

January 17, 2026

## Q3FY26 Result Update

☒ Change in Estimates | ☒ Target | ☒ Reco

### Change in Estimates

|                     | Current           |       | Previous     |       |
|---------------------|-------------------|-------|--------------|-------|
|                     | FY27E             | FY28E | FY27E        | FY28E |
| <b>Rating</b>       | <b>ACCUMULATE</b> |       | <b>HOLD</b>  |       |
| <b>Target Price</b> | <b>1,860</b>      |       | <b>1,570</b> |       |
| Sales (Rs bn)       | 608               | 665   | 597          | 648   |
| % Chng.             | 1.8               | 2.6   |              |       |
| EBITDA (Rs bn)      | 108               | 122   | 104          | 115   |
| % Chng.             | 3.7               | 5.9   |              |       |
| EPS (Rs.)           | 78.2              | 88.5  | 74.7         | 82.7  |
| % Chng.             | 4.7               | 7.0   |              |       |

### Key Financials - Consolidated

| Y/e Mar         | FY25 | FY26E | FY27E | FY28E |
|-----------------|------|-------|-------|-------|
| Sales (Rs. bn)  | 530  | 564   | 608   | 665   |
| EBITDA (Rs. bn) | 70   | 89    | 108   | 122   |
| Margin (%)      | 13.2 | 15.7  | 17.8  | 18.3  |
| PAT (Rs. bn)    | 43   | 52    | 69    | 78    |
| EPS (Rs.)       | 48.0 | 59.2  | 78.2  | 88.5  |
| Gr. (%)         | 17.4 | 23.3  | 32.2  | 13.2  |
| DPS (Rs.)       | 50.3 | 53.3  | 70.4  | 79.7  |
| Yield (%)       | 3.0  | 3.2   | 4.2   | 4.8   |
| RoE (%)         | 15.1 | 18.2  | 23.5  | 26.0  |
| RoCE (%)        | 13.2 | 17.5  | 21.6  | 24.0  |
| EV/Sales (x)    | 2.7  | 2.5   | 2.3   | 2.1   |
| EV/EBITDA (x)   | 20.2 | 15.8  | 12.9  | 11.4  |
| PE (x)          | 34.8 | 28.2  | 21.4  | 18.9  |
| P/BV (x)        | 5.2  | 5.1   | 5.0   | 4.8   |

### Key Data

TEML.BO | TECHM IN

|                     |                         |
|---------------------|-------------------------|
| 52-W High / Low     | Rs.1,736 / Rs.1,209     |
| Sensex / Nifty      | 83,570 / 25,694         |
| Market Cap          | Rs.1,637bn / \$ 18,011m |
| Shares Outstanding  | 980m                    |
| 3M Avg. Daily Value | Rs.2691.14m             |

### Shareholding Pattern (%)

|                         |       |
|-------------------------|-------|
| Promoter's              | 34.99 |
| Foreign                 | 23.28 |
| Domestic Institution    | 32.30 |
| Public & Others         | 9.43  |
| Promoter Pledge (Rs bn) | -     |

### Stock Performance (%)

|          | 1M  | 6M  | 12M   |
|----------|-----|-----|-------|
| Absolute | 5.8 | 3.9 | (1.0) |
| Relative | 7.3 | 2.7 | (8.7) |

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## Steady growth, Strong margins, Improving visibility

### Quick Pointers:

- Strong beat in Q3 results on both revenue & operating margin
- Recorded highest deal wins in last 24 quarters incl. a mega deal of USD 500mn

*The revenue growth (+1.7% CC QoQ) exceeded our estimates (+0.5% CC QoQ), aided by Communications (+2.8 QoQ) and seasonal ramp up within Europe automotive. The growth was broad-based across verticals, except BFSI (down 6.3%) on account of passing productivity benefits. Although Comviva seasonality contributed notably in Q3, the growth beyond Comms was encouraging (+1.2% QoQ), reported third consecutive quarter of growth. Management was confident of sustaining momentum within Comms in FY27, backed by NN 5-year strategic win (USD500m) with a European Telco that itself will contribute ~1% to the topline. The 9MFY26 deal TCV looks encouraging at USD2.7b (+44% YoY), which is coming over and above 42% YoY TCV growth delivered in FY25. The quarterly TCV run-rate of USD800m-USD1b is likely to be sustained, which is sufficient to achieve its aspiration of outpacing the peer average topline growth. We believe the restructuring exercise has largely calibrated margins to a comfort band, now it requires paddling more on the orchestrated large wins. On margins, we believe the cost optimization efforts would continue (leveraging project Fortius), while growth acceleration would also provide operating leverage to scale another ~200bps YoY in FY27. We are baking in revenue growth of +1.0/+5.5%/5.9% CC YoY with margin improvement of 270bps/200bps/50bps YoY in FY26E/FY27E/FY28E. We assign 21x (earlier 19x) to arrive at a TP of Rs. 1,860, upgrade to ACCUMULATE (HOLD Earlier).*

**Revenue:** TechM reported another quarter of improved performance, delivering revenue growth of 1.7% QoQ in CC (1.5% QoQ in USD terms), ahead of our and consensus est. of 0.5% and 0.7% QoQ CC, respectively. Growth was largely broad-based across segments and geographies, barring BFSI and RoW. Segment wise Comms, Manufacturing, and TME posted QoQ growth of 2.8%, 2.2%, and 3.0%, respectively, while BFSI declined 6.2% QoQ. Geographically, the Americas and Europe grew 3.1% and 2.2% QoQ, respectively, whereas RoW declined 2.3% QoQ.

**Operating Margin:** Margin performance continued to surprise, with another qtr. of strong expansion. EBIT margin improved by 100 bps QoQ (3<sup>rd</sup> straight qtr of ~100 bps improvement) to 13.1%, ahead of our and cons. est. of 12.6%. The margin expansion was largely driven by gross margin improvement from Project Fortius led efficiencies, with a modest currency tailwind of ~20–30 bps.

