

AI-Led Platform Strategy Gaining Traction; Growth Momentum Intact with \$2Bn Run Rate in Sight

CMP: INR 5,079

Rating: Accumulate

Target Price: INR 5,813

Stock Info

| | |
|--------------------------|--------------------|
| BSE | 533179 |
| NSE | PERSISTENT |
| Bloomberg | PERSISTENT IN |
| Reuters | PERSISTENT.BO |
| Sector | Computers-Software |
| Face Value (INR) | 5 |
| Equity Capital (INR mn) | 782 |
| Mkt Cap (INR Bn) | 800 |
| 52w H/L (INR) | 6,599/4,449 |
| Avg Yearly Vol (in 000') | 573 |

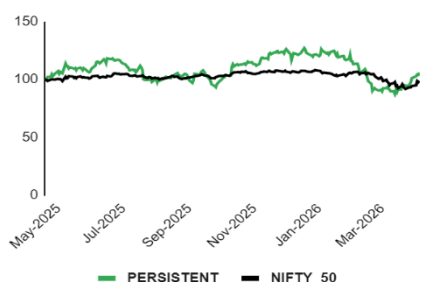
Shareholding Pattern %

(As on Dec 2025)

| | |
|-----------------|-------|
| Promoters | 30.29 |
| FII | 22.11 |
| DII | 30.47 |
| Public & Others | 17.12 |

| | 1m | 3m | 12m |
|--------------------|------|-------|------|
| Persistent Systems | +6.4 | -18.2 | -2.5 |
| Nifty 50 | +7.4 | -6.6 | -0.6 |

Persistent Systems Vs Nifty 50



Abhishek Jain
abhishek.jain@arihantcapital.com
022 67114851

Jyoti Singh
jyoti.singh@arihantcapital.com
022 67114834

Ananya Mukne
ananya.mukne@arihantcapital.com
02267114873

Persistent System Ltd (PSL) Q4FY26 In-line Numbers; Reported revenue of USD 436.0 Mn (up 3.2% QoQ/ 16.2%YoY) in line with our estimate of \$437 Mn. Constant Currency growth 3.4% QoQ. Reported revenue of INR 40,559 Mn up 7.4% QoQ/ +25.1% YoY above our estimate of INR 39,930 Mn . The growth was led by BFSI (up 33.4%YoY/+5.7% QoQ) Healthcare & Life Sciences was up (+22.7%YoY/ 11.0% QoQ) and software (+6.5% QoQ/+20.2% YoY). EBIT margin was up 187 bps QoQ 16.25% due to labour cost. Adj EBIT margins down 49bps QoQ/ +67 bps YoY at 16.25% below our estimates of 16.6%. Order booking for Q4FY26 was \$600.8 mn in TCV and \$445.1 mn in ACV. DSO (Billed) down by 4 to 53 Days. Net employee up by 791 employees in Q4FY26 to close at 27,502 employees. LTM attrition down by 50bps QoQ to 13.0%. Final Dividend of INR 18 per share, translating into a INR 40 per share dividend for FY26.

Consistent Revenue Growth Momentum Backed by Strong Order Book

Persistent Systems has delivered its 24th consecutive quarter of sequential revenue growth, reaching \$436 mn in Q4FY26, representing 16.2% YoY expansion.FY26, revenue stood at \$1.65 bn, growing 17.4% YoY. The company's total contract value for the year came in at \$2.4 bn with an ACV of \$1.8 bn, providing strong revenue visibility. The company has maintained confidence in achieving a quarterly run rate of \$500 mn by Q4 FY27, suggesting the growth trajectory remains intact despite macro headwinds.

BFSI Vertical Emerging as a Structural Growth Engine

The banking, financial services, and insurance vertical delivered 28.4% YoY growth for FY26, reaching an annualized run rate of \$600 mn. Persistent's client base in this segment includes four of the top five US and Indian banks, three of the five largest global fintechs, and leading brokerage and wealth management firms. The company is winning deals against established Tier 1 outsourcing players by leveraging its AI platforms SASVA, iAURA, and GenAI Hub and deep domain expertise, positioning it as a credible challenger in a large and modernizing market.

Strong Client Mining Driving Revenue Resilience: The company is seeing consistent improvement in its large-client metrics, reflecting successful wallet-share expansion. Clients in the \$20mn+ category increased from 10 to 12, \$10mn+ from 22 to 28, and \$5mn+ from 47 to 61. This deepening of relationships enhances revenue stability, lowers churn risk, and supports faster scaling of new capabilities within existing accounts. We believe this client-mining strategy will remain a key growth lever over the next 2–3 years.

