PL Capital
PRABHUDAS LILLADHER

Mphasis (MPHL IN)

Rating: BUY | CMP: Rs2,800 | TP: Rs3,480

January 23, 2026

Q3FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	**BUY**		**BUY**	
Target Price	**3,480**		**3,450**	
Sales (Rs bn)	175	200	174	199
% Chng.	*0.6*	*0.4*		
EBITDA (Rs bn)	33	39	33	39
% Chng.	*0.5*	*0.3*		
EPS (Rs.)	115.3	134.2	114.1	133.1
% Chng.	*1.1*	*0.8*		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. bn)	142	158	175	200
EBITDA (Rs. bn)	26	29	33	39
Margin (%)	*18.6*	*18.7*	*19.0*	*19.3*
PAT (Rs bn)	17	19	22	26
EPS (Rs.)	89.6	99.4	115.3	134.2
Gr. (%)	*9.0*	*10.9*	*16.0*	*16.4*
DPS (Rs.)	53.8	59.6	69.2	80.5
Yield (%)	*1.9*	*2.1*	*2.5*	*2.9*
RoE (%)	*18.5*	*18.9*	*20.4*	*21.8*
RoCE (%)	*15.5*	*16.3*	*17.6*	*18.9*
EV/Sales (x)	3.6	3.2	2.8	2.4
EV/EBITDA (x)	19.2	17.0	14.7	12.4
PE (x)	31.2	28.2	24.3	20.9
P/BV (x)	5.5	5.1	4.7	4.4

Key Data	MBFL.BO | MPHL IN
52-W High / Low	Rs.3,079 / Rs.2,025
Sensex / Nifty	82,307 / 25,290
Market Cap	Rs.534bn/ $ 5,823m
Shares Outstanding	191m
3M Avg. Daily Value	Rs.2457.89m

Shareholding Pattern (%)

Promoter's	30.59
Foreign	19.79
Domestic Institution	45.26
Public & Others	4.36
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(3.0)	0.8	(0.3)
Relative	0.8	0.7	(7.5)

Pritesh Thakkar
priteshthakkar@plindia.com | 91-22-66322533

Sujay Chavan
sujaychavan@plindia.com | 91-22-66322536

Order book expands, execution and ramp up hold the key

Quick Pointers:

- BFSI drives revenue beat while margin remains largely steady
- Sustains 400+mn deal momentum taking 9MFY26 TCV to USD 1.7 bn

The revenue growth performance (+1.5% QoQ CC) exceeded our estimates (+0.5% QoQ CC), attributed to steady revenue conversion and timely ramp up of large deals. Despite furloughs the BFSI performance was healthy (+3.7% QoQ). The performance beyond BFSI was weak due to seasonality in TMT, while Logistics has reached steady state and was muted QoQ. Ex-logistics & Transportation, the company has reported ~16% YoY growth over 9MFY26. The company's recalibrated approach to introduce platforms + service delivery, while infusing human-agent model, drives incremental engagement to strategic transformation deals. The large transformation deals have increased to 14 in 9MFY26 (vs 11 deals in 9MFY25). The new deal TCV at USD428m (up 22% YoY) translates to USD 1.7bn 9MFY26 deal TCV (+95% YoY). On margins, the company has maintained a narrow band despite the drop in Q3 effort utilization. Developing platforms and IPs would be a continued effort and hence keep margins within a guided band (14.75%-15.75%). We are baking revenue growth of 7.0%/9.2%/10.7 YoY CC with EBIT margin of 15.3%/15.7%/16.0% for FY26E/FY27E/FY28E. We assign 26x to FY28E EPS that translates a TP of 3,480. Maintain BUY.

Revenue growth: MPHL reported revenue of USD 451 mn, up 1.5% QoQ in CC terms, despite furlough headwinds, beating our estimate of 0.5% growth. The outperformance was driven by strong direct business, which grew 1.9% QoQ in CC terms. Segment-wise, growth was led by BFS and Insurance, which grew 2.4% and 8.3% QoQ (reported), respectively, while logistics remained weak and declined 1.3%. TMT segment was impacted by seasonality and declined by 3.8% QoQ. Geographically, growth was broad-based across regions.

Operating Margin within guided band: EBIT margin remained within the guided band of 14.75%–15.75%. Adjusted EBIT margin for Q3 stood at 15.2%, in line with our estimates, and declined 10 bps QoQ. Management highlighted that operating margins were maintained within the stated band despite continued investments in AI platforms and growth initiatives.

