

# Persistent Systems (PSYS IN)

**Q2FY27 Result Update**

October 16, 2026

☒ Estimate Change | ☒ Target | ☒ Reco.

## Change in Estimates

|                 | Current    |       | Previous |       |
|-----------------|------------|-------|----------|-------|
|                 | FY28E      | FY29E | FY28E    | FY29E |
| Rating          | ACCUMULATE |       | BUY      |       |
| Target Price    | 6,550      |       | 6,540    |       |
| Sales (INR bn)  | 228        | 270   | 227      | 270   |
| % Chng.         | 0.4        | -     |          |       |
| EBITDA (INR bn) | 43         | 51    | 43       | 51    |
| % Chng.         | -          | -     |          |       |
| EPS (INR)       | 187.2      | 223.6 | 187.4    | 222.5 |
| % Chng.         | (0.1)      | 0.5   |          |       |

## Key Data

PERS.BO | PSYS IN

|                     |                          |
|---------------------|--------------------------|
| BSE Code            | 533179                   |
| NSE Code            | PERSISTENT               |
| 52-W High / Low     | INR 6,599 / INR 4,242    |
| Face Value          | 5                        |
| Sensex / Nifty      | 74,316 / 22,997          |
| Market Cap          | INR 924 bn / \$ 9,716 mn |
| Shares Outstanding  | 158.15 mn                |
| 3M Avg. Daily Value | INR 3,081.83 mn          |

## Shareholding Pattern (%)

|                   |       |
|-------------------|-------|
| Promoters         | 30.29 |
| FII               | 20.79 |
| MF                | 21.79 |
| DII               | 10.17 |
| Public            | 16.96 |
| Promoter's Pledge | -     |

## Stock Performance (%)

|          | 1M  | 3M   | 6M   | 12M  |
|----------|-----|------|------|------|
| Absolute | 6.6 | 15.1 | 6.4  | 2.0  |
| Relative | 6.2 | 19.5 | 11.8 | 13.4 |

## Key Financials - Consolidated

| Y/e Mar             | FY26  | FY27E | FY28E | FY29E |
|---------------------|-------|-------|-------|-------|
| Sales (INR bn)      | 147   | 189   | 228   | 270   |
| EBITDA (INR bn)     | 28    | 36    | 43    | 51    |
| Margin (%)          | 19.0  | 18.8  | 18.9  | 19.0  |
| PAT (INR bn)        | 20    | 23    | 30    | 35    |
| EV (INR bn)         | 894   | 887   | 868   | 848   |
| Total Debt (INR bn) | -     | -     | -     | -     |
| C&C Eq. (INR bn)    | 11    | 26    | 45    | 65    |
| EPS (INR)           | 124.7 | 145.1 | 187.2 | 223.6 |
| Gr. (%)             | 38.2  | 16.3  | 29.1  | 19.4  |
| DPS (INR)           | 40.0  | 39.2  | 41.7  | 49.8  |
| Yield (%)           | 0.7   | 0.7   | 0.7   | 0.9   |
| RoE (%)             | 27.6  | 27.2  | 29.1  | 27.8  |
| RoCE (%)            | 26.4  | 28.1  | 28.0  | 26.8  |
| EV/Sales (x)        | 6.1   | 4.7   | 3.8   | 3.1   |
| EV/EBITDA (x)       | 32.0  | 25.0  | 20.2  | 16.5  |
| PE (x)              | 46.8  | 40.3  | 31.2  | 26.1  |
| P/BV (x)            | 11.7  | 10.2  | 8.1   | 6.6   |

## Steady performance, focus shifted to margins

### Quick Pointers

- Mixed quarter with strong revenue growth
- Aspiring to be in the 16%-17% operating margin band

PSYS reported revenue growth of 7.8% QoQ CC (vs. our estimate of 7.6%), aided by healthy growth within BFS and Hi-Tech verticals, attributed to a ramp-up of the large deal (USD650m). Healthcare growth was weak on account of underlying macro challenges in US payer segment. The weakness in deal TCV/ACV (+4.0%/+7.4% YoY) was a little disappointing, primarily attributed to a slower decision-making and deferred deal closure, which is likely to get recovered in Q3. Otherwise TTM TCV/ACV reported a growth of 36.3%/22.0% YoY. EBIT margin of 15.0% missed our estimate by 60 bps QoQ, primarily due to wage hike impact (140bps QoQ) and incremental investments in licensing and software tools (+32% QoQ). The management was confident of achieving 16-17% EBIT margin for FY27E. With the compensation revision behind and the large deal (USD650m) achieving its full potential in Q3, the operating leverage should kick in to support margin improvement in H2. We are keeping our CC revenue growth estimates largely unchanged, while revising our EBIT margin downward to 16.0% in FY27E (earlier 16.3%). The underlying fundamentals remain strong while the valuations have stretched over the past few sessions. Hence, downgrading PSYS to ACCUMULATE (BUY earlier). We assign 32x to Sep'28E EPS to arrive at a TP of INR 6,550.

**Revenue:** PSYS reported Q2 revenue of USD 488mn, up 7.8% QoQ in CC and reported terms, slightly above our estimate of 7.6% QoQ CC. Tech segment led the quarter with 13.3% QoQ growth, while BFSI growth was steady at 6.8% QoQ and the Healthcare segment remained flattish QoQ. Geography wise, North America grew 10.9% QoQ while Europe declined 10% QoQ & APAC remained flat.

**Operating Margin:** Q2 operating margin came in at 15.0%, down ~100 bps QoQ below consensus & our estimate of 15.6%, impacted by headwinds of wage hikes implementation (-140 bps), lower utilisation rate (-20 bps) and investments in third party tools & licenses (-90 bps), partly offset by tailwinds from lower engineering expenses and favourable currency (+150 bps).

