



The company has delivered another strong quarter despite a challenging environment, demonstrating its resilience and sustained business strength, supported by robust order execution, healthy order book growth, and improved profitability.

The consistent growth in deal wins and their ramp-up drove a 4.2% QoQ revenue increase. The BFSI segment posted strong high single-digit QoQ growth, supported by broad-based deal wins and ramp-up of large engagements. Europe delivered a robust 38% YoY growth, led by the scaling of large deals with Hi-Tech clients. Strong TCV and ACV growth further enhance visibility for future performance. Despite a challenging environment, Persistent remains confident of sustaining its growth momentum and achieving its \$2 billion revenue target by FY27.

Key Result Updates:

- Revenue saw a growth of 4.2% Q-o-Q in dollar terms.
- Revenue in INR terms grew by 7.4% sequentially.
- EBIT Margins improved by 75 bps.
- New TCV comes in at \$351mn and new ACV comes in at \$254mn.
- Net Additions for the Quarter stood at 821.

Financial Summary

Y/E Mar (Rs mn)	FY 22	FY 23	FY 24	FY 25	FY 26E	FY 27E
Net sales	57,107	83,506	98,216	1,19,387	1,43,989	1,63,526
EBITDA	9,582	15,191	17,243	20,582	27,325	28,614
Adjusted net profit	6,904	9,507	11,421	14,002	18,697	19,515
Free cash flow	11,177	4,745	11,407	10,449	20,665	27,340
EPS (Rs)	45.2	62.2	73.3	89.8	120.0	125.2
growth (%)	53%	38%	18%	23%	34%	4%
P/E (x)	124.1	93.0	79.9	62.4	46.7	42.6
P/B (x)	124.1	93.0	79.9	62.4	46.7	42.6
EV/EBITDA (x)	44.1	27.7	24.3	20.7	15.7	14.2
ROCE (%)	17.7	22.0	22.3	23.5	25.6	22.8
RoE (%)	22.4	25.9	24.5	24.8	27.2	24.3
Dividend yield (%)	0.4	0.6	0.9	0.7	1.1	1.5

Source: Company, Dalal & Broacha Research

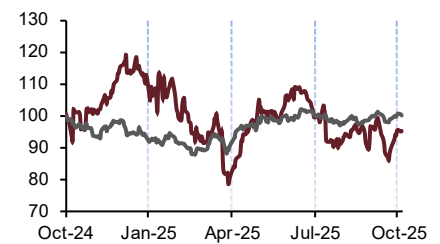
Rating	TP (Rs)	Up/Dn (%)
BUY	6,334	19

Market data

Current price	Rs	5,338
Market Cap (Rs.Bn)	(Rs Bn)	835
Market Cap (US\$ Mn)	(US\$ Mn)	9,415
Face Value	Rs	5
52 Weeks High/Low	Rs 788.9 / 4148.95	
Average Daily Volume	('000)	302
BSE Code		535755
Bloomberg		PSYS.IN

Source: Bloomberg

One Year Performance



— Persistent Systems Ltd — Nifty Index

Source: Bloomberg

% Shareholding	Jun-25	Mar-25
Promoters	47	47
Public	53	53
Others		
Total	100	100

Source: Bloomberg

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Broad Based Deal wins and Strong Execution:

Deal wins continue to be a strong indicator of future growth for the company, with broad-based traction across customers and verticals. BFSI remains the primary growth driver, followed by Hi-Tech, while the Healthcare vertical is showing signs of recovery. Strong ACV and TCV conversion further highlight the company's robust order execution, supporting sustained growth momentum.

Margins Trends Going Forward:

Margins improved by 75 bps QoQ and 230 bps YoY, driven by lower software license costs (80 bps benefit), forex gains (60 bps), increased offshoring in healthcare (30 bps), and other efficiency measures. The company's goal of a 200–300 bps margin expansion is on track, with an expected improvement of ~100 bps in FY26 and an additional ~100 bps in FY27.

Revenue Aspirations:

Management remains focused on achieving its \$2 billion revenue target by FY27 and is firmly committed to its long-term aspiration of reaching \$5 billion over the next 4–5 years. To support this, the company is driving growth across all verticals, with a particular emphasis on expanding its Healthcare segment—currently generating around \$100 million in revenue—by dividing it into sub-verticals, each targeted to reach \$100 million in revenue. Continued deal wins in BFSI and Hi-Tech, which are currently leading growth, will further aid this trajectory.