Valuations

The outlook remains constructive, underpinned by robust deal momentum with FY26 TCV of \$2.4 bn and ACV of \$1.8 bn, providing strong revenue visibility into FY27. BFSI (+28.4% YoY) continues to anchor growth at an annualized run rate of \$600 mn, while healthcare, life sciences and hi-tech are expected to scale meaningfully, with management signaling healthcare and BFSI could run neck-and-neck at the top of the growth pecking order in FY27.FY26 EBIT margins improved 90 bps YoY to 15.6%, with Q4 FY26 already recovering to 16.3%, and management's aspiration of sustaining margins in the 16%–17% range over the medium term remains intact. AI-platform monetization through SASVA, iAURA, and GenAI Hub backed by 120+ patents and 500+ agents is increasingly embedded in client workflows, creating a structural and defensible profitability lever. Client mining remains healthy with \$10 mn-plus clients expanding from 21 to 29 and \$20 mn-plus clients growing from 10 to 12, significantly enhancing revenue resilience, while a net cash and investments position of ~INR 27.6 bn provides flexibility for capability-led inorganic opportunities. The Q4 FY27 exit run rate target of ~\$500 mn per quarter implying an annualized \$2 bn revenue milestone appears achievable, and we expect sustained double-digit growth with gradual margin expansion over the medium term. **We value the Persistent system at a PE of 28x to its FY29E EPS of 207.6, which yields a target price of INR 5,813 per share. We maintain our rating to an Accumulate on the stock.**

Exhibit 1: Financial Overview (Consolidated)

| INR Mn (consolidated) | Revenues (US\$ mn) | Net Sales | EBIT | PAT | EPS (INR) | EBIT Margin % | RoE (%) | P/E (x) |
|-----------------------|--------------------|-----------|--------|--------|-----------|---------------|---------|---------|
| FY25 | 1409 | 119,387 | 17,513 | 14,002 | 90.2 | 14.7% | 22.2% | 56.3 |
| FY26 | 1654 | 147,484 | 23,035 | 18,651 | 118.9 | 15.6% | 23.8% | 42.7 |
| FY27E | 1960 | 174,620 | 32,654 | 23,026 | 149.5 | 16.4% | 23.6% | 34.0 |
| FY28E | 2319 | 206,655 | 38,541 | 26,880 | 174.5 | 16.3% | 22.4% | 29.1 |
| FY29E | 2746 | 244,709 | 40,132 | 31,979 | 206.7 | 16.4% | 27.6% | 24.5 |

Source: Arihant Research, Company Filings

Exhibit 2: Q4FY26 - Quarterly Performance (Consolidated)

| INR Mn (consolidated) | Q4FY26 | Q3FY26 | Q4FY25 | Q-o-Q | Y-o-Y |
|-----------------------------|----------|----------|----------|--------|--------|
| Revenue (Mn USD) | 436.0 | 422.5 | 375.2 | 3.2% | 16.2% |
| Net Revenue | 40,559 | 37,782 | 32,421 | 7.4% | 25.1% |
| Employee Cost | 27,583 | 26,006 | 22,797 | 6.1% | 21.0% |
| Other Expenses | 5,300 | 4,445 | 3,780 | 19.2% | 40.2% |
| EBITDA | 7,677 | 6,440 | 5,844 | - | - |
| EBITDA Margin | 18.9% | 17.0% | 18.03% | - | - |
| Adj EBITDA | 7,677 | 7,331 | 5,844 | 4.7% | 31.4% |
| Adj EBITDA Margin % | 18.93% | 19.40% | 18.03% | -47bps | 90bps |
| Depreciation | 1,085 | 1,006 | 791 | 7.9% | 37.2% |
| EBIT | 6,592 | 5,435 | - | - | - |
| EBIT Margin | 16.25% | 14.38% | - | - | - |
| Adj EBIT | 6,592 | 6,325 | 5,053 | 4.2% | 30.4% |
| Adj EBIT Margin % | 16.25% | 16.74% | 15.59% | -49bps | 67bps |
| Other Income | 335 | 405 | 184 | -17.3% | 82.4% |
| Finance Cost | 187 | 190 | 185 | -1.5% | 1.2% |
| Adj PBT | 6,740 | 6,540 | - | - | - |
| Exceptional Item | - | 890 | - | - | - |
| PBT | 6,740 | 5,650 | 5,052.16 | 19.3% | 33.4% |
| Tax Expense | 1,447 | 1,255 | 1,094.48 | 15.3% | 32.2% |
| Effective Tax Rate % | 21.5% | 22.2% | 21.7% | -75bps | -19bps |
| Reported PAT | 5,292.60 | 4,394.44 | 3,957.68 | 20.4% | 33.7% |
| Tax Benefits on Labour code | - | 205.65 | - | - | - |
| MI & Associates | - | - | - | - | - |
| Adjusted PAT | 5,292.60 | 5,079.04 | 3,957.68 | 4.2% | 33.7% |
| PAT Margin % | 13.0% | 13.4% | 12.2% | -39bps | 84bps |
| EPS (INR) | 33.83 | 28.51 | 25.64 | 18.7% | 31.9% |
| | | | | | |
| INR Mn (consolidated) | Q4FY26 | Q3FY26 | Q4FY25 | Q-o-Q | Y-o-Y |
| BFSI | 13,963 | 13,213 | 10,468 | 5.7% | 33.4% |
| Healthcare & Life Sciences | 10,663 | 9,605 | 8,692 | 11.0% | 22.7% |
| Software | 15,934 | 14,964 | 13,261 | 6.5% | 20.2% |

