

**Consecutive strong quarter; Goal of \$2 bn.**

**CMP: INR 4,258**

**Rating: Hold**

**Target Price: INR 4,619**

**Stock Info**

BSE	533179
NSE	PERSISTENT
Bloomberg	PERSISTENT IN
Reuters	PERSISTENT.BO
Sector	Computers-Software
Face Value (INR)	10
Equity Capital (INR mn)	764
Mkt Cap (INR mn)	302,363
52w H/L (INR)	4954/3092
Avg Yearly Vol (in 000')	324

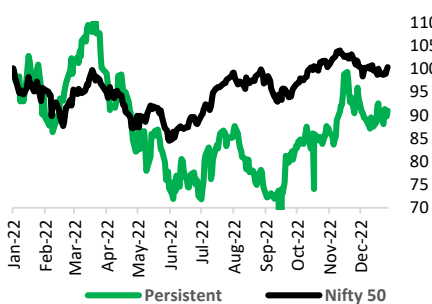
**Shareholding Pattern %**

(As on Dec, 2022)

Promoters	31.26
FII	20.29
DII	26.40
Public & Others	22.05

	1m	3m	12m
Persistent Systems	-7.5	16.2	-0.21
Nifty 50	-1.7	3.4	0.94

**Persistent Systems Vs Nifty 50**



**Strong revenue growth led by across the segments:** Reported revenue of \$ 264.4Mn (up 3.4% QoQ/32.8%YoY in USD terms) against our estimate of \$263 Mn. Reported revenue of INR 21,694 up 5.9% QoQ/ 45.4% YoY against our estimate of INR 21,630mn. On the YoY basis Software, Hi-Tech and Emerging Industries was the major driver for revenue growth (50.9%YoY/6.1% QoQ) followed by Healthcare &Life science (34.1% YoY/7.2%QoQ) and BFSI (up 44.8%YoY/4.9% QoQ).

**Expansion in margin front:** EBITDA margin was up by 168bps YoY/55bps QoQ at 18.5% above our estimates of 18.2%. EBIT margin was up 140bps YoY/78bps QoQ at 15.36% above our estimates of 14.95%. The EBIT margin expanded on a sequential basis, aided by growth leverage, better lateral utilization, increased fresh availability as well as positive currency impact.

**Robust order booking:** The total contract value for the Q3FY23 came in at \$440.2 mn with new bookings TCV coming in at \$239 mn. This implies the robust growth in TCV of 20% on QoQ and 30%+ on YoY basis. The annual contract value component of this TCV is of the order of \$326.3 mn of which the new bookings ACV component contributed to \$143.8 mn. The company has surpassed the \$400 mn mark in TCV bookings for the first time, reflecting robust pipeline conversion. Please note as always these TCV, ACV numbers include all bookings small and large renewals, as well as new bookings across existing and new customers.

**Broad-based growth on Client front:** Revenue from 2nd largest customer declined slightly on account of seasonal furloughs that happen every year. Outside of the top 2 customers, the company saw a broad-based growth on other customers and Top 50. In Q3FY23 the top 50 customers, other than the top 2 contributed to a very healthy +7.7% QoQ/+53.8% YoY growth. 2 additional customers moving in the greater than \$30 mn and 3 customers in the \$10 mn to \$20 mn revenue bucket.

**Valuations**

We believe, Persistent Systems has a resilient business structure from a long-term perspective and multiple long-term contracts with the world's leading brands. The company has surpassed the \$400 mn mark in TCV bookings for the first time, reflecting robust pipeline conversion. Please note as always these TCV, ACV numbers include all bookings small and large renewals, as well as new bookings across existing and new customers. We see broad-based growth drivers that have helped deliver strong growth and possible upside if top 5 clients resume growth. We expect dollar revenue to grow at 24% CAGR in FY22-25E along with EBIT margin expansion to 15.2%/15.8%/16.1% over FY22-25E.

