Persistent Systems Ltd (PSYS)

4QFY26 Result Update | IT

AI-led margin tailwinds with strong growth ambitions.

DALAL & BROACHA
STOCK BROKING PVT. LTD.

Institutional Equity Research Desk

24 April 2026

Persistent Systems delivered a strong Q4FY26, with revenue growth of 3.2% QoQ / 16.2% YoY to USD 436 mn and EBIT margin expanding to 16.3%. Growth was supported by healthy deal wins, deeper mining of strategic accounts, and AI-led productivity gains through platforms such as SASVA, iAURA and GenAI Hub.

Client mining remains strong, with top-100 clients growing 19.5% YoY and USD 1 mn+ clients increasing from 191 to 201. BFSI led vertical growth at 24.3% YoY in Q4 and 28.4% for FY26, supported by modernization, data readiness and AI-led transformation demand.

Margins have improved steadily, with FY26 EBIT margin at 15.6%, up 90 bps YoY. Management remains confident of sustaining a 16–17% EBIT margin aspiration, while prioritizing growth and capability investments. AI adoption is expected to help decouple growth from headcount by enabling more technology-led delivery.

Management reiterated its ambition to reach a USD 2 bn run-rate by Q4FY27, with the CEO indicating confidence in reaching the target, plus/minus a quarter, subject to macro conditions. The USD 5 bn longer-term ambition remains anchored on AI-led platforms, hyperscaler partnerships, capability building and potential inorganic expansion.

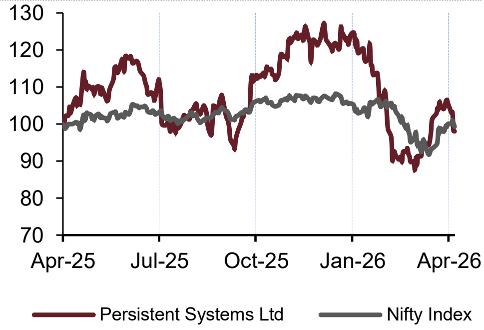
Overall, PSYS remains well positioned as an AI-led challenger in IT services, with strong execution in BFSI, healthy large-account growth, improving profitability and differentiated platforms supporting productivity-led transformation.

Rating	TP (Rs)	Up/Dn (%)
BUY	**7,175**	**42**

Market data		
Current price	**Rs**	**5,065**
Market Cap (Rs.Bn)	(Rs Bn)	799
Market Cap (US$ Mn)	(US$ Mn)	8,519
Face Value	Rs	5
52 Weeks High/Low	Rs	6599 / 4449.1
Average Daily Volume	('000)	2,346
BSE Code		533179
Bloomberg		PSYS.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	**Mar-26**	**Dec-25**
Promoters	31	31
Public	69	69
Total	**100**	**100**

Source: Bloomberg

Financial Summary

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28e
Net sales	57,107	83,506	98,216	1,19,387	1,41,455	1,66,401	2,14,754
EBITDA	9,582	15,191	17,243	20,582	26,098	31,858	42,168
Adjusted net profit	6,904	9,507	11,421	14,002	17,706	21,937	34,982
Free cash flow	11,177	4,745	11,407	10,449	20,108	28,879	30,403
EPS (Rs)	45	62	73	90	114	141	224.5
growth (%)	0.5	0.4	0.2	0.2	0.3	0.2	48%
P/E (x)	124	93	80	62	49	40	23.8
P/B (x)	124	93	80	62	49	40	23.8
EV/EBITDA (x)	44	28	24	21	16	13	9.6
ROCE (%)	17.7	22.0	22.3	23.5	24.4	25.6	34.7
RoE (%)	22.4	25.9	24.5	24.8	25.9	27.3	35.4
Dividend yield (%)	0.4	0.6	0.9	0.7	1.1	1.4	2.0

Source: Company, Dalal & Broacha Research

Deal Wins:

Company reported strong deal momentum, with:

Total Contract Value (TCV): USD 600.8 mn in Q4

New bookings TCV: USD 408.9 mn

Annual Contract Value (ACV): USD 445.1 mn

Highlighted one marquee deal:

A >$50 mn TCV deal with a global B2B industrial technology company, involving end-to-end engineering transformation and offshore-led operations

Management emphasized:

Mix of large renewals + new deals across existing and new clients

Strong pipeline supported by AI-led transformation demandAI focused growth:

Growth going forward is AI-led, with SASVA and iAURA central to service delivery and enabling revenue–headcount decoupling. Integrated licensing-plus-services deal structures are already driving benefits, while PSYS remains focused on continued innovation and scaling of its AI platforms.