**Deal Wins:** Deal wins were strong, with the company recording its highest quarterly deal wins in the last 24 quarters. In Q3 TechM secured net-new deal wins of USD 1.1 bn, up 34.3% QoQ and 47.1% YoY, including a large, net-new multi-year Communications deal in Europe.

**Valuations and outlook:** We expect TechM to report USD Revenue & Earnings CAGR of 5.1% & 22.3% over FY26E-28E. The stock is currently trading at 19x FY28E, we are assigning P/E of 21x to FY28E with a target price of INR 1,860. We upgrade our rating to Accumulate from “HOLD”.

## Strong performance across both revenue & operating margin

- Rev: USD 1.61 bn, up 1.7% QoQ CC (up 1.5% QoQ in USD), above our and consensus est. of +0.5%/+0.7% QoQ CC
- Segment wise all segments grew sequentially except BFSI which declined sharply by 6.2%. Comms, Manufacturing & TME grew by 2.8%, 2.2% & 3% QoQ respectively
- Geography-wise Americas & Europe grew by 3.1% & 2.2% QoQ respectively while ROW declined by 2.3% QoQ
- **EBIT margin improved by 100bps QoQ to 13.1% above our and consensus estimates of 12.6%**
- Net employees decreased by 3.1k QoQ with software, BPO & sales support employees declining by 2.3k, 645 & 119 respectively
- Utilization improved by 220 bps QoQ to 86.6%, LTM attrition was declined by 50bps QoQ to 12.3%
- **NN Deal TCV came at USD 1,096 mn compared to USD 816 mn in Q2**

## Conference Call Highlights

- Macro demand conditions remain volatile, particularly in Europe (Comms and parts of BFSI). However, management expects H2 to be stronger than H1, supported by improving deal conversions, large-deal ramps, and healthy pipeline.
- AI demand is evolving from experimentation to production-grade deployments. Clients are increasingly prioritizing data stack and core-platform modernization, creating sustained tailwinds for system integrators with strong AI, data, and platform capabilities.
- Management remains bullish on the BPS business, citing strong leadership and increasing differentiation through AI, automation, and agentic AI, which is enabling the business to move up the value chain from headcount-led services to solution-led offerings. While margins were impacted earlier due to integration and portfolio realignment, management indicated that BPS margins are now on an improving trajectory, supported by operating leverage, tighter integration with IT services, and improving cross-sell, positioning BPS as a sustainable growth engine.
- BFSI declined QoQ in Q3 due to higher furloughs in select geographies and annual productivity pass-backs in a large contract, whose impact was amplified by the segment's smaller base. Management reiterated that underlying demand in the segment remains healthy across transformation, data, analytics, cybersecurity, and AI, with growth expected to normalize in coming quarters.

- Management indicated that while the company has strong payments practice, its exposure is largely to payment networks rather than card issuers, and hence it does not expect any near-term impact from the proposed credit card interest rate cap, which remains at a proposal stage.
- In the Comms segment, US and APAC trends remain stable, with the largest client growing faster than the company average. Europe was impacted by a vendor-specific ramp-down; however, ongoing vendor consolidation opportunities and a large European deal underpin expectations of stability and recovery in H2.
- In Manufacturing segment, the sub-segments of Aerospace and industrial verticals delivered strong growth, reinforcing sector momentum. Within automotive sub-segment, passenger vehicle demand has stabilized, while the commercial vehicle segment remains volatile; however, medium-term opportunities remain strong.
- Revenue from USD 20mn+ clients continues to outpace the company average, validating the strategy of deepening wallet share across strategic accounts. Growth is increasingly driven by solution-led, multi-year engagements, improving revenue quality and pricing discipline.
- TechM reiterated confidence in outgrowing the peer average by FY27, supported by large-deal visibility, improving discretionary spend, scalable AI-led solutions, and a structurally stronger operating model.
- Management reiterated its strict pricing and profitability discipline, emphasizing that no margin-dilutive large deals have been signed, thereby limiting execution and margin risk.
- Management reiterated its medium-term EBIT margin target of 15%. Going forward, margin expansion is expected to be gross margin led, as SG&A has already reached historical lows. Key margin levers include fixed-price project productivity, volume-led operating leverage, portfolio company integration, and continued optimization of the onsite-offshore mix and subcontractor usage.
- Management indicated that no decision has been taken on wage hikes, as the company is still evaluating the implications of the new labour code on wage structures, and will take a decision once greater clarity emerges.
- On H1B visas, management indicated that H-1B exposure remains limited, with less than 1% of the total workforce on H-1B visas and under 30% of U.S. employees visa-dependent. The company plans to further de-risk this by increasing local U.S. hiring and expanding nearshore delivery and does not expect any impact from the H-1B fee hike in FY26, with limited impact in FY27.

