

Focus on AI-Led Productivity; Growth Momentum to Continue

Est. Vs. Actual for Q4FY26: Revenue – **INLINE**; EBIT Margin – **MISS**; PAT – **INLINE**;

Change in Estimates YoY post Q4FY26:

FY27E/FY28E: Revenue: 1%/-1%; EBIT: 6%/2%, PAT: 3%/1%

Recommendation Rationale

- Growth Outlook:** The management expects Healthcare & Life Sciences and BFSI to be the top two drivers of growth, followed closely by the High-Tech vertical. However, it remains cautiously optimistic as the company has minimal direct exposure to the Middle East. Management believes that prolonged geopolitical conflicts could drive up oil prices and inflation, impacting the broader IT sector.
- Deal Wins/Pipeline:** The TCV stood at \$601 Mn and ACV at \$445 Mn, with new ACV bookings of \$273 Mn. For FY26, TCV came in at \$2.4 Bn and ACV at \$1.8 Bn, reflecting the company's consistent booking engine.
- AI Strategy:** The company is heavily integrating AI through three main pillars, such as engineering hyperproductivity, business hyperproductivity, and enterprise data readiness. It recently hosted a large-scale "AI Huddle" for over 1,700 employees to strengthen its AI platform execution and go-to-market readiness.

Sector Outlook: Cautiously Optimistic

Company Outlook & Guidance: The management remains confident in achieving its \$2 Bn revenue target by FY27 with an aspirational margin range of 16% to 17%, supported by a combination of organic growth, core operational efficiencies, and an active acquisition strategy. For its longer-term aspiration of reaching \$5 Bn revenue by FY31, the company plans to strategically expand into the manufacturing and retail verticals, thereby diversifying its growth engines and broadening its addressable market.

Current Valuation: 33x FY28E P/E (Earlier Valuation: 32x FY28E P/E)

Current TP: Rs 6,270/share (Unchanged)

Recommendation: We maintain our BUY rating on the stock.

Financial Performance

In Q4FY26, Persistent Systems reported revenue of Rs 4,056 Cr vs Rs 3,242 Cr in Q4FY25, registering growth of 25.1% YoY and 7.4% QoQ. In CC terms, revenue grew 3.2% QoQ to \$436 Mn. EBIT stood at Rs 659 Cr vs Rs 505 Cr in Q4FY25, up 30.4% YoY and 4.2% QoQ, led by higher operating expenses. EBIT margin stood at 16.3% (+67 bps YoY, -49 bps QoQ). Net income came in at Rs 529 Cr vs Rs 396 Cr in Q4FY25, reflecting growth of 33.7% YoY and 20.4% QoQ. The company announced a final dividend of Rs 18/share, translating to a Rs 40/share dividend for FY26.

Valuation & Recommendation

The distinctive value proposition and ability to conclude important strategic deals amid an uncertain environment provide confidence in its execution capabilities. Therefore, **we maintain our BUY rating on the stock** and assign a 33x P/E multiple to its FY28 earnings and arrive at a TP of Rs 6,270/share, implying an upside of 18% from the CMP.

Key Financials (Consolidated)

(Rs Cr)	Q4FY26	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	4,056	7.4	25.1	4,008	1.2
EBIT	659	4.2	30.4	679	(2.9)
EBIT Margin	16.3	-49bps	67bps	16.9	-69bps
Net Profit	529	20.4	33.7	542	(2.3)
EPS (Rs)	33.6	20.4	30.1	34.3	(2.3)

Source: Company, Axis Securities Research

(CMP as of 21st April, 2026)

CMP (Rs)	5,330
Upside /Downside (%)	18%
High/Low (Rs)	6,599/4,449
Market cap (Cr)	84,696
Avg. daily vol. (6m) Shrs.	6,19,280
No. of shares (Cr)	16

Shareholding (%)

	Sep-25	Dec-25	Mar-26
Promoter	30.6	30.3	30.3
FII	21.2	22.8	22.1
MFs/UTI	23.7	23.0	22.1
Banks/FIs	0.0	0.0	0.0
Others	24.5	23.9	25.5

