

Persistent Systems

21 April 2026

Operator: Good day and welcome to the Persistent Systems Ltd. Q4 FY26 earnings conference call. We have with us today Mr. Sandeep Kalra, Executive Director and Chief Executive Officer; Mr. Vinit Teredesai, Executive Director and Chief Financial Officer; Mr. Mitesh Srivastava, Chief Technology Officer, Engineering Hyper Productivity; Mr. Bharath Narayanan, Executive Vice President, Global BFSI and Europe Geography Head; and Mr. Saurav Dwivedi, Corporate Vice President, Finance and Strategy.

Please note that all participants' lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the 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, we request you to please identify yourself and your company. Please note that this conference is being recorded. I now hand over the conference to Mr. Saurav Dwivedi. Thank you, and over to you, sir.

Management: Thank you. A very good day and 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 our current view of the business. Vinit will take you through the financial details and key operational metrics for this quarter.

Mitesh, our CTO of Engineering Hyper Productivity Group, will provide details on the expansion of our AI capabilities and offerings in the quarter gone by. Bharath, our Head of the 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 deals, awards, and recognitions for this quarter. Sandeep will then come back for a summary of these prepared remarks, after which we will open the call for questions.

Let me also remind you that as part of our prepared remarks and during the Q&A, we may make certain statements which are forward-looking and may involve significant uncertainty. The company does not take any responsibility to update these forward-looking statements, and your discretion is advised while making any investment decisions. With this, let me hand over to Sandeep for his prepared remarks.

Management: Thank you, Saurav. Good evening, good morning, and good afternoon to everyone, 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.

Our USD revenue growth was 3.2% quarter-on-quarter and 15.2% year-on-year, reaching USD 436 million for Q4 FY26. For the quarter ending March 31, 2026, revenue in rupee terms grew by 7.4% quarter-on-quarter and 25.1% year-on-year. In constant currency terms, the growth for the quarter was 3.4%. Our EBIT margin for the quarter stood at 16.3%, translating to an EBIT growth of 31.4% year-on-year and 30.4% quarter-on-quarter. Profit After Tax for the quarter was 17.1% of revenue, translating to a PAT growth of 14.4% quarter-on-quarter and 23.7% year-on-year.

Coming to the full financial year FY26, our revenue reached USD 1,655 million, translating to 16.4% growth year-on-year. In rupee terms, this was a 20.5% growth. The EBIT margin for FY26 stood at 16.6%, a 31.3% year-on-year growth. Profit After Tax for the full year reached 1,101 crores.

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Coming to the order book, the Total Contract Value for the quarter stood at USD 600.8 million. The Annual Contract Value (ACV) for the quarter was USD 448.95 million. This reflects the momentum in our deal wins. Our total contract value for the year reached USD 2.4 billion. These numbers indicate consistent performance across our verticals. We have seen strong additions to our client base and sequential growth across segments.

Management: Thank you. Good evening and good day to all. For the quarter, our revenue reached USD 436 million, reflecting a growth of 15.4% year-on-year. This translates into strong performance for the full year. For FY26, we reached a total revenue of USD 1,659 million. Our EBIT stood at 16.3%.

Mehta Bhavik: What do you mean by the demand environment currently?

Management: We see momentum in travel and other sectors. Our market share is growing across multiple geographies, and we are seeing a 15.6% growth in certain key markets.

Management: Our ROCE stood at 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 rupees as of March 31, 2026.

In this quarter, 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 FY26. Operating Cash Flow (OCF) to PAT came in at 77% in Q4 FY26 compared to 91% in the previous quarter. The decline in operating cash flow to PAT was primarily on account of a higher proportion of unbilled revenue in this quarter, which we expect to normalize in the next quarter. Additional delays in the receipt of tax returns and annual payments towards insurance premiums 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 March 31, 2026, were USD 500 million at an average rate of 90.70 rupees per dollar. Let me now give you some operational updates. At the end of Q4 FY26, our total headcount stood at 27,502, an increase of 791 from the previous quarter. Utilization in this quarter remained static at 88%. Trailing 12-month attrition for this quarter came in at 13% compared to 13.5% in the previous quarter.

