



PSYS delivered another strong quarter, led by robust deal wins and AI-driven productivity gains supporting margin expansion. A sharp focus on the top-100 clients (~83% of revenue) continues, with platforms such as SASVA and iAURA driving productivity-led efficiencies.

Alongside this, PSYS is expanding wallet share beyond its top-100 base, with >USD 1 mn customers increasing from 189 to 195. Margins have improved consistently over the past ~8 quarters, underpinned by AI adoption, and management remains confident of sustaining 16–17% EBIT margins in the near term.

Management reiterated its ambition to reach USD 2 bn revenue by FY27 and USD 5 bn by FY31, supported by a likely capability-led acquisition in FY27. The strategy to decouple revenue growth from headcount, combined with scaling AI platforms, remains central to achieving these targets while enhancing profitability.

PSYS was recognized by Microsoft as a Frontier Firm for its AssistX agentic AI platform, reinforcing strong hyperscaler partnerships and its ability to deliver AI solutions in a customer-centric manner.

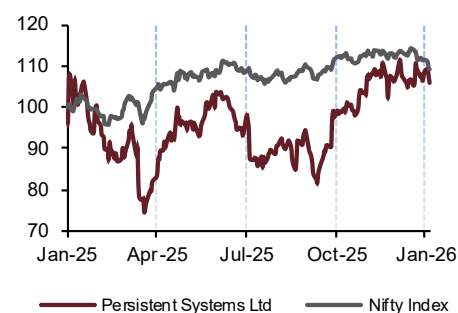
Rating	TP (Rs)	Up/Dn (%)
HOLD	7,175	15

Market data

Current price	Rs	6,243
Market Cap (Rs.Bn)	(Rs Bn)	985
Market Cap (US\$ Mn)	(US\$ Mn)	10,825
Face Value	Rs	5
52 Weeks High/Low	Rs	6599 / 4148.95
Average Daily Volume	('000)	585
BSE Code		533179
Bloomberg		PSYS.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Sep-25	Jun-25
Promoters	31	31
Public	69	69
Total	100	100

Source: Bloomberg

Financial Summary

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28e
Net sales	57,107	83,506	98,216	1,19,387	1,41,455	1,66,401	2,14,754
EBITDA	9,582	15,191	17,243	20,582	26,098	31,858	42,168
Adjusted net profit	6,904	9,507	11,421	14,002	17,706	21,937	34,982
Free cash flow	11,177	4,745	11,407	10,449	20,108	28,879	30,403
EPS (Rs)	45	62	73	90	114	141	224.5
growth (%)	0.5	0.4	0.2	0.2	0.3	0.2	48%
P/E (x)	124	93	80	62	49	40	23.8
P/B (x)	124	93	80	62	49	40	23.8
EV/EBITDA (x)	44	28	24	21	16	13	9.6
ROCE (%)	17.7	22.0	22.3	23.5	24.4	25.6	34.7
RoE (%)	22.4	25.9	24.5	24.8	25.9	27.3	35.4
Dividend yield (%)	0.4	0.6	0.9	0.7	1.1	1.4	2.0

Source: Company, Dalal & Broacha Research

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Notable deal wins:

- **Tier 1 US Bank:** Persistent won a \$100 million TCV deal to lead a cybersecurity transformation program. The project focuses on improving data provisioning, preventing data leakage, and optimizing identity and access management across all enterprise applications.
- **US Pathology Organization:** Persistent signed a \$50 million+ engagement over five years, marking one of its largest deals in the pathology and laboratory automation domain. The partnership covers the modernization of apps, data, cloud infrastructure, and security.
- **Manufacturing and Supply Chain Leader:** Persistent entered a 360-degree partnership involving engineering, cloud operations, and a SASVA-led migration of the client's customers to a cloud-native ERP

AI focused growth:

Growth going forward is AI-led, with SASVA and iAURA central to service delivery and enabling revenue-headcount decoupling. Integrated licensing-plus-services deal structures are already driving benefits, while PSYS remains focused on continued innovation and scaling of its AI platforms.