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. On the margin front, the company remains optimistic, targeting a 200–300 bps improvement by FY27.

Supported by a robust order book and healthy visibility into future large deal closures, we retain our BUY rating on the stock. Applying a target multiple of 45x FY27E EPS, we arrive at a target price of ₹6,334.

Quarterly Financials

Quarterly Result Analysis					
YE March (Rs. Mn)	Q2FY26	Q1FY26	QoQ (%)	Q2FY25	YoY (%)
Net Sales (US\$ Mn)	406.2	389.7	4.2%	345.5	17.6%
Net Sales (INR Mn)	35,807	33,336	7.4%	28,972	23.6%
Less:					
Employees Benefits	24,836	23,057	7.7%	21,509	15.5%
SG&A Expenses	4,141	4,163	(0.5%)	2,655	55.9%
Total Operating Expenditure	28,976	27,220	6.5%	24,164	19.9%
EBITDA	6,831	6,116	11.7%	4,807	42.1%
EBIT	5,830	5,178	12.6%	4,062	43.5%
Less: Depreciation	1,000	938		745	
Less: Interest	180	171	5.4%	182	(1.4%)
Add: Other income	518	547	(5.3%)	465	11.3%
Profit Before Tax	6,168	5,554	11.1%	4,345	42.0%
Adjusted Profits	6,168	5,554	11.1%	4,345	42.0%
Less: Total Tax	1,454	1,305		1,095	
PAT	4,715	4,249	11.0%	3,250	45.1%
Adjusted PAT	4,715	4,249	11.0%	3,250	45.1%
Reported Diluted EPS (Rs.)	30.3	27.3	11.0%	21.1	43.4%
Margin Analysis %	Q2FY26	Q1FY26	Change in bps	Q2FY25	Change in bps
EBIT margin	16.3%	15.5%	75	14.0%	226
EBIDTA Margin	19.1%	18.3%	73	16.6%	248
NPM	13.2%	12.7%	42	11.2%	195
Adjusted NPM	13.2%	12.7%	42	11.2%	195
Effective Tax Rate %	23.6%	23.5%	7	25.2%	(164)
Cost Analysis %	Q2FY26	Q1FY26	Change in bps	Q2FY25	Change in bps
Employee Cost/Net Sales	69.4%	69.2%	19	74.2%	(488)
SG&A/Net sales	11.6%	12.5%	(92)	9.2%	240

