

April 24, 2025

## Q4FY25 Result Update

☑ Change in Estimates | ☑ Target | ☑ Reco

### Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
<b>Rating</b>	<b>BUY</b>		<b>ACCUMULATE</b>	
<b>Target Price</b>	<b>5,910</b>		<b>5,920</b>	
Sales (Rs. bn)	142	172	143	173
% Chng.	(0.9)	(0.8)		
EBITDA (Rs. bn)	25	31	25	31
% Chng.	(0.9)	(0.8)		
EPS (Rs.)	110.2	137.5	110.5	137.6
% Chng.	(0.2)	(0.1)		

### Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. bn)	98	119	142	172
EBITDA (Rs. bn)	17	21	25	31
Margin (%)	17.6	17.2	17.5	17.9
PAT (Rs. m)	11	14	17	21
EPS (Rs.)	74.2	90.2	110.2	137.5
Gr. (%)	19.2	21.7	22.2	24.7
DPS (Rs.)	42.0	35.0	50.0	60.0
Yield (%)	0.8	0.7	1.0	1.2
RoE (%)	25.6	24.8	25.3	27.3
RoCE (%)	22.9	23.8	24.0	25.9
EV/Sales (x)	8.0	6.6	5.6	4.6
EV/EBITDA (x)	45.4	38.3	31.8	25.6
PE (x)	69.6	57.2	46.8	37.6
P/BV (x)	16.0	12.7	11.1	9.5

### Key Data

PERS.BO | PSYS IN

52-W High / Low	Rs.6,789 / Rs.3,232
Sensex / Nifty	80,116 / 24,329
Market Cap	Rs.805bn/ \$ 9,420m
Shares Outstanding	156m
3M Avg. Daily Value	Rs.3902.89m

### Shareholding Pattern (%)

Promoter's	30.66
Foreign	24.36
Domestic Institution	26.85
Public & Others	18.13
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(2.1)	(9.7)	46.3
Relative	(6.0)	(9.7)	34.7

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## Well positioned in turbulent times ...

### Quick Pointers:

- Aims for industry leading growth in FY26 also
- Strong margin improvement for second successive quarter

*The revenue performance (+4.5% QoQ) was tad below our estimates (+5.2% QoQ CC), while margins were fairly in line. The momentum within Hi-Tech and BFSI accelerated in Q4, while Healthcare growth decelerated further. Healthcare growth is expected to deteriorate even further due to Medicaid funding cut and large deals assuming support phase in FY26. The management indicated that the recent rejig has elevated caution on decision making among few Healthcare clients. However, the outlook on Hi-Tech and BFSI remains strong, which should drive growth in the subsequent quarters. We believe the company's operations are relatively stable due to missing presence in tariff-sensitive verticals and having robust playbook in the non-discretionary areas. The improved NN TCV of USD 1.4 bn (+20.7% YoY) and NN ACV of USD 810 mn (16.5% YoY) further reinforces our arguments. On margins, it expects to maintain the utilization rate at the current level while right shoring would support margins. The one-off benefit (earnout reversal) of ~120bps YoY enjoyed in FY25 would be missing in FY26, although the Q4 run-rate marginally (+20bps) contributed on such benefit. Hence, largely di-risking the ask-rate to improve margins in FY26. We are building in CC revenue growth of 16% and 18% with margin improvement of 30bps and 50bps YoY. We are keeping our PE multiple unchanged at 43x with a target price of INR 5,910. However, as the stock has corrected ~20% since Jan. 25 we are upgrading our rating to "BUY" from Accumulate earlier as we can expect a decent upside from the current level.*

**Revenue grew by 4.5% QoQ CC:** PSYS reported revenue of USD 375 mn, up 4.5 QoQ CC & 4.2% QoQ in USD compared to our estimate of 5.2% QoQ CC & consensus estimates of 3.5% QoQ USD growth. The growth was driven by BFSI & Hitech segments which grew by 6.1% & 5.2% QoQ respectively while Healthcare segment reported a muted growth of 0.4% QoQ due to headwinds of US MediAid funding cuts & budget cuts in US healthcare. For FY25, PSYS reported revenue of USD 1.4 bn with a strong growth of 19% YoY CC and 18.8% in USD terms.

