

# Equity Research Desk

# ALPHA



## Re(AI)maging the World



Founded: 1990  
HQ: Pune, India



Business Model: Global digital engineering and software services company



Presence: Operations across North America, Europe, APAC & India



Workforce: 25,000+ employees serving global enterprises



Focus Areas: AI, Cloud, Data, Digital Engineering, Enterprise Modernisation



Edge: Strong BFSI, Healthcare & Software/Hi-Tech exposure with AI-led growth

### Subsidiaries



As of FY26, the company has 21 subsidiaries and one controlled ESOP trust.

### Growth Strategies



#### AI-Led Transformation

- Strong focus on Generative AI services
- Expanding AI-powered enterprise solutions
- Higher-value digital transformation engagements



#### Global Client Expansion

- Deepening relationships with Fortune 500 clients
- Cross-selling across existing accounts
- Increasing large-deal wins



#### Cloud & Digital Modernisation

- Growing cloud transformation demand
- Enterprise application modernisation opportunities
- Digital engineering-led engagements



#### Sector Diversification

- Expanding BFSI and Healthcare presence
- Strong Software & Hi-Tech customer base
- Increasing exposure to resilient verticals

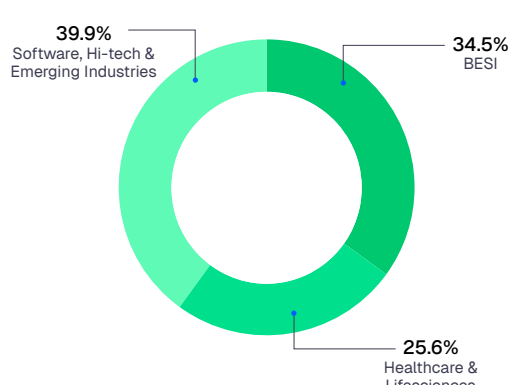


#### Margin & Productivity Focus

- Operational efficiency initiatives
- Better employee utilisation
- Higher offshore delivery mix

### Revenue Breakup - FY26

Total Revenue (FY26) - ₹14,748 crore



### Product & Service Portfolio



#### AI & Digital Engineering

- AI-led software development solutions
- Product engineering & platform modernisation
- GenAI implementation services



#### Cloud & Infrastructure

- Cloud migration & transformation
- Managed cloud services
- Cybersecurity solutions



#### Data & Analytics

- Data engineering platforms
- Advanced analytics & automation
- Enterprise intelligence solutions



#### Industry Solutions

- BFSI digital transformation
- Healthcare technology solutions
- Software & Hi-Tech services



Edge: High-value digital engineering capabilities with strong AI integration

### Financial Highlights



#### Q4FY26

- Revenue: ₹4,056 Cr (↑ 25.1% YoY)
- EBIT: ₹659.2 Cr (↑ 30.5% YoY)
- EBIT Margin: 16.3%
- Net Profit: ₹529.3 Cr (↑ 33.7% YoY)



#### FY26

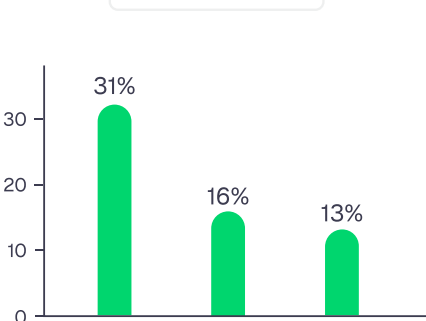
- Revenue: ₹14,748.4 Cr (↑ 23.5% YoY)
- EBIT: ₹2,303.5 Cr (↑ 31.5% YoY)
- Net Profit: ₹1,865.1 Cr (↑ 33.2% YoY)
- Highlight: 24 consecutive quarters of revenue growth



#### Financial Performance (3 Years)

- Revenue CAGR: ~21%
- Net Profit CAGR: ~28%
- FY26 Revenue Growth: ~24%
- FY26 Profit Growth: ~33%
- Debt-to-Equity: ~0.06x
- ROE: ~27%
- ROCE: ~34%
- Highlight: Strong growth supported by high capital efficiency

