Persistent

NSE & BSE / 2026-27 / 169

October 23, 2026

The Manager,
Corporate Services,
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (E),
Mumbai 400 051

**Ref: Symbol: PERSISTENT**

The Manager,
Corporate Services,
BSE Limited
P J Towers, Dalal Street,
Mumbai 400 001

**Ref: Scrip Code: 533179**

Dear Sir/Madam,

**Sub.: Transcript of the investor/analyst call held on Thursday, October 15, 2026**
**Ref.: Our earlier intimation under Ref. No. NSE & BSE / 2026-27 / 163 dated October 15, 2026**

In continuation to the above-referred intimation and pursuant to Regulation 30 read with Schedule III (Para A) (15) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to submit the transcript of the investor/analyst call held on Thursday, October 15, 2026, at 5:00 PM (IST), for the quarter and half year ended September 30, 2026.

The transcript of the investor/analyst call is also made available on the Company's website as follows:

Investor/Analyst Call Transcript Q2FY27

Thanking you,

Yours sincerely,
For **Persistent Systems Limited**

Amit Murari Atre
Digitally signed by Amit Murari Atre
Date: 2026.10.23 20:34:40 +05'30'

Amit Atre
Company Secretary
ICSI Membership No.: ACS 20507

Encl.: As above

# "PERSISTENT SYSTEMS EARNINGS CONFERENCE CALL, SECOND QUARTER, FY27 ENDED SEPTEMBER 30, 2026"

October 15th, 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 Shrivastva**
*Chief Technology Officer – Engineering Hyper Productivity*

**Mr. Saurabh Dwivedi**
*Corporate Vice President, Finance and Strategy*

**Moderator:** Ladies and gentlemen, good day and welcome to Persistent Systems Earnings Conference call for the 2nd Quarter FY27, ended September 30, 2026.

We have with us on the call today:

1. Dr. Anand Deshpande, Chairman and Managing Director
2. Mr. Sandeep Kalra, Executive Director and Chief Executive Officer
3. Mr. Vinit Teredesai, Executive Director and Chief Financial Officer
4. Mr. Nitish Shrivastava, Chief Technology Officer, Engineering Hyper Productivity)
5. Mr. Saurabh 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 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, please identify yourself and your company. Please note that 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, Rashi.

A very good day, everyone. We sincerely appreciate your presence and participation in today's call. Let me quickly outline the agenda for today's call.

- Sandeep will begin with an overview of our Q2 results, commentary on the business and update on our acquisition of Nagarro.
- Vinit will take you through the financial details and key operational metrics for Q2.
- Nitish will provide details on expansion of our AI capabilities and representative AI wins in the quarter gone by.
- 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 morning, good afternoon, good evening to all of you, depending on where you're 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 7.8% quarter-on-quarter and 20% year-on-year delivering USD 487.6 million in Q2 FY27. This marks our 26th sequential quarter of revenue growth. In rupee terms, the growth for the quarter came in at 8.4% quarter-on-quarter and 30.3% year-on-year. In constant currency terms, the growth for the quarter was 7.8% quarter-on-quarter and 20.8% year-on-year. The EBIT margin for the quarter came in at 15%, translating to an EBIT growth of 1.6% quarter-on-quarter and 19.5% year-on-year.

The operating profit after tax for the quarter came in at 10.6%, translating to a PAT growth of 2.5% quarter-on-quarter and 5% year-on-year. The reported profit after tax for the quarter came in at 7.5%. I would like to point out that the reported PAT includes exceptional one-time expenses as part of Nagarro acquisition, resulting in approximately 3.1% impact for the quarter. Vinit, our CFO, will provide a detailed colour 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 633.5 million, with total contract value of new bookings coming in at USD 367.1 million. The annual contract value of bookings for this quarter was USD 481 million, out of which the annual contract value from new bookings contributed to USD 262.3 million. To remind everyone, both TCV and ACV numbers include all bookings, small and large, renewals as well as new bookings across existing and newer 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 some colour on our **client movement** across various reported categories. This quarter, we witnessed healthy year-on-year growth among our various client buckets. Our top 5 customers' revenue grew by 38.9%, top 10 by 29.9%, top 20 by 25%, top 50 by 24% and top 100 by 21.6%.

Coming to the year-on-year movement of customers across various reported buckets: Customers with annual revenues greater than 75 million remained stable at 4. Those with USD 50 million plus annual revenue remained stable at 4. Customers in the USD 20 million plus category increased from 12 to 13. Those in USD 10 million plus category increased from 25 to 34. Customers in USD 5 million plus category increased from 56 to 60 and the customers in USD 1 million plus category increased from 191 to 280. This healthy movement of customers across various revenue brackets demonstrates our team's consistent ability in cultivating deeper, more resilient partnerships with customers over time.

Now, coming to the details of our **performance across various geographies**. In terms of year-on-year growth this quarter in USD terms, North America revenue grew by 22.5%. Revenue in Europe declined 8.5% largely because of two client-specific events. One of our key clients in the European region was acquired by a larger strategic last year, which led to the ramp-down of our program with them over the last several quarters. Another engagement completed its planned ramp-down as a part of a fixed-price engagement. Both are one-off, client-specific events rather than a sign of broader geographic demand trends. Revenue in India grew by 19.4% and the rest of the world grew by 67% although on a smaller base.

Coming **to industry segments growth on a year-on-year basis**. This quarter's growth was led by Software, High-Tech and Emerging verticals coming in at 28.5% followed by Banking, Financial Services and Insurance at 16.2% and Healthcare and Lifesciences vertical at 12% respectively on a year-on-year basis. Growth in our Software, High-Tech and Emerging Industries vertical was driven by our new software reinvention offering launched during the quarter underpinned by the theme of the large deal that we announced last quarter.

