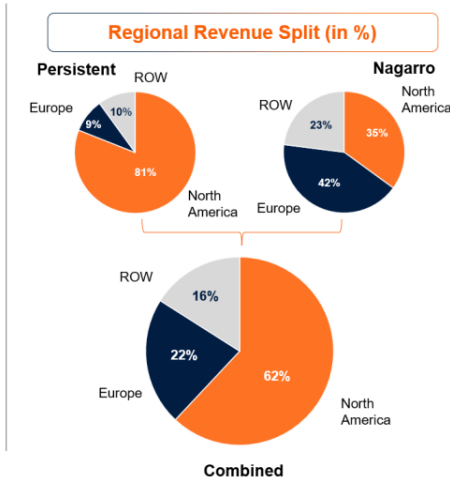
## Exhibit 10: Capabilities, clients, and synergies

Particulars	Persistent	Nagarro	Combined
<b>Core capability</b>	AI-led digital eng., data, cloud, platforms (SASVA), product engineering	Digital engineering, ERP, CX, AI, automotive/industrial software	End-to-end AI engineering + ERP/CX; AI Forward Deployed Engineering
<b>Geographic strength</b>	North America scale, partnership depth	Europe (Germany/Central EU), local delivery	Transatlantic NA + Europe at scale
<b>Marquee clients</b>	7 of top-10 US/India banks; HLS majors; hyperscaler/ISV ties	4 of top-5 European automotive OEMs; EU enterprises	350+ marquee clients combined
<b>Partner ecosystem</b>	AWS, Microsoft, Google, NVIDIA, Snowflake, Databricks, Salesforce, ServiceNow	ISVs, frontier AI labs, niche EU partners	Expanded hyperscaler + ISV + frontier-lab ecosystem
<b>Delivery model</b>	Offshore-led India + onsite NA	Self-organising, on-site EU + offshore	Multi-region global delivery
<b>TAM</b>	Engineering + AI services	Digital/ERP/CX in Europe	TAM > \$1,400bn
<b>Key synergies</b>	—	—	<b>Cross-sell AI platforms into EU auto/ERP base; ERP/CX into NA accounts; vertical &amp; geo complementarity; talent pooling</b>

Source: Company, HSIE Research

## Exhibit 11: Key Metrics – Persistent, Nagarro, and Combined Entity

Global Employee Footprint			
Region	Persistent	Nagarro	Combined
North America	3100+	500+	3,600+
Europe	330+	2,700+	3,000+
India	23,800+	13,500+	37,500+
RoW	200+	1,700+	2,000+
<b>Total</b>	<b>27,500+</b>	<b>18,500+</b>	<b>46,000+</b>