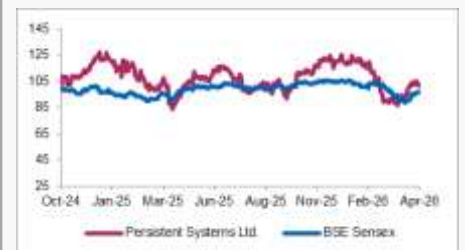
Financial & Valuations

Y/E Mar (Rs Cr)	FY26	FY27E	FY28E
Net Sales	14,748	17,773	20,907
EBIT	2,392	3,093	3,639
Net Profit	1,865	2,474	2,933
EPS (Rs)	125	159	188
PER (x)	45	34	28
P/BV (x)	11	9	7
EV/EBITDA (x)	29	23	19
ROE (%)	26	28	27

Change in Estimates (%)

Y/E Mar	FY27E	FY28E
Sales	1%	-1%
EBIT	6%	2%
PAT	3%	1%

Relative Performance



Source: AceEquity, Axis Securities Research

Results Gallery

[Q3FY26](#)
[Q2FY26](#)
[Q1FY26](#)

Kuber Chauhan

Research Analyst
kuber.chauhan@axissecurities.in

Abhishek Bhalotia

Research Associate
abhishek.bhalotia@axissecurities.in

Outlook

From a long-term perspective, we believe Persistent is well-placed for encouraging growth, given its multiple long-term contracts with the world's leading brands. Its improved revenue visibility gives us confidence in its business growth moving forward.

Key Highlights

- **Strong Revenue Growth Momentum:** The company marked its 24th consecutive quarter of revenue growth, reaching \$ 436 Mn in Q4FY26 (up 3.2% QoQ /16.2% YoY), and in CC terms, the growth stood at 3.4% QoQ, indicating a strong momentum despite an uncertain macro. For FY26, it reported total revenue of \$1.7 Bn (up 17.4% YoY).
- **Strong Regional Growth Across Markets:** During the quarter, North America grew by 17.4% YoY, Europe grew 12.3% YoY, India grew 4.2%, partly due to a GCC billing reclassification for a tech customer, and the Rest of World grew 41.4% YoY.
- **BFSI Leads Growth Across Verticals:** In terms of growth drivers, BFSI led the growth during the quarter, which grew by 24.3% YoY, followed by Healthcare & Life Sciences, which grew by 14.1% YoY and Software, Hi-Tech and Emerging verticals grew by 11.2% YoY during the quarter.
- **Strong Deal Bookings and Large Win Momentum:** In Q4FY26, the TCV stood at \$601 Mn and ACV at \$445 Mn, with new ACV bookings of \$273 Mn. For FY26, TCV came in at \$2.4 Bn and ACV at \$1.8 Bn, reflecting the company's consistent booking engine. Moreover, Persistent secured a \$50+ Mn TCV SAP services engagement with a Japan-headquartered global industrial technology leader, one of its largest single-deal wins.
- **Broad-Based Client Growth and Wallet Share Expansion:** Customers with annual revenues greater than \$10 Mn grew from 21 to 29 on a YoY basis, the \$5 Mn+ cohort expanded from 55 to 62, and the \$1 Mn+ bucket grew from 191 to 209. The revenue growth on a YoY basis for the top 5/10/20 clients was 20.7%/19.4%/20.0%, respectively, indicating broad-based wallet share gains rather than growth concentrated in a few accounts.
- **Headcount Growth and Stable Utilisation:** Total headcount rose to 27,502, with 791 employees added in Q4FY26. While attrition on a TTM basis improved to 13.0% from 13.5% in Q3FY26, and utilisation remained broadly stable at 88%, suggesting efficient deployment. The workforce skew continues with 94.2% of employees participating in learning programs with an average of 94 hours/person.
- **Confident FY27 Growth Outlook:** Management remains confident of delivering healthy growth in FY27, supported by differentiated capabilities, strong client mining and market-share gains despite external uncertainties.

Key Risks to our Estimates and TP

- The demand environment is uncertain because of the potential threat of recession from the world's largest economies.
- The rising subcontracting cost and cross-currency headwinds may impact operating margins negatively.