**Deal Wins:** Total TCV deal wins in Q2 came in at USD 634mn (-45% QoQ) following a 6.5-years strategic deal win of USD 650mn in Q1, while new TCV wins came in at USD 367mn (-61% QoQ). ACV stood at USD 481mn (-10% QoQ), with new ACV at USD 262mn (-32% QoQ), returning to normalised level after a strong Q1.

### Quarter Summary

| Y/e Mar            | Q2'27E | Q2'27A | % Var. | Q2'26A | YoY gr. (%) |
|--------------------|--------|--------|--------|--------|-------------|
| Net Sales (INR bn) | 47     | 47     | 0.3    | 36     | 30.3        |
| EBITDA (INR bn)    | 8      | 9      | 2.7    | 7      | 26.4        |
| Margin (%)         | 18.1   | 18.5   | 43 bps | 19.1   | -56 bps     |
| PAT (INR bn)       | 5      | 5      | 3.7    | 5      | 13.9        |

Source: Company, PL

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## Strong revenue performance, miss on margins

- Revenue of USD 488 mn, up 7.8% QoQ in CC & USD, above our estimates of 7.6% QoQ CC growth
- Segment wise Hitech reported strong growth of 13.3% QoQ while BFSI reported growth of 6.8% & Healthcare remained flat QoQ.
- Geography wise, Growth was led by North America, growing 10.9% QoQ while Europe declined 10% QoQ & APAC remained flat
- EBIT margin came at 15.0%, down ~100 bps QoQ, below our & consensus estimate of 15.6% largely due to lower gross margins & higher depreciation expense.
- Reported TCV wins of USD 633.5 mn, down ~45% QoQ while NN was down 61% QoQ due to the USD 650 mn deal win in Q1. ACV came at USD 481 mn, down ~10% QoQ while NN ACV was down 32% QoQ.
- Net Headcount increased by 958 with net addition of 909 Software employees. Utilization incl. trainees declined by 70 bps QoQ to 85.8% while attrition declined by 40 bps QoQ to 11.9%
- Top 5 & 10 clients grew by 23.7% & 17.3% QoQ respectively, while non-top 10 accounts grew by 0.6% QoQ
- PAT excl one off expenses of acquisition related costs of INR 1.85 bn came at INR 5.37 bn, above our estimate of INR 5.18 bn

## Conference Call Highlights

- Management highlighted that the decline in Europe region was mainly attributable a key client getting acquired leading to ramp-down in that account and another engagement completing its planned ramp-down as a part of a fixed-price engagement, emphasizing that both are one-off client-specific events rather than a sign of broader geographic demand weakness.
- Management highlighted that growth in the high-tech & emerging industries vertical was driven by a new software reinvention offering launched during the quarter, underpinned by the theme of the large deal announced last quarter, and remains confident that this offering will drive growth across the business, creating a significant moat over the next several years.
- Management believes that the next phase of enterprise AI will be defined not by better models alone, but by how well enterprises combine them with their own knowledge, data, processes, people, and governance.
- Management highlighted that software companies are facing a dual challenge on growth and profitability, as AI-native companies and model providers intensify competition for customers, while rising AI consumption costs pressure margins and established products must continue funding AI investments.
- Management elaborated that as models commoditize, enterprise software differentiation is shifting to the context around them, and to the economics of the product the clients already run.
- Management highlighted that deal wins were impacted by slowdown of decision-making in the last few weeks, with some of them get impacted by the Middle East dynamics.
- Management highlighted that the Nagarro acquisition is currently awaiting RBI approvals and the FDI approvals in Austria and Spain, and expects the deal closure by Q4CY26 or Q1CY27. Management anticipates an additional USD 25-30mn of acquisition related expenses to be incurred over the next two quarters.

Exhibit 1: Quarterly Estimates

| (INR mn)   | Q1FY27 | YoY gr. (%) | Q2FY27 | YoY gr. (%) | Q3FY27E | YoY gr. (%) | Q4FY27E | YoY gr. (%) |
|------------|--------|-------------|--------|-------------|---------|-------------|---------|-------------|
| Sales      | 43,032 | 29.1        | 46,639 | 30.3        | 48,535  | 28.5        | 50,430  | 24.3        |
| EBIT       | 6,869  | 32.7        | 6,977  | 19.5        | 7,911   | 25.2        | 8,457   | 28.3        |
| Margin (%) | 16.0   | 40bps       | 15.0   | -130bps     | 16.3    | -40bps      | 16.8    | 50bps       |
| Adj. PAT   | 4,830  | 13.7        | 5,369  | 13.9        | 6,145   | 16.3        | 6,585   | 24.4        |