**Exhibit 1: 3QFY26 Results: Revenue grew by 1.7% QoQ CC, EBIT margin improves of ~100bps QoQ**

| Consolidated (INR b)        | 3QFY26 | 3QFY26E | % Var.  | 2QFY26 | QoQ gr. (%) | 3QFY25 | YoY gr. (%) | 9MFY26 | 9MFY25 | YoY gr. (%) |
|-----------------------------|--------|---------|---------|--------|-------------|--------|-------------|--------|--------|-------------|
| IT Services Revenue (USD m) | 1,610  | 1,590   | 1.3     | 1,586  | 1.5         | 1,568  | 2.7         | 4,760  | 4,715  | 1.0         |
| Overall Revenue (INR b)     | 144    | 142     | 1.6     | 140    | 2.8         | 133    | 8.3         | 417    | 396    | 5.4         |
| Gross Profit                | 44     | 42      | 3.8     | 41     | 7.0         | 38     | 14.0        | 123    | 110    | 11.6        |
| Gross Margin (%)            | 30.3   | 29.7    | 60bps   | 29.1   | 120bps      | 28.8   | 150bps      | 29.4   | 27.8   | 160bps      |
| SG&A and Other Costs        | 20.0   | 19.4    | 3.1     | 19.1   | 4.7         | 20.2   | -1.0        | 58     | 59     | -1.2        |
| % of Rev                    | 13.9   | 13.7    | 20bps   | 13.7   | 20bps       | 15.2   | -130bps     | 13.9   | 14.8   | -90bps      |
| EBITDA                      | 24     | 23      | 4.4     | 22     | 9.1         | 18     | 30.8        | 65     | 51     | 26.3        |
| EBIT Margin (%)             | 16.4   | 16.0    | 40bps   | 15.5   | 90bps       | 13.6   | 280bps      | 14.0   | 13.9   | 10bps       |
| Depreciation                | 5      | 5       | -1.7    | 5      | 1           | 5      | 3.2         | 9      | 9      | 2.3         |
| % of Rev                    | 3.3    | 3.4     | -10bps  | 3.3    | -10bps      | 3.5    | -20bps      | 2.3    | 2.3    | -10bps      |
| EBIT                        | 19     | 18      | 6.0     | 17     | 11.3        | 14     | 40.1        | 55     | 42     | 31.5        |
| EBIT Margin (%)             | 13.1   | 12.6    | 50bps   | 12.1   | 100bps      | 10.2   | 300bps      | 13.2   | 10.6   | 260bps      |
| Other Income (net)          | -1     | 1       | -261.5  | -0.4   | 186.0       | -1     | 116.7       | 0      | 5      | -102.9      |
| PBT                         | 18     | 19      | -4.2    | 17     | 7.1         | 13     | 37.0        | 51     | 41.9   | 20.7        |
| Tax                         | 4      | 5       | -21.4   | 5      | -15.5       | 3      | 25.2        | 13     | 11     | 23.7        |
| Effective tax rate (%)      | 21.7   | 26.5    | -480bps | 27.6   | -580bps     | 23.8   | -200bps     | 26.4   | 25.7   | 60bps       |
| Adjusted PAT                | 14     | 14      | 2.8     | 12     | 16.7        | 10     | 41.8        | 37     | 31     | 20.9        |
| Exceptional items           | -2.7   | 0.0     | NA      | 0.0    | NA          | 0.0    | NA          | -3     | 0      | NA          |
| Reported PAT                | 11     | 13      | -16.6   | 12     | -5.2        | 10     | 15.1        | 35     | 31     | 12.1        |
| Reported EPS (INR)          | 12.6   | 15.3    | -17.4   | 13.5   | -6.0        | 11.1   | 14.2        | 42     | 35     | 20.7        |

Source: Company, PL

| Geographies   | Contribution to revenue (%) | QoQ gr. (%) |
|---------------|-----------------------------|-------------|
| Americas      | 50.5                        | 3.0         |
| Europe        | 25.6                        | 2.3         |
| Rest of World | 23.9                        | -2.2        |

Source: Company, PL

**Exhibit 3: Vertical Growth (%)**

| Verticals                     | Contribution to revenue (%) | QoQ gr. (%) |
|-------------------------------|-----------------------------|-------------|
| Comm., Media & Ent.           | 33.1                        | 2.8         |
| Manufacturing                 | 18.3                        | 2.4         |
| Technology                    | 13.2                        | 2.7         |
| BFSI                          | 15.5                        | -6.3        |
| Retail, Transport & Logistics | 8.7                         | 3.8         |
| Healthcare                    | 7.4                         | 2.8         |
| Others                        | 3.7                         | -3.7        |

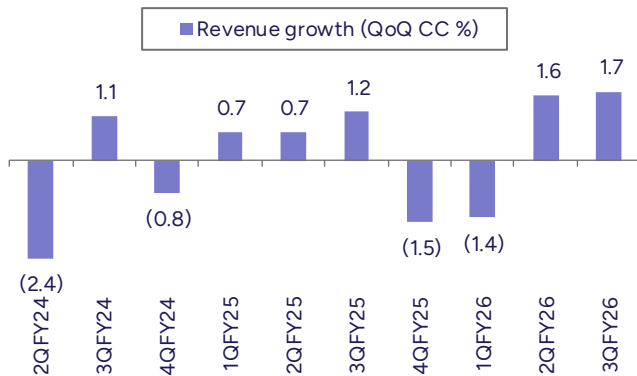
Source: Company, PL

**Exhibit 4: Key Performance Indicator**

|                         | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 | 3QFY26 | FY25* | FY26* |
|-------------------------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|
| Revenue (QoQ CC %)      | -0.8   | 0.7    | 0.7    | 1.2    | -1.5   | -1.4   | 1.6    | 1.7    | 0.3   | 1.0   |
| Margins (%)             |        |        |        |        |        |        |        |        |       |       |
| Gross Margin            | 27.0   | 26.5   | 27.9   | 28.8   | 29.2   | 28.7   | 29.1   | 30.3   | 28.1  | 29.6  |
| EBITDA margin           | 10.9   | 12.0   | 13.1   | 13.6   | 14.0   | 14.5   | 15.5   | 16.4   | 13.2  | 15.7  |
| EBIT Margin             | 7.4    | 8.5    | 9.6    | 10.2   | 10.5   | 11.1   | 12.1   | 13.1   | 9.7   | 12.4  |
| Net Margin              | 7.5    | 6.5    | 9.4    | 7.4    | 8.7    | 8.5    | 8.5    | 9.7    | 8.0   | 9.3   |
| Operating Metrics       |        |        |        |        |        |        |        |        |       |       |
| Headcount (k)           | 145    | 148    | 154    | 150    | 149    | 149    | 153    | 150    | 149   | -     |
| Util excl. trainees (%) | 86.0   | 86.1   | 86.1   | 86.0   | 86.3   | 0.0    | 0.0    | 0.0    | 86.3  | -     |
| Attrition (%)           | 10.0   | 10.1   | 10.6   | 11.2   | 11.8   | 12.0   | 12.8   | 12.3   | 11.8  | -     |
| Deal TCV (USD m)        | 500    | 534    | 603    | 745    | 798    | 809    | 816    | 1096   | 2680  | -     |