**We value Persistent system at a PE of 26x to its FY25E EPS of 177, which yields a target price of INR 4,619 per share (Earlier target price of INR 3,845 per share). We upgrade our rating from Hold to Neutral.**

**Exhibit 1: Financial Performance**

Particulars (INR Mn)	Revenues (US\$ mn)	Net Sales	EBIT	PAT	EPS (INR)	EBIT Margin %	P/E (x)
FY22	766	57,107	7,922	6,904	90.3	13.9%	47.1
FY23E	1046	81,625	12,366	10,287	128.6	15.2%	33.1
FY24E	1309	96,846	15,302	12,548	156.9	15.8%	27.1
FY25E	1463	1,08,270	17,431	14,212	177.7	16.1%	24.0

Source: Arihant Research, Company Filings

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## Exhibit 2: Q3FY23 - Quarterly Performance (Consolidated)

INR Mn (consolidated)	Q3FY23	Q2FY23	Q3FY22	Q-o-Q	Y-o-Y
Revenue (Mn USD)	264.4	255.6	199.1	3.4%	32.8%
<b>Net Revenue</b>	<b>21,694</b>	<b>20,486</b>	<b>14,917</b>	<b>5.9%</b>	<b>45.4%</b>
Employee Cost	15,616	15,009	11,135	4.0%	40.2%
Other Expenses	2,062	1,798	1,272	14.7%	62.1%
<b>EBITDA</b>	<b>4,016</b>	<b>3,680</b>	<b>2,511</b>	<b>9.1%</b>	<b>59.9%</b>
<i>EBITDA Margin %</i>	<i>18.5%</i>	<i>18.0%</i>	<i>16.8%</i>	<i>55bps</i>	<i>168bps</i>
Depreciation	684	693	428	-1.4%	59.8%
<b>EBIT</b>	<b>3,332</b>	<b>2,987</b>	<b>2,083</b>	<b>11.6%</b>	<b>60.0%</b>
<i>EBIT Margin %</i>	<i>15.36%</i>	<i>14.6%</i>	<i>14.0%</i>	<i>78bps</i>	<i>140bps</i>
Other Income	328	81	307	306.7%	6.8%
Finance Cost	135.18	111	26	21.7%	-
Exceptional Item	297	-	-	-	-
<b>PBT</b>	<b>3,227.88</b>	<b>2,956</b>	<b>2,364</b>	<b>9.2%</b>	<b>36.5%</b>
Tax Expense	848	756	600	12.2%	41.3%
<i>Effective Tax Rate %</i>	<i>26.3%</i>	<i>25.6%</i>	<i>25.4%</i>	<i>71bps</i>	<i>90bps</i>
<b>PAT</b>	<b>2,380</b>	<b>2,200</b>	<b>1,764.0</b>	<b>8.2%</b>	<b>34.9%</b>
MI & Associates	-	-	-	-	-
<b>Consolidated PAT</b>	<b>2,379.54</b>	<b>2,200</b>	<b>1,764.0</b>	<b>8.2%</b>	<b>34.9%</b>
<i>PAT Margin %</i>	<i>11.0%</i>	<i>10.7%</i>	<i>11.8%</i>	<i>23bps</i>	<i>-86bps</i>
<b>EPS (INR)</b>	<b>31.90</b>	<b>29.61</b>	<b>23.08</b>	<b>7.7%</b>	<b>38.2%</b>