**EBIT margin improved by 70 bps QoQ:** PSYS reported its second successive quarter of margin improvement, with the EBIT margin increasing by 70 bps in Q4 following a 90-bps improvement in Q3. PSYS EBIT margin reached 15.6% in Q4, driven by tailwinds from currency benefits (+40 bps), lower G&A expenses (+30 bps), and increased utilization & earn-out reversal (+20 bps each). These tailwinds were partially offset by headwinds from higher third-party expenses (-40 bps). For FY25, PSYS reported EBIT margin of 14.7%, up 30 bps YoY. The management also mentioned that all the earn out reversal for the acquisitions are now completed.

**Deal Wins:** Following strong deal wins in Q3, which were partly driven by seasonality, Q4 deal wins declined to USD 517.5 million, down 12.9% QoQ, with net new wins comprising 64%. ACV wins in Q4 reached USD 350 million, up 1.3% QoQ, with net new wins accounting for 57% compared to 46% in Q3.

**Valuations and outlook:** PSYS' unique value proposition and its strong play around regulated verticals are keeping it more resilient in this adverse environment. Additionally, the investments around hiring senior leadership team within key verticals have been instrumental in fueling client mining/hunting activities and closing large strategic deals. We estimate USD revenues/earnings CAGR of 17%/24% over FY25-FY27E. The stock is currently trading at 38x FY27E, we are assigning P/E of 43x to FY27E with a target price of INR 5,910 (earlier Rs. 5,920). As the stock has witnessed sharp correction in recent times; we upgrade our rating to "BUY" from earlier "ACCUMULATE" while largely maintaining our TP.

### **Beat on Margin, but weak deal TCV**

- Revenue of USD 375.2mn, up 4.5% QoQ CC USD & 4.2% QoQ in USD, was below our estimates of 5.2% QoQ CC but above consensus estimate of 3.5% QoQ in USD
- Growth was driven by BFSI & Hitech which grew by 6.1% & 5.2% QoQ respectively while Healthcare reported a muted growth of 0.4% QoQ
- Geo wise, NA and Europe were up by 4.2% and 6.7% QoQ, respectively
- **EBIT margin came at 15.6%, up 70 bps aided by lower SG&A and depreciation expenses. Margins came above our estimate of 15.4% & consensus estimate of 15.3%**
- Reported TCV wins of USD 517.5 mn, down 12.9% QoQ while NN was down 1.4% QoQ. ACV came at USD 350 mn, down 18.2% QoQ while NN ACV was up 1.3% QoQ
- Net Headcount increased by 652 with net addition of 665 Software employees. Utilization incl. trainees increased by 70 bps QoQ to 88.1% while attrition increased by 30bps QoQ to 12.9%
- PAT came at INR 4 bn (up 6.1% QoQ) slightly below our estimate INR 4.1 bn
- Declared Final Dividend of INR 15 per share
- **For FY25, company reported revenue of USD 1.4 bn, up 19% YoY in CC & 18.8% in USD while EBIT margin came at 14.7%, up 30 bps YoY.**

