

Persistent

STOCK UPDATE

Result Update - Q3FY2026

SECTOR

IT & ITES

COMPANY DETAILS

Market cap:	Rs. 99,175 cr
52-week high/low:	Rs. 6599/4149
NSE volume: (No of shares)	4.7 lakh
BSE code:	533179
NSE code:	PERSISTENT
Free float: (No of shares)	10.9 cr

Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)

Promoters	30.3
FII	22.8
DII	29.8
Others	17.1

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART



Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	1.9	11.2	15.4	7.4
Relative to Sensex	3.1	11.7	13.2	-1.7

Source: Mirae Asset Sharekhan Research, Bloomberg

Reco/View: **BUY**

CMP: **Rs. 6,343**

Price Target: **Rs. 7,295**

Quick Snapshot

- Persistent Systems delivered stronger-than-expected performance, driven by meaningful margin expansion supported by robust AI-led platform sales.
- Revenue grew 4.0% q-o-q (up 17.3% y-o-y) to \$ 423 million, in line with our estimates. In CC terms, it grew 4.1% q-o-q. Revenue grew 5.5% q-o-q (+23.4% y-o-y) to Rs 3,778 crore. Margins rose to 16.7%, largely led by AI-driven platforms and pricing.
- Deal wins remains robust at \$ 674.5 million, rising 10.7% q-o-q (13.5% y-o-y). ACV stood at \$ 501.9 million, 12.1% q-o-q (17.2% y-o-y). Net new TCV grew 5.2% q-o-q (10.6% y-o-y) to \$ 369.1 million. The company secured several large-scale modernization engagements across BFSI, Life Sciences, Semiconductors, and EdTech verticals.
- We maintain our positive stance on the stock, viewing Persistent as a standout performer among Tier-2 IT services players, owing to its proven ability to win large deals, disciplined execution, and resilient profitability. We have rolled our valuation forward to Dec-27 and applied a P/E multiple of 44x, resulting in an unchanged price target of Rs. 7,295. We reiterate our Buy recommendation.

Result overview

- Margin Story:** Margins grew q-o-q by 40 bps to 16.7% led by currency movement (30 bps), lower subcontractor cost (20 bps), higher utilization and SG&A optimization (40 bps), AI-driven platform and tool driven pricing models (150 bps). This was partially offset by headwinds such as wage hikes (180 bps) and furloughs (20 bps), resulting in sequential margin improvement by 40 bps to 16.7% (excl. one-time labor costs).
- Vertical-wise performance:** All verticals grew q-o-q and y-o-y. BFSI grew 4.6%, Healthcare & Life Sciences (HLS) grew 4.8%, and Software, Hi-tech grew 3.0%. Over the last 3-4 months, HLS and BFSI saw increased discussions on application and data modernization. In the HLS space, mid to large firms explored transformation possibilities. Among High-tech, firms adopted AI for product development and productivity gains. Private equity firms deepened AI use in end-to-end programs, leading to new logos and long-term partnerships.

Our Call

We remain bullish on the stock, and see Persistent as a top-tier growth leader in Tier-2 IT services, propelled by catalysts such as strong ACV/TCV momentum (mid-teens y-o-y), platform/IP-driven wins across Hi-Tech/BFSI/Healthcare, resilient offshoring trends, and strategic client additions. Future performance will be driven by sustained deal execution, margin tailwinds from proprietary IP scaling and operational leverage. We factor in Revenue USD CAGR of 16% while pegging our margins at 16.5% for FY28E. This conviction is underpinned by its proven ability to win large deals, disciplined execution, and resilient profitability profile. We have rolled our valuation forward to Dec-27 and applied a P/E multiple of 44x, resulting in an unchanged price target of Rs. 7,295. We reiterate our BUY recommendation.

Key Risks

Slowdown in AI adoption, rupees appreciation, global macroeconomic uncertainties.

Valuation

Particulars	FY25	FY26E	FY27E	FY28E
Net sales	11,939	14,669	17,581	20,277
EBITDA Margin (%)	17.2	19.0	19.0	19.3
EBIT Margin (%)	14.7	16.3	16.3	16.5
Net profit	1,400	1,958	2,300	2,678
% YoY growth	22.6	39.9	17.4	16.5
Adjusted EPS (Rs.)	90.6	126.3	148.3	172.7
P/E (x)	60.7	50.2	42.8	36.7
P/B (x)	13.6	13.2	11.1	9.4
EV/EBITDA (x)	40.4	32.1	29.2	25.2
RoNW (%)	24.8	28.3	28.0	27.5
RoCE (%)	30.0	34.5	34.7	34.3