Source: Arianth Research, Company Filings, Ace Equity, Bloomberg

**Q3FY23 Conference call Highlights:**

- In terms of the geography breakup from a geographical perspective, the company saw a 1.5% QoQ growth in North America market 12% in Europe and 10.4% in India. The lower growth in Q3FY23 in North America was predominantly on account of top customer decline and furloughs in couple of other large customers as spoken before.
- **Freshers:** Q3, the company able to deploy about 600+ freshers. The company has brought onboard 3,000 plus freshers in H1 of FY23.
- **Margin:** The company has aspiration would be to go up by 200 to 300 bps over the next two three years.
- **Utilization:** At 77.6% as against 79.9% in Q2, it should be noted that excluding freshers blended utilization came in at 83.3% higher by 340 bps QoQ. The freshers were not included in utilization metric in Q1 and Q2 of FY23 as there were still undergoing training.
- **Offshore:** he offshore linear revenue grew 3.3% comprising of volume growth of 5% and billing rate declined of 1.6% the onsite linear revenue grew 2.5% on account of volume growth of 4% and billing rate decline of 1.3%. The slight decline in the billing rate is also result of our presence in nearshore centers in Costa Rica and Mexico, which get classified as onsite. As a result of fresher intake, the net addition to lateral head count this quarter was minimal. Improved utilization during the quarter coupled with freshers getting progressively build, helped them in managing the costs. Additionally, favorable currency also helped margin by 60bps.
- **Deals:** In Software Hi-Tech & Emerging Industries, Persistent was chosen by a Leader in online retail in the U.S. to set up a dedicated Global Technology Center across multiple technology tracks, including infrastructure & platforms, marketing technologies search & recommendation and FinTech & loyalty. This is one of the largest deals in the recent history with a TCv of about \$70 million over three years and embodies the key tenants of systematic large deal program.
- **DSO:** Came in at 67 days as against 60 days in the Q2FY23. three reasons, 1) in case of certain customers there was below payments to post-week of January due to holidays, causing an impact of 2.5 days. 2) In respect of certain IP deals, the company has in the Accelerate portfolio the company has before credit arrangements with certain large enterprise customers. This has an impact of 3.5 days on the DSO. While this will take a few quarters before this starts getting normalized for certain customers december got converted into invoicing which would normally – which would in normal course pass through unbilled stage for a month. This is reflected in lower unbilled revenue and this had an impact of 1.1 days in billed DSO.