As you know, high-tech is an industry that is most affected by advances in AI. Enterprise software companies as well as enterprises are rethinking how software is built and maintained. Our Software Reinvention offering is designed to help software and technology companies deliver AI native

products as well as modernize their legacy products for an AI first world. This is traditionally a segment where Persistent has always been significantly ahead of our peers, and we are confident that this offering will drive growth across the business creating a significant mode for us over the next several years. My colleague Nitish will cover it in more detail on this offering in the AI updates section a little later in this call.

Let me now provide you with an **update on the agreement to acquire Nagarro** that we announced earlier in June this year. As you may be aware, we signed a business combination agreement in late June time frame with Nagarro, a leading European digital engineering firm aimed at creating an AI-led global engineering powerhouse serving clients with end-to-end capabilities with over $2.9 billion in revenue run rate and 46,000 plus professionals across 40 countries. To refresh everyone on the acquisition rationale, the combination provides us with expanded capabilities across multiple industry verticals and service lines, more balanced geographic mix across North America, Europe and rest of the world, strengthened near-shore European delivery footprint with presence across Romania, Portugal, Hungary and Poland, and positions us nicely as a truly global partner for large transformation programs with our global 2000 customers and prospects. This is further backed by strong cultural alignment between the two organizations anchored in entrepreneurial ethos and engineering-first culture and decades of trust with marquee clients. We are confident that this combination positions Persistent and Nagarro for the next chapter of sustained profitable growth together.

Let me now provide you with the progress made since the last quarter in terms of the process as some of you may be tracking the closure timelines closely. Starting with the open offer update. The initial acceptance period for voluntary public takeover offer for Nagarro began on August 6th, 2026 and ended on September 17th. The additional acceptance period began on September 23rd and ended on October 6th. We have secured approximately 94.04% of Nagarro share capital excluding treasury shares at the expiry of the additional acceptance period, significantly exceeding the minimum acceptance threshold of 50% + 1 share that we had set. Having secured more than 90% of Nagarro share capital and voting rights, we intend doing a squeeze out of the remaining minority shareholders of Nagarro upon closing.

From a merger control clearance perspective, we have received all merger control clearances and all FDI clearances other than Austria and Spain. We are confident of getting these approvals in over the next several weeks. We

have also submitted the application for Reserve Bank of India's approval and we are following the due process to get the approval thereof.

In terms of financing, we intend replacing the Euro 1.4 billion 18-month bridge loan with longer tenure, capital and favorable terms. As a part of this long-term financing strategy, we will be raising USD 1.25 billion in terms of both debt and equity. Out of this, USD 450 million will be raised through equity, qualified institutional placement or equity-linked instruments like FCCB or combination of similar instruments. We have received the shareholder approval for the above funding mix at the Extraordinary General Meeting held on October 5th. We sincerely believe that the combined persistent Nagarro group presents a significant value creation opportunity for all our shareholders, clients, partners and employees.

As a part of this acquisition, I would like to highlight an important aspect around **one-time expenses related to the transaction**. Overall, we are expecting one-time expenses to the tune of approximately $50 million spread over three to four quarters. These expenses will weigh in on the reported EPS growth as you would have seen in our Q2 results reflecting an impact of around 3.1% on our reported PAT. We will be accounting for these expenses as they occur and will inform you all as we incur these expenses.

Also, as you may be aware, our ESOP vesting criteria for our team members is conditional on achieving a 12% revenue growth and a 12% EPS growth. In line with this, the Board may seek shareholders' approval to treat these one-time transaction related expenses as an exception when assessing the ESOP vesting conditions.

To summarize, all the processes related to the Nagarro acquisition are going on at the expected pace. We expect the deal closure by Q4-CY26 or Q1-CY27. We will keep you posted on the progress of this over time. We would like to place again on record our appreciation for Nagarro's Management Board as well as its Supervisory Board for their ongoing support and cooperation in the acquisition process. We are enthusiastic and look forward to working jointly with them and our extended Nagarro team to make this combination successful for all our stakeholders over time.

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

**Vinit Teredesai:** Thank you, Sandeep. Good morning and good day to all. Thank you for taking the time to join us today. Let me now take you through the **financial highlights for the quarter**.

Q2 FY27 revenue stood at USD 487.6 million, registering a year-on-year growth of 20%. In rupee terms, it translates to Rs.46,639 million, a growth of 30.3% year-on-year. EBIT for this quarter was Rs.6,977.2 million, translating to a growth of 19.5% year-on-year. EBIT margins for Q2 FY27 came in at 15%, 130 basis points declined year-on-year.

I will now talk about some operational updates for this quarter. At the end of Q2 FY27, our total headcount stood at 29,598, an increase of 958 from previous the quarter. Utilization stood at 85.8%, down 70 basis sequentially, primarily reflecting proactive hiring to support the ramp-up of large deals. Trailing 12-months attrition stood at 11.9% compared to 12.3% in the previous quarter.

Let me now give you quarter-on-quarter EBIT margin walkthrough. First, headwinds: As you would remember, this is the quarter when we have the yearly wage hike coming into effect. This impacted our margins by 180 basis points. However, lower ESOP costs enabled us to absorb part of this impact, leaving us with a net impact of 140 basis points. Lower utilization led to a 20 basis impact on our EBIT margins.

The large deal that we have announced in the previous quarter included end-to-end takeover of the engineering roadmap of portfolio of 20 products across development, sustenance engineering, customer support, along with associated third-party licenses and cloud spend. This investment in the third-party tools and licenses led to an increase in the quarterly amortization of approximately USD 4 million, which had an impact of 90 basis points on our Q2 EBIT margin. The plan is to leverage FinOps and AI-led engineering roadmap to optimize the spend across people, tools, and cloud infrastructure in this large deal going forward. As we optimize the spend and our revenue scales in future, the impact on our margins will gradually reduce.