Coming to updates from 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 among the top 4% of companies globally. Further, we ranked third overall and second in the IT sector in Business World India's most sustainable companies, reinforcing our sector leadership. In the Perpetual Capital India Impact 50 2026, we are ranked 30th, reflecting a measurable impact at scale. Regarding mobility, we achieved carbon neutrality 2 years ahead of target, resulting in the number one rank among companies targeting carbon neutrality by 2030, and number three among sustainable software and services companies, a strong indicator of our commitment's credibility.

We have been featured in the Times India Leading ESG Entities report, strengthening our overall ESG efforts. On the social dimension, we remain among the ET Edge Best Organizations for Women

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2026. This reinforces our talent sustainability, leadership, and inclusion, which are critical factors for long-term performance in a knowledge-based business. Collectively, these outcomes reflect a disciplined ESG strategy embedded in our governance and operations, supporting business resilience, stakeholder trust, and sustainable shareholder value. With this, let me now invite Mitesh to share updates on our AI journey.

Mitesh Srivastava – Management: Thank you, Vinit. Let me update you on the progress of our AI journey as we continue to help our clients adopt and scale AI based on measurable outcomes. As you know, our AI strategy rests on three key pillars: engineering hyper-productivity, business hyper-productivity, and enterprise data readiness, along with responsible AI.

Engineering hyper-productivity is about embedding AI across the software development life cycle 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 enterprise data foundations 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 this transformation journey, the true challenge lies 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 operations. 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 workflow orchestration layer coordinates and integrates people, agents, applications, resources, and systems in process-driven workflows with clear control, accountability, and governance. Our platforms Tatwa, Iora, and Gen AI Hub link all these three together. Our methodology and accelerators extend this into the partner ecosystem. This helps our customers realize AI value through a combination of our own IP and the breadth of what our partners offer.

We continue to invest in our innovation to help our clients get real value 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 hyper-productivity, Tatwa 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 Tatwa platform, bridging the last-mile gap of AI adoption. This approach is now repeatable across verticals.

Converting enterprise technology and AI assessments into a 90-day actionable roadmap, including for private equity due diligence and transformation at scale. Let me share an example where we

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were selected to transform the SDLC for a complex 50-system used by law enforcement. This client provides law enforcement agencies and public officials with the technology and tools they need to manage local, state, and federal offender registry processes effectively. Tatwa brought organizational context to data from sources like code repositories, tickets, communication channels, and planning tools. It used this engineering data to create purpose-built LLMs alongside Tatwa and Copilot, 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 operations, 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 Tatwa to run as an agile layer on the core foundation that integrates with partner platforms like Claude, GitHub Copilot, and OpenAI Codex. This gives clients more choice in their model and tool ecosystem, while Tatwa 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 with our enterprise value layered on top.

On business hyper-productivity, we continue to reimagine end-to-end workflows that span our hyperscale ecosystem, 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 Gen AI 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 extends to five core agents and across the partner ecosystem, 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 regarding 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 databases, creating a structured intelligence layer for downstream AI use cases. We then fine-tuned OpenAI foundation models 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 Med-PaLM and PaLM, 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 an LLM-driven discovery workflow 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 structures, generate novel molecules, design new proteins, and simulate molecular interactions between target proteins and ligands. It is built on the core NVIDIA stack, contextualized by our deep expertise in protein structures, and coordinated through plug-and-play microservices

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with industry-standard APIs. This enables rapid workflow customization and scalability.