Exhibit 3: Business Matrix							
Revenue	Q1-FY 22	Q2-FY 22	Q3-FY 22	Q4-FY 22	Q1-FY 23	Q2-FY 23	Q3-FY 23
<b>Revenue from Operations, USD M</b>	166.8	182.3	199.1	217.3	241.5	255.6	264.4
% Q - o -Q growth	9.2%	9.3%	9.2%	9.1%	11.1%	5.8%	3.4%
% Y - o -Y growth	27.3%	34.0%	36.2%	42.2%	44.8%	40.2%	32.8%
<b>Revenue from Operations, INR M</b>	12299	13512	14917	16379	18781	20486	21694
% Q - o -Q growth	10.50%	9.90%	10.40%	9.80%	14.67%	9.08%	5.90%
% Y - o -Y growth	24.10%	34.10%	38.70%	47.10%	52.70%	51.61%	45.43%
<b>Business Offerings Revenue Mix</b>	<b>Q1-FY 22</b>	<b>Q2-FY 22</b>	<b>Q3-FY 22</b>	<b>Q4-FY 22</b>	<b>Q1-FY 23</b>	<b>Q2-FY 23</b>	<b>Q3-FY 23</b>
Services	86.90%	87.50%	86.70%	91.10%	93.00%	92.20%	91.80%
IP Led	13.10%	12.50%	13.30%	8.90%	7.00%	7.80%	8.20%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Segment Revenue Mix</b>	<b>Q1-FY 22</b>	<b>Q2-FY 22</b>	<b>Q3-FY 22</b>	<b>Q4-FY 22</b>	<b>Q1-FY 23</b>	<b>Q2-FY 23</b>	<b>Q3-FY 23</b>
BFSI	30.8%	30.70%	32.20%	32.40%	33.70%	32.80%	32.60%
Healthcare & Life Sciences	20.5%	21.20%	20.70%	20.70%	19.90%	19.70%	19.60%
Software, Hi -Tech & Emerging Industries	48.7%	48.10%	47.10%	46.90%	46.40%	47.50%	47.80%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Geography Revenue Mix</b>	<b>Q1-FY 22</b>	<b>Q2-FY 22</b>	<b>Q3-FY 22</b>	<b>Q4-FY 22</b>	<b>Q1-FY 23</b>	<b>Q2-FY 23</b>	<b>Q3-FY 23</b>
North America	78.9%	78.7%	79.20%	78.60%	78.40%	78.60%	77.10%
Europe	9.5%	8.8%	8.30%	8.40%	8.50%	8.30%	9.00%
India	9.8%	10.5%	10.90%	11%	11%	12%	12%
ROW	1.8%	2.0%	1.60%	2.00%	1.80%	1.60%	1.60%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Client Contribution</b>	<b>Q1-FY 22</b>	<b>Q2-FY 22</b>	<b>Q3-FY 22</b>	<b>Q4-FY 22</b>	<b>Q1-FY 23</b>	<b>Q2-FY 23</b>	<b>Q3-FY 23</b>
Top 1	17.0%	16.9%	17.5%	14.0%	11.7%	8.7%	7.4%
Top 5	36.5%	35.8%	36.1%	32.5%	30.8%	26.9%	24.7%
Top 10	46.7%	45.4%	45.0%	42.1%	40.7%	36.7%	35.0%
Top 20	56.7%	55.3%	54.1%	52.1%	51.2%	48.4%	47.8%
<b>Revenue by Delivery Centers</b>	<b>Q1-FY 22</b>	<b>Q2-FY 22</b>	<b>Q3-FY 22</b>	<b>Q4-FY 22</b>	<b>Q1-FY 23</b>	<b>Q2-FY 23</b>	<b>Q3-FY 23</b>
Global Development Centers	31.4%	30.4%	31.4%	34.5%	36.5%	34.8%	34.5%
India	55.5%	57.1%	55.3%	56.6%	56.5%	57.4%	57.3%
IP Led	13.1%	12.5%	13.3%	8.9%	7.0%	7.8%	8.2%
<b>Client Billed</b>	<b>Q1-FY 22</b>	<b>Q2-FY 22</b>	<b>Q3-FY 22</b>	<b>Q4-FY 22</b>	<b>Q1-FY 23</b>	<b>Q2-FY 23</b>	<b>Q3-FY 23</b>
Services	568	596	625	678	735	767	770
IP Led	132	130	122	125	129	134	134
<b>Client Engagement Size</b>	<b>Q1-FY 22</b>	<b>Q2-FY 22</b>	<b>Q3-FY 22</b>	<b>Q4-FY 22</b>	<b>Q1-FY 23</b>	<b>Q2-FY 23</b>	<b>Q3-FY 23</b>
\$30M+	2	2	2	2	3	3	5
\$20M – \$30M	2	2	2	2	1	3	2
\$10M – \$20M	5	5	6	6	7	6	9
\$5M – \$10M	12	13	14	15	15	18	18
\$1M – \$5M	76	84	90	93	104	116	118
<b>People Numbers</b>	<b>Q1-FY 22</b>	<b>Q2-FY 22</b>	<b>Q3-FY 22</b>	<b>Q4-FY 22</b>	<b>Q1-FY 23</b>	<b>Q2-FY 23</b>	<b>Q3-FY 23</b>
Technical	13833	14657	15721	17283	20144	20941	21033
Sales and Business Development	308	296	294	317	367	387	405
Others	763	926	974	999	1127	1148	1160
<b>Total</b>	<b>14904</b>	<b>15879</b>	<b>16989</b>	<b>18599</b>	<b>21638</b>	<b>22476</b>	<b>22598</b>
<b>Linear Revenue Per Billed PM*</b>	<b>Q1-FY 22</b>	<b>Q2-FY 22</b>	<b>Q3-FY 22</b>	<b>Q4-FY 22</b>	<b>Q1-FY 23</b>	<b>Q2-FY 23</b>	<b>Q3-FY 23</b>
Global Delivery Centers	17004	16544	16043	16383	16423	16181	15962
India	4286	4307	4252	4317	4387	4498	4424
<b>Attrition Rate</b>	<b>Q1-FY 22</b>	<b>Q2-FY 22</b>	<b>Q3-FY 22</b>	<b>Q4-FY 22</b>	<b>Q1-FY 23</b>	<b>Q2-FY 23</b>	<b>Q3-FY 23</b>
TTM Basis	16.6%	23.6%	26.90%	26.60%	24.80%	23.70%	21.60%
<b>IP Led</b>	<b>Q1-FY 22</b>	<b>Q2-FY 22</b>	<b>Q3-FY 22</b>	<b>Q4-FY 22</b>	<b>Q1-FY 23</b>	<b>Q2-FY 23</b>	<b>Q3-FY 23</b>
IP Led Person Months	3918	4000	3911	3225	3278	3036	3286
<b>DSO</b>	<b>Q1-FY 22</b>	<b>Q2-FY 22</b>	<b>Q3-FY 22</b>	<b>Q4-FY 22</b>	<b>Q1-FY 23</b>	<b>Q2-FY 23</b>	<b>Q3-FY 23</b>
Days	54	55	58	59	60	60	67
<b>Efforts and Utilization Mix — Linear</b>	<b>Q1-FY 22</b>	<b>Q2-FY 22</b>	<b>Q3-FY 22</b>	<b>Q4-FY 22</b>	<b>Q1-FY 23</b>	<b>Q2-FY 23</b>	<b>Q3-FY 23</b>
<b>Billable Person Months</b>	<b>30807</b>	<b>33212</b>	<b>35938</b>	<b>41026</b>	<b>45900</b>	<b>47704</b>	<b>51465</b>
Global Delivery Centers	3480	3840	4519	5260	6336	6438	6578
India	27327	29372	31419	35766	39564	41266	44887
<b>Billed Person Months</b>	<b>24676</b>	<b>27503</b>	<b>29819</b>	<b>33050</b>	<b>36487</b>	<b>38098</b>	<b>39949</b>
Global Delivery Centers	3080	3354	3891	4578	5364	5495	5712
India	21596	24149	25928	28472	31123	32603	34237
<b>Linear Utilization</b>	<b>Q1-FY 22</b>	<b>Q2-FY 22</b>	<b>Q3-FY 22</b>	<b>Q4-FY 22</b>	<b>Q1-FY 23</b>	<b>Q2-FY 23</b>	<b>Q3-FY 23</b>
<b>Blended</b>	<b>80.1%</b>	<b>82.8%</b>	<b>83.0%</b>	<b>80.6%</b>	<b>79.5%</b>	<b>79.9%</b>	<b>77.6%</b>
Global Delivery Centers	88.5%	87.3%	86.1%	87.0%	84.6%	85.4%	86.8%
India	79.0%	82.2%	82.5%	79.6%	78.7%	79.0%	76.3%