Tailwinds: Lower ESOP SG&A expenses and favorable currency moments delivered a combined EBIT benefit of 150 basis points. Net impact taken together these headwinds and tailwinds resulted in a 100 basis point quarter-on-quarter decline in EBIT margin.

In respect of our treasury income, we had mark-to-market losses on our investment during the quarter of Rs. 116.4 million as against mark-to-market gain of Rs. 146.7 million in the previous quarter. During the quarter, we had higher finance charges on account of higher receivables financing. The net result of both lower treasury income and higher finance costs resulted in negative net other income of Rs. 131.2 million as against a positive income of Rs. 414.9 million in the previous quarter.

The foreign exchange loss was Rs. 455.8 million as against Rs. 1,052.7 million in the previous quarter. Forward contracts outstanding as of 30th September, 2026 were USD 500 million at an average rate of 95.6 per dollar.

Effective tax rate for the quarter came in at 22.5%, same as last quarter. Operating profit after tax for the quarter was Rs. 4,951.5 million, margin of 10.6% with a year-on-year growth of 5%.

We incurred transaction costs worth Rs. 1,853.4 million towards the Nagarro acquisition in this quarter. These expenses include transaction and advisory costs related to regulatory filing, financing charges, legal, communication and travel expenses. Over the next two quarters, we expect an incremental amount ranging between USD 25 to 30 million to be incurred towards the Nagarro transaction.

For Q2 FY27, these expenses impacted the reported PAT margin as well as the reported EPS by around 3.1%. Reported profit after tax for the quarter was Rs. 3,515.1 million, a margin of 7.5%, with year-on-year decline of 25.4%. Operating earnings per share was Rs. 31.6 with a year-on-year growth of 4.2%, whereas the reported earnings per share was at Rs. 22.4 which translates into decline of 26%. Excluding cash from the capital employed, return on capital employed for Q2 FY27 came in at 45.6% versus 43.6% in the previous quarter.

We are happy to report that we had record collections during the quarter which helped to improve the cash position in spite of payment of final dividend and exceptional expenses related to Nagarro transactions. Total cash and investments stood at Rs. 29,996.7 million, around $315 million as of September 30, 2026 as against Rs. 27,044 million at the end of the previous quarter.

Higher collections also helped reduce the billed DSO as well as led to the higher OCF to PAT for the quarter. The billed DSO decreased to 50 days as against 61 days in the previous quarter, while the unbilled DSO came in at

24 days as against 25 days in Q1 FY27. On TTM basis, trailing 12-months basis, OCF to PAT improved to 96.6% in Q2 FY27 compared to 76.2% in the previous quarter.

Coming to updates on ESG. Sustainability continues to be integrated into Persistent's business strategy with a focus on managing risk, improving operational efficiency and delivering measurable ESG outcomes.

- Our commitment to ESG excellence was reflected in an improved ESG score of 83.3 from SES, a semi-registered ESG rating provider for FY25-26, up from 81.7 in the prior year, underscoring continued progress in the execution of our sustainability strategy.
- We are proud to have received a jury mention in the Climate Action and Carbon Neutrality Leadership category at the Sustainable World Awards 2026 by BW Business World.
- Persistent Systems Pune has also been recognized as the winner of the Decarbonization Excellence Award 2026 in the Net Zero Carbon category at the CoOL Conclave by ISHRAE.
- We are also proud to be recognized as one of America's greatest workplaces in Tech 2026 by Newsweek.

These achievements reinforce the progress we are making in embedding sustainability across our operations, climate action and people practices, while continuing to strengthen our overall ESG performance.

With this, let me now hand over to Nitish for commentary on our progress on the AI journey. Nitish, over to you.

**Nitish Shrivastava:** Thank you, Vinit. Good morning and good day to everyone. As we shared on our last call, our AI strategy continues to rest on three pillars, engineering hyper-productivity, business hyper-productivity and enterprise data readiness with responsible AI. We believe the next phase of enterprise AI will be defined not by better models alone, but by how well enterprises combine them with their own knowledge, data processes, people and governance. We call this The Enterprise Context and our 3C architecture of core context and coordination is how we help our clients build it.

Last quarter, we enhanced our software engineering productivity offering with the launch of Software Reinvention Services, a new offering aimed at helping enterprise software companies accelerate their next generation products, while improving the economics of the products they run today.

Software companies are facing challenges on two fronts. On one hand, they are facing challenges on growth as AI native companies and model providers compete for their customers. On the other hand, they are facing challenges on cost as their established products must generate the margin to fund AI investment, while the AI consumptions add a new and fast rising cost. Software Reinvention Services addresses both:

Starting with growth. On growth, we are helping our clients build new products faster and take them to market faster. For new product development, we are focused on speed and quality. We deliver AI-led development acceleration through our SASVA platform. SASVA runs on our custom tuned models and also work with models from Anthropic, OpenAI and leading open-source providers which gives our client flexibility in their choice of models. Clients can adopt our AI stack as a complete platform or deploy it alongside their existing AI tools where it adds measurement, collaboration and structured ways of working.

We are now working with our client's product managers to prioritize the features most likely to achieve product fit in the market. In recent programs for software companies, this approach has helped bring product-to-market about 50% faster. For go-to-market, we are helping our clients reach and win customers faster. Together with a leading private equity firm, we are building an AI-powered go-to-market harness to help software companies reach their customers faster.

Additionally, in select cases, we are building products with our clients in a co-sell motion. Our AI-led professional services model is turning into delivery expertise by getting our client's customer life sooner and improving time-to-market by more than 25%.