Source: Company, PL

Exhibit 2: 2QFY27 Results: Beat on revenue, miss on margins

|                             | 2QFY27 | 2QFY27E | % Var.  | 1QFY27 | QoQ gr. (%) | 2QFY26 | YoY gr. (%) | 1HFY27 | 1HFY26 | YoY gr. (%) |
|-----------------------------|--------|---------|---------|--------|-------------|--------|-------------|--------|--------|-------------|
| IT Services Revenue (USD m) | 488    | 487     | 0.2     | 452    | 7.8         | 406    | 20.0        | 940    | 796    | 18.1        |
| Overall Revenue (INR b)     | 47     | 47      | 0.3     | 43     | 8.4         | 36     | 30.3        | 90     | 69     | 29.7        |
| Gross Profit                | 16     | 16      | -1.9    | 15     | 4.1         | 13     | 22.2        | 31     | 25     | 25.2        |
| Gross Margin (%)            | 33.7   | 34.5    | -80bps  | 35.1   | -140bps     | 36.0   | -220bps     | 34.4   | 35.6   | -120bps     |
| SG&A and Other Costs        | 7.1    | 7.6     | -7.0    | 7.1    | 0.0         | 6.0    | 17.4        | 14     | 12     | 21.4        |
| % of Rev                    | 15.2   | 16.4    | -120bps | 16.5   | -130bps     | 16.9   | -170bps     | 15.8   | 16.9   | -110bps     |
| EBITDA                      | 9      | 8       | 2.7     | 8      | 7.8         | 7      | 26.4        | 17     | 13     | 28.7        |
| EBITDA Margin (%)           | 18.5   | 18.1    | 40bps   | 18.6   | -10bps      | 19.1   | -60bps      | 18.6   | 18.7   | -10bps      |
| Depreciation                | 2      | 1       | 41      | 1      | 45          | 1      | 66.6        | 3      | 2      | 45.5        |
| % of Rev                    | 3.6    | 2.6     | 100bps  | 2.7    | 90bps       | 2.8    | 80bps       | 3.1    | 2.8    | 30bps       |
| EBIT                        | 7      | 7       | -3.5    | 7      | 1.6         | 6      | 19.5        | 14     | 11     | 25.7        |
| EBIT Margin (%)             | 15.0   | 15.6    | -60bps  | 16.0   | -100bps     | 16.3   | -130bps     | 15.4   | 15.9   | -50bps      |
| Other Income (net)          | -1     | 0       | 26.2    | -1     | -8          | 0      | -277.4      | -1     | 1      | -273.3      |
| PBT                         | 6      | 7       | -5.6    | 6      | 2.6         | 6      | 3.6         | 13     | 12     | 7.7         |
| Tax                         | 1      | 2       | -35.7   | 1      | -27.1       | 1      | -29.7       | 2      | 3      | -12.2       |
| Effective tax rate (%)      | 16.0   | 23.5    | -750bps | 22.5   | -650bps     | 23.6   | -760bps     | 19.2   | 23.5   | -430bps     |
| Adjusted PAT                | 5.4    | 5.2     | 3.7     | 4.8    | 11.1        | 5      | 13.9        | 10     | 9      | 13.8        |
| Exceptional items           | 2      | 0       | NA      | 0      | NA          | 0      | NA          | 2      | 0      | NA          |
| Reported PAT                | 3.5    | 5.2     | -32.1   | 4.8    | -27.2       | 5      | -25.4       | 8      | 9      | -6.9        |
| Reported EPS (INR)          | 34.0   | 32.8    | 3.7     | 30.6   | 11.1        | 30.3   | 12.3        | 64.7   | 57.7   | 12.0        |

Source: Company, PL

Exhibit 3: Regional Growth (%)

| Geographies   | Contri. To Rev (%) | Growth (QoQ %) |
|---------------|--------------------|----------------|
| North America | 81.4               | 10.9           |
| Europe        | 7.1                | -10.0          |
| India         | 9.2                | 1.2            |
| RoW           | 2.3                | -4.7           |

Source: Company, PL

Exhibit 4: Vertical Growth (%)

| Verticals                       | Contri. To Rev (%) | Growth (QoQ %) |
|---------------------------------|--------------------|----------------|
| BFSI                            | 33.7               | 6.8            |
| Healthcare & Life Science       | 23.5               | 0.1            |
| Tech. Cos. & Emerging Verticals | 42.8               | 13.3           |

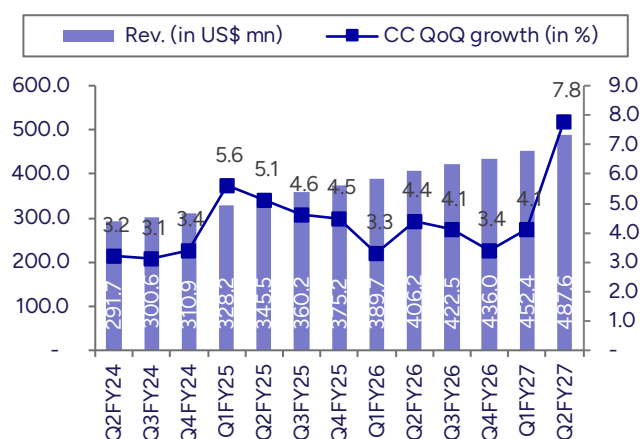
Source: Company, PL

Exhibit 5: Key Performance Indicator

|                          | 2QFY25 | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 | 3QFY26 | 4QFY26 | 1QFY27 | 2QFY27 | FY26*  | FY27E* |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Revenue growth (QoQ CC%) | 5.1    | 4.6    | 4.5    | 3.3    | 4.4    | 4.1    | 3.4    | 4.1    | 7.8    | 17.4   | 20.4   |
| <b>Margins (%)</b>       |        |        |        |        |        |        |        |        |        |        |        |
| Gross Margin             | 33.4   | 34.7   | 34.9   | 35.3   | 36.0   | 36.1   | 35.3   | 35.1   | 33.7   | 35.7   | 34.9   |
| EBIT Margin              | 14.0   | 14.9   | 15.6   | 15.5   | 16.3   | 16.7   | 16.3   | 16.0   | 15.0   | 16.2   | 16.0   |
| Net Margin               | 11.2   | 12.2   | 12.2   | 12.7   | 13.2   | 14.0   | 13.0   | 11.2   | 11.5   | 13.2   | 12.2   |
| <b>Operating metrics</b> |        |        |        |        |        |        |        |        |        |        |        |
| Headcount                | 23,237 | 23,942 | 24,594 | 25,340 | 26,224 | 26,711 | 27,502 | 28,640 | 29,598 | 27,502 | -      |
| Utilization (%)          | 84.8   | 87.4   | 88.1   | 88.7   | 88.2   | 88.4   | 88.0   | 86.5   | 85.8   | 88.0   | -      |
| LTM Attrition (%)        | 12     | 12.6   | 12.9   | 13.9   | 13.8   | 13.5   | 13.0   | 12.3   | 11.9   | 13.0   | -      |
| <b>Effort Mix (%)</b>    |        |        |        |        |        |        |        |        |        |        |        |
| Global Delivery Centers  | 15.8%  | 15.1%  | 14.8%  | 14.5%  | 14.1%  | 14.2%  | 14.6%  | 15.2%  | 15.7%  | 14.4%  | -      |
| India                    | 84.2%  | 84.9%  | 85.2%  | 85.5%  | 85.9%  | 85.8%  | 85.4%  | 84.8%  | 84.3%  | 85.6%  | -      |