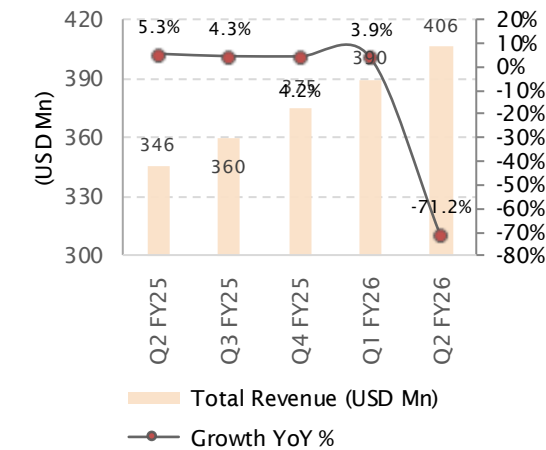
Source: Dalal & Broacha Research

Forward P/E Chart

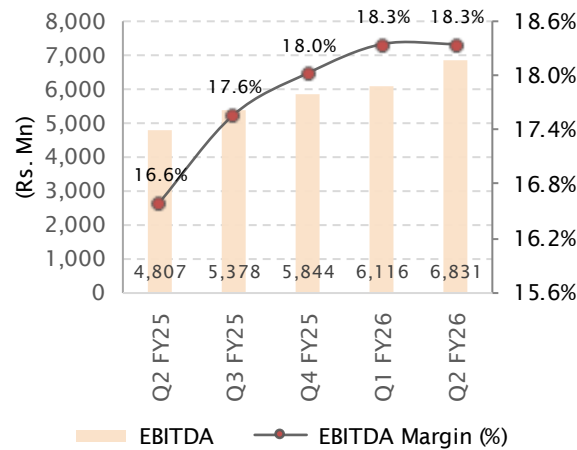


Source: Dalal & Broacha Research

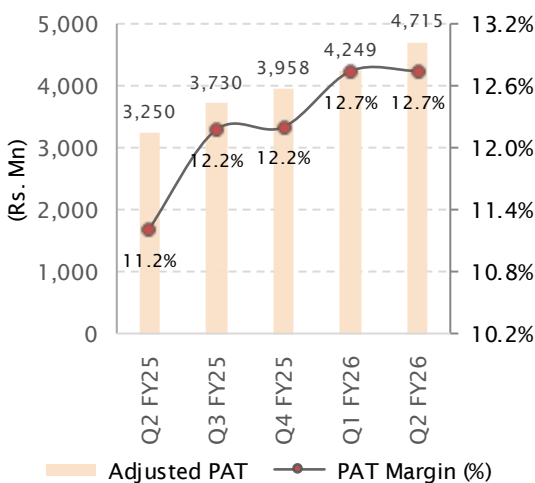
Net Sales Trajectory (USD Mn)



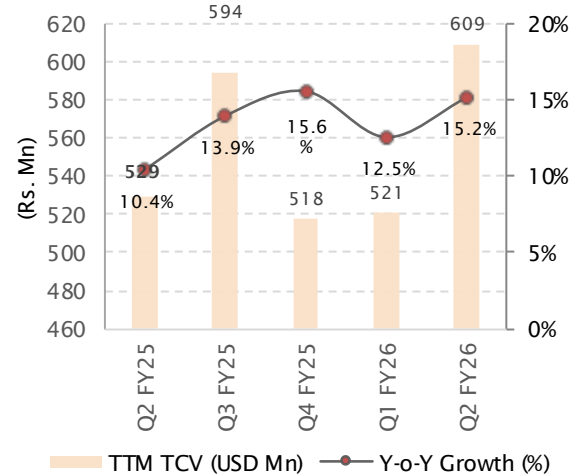
EBITDA & EBITDA Margin Trajectory



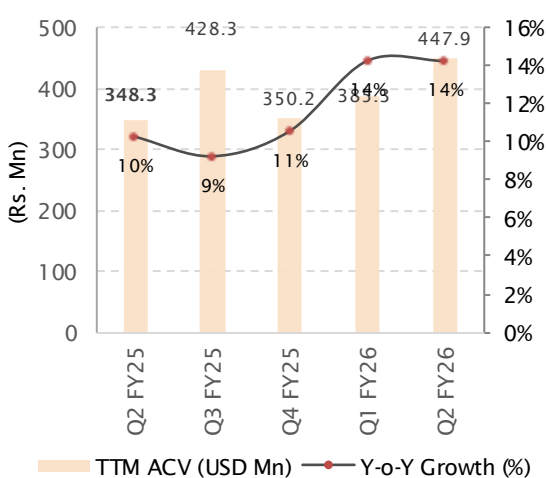
Adj. PAT (Exc. Exceptional) Trajectory



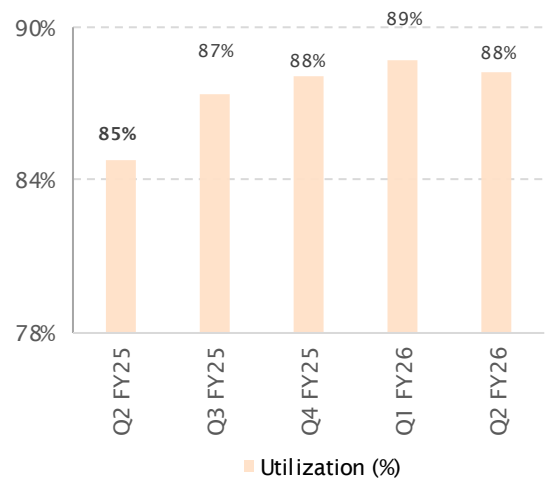
TCV (USD Mn)



ACV (USD Mn)



Utilization (%)