On cost, our focus is on improving the economics of client's established product because the margin from established products fund the forward-looking AI growth. These products carry years of accumulated cost and we apply AI across the full cost of ownership in three distinct areas:

First, we are running mature product through the AI-led sustenance and helping our client carve out products outside their core. For example, for one marquee software company, we have taken over several product lines in data operation, data governance, and endpoint management. We are now running their engineering sustenance and go-to-market, while reducing their cost of running these products by 45%.

Second, we are helping clients bring cloud and AI consumption fast under control. We are combining cloud optimization with AI-led engineering and FinOps to reduce cloud consumption and operating cost. Our tokenomics offering and Sasva'sintelligent model routing, which matches each task to the most suitable model, are keeping token cost under control.

Third, we are reducing both labour and non-labour spend across SG&A. On the non-labour side, we are re-architecting products and replacing long-tail tools with custom agentic applications to lower third-party license cost. On the labour side, we are bringing agentic system into SG&A and automating workflows across IT, HR, finance, and procurement. Our clients are, in turn, reinvesting these savings into new products and go-to-market so cost efficiency becomes fuel for growth.

A strong validation of Software Reinvention Services is the large deal we signed last quarter, a 6.5-year engagement worth more than $650 million with one of the largest technology companies spanning product development support and cloud operations across multiple SaaS products.

Our position in the market is built on long product engineering experience. Over 36 years, we have engineered products for more than 300 software companies, and today we are serving nine of the top 10 technology companies. Through Accelerite, we have also operated our own software product business, which gave us the direct experience in building, selling, supporting, and sustaining enterprise software. We are now turning that experience into a repeatable playbook that combines our platform, partners' ecosystem, and accelerators.

Software Reinvention Services is drawing on the same platform and capabilities that are powering our broader AI strategies, and the same disciplined approach is continuing to deliver results across our three pillars. The quarter gone by, we continue to expand our partnerships by becoming a preferred partner in Anthropic's cloud partner network services track and earning Microsoft's agentic business solution specialization. Our teams today hold nearly 25,000 partner certifications across Microsoft, AWS, Google Cloud, Salesforce, Databricks, and Snowflakes, and have earned more than 58,000 AI certifications to date.

In summary, as models commoditize, enterprise software differentiation is shifting to the context around them and to the economics of the product the clients already run. We are helping clients build new products, fund them from the products they run today, and bring them faster to the market. We are turning that work into a durable, client-owned asset and

applying the same playbook across engagements. This is where Persistent is continuing to invest and where we see long-term value for our clients and our shareholders.

I will now invite Saurabh to share other key wins and awards for the quarter.

**Saurabh Dwivedi:** Thank you, Nitish. Let me now talk about the **most important deal wins for the quarter** by industry segments.

Starting off with Software High-Tech and Emerging Industry vertical. A leading hyperscaler has selected Persistent as a preferred partner for its newly formed forward-deployed engineering organization to scale legacy modernization and transformation programs. Our dedicated, certified FDE team will work alongside the hyperscalers' forward-deployed engineers as an extension of its delivery capacity, embedding directly with customers to modernize and platformize mainframe and legacy states across industries. These engagements are anchored in business outcomes rather than effort, providing customers with a faster, lower risk path from legacy systems to AI-ready platforms.

Moving on to Banking, Financial Services and Insurance. A Fortune 500 US insurer has selected Persistent as its AI-led modernization partner for its personal lines policy administration. The business was running critical underwriting, rating, and renewal processes on a legacy core platform, which was leading to inefficiencies and higher costs. Our engagement with the customer involves rebuilding a modern, cloud-native policy administration platform.

The first phase of the programme, powered by our proprietary AI accelerators, will demonstrate a repeatable, automated path from legacy to modern architecture. Subsequent phases will reduce operating costs, accelerate product and pricing rollouts, retire legacy spend, and expand into adjacent lines of business.

Now, coming to our Healthcare and Lifesciences vertical. One of the largest cancer research and treatment organisations in the US has chosen Persistent to manage their technology that supports cancer care across its national network. As part of the engagement, we will bring clinical applications, enterprise systems, data and infrastructure under a single delivery model, while providing on-site support at care locations. We will leverage AI to capture critical knowledge, ensuring that patients and clinicians experience minimal disruption during the transition. Our

oncology and revenue cycle expertise will help the client deliver more consistent care across its locations.

Now coming to the key awards and recognitions we received during the quarter. Persistent continued to receive multiple leadership recognitions from ISG in this quarter and received 6 awards at the ISG (Information Services Group) “Provider Lens Awards 2026”. The recognitions span Digital Engineering, AI, Cloud ecosystems, Cyber Security and Industry Services demonstrating the depth of expertise across Persistent. Persistent was recognized as for the second year in a row achieve the growth honour of the year in annual revenue more than USD 1 to 5 billion category at “Everest Group Elevate 2026”. Persistent received multiple awards for its commitment to ESG and people excellence. The most prominent amongst them included “Persistent one Business World Sustainable World's Award 2026” in the climate action and carbon neutrality leadership category. Persistent was also honoured across 7 categories at the “People Matters Infinity Awards India 2026” for excellence in talent and employee experience.

With this let me hand it back to Sandeep.

**Sandeep Kalra:** Thank you, Saurabh. Let me conclude the prepared remarks by saying that we are happy with the consistent performance we have been able to deliver this quarter. The consistency of execution quarter after quarter is the testament to disciplined execution along with our clear strategy. We are making good progress on our AI capability build, client engagements as well as our Nagarro acquisition. I'd like to sincerely thank our employees, clients, partners and shareholders for their strong support and sustained confidence in us.

