

“PERSISTENT SYSTEMS EARNINGS CONFERENCE CALL, FOURTH QUARTER, FY26 ENDED MARCH 31, 2026”

6:00 PM IST, Tuesday, April 21, 2026

MANAGEMENT:

Dr. Anand Deshpande
Chairman and Managing Director

Mr. Sandeep Kalra
Executive Director and Chief Executive Officer

Mr. Vinit Teredesai
Executive Director and Chief Financial Officer

Mr. Nitish Shrivastava
Chief Technology Officer - Engineering Hyper-Productivity

Mr. Barath Narayanan
Executive Vice President – Global BFSI and Europe Geo Head

Mr. Saurabh Dwivedi
Corporate Vice President, Finance and Strategy

Moderator: Ladies and gentlemen, good day and welcome to Persistent Systems Earning Conference Call for the **fourth** quarter of FY26, ended March 31, 2026. We have with us on the call today,

- Dr. Anand Deshpande - Chairman and Managing Director,
- Mr. Sandeep Kalra - Executive Director and Chief Executive Officer,
- Mr. Vinit Teredesai - Executive Director and Chief Financial Officer,
- Mr. Nitish Shrivastava – Chief Technology Officer - Engineering Hyper-Productivity,
- Mr. Barath Narayanan – Executive Vice President – Global BFSI and Europe Geo Head, and
- Mr. Saurabh Dwivedi - Corporate Vice President, Finance and Strategy.

Please note, all participants' line will be in listen-only mode and there will be an opportunity for you to ask questions after management's opening remarks. Should you need any assistance during the conference call, please raise your hand from the 'Participant' tab on the screen. While asking questions, request you to please identify yourself and your company. Please note, this conference is being recorded.

I now hand over the conference to Mr. Saurabh Dwivedi. Thank you and over to you, Sir.

Saurabh Dwivedi: Thank you, Vandit. A very good day, good evening to all. We sincerely appreciate your presence and participation in today's call. I will quickly outline the agenda for today's call.

- Sandeep will begin with an overview of our results and commentary on the business.
- Vinit will take you through the financial details and key operational metrics for this quarter.
- Nitish, our CTO, Engineering Hyper-Productivity Business, will provide details on expansion of our AI capabilities and offerings in the quarter gone by.
- Barath, our Head of BFSI Vertical and Europe Region, will take you through the details of our BFSI Vertical and our recent customer wins.

- I will then provide an overview of our key deal wins and awards and recognitions for this quarter.
- Sandeep will then come back for a quick summary of the prepared remarks, post which we will open the conference for questions.

Let me also remind you that as part of our prepared remarks and during Q&A we may make certain statements which are forward-looking and may involve significant uncertainty. Persistent does not take any responsibility to update such forward looking statements and your discretion is warranted while making any investment decisions.

With this, let me hand over to Sandeep for his prepared remarks.

Sandeep Kalra:

Thank you, Saurabh. Good evening, good morning and good afternoon to all the folks depending on where you are joining from. I hope all of you are doing well.

Let me start with a quick financial summary of the quarter gone by.

- We achieved a healthy revenue growth of 3.2% quarter-on-quarter and 16.2% year-on-year, delivering USD 436 million in Q4 FY26. This marks our 24th sequential quarter of revenue growth.
- In rupee terms, the growth for the quarter came in at 7.4% quarter-on-quarter and 25.1% year-on-year.
- In constant currency terms, the growth for the quarter was 3.4% quarter-on-quarter.
- The EBIT margin for the quarter came in at 16.3%, translating to an EBIT growth of 21.4% and 30.4% QoQ and YoY respectively.
- The Profit After Tax for the quarter came in at 13.1%, translating to a PAT growth of 20.4% QoQ and 33.7% YoY.

Coming to the full FY26.

- FY26 revenue came in at USD 1.65 billion, translating into 17.4% YoY.
- In rupee terms, this translates to 23.5% YoY growth.
- The EBIT margin for FY26 came in at 15.6%, a 31.1% YoY growth.
- Profit After Tax for the full year came in at 12.6%, an increase of 33.2% YoY in absolute terms.

Vinit, our CFO, will provide a detailed color on the financials and margin movement later in this call.

Coming to the order book for the quarter.

- The Total Contract Value for the quarter stood at USD 600.8 million, with Total Contract Value of the new bookings coming in at USD 428.9 million.
- The Annual Contract Value of bookings for this quarter is USD 445.1 million, out of which Annual Contract Value from new bookings contributed to a healthy USD 272.7 million.
- The Total Contract Value for the year came in at USD 2.4 billion, while the corresponding annual contract value came in at USD 1.8 billion.

Given that 80% of our revenue comes from the US, we normally see peak renewals and hence overall bookings in the December quarter, which coincides with our customers' fiscal year. The sequential moderation in bookings this quarter is consistent with this normal seasonality seen in prior years as well.

To remind everyone, both TCV and ACV numbers include all bookings, small and large, renewals as well as new bookings across existing and new customers. Also, as highlighted in our earlier calls, our revenue conversion on a quarterly basis is a function of ACV bookings closed in previous quarters as well as the conversion from multi-year deals booked in previous years, which are included in our Total Contract Value or TCV bookings that we announce on a quarterly basis.

Now, let me give you a color on our client movements across various reported categories.

- This quarter we witnessed healthy year-on-year growth among our various client buckets with our
 - Top 5 customer revenue growing by 20.7%,
 - Top 10 by 19.4%,
 - Top 20 by 20.0%,
 - Top 50 by 20.9% and
 - Top 100 by 19.5%.

Coming to the year-on-year movement of customers across various reported buckets.