## Conference Call Highlights

- The management mentioned that while the macro environment had improved following the US election, it has deteriorated in the past six weeks. They further noted that their key vertical of healthcare was impacted by a reduction in US Medicaid funding and efficiency programs implemented by the US government, which is evident in the performance of the last two quarters.
- Despite the ongoing macro challenges leading to weak discretionary spending and delayed decision-making, the management remains confident that the company's growth momentum will continue. The management further mentioned that the BFSI and Hi-tech segments will lead the company's growth in FY26, while the healthcare segment, which previously reported strong growth, will likely experience weakness. The management, however, expressed confidence that despite the anticipated slowdown, the healthcare segment is still expected to grow in FY26
- Recognizing the increasing demand for AI, the company has restructured its AI strategy around four key pillars: (1) **AI for Technology**, focusing on collaborations with leading tech firms and hyperscalers to engineer their platforms and develop their proprietary Gen AI-enabled platform, Sasva, for accelerated software development; (2) **AI for Business**, which involves integrating an agentic reasoning layer to transform traditional backend business logic into dynamic, agent-driven workflows; (3) **Acquisitions**, strategically pursuing inorganic investments to expand capabilities and service offerings; and (4) **Improving Internal Productivity**, with a focus on enhancing operational efficiency and increasing revenue per employee to drive margin growth.
- The management reiterated its focus on margin improvement but also mentioned that it will not come at the cost of slowing down investment in Sales & Marketing, as these are important for long-term revenue growth. They mentioned that the levers for margin improvement would be pricing, utilization (which, although at an all-time high, will be maintained at the current level for some time), and reducing sub-contractor costs.
- Despite macroeconomic headwinds, management is confident in reaching its USD 2 billion revenue target by FY27 and achieving a 200-300 bps margin improvement within the same timeframe. Their acquisition strategy is centered on three key pillars: revenue diversification, primarily through acquisitions in Europe; capability enhancement, specifically targeting microservices in BFSI and Healthcare; and expanding horizontal use cases in Gen AI. For their longer-term aspiration of USD 5 billion revenue by FY 2031, the company plans to strategically expand into the manufacturing and retail verticals.
- The company in Q4 announced final dividend of Rs. 15 per share taking the total dividend for FY25 to Rs. 35 per share
- The management mentioned that its expects ETR in the band of 23-23.5% for FY26
- Revenue from Top 5/10/20/50 clients grew by 10.6%, 9.9%, 8.5% & 6.2% QoQ respectively.



**Exhibit 1: 4QFY25 Results: Revenue increased by 4.5%QoQ CC, EBIT margin improved by 70 bps QoQ**

Y/e March	4QFY25	4QFY25E	% Var.	3QFY25	QoQ gr. (%)	4QFY24	YoY gr. (%)	FY25	FY24	YoY gr. (%)
IT Services Revenue (USD m)	375	378	-0.8	360	4.2	311	20.7	1,409	1,186	18.8
Overall Revenue (INR b)	32	33	-1.5	31	5.9	26	25.1	119	98	21.6
Gross Profit	11	12	-1.9	11	6.4	9	31.1	41	33	23.2
Gross Margin (%)	34.9	35.0	-10bps	34.7	20bps	33.3	160bps	34.0	33.6	50bps
SG&A and Other Costs	5.5	5.6	-2.4	5.2	4.1	4.1	34.0	20.1	15.7	27.5
% of Rev	16.8	17.0	-20bps	17.1	-30bps	15.7	110bps	16.8	16.0	80bps
EBITDA	6	6	-1.4	5	8.7	5	28.6	21	17	19.4
EBITDA Margin (%)	18.0	18.0	0bps	17.6	50bps	17.5	50bps	17.2	17.6	-30bps
Depreciation	1	1	-8	1	-4	1	-1.0	3	3	-0.8
% of Rev	2.4	2.6	-20bps	2.7	-20bps	3.1	-60bps	2.6	3.1	-60bps
EBIT	5	5	-0.3	5	10.9	4	34.9	18	14	23.8
EBIT Margin (%)	15.6	15.4	20bps	14.9	70bps	14.5	110bps	14.7	14.4	30bps
Other Income (net)	0	0	-100.3	0	-100.3	0	-100.4	1	1	-12.6
PBT	5	5	-4.7	5	4.8	4	27.7	18	15	21.8
Tax	1	1	-8.7	1	0.4	1	36.5	4	4	19.2
Effective tax rate (%)	21.7	22.6	-100bps	22.6	-100bps	20.3	140bps	23.2	23.7	-50bps
Adjusted PAT	4	4	-3.5	4	6.1	3	25.5	14	11	22.6
Exceptional items	0	0.0	NA	0	NA	0	NA	0	0	NA
Reported PAT	4.0	4.1	-3.5	4	6.1	3	25.5	14	12	17.6
Reported EPS (INR)	25.6	26.7	-3.9	24.3	5.6	20.7	23.7	91.0	75.0	21.3

Source: Company, PL

**Exhibit 2: Regional growth (%)**

Geographies	Contribution to revenue (%)	QoQ gr. (%)
North America	80.5	4.2
Europe	8.4	6.7
India & ROW	11.1	2.3