With this I would ask the operator to open the floor for questions. Operator.

## Q&A Session

**Moderator:** Thank you, sir. 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 to ask a question. The first question is from Vibhor Singhal.

**Vibhor Singhal:** Yeah. Hi, thanks for taking my question and congrats to the management team for a very strong performance, yet again quarter after quarter. So, Sandeep one question from my side to you and one I'll have for Vinit. We saw a very strong growth performance this time both in Hitech and BFSI vertical. Hitech vertical of course we know was driven by the large deal that we had won last quarter. In the BFSI segment what is the kind of basically traction that we are seeing, specifically in terms of the pockets that we are seeing in growth, the AI adoption which Nitish talked about and what is the outlook for this sector? Specifically, I mean, most of the peers are also reporting decent growth I would say in the BFSI segment. So, is it safe to say that BFSI being the most early adopter of the AI platform is a segment which is kind of going the up curve and we could see more and more growth coming from that vertical?

**Sandeep Kalra:** Yeah so, Vibhor the growth that we saw in the quarter, I'll first talk about that and then come to the BFSI part. So, it was underpinned by two large things that happened. One was a large deal that we did with one of the largest tech customers we have. The second one is basically a vendor consolidation exercise that happened in one of the largest financial services customers that we have. So, both of the things combined were large wins that we had over the last few quarters. Now if you look at the themes that we are seeing in the financial services, vendor consolidation in pockets is still a big thing. Second is the modernization side of it, whether it is the data modernization play, getting the financial services institutions ready for the AI part, that is one big set of themes that we are seeing. Second is the modernization from the legacy platform side of it. Earlier the legacy platforms etc. that people thought they could not modernize whether they were mainframe based or otherwise are unlocks that AI is providing us. So those are the things that we are seeing at a bigger level.

Now in terms of the outlook our pipeline is healthy, we don't give forward looking guidance but we are relatively confident that all the segments will kind of grow very well. One comment that you made that BFSI is an early adopter of AI platforms. I would say in our mix it is the high-tech part which is the most disruptive. They are the companies and within the high-tech part as well, 20 % of the ISVs, I would say mid-market ISVs are on the bleeding edge and that is where we are seeing the maximum adoption, the maximum productivity demands from our customers. And since we work with them, we are very comfortable taking the same to the BFSI and Healthcare Life Sciences verticals, which are a little slower in adoption

given the regulatory nature of most of the constituents in those verticals. Hopefully that answers.

**Vibhor Singhal:** Yes, yes, Sandeep that's really helpful. Just a small extension on that part. As we are seeing this AI adoption as you mentioned, across maybe high-tech companies first and then maybe followed by the BFSI companies. Is a high token cost also becoming a factor for these companies to approach more and more IT services vendors, so that we can optimize the token cost for them by maybe building an application layer or anything on that front. Any color on that would be really helpful.

**Sandeep Kalra:** Yeah. So fair point. So, there are 2, 3 things, if we peel the onion a little deeper. So, on one side the companies in these various sectors are recognizing that there is a frontier model play and there's a play for purpose-built small language models which may be open source models, open weight models or even you know building algorithms and that's what Nitish also referred about. In SASVA for example we have created pathways, only a few things that need to go to the most expensive models go there, the rest can be done on purpose-built models. So that is the place where they are bringing in people like us to help them evolve what technology, what model, what way to optimize this. And then even when they are using any of these models, they are putting the token related FinOps equivalent of the cloud world to control that token cost. So, there are multiple things happening there.

**Vibhor Singhal:** Got it, got it. Just one quick question for Vinit, if I can. Vinit you mentioned 90 basis point impact of the large deal ramp up which happened in this quarter. So, is it fair to assume that for the next two to three quarters also that impact will be in the base, and gradually as our revenue base grows that impact is going to gradually come down?

**Vinit Teredesai:** Yeah, that's right. As I mentioned in my comments also, that as we optimize some of the cost as well as increase our revenue also increases, this will gradually come down.

**Vibhor Singhal:** Got it. Perfect. Thank you so much for taking my questions and wish you guys all the best.

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

**Nitin Padmanabhan:** Yeah, hi, thank you for the opportunity and congrats on the quarter and on Nagarro. 2 questions actually. Sandeep the software reinvention services which we have launched, we had done this prior to 2019 as well, I was just curious how is it different in terms of the shape and form this

time. And even in the context of what we have sort of absorbed from the deal, let's say the intangibles are up like $ 100 odd million, and you did mention that as revenue improves the margins will sort of normalize. But is there a cap on the amount of revenue you can have in a deal like this or it has to be through costs coming down. Just wanted to understand how it's different from the last time?

**Sandeep Kalra:** Yeah. So, 2, 3 things. So, how is it different from the last time, there's a difference on the technology side, there's a difference on the commercial side. The difference on the technology side is, if you look at AI, what does AI provide us as a big labour and what is more specifically when Nitish talks about SASVA, the ability that today we have is, if you give us a mid to late stage product using technology, we can very clearly map out what happened in the product right from its release one to now, what were the features that were delivered, what was the effort that was there, what is the current hot spot in the product, what is the mapping of the product to the current, so that these products are architected anywhere between 5 to 15 years back, how do they use the current cloud versus the capabilities that the current cloud has to offer today. So, by re-architecting, how do you kind of bring down the cloud consumption and hence improve the overall profitability for the product.

Also, which are the third-party licenses are embedded in the product that you can replace over a period of time, by using AI to build custom build components and so on. So, from a technology perspective the landscape has changed significantly over the years and it continues to change significantly by the quarters. So, that is the biggest difference that I would say.