Source: Arianth Research, Company Filings

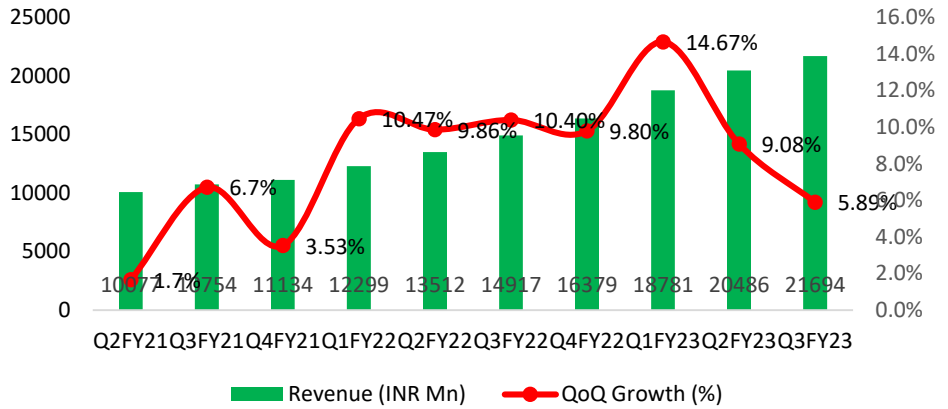
The Services revenue grew by 3% QoQ, while IP led revenue grew by 8.6% you will notice that our IP revenue continued to grow this quarter on the back of 18.1% QoQ growth in Q2FY23

Revenue from Second largest customer declined slightly on account of seasonal furloughs that happen every year.