Enterprise data readiness remains the single most important driver for scaling AI adoption. We expanded enterprise context, semantic layers, and knowledge graphs within lora to make enterprise data not just AI-available, but AI-consumable. We industrialized modernization using a generic agentic accelerator to migrate legacy data stacks into cloud-native platforms. This delivered real outcomes, including modernizing thousands of reports with significant automation and establishing data lineage for agentic alignment. To share one example, a leading US bank faced significant technical debt from multiple acquisitions with legacy systems reaching end-of-life and increasing risk exposure. Using our lora Migrate accelerator, we modernized their legacy database and report landscape to a cloud-native platform, 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 frameworks to platform-based execution and operating models that clients can adopt at scale. We continue to invest in deep research, in patent-backed innovation, in our platforms, and in our partner ecosystem, while bridging the last mile of AI adoption and delivering measurable impact to our clients. With this, I would now ask Bharath to take over to talk about our BFSI vertical details.

Bharath Narayanan – Management: Thank you, Mitesh. Warm greetings to everyone participating in today's call. I am Bharath Narayanan, and I head the BFSI vertical and Europe region at Persistent. I will address three primary topics today: the performance of the BFSI vertical, key drivers of market demand, and our execution strategy.

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

Our growth in BFSI is attributable to our deliberate focus on three pillars of execution. The first pillar is specialized sub-verticals, allowing us to focus on retail and commercial banks, capital markets, insurance, payment providers, and fintech. The second pillar is doubling down our investment on what we do best: product engineering, data modernization, and cloud transformation. The third pillar is a sharper focus on top 30 existing clients and winning new strategic clients for future growth across the regions.

Our strong engineering DNA, deep domain knowledge in financial services, and AI platforms like Sparks, lora, and Gen AI Hub have created a differentiated positioning for us with our clients. We are increasingly being brought in as a credible challenger to tier-one outsourcing firms by our customers and prospects.

Now, let me cover what we are observing as the broad themes 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

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modernizing platforms like their core banking, policy administration, and brokerage platforms with cloud-native architecture. Concurrently, upgrading enterprise data infrastructure has become a critical enabler for AI adoption while facilitating the compliance mandates necessary to mitigate operational risks and navigate stringent regulatory frameworks like DORA, BCBS 239, and ESG reporting.

Capitalizing on this modernized foundation, institutions are integrating traditional payments and digital assets via real-time networks, blockchain settlement, and tokenized real-world assets, aiming to improve liquidity and minimize counterparty friction. We see a real shift in spending from business-as-usual programs to transformation initiatives that are preparing clients to adopt AI at enterprise levels. We are involved in accelerating clients' transformation journeys in the following areas: improving time-to-market for new product rollouts, transforming complex legacy landscapes, end-to-end modernization of data, and reimagining customer experience.

There are four principal focus areas where we support our clients to realize business growth. The first is AI software engineering. The way software gets built is changing fast. As Mitesh called it out, let me focus on sharing an example of where we have adopted AI solutions to help our clients. Earlier in the year, for a large US insurer operating a decades-old COBOL-based policy administration platform supporting millions of policyholders, legacy infrastructure had become a significant barrier to modernization. We applied an AI-augmented engineering approach to migrate the core policy lifecycle directly onto Duck Creek, the leading insurance platform.

The second focus area is associated with payments and digital assets. Real-time settlement has evolved from an innovation initiative to a competitive guideline. To give an example, for a large financial technology provider enabling real-time payments on the Federal Reserve FedNow network, delivering a compliant production-ready capability was a critical milestone. Persistent designed and built cloud-native FedNow payment solutions supporting customer credit transfers and merchant disbursement use cases. The scope was to lead the program end-to-end, from system architecture to integration and certification readiness. On similar lines, we were selected by one of the largest banks in the Nordic region to modernize its payment platform, implement regulatory changes, and augment core transaction capability. We were chosen against established incumbent service providers owing to our strong payments domain capability.