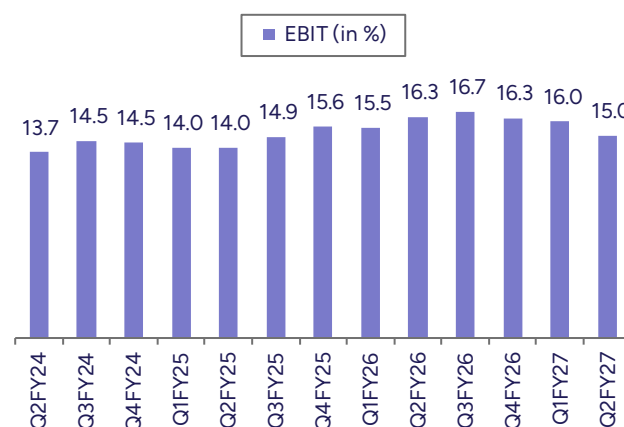
Source: Company, PL \* YoY growth

Exhibit 6: Revenue growth was above estimate



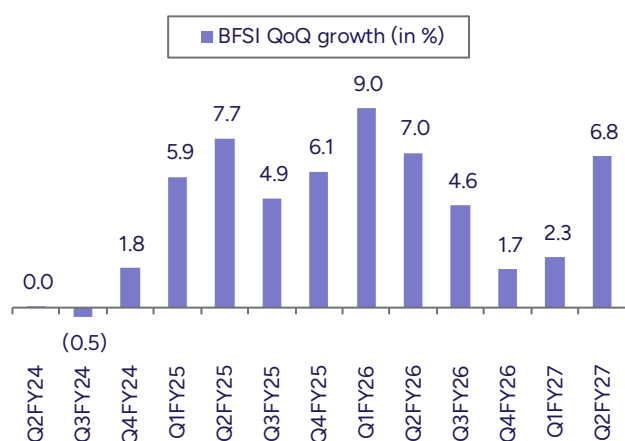
Source: Company, PL

Exhibit 7: Margin declined by 100 bps QoQ



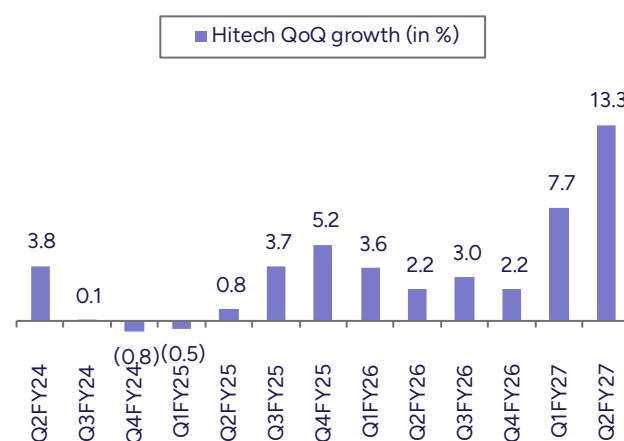
Source: Company, PL

Exhibit 8: BFSI growth steady



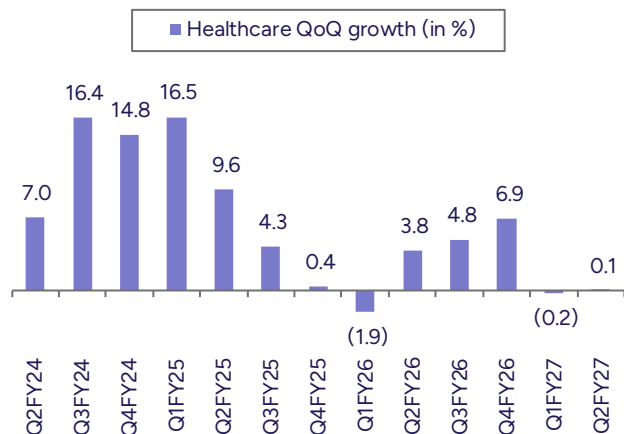
Source: Company, PL

Exhibit 9: Hitech reported strong growth



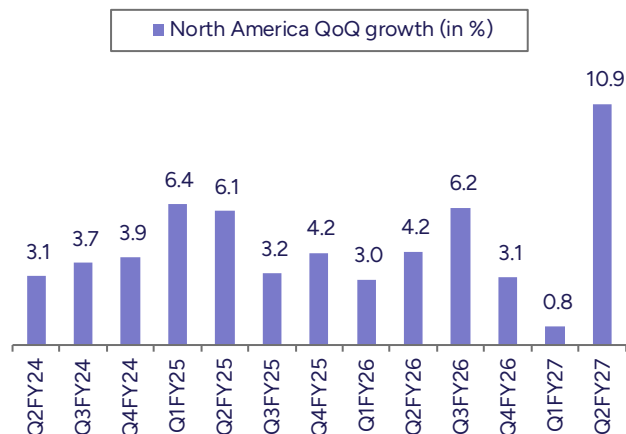
Source: Company, PL

Exhibit 10: Healthcare moderation continues



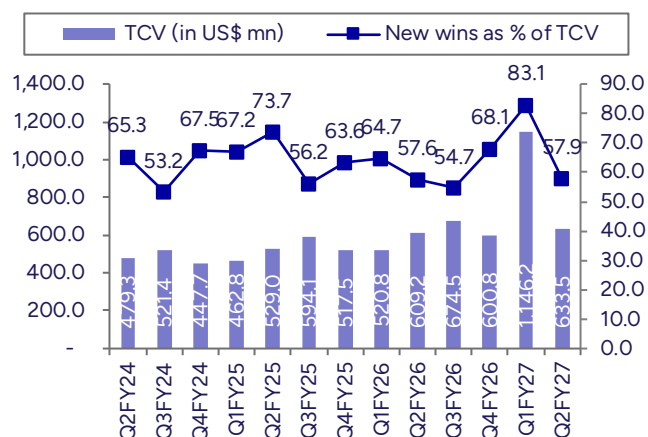
Source: Company, PL

Exhibit 11: North America QoQ growth robust



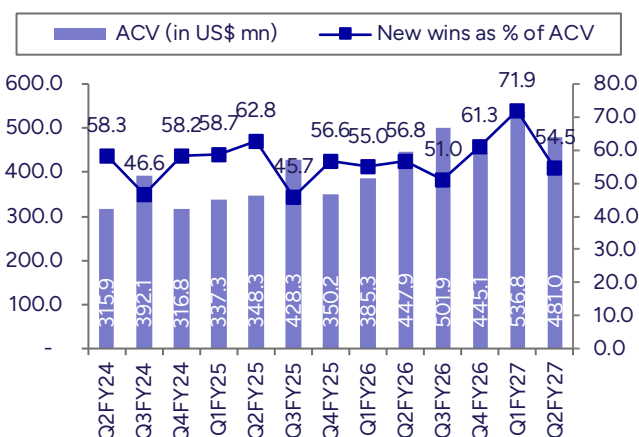
Source: Company, PL

Exhibit 12: TCV wins normalises in Q2



Source: Company, PL

Exhibit 13: ACV decreased QoQ in Q2



Source: Company, PL

## Exhibit 14: Operating Metrics

|                                 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 | 3QFY26 | 4QFY26 | 1QFY27 | 2QFY27 |
|---------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Geography (%)</b>            |        |        |        |        |        |        |        |        |        |        |        |        |        |
| North America                   | 79.2   | 79.7   | 80.1   | 80.7   | 81.3   | 80.5   | 80.5   | 79.8   | 79.8   | 81.5   | 81.4   | 79.1   | 81.4   |
| Europe                          | 9.5    | 8.9    | 7.8    | 7.8    | 7.9    | 8.2    | 8.4    | 9.0    | 9.3    | 8.5    | 8.1    | 8.5    | 7.1    |
| RoW                             | 11.3   | 11.4   | 12.1   | 11.5   | 10.8   | 11.3   | 11.1   | 11.2   | 10.9   | 10.0   | 10.5   | 12.4   | 11.5   |
| <b>Vertical Mix (%)</b>         |        |        |        |        |        |        |        |        |        |        |        |        |        |
| BFSI                            | 32.3   | 31.2   | 30.7   | 30.8   | 31.5   | 31.7   | 32.3   | 33.9   | 34.8   | 35.0   | 34.5   | 34.0   | 33.7   |
| Healthcare & Life Science       | 19.3   | 21.8   | 24.2   | 26.7   | 27.8   | 27.8   | 26.8   | 25.3   | 25.2   | 25.4   | 26.3   | 25.3   | 23.5   |