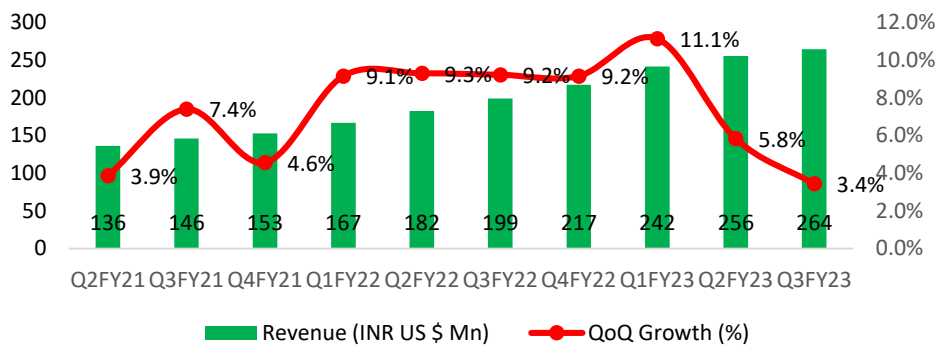
top more contributed to revenue decline in Q3FY23, but the planned ramp down initiated on some programs in the last quarter, the company are hopeful of reversing this trend and getting the top client back on the stable and growth physically over the next several quarters

DSO from a level of 67 in the near term we would target to be around 65.

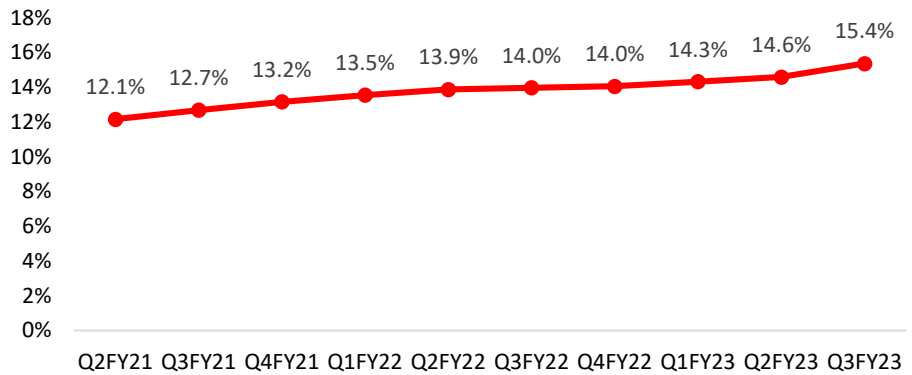
**Exhibit 4: Revenue trend (In INR)**



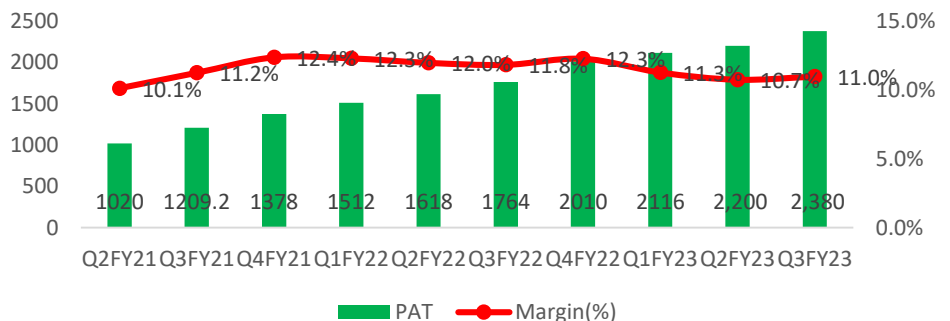
**Exhibit 5: Dollar revenue growth led by across the segments**