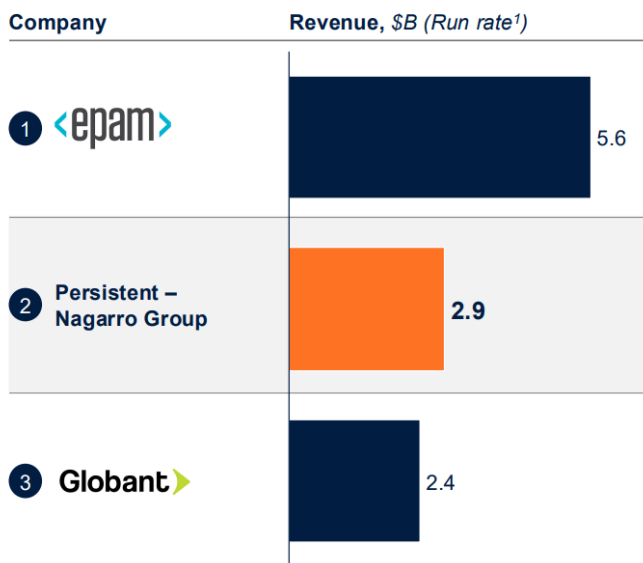


Source: Persistent acquisition presentation

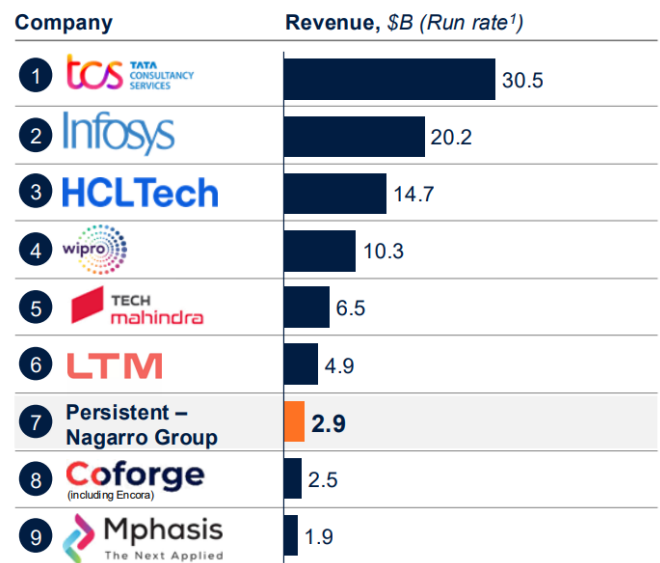
Exhibit 12: Persistent – Nagarro to be the second-largest Digital Engineering company globally

**Persistent – Nagarro Group** would be the 2<sup>nd</sup> largest Digital Engineering company globally and 7<sup>th</sup> largest Technology Services company in India

Global Digital Engineering providers



Indian Tech Services providers



Source: Persistent acquisition presentation

Exhibit 13: Valuation rationale

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

Naples Multiple Analysis		Excl Treasury Shares
Offer Price		€81.0
Outstanding shares (excluding Treasury shares) (m)		12.38
Equity Value (m)		€1,002.5
Reported Net Debt (m), Mar-26		€267.5
<b>Enterprise Value (m)</b>		<b>€1,269.9</b>
Multiple Analysis		Metric
Revenue Multiples		€ m
CY25A Revenue	€999.3	1.27x
TTM Revenue (upto Mar-26)	€1,000.5	1.27x
CY26E Consensus Revenue	€1,029.9	1.23x
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	€138.2	9.19x
TTM Adj. EBITDA (upto Mar-26)	€139.2	9.12x
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

Premium	
12M VWAP	48%
6M VWAP	60%
3M VWAP	94%
52 W High	1%
52 W Low	143%
Closing Price on 25th June	140%

**Guidance (Mid-Point)**

- CY26 Growth – 3.1%
- CY26 Adj. EBITDA – 15.0%

Source: Persistent acquisition presentation

## Financials

### Consolidated Income Statement

Year ending March (INR bn)	FY25	FY26	FY27E	FY28E	FY29E
Net Revenues (USD mn)	1,409	1,654	1,911	2,199	2,524
<i>Growth (%)</i>	<b>18.8</b>	<b>17.4</b>	<b>15.5</b>	<b>15.1</b>	<b>14.8</b>
Net Revenues	119.39	147.48	181.00	208.95	242.30
<i>Growth (%)</i>	<b>21.6</b>	<b>23.5</b>	<b>22.7</b>	<b>15.4</b>	<b>16.0</b>
Employee Expenses	78.74	95.76	116.31	135.20	155.67
SG&A expenses	20.07	24.66	30.77	33.99	39.25
<b>EBITDA</b>	<b>20.58</b>	<b>27.06</b>	<b>33.92</b>	<b>39.76</b>	<b>47.37</b>
Depreciation	3.07	4.03	3.84	4.68	5.58
<b>EBIT</b>	<b>17.51</b>	<b>23.03</b>	<b>30.08</b>	<b>35.09</b>	<b>41.79</b>
<i>EBIT Margin (%)</i>	<b>14.7</b>	<b>15.6</b>	<b>16.6</b>	<b>16.8</b>	<b>17.2</b>
EBIT Growth (%)	23.8	31.5	30.6	16.7	19.1
Other Income (Including EO Items)	1.38	1.80	1.38	1.97	1.94
Interest	0.67	0.73	0.75	0.75	0.75
<b>PBT</b>	<b>18.22</b>	<b>24.11</b>	<b>30.72</b>	<b>36.31</b>	<b>42.98</b>
Tax	4.22	5.46	7.22	8.53	10.53
<b>RPAT</b>	<b>14.00</b>	<b>18.65</b>	<b>23.50</b>	<b>27.78</b>	<b>32.45</b>
Extraordinary item	-	(0.69)	-	-	-
<b>APAT</b>	<b>14.00</b>	<b>19.34</b>	<b>23.50</b>	<b>27.78</b>	<b>32.45</b>
<i>APAT Growth (%)</i>	<b>23.9</b>	<b>38.2</b>	<b>21.5</b>	<b>18.2</b>	<b>16.8</b>
<b>Adjusted EPS (INR)</b>	<b>91.0</b>	<b>124.9</b>	<b>149.0</b>	<b>176.1</b>	<b>205.7</b>
<i>EPS Growth (%)</i>	<b>23.9</b>	<b>37.2</b>	<b>19.3</b>	<b>18.2</b>	<b>16.8</b>