Operational Highlights:

- **Revenue Momentum:** 23rd consecutive quarter of growth; revenue at USD 422.5 mn, up 4% QoQ / 17.3% YoY
- **Order Book Strength:** TCV bookings of USD 674.5 mn; new bookings TCV USD 369.1 mn; ACV USD 501.9 mn
- **Client Mining:** Strong YoY growth across top clients; Top-10 revenue up 28.3%, customers >USD 10 mn increased to 28
- **AI-led Execution:** Margin uplift driven by AI platforms (SASVA, iAURA, GenAI Hub); tool-led engagements contributed ~150 bps margin benefit
- **Delivery & Talent:** Headcount at 26,711 (+487 QoQ); utilization and pyramid optimization supported operational efficiency
- **Deal Wins:** Large multi-year wins in BFSI, Hi-Tech and Healthcare; USD 100 mn TCV Tier-1 US bank deal and USD 50 mn+ healthcare engagement

Valuation:

The company sees demand environment to improve and adapt to the situation and is confident in growing at fast pace from here with strong order wins and growth witnessed in BFSI as well as Europe. It also sees AI as good way to increase wallet share within top 100 of its customers that contribute to more than 82% of the companies revenue.

Management remains confident in the company's long-term growth potential, reiterating its ambition to achieve a \$2 billion topline in a sustainable manner by FY27 and reaching \$5bn by FY31. On the margin front, the company maintains a guidance of 16-17% for the near term with further improvement potential expected with incremental use of AI in delivering services and creating solutions for their customers.

Supported by a robust order book and healthy visibility into future large deal closures, we recommend a HOLD rating on the stock. Applying a target multiple of 30x FY28e EPS, we arrive at a target price of Rs.7,175.

One Year Forward P/E Chart:

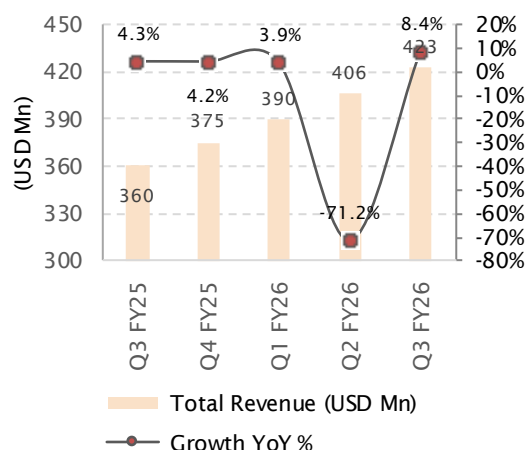
Source: Dalal & Broacha Research

Quarterly Financials

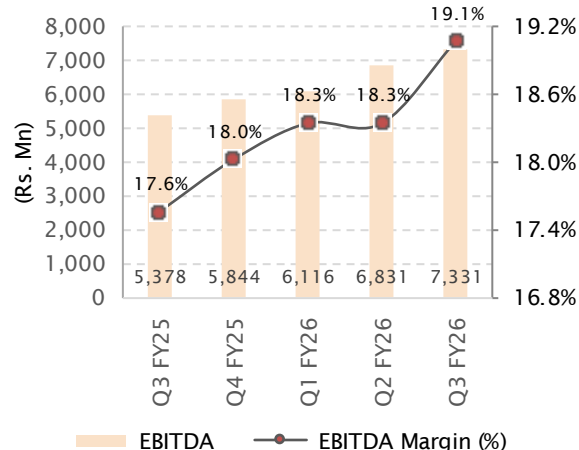
YE March (Rs. Mn)	Q3FY26	Q2FY26	QoQ (%)	Q3FY25	YoY (%)
Net Sales (US\$ Mn)	422.5	406.2	4.0%	360.2	17%
Net Sales (INR Mn)	37,782	35,807	5.5%	30,623	23.4%
Less:					
Employees Benefits	26,006	24,836	4.7%	21,971	18.4%
SG&A Expenses	4,445	4,141	7.4%	3,274	35.8%
Total Operating Expenditure	30,451	28,976	5.1%	25,244	20.6%
EBITDA	7,331	6,831	7.3%	5,378	36.3%
EBIT	6,325	5,830	8.5%	4,557	38.8%
Less: Depreciation	1,006	1,000		821	
Less: Interest	190	180	5.5%	163	16.2%
Add: Other income	405	518	(21.8%)	426	(5.0%)
Profit Before Tax	6,540	6,168	6.0%	4,820	35.7%
Adjusted Profits	6,540	6,168	6.0%	4,820	35.7%
Less: Total Tax	1,255	1,454		1,090	
PAT	5,285	4,715	12.1%	3,730	41.7%
Adjusted PAT	5,285	4,715	12.1%	3,730	41.7%
Reported Diluted EPS (Rs.)	33.9	30.3	12.1%	24.2	40.1%
Margin Analysis %	Q3FY26	Q2FY26	Change in bps	Q3FY25	Change in bps
EBIT margin	16.7%	16.3%	46	14.9%	186
EBIDTA Margin	19.4%	19.1%	33	17.6%	184
NPM	14.0%	13.2%	82	12.2%	181
Adjusted NPM	14.0%	13.2%	82	12.2%	181
Effective Tax Rate %	19.2%	23.6%	(437)	22.6%	(343)
Cost Analysis %	Q3FY26	Q2FY26	Change in bps	Q3FY25	Change in bps
Employee Cost/Net Sales	68.8%	69.4%	(53)	71.7%	(291)
SG&A/Net sales	11.8%	11.6%	20	10.7%	108