Deal Wins remains strong: Deal wins remained strong despite moderating from the all-time high in Q1, with Q3 deal wins of USD 428 mn versus USD 528 mn in Q2. MPHL won 4 large deals during the quarter, including 2 with TCV of USD 50 mn+, underscoring continued traction in large deals. 9MFY26 deal wins reached USD 1.7 bn, nearly doubling from USD 0.9 bn in 9MFY25, highlighting a sharp YoY acceleration and sustained momentum in order inflows.

Valuations and outlook: We estimate USD revenue CAGR of 9.8% and an Earnings CAGR of 16.2% between FY26E-28E. We assign PE multiple of 26x to FY28E earnings to arrive at TP of INR 3,480. We maintain our Buy rating.

Beat on topline, margins in line

- **Revenue of USD451.4m, up 1.5% QoQ CC & 1.4% QoQ in USD, above our estimates of +0.5% QoQ CC**
- Direct revenue up 1.9% QoQ CC; DXC revenue (USD) declined by 13.3% QoQ
- **Vertical wise Banking, Insurance led the growth with 2.4% and 8.3% QoQ, respectively, while Logistics/TMT down by 1.3 and 3.8% QoQ**
- Geo wise, NA, EMEA and India were up 1.0%, 3.5% and 4.8% QoQ
- EBIT margin at 15.2% were inline of our estimate of 15.2%
- Offshore utilization (excl. trainees) was down by 400bps at 83%. Headcount increased by 463 in Q3
- **New TCV saw stood at USD428m (up 22% YoY), 9MFY26 deal TCV up by 95% YoY**
- Adjusted PAT was Rs 4.8b (up 1.9% QoQ), was tad above our estimates of Rs 4.7b. Report PAT at Rs 4.4b, down 5.7%

Concall Highlights

- Management indicated that the demand environment is stable to improving, with client tech budgets expected to be stable to slightly higher, driven by reprioritization toward AI stack build-out and modernization. While traditional discretionary spend remains muted, new spend is emerging around AI-led efficiency, agentic platforms, and transformation programs. Mphasis highlighted that it is well positioned to benefit from this structural shift in client spending priorities.
- In BFSI segment, management highlighted that demand remains strong and continues to accelerate, supported by healthy bank earnings, regulatory programs, and elevated M&A/IPO activity. Banks are increasingly investing in enterprise-wide AI fabric, modernization, and large-scale transformation programs, driving wallet share gains and new account wins for MPHL.
- In Insurance segment, demand environment is very strong, with insurance emerging as one of the fastest-growing segments. Life and annuities are seeing sustained tech spend driven by distribution and wealth platform integration, while P&C insurance remains focused on efficiency and cost optimization, supporting AI-led operations and modernization demand.
- Management highlighted that the logistics segment has remained weak over the last several quarters due to headwinds at a large client. However, management indicated that the segment has largely bottomed out and is expected to stabilize at current levels.

- Management highlighted a strengthening correlation between deal wins and revenue growth, with large transformation deals ramping more gradually but providing improving visibility over time. While deal wins have accelerated sharply, revenue conversion lags due to the multi-quarter ramp-up profile of large, long-tenure deals; however, as prior large wins scale, management expects a clearer acceleration in revenue growth.

- Management indicated that Q4 is likely to be the strongest sequential growth quarter of FY26, supported by ramp-up of recent large deal wins, partial reversal of furlough headwinds, and improving conversion of pipeline into revenue, reinforcing confidence in accelerating near-term growth.

- Management indicated that the increasing use of AI agents in deal delivery is creating operating leverage through reduced human effort, faster execution, and improved accuracy, which should support margin expansion over time. However, near-term productivity gains are largely being reinvested into platform build-out and growth initiatives, limiting immediate margin upside.

- Management highlighted that the deal pipeline is at record levels, up 66% YoY, with ~69% of the pipeline now AI-led, reflecting strong differentiation from the NeoIP platform. The large-deal pipeline has nearly doubled YoY, providing improved visibility into sustained deal wins and supporting management's confidence in continued above-industry revenue growth as pipeline converts over coming quarters.

- DSO increased to 91 days in Q3 (up 2 days QoQ), primarily due to higher unbilled receivables linked to milestone-based contracts and large transformation deals. Management emphasized that this is a planned and controlled outcome of deal structures and expects DSO to trend down progressively over CY26 as milestones are achieved and large deals move into steady-state billing.