In terms of the commercials, the commercials are structured in a way, that it is an outcome based deal where we have assured a certain cost saving for the customer and it is a revenue share kind of a construct, where as the customer sells them the product more, we get a certain percentage of revenue with a certain backstop. So, from that perspective, it is learnings from the past from business models, constructing an outcome based model which is a win-win for the customer and for us and using our AI progress to make sure that we are not just deflating the labour cost but also the third party license cost and the cloud consumption cost, coming together of which is hugely profitable for the customer and we gain a good share of that as well.

**Nitin Padmanabhan:** Perfect. That's very helpful. The other thing was, in terms of deal wins this quarter, my understanding was last time we didn't include the $ 650 million deal in the deal win. So, this time if it's adjusted for, that looks relatively softer. So, I was just curious, is that a right interpretation or am I missing out something?

**Sandeep Kalra:** No. So, I'm pretty sure if you go back and look at our financials, the deal win was included, the TCV was at an all-time high for us and so I'll be pretty amiss, if that was not included. So, please review the data, it is included in the last quarter. And the revenue conversion partly had happened last quarter and a bigger thing we had clearly said in the last earnings call that 75 to 80 % or more of the deal would have ramped up by this time. And that's what you're seeing in our revenue realization.

**Nitin Padmanabhan:** Correct, correct. Perfect. This is very helpful. Thank you so much Sandeep. Thanks, a ton.

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

**Kumar Rakesh:** Hi.

**Sandeep Kalra:** Please check the fact sheet and the ACV-TCV bookings for the last quarter.

**Kumar Rakesh:** Hi, good evening. Am I audible?

**Sandeep Kalra:** Yes, please.

**Kumar Rakesh:** Yeah. Thank you. My first question was around the software licenses which have been increasing over the last 2 quarters. So, is that related to the large deal ramp up and hence could be lumpy, could come down in the coming quarters or is that related to AI services picking pace and this could be structural now, part of the business?

**Sandeep Kalra:** Yeah. So, it's a combination of both Rakesh. So, it's a software licenses, as we have said, the deal encompasses the software licenses that are embedded in the products as well. So, part of it is that and part of it is our investment into tools that we are building. Some of them even are based on third-party tools as well or software's. So, it's a combination of both.

**Kumar Rakesh:** So directionally, we should assume this to be steady at these levels?

**Sandeep Kalra:** Yeah and if we have more deal wins where we do these kind of software reinvention, as a practice grows bigger, some of these may go bigger, but you should look at overall profitability. And we sincerely believe that this could be a significant moat for us and could also be a profitability enhancer

over the next several quarters, as we bring volume into this reinvention practice for the enterprise software.

**Kumar Rakesh:** Absolutely. Great. And my second question was around margins. So, with wage hike now behind us and amortization as Vinit was saying should start, at least the optimization should start kicking in, so is it fair to expect the margin should start recovering from here. And any year end margin target you would want to share?

**Sandeep Kalra:** Yeah, so from our perspective we have said we want to be in the 16 to 17 % range, that is our aspiration. That will be our endeavour but we'll let the quarters pan by. We don't give forward looking guidance. Please take this as an aspirational goal. We want to be in that bracket. And we want to make sure that we continuously grow. Growth comes, we win deals, we can always optimize deals and increase profitability. So that is where it is.

**Kumar Rakesh:** Perfect. Thanks a lot Sandeep.

**Moderator:** Thank you. The next question is from Sulabh Govila.

**Sulabh Govila:** Yeah, hi. Am I audible?

**Sandeep Kalra:** Yes, please.

**Sulabh Govila:** Yeah. So, my first question is on the deal wins reported this quarter. So, on a Y-o-Y basis, the deal wins, they appear relatively soft. So, I'm just trying to understand, you know, getting more colour on this, whether one is this reflective of a particular vertical, or it was broad based. And also, whether this was related to a slower decision making in this quarter, or the productivity benefits are also leading to lower deal sizes?

**Sandeep Kalra:** Yeah. So, multiple questions there. And let me clarify for Nitin as well, that ACV reported in Q1 FY27 was $536.8 million, and the TCV was $1,146.2 million, so roughly about $1.15 billion. That definitely included the $650 million of the large deal that we talked about, and the ACV of $125 million that we talked about from the large deal. Now, coming to this quarter. So, this quarter, the ACV of $481 million and TCV of $633.5 million is a reasonably good clip. We had a few deals that slipped over into this quarter, no excuses, we could have done better. But yes, the macro does impact us. The slowdown of decision making in the last few weeks was pretty apparent. And it was not the productivity side of it. It is just the nature of the deals. And some of these get impacted when the Middle East dynamics kind of go up or down.

**Sulabh Govila:** Understood, Sandeep. That is very clear. My second question is on Nagarro, on the acquisition that we are doing. So, we've mentioned in the past, and today as well, the tailwinds that we can receive from this asset over the longer period of time, and the rationale behind it. I'm just trying to understand that what can be some of the quick wins that you internally would target, and we should target from outside when you integrate this asset over the coming months?

**Sandeep Kalra:** Yeah. So, let me first talk about where we are in the deal because some of this is linked to that. So, we are awaiting RBI approvals and FDI approvals in Austria and Spain. We expect in the next 4 to 6 weeks, max, let's say 8 weeks, that's our hope and expectation. Obviously, these approvals have to come when they come. As they come, we pay the tendered shares owners, and we close the deal. Once we close the deal, this is now since we have more than 90% of the shares, our intent is to do a merger squeeze out. And basically, if we do that, we will need about 5 to 6 months to optimistically bring the 2 companies together. Even before that, we can start working together, where we have signed a cooperation agreement, we can try and take their services into our customers and vice versa. So, that is the stage where we are.