Source: Arianth Research, Company Filings

Q4FY26 Conference call Highlights

Margins

EBIT for Q4FY26 came in at INR 6,591.6M, reflecting a growth of 30.5% YoY; EBIT margin stood at 16.3%, up 17 bps YoY and up 190 bps QoQ.

Tailwinds: Absence of one-time new wage code cost from Q3 (+220 bps), operational efficiencies (+40 bps), favorable currency (+60 bps).

Headwinds: Higher consulting and advisory expenses related to corporate development (-60 bps); increased subcon costs, software licenses and travel related to annual planning (-70 bps).

FY26 EBIT stood at INR 23,034.7M, up 31.5% YoY; EBIT margin for FY26 at 15.6%, an improvement of 90 bps YoY. Management aspires to a 16–17% EBIT margin range, with growth remaining the first priority.

PAT for Q4FY26 stood at INR 5,292.6M, a growth of 33.7% YoY; PAT margin at 13.1%. Full-year PAT margin at 12.6%, up 33.2% YoY in absolute terms.

EPS for Q4FY26 at INR 33.80 vs INR 28.20 in Q3FY26; YoY EPS growth of 31.9%.

Return on Capital Employed (ex-cash) for Q4FY26 at 45.2% vs 43.8% in Q3FY26.

Effective tax rate for Q4FY26 at 21.5% vs 22.2% in Q3; FY26 ETR at 22.6%.

OCF to PAT for Q4FY26 at 77% (vs 91% in Q3), impacted by higher unbilled revenue, delayed tax refunds and annual insurance premium payments. Full-year OCF to PAT improved to 93.6% vs 82.6% in FY25.

Billed DSO at 53 days (down 4 days QoQ) and Unbilled DSO at 27 days (up 3 days QoQ).

Forward contracts outstanding at USD 500M at an average rate of INR 90.70 per USD.

Order Book

TCV for Q4FY26 at USD 600.8M; New booking TCV at USD 488.9M. ACV of bookings at USD 445.1M; New booking ACV at USD 272.7M.

FY26 TCV at USD 2.4Bn and FY ACV at USD 1.8Bn.

Sequential moderation in bookings is consistent with normal seasonality, as ~80% of revenues are from the US where peak renewals coincide with the December quarter (customer fiscal year-end).

Selected by a Japan-headquartered global B2B industrial technology leader as a long-term transformation partner for a shift from hardware-centric to software-led platforms — a USD 50M+ TCV deal spanning SAP, IT and Data Analytics; one of the largest SAP services deals for Persistent.

Demand Environment

Management remains cautiously optimistic and geopolitical risks (Middle East conflict, tariff uncertainty) are being monitored but direct exposure to the Middle East is near zero.

Tech companies remain the fastest adopters of AI-led SDLC solutions. BFSI and Healthcare, being regulated industries, are seeing slower POC-to-enterprise-scale transitions, though momentum is building.

Salesforce's Headless360 (API-as-interface) is viewed as an opportunity rather than a threat, as most enterprises will still require SI support to leverage these capabilities effectively.

SaaS consolidation ("SaaS apocalypse") is seen as a tailwind for PE-owned software companies to optimize costs using Persistent's platforms, reinforcing the rationale for investing in a dedicated PE vertical leader.

Vertical

BFSI led growth with 24.3% YoY in Q4FY26 and 28.4% for FY26 and annualized run rate now at USD 600M. AI-led software engineering, payments and digital assets (FedNow, blockchain), data infrastructure modernization (DORA, BCBS239 compliance) and non-linear cost transformation via agentic AI.

Healthcare & Life Sciences grew 14.1% YoY in Q4FY26 and 10.1% for FY26. Management guided that Healthcare and BFSI will be neck-and-neck as growth leaders in FY27.

High-Tech & Emerging Verticals grew 11.2% YoY in Q4FY26 and 13.8% for FY26.

For FY27, management expects Healthcare/Life Sciences and BFSI to jointly lead growth, followed by High-Tech.

Geography

North America (80%+ of revenue) grew 17.4% YoY in Q4 and 17.2% for FY26.

Europe grew 12.3% YoY in Q4 and 26.7% for full-year FY26; declined ~1.8% QoQ sequentially management flagged this as an area to double down on.

India revenue growth of 4.2% YoY in Q4 was flagged as an aberration — one IP customer renewal was routed through their GCC and classified as India revenue; expected to normalize next quarter.