| Tech. Cos. & Emerging Verticals | 48.4   | 47.0   | 45.1   | 42.5   | 40.7   | 40.5   | 40.9   | 40.8   | 40.0   | 39.6   | 39.2   | 40.7   | 42.8   |
| <b>Client Metrics (%)</b>       |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Top 5 Clients                   | 28.3   | 28.0   | 29.2   | 30.7   | 31.4   | 30.8   | 32.7   | 31.8   | 32.9   | 32.9   | 31.5   | 33.2   | 38.1   |
| Top 10 Clients                  | 39.5   | 39.3   | 40.0   | 41.5   | 41.5   | 40.0   | 42.2   | 42.0   | 43.2   | 43.7   | 42.1   | 43.0   | 46.8   |
| <b>Employee Metrics</b>         |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Technical People                | 21,263 | 21,738 | 22,224 | 21,866 | 21,675 | 22,407 | 23,072 | 23,787 | 24,608 | 25,077 | 25,849 | 26,905 | 27,814 |
| Sales & BD                      | 443    | 465    | 484    | 510    | 492    | 489    | 485    | 496    | 510    | 520    | 543    | 579    | 603    |
| Others                          | 1,136  | 1,133  | 1,142  | 1,143  | 1,070  | 1,046  | 1,037  | 1,057  | 1,106  | 1,114  | 1,110  | 1,156  | 1,181  |
| Total                           | 22,842 | 23,336 | 23,850 | 23,519 | 23,237 | 23,942 | 24,594 | 25,340 | 26,224 | 26,711 | 27,502 | 28,640 | 29,598 |
| <b>Effort Mix (%)</b>           |        |        |        |        |        |        |        |        |        |        |        |        |        |
| - Global Delivery Centers       | 12.7%  | 13.8%  | 14.8%  | 15.2%  | 15.8%  | 15.1%  | 14.8%  | 14.5%  | 14.1%  | 14.2%  | 14.6%  | 15.2%  | 15.7%  |
| - India                         | 87.3%  | 86.2%  | 85.2%  | 84.8%  | 84.2%  | 84.9%  | 85.2%  | 85.5%  | 85.9%  | 85.8%  | 85.4%  | 84.8%  | 84.3%  |
| Linear Utilization %            | 80.6   | 81.5   | 80.0   | 82.1   | 84.8   | 87.4   | 88.1   | 88.7   | 88.2   | 88.4   | 88.0   | 86.5   | 85.8   |
| Attrition (%)                   | 13.5   | 11.9   | 11.5   | 11.9   | 12.0   | 12.6   | 12.9   | 13.9   | 13.8   | 13.5   | 13.0   | 12.3   | 11.9   |