Since the deal is not yet closed, we are 2 public companies working independently. We have a limited ability to go in and build a synergy plan and so on. So, we will wait for the closure. But from what we saw in diligence and the post-diligence discussions at a high level, there is the real estate of customers out there, they have more than 200 USD 1 million plus customers, and the overlap with our 200 USD 1 million plus customers is only 10. So, there is a significant real estate and the quality of customers is impeccable. The quality of their capability is pretty good. They have certain capabilities like SAP and even the investment that they have done in consulting capabilities on AI, etc., are pretty good. So, there is a lot to be done. But we will have to just be patient for the closure. And then once we close and we have a synergy plan built out, we will talk to our investors on that. But we do see significant potential both sides to leverage each other and upscale our business. Hopefully you've understood.

**Sulabh Govila:** Yeah, understood. Thanks for taking my question.

**Moderator:** Thank you. The next question is from Ashwin Mehta.

**Ashwin Mehta:** Can you hear me?

**Sandeep Kalra:** Yes, please.

**Ashwin Mehta:** So, thanks for the opportunity. Two questions. First is in terms of intangibles. There seems to be a 900 crore plus increase quarter on quarter in terms of intangibles. So, what is the driver for that? Was there any consideration payable in the deal?

The second is in terms of margins of this deal. Because if I look at your segmental margins in high tech, they seem to be almost on the incremental revenues, almost 20% lower than your segmental margins that you have been doing in the past. So, what is the kind of margins and how the gradation moves as you go forward?

And the last one is in terms of Nagarro debt. Any sense in terms of what is the cost of that debt and what is the duration that we are looking at?

**Sandeep Kalra:** So, Vinit, let me answer the intangibles and the margins. You take over the Nagarro question. So, if you look at it, as we clearly articulated earlier in this call as well, and we have said this when we announced the larger deal, the thing that we are trying to do is this. We are trying to take the ownership of end-to-end outcome for the profitability of a software product across 20 different products. So, it is a portfolio of 20 different products where we are basically not just responsible for the people side of it. We are responsible for taking out the third-party licenses, which is one big thing that AI is enabling people to do.

Third, by re-architecting the product, we intend to reduce the cloud spend over the years. And that is a big margin lever for this entire set of products for this customer. And that is the hypothesis why someone would engage a company like us with the right capabilities to do this over years. With that comes the onus of taking over the cloud spend, taking over the spend on these licenses that we are basically going to reduce over a period of time. And that is what is showing in the intangibles, etc.

As far as the margin in the high tech is concerned, part of the thing would be because of this deal. Part of the thing could be because of other productivity gains, etc. that we are giving. But please look at us as a sum of parts. Within high tech, whether it is multiple deals, multiple customers, within the company, multiple different, you know, customer segments and service lines, etc., our endeavour is to deliver at any point in time, bringing together a good growth, even if let us say Healthcare Life Sciences sometimes goes down in terms of growth, banking financial services, hi-tech come up, similarly for margins. So please look at that just as you would look at it as investors at a portfolio of your own investments, not everything pans out every month at the same clip.

So, we are reasonably assured in our minds about what we are signed up for, our ability to optimize margins over a period of time and deliver to our aspirational goals of 16 to 17% margins and the growth that we aspire. Hopefully that answers.

And, you know, I can take more after Vinit has answered the Nagarro question. Vinit, if you can please answer the Nagarro debt question.

**Vinit Teredesai:** Yeah, hi. Ashwin, see, it's a separate company, so I won't be able to comment on their behalf specifically. But what I can tell you is that it's a revolving credit by 5 banks. And at this point of time, it's pretty much competitive linked to the SOFR rates. And at this point of time, we are in the process of getting that debt refinanced with the existing bankers, as well as with looking at alternatives with the bankers that Persistent is working.

**Ashwin Mehta:** So Vinit, I was looking at what would be our cost of debt for the acquisition, not the Nagarro?

**Vinit Teredesai:** Yeah, no, no, see that the debt is yet to be raised. So, for us at this point of time, what I can call out is that it is pretty much in the range of doing 5 to 6%, but it will all depend upon the day we actually do the transaction. So, you can right now assume between 5 to 6% on a net basis.

**Ashwin Mehta:** And thanks, Sandeep, for the clarification and all the best.

**Moderator:** Thank you. The next question is from Suraj Malu.

**Suraj Malu:** Thank you for this opportunity. Sir, can you help me understand the broad breakup of the 50 million, like the 5 million, 50 million acquisition costs that you mentioned?

**Sandeep Kalra:** So, which 50 million acquisition cost are you talking about?

**Suraj Malu:** Like the one-off acquisition cost would be involved, right, like 185 crore…..

**Sandeep Kalra:** Okay, understood. Vinit, please go ahead.

**Vinit Teredesai:** Yeah, so this 50 million is basically a combination of multiple. It is a combination of the investment banking fees, the bridge loan commitment costs, there are legal lawyer costs, we are doing application of regulatory filings in various geographies, various travel involved with that. So, it is a combination of all that put together that is being factored in at this point of time, plus some amount of funding that we are at Persistent right now planning to raise. So, all that put together. Right now, around 19 to 20

million is what basically is incurred in Q2. And as I said, 25 to 30 million will be incurred over the next 3 to 4 quarters.

**Suraj Malu:** Got it, sir. Thank you very much. And sir, if I may ask one more question. I know you answered on the TCV question, like a couple of deals got slipped into this quarter. But if we look at the year on year growth, on TCV it was just 4%, which typically is in the range of 15 to 16%. So how should one look at that?