Operational Highlights:

- **Revenue Momentum:**
  - Revenue at USD 436 mn, +3.2% QoQ / +16.2% YoY
  - Marks 24th consecutive quarter of growth
- **Order Book Strength:**
  - TCV: USD 600.8 mn (Q4)
  - New bookings TCV: USD 408.9 mn
  - ACV: USD 445.1 mn
- **Client Mining:**
  - Strong growth across cohorts:
    - Top-10: +19.4% YoY
    - Top-100: +19.5% YoY
  - $1 mn+ clients increased to 201 (vs 191 YoY)
- **AI-led Execution:**
  - AI platforms driving productivity gains and margin expansion
  - Operational efficiencies contributed to margin improvement (along with currency and cost factors)

- **Margins:**
  - Q4 EBIT margin: 16.3%
  - FY26 EBIT margin: 15.6% (+90 bps YoY)
- **Delivery & Talent:**
  - Headcount at 27,502 (+791 QoQ)
  - Utilization steady at ~88%, supporting efficiency
- **Deal Momentum:**
  - Strong multi-year wins across BFSI, Healthcare, and Hi-Tech
  - Continued success in large-deal pipeline and strategic account mining

Valuation:

The company sees the demand environment as stable with cautious optimism, and remains confident of sustaining growth momentum driven by strong order bookings and continued traction in BFSI, while Europe remains an area of focus for expansion. Management highlighted that despite macro uncertainties, it expects to continue gaining market share supported by AI-led capabilities and investments.

The company continues to focus on its top-100 clients (contributing ~80%+ of revenue), with strong growth across these cohorts. It sees AI as a key lever to drive higher wallet share, enabling deeper engagement and productivity-led transformation across existing accounts.

Management remains confident in the company's long-term growth potential, reiterating its ambition to achieve a ~USD 2 billion revenue run-rate by FY27 (Q4 exit) and ~USD 5 billion by FY31. Growth will be supported by AI-led platforms, capability building, and continued large deal wins, while maintaining a focus on non-linear growth through technology adoption.

On the margin front, the company continues to maintain an aspiration of 16–17% EBIT margins in the near term, with further improvement potential driven by AI-led productivity gains and operational efficiencies, while prioritizing investments in growth and capabilities.

Supported by a healthy order book (Q4 TCV: USD 600.8 mn, ACV: USD 445.1 mn) and strong visibility on deal pipeline, we recommend a BUY rating on the stock. Applying a target multiple of 30x FY28E EPS, we arrive at a target price of Rs.7,175.

Quarterly Financials

YE March (Rs. Mn)	Q4FY26	Q3FY26	QoQ (%)	Q4FY25	YoY (%)
Net Sales (US$ Mn)	**436.0**	**422.5**	**3.2%**	**375.2**	**16%**
Net Sales (INR Mn)	**40,559**	**37,782**	**7.4%**	**32,421**	**25.1%**
Less:					
Employees Benefits	27,583	26,006	6.1%	22,797	21.0%
SG&A Expenses	5,300	4,445	19.2%	3,780	40.2%
Total Operating Expenditure	**32,882**	**30,451**	**8.0%**	**26,577**	**23.7%**
EBITDA	**7,677**	**7,331**	**4.7%**	**5,844**	**31.4%**
EBIT	**6,592**	**6,325**	**4.2%**	**5,053**	**30.4%**
Less: Depreciation	1,085	1,006		791	
Less: Interest	187	190	(1.5%)	185	1.2%
Add: Other income	335	405	(17.3%)	184	82.4%
Profit Before Tax	**6,740**	**5,650**	**19.3%**	**5,052**	**33.4%**
Adjusted Profits	**6,740**	**6,540**	**3.1%**	**5,052**	**33.4%**
Less: Total Tax	1,447	1,255		1,094	
PAT	**5,293**	**4,395**	**20.4%**	**3,958**	**33.7%**
Adjusted PAT	**5,293**	**5,285**	**0.1%**	**3,958**	**33.7%**
Reported Diluted EPS (Rs.)	**34**	**28**	**20.4%**	**25.7**	**32.2%**
Margin Analysis %	**Q4FY26**	**Q3FY26**	**Change in bps**	**Q4FY25**	**Change in bps**
EBIT margin	**16.3%**	**16.7%**	**(49)**	**15.6%**	**67**
EBIDTA Margin	18.9%	19.4%	(47)	18.0%	90
NPM	13.0%	11.6%	142	12.2%	84
Adjusted NPM	13.0%	14.0%	(94)	12.2%	84
Effective Tax Rate %	21.5%	22.2%	(75)	21.7%	(19)
Cost Analysis %	**Q4FY26**	**Q3FY26**	**Change in bps**	**Q4FY25**	**Change in bps**
Employee Cost/Net Sales	68.0%	68.8%	(83)	70.3%	(231)
SG&A/Net sales	13.1%	11.8%	130	11.7%	141