- Customers with annual revenues greater than US\$75 million remained stable at 4 on a year-on-year basis.
- Those with US\$50 million plus annual revenue remained stable at 4.

- US\$20 million plus increased from 10 to 12.
- US\$10 million plus increased from 21 to 29.
- Those in US\$5 million plus category saw a significant increase from 55 to 62 over the last one year.
- The customers on US\$1 million plus category increased from 191 to 201.

This demonstrates our consistent success in cultivating deeper, more resilient partnerships with our customers over time.

Now, coming to the details of our performance across geographies.

- In terms of year-on-year growth this quarter in dollar terms, North America revenue grew by 17.4%, Europe grew by 12.3%, India by 4.2%, and the rest of the world grew by 41.4%, although on a smaller base.
- For the full year, North America grew 17.2%, Europe grew 26.7%, India 9.5%, and the rest of the world by 27.5%.

Coming to the industry segment.

- This quarter's growth was led by Banking Financial Services vertical with 24.3% growth year-on-year followed by Healthcare, Life Sciences and Software, High-tech and Emerging verticals, which grew by 14.1% and 11.2% respectively on a year-on-year basis.
- For the full year FY26, Banking Financial Services vertical led the growth by 28.4% followed by High-tech and Emerging verticals, which grew by 13.8%, and Healthcare, Life sciences, which grew by 10.1%.

Coming to an update on the interim dividend and the final dividend.

- I am pleased to share with you that the Board of Directors has recommended a final dividend of ₹18 per share on face value of ₹5 per share. This brings the total dividend for FY26 at ₹40, including the interim dividend, and this compares to ₹35 in FY25.
- The dividend recommended by the Board is subject to approval at the ensuing Annual General Meeting.

Coming to the AI updates.

- In the quarter gone by we saw significant announcements on the AI roadmap by various ecosystem players such as Anthropic, OpenAI, NVIDIA, Microsoft, Google, Snowflake, Databricks and others.
- We do expect the pace of adoption in both the tech companies and enterprises to accelerate significantly in the coming quarters, with tech companies leading the way.
- We are steadily making progress on our AI journey and as a part of our capability build and workforce transformation, we recently concluded our Persistent AI huddle in Pune. As a part of our huddle, 1700 plus of our team members, including business leaders, delivery heads, delivery partners, technical architects and senior engineers participated. During this event, we did a deep dive into our AI offerings across the three pillars of our AI-led platform approach - engineering hyperproductivity, business hyperproductivity and enterprise data readiness. All the participants underwent hands-on experience of executing end-to-end real-world use cases using various AI stacks such as OpenAI, Anthropic, Copilot, and SASVA.
- The end goal of the huddle was to strengthen execution for our expanded AI platform and offerings and enable GTM readiness across the organization.

My colleague Nitish will be detailing our overall progress on the AI front a little later in this call.

Further to a successful huddle, we are now conducting our annual flagship hackathon, Semicolons, involving our entire employee base. The focus of this would be on building AI-native solutions and to continue the momentum in bringing our workforce up to the latest in terms of the latest technology stacks and our platforms.

We also intend to host our AI Investor Day in early June timeframe at our offices in Pune to showcase our AI capabilities, our AI partnerships as well as some of the marquee customer case studies. We aim to make this Investor Day comprehensive for our investor community by including a hands-on AI hackathon involving our investors in collaboration with our technical and business teams. We are excited about the event and we look forward to active participation from our investor community.

Coming to other organizational updates.

- I am pleased to share that we have further strengthened our leadership team with the addition of two leaders, Ruchi Kulhari and Hari Abhayankar.
- Ruchi joined us as an Executive Vice President, Enterprise Strategy and Execution. In her role, she will be partnering closely with me and our executive leadership team to drive critical priorities working across business units and functions to translate these priorities into clearly defined initiatives with measurable outcomes. She has a rich work experience working across firms such as Infosys, EXL, Unisys, etc.
- Hari joined us as Executive Vice President and Global Head of Private Equity and Professional Services spearheading our company's global strategy and growth across private equity investors, their portfolio companies and professional services organizations. Prior to joining us, Hari has spent significant time at McKinsey consulting with enterprise software companies.

With this, I would like to invite Vinit to provide more details on our financials. Vinit, over to you.

Vinit Teredesai:

Thank you, Sandeep. Good evening and good day to all. Thank you for taking the time to join us today.

Let me now take you through the financial highlight for the quarter as well as for the full year gone by.

- Q4 FY26 revenue stood at USD 436 million, registering a year-on-year growth of 16.2%.
- In rupee terms, it translates into ₹40,559.4 million, a growth of 25.1% year-on-year.
- EBIT for this quarter was ₹6,591.6 million, translating to a growth of 30.5% year-on-year.
- EBIT margin for Q4 FY26 came in at 16.3%, a 70 basis point increase year-on-year.

I will now share the highlights for the full year FY26.

- Revenue came in at USD 1,654.4 million, a year-on-year growth of 17.4%.
- In rupee terms, this translates to ₹1,47,484.5 million, a growth of 23.5% year-on-year.

- EBIT for FY26 was ₹23,034.7 million, translating to a growth of 31.5% year-on-year.
- EBIT margin for FY26 came in at 15.6%, an improvement of 90 basis points year-on-year.

Let me now give you a quarter-on-quarter EBIT margin walkthrough.

In terms of headwinds,

- Increase in consulting and advisory expenses related to corporate development initiatives resulted in a margin impact of 60 basis points this quarter.
- Increase in sub-con cost expenses, purchase of software licenses and travel related to annual planning exercise cumulatively led to an impact of 70 basis points on our margins this quarter.