Source: Dalal & Broacha Research

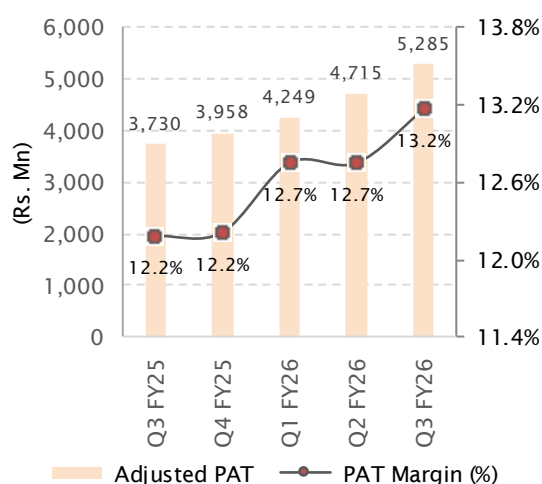
Net Sales Trajectory (USD Mn)



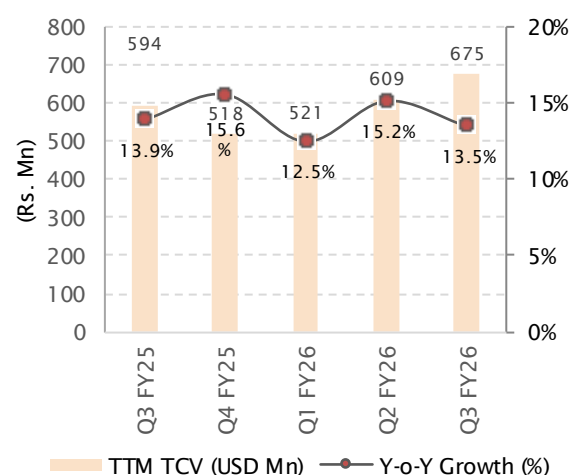
EBITDA & EBITDA Margin Trajectory



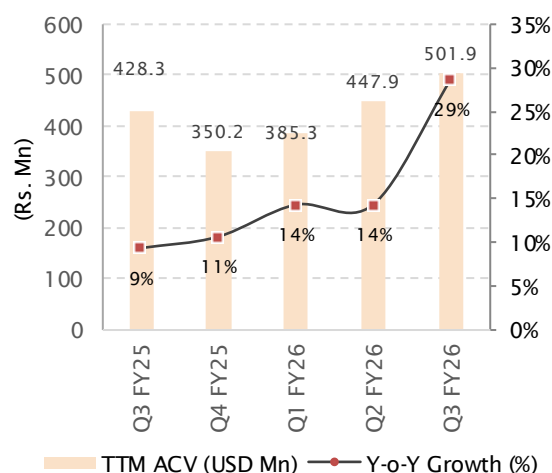
Adj. PAT (Exc. Exceptional) Trajectory



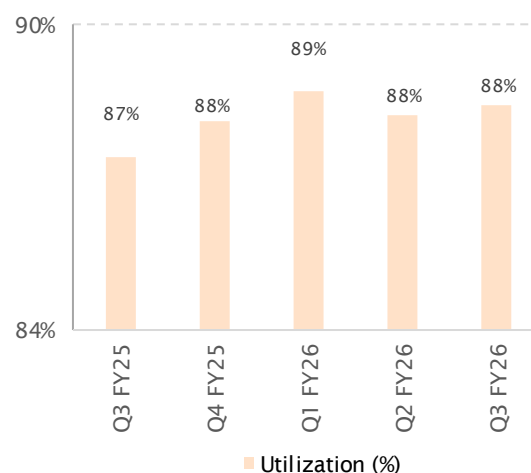
TCV (USD Mn)



ACV (USD Mn)



Utilization (%)