Source: Dalal & Broacha Research

Financials

Profit & Loss A/c							
YE March (Rs. mn)	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28e**
Net Sales	**57,107**	**83,506**	**98,216**	**1,19,387**	**1,46,154**	**1,78,758**	**2,14,754**
Growth %	*36.4%*	*46.2%*	*17.6%*	*21.6%*	*22.4%*	*22.3%*	*20.1%*
Other Operating Income	0	0	0	0	0	0	0
Total Revenue	**57,107**	**83,506**	**98,216**	**1,19,387**	**1,46,154**	**1,78,758**	**2,14,754**
Less:							
Employee Cost & Related Expenses	42,567	60,122	71,102	86,229	1,01,119	1,26,379	1,51,111
Miscellaneous Expenses	4,958	8,193	9,870	12,576	17,064	17,876	21,475
Total Operating Expenditure	**47,526**	**68,315**	**80,973**	**98,805**	**1,18,183**	**1,44,255**	**1,72,586**
EBIDTA	**9,582**	**15,191**	**17,243**	**20,582**	**27,971**	**34,503**	**42,168**
Growth %	*40.3%*	*58.5%*	*13.5%*	*19.4%*	*35.9%*	*23.4%*	*22.2%*
Less: Depreciation	1,660	2,719	3,094	3,069	4,023	4,469	5,369
EBIT	**7,922**	**12,472**	**14,149**	**17,513**	**23,948**	**30,034**	**36,799**
Growth %	*56.1%*	*57.4%*	*13.4%*	*23.8%*	*36.7%*	*25.4%*	*22.5%*
Interest Paid	118	473	467	671	739	901	254
Non-operating Income	1,440	706	1,280	1,382	1,862	2,145	606
Extraordinary Income	0	-297	-486	0	-890	0	0
Profit Before tax	**9,243**	**12,409**	**14,476**	**18,223**	**24,181**	**31,278**	**37,150**
Tax	2,339	3,198	3,541	4,221	5,526	7,663	2,168
Net Profit before Minority	**6,904**	**9,211**	**10,935**	**14,002**	**18,654**	**23,615**	**34,982**
Net Profit	**6,904**	**9,211**	**10,935**	**14,002**	**18,654**	**23,615**	**34,982**
Adjusted Profit	**6,904**	**9,507**	**11,421**	**14,002**	**19,544**	**23,615**	**34,982**
Reported Diluted EPS Rs	**45.2**	**60.3**	**70.2**	**89.8**	**119.7**	**151.5**	**224.5**
Growth %	*53.2%*	*33.4%*	*16.4%*	*28.0%*	*33.2%*	*26.6%*	*48.1%*
Adjusted Diluted EPS Rs	**45.2**	**62.2**	**73.3**	**89.8**	**125.4**	**151.5**	**224.5**
Growth %	*53.2%*	*37.7%*	*17.8%*	*22.6%*	*39.6%*	*20.8%*	*48.1%*