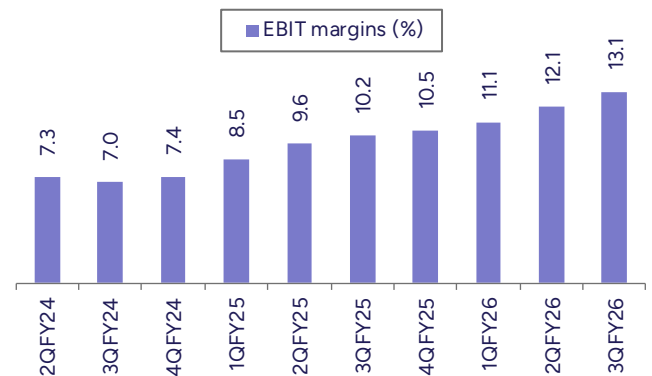
Source: Company, PL

**Exhibit 5: Revenue growth steady in Q3**



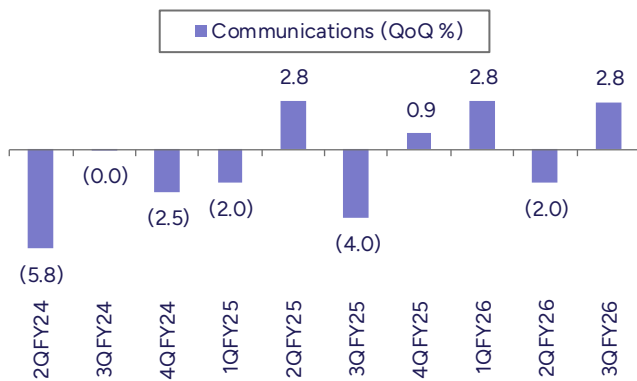
Source: Company, PL

**Exhibit 6: EBIT margin (%) continues to improve**



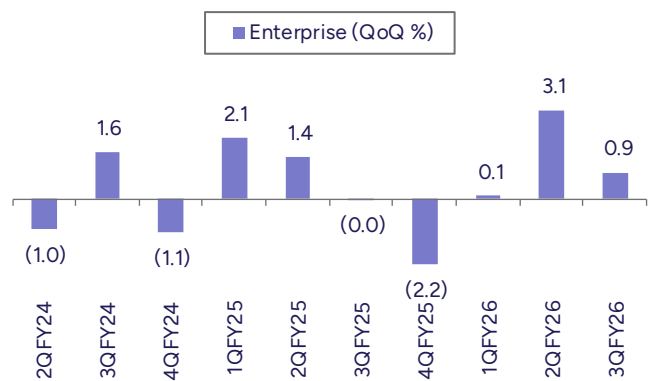
Source: Company, PL

**Exhibit 7: Communications trend (QoQ %)**



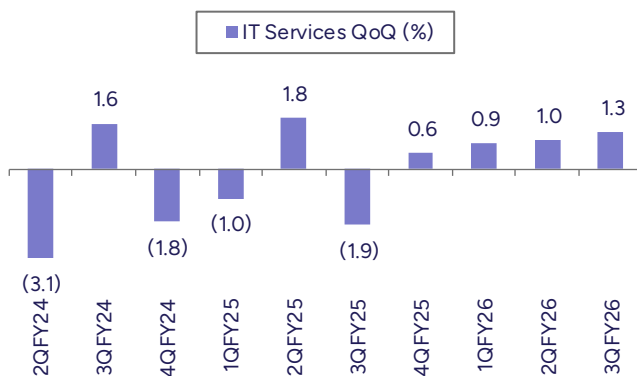
Source: Company, PL

**Exhibit 8: Enterprise trend QoQ**



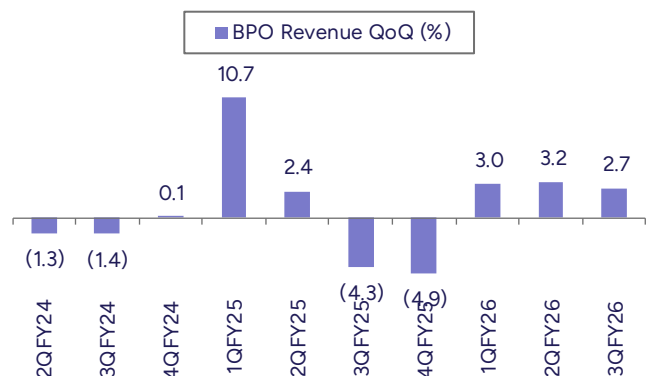
Source: Company, PL

**Exhibit 9: IT Service Performance**



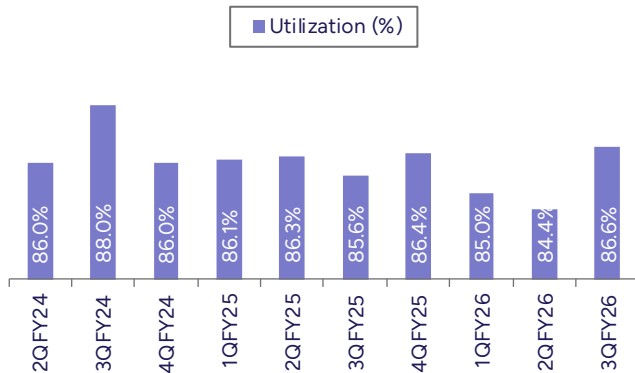
Source: PL, Company

**Exhibit 10: BPO Performance**



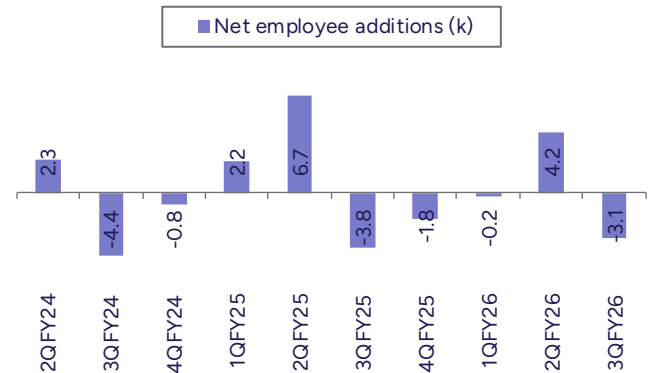
Source: PL, Company

**Exhibit 11: Utilization (%)**



Source: Company, PL

**Exhibit 12: Net Employee Addition (k)**



Source: Company, PL

**Exhibit 13: Operating Metrics**

|                                  | 4QFY23 | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 | 3QFY26 |
|----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Revenue by Geography (%)</b>  |        |        |        |        |        |        |        |        |        |        |        |        |
| Americas                         | 49.6   | 51.4   | 53.3   | 51.9   | 50.8   | 52.4   | 51.1   | 50.8   | 48.4   | 49.2   | 49.8   | 50.5   |
| Europe                           | 25.3   | 24.6   | 23.6   | 23.8   | 24.2   | 23.4   | 24.0   | 23.6   | 25.4   | 26.0   | 25.4   | 25.6   |
| Rest of World                    | 25.1   | 24.0   | 23.2   | 24.3   | 25.0   | 24.2   | 24.9   | 25.6   | 26.2   | 24.8   | 24.8   | 23.9   |
| <b>Vertical Split (%)</b>        |        |        |        |        |        |        |        |        |        |        |        |        |
| Telecom                          | 40.1   | 35.8   | 34.7   | 34.3   | 34.0   | 33.1   | 33.4   | 32.5   | 33.2   | 33.8   | 32.7   | 33.1   |
| Manufacturing                    | 15.9   | 16.7   | 17.5   | 18.0   | 18.0   | 18.3   | 17.2   | 16.8   | 17.0   | 17.5   | 18.1   | 18.3   |
| Tech   Media   Entertainment     | 10.3   | 13.9   | 14.3   | 13.7   | 13.8   | 13.8   | 14.3   | 14.3   | 13.2   | 13.3   | 13.1   | 13.2   |
| BFSI                             | 15.9   | 15.5   | 15.4   | 14.8   | 15.7   | 15.7   | 15.8   | 16.1   | 16.7   | 16.4   | 16.8   | 15.5   |
| Retail   Transport   Logistics   | 7.6    | 7.1    | 7.7    | 8.1    | 7.3    | 7.7    | 7.9    | 8.1    | 8.1    | 7.9    | 8.5    | 8.7    |
| Others                           | 10.2   | 4.0    | 10.4   | 11.0   | 4.0    | 3.7    | 4.0    | 4.5    | 4.5    | 3.9    | 3.9    | 3.7    |
| <b>No. of Million \$ clients</b> |        |        |        |        |        |        |        |        |        |        |        |        |
| USD1m+                           | 582    | 580    | 568    | 558    | 553    | 545    | 545    | 540    | 540    | 529    | 520    | 521    |