Source: Dalal & Broacha Research, Company

Financials

Profit & Loss A/c						
YE March (Rs. mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Net Sales	57,107	83,506	98,216	1,19,387	1,43,989	1,63,526
Growth %	36.4%	46.2%	17.6%	21.6%	20.6%	13.6%
Other Operating Income	0	0	0	0	0	0
Total Revenue	57,107	83,506	98,216	1,19,387	1,43,989	1,63,526
Less:						
Employee Cost & Related E	42,567	60,122	71,102	86,229	1,00,128	1,20,578
Miscellaneous Expenses	4,958	8,193	9,870	12,576	16,536	14,333
Total Operating Expenditure	47,526	68,315	80,973	98,805	1,16,665	1,34,912
EBIDTA	9,582	15,191	17,243	20,582	27,325	28,614
Growth %	40.3%	58.5%	13.5%	19.4%	32.8%	4.7%
Less: Depreciation	1,660	2,719	3,094	3,069	3,997	4,088
EBIT	7,922	12,472	14,149	17,513	23,328	24,526
Growth %	56.1%	57.4%	13.4%	23.8%	33.2%	5.1%
Interest Paid	118	473	467	671	685	640
Non-operating Income	1,440	706	1,280	1,382	1,813	1,962
Extraordinary Income	0	-297	-486	0	0	0
Profit Before tax	9,243	12,409	14,476	18,223	24,456	25,848
Tax	2,339	3,198	3,541	4,221	5,759	6,333
Net Profit before Minority	6,904	9,211	10,935	14,002	18,697	19,515
Net Profit	6,904	9,211	10,935	14,002	18,697	19,515
Adjusted Profit	6,904	9,507	11,421	14,002	18,697	19,515
Reported Diluted EPS Rs	45.2	60.3	70.2	89.8	120.0	125.2
Growth %	53.2%	33.4%	16.4%	28.0%	33.5%	4.4%
Adjusted Diluted EPS Rs	45.2	62.2	73.3	89.8	120.0	125.2
Growth %	53.2%	37.7%	17.8%	22.6%	33.5%	4.4%

Balance Sheet (Consolidated)						
YE March (Rs. mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Liabilities						
Equity Capital	764	764	770	779	779	779
Reserves & Surplus	32,918	38,887	48,807	62,411	73,583	85,243
Equity	33,682	39,651	49,577	63,191	74,362	86,022
Preference Share Capital						
Net Worth	33,682	39,651	49,577	63,191	74,362	86,022
Minority Interest						
Net Deferred tax liability/(u	2,326	3,760	859	823	1,123	1,235
Total Loans	2,801	2,058	99	0	0	0
Capital Employed	38,809	45,468	50,535	64,014	75,485	87,257
Assets						
Gross Block	8,970	11,936	12,354	12,866	14,066	16,266
Less: Depreciation	6,052	7,076	7,934	8,516	12,512	16,600
Net Block	2,918	4,860	4,420	4,350	1,554	-334
Capital WIP	1,071	161	219	42	50	57
Investments	4,409	5,475	7,173	7,460	8,675	9,846
Intangible Assets	11,060	16,355	15,604	17,993	25,918	29,435
Others Assets	3,863	1,629	1,421	1,438	1,735	1,970
Right of Use Assets	1,358	2,198	2,307	3,799	0	2,523
Current Assets						
Sundry Debtors	9,484	15,253	16,761	18,478	26,036	29,569
Current Investments	4,347	1,880	2,727	3,388	5,760	6,541
Cash and Bank Balance	9,145	9,033	10,229	10,255	8,719	11,026
Other Current Assets	5,414	8,752	11,852	18,139	21,598	24,529
Total Current Assets	28,389	34,918	41,569	50,260	62,113	71,665
Less: Current Liabilities & Provisions						
Sundry Creditors	4,299	5,689	8,139	8,886	9,589	11,089
Provisions	3,950	4,649	3,331	4,029	5,183	5,699
Other Current Liabilities	6,011	9,790	10,709	8,413	9,788	11,116
Total Current Liabilities	14,260	20,129	22,179	21,328	24,560	27,904
Capital Applied	38,809	45,468	50,535	64,014	75,485	87,257