Rest of World grew 41.4% YoY in Q4 (on a smaller base) and 27.5% for FY26.

Client

Top 5 client revenue grew 20.7% YoY; Top 10: 19.4%; Top 20: 20%; Top 50: 20.9%; Top 100: 19.5%.

Clients with USD 75M+ annual revenue: stable at 4; USD 50M+: stable at 4; USD 20M+: increased from 10 to 12; USD 10M+: increased from 21 to 29; USD 5M+: increased from 55 to 62; USD 1M+: increased from 191 to 200.

Top 5 accounts comprise two BFSI, one Tech and one Healthcare client. Sequential softness in top 5 attributed to natural offshoring/cost-saving commitments within large deals no structural concern flagged.

AI Strategy & Technology

AI strategy anchored on three pillars: Engineering Hyper Productivity (SASWA platform), Business Hyper Productivity (GenAI Hub, Agent Studio) and Enterprise Data Readiness (IORA platform).

SASWA expanded to run natively on partner platforms including Claude (Anthropic), GitHub Copilot and OpenAI Codex, offering clients model choice while layering Persistent's enterprise value on top.

Agent portfolio now exceeds 500 agents built in-house and across partner ecosystems (Google, Microsoft, Salesforce, Nvidia). 120+ patents filed to strengthen platform depth.

Intangible/platform development spend is approximately USD 8–9M annually.

Use of third-party LLM tokens (Anthropic, OpenAI, etc.) is expected to be margin-neutral to margin-accretive as technology substitutes headcount.

Notable AI case studies: Law enforcement public safety SDLC transformation using SASWA + Anthropic; Pharma drug discovery using disease-specific knowledge graphs on Google Cloud (MedPaLM, TxGemma); Molecular simulation for biopharma using Nvidia BioNeMo; Legacy BI modernization for a US bank covering 3,500+ reports with 50%+ automation using IORA.

Conducted a 1,700+ employee AI Huddle in Pune covering hands-on use cases across OpenAI, Anthropic, Copilot and SASWA stacks.

Annual flagship Hackathon (Semicolons) underway with focus on AI-native solutions.

Headcount

Total headcount as of March 31 FY26: 27,502, up 791 QoQ.

Utilization: 88% (trailing 12M, broadly flat QoQ).

Attrition: 13.0% vs 13.5% in Q3FY26.

Dividend

Board recommended a final dividend of INR 18 per share. Total dividend for FY26 at INR 40 per share (including interim), up from INR 35 in FY25.