| USD5m+                           | 186    | 190    | 186    | 185    | 190    | 191    | 195    | 191    | 195    | 193    | 194    | 196    |
| USD10m+                          | 112    | 115    | 114    | 118    | 114    | 113    | 109    | 104    | 106    | 108    | 106    | 111    |
| USD20m+                          | 65     | 62     | 61     | 63     | 63     | 61     | 61     | 61     | 59     | 60     | 63     | 64     |
| USD50m+                          | 24     | 26     | 26     | 26     | 23     | 24     | 25     | 25     | 25     | 26     | 26     | 28     |
| <b>Client concentration (%)</b>  |        |        |        |        |        |        |        |        |        |        |        |        |
| Top 5 Clients                    | 18.0   | 17.4   | 16.6   | 16.1   | 15.8   | 15.5   | 15.1   | 14.8   | 15.5   | 15.6   | 15.6   | 15.2   |
| Top 6-10                         | 9.0    | 27.3   | 27.1   | 26.2   | 25.9   | 25.1   | 24.9   | 24.2   | 24.5   | 25.2   | 24.3   | 24.3   |
| Top 11-20                        | 13.0   | 39.4   | 39.5   | 38.6   | 38.8   | 38.4   | 38.6   | 38.0   | 38.2   | 39.0   | 37.1   | 37.7   |
| <b>Headcount (in 000's)</b>      |        |        |        |        |        |        |        |        |        |        |        |        |
| Software professionals           | 83.8   | 81.5   | 81.2   | 81.7   | 80.9   | 80.4   | 80.6   | 80.9   | 80.6   | 80.0   | 78.5   | 76.2   |
| BPO                              | 60.1   | 58.1   | 61.0   | 56.2   | 55.5   | 58.2   | 64.9   | 61.1   | 59.6   | 60.3   | 66.1   | 65.5   |
| Sales and support                | 8.5    | 8.7    | 8.4    | 8.3    | 9.0    | 9.0    | 8.7    | 8.6    | 8.5    | 8.3    | 8.1    | 8.0    |
| Total                            | 152.4  | 148.3  | 150.6  | 146.3  | 145.5  | 147.6  | 154.3  | 150.5  | 148.7  | 148.5  | 152.7  | 149.6  |
| IT Attrition (LTM %)             | 15     | 13     | 11     | 10     | 10     | 10     | 11     | 11     | 12     | 12     | 13     | 12     |
| IT Utilization (%)               | 86     | 87     | 86     | 88     | 86     | 86     | 86     | 86     | 86     | 85     | 84     | 87     |
| IT Utilization (excl. trainees)  | 86     | 87     | 86     | 88     | 86     | 86     | 86     | 86     | 86     | -      | -      | -      |
| DSO - incl. unbilled             | 96     | 98     | 97     | 91     | 92     | 93     | 94     | 88     | 88     | 95     | 94     | 90     |
| Borrowings (USD m)               | 192.0  | 185.0  | 116    | 181    | 184    | 127    | 116    | 109    | 55     | 29     | 30     | 14     |
| Cash and Cash Equivalent (USD m) | 905.0  | 939.0  | 784    | 843    | 949    | 966    | 784    | 799    | 896    | 941    | 821    | 853    |
| Capital Expenditure (USD m)      | 32     | 25     | 26     | 21     | 24     | 13     | 16     | 20     | 20     | 18     | 21     | 25     |