The third focus area is data infrastructure. One common challenge most clients face across segments is modernizing and improving the 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 file systems were creating direct regulatory exposure across Basel, AML, and KYC, we deployed Iora, our agentic AI solution for enterprise data management. The results delivered included a documentation cycle reduction of roughly 70% with AI decoding and validating over 25,000 lines of legacy code.

The fourth pillar focus area is non-linear cost transformation. Banking, capital market, and insurance clients are pursuing non-linear cost transformation through the digitalization of business processes using agentic solutions. The objective is not incremental efficiency but to 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

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fragmented manual insurance processes with a fully digital workflow-driven system. The transformation focuses 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 costs, 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 four priorities: embedding AI into existing engagements to drive customer satisfaction, proactively solving high-value problems for our current clients, bringing strategic new relationships through our differentiated offerings, and continuing to build deep engineering and domain talent for our team. We are committed to partnering with financial institutions as they navigate their modernization journeys and deploy AI solutions. Our focus remains on delivering tangible value during this pivotal phase. With this, I will now hand over the proceedings to Saurav.

Management: Thank you, Bharath. In the interest of time, I will be brief in mentioning one key customer case study from our High-Tech vertical, and I will briefly cover 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 a global B2B industrial technology leader as a long-term transformation partner to help shift from hardware-centric products to a software-led platform. 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 USD 50 million in TCV, with a Fortune 500 customer, and is one of the largest SAP solutions wins for us.

Coming to 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 for Persistent 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, we are empowering biopharma companies with production-grade synthetic systems for molecular simulation and virtual screening. Second, with Databricks, we have launched merchant risk management solutions to help financial institutions and payment providers gain real-time visibility across the merchant lifecycle.

Lastly, our MD and Chairman Dr. Anand Deshpande received two lifetime achievement awards during the quarter: the Engineering TPD 18 Awards at the India Business Leader Awards and at the Star Awards 2026 event organized by the Software Export Association of Pune. With this, let me hand it back to the team.

Operator: Thank you so much. We will now open the call for the Q&A session. We will wait for a few minutes until the queue assembles. We request participants to restrict to two questions and then return to the queue for further questions. Please raise your hand from the participant tab on the screen to ask a question. The first question is from Mehta Bhavik.

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Mehta Bhavik: Hi, thank you. Sir, a couple of questions. Firstly, Sandeep, can you talk about how you are seeing the demand environment currently versus, let's say, 3 months ago? Given we had this kind of operating update on how enterprises are adopting to data, any color on the demand environment would be helpful. Secondly, from the next year's perspective, you have a target of reaching USD 2 billion by FY27 along with margin expansion. Are you sticking to that, or do you want to make some changes given how the macro is playing out right now?

Management: Regarding the macro concerns, let's address two questions. First, it is not directly related to us from a regional spend perspective because we have zero to very little expenditure in certain volatile areas. But as far as risk is concerned, if macro issues go on for more time, then obviously it becomes an issue because interest rates remaining higher for longer will have an impact on spend, which affects the entire industry. Within that, we are confident in our performance and we are looking to gain market share. We are cautiously optimistic that in terms of growth, we are positioned well. Regarding the USD 2 billion target, we are going across different sectors. Hopefully, we are on track for that.

Mehta Bhavik: Yeah, thank you.

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

Abhishek Pathak: Hello. Thank you for the opportunity. A couple of questions. Firstly, on the top five accounts, we would just like to see across this quarter if you could just guide us on which vertical contributed to the softness among the top five clients and what the outlook is for Healthcare or High-Tech. That would be quite helpful. And the second question is just a clarification on the USD 2 billion run rate. Are we talking about a quarterly annualized rate for Q4 FY27 and not necessarily USD 2 billion in total revenue for the full year FY27?

Management: So, for the USD 2 billion revenue, we are looking at the Q4 FY27 exit as the point where we hit that annualized run rate. Now coming to your other questions regarding the accounts, we have been managing those relationships closely. From the company's perspective, we have fairly strong relationships with each of them, and they are still there. So, there is nothing to worry about on that front.