Exhibit 1: 3QFY26 Results, Revenue grew by 1.5% QoQ CC compared Ple of 0.5% QoQ CC, EBIT margin declines marginally

Consolidated (Rs bn)	3QFY26	3QFY26E	% Var.	2QFY26	QoQ gr. (%)	3QFY25	YoY gr. (%)	9MFY26	9MFY25	YoY gr. (%)
IT Services Revenue (USD mn)	**451.4**	**447.0**	***1.0***	**445.2**	***1.4***	**419.3**	***7.6***	**1,333.8**	**1,250.4**	***6.7***
Overall Revenue (Rs bn)	40.0	39.5	*1.3*	39.0	*2.6*	35.6	*12.4*	116.4	105.2	*10.6*
Gross Profit	**13**	**12**	***1.5***	**12**	***3.8***	**11**	***10.8***	**36**	**33**	***10.9***
Gross Margin (%)	*31.3*	*31.2*	*10bps*	*30.9*	*40bps*	*31.7*	*-50bps*	*31.4*	*31.3*	*10bps*
SG&A and Other Costs	5.0	5.0	*-0.4*	4.8	*3.7*	4.5	*10.6*	14.7	13.5	*9.3*
% of Rev	*12.5*	*12.7*	*-20bps*	*12.4*	*10bps*	*12.7*	*-20bps*	*12.6*	*12.8*	*-20bps*
EBITDA	**7.5**	**7.3**	***2.8***	**7.2**	***3.9***	**6.8**	***10.9***	**21.8**	**19.4**	***12.0***
EBIT Margin (%)	*18.8*	*18.5*	*30bps*	*18.5*	*20bps*	*19.0*	*-30bps*	*18.7*	*18.5*	*20bps*
Depreciation	1.4	1.3	*9.6*	1.3	*12*	1.3	*8.0*	4.0	3.4	*18.1*
% of Rev	*3.6*	*3.3*	*30bps*	*3.3*	*30bps*	*3.7*	*-10bps*	*3.5*	*3.2*	*20bps*
EBIT	**6.1**	**6.0**	***1.4***	**6.0**	***2.2***	**5.5**	***11.6***	**17.8**	**16.0**	***10.7***
EBIT Margin (%)	*15.2*	*15.2*	*0bps*	*15.3*	*-10bps*	*15.3*	*-10bps*	*15.3*	*15.2*	*0bps*
Other Income (net)	0.2	0.3	*-28.4*	0.3	*-31.5*	0.2	*-15.7*	0.9	0.7	*34.2*
PBT	**6.3**	**6.3**	***0.0***	**6.2**	***0.6***	**5.7**	***10.4***	**18.6**	**16.7**	***11.7***
Tax	1.5	1.5	*-2.0*	1.6	*-3.1*	1.4	*6.8*	4.8	4.1	*14.9*
Effective tax rate (%)	*24.0*	*24.5*	*-50bps*	*24.9*	*-90bps*	*24.8*	*-80bps*	*25.5*	*24.8*	*70bps*
Adjusted PAT	**4.8**	**4.7**	***0.7***	**4.7**	***1.9***	**4.3**	***11.6***	**13.9**	**12.6**	***10.6***
Exceptional items	0.4	0.0	*NA*	0.0	*NA*	0.0	*NA*	0.4	0.0	*NA*
Reported PAT	**4.4**	**4.7**	***-6.8***	**4.7**	***-5.7***	**4.3**	***3.3***	**13.5**	**12.6**	***7.7***
Reported EPS (Rs)	**25.1**	**24.9**	***0.6***	**24.6**	***1.8***	**22.6**	***11.1***	**71.1**	**66.4**	***7.1***

Source: Company, PL

Exhibit 2: Geography revenue mix

Geographies	Contr. To rev. (%)	QoQ Gr. (%)
Americas	83.3	1.0
EMEA	9.3	3.5
India	5.0	4.8
ROW	2.4	0.6

Source: Company, PL

Exhibit 3: Vertical revenue mix

Verticals	Contr. To rev. (%)	QoQ Gr. (%)
Banking and Financial Services	51.8	2.4
Insurance	15.0	8.3
Technology, Media & Telecom	18.4	(3.8)
Logistics and Transportation	5.4	(1.3)
Others	9.5	(1.9)