Source: Company, HSIE Research

### Consolidated Balance Sheet

Year ending March (INR bn)	FY25	FY26	FY27E	FY28E	FY29E
<b>SOURCES OF FUNDS</b>					
Share Capital - Equity	0.78	0.79	0.79	0.79	0.79
Reserves	62.41	77.59	92.41	109.93	130.55
<b>Total Shareholders' Funds</b>	<b>63.19</b>	<b>78.38</b>	<b>93.20</b>	<b>110.72</b>	<b>131.34</b>
Total Debt	-	-	-	-	-
Net Deferred Taxes	(1.87)	(3.13)	(3.13)	(3.13)	(3.13)
Long Term Provisions & Others	2.70	5.82	5.82	5.82	5.82
<b>TOTAL SOURCES OF FUNDS</b>	<b>64.01</b>	<b>81.06</b>	<b>95.88</b>	<b>113.41</b>	<b>134.03</b>
<b>APPLICATION OF FUNDS</b>					
Net Block	13.07	13.34	15.44	16.84	17.87
CWIP	0.77	0.38	0.38	0.38	0.38
Goodwill & intangibles	12.34	13.60	13.60	13.60	13.60
Investments	0.18	0.18	0.18	0.18	0.18
Other non-current assets	1.82	2.50	2.50	2.50	2.50
<b>Total Non-current Assets</b>	<b>28.19</b>	<b>29.99</b>	<b>32.09</b>	<b>33.50</b>	<b>34.53</b>
<b>Cash &amp; Equivalents</b>	<b>20.54</b>	<b>30.67</b>	<b>44.20</b>	<b>57.28</b>	<b>73.26</b>
Debtors	18.48	21.33	26.18	30.22	35.05
Other Current Assets	18.14	28.31	34.75	40.11	46.51
<b>Total Current Assets</b>	<b>57.16</b>	<b>80.31</b>	<b>105.12</b>	<b>127.62</b>	<b>154.82</b>
Creditors	8.89	11.34	13.92	16.07	18.63
Other Current Liabilities & Prov.	12.44	17.90	27.41	31.64	36.69
<b>Total Current Liabilities</b>	<b>21.33</b>	<b>29.24</b>	<b>41.33</b>	<b>47.71</b>	<b>55.32</b>
<b>Net Current Assets</b>	<b>35.83</b>	<b>51.07</b>	<b>63.80</b>	<b>79.91</b>	<b>99.50</b>
<b>TOTAL APPLICATION OF FUNDS</b>	<b>64.01</b>	<b>81.06</b>	<b>95.88</b>	<b>113.41</b>	<b>134.03</b>

Source: Company, HSIE Research

### Consolidated Cash Flow

Year ending March (INR bn)	FY25	FY26	FY27E	FY28E	FY29E
Reported PBT	18.22	24.11	30.72	36.31	42.98
Non-operating & EO items	0.95	(0.83)	(0.49)	(0.93)	(0.90)
Interest expenses	0.67	0.73	0.75	0.75	0.75
Depreciation	3.07	4.03	3.84	4.68	5.58
Working Capital Change	(6.23)	(1.65)	(4.77)	(3.97)	(4.74)
Tax Paid	(5.11)	(5.46)	(7.22)	(8.53)	(10.53)
<b>OPERATING CASH FLOW ( a )</b>	<b>11.57</b>	<b>20.92</b>	<b>22.83</b>	<b>28.29</b>	<b>33.14</b>
Capex	(57.28)	(4.30)	(5.94)	(6.09)	(6.61)
Free cash flow (FCF)	(45.72)	16.62	16.89	22.21	26.53
<b>INVESTING CASH FLOW ( b )</b>	<b>(58.24)</b>	<b>(3.46)</b>	<b>(5.45)</b>	<b>(5.15)</b>	<b>(5.71)</b>
Debt Issuance/(Repaid)	-	-	-	-	-
Interest Expenses	(0.37)	(0.73)	(0.75)	(0.75)	(0.75)
FCFE	(46.09)	15.90	16.15	21.46	25.78
Share Capital Issuance	0.01	0.01	-	-	-
Dividend/Buyback	(4.60)	(6.31)	(8.68)	(10.25)	(11.83)
<b>FINANCING CASH FLOW ( c )</b>	<b>(4.96)</b>	<b>(7.03)</b>	<b>(9.42)</b>	<b>(11.00)</b>	<b>(12.58)</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>(51.63)</b>	<b>10.43</b>	<b>7.96</b>	<b>12.14</b>	<b>14.85</b>
<b>Closing Cash &amp; Equivalents</b>	<b>20.54</b>	<b>30.67</b>	<b>44.20</b>	<b>57.28</b>	<b>73.26</b>

