

March 05, 2026

Persistent Systems Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Issuer rating	-	-	[ICRA]AA+ (Stable); reaffirmed
Total	-	-	

*Instrument details are provided in Annexure-I

Rationale

The rating for Persistent Systems Limited (Persistent) factor in its established business position in the IT services industry, its presence across diversified business segments and its strong financial profile, marked by its robust capital structure, healthy cash accrual generation and strong liquidity position. Further, the company benefits from its experienced management and senior leadership team, as well as its strong execution track record and well-established relationships with a strong customer base.

Persistent's consolidated revenues rose at a compounded annual growth rate (CAGR) of 27.3% (in INR terms) over FY2020–FY2025 on account of broad-based growth across its verticals with its 'Healthcare & Life Sciences' (HLS) vertical increasing at a CAGR of 37.1%, its 'Banking, Financial Services and Insurance' (BFSI) vertical at 29.1% and 'Software, Hi Tech & Emerging Industries' at 21.7%. In 9MFY2026, revenues rose at 23.0% on a YoY basis, led by growth in BFSI (+35.7% YoY). The company has been investing both in sales and leadership considering the potential in this segment. Also, the company has been providing a wide portfolio of services which help strengthen the existing relationships and get new business. Software, Hi Tech & Emerging Industries grew at 19.6% on a YoY basis with the technology services business doing well. HLS grew at 13.4% on a YoY basis. Its operating profit margins (OPM) also improved sequentially from 13.8% in FY2020 to 18.2% in FY2023, before witnessing some pressure and dropping to 16.3% in FY2024 and 16.0% in FY2025 on account of higher employee cost and increased investments in sales and marketing. However, the OPM improved to 19.0% in 9M FY2026 with a decline in the employee cost as the company is improving employee utilisation levels and leveraging the use of artificial intelligence (AI) in delivering services to its customers. The company has also been focusing on strict cost control.

The overall employee utilisation (including trainees) improved from 78.5% in FY2020 to 85.6% in FY2025 and further to 88.4% in Q3 FY2026. The trailing twelve-month (TTM) attrition increased to 12.9% in FY2025 from 11.5% in FY2024, but it was lower than the 26.6% touched in FY2022, in line with the industry trend.

Persistent booked healthy order wins, with the TTM total contract value (TCV) and annual contract value (ACV) growing by 14.2% and 17.8% on a YoY basis to \$2,321.9 million and \$1,685.2 million, respectively, in Q3 FY2026, comprising a mix of large and mid-sized deals. Notably, the share of new wins (across existing and new customers) in total TCV and ACV numbers is also increasing, which is a positive. Along with the company's focus on active adoption of newer technologies such as Generative AI, this lends revenue visibility over the near-to-medium term. ICRA also notes that the company has been undertaking some tuck-in acquisitions for acquiring niche capabilities.

The ratings, however, remain constrained by Persistent's relatively moderate scale of operations compared to large domestic IT players and concentration in the US market (80.8% of revenue in FY2025), followed by India and Europe, which exposes the company to macroeconomic uncertainties in such key geographies. Additionally, industry participants, including Persistent, continue to face challenges like foreign currency rate fluctuations, talent acquisition and retention, though the company's policy of partially hedging its forex exposure mitigates the risk. Further, the advent of AI/Generative AI brings a host of risks and opportunities for the IT services industry. The operating model (including aspects of service delivery, pricing, and talent management) is set to change which will bring execution and adaptation risks. At the same time, new revenue opportunities will emerge for IT services companies, which could somewhat offset the disruption caused to the existing operating model. It remains to be seen how these trends take shape and will be a monitorable from a credit perspective.