**Sandeep Kalra:** Yeah, so you should look at it in the context that last quarter, we had a TCV of $1.14 billion. Now, if you look at the growth from that perspective, it is fairly decent. So, I would tend to say look at that TTM to TTM comparisons, rather than a comparison of a particular quarter. So, if you take a longer range, that is what would give you a fair comparison. If I look at that TTM year on year, the trailing 12 months, the TCV growth is 36.3%. If I look at the ACV growth on a TTM basis, it is 21.9%. So, some quarters are going to be fairly big, and some quarters are going to be average. But if you combine all of this, the 36.3% and 21.9% is fairly good, TCV and ACV respectively.

**Suraj Malu:** This is very helpful. Thank you.

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

**Prateek Maheshwari:** Hello. Thank you for the opportunity. My first question was around the IBM deal. So, sorry, the other customer deal. So, I just wanted to understand around the commercials and the cost part that you said around the deal, which is basically, you've taken up some of the products and kind of improved the cloud cost, the cost of people and the third-party cost. But just for the revenue commercial, I just wanted to understand if there is any contingency upon probably if the use of the products falls at the customer's end. Is that also kind of involved, or it's only on the upside?

**Sandeep Kalra:** Yeah, so I would say it is an upside, because if you look at it, any of the software vendors today, whether it is even the next generation tool vendors like an Anthropic, OpenAI, Microsoft, Google, Amazon, anyone, all of these people would love for companies like us to have partnerships and adopt their tools and sell their software into our enterprise customers, because we are a channel for all of them. And that has been the way tech services has worked for long. So that is an upside for us that is not baked into this financials. So, these financials are more to do with the services that we are providing.

**Prateek Maheshwari:** Sir, on the ACV that is booked or the overall deal value of 650 million, is there any contingency where it could drop for the period of 6 years in case of any performance-based contingency of it to be lower than 650 million?

**Sandeep Kalra:** No.

**Prateek Maheshwari:** Okay.

**Sandeep Kalra:** This is what we have announced is on the lower end of the deal.

**Prateek Maheshwari:** Right.

**Sandeep Kalra:** There could be potential upsides.

**Prateek Maheshwari:** Okay, thanks. Sandeep, the other one that I wanted to check about was the outlook for healthcare. So, I think this has been, while the other two verticals are doing fantastically well for you guys, just wanted to check where probably, I think you said that probably from next quarter onwards all of the verticals will start growing, right? But just from a medium-term perspective, I just wanted to have a certain colour on the outlook.

**Sandeep Kalra:** Yeah, so I stand by the comments I made earlier, healthcare should start seeing growth. If you look at it, if I look at the Financial Year '25, there was a time when it was growing more than 50%, even touching 70% year-on-year. So, if we look at it, again, we are a sum of parts, there are some dynamics in Healthcare Life Sciences that made us step back a little bit, but there's good pipeline and I'm pretty sure this will also grow. As of this point in time, if you look at it, when in let's say, for example, in Q3, Q4 of '25, healthcare grew at 52.6% and 33.6% respectively. That time, high-tech grew at 3.2% and 9.7%. Financial services grew at 22% and 26.6%. I don't think you should read too much into this. There are some dynamics which were there with respect to a couple of customers. They are more or less baked in. You should see the growth coming in.

**Prateek Maheshwari:** Right. Thank you so much for the answers.

**Moderator:** Thank you.

**Sandeep Kalra:** I think operator, we are at the end of the call. We can take one last question and then we should wrap up with the closing comments.

**Moderator:** Sure, understood. The next question is from Sandeep Shah.

**Sandeep Shah:** Yeah, thanks. Thanks for the opportunity and congrats on the execution despite the headwinds on the macro. I think most of the questions have been answered. Just bookkeeping, in this quarter, there has been a concise

system which got closed effective 1st of July. So, Vinit, if you can provide an incremental growth from this and second, the intangible assets under development in balance sheet has further increased Q-o-Q which has been 0.6% of this quarter's revenue versus 0.5% of last quarter revenue. I am talking about incremental increase. So, is it more a salary related cost of a R&D team or this is beyond salary other expenses, if you can provide the nature of the same?

**Sandeep Kalra:** Vinit, I will answer the 1st part, you can take the 2nd part. So, on the deal that we did with the Estonia based company, now that is basically a part of a vendor consolidation exercise at one of our larger customers. We continue to grow with the larger customer that we have and it is not one of our top 5 customers. It is beyond that, much beyond that. And so, we are seeing a very healthy pipeline and we are relatively hopeful of growing that customer much bigger. So, that is as far as the Estonia deal and growth is concerned.

Now, Vinit, if you want to answer on the other part.

**Vinit Teredesai:** Yeah. So, Sandeep, this is with reference to all our internal IP tools, with reference to AI that we are developing like SASVA, iAURA and Gen AI. It includes significant amount of people cost but also includes certain amount of tools and other expenses in order to do the, look at the application and sort of do this and provide the necessary services.

**Sandeep Shah:** So, on a Q-o-Q basis, it can go up, you believe, in the forthcoming quarter as well?

**Vinit Teredesai:** It all depends upon, see, sometimes we are in the process of developing the new features associated with, so sometimes that cost goes up. But I think so this quarter, you should also factor in the part that we are also at the wage increments that came in along with it. So, there is that component also attached with it.

**Sandeep Shah:** Okay, thanks and all the best.

**Sandeep Kalra:** Perfect. So, with that we would like to close the call. Thank you everyone for spending the time with us on the call today. We look forward to connecting with you again in 3 months' time to provide an update on our ongoing process, the progress. With this, we will close the call today. Have a good rest of the day. Thank you.

**Moderator:** Thank you very much to Persistent's Management team. Ladies and gentlemen, on behalf of Persistent Systems Limited, that concludes today's

conference. Thank you for joining us. You may now disconnect your lines and exit the webinar.

**(End of transcript)**