Source: Company, PL

Exhibit 4: Revenue by service mix

Services	Contr. to rev (%)	*QoQ Gr (%)*
Application Services	75.0	3.6
BPO	14.8	0.7
Infrastructure Services	10.2	(11.5)

Source: Company, PL

Exhibit 5: Top clients performance

	Contr. to rev (%)	*QoQ Gr (%)*
Top Client	12.0	1.4
Top 2-5 Clients	28.0	5.2
Top 6-10 Clients	15.0	(4.9)

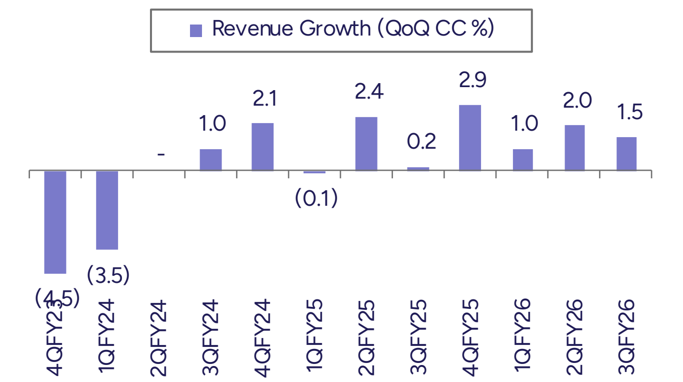
Source: Company, PL

Exhibit 6: Key Performance Indicator

	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	FY25*	FY26E*
Revenue (QoQ CC %)	***0.0***	***1.0***	***2.1***	***-0.1***	***2.4***	***0.2***	***2.9***	***1.0***	***2.0***	***1.5***	***4.6***	***7.0***
Margins												
Gross Margin	28.9	31.3	31.2	30.8	31.3	31.7	31.8	31.9	30.9	31.3	31.4	31.3
EBIT Margin	15.5	14.9	14.9	15.0	15.4	15.3	15.3	15.3	15.3	15.2	15.3	15.3
Net Margin	12.0	11.2	11.5	11.8	12.0	12.0	12.0	11.8	12.0	11.9	12.0	12.0
Operating metrics												
Headcount (k)	33.8	34.0	32.7	31.6	31.6	31.2	31.4	31.1	30.8	31.3	31.4	-
Utilization Trainees (%)	*77.0*	*74.0*	*75.0*	*76.0*	*76.0*	*75.0*	*78.0*	*84.0*	*87.0*	*83.0*	*78.0*	-