The Stable outlook on the rating reflects ICRA's opinion that despite the prevailing softness in demand and global headwinds, Persistent's debt coverage indicators and financial profile will remain adequately supported by its healthy order book position and its steady expansion across various industry verticals. Along with its cost optimisation measures, limited capital expenditure plans and strong liquidity position, will help in limiting its dependence on debt

Key rating drivers and their description

Credit strengths

Experienced management team, with an established operational track record – Persistent is successfully led by Dr. Anand Deshpande, who has more than 35 years of experience in the IT services industry. Mr. Sandeep Kalra (Chief Executive Officer), having spent more than 16 years with HCL Technologies Limited, joined Persistent in 2019 and is credited with the strong growth that Persistent has witnessed since FY2020. Both Dr. Deshpande and Mr. Kalra are regarded highly in the IT services industry, having received several accolades. Further, the company benefits from its experienced senior leadership team and has a strong execution track record. The company has established relationships with a strong customer base present across varied industries and verticals and has low customer concentration with its top 10 customers contributing around 40.9% to its revenues in FY2025.

Strong revenue growth, healthy order book position provides revenue visibility – During FY2020-FY2025, Persistent's revenues have increased at a CAGR of 27.3% (in INR terms), with revenues of \$1.4 billion (at a consolidated level) in FY2025. In 9MFY2026, revenues rose by 23.0% on a YoY basis led by growth in BFSI (+35.7% YoY). Persistent booked healthy order wins, with the TTM TCV and ACV growing by 14.2% and 17.8% (YoY) to \$2,321.9 million and \$1,685.2 million, respectively, in Q3 FY2026, comprising a diversified mix of large and mid-sized deals. Further, the increasing share of new wins (across existing and new customers) in total TCV and ACV numbers is a positive.

Strong financial profile characterised by healthy cash flows, robust capital structure and strong liquidity position – The company's financial profile is strong as reflected by its healthy internal accrual generation and robust liquidity position. Moreover, its capital structure remains strong because of low debt levels with total debt (lease liabilities) vis-à-vis tangible net worth of 0.1 times and total outside liabilities over tangible net worth of 0.4 times as on December 31, 2025. The liquidity position of the company is strong coupled with healthy debt coverage indicators as evident from an interest coverage of 37.6 times as on December 31, 2025. With expected continuation of momentum in revenue growth over the near term, Persistent is expected to maintain its strong financial profile.

Credit challenges

Relatively moderate scale of operations and geographical concentration risk, akin to other industry players – With an operating income of Rs. 11,938.7 crore (consolidated) in FY2025, Persistent's scale of operations remains moderate compared to some large domestic IT players, thereby restricting its pricing flexibility and margins. Moreover, in line with the trends in the global IT services industry, Persistent derives a significant portion (80.8% in FY2025) of its revenues from the US followed by India (9.4%), Europe (8.1%) and the Rest of the World (1.7%). This further exposes the company's revenues and earnings to the structural and region-specific challenges in the US.

Industry specific challenges like intense competition, forex risk, high employee attrition and exposure to policies in key operating markets – Persistent's revenue and profit margin remain susceptible to demand softening and decline in discretionary spending as it operates in the intensely competitive IT services industry. Moreover, its revenues and margins are exposed to forex risks as revenues are derived from the international market. Nonetheless, the hedging mechanisms of the company mitigate this risk to some extent. Being in a highly labour-intensive business, the availability and retention of skilled workforce continues to be a key challenge. Persistent also remains exposed to macroeconomic uncertainties and any adverse regulatory/ legislative changes in its key operating markets of the US, India and Europe.

Environment and social risks

Environmental considerations — Given its service-oriented business, Persistent’s direct exposure to environmental risks as well as those emanating from regulations or policy changes is not material.

Social considerations — Like other Indian IT service companies, Persistent faces the risk of data breaches and cyber-attacks that could affect the large volumes of customer data that it manages. Any material lapses on this front could result in substantive liabilities, fines, or penalties and reputational impact. Also, the company remains exposed to the risk of changes in immigration laws in the key developed markets where it provides its services. Any such changes could have the effect of heightening the competition among IT players for skilled workforce, leading to higher attrition rates and may have an adverse impact on profitability. Managing various facets of human capital, including skills, compensation, and training, is in any case a key differentiating factor among IT companies.