Exhibit 3: Business Matrix

| Revenue | Q1-FY25 | Q2-FY25 | Q3-FY25 | Q4-FY25 | Q1-FY26 | Q2-FY26 | Q3-FY26 | Q4-FY26 |
|------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Revenue from Operations, USD M | 328.2 | 345.5 | 360.2 | 375.2 | 389.7 | 406.2 | 422.5 | 436 |
| % Q - o -Q growth | 5.6% | 5.3% | 4.3% | 4.2% | 3.9% | 4.2% | 4.0% | 3.2% |
| % Y - o -Y growth | 16.0% | 18.4% | 19.8% | 20.7% | 18.7% | 17.6% | 17.3% | 16.2% |
| Revenue from Operations, INR M | 27372 | 28972 | 30623 | 32421 | 33336 | 35807 | 37782 | 40559 |
| % Q - o -Q growth | 5.66% | 5.84% | 5.70% | 5.87% | 2.82% | 7.41% | 5.52% | 7.35% |
| % Y - o -Y growth | 17.92% | 20.13% | 22.58% | 25.15% | 21.79% | 23.59% | 23.38% | 25.10% |
| Segment Revenue Mix | Q1-FY25 | Q2-FY25 | Q3-FY25 | Q4-FY25 | Q1-FY26 | Q2-FY26 | Q3-FY26 | Q4-FY26 |
| BFSI | 30.80% | 31.50% | 31.70% | 32.30% | 33.90% | 34.80% | 35.00% | 34.50% |
| Healthcare & Life Sciences | 26.70% | 27.80% | 27.80% | 26.80% | 25.30% | 25.20% | 25.40% | 26.30% |
| Software, Hi -Tech & Emerging Industries | 42.50% | 40.70% | 40.50% | 40.90% | 40.80% | 40.00% | 39.60% | 39.20% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Geography Revenue Mix | Q1-FY25 | Q2-FY25 | Q3-FY25 | Q4-FY25 | Q1-FY26 | Q2-FY26 | Q3-FY26 | Q4-FY26 |
| North America | 80.70% | 81.30% | 80.50% | 80.50% | 79.80% | 79.80% | 81.50% | 81.40% |
| Europe | 7.80% | 7.90% | 8.20% | 8.40% | 9.00% | 9.30% | 8.50% | 8.10% |
| India | 9.80% | 9.20% | 9.40% | 9.30% | 9.80% | 9.20% | 7.80% | 8.30% |
| ROW | 1.70% | 1.60% | 1.90% | 1.80% | 1.40% | 1.70% | 2.20% | 2.20% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Client Contribution | Q1-FY25 | Q2-FY25 | Q3-FY25 | Q4-FY25 | Q1-FY26 | Q2-FY26 | Q3-FY26 | Q4-FY26 |
| Top 5 | 30.70% | 31.40% | 30.80% | 32.70% | 31.80% | 32.90% | 32.90% | 31.50% |
| Top 10 | 41.50% | 41.50% | 40.00% | 42.20% | 42.00% | 43.20% | 43.70% | 42.10% |
| Top 20 | 51.90% | 52.10% | 50.90% | 53.00% | 53.80% | 54.40% | 54.80% | 53.60% |
| Top 50 | 67.8% | 67.9% | 67.4% | 68.7% | 70.0% | 70.1% | 70.5% | 69.7% |
| Top 100 | 80.3% | 81.0% | 80.6% | 82.1% | 82.8% | 82.8% | 82.5% | 82.5% |
| Revenue by Delivery Centers | Q1-FY25 | Q2-FY25 | Q3-FY25 | Q4-FY25 | Q1-FY26 | Q2-FY26 | Q3-FY26 | Q4-FY26 |
| Global Development Centers | 15.2% | 15.8% | 15.1% | 14.8% | 114.8% | 14.1% | 14.2% | 14.6% |
| India | 84.8% | 84.2% | 84.9% | 85.2% | 185.2% | 85.9% | 85.8% | 85.4% |
| Client Engagement Size | Q1-FY25 | Q2-FY25 | Q3-FY25 | Q4-FY25 | Q1-FY26 | Q2-FY26 | Q3-FY26 | Q4-FY26 |
| \$75M+ | 3 | 3 | 3 | 4 | 4 | 4 | 4 | 4 |
| \$50M - \$75M | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 |
| \$20M – \$50M | 6 | 6 | 6 | 6 | 8 | 8 | 8 | 8 |
| \$10M – \$20M | 9 | 11 | 12 | 11 | 10 | 13 | 16 | 17 |
| \$5M – \$10M | 22 | 22 | 25 | 34 | 34 | 31 | 33 | 33 |
| \$1M – \$5M | 137 | 141 | 142 | 136 | 135 | 135 | 134 | 139 |
| Total | 178 | 184 | 189 | 191 | 191 | 191 | 195 | 201 |
| People Numbers | Q1-FY25 | Q2-FY25 | Q3-FY25 | Q4-FY25 | Q1-FY26 | Q2-FY26 | Q3-FY26 | Q4-FY26 |
| Technical | 21866 | 21,675 | 22,407 | 22,408 | 23,787 | 24,608 | 25,077 | 25,849 |
| Sales and Business Development | 510 | 492 | 488 | 489 | 496 | 510 | 520 | 543 |
| Others | 1143 | 1,070 | 1,046 | 1,047 | 1,057 | 1,106 | 1,114 | 1,110 |
| Total | 23,519 | 23,237 | 23,941 | 23,944 | 25,340 | 26,224 | 26,711 | 27,502 |
| Attrition Rate | Q1-FY25 | Q2-FY25 | Q3-FY25 | Q4-FY25 | Q1-FY26 | Q2-FY26 | Q3-FY26 | Q4-FY26 |
| TTM Basis | 11.90% | 12.00% | 12.60% | 12.90% | 13.90% | 13.80% | 13.00% | 13.50% |
| Utilization (Including Trainees) | 82.10% | 84.80% | 87.40% | 88.10% | 88.70% | 88.20% | 80.10% | 88.00% |
| DSO | Q1-FY25 | Q2-FY25 | Q3-FY25 | Q4-FY25 | Q1-FY26 | Q2-FY26 | Q3-FY26 | Q4-FY26 |
| Days | 67 | 68 | 64 | 58 | 56 | 54 | 57 | 53 |