Cash Flows (Consolidated)						
YE March (Rs. Mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
PAT	6,904	9,211	10,935	14,002	18,697	19,515
(Less)/Add: Extraordinary I	0	297	486	0	0	0
Less: Non Operating Incom	-1,440	-706	-1,280	-1,382	-1,813	-1,962
Add: Depreciation	1,660	2,719	3,094	3,069	3,997	4,088
Add: Interest Paid	118	473	467	671	685	640
Operating Profit before WC	7,243	11,994	13,702	16,360	21,566	22,281
(Inc)/Dec in Current Assets	-2,351	-6,640	-5,455	-8,665	-13,390	-7,244
Inc/(Dec) in Current Liabilit	6,562	5,869	2,050	-851	3,232	3,344
Net Cash Generated From C	11,455	11,223	10,297	6,845	11,408	18,381
Cash Flow from Investing Activities						
(Inc)/Dec in Fixed Assets	-1,085	-2,966	-418	-512	-1,200	-2,200
(Inc)/Dec in Capital Work Ir	-949	910	-57	177	-9	-7
(Inc)/Dec in Investment (Sti	-256	-638	-1,023	-876	-1,000	-1,000
(Inc)/Dec in Investment (Ot	-64	-428	-675	590	-215	-171
Add: Non Operating Income	1,440	706	1,280	1,382	1,813	1,962
(Inc)/Dec in Intangible Asse	-13,978	-3,902	850	-3,897	-4,423	-6,275
Cash Flow from Investing Ac	-14,894	-6,318	-43	-3,137	-5,034	-7,691
Cash Flow from Financing Activities						
Inc/(Dec) in Total Loans	5,163	691	-4,860	-134	300	112
Dividend Paid	-2,368	-3,833	-3,210	-4,607	-6,544	-6,830
Tax Paid on Dividend	-355	-575	-482	-691	-982	-1,025
Less: Interest Paid	-118	-473	-467	-671	-685	-640
Net Cash Flow from Financi	2,775	-5,017	-9,057	-3,681	-7,911	-8,383
Net Inc/Dec in cash equival	-664	-112	1,196	26	-1,536	2,307
Opening Balance	9,809	9,145	9,033	10,229	10,255	8,719
Closing Cash Balance	9,145	9,033	10,229	10,255	8,719	11,026

Key Ratios (Consolidated)						
YE March (Rs. mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Key Operating Ratios						
EBITDA Margin (%)	16.8%	18.2%	17.6%	17.2%	19.0%	17.5%
Tax / PBT (%)	25.3%	25.8%	24.5%	23.2%	23.5%	24.5%
Net Profit Margin (%)	12.1%	11.0%	11.1%	11.7%	13.0%	11.9%
RoE (%)	22.4%	25.9%	25.6%	24.8%	27.2%	24.3%
RoCE (%)	17.7%	22.0%	22.3%	23.5%	25.6%	22.8%
Current Ratio (x)	2.0x	1.7x	1.9x	2.4x	2.5x	2.6x
Dividend Payout (%)	39.4%	47.9%	33.8%	37.8%	40.3%	40.3%
Book Value Per Share (Rs.)	220.4	259.4	318.1	405.5	477.1	552.0
Financial Leverage Ratios						
Debt/ Equity (x)	0.1x	0.1x	0.0x	0.0x	0.0x	0.0x
Interest Coverage (x)	81.0x	32.1x	36.9x	30.7x	39.9x	44.7x
Interest / Debt (%)	8.3%	19.5%	43.3%	1354.1%	#DIV/0!	#DIV/0!
Growth Indicators %						
Growth in Gross Block (%)	13.8%	33.1%	3.5%	4.1%	9.3%	15.6%
Sales Growth (%)	36.4%	46.2%	17.6%	21.6%	20.6%	13.6%
EBITDA Growth (%)	40.3%	58.5%	13.5%	19.4%	32.8%	4.7%
Net Profit Growth (%)	53.2%	33.4%	18.7%	28.0%	33.5%	4.4%
Diluted EPS Growth (%)	53.2%	33.4%	16.4%	28.0%	33.5%	4.4%
Turnover Ratios						
Debtors Days	49	54	59	54	56	62
Creditors Days	44	42	50	48	44	43
Inventory (Days of Optg. Co	0	0	0	0	0	0

Source: Dalal & Broacha Research

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