Source: Company, PL

## Financials

### Income Statement (Rs bn)

| Y/e Mar                       | FY25        | FY26E       | FY27E       | FY28E       |
|-------------------------------|-------------|-------------|-------------|-------------|
| <b>Net Revenues</b>           | <b>530</b>  | <b>564</b>  | <b>608</b>  | <b>665</b>  |
| YoY gr. (%)                   | 1.9         | 6.5         | 7.8         | 9.4         |
| Employee Cost                 | 381         | 397         | 424         | 460         |
| Gross Profit                  | 149         | 167         | 185         | 205         |
| Margin (%)                    | 28.1        | 29.6        | 30.4        | 30.8        |
| Employee Cost                 | -           | -           | -           | -           |
| Other Expenses                | -           | -           | -           | -           |
| <b>EBITDA</b>                 | <b>70</b>   | <b>89</b>   | <b>108</b>  | <b>122</b>  |
| YoY gr. (%)                   | 21.2        | 26.9        | 21.8        | 12.7        |
| Margin (%)                    | 13.2        | 15.7        | 17.8        | 18.3        |
| Depreciation and Amortization | 19          | 19          | 20          | 22          |
| <b>EBIT</b>                   | <b>51</b>   | <b>70</b>   | <b>88</b>   | <b>100</b>  |
| Margin (%)                    | 9.7         | 12.4        | 14.5        | 15.0        |
| Net Interest                  | -           | -           | -           | -           |
| Other Income                  | 5           | 1           | 6           | 7           |
| <b>Profit Before Tax</b>      | <b>57</b>   | <b>71</b>   | <b>94</b>   | <b>106</b>  |
| Margin (%)                    | 10.7        | 12.6        | 15.5        | 16.0        |
| Total Tax                     | 14          | 19          | 25          | 28          |
| Effective tax rate (%)        | 24.8        | 26.4        | 26.5        | 26.5        |
| <b>Profit after tax</b>       | <b>43</b>   | <b>52</b>   | <b>69</b>   | <b>78</b>   |
| Minority interest             | 0           | 0           | 0           | 0           |
| Share Profit from Associate   | -           | -           | -           | -           |
| <b>Adjusted PAT</b>           | <b>43</b>   | <b>52</b>   | <b>69</b>   | <b>78</b>   |
| YoY gr. (%)                   | 17.4        | 23.3        | 32.2        | 13.2        |
| Margin (%)                    | 8.0         | 9.3         | 11.4        | 11.8        |
| Extra Ord. Income / (Exp)     | -           | -           | -           | -           |
| <b>Reported PAT</b>           | <b>43</b>   | <b>52</b>   | <b>69</b>   | <b>78</b>   |
| YoY gr. (%)                   | 80.3        | 23.3        | 32.2        | 13.2        |
| Margin (%)                    | 8.0         | 9.3         | 11.4        | 11.8        |
| Other Comprehensive Income    | -           | -           | -           | -           |
| Total Comprehensive Income    | 43          | 52          | 69          | 78          |
| <b>Equity Shares O/s (bn)</b> | <b>1</b>    | <b>1</b>    | <b>1</b>    | <b>1</b>    |
| <b>EPS (Rs)</b>               | <b>48.0</b> | <b>59.2</b> | <b>78.2</b> | <b>88.5</b> |

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs bn)