Source: Arianth Research, Company Filings

Exhibit 4: Strong top line growth led by across segments

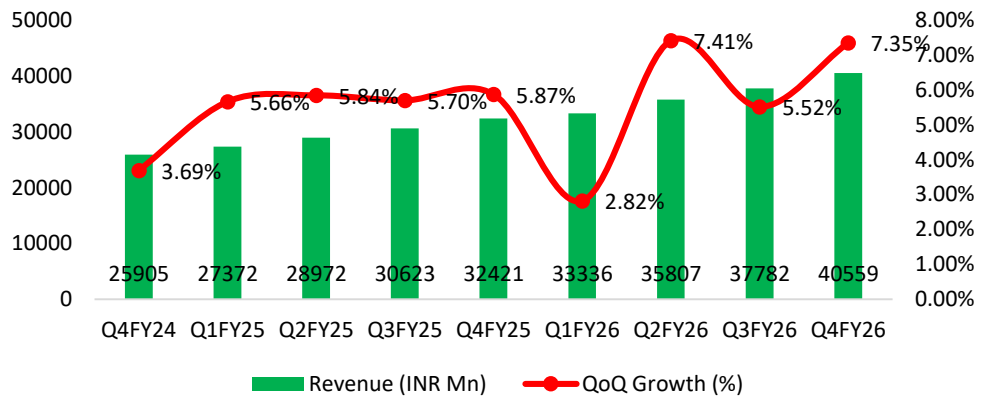


Exhibit 5: Top line in line with our estimate

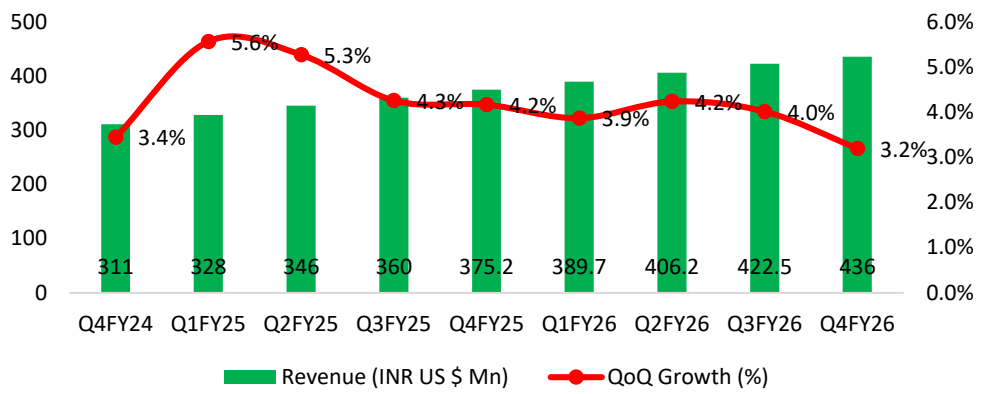


Exhibit 6: Steady growth

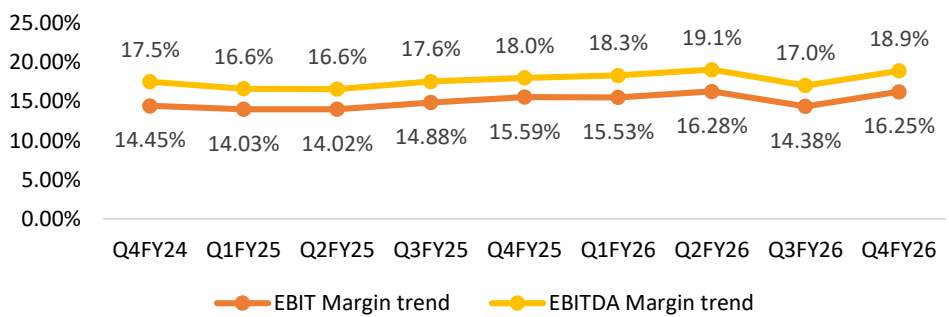
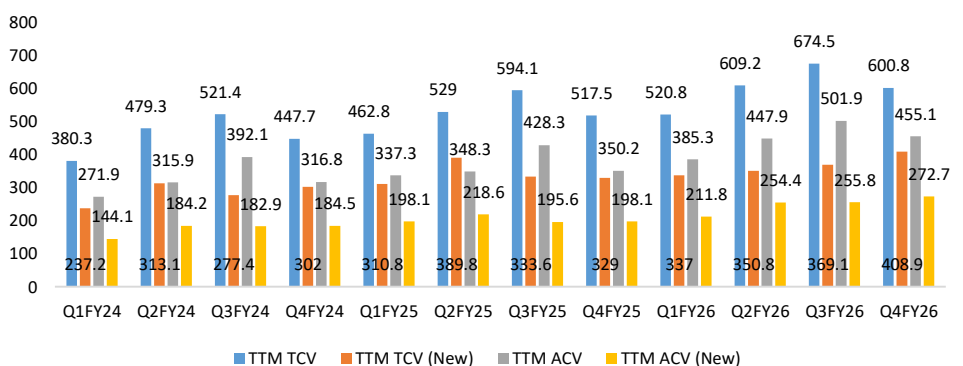