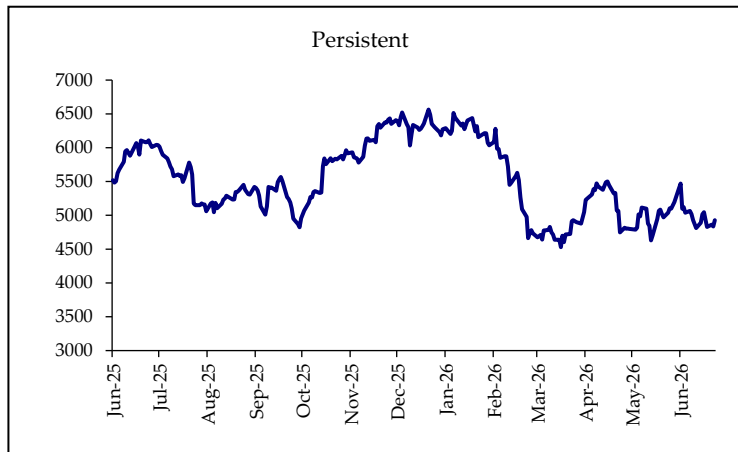
Source: Company, HSIE Research

### Key Ratios

	FY25	FY26	FY27E	FY28E	FY29E
<b>PROFITABILITY (%)</b>					
GPM	34.0	35.1	35.7	35.3	35.8
EBIT Margin	17.2	18.4	18.7	19.0	19.6
APAT Margin	11.7	13.1	13.0	13.3	13.4
RoE	24.8	26.3	27.4	27.2	26.8
RoIC (or Core RoCE)	35.0	38.0	45.1	49.8	54.0
RoCE	24.9	26.5	27.2	27.1	26.7
<b>EFFICIENCY</b>					
Tax Rate (%)	23.2	22.6	23.5	23.5	24.5
Fixed Asset Turnover (x)	9.3	11.7	12.1	12.0	12.1
Debtors (days)	56	53	53	53	53
Other Current Assets (days)	55	70	70	70	70
Payables (days)	27	28	28	28	28
Other Current Liab & Provns (days)	38	44	55	55	55
Cash Conversion Cycle (days)	47	50	40	40	40
Net D/E (x)	(0.3)	(0.4)	(0.5)	(0.5)	(0.6)
Interest Coverage (x)	26	32	40	47	56
<b>PER SHARE DATA (INR)</b>					
EPS	91.0	124.9	149.0	176.1	205.7
CEPS	111.0	143.8	173.3	205.7	241.1
Dividend	35	40	55	65	75
Book Value	411	497	591	702	833
<b>VALUATION</b>					
P/E (x)	47.2	34.4	28.9	24.4	20.9
P/BV (x)	10.5	8.7	7.3	6.1	5.2
EV/EBITDA (x)	31.1	23.3	18.2	15.2	12.4
OCF/EV (%)	1.8	3.3	3.7	4.7	5.6
FCF/EV (%)	-7.1	2.6	2.7	3.7	4.5
FCFE/Mkt Cap (%)	-7.0	2.4	2.4	3.2	3.9
Dividend Yield (%)	0.8	0.9	1.3	1.5	1.7

Source: Company, HSIE Research

## Price History



### Rating Criteria

BUY:  $\geq$ +15% return potential

ADD: +5% to +15% return potential

REDUCE: -10% to +5% return potential

SELL:  $>$  10% Downside return potential

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