Source: Dalal & Broacha Research, Company

Financials

Profit & Loss A/c							
YE March (Rs. mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28e
Net Sales	57,107	83,506	98,216	1,19,387	1,46,154	1,78,758	2,14,754
Growth %	36.4%	46.2%	17.6%	21.6%	22.4%	22.3%	20.1%
Other Operating Income	0	0	0	0	0	0	0
Total Revenue	57,107	83,506	98,216	1,19,387	1,46,154	1,78,758	2,14,754
Less:							
Employee Cost & Related Expenses	42,567	60,122	71,102	86,229	1,01,119	1,26,379	1,51,111
Miscellaneous Expenses	4,958	8,193	9,870	12,576	17,064	17,876	21,475
Total Operating Expenditure	47,526	68,315	80,973	98,805	1,18,183	1,44,255	1,72,586
EBIDTA	9,582	15,191	17,243	20,582	27,971	34,503	42,168
Growth %	40.3%	58.5%	13.5%	19.4%	35.9%	23.4%	22.2%
Less: Depreciation	1,660	2,719	3,094	3,069	4,023	4,469	5,369
EBIT	7,922	12,472	14,149	17,513	23,948	30,034	36,799
Growth %	56.1%	57.4%	13.4%	23.8%	36.7%	25.4%	22.5%
Interest Paid	118	473	467	671	739	901	254
Non-operating Income	1,440	706	1,280	1,382	1,862	2,145	606
Extraordinary Income	0	-297	-486	0	-890	0	0
Profit Before tax	9,243	12,409	14,476	18,223	24,181	31,278	37,150
Tax	2,339	3,198	3,541	4,221	5,526	7,663	2,168
Net Profit before Minority	6,904	9,211	10,935	14,002	18,654	23,615	34,982
Net Profit	6,904	9,211	10,935	14,002	18,654	23,615	34,982
Adjusted Profit	6,904	9,507	11,421	14,002	19,544	23,615	34,982
Reported Diluted EPS Rs	45.2	60.3	70.2	89.8	119.7	151.5	224.5
Growth %	53.2%	33.4%	16.4%	28.0%	33.2%	26.6%	48.1%
Adjusted Diluted EPS Rs	45.2	62.2	73.3	89.8	125.4	151.5	224.5
Growth %	53.2%	37.7%	17.8%	22.6%	39.6%	20.8%	48.1%
Balance Sheet (Consolidated)							
YE March (Rs. mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28e
Liabilities							
Equity Capital	764	764	770	779	779	779	779
Reserves & Surplus	32,918	38,887	48,807	62,411	73,557	87,667	1,08,569
Equity	33,682	39,651	49,577	63,191	74,337	88,446	1,09,348
Preference Share Capital							
Net Worth	33,682	39,651	49,577	63,191	74,337	88,446	1,09,348
Minority Interest							
Net Deferred tax liability/(Asset)	2,326	3,760	859	823	1,078	1,495	423
Total Loans	2,801	2,058	99	0	0	0	0
Capital Employed	38,809	45,468	50,535	64,014	75,415	89,941	1,09,771
Assets							
Gross Block	8,970	11,936	12,354	12,866	14,066	16,266	18,466
Less: Depreciation	6,052	7,076	7,934	8,516	12,539	17,008	22,376
Net Block	2,918	4,860	4,420	4,350	1,527	-742	-3,910
Capital WIP	1,071	161	219	42	51	63	75
Investments	4,409	5,475	7,173	7,460	8,694	9,979	11,294
Intangible Assets	11,060	16,355	15,604	17,993	26,308	32,176	38,656
Others Assets	3,863	1,629	1,421	1,438	1,761	2,153	2,587
Right of Use Assets	1,358	2,198	2,307	3,799	0	2,523	0
Current Assets							
Sundry Debtors	9,484	15,253	16,761	18,478	26,428	32,323	38,832
Current Investments	4,347	1,880	2,727	3,388	5,846	7,150	8,590
Cash and Bank Balance	9,145	9,033	10,229	10,255	7,499	8,405	12,169
Other Current Assets	5,414	8,752	11,852	18,139	21,923	26,814	32,213
Total Current Assets	28,389	34,918	41,569	50,260	61,696	74,692	91,804
Less: Current Liabilities & Provisions							
Sundry Creditors	4,299	5,689	8,139	8,886	9,714	11,857	14,185
Provisions	3,950	4,649	3,331	4,029	4,974	6,897	1,951
Other Current Liabilities	6,011	9,790	10,709	8,413	9,935	12,151	14,598
Total Current Liabilities	14,260	20,129	22,179	21,328	24,623	30,905	30,735
Capital Applied	38,809	45,468	50,535	64,014	75,415	89,941	1,09,771

Cash Flows (Consolidated)