Source: Company, PL

**Exhibit 3: Vertical Growth (%)**

Verticals	Contribution to revenue (%)	QoQ gr. (%)
BFSI	32.3	6.1
Healthcare & Life Science	26.8	0.4
Tech. Cos. & Emerging Verticals	40.9	5.2

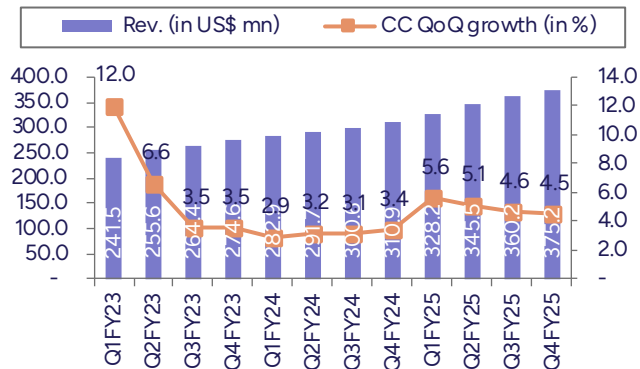
Source: Company, PL

**Exhibit 4: Key Performance Indicators**

	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	FY24*	FY25E*
Revenue growth (QoQ CC%)	2.90	3.20	3.10	3.40	5.60	5.10	4.60	4.50	14.4	19.0
<b>Margins (%)</b>										
Gross Margin	34.2	33.1	33.8	33.3	33.0	33.4	34.7	34.9	33.6	34.0
EBIT Margin	14.9	13.7	14.5	14.5	14.0	14.0	14.9	15.6	14.4	14.7
Net Margin	12.0	10.9	11.5	12.2	11.2	11.2	12.2	12.2	11.6	11.7
<b>Operating metrics</b>										
Headcount	23,130	22,842	23,336	23,850	23,519	23,237	23,942	24,594	23,850	24,594
Utilization (%)	78.3	80.6	81.5	80	82.1	84.8	87.4	88.1	80	88.1
LTM Attrition (%)	15.5	13.5	11.9	11.5	11.9	12	12.6	12.9	12	12.9
<b>Effort Mix (%)</b>										
Global Delivery Centers	13.1%	12.7%	13.8%	14.8%	15.2%	15.8%	15.1%	14.8%	13.6%	15.2%
India	86.9%	87.3%	86.2%	85.2%	84.8%	84.2%	84.9%	85.2%	86.4%	84.8%