Liquidity position: Strong

Persistent’s liquidity profile is strong, supported by healthy internal accrual generation, significant cash and liquid investments of around Rs. 2,287.5 crore (including encumbered deposits for availing overdraft limits), along with unutilised working capital limits of around Rs. 322.0 crore as on December 31, 2025. ICRA expects Persistent’s cash flow to remain healthy going forward, with capex requirements (including technology and maintenance capex) accounting for 2–2.5% of revenues. ICRA expects the company to continue to scout for investment/acquisition opportunities to support its inorganic growth initiatives. While these are expected to be largely tuck-in acquisitions (as seen in the past), the impact of any large acquisition on Persistent’s credit and liquidity profiles will be monitored on a case-to-case basis.

Rating sensitivities

Positive factors – The ratings could be upgraded if the company demonstrates significant improvement in its scale of business coupled with sustained improvement in earnings, supported by growth across verticals and improvement in geographical diversification, while maintaining its strong debt coverage indicators and liquidity position.

Negative factors – Negative pressure on Persistent’s ratings could arise in case of a sustained pressure on revenues and earnings due to industry specific or company specific reasons and/or sizeable debt-funded acquisitions, which could adversely impact its financial profile and liquidity position, on a sustained basis. A specific credit metric that could lead to a downgrade of Persistent’s ratings include Total Debt/OPBITDA exceeding 1.3 times, on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	IT - Software & Services Corporate Credit Rating Methodology
Parent/group Support	Not Applicable
Consolidation/standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Persistent Systems Limited. Refer to Annexure II for the list of entities considered for consolidation.

About the company

Incorporated in 1990 by Dr. Anand Deshpande, Persistent Systems Limited is engaged in the business of providing software and technology services. The company provides a range of services, including software product and platform engineering, customer experience (CX) transformation, cloud and infrastructure services, intelligent automation, enterprise information technology (IT) security, enterprise integration, application development and management, and data and analytics. The company serves various industries, including BFSI, HLS, software and hi-tech, and emerging industries.

The company had an employee strength of more than 26,700 as of December 31, 2025, with a presence in around 20 countries. As of December 31, 2025, around 86.9% of the employees operated from India, 11.4% from North America, 1.1% from Europe and 0.6% from the Rest of the World. Persistent is headquartered in Pune, Maharashtra

Key financial indicators (audited)

Consolidated	FY2024	FY2025	9M FY2026*
Operating income	9,821.6	11,938.7	10,692.5
PAT	1,093.5	1,400.2	1,335.9
OPBDIT/OI	16.3%	16.0%	19.0%
PAT/OI	11.1%	11.7%	12.5%
Total outside liabilities/Tangible net worth (times)	0.5	0.4	0.4
Total debt/OPBDIT (times)	0.3	0.2	0.2
Interest coverage (times)	34.3	28.5	37.6

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; *Limited audited result

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for past three years

Instrument	Type	Current rating (FY2026)		Chronology of rating history for the past 3 years						
		Amount Rated (Rs. crore)	FY2026		FY2025		FY2024		FY2023	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Issuer Ratings	Long Term	-	05-Mar-2026	[ICRA]AA+ (Stable)	21-Jan-2025	[ICRA]AA+ (Stable)	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Issuer Rating	NA

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Issuer Ratings	NA	NA	NA	-	{ICRA}AA+ (Stable)