Source: Company, Mirae Asset Sharekhan estimates

Note: CMP as on Jan 20, 2026

Concall Highlights:

- Q3 Results:** EBIT stood at Rs 632 crores, up 8.2% q-o-q (up 38.6% y-o-y), resulting in margin expansion by 42 bps q-o-q (184 bps y-o-y). APAT stood at Rs 528 crores, up 12.1% q-o-q (+41.7% y-o-y), with APAT Margin at 14% up 82bps q-o-q (181 bps y-o-y).
- Bump in software license revenue:** Software license revenue grew 38.9% q-o-q and 2.6% growth in software services q-o-q in USD terms. Software license revenue includes third-party/cybersecurity licenses (passed through with margins) and the company's own technology/IP stack (e.g., Lora, GenHub), which are increasingly sold independently or integrated. Revenue recognition and booking can blur due to integrated sales and timing.
- Intangible asset capitalisation:** This primarily represents heavy ongoing investment in in-house AI, productivity, and SASA-related tools/platforms, which have now reached reasonable maturity justifying the continued capitalization and supporting future revenue generation, though the rate of incremental growth is expected to moderate compared to prior periods.
- Differentiated high-tech play:** Persistent operates in a distinctly different segment of high-tech compared to typical IT peers. The company focuses on the product development and R&D side (core of the engine), helping high-tech customers (many private equity-backed or smaller companies) accelerate product development, cut costs from mature products, and squeeze out higher returns. This modern toolset-based, software-stack-led approach is highly differentiated and drives superior growth and pricing power, standing in contrast to traditional IT services competitors.
- Other details:** Persistent has declared a dividend of Rs 22 per share. Management remains confident in achieving revenue of \$2 billion by FY27 and lays foundation to achieve \$5 billion by FY31. Other income net of finance stood at Rs 30 crore, primarily due to earn out credit of Rs. 13 crore, from one of the recent acquisitions. ETR for FY26 will be at 20-24%.

Q3FY26 Result Snapshot:

Particulars	Q3FY26	Q3FY25	Q2FY26	YoY (%)	Rs cr	QoQ (%)
Revenues In USD (mn)	423	360	406	17.3		4.0
Revenues In INR	3,778	3,062	3,581	23.4		5.5
Direct Costs	2,413	2,000	2,292	20.6		5.3
Gross Profit	1,365	1,062	1,288	28.5		6.0
SG&A	633	524	605	20.7		4.7
EBITDA	732	538	684	36.2		7.1
Depreciation & amortization	101	82	100	22.5		0.5
EBIT	632	456	584	38.6		8.2
Other Income	30	12	6	153.9		410.4
Forex gain/(loss)	-8	14	27	-154.0		-128.8
PBT	654	482	617	35.7		6.0
Tax Provision	126	109	145	15.1		-13.6
Minority Interest	0	0	0	NA		NA
EO	89	0	0	NA		NA
PAT	439	373	471	17.8		-6.8
Adjusted PAT	528	373	471	41.7		12.1
EPS (Rs)	34.1	24.3	30.4	40.2		12.1
Margin (%)						
EBITDA Margin	19.4	17.6	19.1	182		29
EBIT Margin	16.7	14.9	16.3	184		42
PBT Margin	17.3	15.7	17.2	157		8
PAT Margin	14.0	12.2	13.2	181		82
ETR	19.2	22.6	23.6	-343		-437

Source: Company; Mirae Asset Sharekhan Research

Particulars	USD million				
	Q3FY26	Q3FY25	Q2FY26	YoY (%)	QoQ (%)
BFSI	148	114	141	29.5	4.6
Software, Hi-Tech & Emerging Industries	167	146	162	14.7	3.0
Healthcare & Life Science	107	100	102	7.2	4.8
TCV	675	594	609	13.5	10.7
Net New TCV	369	334	351	10.6	5.2

Source: Company; Mirae Asset Sharekhan Research

Additional Data

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Despande Anand Suresh	29.02
2	Motilal Oswal AMC	6.09
3	Vanguard Group Inc/The	2.99
4	Blackrock Inc	2.92
5	HDFC AMC	2.53
6	Kotak Mahindra AMC	2.13
7	Nippon Life India AMC	1.91
8	Nippon Life India Trustee Ltd	1.87
9	UTI AMC	1.45
10	Shukla Shridhar	1.40

Source: Bloomberg

Key management personnel

Name	Designation
Vinit Teredesai	CFO
Sandeep Kalra	CEO
Jaideep Dhok	COO

Source: Company Website

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