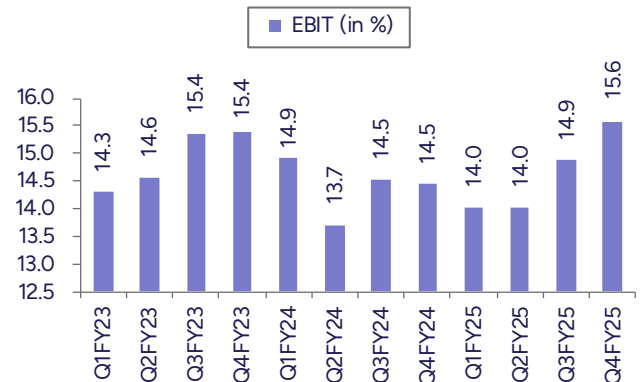
Source: Company, PL, \* YoY CC

Exhibit 5: Revenue increased by 4.5% QoQ CC



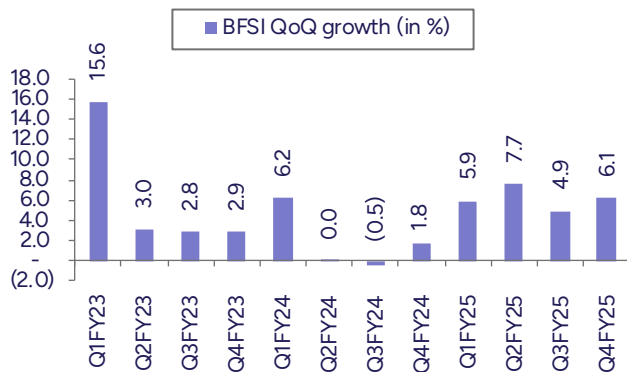
Source: Company, PL

Exhibit 6: EBIT margin (%) improved by 70 bps QoQ in Q4



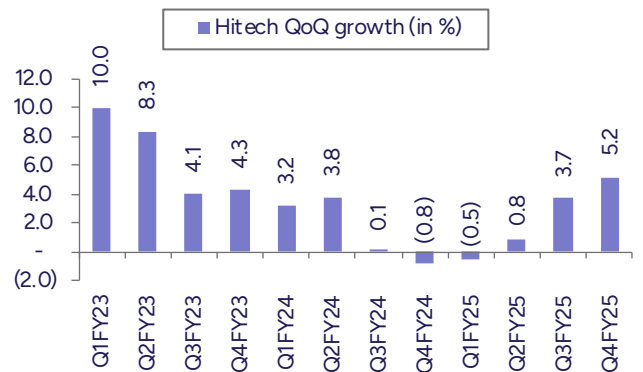
Source: Company, PL

Exhibit 7: BFSI continue momentum



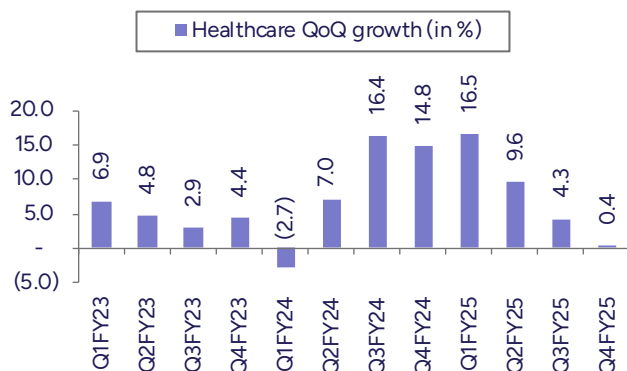
Source: Company, PL

Exhibit 8: Hitech recovery continues



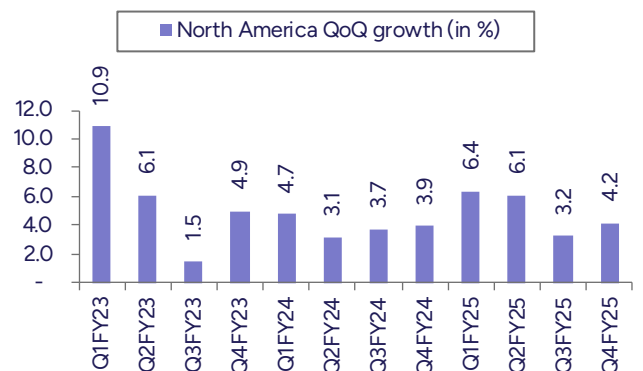
Source: Company, PL

Exhibit 9: Healthcare impacted by macro environment



Source: Company, PL

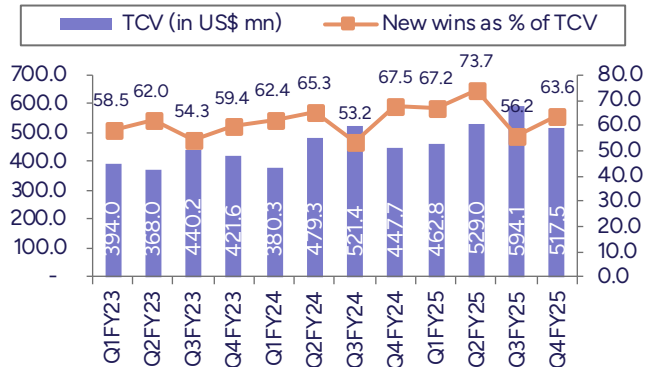
Exhibit 10: North America QoQ growth



Source: Company, PL

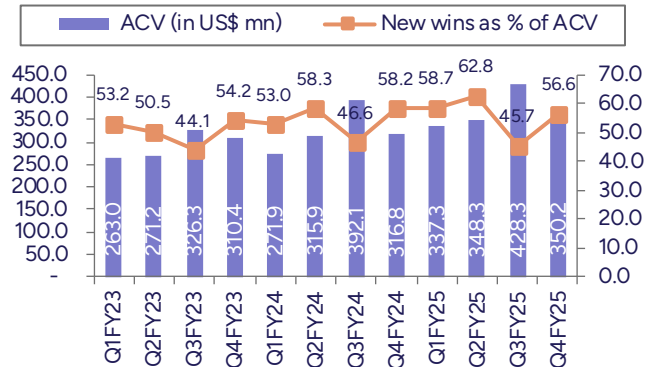


**Exhibit 11: TCV soft due to Q4 seasonality**



Source: PL, Company

**Exhibit 12: New wins ACV grew in Q4**



Source: PL, Company

**Exhibit 13: Operating Metrics**

	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
<b>Geography (%)</b>												
North America	78.4	78.6	77.1	77.9	79.2	79.2	79.7	80.1	80.7	81.3	80.5	80.5
Europe	8.5	8.3	9.0	10.3	9.7	9.5	8.9	7.8	7.8	7.9	8.2	8.4
RoW	13.1	13.0	13.9	11.8	11.1	11.3	11.4	12.1	11.5	10.8	11.3	11.1
<b>Vertical Mix (%)</b>												