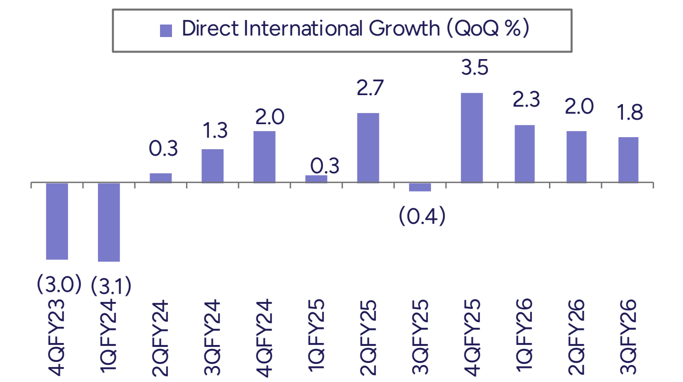
*Source: Company, PL, * YoY CC*

Exhibit 7: Revenue grew higher than expected



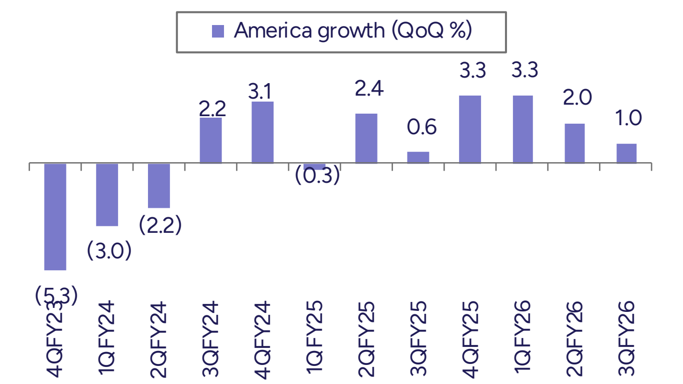
Source: Company, PL

Exhibit 8: Direct Business revenue growth %



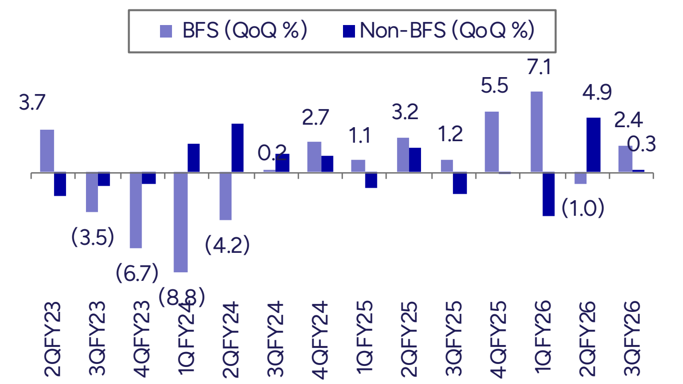
Source: Company, PL

Exhibit 9: Americas region growth %



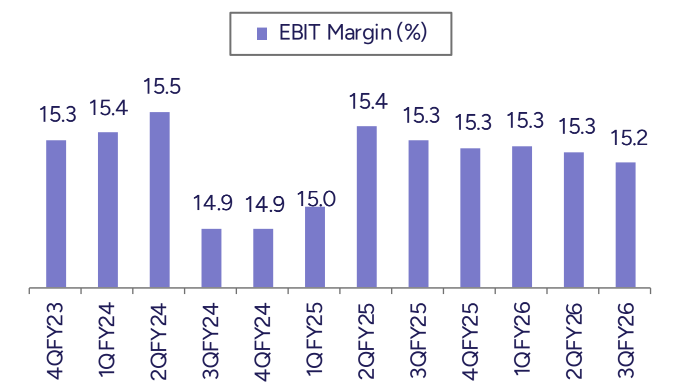
Source: Company, PL

Exhibit 10: BFS drives growth despite furloughs



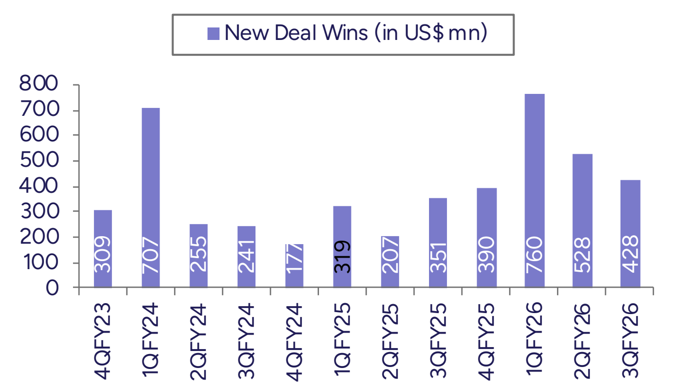
Source: Company, PL

Exhibit 11: EBIT Margin % steady



Source: Company, PL

Exhibit 12: Deal wins moderates in Q3



Source: Company, PL

Exhibit 13: Operating Metrics

	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Geographical Contribution (%)												
Americas	80.8	81.1	79.2	80.2	81.0	80.9	80.7	81.5	82.0	83.4	83.6	83.3
EMEA	10.7	10.4	12.0	11.6	11.0	11.1	11.0	10.2	9.9	8.7	9.1	9.3
India	5.5	5.7	6.0	5.5	5.3	5.3	5.7	6.0	5.1	5.3	4.8	5.0
RoW	3.0	2.9	2.9	2.7	2.7	2.7	2.6	2.4	2.9	2.6	2.4	2.4
Vertical Contribution (%)												
Banking and Financial Services	52.2	49.3	47.1	46.8	47.1	47.7	47.9	48.7	50.0	52.7	51.3	51.8
Insurance	9.8	10.5	10.8	11.4	11.0	11.3	11.2	11.7	11.4	13.7	14.0	15.0
Technology, Media & Telecom	14.0	15.1	17.3	15.6	16.0	16.0	16.5	17.0	17.8	18.1	19.4	18.4
Logistics & Transportation	13.8	14.2	13.4	13.7	13.7	13.7	13.1	12.2	10.9	5.8	5.6	5.4
Others	10.2	11.0	11.4	12.6	12.3	11.3	11.3	10.5	9.9	9.7	9.8	9.5
Revenue by Project Type (%)												
Time and Material	58.1	57.7	58.5	58.3	58.5	59.6	60.0	57.6	55.4	48.6	49.1	46.8
Transaction Based	11.1	10.2	10.3	10.1	10.1	10.4	10.3	10.6	8.6	8.3	8.2	8.5
Fixed Price	30.8	32.0	31.2	31.6	31.4	30.0	29.7	31.8	36.0	43.1	42.7	44.8
Revenue by Delivery Location (%)												
Onsite	53.5	52.1	52.1	53.2	56.0	57.1	57.3	59.0	59.9	59.6	57.5	59.8
Offshore	46.6	47.9	47.9	46.8	44.0	42.9	42.7	41.0	40.1	40.4	42.5	40.2
Secondary Market Segment (%)												
Direct International	94.6	94.9	95.1	95.4	95.4	95.8	95.8	95.9	96.7	97.3	97.5	97.9
DXC	3.8	3.5	3.2	2.9	3.0	2.6	2.7	2.7	2.5	2.4	2.3	2.0
Others	1.7	1.7	1.7	1.7	1.6	1.6	1.5	1.4	0.8	0.2	0.2	0.2
Service Type (%)												
Application services	70.7	71.0	70.5	70.7	71.2	71.4	71.3	71.7	71.8	73.8	73.4	75.0
BPO	16.4	16.2	16.9	16.6	16.6	16.2	16.4	16.4	15.4	14.8	14.9	14.8
Infrastructure services	12.9	12.8	12.7	12.7	12.3	12.4	12.3	11.9	12.7	11.4	11.7	10.2
Client Contribution (%)												