Change in Estimates

(Rs Cr)

	New		Old		% Change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Sales	17,773	20,907	17,590	21,116	1%	-1%
EBIT	3,093	3,639	2,916	3,552	6%	2%
PAT	2,474	2,933	2,394	2,917	3%	1%

Source: Company, Axis Securities Research

Results Review
(Rs Cr)

Y/E March	Q4FY26	Q3FY26	QoQ (%)	Q4FY25	YoY (%)
Net sales	4,056	3,778	7.4	3,242	25.1
Total Expenditure	3,288	3,045	8.0	2,658	23.7
EBITDA	768	733	4.7	584	31.4
EBITDA margin (%)	18.9	19.4	-47bps	18.0	90bps
Depreciation	109	101	7.9	79	37.2
EBIT	659	632	4.2	505	30.4
EBIT margin (%)	16.3	16.7	-49bps	15.6	67bps
Interest cost	19	19	(1.5)	18	1.2
Other income	33	40	(17.3)	18	82.4
Exceptional item	-	-89	NA	18	NA
PBT	674	565	19.3	505	33.4
Tax	145	126	15.3	109	32.2
Profit after tax	529	439	20.4	396	33.7
Reported EPS	33.6	27.9	20.4	25.8	30.1
Adj. PAT	529	528	0.1	396	33.7
Adj. EPS	33.6	33.5	0.1	25.8	30.1

Source: Company, Axis Securities Research

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY24	FY25	FY26	FY27E	FY28E
Net sales	9,822	11,939	14,748	17,773	20,907
Change (YoY, %)	18	22	24	21	18
Operating expenses	8,146	9,881	11,953	14,250	16,784
EBITDA	1,676	2,058	2,795	3,522	4,124
Change (YoY, %)	10	23	36	26	17
Margin (%)	17	17	19	20	20
Depreciation	309	307	403	430	485
EBIT	1,367	1,751	2,392	3,093	3,639
Interest paid	47	67	73	89	102
Other income	128	138	180	209	272
Exceptional items	0	0	-89	0	0
Pre-tax profit	1,448	1,822	2,411	3,213	3,809
Tax	354	422	546	739	876
Effective tax rate (%)	24	23	23	23	23
Net profit	1,094	1,400	1,865	2,474	2,933
Adjusted net profit	1,094	1,400	1,776	2,474	2,933
Change (YoY, %)	15	28	27	39	19
Adj.EPS	70	90	125	159	188
Dividend per share	26	35	40	40	40
Dividend Payout (%)	37	39	34	25	21

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY24	FY25	FY26	FY27E	FY28E
Share capital	77	78	79	79	79
Reserves & surplus	4,881	6,241	7,759	9,607	11,915
Shareholders' funds	4,958	6,319	7,838	9,686	11,993
Total Debt	161	216	300	300	300
Other liabilities	71	69	315	315	315
Current Liabilities & prov.	2,184	2,133	2,924	3,123	3,358
Current liabilities	1,851	1,959	2,867	3,066	3,301
Provisions	333	174	57	57	57
Total liabilities	2,416	2,418	3,539	3,737	3,973
Total equity & liabilities	7,374	8,737	11,377	13,424	15,966
Net fixed assets	442	435	397	226	242
Investments	554	642	700	700	700
Other non-current assets	2,254	2,634	3,182	3,306	3,306
Current assets	4,123	5,026	7,097	9,191	11,718
Inventories	0	0	0	0	0
Sundry Debtors	1,676	2,679	3,334	2,765	3,252
Cash & Liquid	1,023	1,025	1,218	3,882	5,921
Other Current Assets	1,424	1,321	2,545	2,545	2,545
Total assets	7,374	8,737	11,377	13,424	15,966

Source: Company, Axis Securities Research

Cash Flow
(Rs Cr)