**Exhibit 6: EBIT Margin improvement led by currency benefits**



**Exhibit 7: PAT and PAT Margin trend during the quarter**



Source: Arianth Research, Company Filings

Key Financials

Income Statement				
Income Statement (INR Mn)	FY22	FY23E	FY24E	FY25E
<b>Revenues (US\$ mn)</b>	<b>766</b>	<b>1046</b>	<b>1309</b>	<b>1463</b>
Change (%)	35.2%	36.7%	25.1%	11.8%
<b>Revenues</b>	<b>57,107</b>	<b>81,625</b>	<b>96,846</b>	<b>1,08,270</b>
Change (%)	36.4%	42.9%	18.6%	11.8%
<b>Total Expenses</b>	<b>47,526</b>	<b>66,565</b>	<b>78,349</b>	<b>87,265</b>
<b>EBITDA</b>	<b>9,582</b>	<b>15,060</b>	<b>18,498</b>	<b>21,004</b>
<b>EBITDA Margin (%)</b>	<b>16.8%</b>	<b>18.5%</b>	<b>19.1%</b>	<b>19.4%</b>
Depreciation	1,660	2,694	3,196	3,573
<b>EBIT</b>	<b>7,922</b>	<b>12,366</b>	<b>15,302</b>	<b>17,431</b>
<b>EBIT Margin (%)</b>	<b>13.9%</b>	<b>15.2%</b>	<b>15.8%</b>	<b>16.1%</b>
Other Income	1,321	1,405	1,496	1,594
Interest	-	-	-	-
<b>PBT</b>	<b>9,243</b>	<b>13,772</b>	<b>16,798</b>	<b>19,026</b>
Extra-ordinary	-	-	-	-
<b>PBT after ext-ord.</b>	<b>9,243</b>	<b>13,772</b>	<b>16,798</b>	<b>19,026</b>
Tax	2,339	3,484	4,250	4,814
Rate (%)	25.3%	25.3%	25.3%	25.3%
<b>PAT</b>	<b>6,904</b>	<b>10,287</b>	<b>12,548</b>	<b>14,212</b>
<b>MI &amp; Associates</b>	-	-	-	-
<b>Consolidated PAT</b>	<b>6,904</b>	<b>10,287</b>	<b>12,548</b>	<b>14,212</b>

Balance Sheet				
Balance Sheet (INR Mn)	FY22	FY23E	FY24E	FY25E
<b>Sources of Funds</b>				
Share Capital	764	764	764	764
Reserves & Surplus	32,918	39,957	48,569	58,403
<b>Net Worth</b>	<b>33,682</b>	<b>40,721</b>	<b>49,334</b>	<b>59,167</b>
<b>Loan Funds</b>	<b>4,325</b>	<b>4,325</b>	<b>4,325</b>	<b>4,325</b>
MI, Deferred Tax & other Liabilities	-	-	-	-
<b>Capital Employed</b>	<b>38,008</b>	<b>45,047</b>	<b>53,659</b>	<b>63,492</b>
<b>Application of Funds</b>				
Net Block	7,284	11,084	14,884	18,683
CWIP	1,071	1,071	1,071	1,071
Other Non-current Assets	11,591	11,591	11,591	11,591
Deferred Tax Assets	1,123	1,123	1,123	1,123
<b>Net Fixed Assets</b>	<b>21,069</b>	<b>24,869</b>	<b>28,669</b>	<b>32,468</b>
<b>Investments</b>	<b>8,225</b>	<b>8,225</b>	<b>8,225</b>	<b>8,225</b>
Debtors	9,484	13,556	16,084	17,981
Inventories	-	-	-	-
Cash & Bank Balance	9,145	13,768	19,805	26,759
Loans & Advances & other CA	8,706	8,706	8,706	8,706
<b>Total Current Assets</b>	<b>28,693</b>	<b>36,030</b>	<b>44,595</b>	<b>53,446</b>
Current Liabilities	16,029	20,127	23,880	26,697
Provisions	3,950	3,950	3,950	3,950
<b>Net Current Assets</b>	<b>8,714</b>	<b>11,953</b>	<b>16,765</b>	<b>22,800</b>
<b>Total Assets</b>	<b>38,008</b>	<b>45,047</b>	<b>53,659</b>	<b>63,492</b>