BFSI	33.7	32.8	32.6	32.3	33.3	32.3	31.2	30.7	30.8	31.5	31.7	32.3
Healthcare & Life Science	19.9	19.7	19.6	19.7	18.6	19.3	21.8	24.2	26.7	27.8	27.8	26.8
Tech. Cos. & Emerging Verticals	46.4	47.5	47.8	48.0	48.1	48.4	47.0	45.1	42.5	40.7	40.5	40.9
<b>Client Metrics (%)</b>												
Top Client	11.7	8.7	7.4	9.3	10.2	10.2	9.3	8.0	-	-	-	-
Top 5 Clients	30.8	26.9	24.7	26.5	27.9	28.3	28.0	29.2	30.7	31.4	30.8	32.7
Top 10 Clients	40.7	36.7	35.0	37.4	39.6	39.5	39.3	40.0	41.5	41.5	40.0	42.2
<b>Employee Metrics</b>												
Technical People	20,144	20,941	21,033	21,295	21,511	21,263	21,738	22,224	21,866	21,675	22,407	23,072
Sales & BD	367	387	405	414	428	443	465	484	510	492	489	485
Others	1,127	1,148	1,160	1,180	1,191	1,136	1,133	1,142	1,143	1,070	1,046	1,037
<b>Total</b>	<b>21,638</b>	<b>22,476</b>	<b>22,598</b>	<b>22,889</b>	<b>23,130</b>	<b>22,842</b>	<b>23,336</b>	<b>23,850</b>	<b>23,519</b>	<b>23,237</b>	<b>23,942</b>	<b>24,594</b>
<b>Effort Mix)</b>												
- Global Delivery Centers	14.7%	14.4%	14.3%	13.1%	13.1%	12.7%	13.8%	14.8%	15.2%	15.8%	15.1%	14.8%
- India	85.3%	85.6%	85.7%	86.9%	86.9%	87.3%	86.2%	85.2%	84.8%	84.2%	84.9%	85.2%
Linear Utilization %	79.5	79.9	77.6	77.3	78.3	80.6	81.5	80.0	82.1	84.8	87.4	88.1