Y/E March	FY24	FY25	FY26	FY27E	FY28E
Pre tax	1,094	1,400	1,865	2,474	2,933
Depreciation	309	307	403	430	485
Change in working capital	(386)	(952)	(1,087)	769	(253)
Other operating activities	(81)	(71)	(19)	(120)	(170)
Cash flow from operations (a)	936	684	1,162	3,552	2,995
Capital expenditure	(265)	(300)	(365)	(235)	(500)
Change in investments	(373)	(143)	(126)	-	-
Other investing activities	433	(187)	(300)	85	272
Cash flow from investing (b)	(205)	(629)	(791)	(150)	(228)
Equity raised/(repaid)	1	1	1	-	-
Debt raised/(repaid)	(464)	53	330	-	-
Dividend (incl. tax)	(405)	(545)	(626)	(626)	(626)
Change in minorities	-	-	-	-	-
Other financing activities	(356)	386	(62)	(851)	(830)
Cash flow from financing (c)	(612)	(53)	(178)	(738)	(728)
Net change in cash (a+b+c)	119	2	193	2,664	2,039
Opening cash balance	903	1,023	1,025	1,218	3,882
Closing cash balance	1,022	1,025	1,219	3,882	5,921

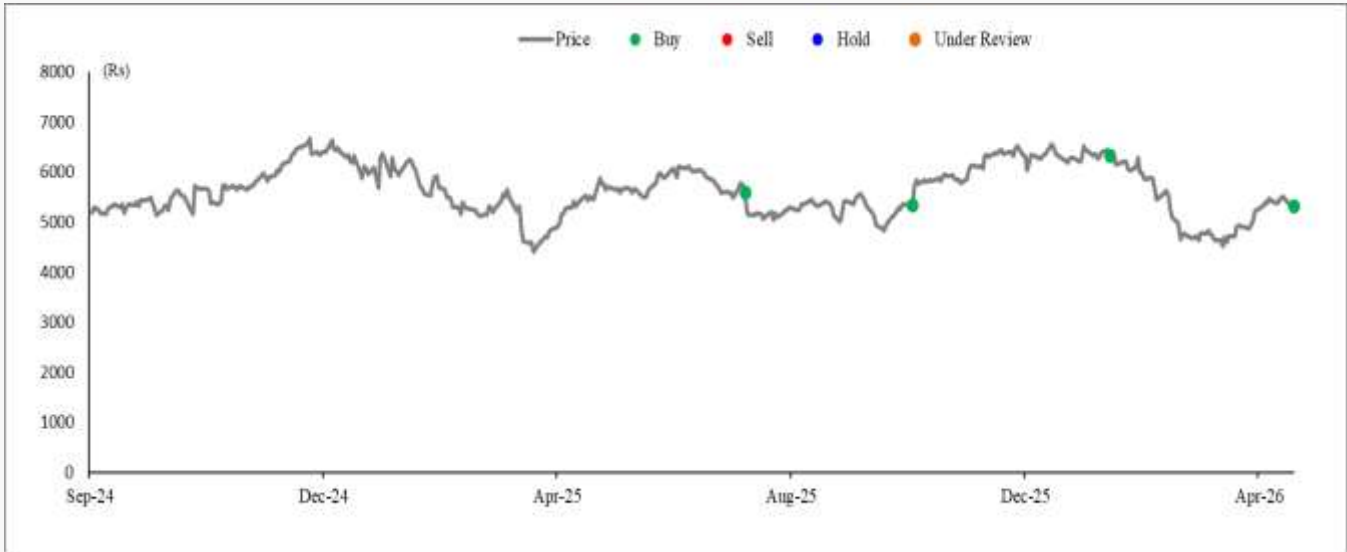
Source: Company, Axis Securities Research

Ratio Analysis
(%)

Y/E March	FY24	FY25	FY26	FY27E	FY28E
Book Value (Rs)	318	405	503	622	770
Adj EPS (Rs)	70	90	125	159	188
Adj EPS growth (%)	-41.8	28.0	39.6	26.6	18.5
EBITDA margin (%)	17.1	17.2	19.0	19.8	19.7
Pre-tax margin (%)	14.7	15.3	16.3	18.1	18.2
Debt/Equity (x)	0.0	0.0	0.0	0.0	0.0
ROCE (%)	22.9	24.6	25.5	27.1	26.3
ROE (%)	24.5	24.8	26.3	28.2	27.1
Financial leverage ratios					
Debt / Equity (x)	0.0	0.0	0.0	0.0	0.0
Interest Coverage (x)	35.9	30.7	38.5	39.7	40.4
Interest / Debt (%)	0.3	0.4	0.3	0.3	0.3
Working Capital & Liquidity Ratio					
Inventory days	0.0	0.0	0.0	0.0	0.0
Receivable days	61.4	81.9	56.0	56.0	56.0
Payable days	29.8	26.8	27.0	27.0	27.0
Valuation ratio					
PER (x)	75.9	59.3	44.5	33.6	28.3
Adjusted PER (x)	75.9	59.3	42.5	33.6	28.3
P/BV (x)	16.8	13.1	10.6	8.6	6.9
EV/EBITDA (x)	49.1	40.1	29.5	22.6	18.9
Market Cap. / Sales (x)	8.5	7.0	5.7	4.7	4.0