| Y/e Mar                               | FY25       | FY26E      | FY27E      | FY28E      |
|---------------------------------------|------------|------------|------------|------------|
| <b>Non-Current Assets</b>             |            |            |            |            |
| <b>Gross Block</b>                    | <b>229</b> | <b>238</b> | <b>248</b> | <b>259</b> |
| Tangibles                             | 157        | 166        | 176        | 187        |
| Intangibles                           | 72         | 72         | 72         | 72         |
| <b>Acc: Dep / Amortization</b>        | <b>166</b> | <b>185</b> | <b>205</b> | <b>227</b> |
| Tangibles                             | 118        | 137        | 157        | 179        |
| Intangibles                           | 48         | 48         | 48         | 48         |
| <b>Net fixed assets</b>               | <b>63</b>  | <b>52</b>  | <b>42</b>  | <b>32</b>  |
| Tangibles                             | 39         | 29         | 19         | 8          |
| Intangibles                           | 23         | 23         | 23         | 23         |
| Capital Work In Progress              | -          | -          | -          | -          |
| Goodwill                              | 77         | 77         | 77         | 77         |
| Non-Current Investments               | 3          | 3          | 3          | 3          |
| Net Deferred tax assets               | 19         | 20         | 21         | 23         |
| Other Non-Current Assets              | 47         | 50         | 54         | 59         |
| <b>Current Assets</b>                 |            |            |            |            |
| Investments                           | 31         | 36         | 41         | 46         |
| Inventories                           | 0          | 0          | 0          | 0          |
| Trade receivables                     | 65         | 76         | 83         | 91         |
| Cash & Bank Balance                   | 43         | 43         | 45         | 46         |
| Other Current Assets                  | 42         | 45         | 49         | 53         |
| <b>Total Assets</b>                   | <b>445</b> | <b>459</b> | <b>476</b> | <b>497</b> |
| <b>Equity</b>                         |            |            |            |            |
| Equity Share Capital                  | 4          | 4          | 4          | 4          |
| Other Equity                          | 281        | 287        | 293        | 301        |
| <b>Total Network</b>                  | <b>286</b> | <b>291</b> | <b>298</b> | <b>305</b> |
| <b>Non-Current Liabilities</b>        |            |            |            |            |
| Long Term borrowings                  | -          | -          | -          | -          |
| Provisions                            | 14         | 14         | 15         | 16         |
| Other non current liabilities         | 14         | 15         | 16         | 18         |
| <b>Current Liabilities</b>            |            |            |            |            |
| ST Debt / Current of LT Debt          | 5          | 5          | 5          | 5          |
| Trade payables                        | 23         | 25         | 27         | 30         |
| Other current liabilities             | 99         | 104        | 111        | 119        |
| <b>Total Equity &amp; Liabilities</b> | <b>445</b> | <b>459</b> | <b>476</b> | <b>497</b> |

Source: Company Data, PL Research

**Cash Flow (Rs bn)**

| Y/e Mar                               | FY25        | FY26E       | FY27E       | FY28E       |
|---------------------------------------|-------------|-------------|-------------|-------------|
| PBT                                   | 57          | 71          | 94          | 106         |
| Add. Depreciation                     | 19          | 19          | 20          | 22          |
| Add. Interest                         | 1           | -           | -           | -           |
| Less Financial Other Income           | 5           | 1           | 6           | 7           |
| Add. Other                            | (1)         | -           | -           | -           |
| Op. profit before WC changes          | 75          | 90          | 114         | 128         |
| Net Changes-WC                        | (3)         | (11)        | (10)        | (12)        |
| Direct tax                            | (15)        | (19)        | (25)        | (28)        |
| <b>Net cash from Op. activities</b>   | <b>58</b>   | <b>61</b>   | <b>80</b>   | <b>88</b>   |
| Capital expenditures                  | (5)         | (8)         | (10)        | (11)        |
| Interest / Dividend Income            | 2           | -           | -           | -           |
| Others                                | 3           | (5)         | (5)         | (5)         |
| <b>Net Cash from Invt. activities</b> | <b>0</b>    | <b>(13)</b> | <b>(15)</b> | <b>(16)</b> |
| Issue of share cap. / premium         | 0           | -           | -           | -           |
| Debt changes                          | (11)        | -           | -           | -           |
| Dividend paid                         | (38)        | (47)        | (62)        | (71)        |
| Interest paid                         | (3)         | -           | -           | -           |
| Others                                | (6)         | -           | -           | -           |
| <b>Net cash from Fin. activities</b>  | <b>(58)</b> | <b>(47)</b> | <b>(62)</b> | <b>(71)</b> |
| <b>Net change in cash</b>             | <b>0</b>    | <b>0</b>    | <b>2</b>    | <b>1</b>    |
| Free Cash Flow                        | 52          | 52          | 69          | 77          |

Source: Company Data, PL Research

**Key Financial Metrics**

| Y/e Mar                    | FY25  | FY26E | FY27E | FY28E |
|----------------------------|-------|-------|-------|-------|
| <b>Per Share(Rs)</b>       |       |       |       |       |
| EPS                        | 48.0  | 59.2  | 78.2  | 88.5  |
| CEPS                       | 68.9  | 80.6  | 100.8 | 113.3 |
| BVPS                       | 322.7 | 328.5 | 336.1 | 344.8 |
| FCF                        | 58.6  | 58.8  | 78.1  | 86.6  |
| DPS                        | 50.3  | 53.3  | 70.4  | 79.7  |
| <b>Return Ratio(%)</b>     |       |       |       |       |
| RoCE                       | 13.2  | 17.5  | 21.6  | 24.0  |
| ROIC                       | 11.0  | 14.1  | 17.3  | 18.9  |
| RoE                        | 15.1  | 18.2  | 23.5  | 26.0  |
| <b>Balance Sheet</b>       |       |       |       |       |
| Net Debt : Equity (x)      | (0.2) | (0.3) | (0.3) | (0.3) |
| Net Working Capital (Days) | 30    | 33    | 33    | 34    |
| <b>Valuation(x)</b>        |       |       |       |       |
| PER                        | 34.8  | 28.2  | 21.4  | 18.9  |
| P/B                        | 5.2   | 5.1   | 5.0   | 4.8   |
| P/CEPS                     | 24.2  | 20.7  | 16.6  | 14.7  |
| EV/EBITDA                  | 20.2  | 15.8  | 12.9  | 11.4  |
| EV/Sales                   | 2.7   | 2.5   | 2.3   | 2.1   |
| Dividend Yield (%)         | 3.0   | 3.2   | 4.2   | 4.8   |