In terms of tailwinds,

- Q4 margins benefited by 220 basis points due to absence of one-time cost impact of the new wage code which was incurred in the previous quarter.
- Operational efficiencies resulted in an improvement of 40 basis points in margins.
- Favourable currency helped the margin by 60 basis points.

All these headwinds and tailwinds put together have resulted in an improvement of 190 basis points in our EBIT margin on a quarter-on-quarter basis.

- Other income, net of finance costs, stood at ₹136.3 million as against ₹153.5 million in Q3 of FY26. This dip is primarily on account of mark-to-market losses on our mutual fund investments.
- We had a foreign exchange gain of ₹11.9 million this quarter as against a loss of ₹154.3 million in Q3 of FY26.
- Effective tax rate for the quarter came in at 21.5% versus 22.2% last quarter.
- Effective tax rate for FY26 stood at 22.6%.
- Profit After Tax was at ₹5,292.6 million, a growth of 33.7% year-on-year. This translates to a PAT margin of 13.1%.

- Earnings Per Share was ₹33.80 per share in Q4 of FY26 compared to ₹28.20 per share in the previous quarter.
- Year-on-year growth in EPS was ₹31.9%.
- Excluding cash from capital employed, the Return on Capital Employed for Q4 FY26 came in at 45.2% versus 43.8% in the previous quarter.
- Total cash and investments stood at ₹27,622.1 million as of 31st March, 2026.
- In this quarter, the billed DSO came in at 53 days while the unbilled DSO came in at 27 days. Billed DSO decreased by 4 days and unbilled DSO increased by 3 days compared to Q3 of FY26.
- OCF to PAT came in at 77% in Q4 of FY26 compared to 91% in the previous quarter. This decline in Operational Cash Flow to PAT was primarily on account of higher proportion of unbilled revenue in this quarter, which we expect to normalize in the next quarter.
- Additional delays in the receipt of tax refunds and annual payment towards insurance premium have contributed to this decline in OCF to PAT.
- For the full year FY26, our Operational Cash Flow to PAT came in at 93.6% compared to 82.6% for FY25.
- Forward contracts outstanding as of 31st March, 2026 were USD 500 million at an average rate of ₹90.70 per dollar.

Let me now give you some operational updates.

- At the end of Q4 of FY26, our total headcount stood at 27,502, an increase of 791 from the previous quarter.
- Utilization in this quarter remained flattish at 88%.
- Trailing 12 months attrition for this quarter came in at 13% compared to 13.5% in the previous quarter.

Coming to updates on ESG.

- Our ESG performance continues to translate into risk resilience, long-term value creation and strong external validation.
- We are positioned in the Top 10% of the S&P Sustainability Yearbook with a score of 86 out of 100.
- Our CDP Climate Change rating improved from B to A, placing us amongst the top 4% of the companies globally.

- Further, we ranked 3rd overall and 2nd in the IT sector in the Business World's India's Most Sustainable Companies, reinforcing our sector leadership.
- In the Perpetual Capital Hurun India Impact 50 – 2026, we were ranked 13th, reflecting a measurable impact at scale.
- Notably, we achieved carbon neutrality 2 years ahead of target resulting in the Number 1 rank amongst the companies targeting carbon neutrality by 2030 and Number 3 amongst the sustainable software and services companies, a strong indicator of execution credibility rather than intent-based commitments.
- We were featured in the Dun & Bradstreet's India's Leading ESG Entities Report, strengthening our overall ESG risk and opportunity profile.
- On the social dimension, being named amongst the ET Edge Best Organization for Women 2026, reinforces talent sustainability, leadership depth and inclusion, critical factors for long-term performance in knowledge-led businesses.
- Collectively, these outcomes reflect a disciplined ESG strategy embedded into governance and operations, supporting business resilience, stakeholder trust and sustained shareholder value.

With this, let me now invite Nitish to share updates on our AI journey.

Nitish Shrivastava: Thank you, Vinit. Let me update you all on the progress of our AI journey as we continue to help our clients adopt and scale AI with measurable outcomes. As you know, our AI strategy is anchored on three key pillars - engineering hyperproductivity, business hyperproductivity and enterprise data readiness along with responsible AI.

- Engineering hyperproductivity is about embedding AI across the software development lifecycle so engineering teams can deliver faster, improve code quality and do more with less.
- Business hyper-productivity is about applying AI to automate and optimize business processes, workflows and decision-making across enterprise functions so organizations can drive efficiency and faster outcomes.
- Enterprise data readiness is about preparing an enterprise data foundation with the right structure, governance and accessibility so AI can deliver accurate, contextual and trusted outcomes at scale.

Together, these three pillars define the path enterprises must take to realize the full value of AI. While AI can take enterprises a long way on their transformation journey, the true challenges lie in overcoming the last mile. Achieving this requires making AI-driven outcomes repeatable, transparent and governed at scale so that the success is sustained and trusted throughout the enterprise. Delivering enterprise AI value requires contextualized intelligence and repeatable, reliable execution. This needs a structured approach across three enterprise-wide layers.

- The core foundation layer ensures a secure, governed, interoperable and cost-controlled foundation for enterprise AI operation. It is vital for scalability, compliance and trust.
- The governed grounding layer contextualizes and provides reliable, traceable access to enterprise-wide data, processes, knowledge and history. It builds trusted enterprise memory with domain awareness, lineage, business rules and compliance.
- The work orchestration layer coordinates and integrates people, agents, applications, resources and systems in process-driven workflows with clear control, accountability and governance.

Our platforms, SASVA, iAURA, and GenAI Hub bring all these things together. Our methodologies and accelerators extend this into partners' ecosystem. This helps our customers realize AI value through a combination of our own IP and the best of what our partners offer.

We continue to invest in our innovations to help our clients get the real values through their AI initiatives. We have filed over 120 patents and published research to strengthen the depth of our platforms and deliver enterprise-grade results.