Abhishek Pathak: Understood Sandeep. And just lastly, I wanted to get your thoughts on Salesforce Headless 360, considering we are quite tied with Salesforce. They have come up with this Headless 360 framework where the API is the interface. How are we looking at this, and does this mean that over the long term, value is moving away from system integrators or IT services companies towards the OEMs, or is there a perspective that allows us to retain value as a system integrator?

Management: To keep it short, given the time constraints, if you look at the overall Headless 360, while it gives customers options to use APIs directly, it also increases the technical work. Not every customer is tech-savvy enough to take advantage of these without having that technical competence. So, we are working very closely with Salesforce. We look forward to increased spend because of that in the current install base and in newer technologies. I am happy to have an offline conversation to go into more detail.

Abhishek Pathak: I would request that, Sandeep. All the best.

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

Prateek Maheshwari: Hi Sandeep, thank you for the opportunity. My question is primarily on the Healthcare vertical. This quarter has grown very strongly quarter-on-quarter. But we see some of the larger peers have seen some weakness, especially in their top accounts. I just wanted to understand from some of the exposure you have, have you seen any similar situations or is there any risk for us?

Management: We play in the same vertical and some of our larger customers are there. We share these customers with a few other strategic tier-one firms as well. As far as we are concerned, we have been able to grow in the same set of accounts despite the headwinds that the industry has faced. To that extent, it shows the strength of our offering and the relationship. I would not read too much into the peer performance from our perspective.

Prateek Maheshwari: Okay. And my second question was on your geographic outlook. This quarter we see India growing very strongly. North America grew at the company growth rate, but Europe has declined for the last two quarters. Could you share your thoughts on what you are looking at there?

Management: The India part is an aberration. What happened there is that for one of our IT customers—where we are a vendor—their renewal happened in rupee terms for their Global Capability Center (GCC). So, that basically had to be classified as India revenue. Otherwise, North America revenue would have been even higher and the India revenue would not be at that level. This will get corrected in the next quarter. As far as Europe is concerned, that is an area where we want to double down. There are some customer projects transitioning, which affected the 1.8% sequential movement. But North America and overall geography health are in good shape.

Prateek Maheshwari: Okay, thank you so much.

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

Girish Pai: Am I audible? Thanks for the opportunity. The Private Equity (PE) channel has been a critical channel for you. What is the company's exposure to that channel? Now, with talk of a "tech apocalypse," how does this impact the demand outlook from this channel for FY27 and beyond?

Management: Regarding PE exposure, we get business in some cases where the customer is owned by a PE. The fact is that there are more PE-owned companies in the US today than public companies. In the enterprise software space over the last 5 years, many companies have been taken private. That does not mean they are small or financially weak. As far as a "tech apocalypse" is concerned, there is a good opportunity for us. If we can partner with the PEs and their portfolio companies to improve their margins using our platforms—whether we use open-source LLMs or Anthropic—it is a very big opportunity. That is why we have invested in senior leaders to lead enterprise software at scale for us. We are looking at this as a positive, helping our customers reduce costs while delivering more using technology. This is a good growth market for us.

Girish Pai: My last question: how much was the license fee booked in the fourth quarter? And how much was the incremental capitalization of spending on building platforms in Q4 FY26?

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Management: We do not specifically call out license fees because it is a combination of our own internal IP and external IP routed through larger services contracts. You can assume our own developed IP is getting a lot of attention and momentum in terms of the benefits provided to clients. As far as the capitalization spend we do on our main data systems, that ranges around 8 million to 9 million dollars a year.

Girish Pai: Okay, thank you.

Operator: 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 is on the revenue mix or model. I understand it is a combination of your own IP, SaaS platforms, third-party platforms, and employees. How does the mix between our own platforms and third-party platforms move quarter-on-quarter? We have not seen much seasonality in revenue growth lately. Should we expect some seasonality now that we have reached a certain base, especially given that third-party software was higher this quarter?