Source: Company Data, PL Research

**Quarterly Financials (Rs bn)**

| Y/e Mar                           | Q4FY25      | Q1FY26      | Q2FY26      | Q3FY26      |
|-----------------------------------|-------------|-------------|-------------|-------------|
| <b>Net Revenue</b>                | <b>134</b>  | <b>134</b>  | <b>140</b>  | <b>144</b>  |
| YoY gr. (%)                       | 0.7         | (0.2)       | 4.8         | 2.8         |
| Raw Material Expenses             | 95          | 95          | 99          | 100         |
| Gross Profit                      | 39          | 38          | 41          | 44          |
| Margin (%)                        | 29.2        | 28.7        | 29.1        | 30.3        |
| <b>EBITDA</b>                     | <b>19</b>   | <b>19</b>   | <b>22</b>   | <b>24</b>   |
| YoY gr. (%)                       | -           | -           | -           | -           |
| Margin (%)                        | 14.0        | 14.5        | 15.5        | 16.4        |
| Depreciation / Depletion          | 5           | 5           | 5           | 5           |
| <b>EBIT</b>                       | <b>14</b>   | <b>15</b>   | <b>17</b>   | <b>19</b>   |
| Margin (%)                        | 10.5        | 11.1        | 12.1        | 13.1        |
| Net Interest                      | -           | -           | -           | -           |
| Other Income                      | 1           | 1           | -           | (1)         |
| <b>Profit before Tax</b>          | <b>15</b>   | <b>16</b>   | <b>17</b>   | <b>18</b>   |
| Margin (%)                        | 10.9        | 12.1        | 11.9        | 12.3        |
| Total Tax                         | 3           | 5           | 5           | 4           |
| Effective tax rate (%)            | 22.0        | 30.2        | 27.6        | 21.7        |
| <b>Profit after Tax</b>           | <b>11</b>   | <b>11</b>   | <b>12</b>   | <b>14</b>   |
| Minority interest                 | -           | -           | -           | -           |
| Share Profit from Associates      | -           | -           | -           | -           |
| <b>Adjusted PAT</b>               | <b>12</b>   | <b>11</b>   | <b>12</b>   | <b>14</b>   |
| YoY gr. (%)                       | 18.7        | (2.2)       | 4.7         | 16.7        |
| Margin (%)                        | 8.7         | 8.5         | 8.5         | 9.7         |
| Extra Ord. Income / (Exp)         | -           | -           | -           | -           |
| <b>Reported PAT</b>               | <b>12</b>   | <b>11</b>   | <b>12</b>   | <b>11</b>   |
| YoY gr. (%)                       | 18.7        | (2.2)       | 4.7         | (6.1)       |
| Margin (%)                        | 8.7         | 8.5         | 8.5         | 7.8         |
| Other Comprehensive Income        | -           | -           | -           | -           |
| <b>Total Comprehensive Income</b> | <b>12</b>   | <b>11</b>   | <b>12</b>   | <b>11</b>   |
| Avg. Shares O/s (bn)              | 1           | 1           | 1           | 1           |
| <b>EPS (Rs)</b>                   | <b>13.2</b> | <b>12.9</b> | <b>13.5</b> | <b>15.7</b> |

Source: Company Data, PL Research

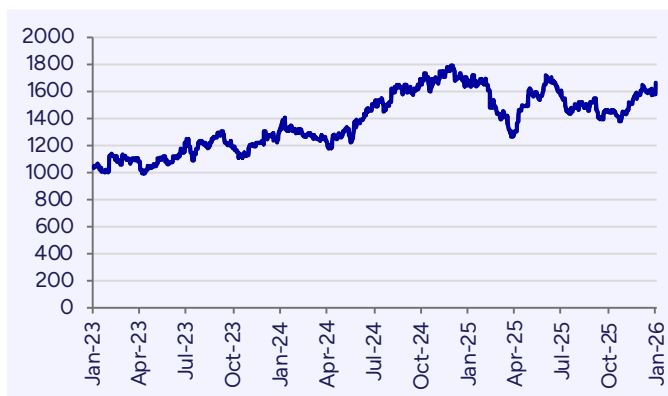
**Key Operating Metrics**

| Y/e Mar          | FY25  | FY26E | FY27E | FY28E |
|------------------|-------|-------|-------|-------|
| Revenue (USD mn) | 6,264 | 6,394 | 6,757 | 7,151 |

Source: Company Data, PL Research



Price Chart



Recommendation History

| No. | Date      | Rating     | TP (Rs.) | Share Price (Rs.) |
|-----|-----------|------------|----------|-------------------|
| 1   | 02-Jan-26 | Hold       | 1,570    | 1,607             |
| 2   | 15-Oct-25 | Hold       | 1,500    | 1,468             |
| 3   | 04-Oct-25 | Hold       | 1,470    | 1,401             |
| 4   | 17-Jul-25 | Reduce     | 1,470    | 1,608             |
| 5   | 01-Jul-25 | Reduce     | 1,490    | 1,687             |
| 6   | 25-Apr-25 | Accumulate | 1,530    | 1,445             |
| 7   | 03-Apr-25 | Accumulate | 1,540    | 1,423             |
| 8   | 27-Mar-25 | Accumulate | 1,540    | 1,416             |
| 9   | 20-Jan-25 | Accumulate | 1,760    | 1,660             |

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   | 5,830   | 6,112            |
| 9       | Mphasis                   | BUY    | 3,450   | 2,820            |
| 10      | Persistent Systems        | BUY    | 7,060   | 6,283            |
| 11      | Tata Consultancy Services | BUY    | 4,040   | 3,240            |
| 12      | Tata Elxsi                | Hold   | 5,500   | 5,793            |
| 13      | Tata Technologies         | Hold   | 660     | 644              |
| 14      | Tech Mahindra             | Hold   | 1,570   | 1,607            |
| 15      | Wipro                     | Hold   | 270     | 267              |

PL's Recommendation Nomenclature (Absolute Performance)

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

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