Balance Sheet (Consolidated)							
YE March(Rs. mn)	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28e**
Liabilities							
Equity Capital	764	764	770	779	779	779	779
Reserves & Surplus	32,918	38,887	48,807	62,411	73,557	87,667	1,08,569
Equity	**33,682**	**39,651**	**49,577**	**63,191**	**74,337**	**88,446**	**1,09,348**
Preference Share Capital							
Net Worth	**33,682**	**39,651**	**49,577**	**63,191**	**74,337**	**88,446**	**1,09,348**
Minority Interest							
Net Deferred tax liability/(Asset)	2,326	3,760	859	823	1,078	1,495	423
Total Loans	**2,801**	**2,058**	**99**	**0**	**0**	**0**	**0**
Capital Employed	**38,809**	**45,468**	**50,535**	**64,014**	**75,415**	**89,941**	**1,09,771**
Assets							
Gross Block	8,970	11,936	12,354	12,866	14,066	16,266	18,466
Less: Depreciation	6,052	7,076	7,934	8,516	12,539	17,008	22,376
Net Block	**2,918**	**4,860**	**4,420**	**4,350**	**1,527**	**-742**	**-3,910**
Capital WIP	1,071	161	219	42	51	63	75
Investments	**4,409**	**5,475**	**7,173**	**7,460**	**8,694**	**9,979**	**11,294**
Intangible Assets	11,060	16,355	15,604	17,993	26,308	32,176	38,656
Others Assets	3,863	1,629	1,421	1,438	1,761	2,153	2,587
Right of Use Assets	1,358	2,198	2,307	3,799	0	2,523	0
Current Assets							
Sundry Debtors	9,484	15,253	16,761	18,478	26,428	32,323	38,832
Current Investments	4,347	1,880	2,727	3,388	5,846	7,150	8,590
Cash and Bank Balance	9,145	9,033	10,229	10,255	7,499	8,405	12,169
Other Current Assets	5,414	8,752	11,852	18,139	21,923	26,814	32,213
Total Current Assets	**28,389**	**34,918**	**41,569**	**50,260**	**61,696**	**74,692**	**91,804**
Less:Current Liabilities & Provisions							
Sundry Creditors	4,299	5,689	8,139	8,886	9,714	11,857	14,185
Provisions	3,950	4,649	3,331	4,029	4,974	6,897	1,951
Other Current Liabilities	6,011	9,790	10,709	8,413	9,935	12,151	14,598
Total Current Liabilities	**14,260**	**20,129**	**22,179**	**21,328**	**24,623**	**30,905**	**30,735**
Capital Applied	**38,809**	**45,468**	**50,535**	**64,014**	**75,415**	**89,941**	**1,09,771**

Cash Flows (Consolidated)							
YE March (Rs. Mn)	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28e**
PAT	**6,904**	**9,211**	**10,935**	**14,002**	**18,654**	**23,615**	**34,982**
(Less)/Add: Extraordinary Income/Expense	0	297	486	0	890	0	0
Less: Non Operating Income	-1,440	-706	-1,280	-1,382	-1,862	-2,145	-606
Add: Depreciation	1,660	2,719	3,094	3,069	4,023	4,469	5,369
Add: Interest Paid	118	473	467	671	739	901	254
Operating Profit before WC Changes	**7,243**	**11,994**	**13,702**	**16,360**	**22,445**	**26,840**	**40,000**
(Inc)/Dec in Current Assets	-2,351	-6,640	-5,455	-8,665	-14,192	-12,090	-13,348
Inc/(Dec) in Current Liabilities	6,562	5,869	2,050	-851	3,295	6,282	-170
Net Cash Generated From Operations	**11,455**	**11,223**	**10,297**	**6,845**	**11,547**	**21,032**	**26,482**
Cash Flow from Investing Activities							
(Inc)/Dec in Fixed Assets	-1,085	-2,966	-418	-512	-1,200	-2,200	-2,200
(Inc)/Dec in Capital Work In Progress	-949	910	-57	177	-9	-11	-13
(Inc)/Dec in Investment (Strategic)	-256	-638	-1,023	-876	-1,000	-1,000	-1,000
(Inc)/Dec in Investment (Others)	-64	-428	-675	590	-234	-285	-315
Add: Non Operating Income Income	1,440	706	1,280	1,382	1,862	2,145	606
(Inc)/Dec in Intangible Assets	-13,978	-3,902	850	-3,897	-4,839	-8,785	-4,389
Cash Flow from Investing Activities	**-14,894**	**-6,318**	**-43**	**-3,137**	**-5,420**	**-10,136**	**-7,311**
Cash Flow from Financing Activities							
Inc/(Dec) in Total Loans	5,163	691	-4,860	-134	255	417	-1,072
Dividend Paid	-2,368	-3,833	-3,210	-4,607	-6,529	-8,265	-12,244
Tax Paid on Dividend	-355	-575	-482	-691	-979	-1,240	-1,837
Less: Interest Paid	-118	-473	-467	-671	-739	-901	-254
Net Cash Flow from Financing Activities	**2,775**	**-5,017**	**-9,057**	**-3,681**	**-8,883**	**-9,989**	**-15,406**
Net Inc/Dec in cash equivalents	**-664**	**-112**	**1,196**	**26**	**-2,756**	**906**	**3,764**
Opening Balance	**9,809**	**9,145**	**9,033**	**10,229**	**10,255**	**7,499**	**8,405**
Closing Cash Balance	**9,145**	**9,033**	**10,229**	**10,255**	**7,499**	**8,405**	**12,169**