Management: Our business has not been too seasonal. We worked very hard to diversify so that our top customer concentration has come down as a percentage of revenue. Regarding forward-looking IP like Tatwa, Iora, or Anthropic and OpenAI integration, those will be part of services agreements. We do not expect much seasonality because of that. It is part of our delivery model.

Kumar Rakesh: And regarding the third-party platforms, if we start using more of them, how does that change our growth and margin profile? Are we largely neutral, or will our own platforms change that mix?

Management: The reason we have our own platforms while partnering with third parties like Anthropic or OpenAI is that customers choose these platforms. As a technology services provider, we must offer those choices. In some cases, we may use open source. In others, we may pay for tokens. Most of this should be largely neutral or slightly accretive because the entire promise of AI is to do more work with fewer people and more technology. It should not be margin-dilutive. Our margins should stay the same or improve as we use more of this technology.

Kumar Rakesh: Alright, thank you.

Operator: Thank you. The next question is from Nitin Patanapana.

Nitin Patanapana: Good evening, Sandeep. Thank you for the opportunity. Last year, we noted that growth would be led by BFSI, followed by High-Tech and Healthcare. How are you seeing the shape of growth as we enter the next year? Also, regarding the outsourced product development (OPD) business, how should we think about capitalization rates as the SDLC shortens?

Management: For next year, it will likely be between Healthcare and BFSI at the top; they are neck-and-neck in what we see today. The third will be High-Tech. This is just the direction we are seeing today, not formal guidance. Regarding OPD, we are strong in High-Tech, and tech companies are early adopters because they are creators of these technologies. Even if we see compression in the tech world or cannibalization of our own business, the total addressable market

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is large, and we are a relatively small company at roughly 1.7 billion dollars. There is enough new outsourcing and market share rotation happening for us to lead the pack.

Nitin Patanapana: So, in your experience so far, even if there is cannibalization on the SDLC side, are you still seeing a higher net impact?

Management: So far, yes, we are able to deliver more value and capture more work in Tech. There may be a time when Tech experiences compression as tools from Anthropic and others become even more powerful. But with that compression, if we are able to win more business because we are working so closely with them, we should come out on top.

Nitin Patanapana: That is fine. Thank you so much and all the best.

Operator: Thank you. The last question is from Abodh Singhal.

Abodh Singhal: Hi, thanks for taking my question and congratulations on the great quarter. Sandeep, for FY26 we had challenges like the weak US macro and Gen AI disruption. For FY27, we have the additional overhead of geopolitical tensions. How are you looking at FY27 versus FY26? Have the previous headwinds like Gen AI disruption come down? And regarding margins, we delivered around 15.6% this year. Are you comfortable with the previous guidance of around 15%, or are you looking at a higher trajectory over the next 2 years?

Management: Geopolitical issues like war are not in our control, but we hope they end soon. In the last 6 years, we have seen COVID and various macro cycles. We focused on building capabilities and staying close to our customers. From what we see today, we should have decent growth in the coming years. We are investing in AI capabilities and working with partners like NVIDIA, OpenAI, and Databricks. That growth will materialize.

Regarding the margin trajectory, our aspiration continues to be in the 16% to 17% range. However, in this environment, our first priority is growth. Our priority is investing back into the business and developing capabilities. If we can maintain or improve our margins along the way, we will do that.

Abodh Singhal: Got it. Thank you so much and all the best.

Management: With that, we will end the call. With all these technology changes, there is excitement in the market. We will build the relevant capabilities and keep going strong. Thank you.

Operator: Thank you very much to the Persistent Systems Ltd. management team. Ladies and gentlemen, on behalf of Persistent Systems Ltd., that concludes today's conference. Thank you for joining us. You may now disconnect your lines. Goodbye.

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