In engineering hyperproductivity, SASVA continues to be the central driver for our clients. Over the last several quarters we have seen progression from individual productivity to team intelligence and execution at enterprise scale through the SASVA platform bridging the last-mile gap of AI adoption. This approach is now repeatable across verticals converting enterprise technologies and AI assessment into a 90-day actionable roadmap including for private equity due diligence and transformation at scale.

Let me share an example of where we were selected to transform the SDLC for a public safety system used by law enforcement. This client provides the law enforcement agencies and public officials with the

technology and tools they need to manage local, state and federal offender registry processes effectively. SASVA brought organization context together from sources like code repositories, ticket communication channels and planning tools, used this engineering data to create purpose-built SLMs alongside Anthropic and unified agents and humans into a single execution loop. It mapped dependencies and risks, modernized the stack into a Cloud-native architecture without disrupting operation, embedded continuous security and privacy controls and accelerated engineering through governed releases and full observability. The result is a secure, scalable platform with continuous delivery and zero customer impact.

We also expanded SASVA to run as a native layer on the core foundation that integrates with partners' platforms like Claude, GitHub Copilot and OpenAI Codex. This gives clients more choice in their models and tool ecosystem while SASVA adds its enterprise value on top of any platform they select.

Building on our partnership with DigitalOcean, clients can now access Anthropic and OpenAI among other models and tools and build or consume agentic solutions through AI. They also get private Cloud and sovereign deployment options. All of this comes layered with our enterprise value on top.

On business hyperproductivity, we continue to reimagine end-to-end workflow as self-operating ecosystem of AI teams powered by our domain-driven reasoning engine and a robust core architecture that helps our customers achieve more accurate outcomes at production scale. We upgraded the GenAI Hub and Agent Studio with agent runtime, orchestration, evaluation and knowledge management abilities and expanded the Agent Processing Unit for agent collaboration. Our agent portfolio now exceeds 500 agents built inhouse and across partners' ecosystems including Google, Microsoft, Salesforce and NVIDIA.

Let me share an example. We are working with a leading pharma company focused on diabetes and metabolic disorders. We are helping them tackle a core challenge in early-stage drug discovery on how to unify fragmented clinical and research data and make it actionable using AI. The client wanted to move beyond siloed datasets and manual processes towards a predictive, AI-driven discovery model. We built a disease-specific knowledge graph from proprietary dataset creating a structured intelligence layer for downstream AI use cases within a fine-

tuned, open-weight foundation model using clinical data to develop domain-specific LLMs for drug discovery. The solution now runs on Google Cloud Platform with Google's healthcare AI models like MedGemma and TxGemma enabling scalable model training and experimentation. What makes this unique is the combination of deep domain data, hyperscaler native AI models and platform engineering. We are effectively moving from data aggregation to LLM-driven discovery workflows embedded directly into research and development.

Let me highlight another example where we worked with a leading global pharmaceutical company to accelerate drug discovery and innovation. This is based on a joint solution that we built together with NVIDIA's BioNeMo toolkit. This solution empowers computational biology scientists to predict protein structure, generate novel molecules, design new proteins and simulate molecular interaction between target proteins and ligands. It is built on a core NVIDIA stack. It is contextualized by our deep expertise in protein structure and coordinated through plug-and-play microservices with industry-standard APIs. This enables rapid workflow customization and scalability.

Enterprise data readiness remains the single most important driver for scaled AI adoption. We expanded enterprise context, semantic layer and knowledge graph within iAURA to make enterprise data not just AI-available but AI-consumable. We industrialized modernization using agentic accelerator to mitigate legacy data stack into Cloud-native platform. This delivered real outcomes including modernizing thousands of reports with significant automation and establishing data lineage for regulatory alignment.

To share one example, a leading U.S. bank faced significant technical debt from multiple acquisitions with legacy systems reaching end-of-life and increasing risk exposure. Using our iAURA Migrate accelerators, we modernized their legacy BI and reporting landscape to Cloud-native platforms covering over 3,500 reports with more than 50% automation reducing risk and making the environment AI-ready.

In summary, our AI strategy has moved from foundational framework to platform-led execution and operating model that clients can adopt at scale. We continue to invest in deep research, in patent-backed innovation, in our platforms and in our partners' ecosystem while bridging the last mile of AI adoption and delivering measurable impact to our clients.

With this, I would now ask Barath to take over to talk about our BFSI vertical details.

Barath Narayanan: Thank you, Nitish. Warm greetings to everyone participating in today's call. I am Barath Narayanan, I head BFSI vertical and Europe Region at Persistent. I will address three primary topics today in this call –

- Performance of BFSI vertical
- Key drivers of the market demand and
- Our execution strategy.

Coming to performance, BFSI vertical demonstrated a robust growth of 24.4% year-on-year from Q4 perspective with an annualized run rate of USD 600 million. With respect to full FY26 financial year, the revenue growth came at 28.4% year-on-year, a result of expanding relationships with our existing customers and new client wins across North America, Europe and Australia. Our BFSI vertical depth is underpinned by a strong customer base that includes Top 4 out of 5 banks in the US as well as India, Top 3 out of 5 large global fintechs and Top 3 out of 5 brokerage, wealth managers and retirement service providers. Our growth in BFSI is attributable to our deliberate focus on three pillars of execution –

- First pillar is specialized sub-vertical, allowing us to focus on retail and commercial banks, capital markets, insurers, payment providers and fintechs.
- Second pillar is doubling down our investment on what we do the best, that is, product engineering, data modernization and cloud transformation.
- And the third pillar is sharper focus on top 30 existing clients and winning new strategic clients for future growth across the region.