Key Ratios				
Key Ratios (INR Mn)	FY22	FY23E	FY24E	FY25E
<b>Per share (Rs)</b>				
EPS	90.3	128.6	156.9	177.7
CEPS	108.2	162.3	196.8	222.3
BVPS	425.7	509.0	616.7	739.6
DPS	31.0	42.5	51.5	57.3
Div. Payout (%)	35.5%	33.1%	32.8%	32.3%
<b>Valuation (x)</b>				
P/E	47.1	33.1	27.1	24.0
P/CEPS	39.3	26.2	21.6	19.2
P/BV	10.0	8.4	6.9	5.8
EV/EBITDA	34.7	22.0	17.6	15.2
Dividend Yield (%)	0.7%	1.0%	1.2%	1.3%
<b>Return Ratio (%)</b>				
EBIDTA Margin	16.8%	18.5%	19.1%	19.4%
EBIT Margin	13.9%	15.2%	15.8%	16.1%
PAT Margin	12.1%	12.6%	13.0%	13.1%
ROE	20.5%	25.3%	25.4%	24.0%
ROCE	20.8%	27.5%	28.5%	27.5%
<b>Leverage Ratio (x)</b>				
Total D/E	-	-	-	-
Net D/E	-0.1	-0.2	-0.3	-0.4
<b>Turnover Ratios</b>				
Asset Turnover (x)	1.5	1.8	1.8	1.7
Receivable Days	61	61	61	61
Payable days	128	90	90	90

Cash Flow Statement				
Cash Flow Statement (INR Mn)	FY22	FY23E	FY24E	FY25E
<b>PBT</b>	<b>9,243</b>	<b>13,772</b>	<b>16,798</b>	<b>19,026</b>
Depreciation	1,660	2,694	3,196	3,573
Interest & others	-1,321	-1,405	-1,496	-1,594
Cash flow before WC changes	9,582	15,060	18,498	21,004
<b>(Inc)/dec in working capital</b>	<b>6,899</b>	<b>26</b>	<b>1,225</b>	<b>920</b>
Operating CF after WC changes	16,481	15,085	19,723	21,924
Less: Taxes	-2,339	-3,484	-4,250	-4,814
<b>Operating Cash Flow</b>	<b>14,142</b>	<b>11,601</b>	<b>15,473</b>	<b>17,110</b>
(Inc)/dec in F.A + CWIP	-13,702	-6,504	-6,504	-6,503
(Pur)/sale of investment	1,772	-	-	-
<b>Cash Flow from Investing</b>	<b>-11,930</b>	<b>-12,658</b>	<b>-12,658</b>	<b>-12,657</b>
<b>Free Cash Flow (FCF)</b>	<b>10,334</b>	<b>7,801</b>	<b>11,673</b>	<b>13,311</b>
Loan raised/(repaid)	4,281	-	-	-
Equity raised	-	-	-	-
Interest & others	-5,170	7,667	5,210	4,488
Dividend	-1,987	-1,987	-1,987	-1,987
<b>Cash Flow from Financing Activities</b>	<b>-2,876</b>	<b>5,680</b>	<b>3,223</b>	<b>2,501</b>
<b>Net inc / (dec) in cash</b>	<b>-664</b>	<b>4,623</b>	<b>6,037</b>	<b>6,954</b>
Opening balance of cash	9,809	9,145	13,768	19,805
Closing balance of cash	9,145	13,768	19,805	26,759

Source: Arianth Research, Company Filings, Ace Equity, Bloomberg

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**Stock Rating Scale**

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

**Absolute Return****Research Analyst  
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