Source: Company, Axis Securities Research

Persistent Systems Price Chart and Recommendation History



Date	Reco	TP	Research
24-Jul-25	BUY	6,240	Result Update
15-Oct-25	BUY	6,160	Result Update
21-Jan-26	BUY	7,170	Result Update
20-Mar-26	BUY	6,270	Sector Update
22-Apr-26	BUY	6,270	Result Update

Source: Company, Axis Securities Research

Disclaimer:

Axis Direct is the brand under Axis Securities Limited, which is a 100% subsidiary of Axis Bank Limited. Axis Bank Ltd. is a listed public company and one of India's largest private sector banks, and has its various subsidiaries engaged in businesses of Asset management, NBFC, Merchant Banking, Trusteeship, Venture Capital, Stock Broking, the details in respect of which are available on www.axisbank.com.

Axis Securities Limited is registered as a

- Stock Broker, Depository Participant, Portfolio Manager, Investment Adviser and Research Analyst with the Securities and Exchange Board of India
- Corporate Agent with Insurance Regulatory and Development Authority of India
- Point of Presence with Pension Fund Regulatory and Development Authority
- Distributor for Mutual Funds with AMFI

Registration Details:

SEBI Single Reg. No.- NSE, BSE, MSEI, MCX & NCDEX – INZ000161633 | SEBI Depository Participant Reg. No. IN-DP-403-2019 | Portfolio Manager Reg. No.- INP000000654 | Investment Advisor Reg. No. INA000000615 | SEBI-Research Analyst Reg. No. INH000000297 | IRDA Corporate Agent (Composite) Reg. No. CA0073| PFRDA – POP Reg. No. POP387122023 | Mutual Fund Distributor ARN- 64610.

Compliance Officer Details: Name – Mr Rajiv Kejriwal, Tel No. – 022-68555574, Email id – compliance.officer@axisdirect.in;

Registered Office Address – Axis Securities Limited, Unit No.002, Building- A, Agastya Corporate Park, Piramal Realty, Kamani Junction, Kurla (W), Mumbai – 400070.

Administrative office address: Axis Securities Limited, Aurum Q Parc, Q2 Building, Unit No. 1001, 10th Floor, Level – 6, Plot No. 4/1 TTC, Thane – Belapur Road, Ghansoli, Navi Mumbai, Pin Code – 400710.

In case of any grievances, please call us at 022-40508080 or write to us at helpdesk@axisdirect.in.

We hereby declare that our activities have neither been suspended nor have we defaulted with any stock exchange authority with whom we are registered in the last five years. However, SEBI, Exchanges, Clearing Corporations and Depositories, etc. have conducted the routine inspection and based on their observations have issued advice/warning/show cause notices/deficiency letters/ or levied penalty or imposed charges for certain deviations observed in inspections or in the normal course of business, as a Stock Broker/Depository Participant/Portfolio Manager. We have not been debarred from doing business by any Stock Exchange/SEBI or any other authorities; nor has our certificate of registration been cancelled by SEBI at any point in time.

Investments in the securities market are subject to market risks. Read all the related documents carefully before investing.

By referring to any particular sector, Axis Securities does not provide any promise or assurance of a favourable view for a particular industry or sector or business group in any manner.

Registration granted by SEBI, membership of RAASB (in case of RA's) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors. Our research should not be considered as an advertisement or advice, professional or otherwise. This research report and its respective content by Axis Securities made available on this page or otherwise do not constitute an offer to sell or purchase or subscribe for any securities or solicitation of any investments or investment services for the residents of Canada and/or the USA or any jurisdiction where such an offer or solicitation would be illegal.