Top Client	13	17	16	15	14	14	15	15	14	13	12	12
Top 2-5 Clients	31	30	31	31	30	30	28	28	28	27	27	28
Top 6-10 Clients	15	12	11	9	10	9	10	10	12	14	16	15
New Clients added	4	5	5	5	3	2	2	2	3	3	2	3
Clients Contributing More than:												
$100m+	4	3	3	3	3	3	3	3	3	4	4	4
$75m+	5	5	4	4	4	4	4	5	5	6	6	6
$50m+	7	6	6	5	5	5	5	5	5	7	7	8
$20m+	13	12	11	10	10	9	9	11	11	10	11	14
$10m+	26	26	26	29	29	30	27	29	29	31	30	28
$5m+	46	46	46	46	47	48	51	47	50	50	50	51
$1m+	112	112	115	134	135	135	140	140	139	137	136	131
Headcount												
Onsite - billable												
Tech services	4,669	4,517	4,504	4,664	4,656	4,637	4,788	4,892	4,981	5,127	5,377	5,436
BPO	1,606	1,307	1,319	1,338	1,318	1,374	1,363	1,351	1,281	1,142	1,143	1,071
Offshore - billable												
Tech services	16,799	16,005	15,425	15,393	14,799	14,721	14,576	14,218	14,540	14,477	14,498	14,587
BPO	6,234	6,459	6,418	6,733	6,341	5,984	5,851	5,681	5,545	5,503	5,422	5,831
Total billable headcount	29,308	28,288	27,666	28,128	27,114	26,716	26,578	26,142	26,347	26,249	26,440	26,925
Total headcount	34,042	33,961	33,771	33,992	32,664	31,645	31,601	31,194	31,442	31,063	30,809	31,272

Source: Company, PL

Financials

Income Statement (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	**142**	**158**	**175**	**200**
YoY gr. (%)	*7.2*	*10.8*	*11.1*	*14.3*
Employee Cost	98	108	120	137
Gross Profit	45	49	55	64
Margin (%)	*31.4*	*31.3*	*31.5*	*31.8*
SG&A Expenses	18	20	22	25
Other Expenses	-	-	-	-
EBITDA	**26**	**29**	**33**	**39**
YoY gr. (%)	*9.3*	*11.4*	*12.9*	*16.1*
Margin (%)	*18.6*	*18.7*	*19.0*	*19.3*
Depreciation and Amortization	5	5	6	7
EBIT	**22**	**24**	**28**	**32**
Margin (%)	*15.3*	*15.3*	*15.7*	*16.0*
Net Interest	-	-	-	-
Other Income	1	1	1	2
Profit Before Tax	**23**	**25**	**29**	**34**
Margin (%)	*15.9*	*16.0*	*16.5*	*16.8*
Total Tax	6	6	7	8
Effective tax rate (%)	*24.7*	*25.1*	*24.0*	*24.0*
Profit after tax	**17**	**19**	**22**	**26**
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	**17**	**19**	**22**	**26**
YoY gr. (%)	*9.5*	*11.1*	*16.1*	*16.4*
Margin (%)	*12.0*	*12.0*	*12.5*	*12.8*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**17**	**19**	**22**	**26**
YoY gr. (%)	*9.5*	*11.1*	*16.1*	*16.4*
Margin (%)	*12.0*	*12.0*	*12.5*	*12.8*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	17	19	22	26
Equity Shares O/s (bn)	**0**	**0**	**0**	**0**
EPS (Rs)	**89.6**	**99.4**	**115.3**	**134.2**