Source: Company data, ICRA Research

Annexure II: List of entities considered for consolidated analysis

Company Name	Persistent's Ownership	Consolidation Approach
Persistent Systems, Inc	100.00%	Full Consolidation
Persistent Systems Pte Ltd	100.00%	Full Consolidation
Persistent Systems France SAS	100.00%	Full Consolidation
Persistent Telecom Solutions Inc	100.00%	Full Consolidation
Persistent Systems Malaysia Sdn. Bhd.	100.00%	Full Consolidation
Aepona Group Limited	100.00%	Full Consolidation
Persistent Systems UK Limited	100.00%	Full Consolidation
Persistent Systems Lanka (Private) Limited	100.00%	Full Consolidation
Persistent Systems Mexico, S.A. de C.V.	100.00%	Full Consolidation
Persistent Systems Israel Ltd.	100.00%	Full Consolidation
Persistent Systems Germany GmbH	100.00%	Full Consolidation
Persistent Systems Switzerland AG	100.00%	Full Consolidation
Persistent Systems Australia Pty Ltd	100.00%	Full Consolidation
Persistent Systems Costa Rica Limitada	100.00%	Full Consolidation
MediaAgility India Private Limited	100.00%	Full Consolidation
MediaAgility Inc.	100.00%	Full Consolidation
Digitalagility S. DE R.L. de C.V.	100.00%	Full Consolidation
MediaAgility UK Limited	100.00%	Full Consolidation
Media Agility Pte Ltd	100.00%	Full Consolidation
Persistent Systems S.R.L. Romania	100.00%	Full Consolidation
Persistent Systems Poland sp z.o.o.	100.00%	Full Consolidation
PSPL ESOP Management Trust	100.00%	Full Consolidation

Persistent India Foundation	100.00%	Full Consolidation
Starfish Associates LLC, USA	100.00%	Full Consolidation
Arrka Infosec Private Limited	100.00%	Full Consolidation

Source: Company

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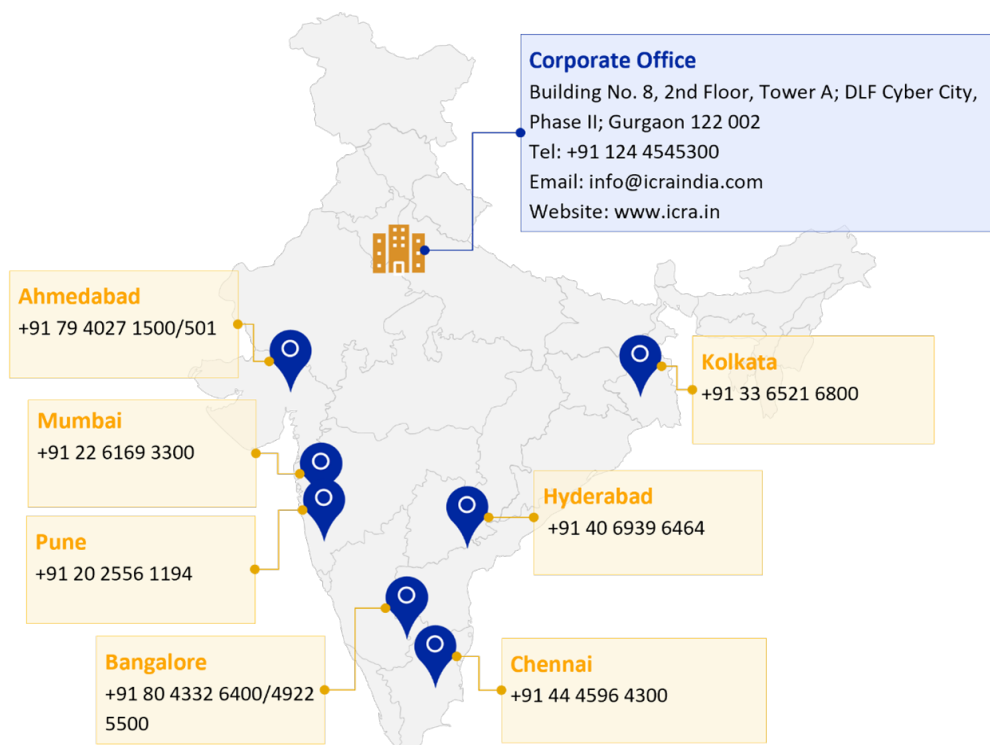


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