YE March (Rs. Mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28e
PAT	6,904	9,211	10,935	14,002	18,654	23,615	34,982
(Less)/Add: Extraordinary Income/Expense	0	297	486	0	890	0	0
Less: Non Operating Income	-1,440	-706	-1,280	-1,382	-1,862	-2,145	-606
Add: Depreciation	1,660	2,719	3,094	3,069	4,023	4,469	5,369
Add: Interest Paid	118	473	467	671	739	901	254
Operating Profit before WC Changes	7,243	11,994	13,702	16,360	22,445	26,840	40,000
(Inc)/Dec in Current Assets	-2,351	-6,640	-5,455	-8,665	-14,192	-12,090	-13,348
Inc/(Dec) in Current Liabilities	6,562	5,869	2,050	-851	3,295	6,282	-170
Net Cash Generated From Operations	11,455	11,223	10,297	6,845	11,547	21,032	26,482
Cash Flow from Investing Activities							
(Inc)/Dec in Fixed Assets	-1,085	-2,966	-418	-512	-1,200	-2,200	-2,200
(Inc)/Dec in Capital Work In Progress	-949	910	-57	177	-9	-11	-13
(Inc)/Dec in Investment (Strategic)	-256	-638	-1,023	-876	-1,000	-1,000	-1,000
(Inc)/Dec in Investment (Others)	-64	-428	-675	590	-234	-285	-315
Add: Non Operating Income Income	1,440	706	1,280	1,382	1,862	2,145	606
(Inc)/Dec in Intangible Assets	-13,978	-3,902	850	-3,897	-4,839	-8,785	-4,389
Cash Flow from Investing Activities	-14,894	-6,318	-43	-3,137	-5,420	-10,136	-7,311
Cash Flow from Financing Activities							
Inc/(Dec) in Total Loans	5,163	691	-4,860	-134	255	417	-1,072
Dividend Paid	-2,368	-3,833	-3,210	-4,607	-6,529	-8,265	-12,244
Tax Paid on Dividend	-355	-575	-482	-691	-979	-1,240	-1,837
Less: Interest Paid	-118	-473	-467	-671	-739	-901	-254
Net Cash Flow from Financing Activities	2,775	-5,017	-9,057	-3,681	-8,883	-9,989	-15,406
Net Inc/Dec in cash equivalents	-664	-112	1,196	26	-2,756	906	3,764
Opening Balance	9,809	9,145	9,033	10,229	10,255	7,499	8,405
Closing Cash Balance	9,145	9,033	10,229	10,255	7,499	8,405	12,169

Key Ratios (Consolidated)

YE March (Rs. mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28e
Key Operating Ratios							
EBITDA Margin (%)	16.8%	18.2%	17.6%	17.2%	19.1%	19.3%	19.6%
Tax / PBT (%)	25.3%	25.8%	24.5%	23.2%	22.9%	24.5%	5.8%
Net Profit Margin (%)	12.1%	11.0%	11.1%	11.7%	12.8%	13.2%	16.3%
RoE (%)	22.4%	25.9%	25.6%	24.8%	28.4%	29.0%	35.4%
RoCE (%)	17.7%	22.0%	22.3%	23.5%	26.5%	27.4%	34.7%
Current Ratio (x)	2.0x	1.7x	1.9x	2.4x	2.5x	2.4x	3.0x
Dividend Payout (%)	39.4%	47.9%	33.8%	37.8%	40.3%	40.3%	40.3%
Book Value Per Share (Rs.)	220.4	259.4	318.1	405.5	477.0	567.5	701.6

Financial Leverage Ratios

Debt/ Equity (x)	0.1x	0.1x	0.0x	0.0x	0.0x	0.0x	0.0x
Interest Coverage (x)	81.0x	32.1x	36.9x	30.7x	37.8x	38.3x	165.9x
Interest / Debt (%)	8.3%	19.5%	43.3%	1354.1%	#DIV/0!	#DIV/0!	#DIV/0!

Growth Indicators %

Growth in Gross Block (%)	13.8%	33.1%	3.5%	4.1%	9.3%	15.6%	13.5%
Sales Growth (%)	36.4%	46.2%	17.6%	21.6%	22.4%	22.3%	20.1%
EBITDA Growth (%)	40.3%	58.5%	13.5%	19.4%	35.9%	23.4%	22.2%
Net Profit Growth (%)	53.2%	33.4%	18.7%	28.0%	33.2%	26.6%	48.1%
Diluted EPS Growth (%)	53.2%	33.4%	16.4%	28.0%	33.2%	26.6%	48.1%

Turnover Ratios

Debtors Days	49	54	59	54	56	60	60
Creditors Days	44	42	50	48	44	42	43
Inventory (Days of Optg. Costs)	0	0	0	0	0	0	0

Source: Dalal & Broacha Research

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