Source: Company, PL

## Financials

### Income Statement (INR bn)

| Y/e Mar                       | FY26         | FY27E        | FY28E        | FY29E        |
|-------------------------------|--------------|--------------|--------------|--------------|
| Net Revenues                  | 147          | 189          | 228          | 270          |
| YoY gr. (%)                   | 23.5         | 27.9         | 20.7         | 18.7         |
| Cost of Goods Sold            | 95           | 123          | 148          | 175          |
| Gross Profit                  | 53           | 66           | 80           | 95           |
| Margin (%)                    | 35.7         | 34.9         | 35.2         | 35.3         |
| Employee Cost                 | -            | -            | -            | -            |
| Other Expenses                | -            | -            | -            | -            |
| <b>EBITDA</b>                 | <b>28</b>    | <b>36</b>    | <b>43</b>    | <b>51</b>    |
| YoY gr. (%)                   | 35.8         | 27.0         | 21.2         | 19.4         |
| Margin (%)                    | 19.0         | 18.8         | 18.9         | 19.0         |
| Depreciation and Amortization | 4            | 5            | 6            | 7            |
| <b>EBIT</b>                   | <b>24</b>    | <b>30</b>    | <b>37</b>    | <b>45</b>    |
| Margin (%)                    | 16.2         | 16.0         | 16.4         | 16.5         |
| Net Interest                  | -            | -            | -            | -            |
| Other Income                  | 1            | (1)          | 1            | 2            |
| <b>Profit Before Tax</b>      | <b>25</b>    | <b>29</b>    | <b>39</b>    | <b>46</b>    |
| Margin (%)                    | 17.0         | 15.5         | 17.0         | 17.1         |
| Total Tax                     | 5            | 6            | 9            | 11           |
| Effective Tax Rate (%)        | 21.8         | 21.6         | 23.5         | 23.5         |
| <b>Profit After Tax</b>       | <b>20</b>    | <b>23</b>    | <b>30</b>    | <b>35</b>    |
| Minority Interest             | -            | -            | -            | -            |
| Share Profit from Associate   | -            | -            | -            | -            |
| <b>Adjusted PAT</b>           | <b>20</b>    | <b>23</b>    | <b>30</b>    | <b>35</b>    |
| YoY gr. (%)                   | 39.6         | 17.3         | 29.2         | 19.4         |
| Margin (%)                    | 13.2         | 12.2         | 13.0         | 13.1         |
| Extra Ord. Income / (Exp)     | -            | -            | -            | -            |
| <b>Reported PAT</b>           | <b>19</b>    | <b>18</b>    | <b>30</b>    | <b>35</b>    |
| YoY gr. (%)                   | 33.2         | (2.3)        | 62.5         | 19.4         |
| Margin (%)                    | 12.6         | 9.7          | 13.0         | 13.1         |
| Other Comprehensive Income    | -            | -            | -            | -            |
| Total Comprehensive Income    | 19           | 18           | 30           | 35           |
| <b>Equity Shares O/s (bn)</b> | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b>     |
| <b>EPS (INR)</b>              | <b>124.7</b> | <b>145.1</b> | <b>187.2</b> | <b>223.6</b> |

Source: Company, PL

### Balance Sheet (INR bn)

| Y/e Mar                               | FY26       | FY27E      | FY28E      | FY29E      |
|---------------------------------------|------------|------------|------------|------------|
| <b>Non-Current Assets</b>             |            |            |            |            |
| <b>Gross Block</b>                    | <b>42</b>  | <b>45</b>  | <b>48</b>  | <b>53</b>  |
| Tangibles                             | 21         | 24         | 27         | 31         |
| Intangibles                           | 21         | 21         | 21         | 21         |
| <b>Acc: Dep / Amortization</b>        | <b>27</b>  | <b>32</b>  | <b>38</b>  | <b>45</b>  |
| Tangibles                             | 12         | 17         | 23         | 29         |
| Intangibles                           | 15         | 15         | 15         | 15         |
| <b>Net Fixed Assets</b>               | <b>15</b>  | <b>13</b>  | <b>10</b>  | <b>8</b>   |
| Tangibles                             | 9          | 7          | 5          | 2          |
| Intangibles                           | 6          | 6          | 6          | 6          |
| Capital Work In Progress              | -          | -          | -          | -          |
| Goodwill                              | 14         | 14         | 14         | 14         |
| Non-Current Investments               | 7          | 8          | 10         | 12         |
| Net Deferred Tax Assets               | 3          | 4          | 5          | 6          |
| Other Non-Current Assets              | 3          | 4          | 5          | 6          |
| <b>Current Assets</b>                 |            |            |            |            |
| Investments                           | 11         | 11         | 11         | 11         |
| Inventories                           | -          | -          | -          | -          |
| Trade Receivables                     | 21         | 27         | 33         | 39         |
| Cash & Bank Balance                   | 11         | 26         | 45         | 65         |
| Other Current Assets                  | 28         | 28         | 30         | 35         |
| <b>Total Assets</b>                   | <b>114</b> | <b>136</b> | <b>164</b> | <b>196</b> |
| <b>Equity</b>                         |            |            |            |            |
| Equity Share Capital                  | 1          | 1          | 1          | 1          |
| Other Equity                          | 78         | 90         | 113        | 140        |
| <b>Total Network</b>                  | <b>78</b>  | <b>90</b>  | <b>113</b> | <b>141</b> |
| <b>Non-Current Liabilities</b>        |            |            |            |            |
| Long Term Borrowings                  | -          | -          | -          | -          |
| Provisions                            | -          | -          | -          | -          |
| Other Non Current Liabilities         | 6          | 8          | 9          | 11         |
| <b>Current Liabilities</b>            |            |            |            |            |
| ST Debt / Current of LT Debt          | -          | -          | -          | -          |
| Trade Payables                        | 11         | 14         | 17         | 21         |
| Other Current Liabilities             | 18         | 18         | 18         | 19         |
| <b>Total Equity &amp; Liabilities</b> | <b>114</b> | <b>136</b> | <b>164</b> | <b>196</b> |