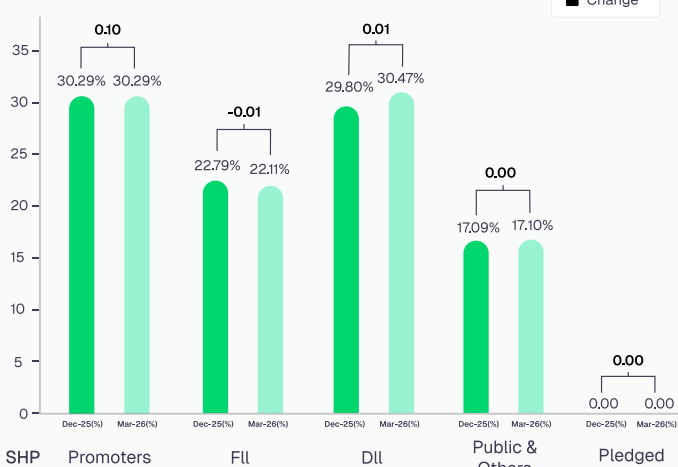
### Margins-FY26



### Market Data

CMP	₹4,960
Date	8-Jun-26
Target Price	₹6037
Upside Potential	22%
52 Week High/Low	6599/4449
NSE Code	PERSISTENT
Market Cap	Mid
Sector	IT
Rating	BUY

### Shareholding Pattern



### Ratios - FY26

ROE	27%
ROCE	34%
Div. Yield	0.68%
PE Ratio (x)	41.0
Face Value	5.00
EPS	118

### Industry Outlook



Indian IT industry expected to reach \$500 Billion by 2030



AI market projected to grow at 42%+ CAGR through 2032



Accelerating cloud adoption and data modernization



GCC expansion driving digital engineering demand

### Growth Drivers



#### Enterprise AI Adoption

- Growing GenAI implementation across industries
- Rising demand for AI-powered modernization
- Increased software engineering automation



#### Cloud & Data Modernization

- Enterprise migration to cloud platforms
- Data readiness becoming strategic priority
- Digital transformation spending remains strong



#### BFSI Technology Spending

- Regulatory compliance modernization
- Core platform upgrades
- AI-led productivity initiatives



#### Healthcare Digitization

- Growth in clinical data platforms
- AI-enabled research and diagnostics
- Expanding healthcare technology investments

### Competitive Advantage



#### Peers: Mphasis, Coforge

- AI-led platform-driven business model
- Strong engineering DNA and innovation focus
- Industry-leading return ratios
- Diversified vertical exposure across BFSI, Healthcare & Technology

### Peer Analysis

Company	CMP	Mcap.	ROCE	ROE	3Yr Sales CAGR	P/E	EPS
Persistent Systems	4960	77337	34%	27%	21%	41	118
Mphasis	2330	44480	23%	19%	5%	24	98
Coforge	1436	61537	24%	21%	27%	37	46

### Outlook



FY27 revenue run-rate target of \$2 Billion



AI adoption expected to accelerate across clients



EBIT margin aspiration of 16-17%



Continued growth across BFSI, Healthcare & Technology



Recommendation: BUY | Target Price: ₹6,037  
We recommend maintaining a 20% stop-loss from the entry price.

### SWOT Analysis



#### Strengths

- Strong AI-led digital engineering capabilities
- Industry-leading ROE and ROCE
- Deep relationships with global enterprises



#### Weaknesses

- Dependence on US market revenues
- Margins below some large-cap IT peers



#### Opportunities

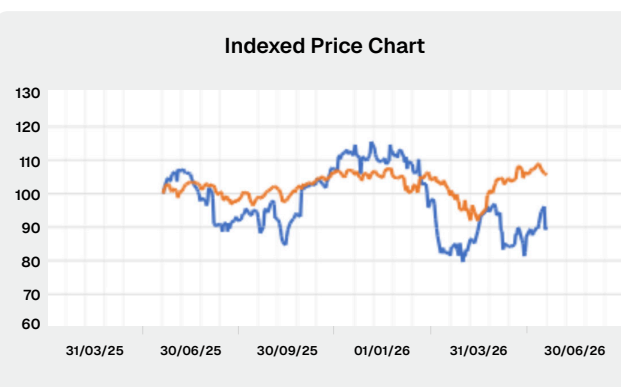
- Rapid enterprise AI adoption
- Expansion in Europe and GCC markets
- Growing cloud modernization demand



#### Threats

- Intense competition from large IT services firms
- Client budget moderation risks
- Currency fluctuations impacting earnings

### Indexed Price Chart



Note: To read the Disclaimer and Disclosure, [click here](#)

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