Source: Company Data, PL Research

Balance Sheet Abstract (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	**23**	**24**	**26**	**30**
Tangibles	23	24	26	30
Intangibles	-	-	-	-
Acc: Dep / Amortization	**15**	**19**	**23**	**27**
Tangibles	15	19	23	27
Intangibles	-	-	-	-
Net fixed assets	**8**	**5**	**3**	**2**
Tangibles	8	5	3	2
Intangibles	-	-	-	-
Capital Work In Progress	-	-	-	-
Goodwill	43	43	43	43
Non-Current Investments	6	6	6	6
Net Deferred tax assets	2	2	2	3
Other Non-Current Assets	19	18	17	17
Current Assets				
Investments	18	26	34	42
Inventories	-	-	-	-
Trade receivables	28	30	34	38
Cash & Bank Balance	16	18	22	25
Other Current Assets	5	6	7	8
Total Assets	**149**	**158**	**171**	**187**
Equity				
Equity Share Capital	2	2	2	2
Other Equity	94	102	110	121
Total Networth	**96**	**103**	**112**	**123**
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	6	6	6	6
Current Liabilities				
ST Debt / Current of LT Debt	11	11	11	11
Trade payables	10	10	11	13
Other current liabilities	24	25	28	32
Total Equity & Liabilities	**149**	**158**	**171**	**187**

Source: Company Data, PL Research

Cash Flow (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	23	25	29	34
Add. Depreciation	5	5	6	7
Add. Interest	1	(1)	(1)	(2)
Less Financial Other Income	1	1	1	2
Add. Other	0	-	-	-
Op. profit before WC changes	29	29	33	39
Net Changes-WC	(2)	(2)	(1)	(2)
Direct tax	(7)	(6)	(7)	(8)
Net cash from Op. activities	**19**	**21**	**25**	**29**
Capital expenditures	(3)	(1)	(2)	(4)
Interest / Dividend Income	0	1	1	2
Others	3	(8)	(8)	(8)
Net Cash from Invt. activities	**0**	**(8)**	**(8)**	**(10)**
Issue of share cap. / premium	1	-	-	-
Debt changes	(4)	-	-	-
Dividend paid	(10)	(11)	(13)	(15)
Interest paid	(2)	-	-	-
Others	(2)	-	-	-
Net cash from Fin. activities	**(18)**	**(11)**	**(13)**	**(15)**
Net change in cash	**2**	**2**	**3**	**3**
Free Cash Flow	18	20	23	25

Source: Company Data, PL Research

Quarterly Financials (Rs bn)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenue	**37**	**37**	**39**	**40**
YoY gr. (%)	*4.2*	*0.6*	*4.5*	*2.6*
Raw Material Expenses	25	25	27	28
Gross Profit	12	12	12	13
Margin (%)	*31.8*	*31.9*	*30.9*	*31.3*
EBITDA	**7**	**7**	**7**	**8**
YoY gr. (%)	-	-	-	-
Margin (%)	*18.9*	*18.8*	*18.5*	*18.8*
Depreciation / Depletion	1	1	1	1
EBIT	**6**	**6**	**6**	**6**
Margin (%)	*15.3*	*15.3*	*15.3*	*15.2*
Net Interest	-	-	-	-
Other Income	-	-	-	-
Profit before Tax	**6**	**6**	**6**	**6**
Margin (%)	*15.9*	*16.3*	*16.0*	*15.7*
Total Tax	1	2	2	2
Effective tax rate (%)	*24.5*	*27.6*	*24.9*	*24.0*
Profit after Tax	**4**	**4**	**5**	**5**
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	**4**	**4**	**5**	**4**
YoY gr. (%)	*4.3*	*(1.1)*	*6.2*	*(5.7)*
Margin (%)	*12.0*	*11.8*	*12.0*	*11.1*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**4**	**4**	**5**	**5**
YoY gr. (%)	*4.3*	*(1.1)*	*6.2*	*1.9*
Margin (%)	*12.0*	*11.8*	*12.0*	*11.9*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**4**	**4**	**5**	**5**
Avg. Shares O/s (bn)	-	-	-	-
EPS (Rs)	**23.4**	**23.1**	**24.5**	**23.1**