Exhibit 7: Decent deal wins led to better growth in revenue



Source: Arihant Research, Company Filings

Key Financials

| Income Statement | | | | | |
|------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Income Statement (INR Mn) | FY25 | FY26 | FY27E | FY28E | FY29E |
| Revenues (US\$ mn) | 1409 | 1654 | 1960 | 2319 | 2746 |
| Change (%) | 18.8% | 17.4% | 18.5% | 18.3% | 18.4% |
| Revenues | 119,387 | 147,484 | 174,620 | 206,655 | 244,709 |
| Change (%) | 21.6% | 23.5% | 18.4% | 18.3% | 18.4% |
| Total Expenses | 106,294 | 126,137 | 141,966 | 168,114 | 198,704 |
| EBITDA | 20,582 | 27,064 | 32,654 | 38,541 | 46,005 |
| EBITDA Margin (%) | 17.2% | 18.4% | 18.7% | 18.7% | 18.8% |
| Depreciation | 3,069 | 4,030 | 4,016 | 4,960 | 5,873 |
| EBIT | 17,513 | 23,035 | 28,638 | 33,582 | 40,132 |
| EBIT Margin (%) | 14.7% | 15.6% | 16.4% | 16.3% | 16.4% |
| Other Income | 711 | 1,078 | 1,112 | 1,148 | 1,185 |
| Interest | - | - | - | - | - |
| PBT | 18,223 | 24,112 | 29,749 | 34,729 | 41,317 |
| Extra-ordinary Provision for export incentives | - | - | - | - | - |
| PBT after ext-ord. | 18,223 | 24,112 | 29,749 | 34,729 | 41,316 |
| Tax | 4,222 | 5,461 | 6,723 | 7,849 | 9,338 |
| Rate (%) | 23.2% | 22.6% | 22.6% | 22.6% | 22.6% |
| PAT | 14,002 | 18,651 | 23,026 | 26,880 | 31,979 |
| MI & Associates | | | | | |
| Consolidated PAT | 14,002 | 18,651 | 23,026 | 26,880 | 31,979 |
| Change (%) | 19.3% | 33.2% | 23.5% | 16.7% | 19.0% |

| Balance Sheet | | | | | |
|--------------------------------------|---------------|---------------|----------------|----------------|----------------|
| Balance Sheet (INR Mn) | FY25 | FY26 | FY27E | FY28E | FY29E |
| Sources of Funds | | | | | |
| Share Capital | 779 | 789 | 789 | 789 | 789 |
| Reserves & Surplus | 62,411 | 77,590 | 96,642 | 119,236 | 114,872 |
| Net Worth | 63,191 | 78,379 | 97,430 | 120,025 | 115,661 |
| Loan Funds | | | | | |
| MI, Deferred Tax & other Liabilities | 8,411 | 11,567 | 11,567 | 11,567 | 11,567 |
| Capital Employed | 71,602 | 89,946 | 108,998 | 131,592 | 127,228 |
| Application of Funds | | | | | |
| Net Block | 17,086 | 20,884 | 24,681 | 28,477 | 32,272 |
| CWIP | 42 | 107 | 107 | 107 | 107 |
| Other Non-current Assets | 17,518 | 19,569 | 19,569 | 19,569 | 19,569 |
| Deferred Tax Assets | 2,024 | 3,460 | 3,460 | 3,460 | 3,460 |
| Net Fixed Assets | 36,671 | 44,021 | 47,818 | 51,614 | 55,409 |
| Investments | 9,803 | 16,148 | 16,148 | 16,148 | 16,148 |
| Debtors | 19,142 | 22,231 | 26,322 | 31,150 | 36,887 |
| Inventories | - | - | - | - | - |
| Cash & Bank Balance | 10,255 | 12,183 | 51,650 | 74,053 | 70,175 |
| Loans & Advances & other CA | 18,139 | 16,230 | 16,230 | 16,230 | 16,230 |
| Total Current Assets | 51,591 | 56,566 | 94,202 | 121,433 | 123,291 |
| Current Liabilities | 22,368 | 23,585 | 45,966 | 54,399 | 64,416 |
| Provisions | 4,095 | 3,203 | 3,203 | 3,203 | 3,203 |
| Net Current Assets | 25,128 | 29,778 | 45,032 | 63,831 | 55,672 |
| Total Assets | 71,602 | 89,946 | 108,998 | 131,592 | 127,228 |