Source: Company, PL

## Cash Flow (INR bn)

| Y/e Mar                              | FY26       | FY27E      | FY28E      | FY29E      |
|--------------------------------------|------------|------------|------------|------------|
| PBT                                  | 24         | 29         | 39         | 46         |
| Add. Depreciation                    | 4          | 5          | 6          | 7          |
| Add. Interest                        | -          | -          | -          | -          |
| Less Financial Other Income          | 1          | (1)        | 1          | 2          |
| Add. Other                           | 1          | -          | -          | -          |
| Op. Profit before WC Changes         | 30         | 35         | 44         | 53         |
| Net Changes-WC                       | (6)        | (3)        | (4)        | (8)        |
| Direct Tax                           | (6)        | (6)        | (9)        | (11)       |
| <b>Net Cash from Op. Activities</b>  | <b>18</b>  | <b>25</b>  | <b>31</b>  | <b>34</b>  |
| Capital Expenditures                 | (2)        | (3)        | (3)        | (4)        |
| Interest / Dividend Income           | -          | -          | -          | -          |
| Others                               | (5)        | (1)        | (2)        | (2)        |
| <b>Net Cash from Inv. Activities</b> | <b>(6)</b> | <b>(4)</b> | <b>(5)</b> | <b>(6)</b> |
| Issue of Share Cap. / Premium        | -          | -          | -          | -          |
| Debt Changes                         | (2)        | -          | -          | -          |
| Dividend Paid                        | (6)        | (6)        | (7)        | (8)        |
| Interest Paid                        | -          | -          | -          | -          |
| Others                               | -          | -          | -          | -          |
| <b>Net Cash from Fin. Activities</b> | <b>(7)</b> | <b>(6)</b> | <b>(7)</b> | <b>(8)</b> |
| <b>Net Change in Cash</b>            | <b>4</b>   | <b>15</b>  | <b>20</b>  | <b>20</b>  |
| Free Cash Flow                       | 16         | 23         | 28         | 30         |

Source: Company, PL

## Quarterly Financials (INR bn)

| Y/e Mar                           | Q3FY26      | Q4FY26      | Q1FY27      | Q2FY27      |
|-----------------------------------|-------------|-------------|-------------|-------------|
| <b>Net Revenues</b>               | <b>38</b>   | <b>41</b>   | <b>43</b>   | <b>47</b>   |
| YoY gr. (%)                       | 5.5         | 7.4         | 6.1         | 8.4         |
| Raw Material Expenses             | 24          | 26          | 28          | 31          |
| Gross Profit                      | 14          | 14          | 15          | 16          |
| Margin (%)                        | 36.1        | 35.3        | 35.1        | 33.7        |
| <b>EBITDA</b>                     | <b>7</b>    | <b>8</b>    | <b>8</b>    | <b>9</b>    |
| YoY gr. (%)                       | -           | -           | -           | -           |
| Margin (%)                        | 19.4        | 18.9        | 18.6        | 18.5        |
| Depreciation / Depletion          | 1           | 1           | 1           | 2           |
| <b>EBIT</b>                       | <b>6</b>    | <b>7</b>    | <b>7</b>    | <b>7</b>    |
| Margin (%)                        | 16.7        | 16.3        | 16.0        | 15.0        |
| Net Interest                      | -           | -           | -           | -           |
| Other Income                      | -           | -           | (1)         | (1)         |
| <b>Profit before Tax</b>          | <b>7</b>    | <b>7</b>    | <b>6</b>    | <b>6</b>    |
| Margin (%)                        | 17.3        | 16.6        | 14.5        | 13.7        |
| Total Tax                         | 1           | 1           | 1           | 1           |
| Effective Tax Rate (%)            | 19.2        | 21.5        | 22.5        | 16.0        |
| <b>Profit After Tax</b>           | <b>5</b>    | <b>5</b>    | <b>5</b>    | <b>5</b>    |
| Minority Interest                 | -           | -           | -           | -           |
| Share Profit from Associate       | -           | -           | -           | -           |
| <b>Adjusted PAT</b>               | <b>5</b>    | <b>5</b>    | <b>5</b>    | <b>5</b>    |
| YoY gr. (%)                       | 12.1        | 0.2         | (8.7)       | 11.1        |
| Margin (%)                        | 14.0        | 13.0        | 11.2        | 11.5        |
| Extra Ord. Income / (Exp)         | -           | -           | -           | -           |
| <b>Reported PAT</b>               | <b>4</b>    | <b>5</b>    | <b>5</b>    | <b>4</b>    |
| YoY gr. (%)                       | (6.8)       | 20.4        | (8.7)       | (27.2)      |
| Margin (%)                        | 11.6        | 13.0        | 11.2        | 7.5         |
| Other Comprehensive Income        | -           | -           | -           | -           |
| <b>Total Comprehensive Income</b> | <b>4</b>    | <b>5</b>    | <b>5</b>    | <b>4</b>    |
| Avg. Shares O/s (bn)              | -           | -           | -           | -           |
| <b>EPS (INR)</b>                  | <b>33.8</b> | <b>33.6</b> | <b>30.6</b> | <b>33.9</b> |