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	89.6	99.4	115.3	134.2
CEPS	114.7	127.7	145.7	168.9
BVPS	507.0	543.7	589.6	643.3
FCF	97.1	107.3	121.7	128.9
DPS	53.8	59.6	69.2	80.5
Return Ratio(%)				
RoCE	15.5	16.3	17.6	18.9
ROIC	13.5	13.8	14.5	15.2
RoE	18.5	18.9	20.4	21.8
Balance Sheet				
Net Debt : Equity (x)	(0.2)	(0.3)	(0.4)	(0.5)
Debtor (Days)	73	70	70	70
Valuation(x)				
PER	31.2	28.2	24.3	20.9
P/B	5.5	5.1	4.7	4.4
P/CEPS	114.7	127.7	145.7	168.9
EV/EBITDA	19.2	17.0	14.7	12.4
EV/Sales	3.6	3.2	2.8	2.4
Dividend Yield (%)	1.9	2.1	2.5	2.9

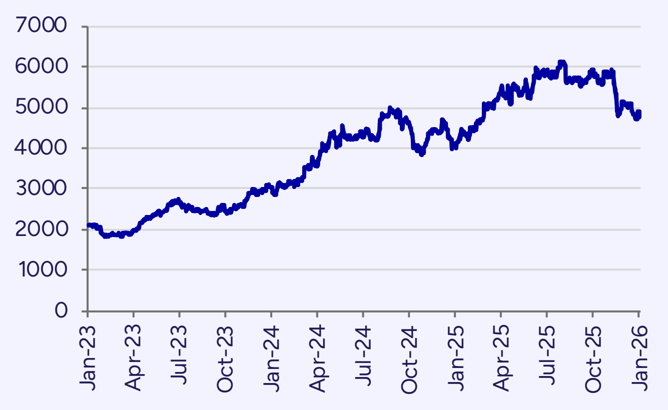
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Revenue (in US$ mn)	1,681	1,798	1,962	2,168

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	02-Jan-26	BUY	3,450	2,820
2	04-Dec-25	BUY	3,310	2,861
3	31-Oct-25	Accumulate	2,950	2,764
4	04-Oct-25	Accumulate	2,920	2,737
5	25-Jul-25	Accumulate	2,920	2,625
6	01-Jul-25	Hold	2,900	2,845
7	25-Apr-25	BUY	2,860	2,468
8	03-Apr-25	BUY	2,940	2,474
9	27-Mar-25	BUY	2,940	2,515
10	24-Jan-25	Accumulate	3,200	3,011

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Coforge	BUY	2,140	1,642
2	Cyient	Hold	1,070	1,109
3	HCL Technologies	BUY	1,910	1,667
4	Infosys	BUY	1,900	1,600
5	KPIT Technologies	BUY	1,380	1,168
6	L&T Technology Services	Hold	4,070	4,244
7	Latent View Analytics	BUY	630	454
8	LTIMindtree	Hold	6,000	6,407
9	Mphasis	BUY	3,450	2,820
10	Persistent Systems	BUY	7,360	6,343
11	Tata Consultancy Services	BUY	4,040	3,240
12	Tata Elxsi	Hold	5,500	5,793
13	Tata Technologies	Hold	660	651
14	Tech Mahindra	Accumulate	1,860	1,671
15	Wipro	Hold	260	267

PL's Recommendation Nomenclature (Absolute Performance)

Buy	:	> 15%
Accumulate	:	5% to 15%
Hold	:	+5% to -5%
Reduce	:	-5% to -15%
Sell	:	< -15%
Not Rated (NR)	:	No specific call on the stock
Under Review (UR)	:	Rating likely to change shortly

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Prabhudas Lilladher Pvt. Ltd.
3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209
www.plindia.com