| Cash Flow Statement | | | | | |
|--------------------------------------------|----------------|-----------------|----------------|-----------------|-----------------|
| Cash Flow Statement (INR Mn) | FY25 | FY26 | FY27E | FY28E | FY29E |
| PBT | 18,223 | 24,112 | 29,749 | 34,729 | 41,317 |
| Depreciation | 3,069 | 4,030 | 4,016 | 4,960 | 5,873 |
| Interest & others | (711) | (1,078) | (1,112) | (1,148) | (1,185) |
| Cash flow before WC changes | 20,582 | 27,064 | 32,654 | 38,541 | 46,005 |
| (Inc)/dec in working capital | 323 | 2,301 | 18,291 | 3,604 | 4,281 |
| Operating CF after WC changes | 20,905 | 29,365 | 50,945 | 42,145 | 50,286 |
| Less: Taxes | (4,222) | (5,461) | (6,723) | (7,849) | (9,338) |
| Operating Cash Flow | 16,683 | 23,904 | 44,221 | 34,296 | 40,949 |
| (Inc)/dec in F.A + CWIP | 9,062 | 4,887 | 7,116 | 7,117 | 7,118 |
| (Pur)/sale of investment | (1,537.53) | (6,344.45) | - | - | - |
| Cash Flow from Investing | (7,417) | (15,126) | (9,818) | (14,792) | (14,790) |
| Free Cash Flow (FCF) | 14,753 | 20,106 | 40,424 | 30,500 | 37,154 |
| Loan raised/(repaid) | (2,073.19) | - | - | - | - |
| Equity raised | 9.00 | 9.50 | - | - | - |
| Interest & others | 4,846 | 15,178 | 9,148 | 6,981 | (25,953) |
| Dividend | (4,084) | (4,084) | (4,084) | (4,084) | (4,084) |
| Cash Flow from Financing Activities | (1,302) | 11,104 | 5,064 | 2,898 | (30,036) |
| Net inc /(dec) in cash | 7,964 | 19,882 | 39,468 | 22,402 | (3,878) |
| Opening balance of cash | 10,229 | 10,255 | 12,183 | 51,650 | 74,053 |
| Closing balance of cash | 18,193 | 30,137 | 51,650 | 74,053 | 70,175 |

| Key Ratios | | | | | |
|---------------------------|-------|-------|-------|-------|-------|
| Key Ratios (INR Mn) | FY25 | FY26 | FY27E | FY28E | FY29E |
| Per share (INR) | | | | | |
| EPS | 90.2 | 118.9 | 149.5 | 174.5 | 207.6 |
| CEPS | 110.8 | 147.2 | 175.5 | 206.7 | 245.7 |
| BVPS | 410.2 | 508.8 | 632.5 | 779.1 | 750.8 |
| DPS | 35.0 | 45.0 | 51.0 | 55.0 | 56.0 |
| Div. Payout (%) | 38.5% | 37.2% | 34.1% | 31.5% | 27.0% |
| Valuation (x) | | | | | |
| P/E | 56.3 | 42.7 | 34.0 | 29.1 | 24.5 |
| P/CEPS | 45.8 | 34.5 | 28.9 | 24.6 | 20.7 |
| P/BV | 12.4 | 10.0 | 8.0 | 6.5 | 6.8 |
| EV/EBITDA | 37.5 | 28.5 | 22.4 | 18.4 | 15.5 |
| Dividend Yield (%) | 0.7% | 0.9% | 1.0% | 1.1% | 1.1% |
| Return Ratio (%) | | | | | |
| EBITDA Margin | 17.2% | 18.4% | 18.7% | 18.7% | 18.8% |
| EBIT Margin | 14.7% | 15.6% | 16.4% | 16.3% | 16.4% |
| PAT Margin | 11.7% | 12.6% | 13.2% | 13.0% | 13.1% |
| ROE | 22.2% | 23.8% | 23.6% | 22.4% | 27.6% |
| ROCE | 24.5% | 25.6% | 26.3% | 25.5% | 31.5% |
| Leverage Ratio (x) | | | | | |
| Total D/E | 0.002 | 0.002 | 0.002 | 0.002 | 0.002 |
| Net D/E | -0.2 | -0.2 | -0.5 | -0.6 | -0.6 |
| Turnover Ratios | | | | | |
| Asset Turnover (x) | 1.7 | 1.6 | 1.6 | 1.6 | 1.9 |
| Receivable Days | 59 | 55 | 55 | 55 | 55 |
| Payable days | 81 | 66 | 96 | 96 | 96 |

Source: Arianth Research, Company Filings,

Arihant Research Desk

Email: instresearch@arihantcapital.com

Tel. : 022-42254800

| Head Office | Registered Office |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|
| #1011, Solitaire Corporate Park Building No. 10, 1 st Floor Andheri Ghatkopar Link Road Chakala, Andheri E Mumbai – 400093 Tel: 91-22 42254800 Fax: 91-22 42254880 | 6 Lad Colony Y.N Road Indore - 452003, M.P. Tel: 0731-4217100 Fax: 91-731 3016199 |

| Stock Rating Scale | Absolute Return |
|--------------------|-----------------|
| BUY | >20% |
| ACCUMULATE | 12% to 20% |
| HOLD | 5% to 12% |
| NEUTRAL | -5% to 5% |
| REDUCE | -5% to -12% |
| SELL | <-12% |

| Research Analyst Registration No. | Contact | Website | Email Id |
|-----------------------------------|-------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| INH000002764 | SMS: 'Arihant' to 56677 | www.arihantcapital.com | instresearch@arihantcapital.com |

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Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri E
Tel. 022-42254800 Fax. 022-42254880

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Arihant Capital Markets Ltd.

1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800

Abhishek Jain
Head of Research
Abhishek.jain@arihantcapital.com