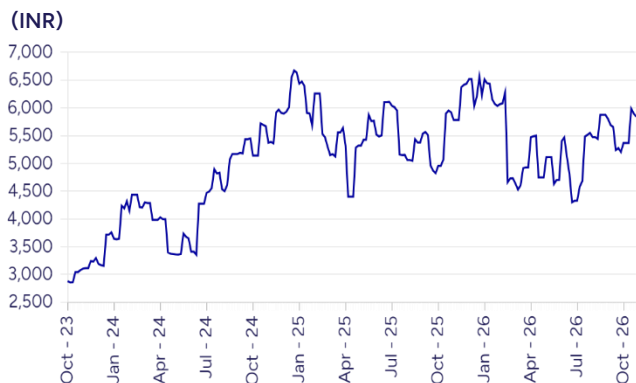
Source: Company, PL

## Key Financial Metrics

| Y/e Mar                    | FY26  | FY27E | FY28E | FY29E |
|----------------------------|-------|-------|-------|-------|
| <b>Per Share (INR)</b>     |       |       |       |       |
| EPS                        | 124.7 | 145.1 | 187.2 | 223.6 |
| CEPS                       | 150.4 | 178.5 | 223.2 | 266.4 |
| BVPS                       | 500.2 | 572.0 | 717.2 | 891.0 |
| FCF                        | 99.5  | 142.8 | 177.0 | 187.8 |
| DPS                        | 40.0  | 39.2  | 41.7  | 49.8  |
| <b>Return Ratio (%)</b>    |       |       |       |       |
| RoCE                       | 26.4  | 28.1  | 28.0  | 26.8  |
| ROIC                       | 19.9  | 21.0  | 20.9  | 20.6  |
| RoE                        | 27.6  | 27.2  | 29.1  | 27.8  |
| <b>Balance Sheet</b>       |       |       |       |       |
| Net Debt : Equity (x)      | -     | -     | -     | -     |
| Net Working Capital (Days) | 25    | 25    | 25    | 25    |
| <b>Valuation (x)</b>       |       |       |       |       |
| PER                        | 46.8  | 40.3  | 31.2  | 26.1  |
| P/B                        | 11.7  | 10.2  | 8.1   | 6.6   |
| P/CEPS                     | 38.8  | 32.7  | 26.2  | 21.9  |
| EV/EBITDA                  | 32.0  | 25.0  | 20.2  | 16.5  |
| EV/Sales                   | 6.1   | 4.7   | 3.8   | 3.1   |
| Dividend Yield (%)         | 0.7   | 0.7   | 0.7   | 0.9   |
| FCFF Yield (%)             | 1.7   | 2.4   | 3.0   | 3.2   |
| PEG Ratio                  | 1.2   | 2.5   | 1.1   | 1.3   |

Source: Company, PL

### Price Chart



### Recommendation History

| No. | Date      | Rating     | TP (INR) | Share Price (INR) |
|-----|-----------|------------|----------|-------------------|
| 1   | 03-Oct-26 | BUY        | 6540     | 5367              |
| 2   | 03-Aug-26 | Accumulate | 5860     | 5575              |
| 3   | 02-Jul-26 | BUY        | 5570     | 4581              |
| 4   | 29-Jun-26 | BUY        | 6400     | 4842              |
| 5   | 22-Apr-26 | Buy        | 6400     | 5330              |
| 6   | 01-Apr-26 | BUY        | 6570     | 5049              |
| 7   | 21-Jan-26 | BUY        | 7360     | 6343              |
| 8   | 02-Jan-26 | BUY        | 7060     | 6283              |
| 9   | 15-Oct-25 | BUY        | 6280     | 5338              |
| 10  | 04-Oct-25 | BUY        | 5970     | 5069              |

### Analyst Coverage Universe

| Sr. No. | Company Name              | Rating     | TP (INR) | Share Price (INR) |
|---------|---------------------------|------------|----------|-------------------|
| 1       | Coforge                   | BUY        | 2230     | 1826              |
| 2       | Cyient                    | Accumulate | 1240     | 1105              |
| 3       | Firstsource Solutions     | BUY        | 350      | 250               |
| 4       | Fractal Analytics         | BUY        | 1020     | 727               |
| 5       | HCL Technologies          | HOLD       | 1230     | 1223              |
| 6       | Infosys                   | BUY        | 1300     | 1035              |
| 7       | KPIT Technologies         | Reduce     | 470      | 492               |
| 8       | L&T Technology Services   | HOLD       | 3300     | 3268              |
| 9       | Latent View Analytics     | BUY        | 320      | 234               |
| 10      | LTM                       | Accumulate | 4260     | 4007              |
| 11      | Mphasis                   | BUY        | 2920     | 2250              |
| 12      | Persistent Systems        | BUY        | 6540     | 5367              |
| 13      | Sagility                  | BUY        | 60       | 43                |
| 14      | Tata Consultancy Services | BUY        | 2390     | 2076              |
| 15      | Tata Elxsi                | Accumulate | 3790     | 3427              |
| 16      | Tata Technologies         | REDUCE     | 670      | 746               |
| 17      | Tech Mahindra             | BUY        | 1900     | 1533              |
| 18      | Wipro                     | HOLD       | 154      | 159               |

### 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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