Source: Company, PL

## Financials

### Income Statement (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Net Revenues</b>	<b>98</b>	<b>119</b>	<b>142</b>	<b>172</b>
YoY gr. (%)	17.6	21.6	18.9	20.8
Employee Cost	65	79	94	113
Gross Profit	33	41	48	59
Margin (%)	33.6	34.0	34.1	34.1
SG&A Expenses	16	20	24	28
Other Expenses	-	-	-	-
<b>EBITDA</b>	<b>17</b>	<b>21</b>	<b>25</b>	<b>31</b>
YoY gr. (%)	13.5	19.4	20.9	23.6
Margin (%)	17.6	17.2	17.5	17.9
Depreciation and Amortization	3	3	4	4
<b>EBIT</b>	<b>14</b>	<b>18</b>	<b>21</b>	<b>27</b>
Margin (%)	14.4	14.7	15.0	15.5
Net Interest	-	-	-	-
Other Income	1	1	1	1
<b>Profit Before Tax</b>	<b>15</b>	<b>18</b>	<b>22</b>	<b>28</b>
Margin (%)	15.2	15.3	15.8	16.3
Total Tax	4	4	5	7
Effective tax rate (%)	23.7	23.2	23.5	23.5
<b>Profit after tax</b>	<b>11</b>	<b>14</b>	<b>17</b>	<b>21</b>
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>11</b>	<b>14</b>	<b>17</b>	<b>21</b>
YoY gr. (%)	20.1	22.6	22.7	24.7
Margin (%)	11.6	11.7	12.1	12.5
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>11</b>	<b>14</b>	<b>17</b>	<b>21</b>
YoY gr. (%)	18.7	28.0	22.7	24.7
Margin (%)	11.1	11.7	12.1	12.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	11	14	17	21
<b>Equity Shares O/s (bn)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EPS (Rs)</b>	<b>74.2</b>	<b>90.2</b>	<b>110.2</b>	<b>137.5</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>32</b>	<b>37</b>	<b>41</b>	<b>44</b>
Tangibles	16	22	25	29
Intangibles	16	16	16	16
<b>Acc: Dep / Amortization</b>	<b>21</b>	<b>24</b>	<b>27</b>	<b>31</b>
Tangibles	9	12	16	20
Intangibles	11	11	11	11
<b>Net fixed assets</b>	<b>11</b>	<b>14</b>	<b>14</b>	<b>13</b>
Tangibles	7	9	9	9
Intangibles	5	5	5	5
Capital Work In Progress	0	0	0	0
Goodwill	11	12	12	12
Non-Current Investments	6	6	9	11
Net Deferred tax assets	1	2	4	4
Other Non-Current Assets	3	2	4	4
<b>Current Assets</b>				
Investments	6	7	7	7
Inventories	-	-	-	-
Trade receivables	17	18	23	28
Cash & Bank Balance	7	7	7	11
Other Current Assets	12	18	22	26
<b>Total Assets</b>	<b>74</b>	<b>87</b>	<b>101</b>	<b>117</b>
<b>Equity</b>				
Equity Share Capital	1	1	1	1
Other Equity	49	62	72	84
<b>Total Network</b>	<b>50</b>	<b>63</b>	<b>73</b>	<b>85</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	0	-	-	-
Provisions	-	-	-	-
Other non current liabilities	2	3	3	4
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	8	9	12	14
Other current liabilities	14	12	13	14
<b>Total Equity &amp; Liabilities</b>	<b>74</b>	<b>87</b>	<b>101</b>	<b>117</b>

Source: Company Data, PL Research

**Cash Flow (Rs bn)**

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	14	18	22	28
Add. Depreciation	3	3	4	4
Add. Interest	0	0	-	-
Less Financial Other Income	1	1	1	1
Add. Other	0	2	-	-
Op. profit before WC changes	18	23	26	32
Net Changes-WC	(2)	(6)	(7)	(7)
Direct tax	(3)	(5)	(5)	(7)
<b>Net cash from Op. activities</b>	<b>12</b>	<b>12</b>	<b>14</b>	<b>19</b>
Capital expenditures	(3)	(2)	(4)	(3)
Interest / Dividend Income	1	1	-	-
Others	(3)	(3)	(3)	(2)
<b>Net Cash from Invt. activities</b>	<b>(5)</b>	<b>(4)</b>	<b>(6)</b>	<b>(5)</b>
Issue of share cap. / premium	2	2	-	-
Debt changes	(3)	(3)	-	-
Dividend paid	(4)	(5)	(8)	(9)
Interest paid	0	0	-	-
Others	-	-	-	-
<b>Net cash from Fin. activities</b>	<b>(6)</b>	<b>(6)</b>	<b>(8)</b>	<b>(9)</b>
<b>Net change in cash</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>4</b>
Free Cash Flow	9	9	10	16