Our strong engineering DNA, deep domain knowledge in financial services and AI platforms like SASVA, iAURA, GenAI Hub has created a differentiated positioning for us with our clients. We are increasingly being brought in as a credible challenger to Tier-1 outsourcing firms by our customers and prospects.

Now let me cover what we are observing as a broad theme across BFSI market segments and how we are engaging with clients to address them. The BFSI sector is transforming to increase margins, strengthen operations and enhance capital efficiency. Clients are optimizing run costs by modernizing platforms like their core banking, policy

administration and brokerage platforms with cloud native architectures. Concurrently, upgrading enterprise data infrastructure has become a critical enabler for AI adoption, while facilitating the compliance mandate necessary to mitigate operational risk and navigate stringent regulatory frameworks like DORA, BCBS 239 and ESG reporting.

Capitalizing on this modernized foundation, the institutions are integrating traditional payments and digital assets via real time network, blockchain settlements and tokenized real-world assets, aiming to improve liquidity and minimize counterparty friction. We see real shift in the spend from business as usual programmes to transformation initiatives that are preparing the clients to adopt AI at enterprise level. We are involved in accelerating client's transformation journey in following areas:

- Improve time to market for new product rollout.
- Transform complex legacy landscape.
- End to end modernization of data.
- And reimagine customer experience.

There are 4 principal focus areas where we support our clients to realize their business growth. Let me share each one of them now.

- First one being AI led software engineering. The way software gets built is changing fundamentally. While Nitish called this out earlier, let me focus on sharing an example where we have adopted AI solutions to help our client. Earlier in the year, for a large US insurer operating decades-old COBOL-based policy administration platform supporting millions of policyholders, legacy infrastructure had become a significant barrier to modernisation. We applied AI augmented engineering approach to migrate the core policy life cycle directly onto Duck Creek, a leading insurance platform.
- The second focus area is associated with payments and digital assets. Real time settlement has evolved from innovation initiative to competitive baseline. To give an example, for a large financial technology provider, enabling real time payments on the Federal Reserve's FedNow network, delivering a compliant production ready capability was a critical milestone. Towards this goal, Persistent designed and built a cloud native FedNow payment solution supporting customer credit transfers and merchant disbursement use cases. The scope was to lead the programme end to end from system architecture through integration and certification readiness. On similar lines, we were selected by one of the largest banks in Nordic

region to modernise its payments platform, implement regulatory changes and augment core transaction capabilities. We were chosen against established incumbent service providers owing to our strong payment's domain capability.

- The third focus area that I want to highlight in the data infrastructure: One common challenge most of the clients are facing across BFSI segment is modernising and improving quality of data prior to driving overall AI adoption for various business use cases. Underlying data remains the focal point in every client engagement. To share an example, for a large European bank, where hundreds of siloed systems were creating direct regulatory exposure across BASEL, AML and KYC, we deployed iAURA, our Agentic AI solution for enterprise data management. The result delivered is documentation cycle reduced by roughly 70% with AI decoding and validating over 25,000 lines of legacy code.
- The fourth pillar of focus area is nonlinear cost transformation. Banking, capital markets and insurance clients are pursuing what we would describe as nonlinear cost transformation through digitization of business processes using Agentic solutions. The objective is not incremental efficiency, but fundamentally restructure end-to-end business processes. To give you an example, Persistent was selected by one of the largest life insurance providers in Australia to co-build its digital underwriting platform to replace fragmented manual insurance processes with fully digital workflow-driven system. The transformation focusses on automating underwriting, improving compliance and auditability, and enabling end-to-end customer and advisor journeys. The customer will benefit from significant efficiency gains, thereby reducing cost, accelerating policy issuance, and improving risk management in a regulated environment.

Now, let me close with a view of our execution strategy. Our strategy continues to stay anchored on 4 priorities.

- Embedding AI into existing engagements to drive customer satisfaction.
- Proactively solving high-value problems for our current clients.
- Winning strategic new relationships through our differentiated offerings.
- And continuing to build deep engineering and domain talent for our clients.

We are committed to partnering with financial institutions as they navigate their modernization journey and deploying AI solutions. Our focus remains delivering tangible value during this pivotal period. With this, I will now hand over the proceedings to Saurabh.

Saurabh Dwivedi: Thank you, Barath. In the interest of time, I will be brief in mentioning one key customer case study from our hi-tech vertical, and I'll briefly cover the awards and recognitions as well. A lot of these details are mentioned in our investor deck, which is uploaded on our website.

Persistent was selected by Japan-headquartered global B2B industrial technology leader as a long-term transformation partner to help shift from hardware-centric products to software-led platforms. The program spans end-to-end engineering carve-out and offshore-led operations across SAP, IT, and data analytics. The benefit to the customer includes faster time to market through a scaled global engineering organization and reinvestment of productivity benefits into innovation and growth. This deal is special since it is more than \$50 million in TCV with a marquee net new customer and is one of the largest SAP services deals for us.

Coming to key awards and recognitions for the quarter. Persistent was named as the fastest-growing IT services brand globally in the 2026 Brand Finance IT Services 25 report. We received multiple recognitions from the Everest Group, including being named a leader in Everest Group Private Equity Services PEAK Matrix® Assessment 2026, as well as a leader in Everest Group Software Product Engineering PEAK Matrix® Assessment 2026.

We are proud to share two domain-specific solutions which we have co-innovated with our partners.

- First, leveraging the full-stack NVIDIA AI platform, they are empowering biopharma companies with production-grade, Agentic systems for molecular simulation and virtual screening.
- And second, with Databricks, we have launched Merchant Risk Management Solution to help financial institutions and payment providers gain real-time visibility across the merchant life cycle.