Subject company(ies) may have been clients during the twelve months preceding the date of distribution of the research report. Derivatives are a sophisticated investment device. The investor is requested to take into consideration all the risk factors before actually trading in derivative contracts.

Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment of its original date of publication by ASL and are subject to change without notice. The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments.

The information and opinions in this report have been prepared by Axis Securities and are subject to change without notice. The report and information contained herein are strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of Axis Securities. The report must not be used as a singular basis for any investment decision. The views herein are of a general nature and do not consider the risk appetite, investment objective or the particular circumstances of an individual investor. The investor is requested to take into consideration all the risk factors, including their financial condition, suitability to risk return profile and the like and take professional advice before investing.

While we would endeavour to update the information herein on a reasonable basis, Axis Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Axis Securities from doing so. Non-rated securities indicate that the rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or Axis Securities policies, in circumstances where Axis Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained in good faith from public sources and sources believed to be reliable, but no independent verification has been made, nor is its accuracy or completeness guaranteed. This report and information herein are solely for informational purposes and shall not be used or considered as an offer document or solicitation of an offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Axis Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and/or tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and the needs of the specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Axis Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a

guide to future performance. Investors are advised to see the Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Axis Securities or its associates might have managed or co-managed a public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months. Axis Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. Axis Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking, or brokerage services from the companies mentioned in the report in the past twelve months. Axis Securities encourages independence in research report preparation and strives to minimise conflict in the preparation of research reports. Axis Securities or its associates, or its analysts, did not receive any compensation or other benefits from the companies mentioned in the report or a third party in connection with the preparation of the research report. Accordingly, neither Axis Securities nor Research Analysts and/or their relatives have any material conflict of interest at the time of publication of this report. Please note that Axis Securities has a proprietary trading desk. This desk maintains an arm's length distance from the Research team, and all its activities are segregated from Research activities. The proprietary desk operates independently, potentially leading to investment decisions that may deviate from research views.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

Research Analyst may have served as an officer, director or employee of the subject company(ies). Axis Securities or Research Analysts, or their relatives, do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report. Since associates of Axis Securities and Axis Securities as an entity are engaged in various financial service businesses, they might have financial interests or actual/beneficial ownership of one per cent or more or other material conflicts of interest in various companies, including the subject company/companies mentioned in this report. Axis Securities may have issued other reports that are inconsistent with and reach different conclusions from the information presented in this report. Certain transactions-including those involving futures, options and other derivatives as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. Reports based on technical analysis centre on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

We and our affiliates/associates, officers, directors, and employees, Research Analyst(including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company (ies) discussed herein or act as advisor or lender/borrower to such company (ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of Research Report or at the time of public appearance. Axis Securities may have proprietary long/short positions in the above-mentioned scrip(s) and therefore may be considered as interested. This should not be construed as an invitation or solicitation to do business with Axis Securities. Axis Securities is also a Portfolio Manager. Portfolio Management Team (PMS) takes its investment decisions independently of the PCG research, and accordingly, PMS may have positions contrary to the PCG research recommendation.

This research report is issued in India by Axis Securities Limited in accordance with the Securities and Exchange Board of India (Research Analysts) Regulations, 2014. It is intended solely for persons residing in India. The report is not directed at or intended for distribution to, or use by, any person or entity resident in the United States of America, Canada, or in any jurisdiction where such distribution, publication, availability, or use would be contrary to applicable securities laws, including the U.S. Securities Exchange Act of 1934, regulations of the U.S. Securities and Exchange Commission (SEC), and regulations of the Canadian Securities Administrators (CSA).

RATING SCALE: Definitions of ratings

Ratings	Expected absolute returns over 12 – 18 months
BUY	More than 10%
HOLD	Between 10% and -10%
SELL	Less than -10%
NOT RATED	We have forward-looking estimates for the stock, but we refrain from assigning a valuation and recommendation.
UNDER REVIEW	We will revisit our recommendation, valuation and estimates on the stock following recent events.
NO STANCE	We do not have any forward-looking estimates, valuations or recommendations for the stock.

Note: Returns stated in the rating scale are our internal benchmark.