

Persistent Systems Ltd

Persistent Systems build software that drives the business of its customers; enterprises and software product companies with software at the core of their digital transformation. It is also focusing on three industries – Financial Services (FSI), Healthcare & Life Sciences and Industrial IoT. Persistent has given out a CAGR of 15.1% for 5 years ended FY19. In Q2FY20 also its sales grew by ~6% supported by growth in digital segment. The company which derives its major revenue from international clients added 25 new clients to its portfolio in the said quarter. In the ongoing quarter, it has already won few good deals worth USD 3mln in the Financial and Hi-Tech segments. Utilisation also improved from 81.9% to 82.9%. All these factors give a positive view of the company's future. Onsite cost as a percentage of sales also has come down helping the company deliver better profitability. There's a steady growth in offshore revenues and the management also is confident about the company's future.

ON the asset and cash management side also the company looks stable zero debt and steady increase in cash flows. The cash from operations increased to ₹432cr in FY19 from ₹421cr in FY18. Also the working capital days shrunk to 30days from 36 days in FY18. Currently, the stock trades at 2.2x of its book value and delivers 21.8% RoCE. With concrete business and steady returns, we recommend BUY on the stock.

BUY
CMP ₹570

Stock Info

Sector	IT
Market Cap (₹ cr)	4,386
Beta	0.3
52 Week High / Low	700/469
Avg. Daily Volume	5,258
Face Value (₹)	10
BSE Sensex	37,880
Nifty	11,235
Reuters Code	PERS.BO
Bloomberg Code	PSYS IN

Shareholding Pattern (%)

Promoters	31.9
MF / Banks / Indian FIs	21.7
FII / NRIs / OCBs	19.4
Indian Public / Others	24.1

Abs. (%)	3m	1yr	3yr
Sensex	(1.8)	9.0	34.9
Persistent	(7.5)	(18.0)	(16.0)

Jaikishan Parmar

022 – 3935 7600 Ext: 6810

jaikishan.parmar@angelbroking.com

Research Team Tel: 022 - 39357600

 E-mail: research@angelbroking.com

 Website: www.angelbroking.com

DISCLAIMER

Angel Broking Limited (hereinafter referred to as "Angel") is a registered Member of National Stock Exchange of India Limited, Bombay Stock Exchange Limited and Metropolitan Stock Exchange Limited. It is also registered as a Depository Participant with CDSL and Portfolio Manager with SEBI. It also has registration with AMFI as a Mutual Fund Distributor. Angel Broking Limited is a registered entity with SEBI for Research Analyst in terms of SEBI (Research Analyst) Regulations, 2014 vide registration number INH000000164. Angel or its associates has not been debarred/ suspended by SEBI or any other regulatory authority for accessing /dealing in securities Market. Angel or its associates/analyst has not received any compensation / managed or co-managed public offering of securities of the company covered by Analyst during the past twelve months.

This document is solely for the personal information of the recipient, and must not be singularly used as the basis of any investment decision. Nothing in this document should be construed as investment or financial advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in the securities of the companies referred to in this document (including the merits and risks involved), and should consult their own advisors to determine the merits and risks of such an investment.

Reports based on technical and derivative analysis center on studying charts of a stock's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamentals. Investors are advised to refer the Fundamental and Technical Research Reports available on our website to evaluate the contrary view, if any.

The information in this document has been printed on the basis of publicly available information, internal data and other reliable sources believed to be true, but we do not represent that it is accurate or complete and it should not be relied on as such, as this document is for general guidance only. Angel Broking Limited or any of its affiliates/ group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. Angel Broking Limited has not independently verified all the information contained within this document. Accordingly, we cannot testify, nor make any representation or warranty, express or implied, to the accuracy, contents or data contained within this document. While Angel Broking Limited endeavors to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so.

This document is being supplied to you solely for your information, and its contents, information or data may not be reproduced, redistributed or passed on, directly or indirectly.

Neither Angel Broking Limited, nor its directors, employees or affiliates shall be liable for any loss or damage that may arise from or in connection with the use of this information.

Disclosure of Interest Statement

Persistent Systems

1. Financial interest of research analyst or Angel or his Associate or his relative	No
2. Ownership of 1% or more of the stock by research analyst or Angel or associates or relatives	No
3. Served as an officer, director or employee of the company covered under Research	No
4. Broking relationship with company covered under Research	No

Ratings (Based on expected returns over 12 months investment period):

Buy (> 15%)

Accumulate (5% to 15%)
Reduce (-5% to -15%)

Neutral (-5 to 5%)
Sell (< -15)