Lastly, our MD and Chairman, Dr. Anand Deshpande, received two Lifetime Achievement Awards during the quarter. The CNBC TV18 Award at the India Business Leaders Awards 2025 and at the STAR Awards 2026

event organized by Software Exports Association of Pune. With this, let me hand it back to Sandeep.

Sandeep Kalra: Operator, let's open for Q&A.

Moderator: Thank you so much. We will now open the call for Q&A session. We will wait for a few minutes until the queue assembles.

We request participants to restrict to 2 questions and then return to the queue for more questions. Please raise your hand from the participant tab on the screen and ask the question.

The first question is from Mehta Bhavik.

Bhavik Mehta: Hi, thank you. So, couple of questions. Firstly, Sandeep, can you talk about how are you seeing the demand environment currently versus, let's say, 3 months ago, given the headwinds from geopolitics as well as how enterprises are adopting to Generative AI. Any color on the demand environment will be useful.

And secondly, just from a next year perspective, you had this target of reaching \$2 billion by FY27 along with some margin expansion. So, are you sticking to that or do you want to make some changes to it given how the macro is playing out right now?

Sandeep Kalra: Yeah. So, as far as the macro is concerned, look, this war situation in the Middle East, there are two parts to it. One, it does not directly affect us from the Middle East perspective because we have zero to very little exposure in Middle East. But as far as the bigger thing is concerned, if it goes on for more time, then obviously, you know, it is an issue because oil prices remaining higher for long will have an impact on inflation, etc. But that will affect the entire sector, not just us. And within that, we are confident with our progress in AI, with the investments that we are doing, we'll continue to gain market share. But we will be cautiously optimistic as far as that is concerned.

In terms of your last question, and then I'll come back to the enterprises side, the \$2 billion by FY27, that's a run rate. We are marching towards it steadily. And again, look, if the macro goes in a different direction going ahead, we'll tackle it as it comes. But otherwise, the run rate wise, we are confident, we are marching towards it steadily and we'll get there plus minus a quarter at worst.

Now, as far as the enterprise adoption is concerned, my colleagues, Nitish, as well as Barath, talked about the different case studies. Nitish

talked about how we are taking it in the healthcare sector, in some cases, and in the engineering side where the tech companies, they are the fastest one to adopt. The demand that we are seeing from them in terms of AI-led software development lifecycle is the highest. Healthcare Life Sciences, BFSI, which are the other two segments for us, are regulated industries. It is picking up. Although I will say the POC or pilot to the enterprise-wide adoption, it is going slower than what would be there in a tech sector. So hopefully that answers.

Bhavik Mehta: Yeah, thank you.

Moderator: Thank you. The next question is from Abhishek Pathak.

Abhishek Pathak: Yeah, hi. Am I audible? Hello.

Sandeep Kalra: Yeah, you are audible. Please go ahead.

Abhishek Pathak: Yeah, yeah. Hi. Hi, Sandeep. Thanks for the opportunity. Sandeep, a couple of questions.

Firstly, on the top 5 accounts, they were just slightly soft this quarter. If you could just guide us which vertical sort of contributed to the softness amongst the top 5 clients and sort of what's the outlook, whether it's BFSI or healthcare or hi-tech, that would be quite helpful?

And the second question, just a clarification on the 2 billion run rate. So essentially, we are talking about a quarterly annualized rate and not necessarily FY'27, \$2 billion in revenues. Is that correct?

Sandeep Kalra: Correct. So, on the last part, FY'27, Q4 exit is where we are looking at the run rate being in the range of \$500 million or so.

And now coming to your other question in terms of the top 5 accounts, our top 5 accounts have 2 financial services accounts, 1 tech, 1 healthcare life sciences. Now, obviously, you know, these accounts have been ramping up fairly nicely for the last several quarters, if I may say several years. Now, when you do larger deals, when you work with larger customers, you also promise them cost savings. And as a part of that, there is offshoring that we do over a period of time. So, I would not be reading anything much into it. And from a company perspective, we have fairly strong relationships with each of these and they have scaled very nicely. So, nothing to worry about.

Abhishek Pathak: Understood, Sandeep. And just lastly, wanted to get your thoughts on Salesforce Headless 360. Considering we are actually quite tied with

Salesforce, they've kind of come up with this whole sort of Headless 360 framework where the API is the interface, right? Just trying to understand how are we looking at this? And does this kind of mean that over the long-term value accrues away from, let's say, system integrators or IT services companies towards just the OEMs? Or is there a different perspective which allows us to retain some value in this whole Agentic era as well?

Sandeep Kalra: Yeah, so I'll be short given we have only 15 minutes in this call. But if you look at the overall situation, the Headless 360, while it gives the customers the options to use the agents from anywhere through the APIs and so on, it also increases the work. And not every customer is that tech savvy to be able to take advantage of these without having the help from an SI. So, we are pretty closely working with Salesforce. We look forward to the increased time because of that as well, in the current installed base and in the newer customers as well. But happy to have an offline conversation to go into much more details.

Abhishek Pathak: Thank you so much, Sandeep. All the best.

Moderator: Thank you. The next question is from Prateek Maheshwari.

Prateek Maheshwari: Hi, Sandeep. Thank you for the opportunity. So, again, my question is regarding the verticals.

So just on your healthcare vertical, this quarter it's grown very strongly quarter on quarter. But see, some of your larger peers have seen some weakness, especially in their top payor accounts. And so just wanted to understand some of that exposure is also to you guys. I just wanted to understand if you guys would have seen any of such business reductions or is there any risk going on ahead?