Key Ratios (Consolidated)							
YE March (Rs. mn)	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28e**
Key Operating Ratios							
EBITDA Margin (%)	16.8%	18.2%	17.6%	17.2%	19.1%	19.3%	19.6%
Tax / PBT (%)	25.3%	25.8%	24.5%	23.2%	22.9%	24.5%	5.8%
Net Profit Margin (%)	12.1%	11.0%	11.1%	11.7%	12.8%	13.2%	16.3%
RoE (%)	22.4%	25.9%	25.6%	24.8%	28.4%	29.0%	35.4%
RoCE (%)	17.7%	22.0%	22.3%	23.5%	26.5%	27.4%	34.7%
Current Ratio (x)	2.0x	1.7x	1.9x	2.4x	2.5x	2.4x	3.0x
Dividend Payout (%)	39.4%	47.9%	33.8%	37.8%	40.3%	40.3%	40.3%
Book Value Per Share (Rs.)	220.4	259.4	318.1	405.5	477.0	567.5	701.6
Financial Leverage Ratios							
Debt/ Equity (x)	0.1x	0.1x	0.0x	0.0x	0.0x	0.0x	0.0x
Interest Coverage (x)	81.0x	32.1x	36.9x	30.7x	37.8x	38.3x	165.9x
Interest / Debt (%)	8.3%	19.5%	43.3%	1354.1%	#DIV/0!	#DIV/0!	#DIV/0!
Growth Indicators %							
Growth in Gross Block (%)	13.8%	33.1%	3.5%	4.1%	9.3%	15.6%	13.5%
Sales Growth (%)	36.4%	46.2%	17.6%	21.6%	22.4%	22.3%	20.1%
EBITDA Growth (%)	40.3%	58.5%	13.5%	19.4%	35.9%	23.4%	22.2%
Net Profit Growth (%)	53.2%	33.4%	18.7%	28.0%	33.2%	26.6%	48.1%
Diluted EPS Growth (%)	53.2%	33.4%	16.4%	28.0%	33.2%	26.6%	48.1%
Turnover Ratios							
Debtors Days	49	54	59	54	56	60	60
Creditors Days	44	42	50	48	44	42	43
Inventory (Days of Optg. Costs)	0	0	0	0	0	0	0

Source: Dalal & Broacha Research

Disclaimer

Dalal & Broacha Stock Broking Pvt Ltd, hereinafter referred to as D&B (CINU67120MH1997PTC111186) was established in 1997 and is an integrated financial services player offering an extensive range of financial solutions and services to a wide spectrum of customers with varied needs ranging from equities to mutual funds to depository services.
D&B is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE). D&B along with its affiliates offers the most comprehensive avenues for investments and is engaged in the securities businesses including stock broking (Institutional and retail), depository participant, portfolio management and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.dalal-broacha.com
D&B is registered as Research Analyst with SEBI bearing registration Number INH000001246 as per SEBI (Research Analysts) Regulations, 2014.
D&B hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in any time in the past. It has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time. SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on D&B for certain operational deviations in routine course of business.
D&B offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by D&B (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report-:

D&B or its associates may have financial interest in the subject company.

D&B or its associates do not have any material conflict of interest in the subject company.

The Research Analyst or Research Entity (D&B) has not been engaged in market making activity for the subject company.

D&B or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report.

Disclosures in respect of Research Analyst:

Whether Research Analyst or his/her relatives have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report:	No
Whether the Research Analyst or his/her relative's financial interest in the subject company.	No
Whether the research Analyst has served as officer, director or employee of the subject company	No
Whether the Research Analyst has received any compensation from the subject company in the past twelve months	No
Whether the Research Analyst has managed or co-managed public offering of securities for the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation or other benefits from the subject company or third party in connection with the research report	No

D&B and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein.

In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject D&B or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to D&B. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of D&B . All trademarks, service marks and logos used in this report are trademarks or registered trademarks of D&B or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Address: - 508, Maker Chambers V, 221 Nariman Point, Mumbai 400 021.
Tel: 91-22- 2282 2992, 2287 6173 | E-mail: equity.research@dalal-broacha.com