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Per Share(Rs)</b>				
EPS	74.2	90.2	110.2	137.5
CEPS	94.3	110.0	133.0	163.9
BVPS	321.9	407.2	465.6	543.1
FCF	60.9	59.3	67.2	99.7
DPS	42.0	35.0	50.0	60.0
<b>Return Ratio(%)</b>				
RoCE	22.9	23.8	24.0	25.9
ROIC	18.3	18.7	20.3	21.8
RoE	25.6	24.8	25.3	27.3
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.3)	(0.2)	(0.2)	(0.2)
Debtor (Days)	62	56	60	60
<b>Valuation(x)</b>				
PER	69.6	57.2	46.8	37.6
P/B	16.0	12.7	11.1	9.5
P/CEPS	94.3	110.0	133.0	163.9
EV/EBITDA	45.4	38.3	31.8	25.6
EV/Sales	8.0	6.6	5.6	4.6
Dividend Yield (%)	0.8	0.7	1.0	1.2

Source: Company Data, PL Research

**Quarterly Financials (Rs bn)**

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
<b>Net Revenue</b>	<b>27</b>	<b>29</b>	<b>31</b>	<b>32</b>
YoY gr. (%)	5.7	5.8	5.7	5.9
Raw Material Expenses	18	19	20	21
Gross Profit	9	10	11	11
Margin (%)	33.0	33.4	34.7	34.9
<b>EBITDA</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>6</b>
YoY gr. (%)	-	-	-	-
Margin (%)	16.6	16.6	17.6	18.0
Depreciation / Depletion	1	1	1	1
<b>EBIT</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>5</b>
Margin (%)	14.0	14.0	14.9	15.6
Net Interest	-	-	-	-
Other Income	-	-	-	-
<b>Profit before Tax</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>5</b>
Margin (%)	14.6	15.0	15.7	15.6
Total Tax	1	1	1	1
Effective tax rate (%)	23.5	25.2	22.6	21.7
<b>Profit after Tax</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>4</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>4</b>
YoY gr. (%)	(2.9)	6.1	14.8	6.1
Margin (%)	11.2	11.2	12.2	12.2
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>4</b>
YoY gr. (%)	(2.9)	6.1	14.8	6.1
Margin (%)	11.2	11.2	12.2	12.2
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>4</b>
Avg. Shares O/s (bn)	-	-	-	-
<b>EPS (Rs)</b>	<b>19.9</b>	<b>21.0</b>	<b>23.9</b>	<b>25.4</b>

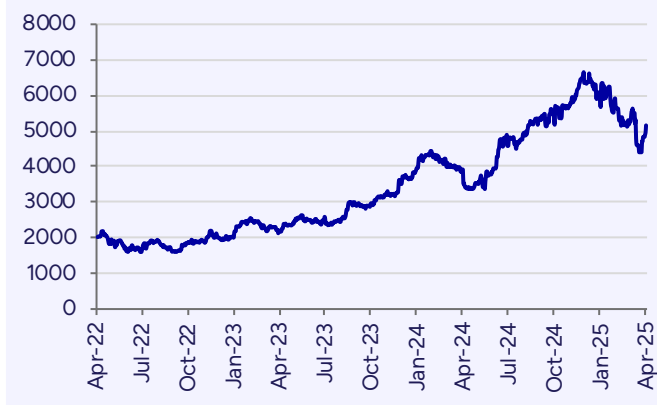
Source: Company Data, PL Research

**Key Operating Metrics**

Y/e Mar	FY24	FY25	FY26E	FY27E
Revenue (in US\$ mn)	1,186	1,409	1,632	1,928

Source: Company Data, PL Research

**Price Chart**



**Recommendation History**

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	03-Apr-25	Accumulate	5,920	5,318
2	27-Mar-25	Accumulate	5,920	5,517
3	23-Jan-25	Hold	5,970	5,683
4	07-Jan-25	Hold	6,060	6,395
5	23-Oct-24	Accumulate	5,810	5,182
6	03-Oct-24	Accumulate	5,770	5,488
7	28-Aug-24	Accumulate	5,320	4,910

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Cyient	BUY	1,560	1,255
2	HCL Technologies	Hold	1,540	1,480
3	Infosys	BUY	1,630	1,420
4	LTIMindtree	BUY	5,790	4,500
5	Mphasis	BUY	2,940	2,474
6	Persistent Systems	Accumulate	5,920	5,318
7	Tata Consultancy Services	BUY	4,160	3,247
8	Tech Mahindra	Accumulate	1,540	1,423
9	Wipro	Hold	260	248

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

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