Sandeep Kalra: So, look we play in the same ecosystem and some of our larger customers are where we share the customers with a few other strategic Tier ones as well. Now, as far as we are concerned, we have been able to grow in the same set of accounts despite the headwinds that all of us have faced. And so, to that extent, you know, that also shows the strength of the offering, the strength of the relationship. I won't read too much into that from our perspective.

Prateek Maheshwari: Okay. And just the second question was on just your Geo outlook. This quarter, we have seen India growing very strongly, probably North America grew at the company growth rate. But Europe we had seen

decline for the last 2 quarters. So just if you could share your thoughts right now, what you're looking at?

Sandeep Kalra: Yeah. The India part is an aberration. The thing that happened there is one of our IT customers in our erstwhile Accelerite business, the renewal happened in rupee (INR) terms through their GCC. So that basically had to be since it was billed in GCC and rupee (INR) terms that had to be classified as India revenue. Otherwise, the North America revenue would have been even higher and the India revenue would not be where it is. So, nothing, nothing to read there in terms of an India. The thing is that it will get corrected in the next quarter and we will see it. As far as Europe is concerned, that's an area where we want to double down. And there are some customer puts and takes that happen. And that is what it is. So that was a decline of 1.8% sequentially. But the India part and the North America part are adjustments.

Prateek Maheshwari: Okay. Thank you so much.

Moderator: Thank you. The next question is from Girish Pai.

Girish Pai: Yeah. Am I audible?

Sandeep Kalra: Yes, please.

Girish Pai: Yeah. Thanks for the opportunity. So, PE channel has been one critical channel for you. What is the company's exposure to this channel? Now, with all this talk of SaaS apocalypse, how does this impact demand outlook from this channel for FY'27 and beyond? That's my first question.

Sandeep Kalra: Yeah. So, the company exposure to PE and again, you know, PE channel gets the business in some cases. And the other part which we classify in PE is the customer is owned by it. And the fact is that there are more PE owned companies in the US today than public companies. And if you look historically, especially in the enterprise software space, in the last 4 or 5 years, many companies have been taken from public to private by private equity. So that doesn't mean that they are small or they are financially weak or anything like that.

Now, as far as SaaS-pocalypse is concerned, there is, that's an opportunity for people like us. If we can partner with the PEs and their portfolio companies and improve their margins by using our platforms like SASVA, whether we use our open source LLMs tuned by us or we use Anthropics of this world and otherwise, it's a very big opportunity. And that's the reason we have invested in bringing a senior leader to lead that

who has dealt with enterprise software at scale in the past. So, we are actually looking at this as a positive for us, helping our customers reduce cost while delivering more and using technology to do that. Lesser of headcount, more of technology. So that's where it is. And in our mind is a good growth market for us.

Girish Pai: My second and last question, how much was the license fee booked in the 4th quarter and how much has been the incremental capitalization of spending on building platforms in the current quarter, in the 4th quarter of FY'26? This is a question for Vinit.

Vinit Teredesai: Yeah. So, license fee, we have called, we don't specifically call it out, you know, in terms of because it is a combination of both our own internal IP as well as the external IP that has been routed as part of the larger services contract. So, but we can tell you that our own developed IP does definitely get a lot of attention and momentum in terms of the benefits that it provides to our client. So, it is definitely on track. And as far as the intangible sort of spend that we do on an annual basis, it's in the range of around \$8 to \$9 million a year.

Girish Pai: Okay. Thank you.

Moderator: Thank you. The next question is from Kumar Rakesh.

Kumar Rakesh: Hi. Good evening. And thank you for taking my question.

Sandeep, my first question was on the revenue mix or revenue model for your billing to clients. I understand it would be a combination of your own IP SASVA platform and other platforms, some of the third-party platforms and the employees. How does the mix between our own platform and third-party platform moves quarter on quarter? The reason I'm asking this is that for the last couple of years, we hadn't seen much of seasonality in the revenue growth of the company. But should we expect, given the base where we have reached, that there could be some seasonality which may start coming in, especially when I'm looking at third party software in this quarter was higher than the last quarter. And should we start preparing for some of the seasonality, especially how the mix between third party platform and our platform moves from one quarter to another?

Sandeep Kalra: Yeah. So, look, you know, Persistent historically, our seasonality was also due to some of the outcome-based pricing that we had with one of our top customers. And that top customer today, from that perspective, has come down in percentage revenue and we work very hard to get out of

that seasonality. Now, as far as the forward-looking things are concerned, whether it is SASVA or our other IP like iAURA, GenAI Hub or using, let's say, an Anthropic under the hood for delivering programmes or Open AI or something else, you know, those will be part of services engagement. So, we do not expect much of a seasonality because of that. It will be basically a part of our scaling up the AI initiative. So, I wouldn't read too much into this.

Kumar Rakesh: Got that. And from the third-party platform, which you referred to, say from Anthropic, if we start using some of their platform, how does that changes our growth profile and more importantly, the margin profile for the business? Are we largely neutral from that perspective or we are confident that our own platform would be good enough and that mix doesn't dramatically changes between own platform versus third party platform?

Sandeep Kalra: Yeah. So, see, the reason you have your own platform and you partner with third parties and adopt the third-party platforms, whether for software development lifecycle, that could be Anthropic, that could be an OpenAI (Codex), that could be Gemini, that could be Copilot, etc., etc. It's to basically work with customers who choose these platforms. And we as a software services or tech services provider have to be able to offer those choices, work with customers who have already invested or have other reasons for using these platforms. So, from that perspective, if we get a free hand, we work with, let's say, an enterprise software company, we are allowed to use whatever we use. We may use open source. In other cases, we may use these. We pay for the tokens for what we consume. At times, they may be given by the customers. At times, we may be paying for that. Depends on what the business model is. And most of these things should be margin neutral or accretive because if we use technology, we should be able to do more work with lesser people and more technology. That's the entire promise of AI. And with that, it should not be margin decreative. So, don't worry about the margin going down. It will be the same or better as we use more of this technology to deliver to others.

Kumar Rakesh: Got it. Thank you.

Moderator: Thank you. The next question is from Nitin Padmanabhan.

Nitin Padmanabhan: Hi, good evening.

Moderator: Hi, Nitin.

Nitin Padmanabhan: Yeah, yeah. Good evening. Thank you for the opportunity. Two questions.

So one is, I think last year, as we entered the year, we basically called out that growth will be led by BFSI, followed by hi-tech, followed by healthcare. How are you seeing the shape of growth as we get into the next year?

The second is, when we look at the OPD business overall, considering SDLC has come down, the life cycles have come down, how should we think about cannibalization rates there and what are the nuances and how are you thinking about that?

Sandeep Kalra: So as far as the next year is concerned, the pecking order would be between healthcare life sciences and BFSI at the top. One of these two, they are very close neck to neck from what we see today and things can change. But the other one will be.... so, between one and two will be healthcare life sciences, BFSI followed by tech. And again, this is what we see today. This is no guidance, etc. Please don't read too much into it. We don't give forward looking guidance. This is just directionally what we are seeing.

Now, the OPD part, it's an interesting play. The best part here is we are pretty strong in tech and tech is the one which is adopting these technologies because they are also creators of these technologies. And they are not regulated, so they are more amenable to taking these into production and so on. And the learnings from there should be very, very valuable for us.

We may see compression in the tech world. And even if that happens to the extent that we will also go and cannibalize our own business, there's enough and more business that is there from a time perspective and we are a very, very small company. At \$1.7 billion, roughly we are very, very small in this and there is enough new outsourcing that may happen from these tech companies. And much more than that, there will be market share rotation between people and hopefully we'll be leading the pack.

Nitin Padmanabhan: So just quickly. So, in your experience, while these are very early adopters, despite the fact that there's a cannibalization on the SDLC side, you're still seeing a higher net. Is that your experience?

Sandeep Kalra: So, look, I don't want to give you forward-looking guidance. All I can say is...

Nitin Padmanabhan: No, no. So far.

Sandeep Kalra: Yeah. So far. So far, yes. We have been able to deliver more value and get more in return.

Nitin Padmanabhan: Got it.

Sandeep Kalra: But there may be a time when tech for a quarter, 2, 3., and I'm not sure how this will pan out because Anthropic and other people announced so many things so fast. And these are really powerful tools in our hands today. So, it may happen that tech may be compressed. But again, you know, with that compression, if we are able to win more business, given that we are very closely working with many of them, we should be able to come up perhaps. But I don't want to give you any forward-looking guidance more than that.

Nitin Padmanabhan: No, that's fair. Thank you so much and all the best.

Moderator: Thank you. The last question is from the Vibhor Singhal.

Vibhor Singhal: Yeah. Hi. Thanks for taking my question. And congrats on a great quarter yet again to the team. Sandeep and Vinit just one quick question from each of you.

Sandeep, from a growth point of view, if I look at FY'26, we probably had 3 challenges this year in terms of a weak US macro, the tariff uncertainty as well as GenAI. Now, standing as we are, when FY'27 is about to start, I think there is an additional overhang of the war that we are seeing at this point of time. So how are we looking at FY'27 versus FY'26? Are there more challenges than we had probably seen last year? Or some of the headwinds that we had seen, let's say, in terms of US macro being weak or the GenAI deflation, those have kind of come down to be able to maybe, let's say, give us some headroom to expand this year.

And Vinit, a quick question on the margins front.

The margins that we have delivered for this year at around 15.6%. Going forward, do we feel comfortable with the earlier margin guidance that we had said that we will probably look at around 16% margins itself? And over and beyond that, how are we looking at the trajectory from a next 2-year point of view, not just the quarterly, but next 2 years, how are we looking at that directionally in terms of margins?

Sandeep Kalra: So, from a market perspective, these things like the war, etc., are not in our control. But one hopes that these things settle down soon. And that is good for everyone. And hopefully, this overhang should be behind us in the next few weeks, if things go right from whatever we see in the

market. Now, the rest of the things, look, last 5, 6 years or more, we have seen COVID. We have seen bad macro, good macro, and so on. And we as a company have always tried to build capabilities and be closer to our customers to be able to sail through this in a decent manner. From what we see today, we should be able to have a decent growth in the coming year. We are building and investing in capabilities on the AI front and otherwise. We are working very closely with partners, whether it is the NVIDIAs of this world, whether it is the Anthopics, Open AIs, and the partners that matter in the data space like Databricks, Snowflakes, and so on. So, from that perspective, heads down, building capabilities, differentiated, respected in the market, and hopeful that the growth journey will continue with it.

Vinit Teredesai: Yeah. So, Vibhor we have called out our margin trajectory. I think so, right now, we have achieved whatever we had said. Again, that is not a guidance, it's an aspiration. Our aspiration continues to be in the 16 to 17% range. But remember in this environment our first priority is growth, our first priority is investing back into business and developing capabilities. That's more important. On the way if we can maintain or improve our margins, we will do that.

Vibhor Singhal: Got it, got it. Thank you so much for taking my questions and wish you all the best.

Sandeep Kalra: With that, we will end the call with a message that the obvious thing is with all these technology changes there is an excitement in the market. And hopefully we will build the relevant capabilities and keep the growth going. Thank you.

Moderator: Thank you very much to Persistent management team. Ladies and gentlemen on behalf of Persistent Systems Limited that concludes today's conference. Thank you for joining us and you may now disconnect your line and exit the webinar.

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Please note that this transcript has been edited for readability.