Zensar Technologies (ZENT)

Information Technology | 3QFY26 Result Update

HOLD

CMP: Rs705 | Target Price (TP): Rs756 | Upside: 7.3%

January 26, 2026

Multiple hurdles to achieving double-digit growth

Key Points

- Zensar posted a mixed set of numbers with sub-par revenue and order book, while being cautious in commentary. Revenue at US$160.5mn was 2.1% and 0.9% lower than NBIE and consensus estimates. It was down 1.3% and up 1.3% on QoQ and YoY CC basis, respectively. We had estimated 0.5% QoQ CC growth.
- EBIT margin at 16% was 260bps and 230bps above NBIE and consensus estimates. The beat was on account of lower-than-expected employee cost. There was a one-time expense of Rs254mn on account of the New Labour Code policy and this has not been included in the EBIT margin. The EBITDA margin expanded by 200bps QoQ to 17.5%. Tailwinds included currency benefits (+70bps), improved offshore mix (+140bps), leave utilization benefit (+100bps), and operational efficiencies (+70bps). This was partially offset by furloughs (-100bps) and ESOP cost (-90bps). Zensar will continue to invest in building capabilities specifically around AI and sales. It has reiterated the mid-teens margin guidance.
- The offshore mix at 54.5% was higher by 30bps on QoQ basis; this is the highest in the history of the company. It is part of a structural improvement in the company and the overall expansion of the offshore mix is more long term.
- TCV at US$180.2mn was up 13.6% and down 12.2% on QoQ and YoY basis, respectively. The book-to-bill was 1.12x. Zensar is comfortable with quarterly bookings as long as they are between 0.9-1.2x of quarterly revenues.

TMT and life sciences vertical: In the TMT vertical, most of the spending has moved away from services to AI, with lot of capital investments in AI, particularly in buying hardware. It does not expect any improvement in this vertical and will be happy even if growth is flat. It believes that the capex spending in the vertical is here to stay and there is a lot of insourcing also seen in this sector. Many providers, who are able to retain business in this vertical, are giving discount of up to 30% to clients. In the life sciences sector, Zensar is seeing continued headwinds as it has been on the wrong end of the consolidation in a couple of accounts. It believes there will be some impact in 4Q. The run rate of this vertical is US$60-70mn, so a US$2-3mn hit is seen in the numbers, but on a company level it is not very concerning.

Valuation and outlook: Zensar reported weak revenue and order book, though margins remained strong. However, the macro environment particularly in the TMT vertical and especially in the US (~69% of revenue), remains uncertain for the coming quarters. This will weigh on growth as the company will need to grow the other verticals faster than the revenue de-growth in the TMT vertical; Zensar has been consolidated out in a couple of healthcare clients too. While BFSI as a vertical (~44% of revenue) and service line remains strong, we believe the revenue visibility is limited on a weak order book. After 3QFY26, we cut our revenue and EPS estimates downwards for FY27/28 and reiterate our 'HOLD' rating with a target price of Rs756 (vs Rs805 earlier). We roll forward to Dec-27E EPS at a target multiple of 19.5x vs 20x earlier (this multiple represents the last 5-year mean).

Est Change	Downwards
TP Change	Downwards
Rating Change	Maintain

Company Data and Valuation Summary

Reuters	ZENT.BO
Bloomberg	ZENT IN Equity
Market Cap (Rsbn / US$bn)	160.3 / 1.8
52 Wk H / L (Rs)	985 / 536
ADTV-3M (mn) (Rs / US$)	343.4 / 3.8
Stock performance (%) 1M/6M/1yr	(4.7) / (13.6) / (15.8)
Nifty 50 performance (%) 1M/6M/1yr	(3.5) / (3.5) / 8.5

Shareholding	1QFY26	2QFY26	3QFY26
Promoters	49.1	49.0	49.0
DIIs	20.5	22.2	23.1
FIIs	14.6	13.3	11.8
Others	15.9	15.4	16.1
Pro pledge	0.0	0.0	0.0

Financial and Valuation Summary

Particulars (Rsmn)	FY24	FY25	FY26E	FY27E
Revenue (Rsmn)	49,018	52,806	56,927	63,554
YoY Growth	1.1%	7.7%	7.8%	11.6%
Gross Margin	31.8%	29.7%	31.5%	31.1%
EBIT	7,377	7,148	8,023	9,187
% of sales	15.0%	13.5%	14.1%	14.5%
Adj. PAT	6,649	6,499	7,643	8,248
YoY Growth	102.9%	-2.3%	17.6%	7.9%
PAT Margin	13.6%	12.3%	13.4%	13.0%
FDEPS (Rs)	29.6	28.9	34.0	36.7
ROE	20.3	17.0	19.0	20.2
Post Tax ROCE	15.1	12.8	13.8	15.5
Post Tax ROIC	21.6	19.8	22.4	25.4
P/E (x)	23.8	24.4	20.7	19.2
EV/EBITDA (x)	17.2	17.6	16.3	14.3
P/BV (x)	4.5	3.9	4.0	3.8

Source: Company, Bloomberg, Nirmal Bang Institutional Equities Research

Key Links-

Result Update - 2QFY26 result update

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Exhibit 1: Quarterly performance

Particulars (Rsmn)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26E	FY25	FY26E	3Q26E	Var (%)
Net Sales (US$mn)	**154**	**156**	**157**	**157**	**162**	**163**	**161**	**165**	**624**	**650**	**164**	*(2.1)*
QoQ Change (%)	**4.3**	**1.2**	**0.5**	**-0.1**	**3.3**	**0.5**	**-1.4**	**2.7**			***0.7***	
Net Sales	**12,881**	**13,080**	**13,256**	**13,589**	**13,850**	**14,213**	**14,307**	**14,557**	**52,806**	**56,927**	**14,509**	*(1.4)*
YoY Change (%)	*5.0*	*5.4*	*10.1*	*10.5*	*7.5*	*8.7*	*7.9*	*7.1*	*7.7*	*7.8*	*9.5*	
Software Expenses	**8,968**	**9,406**	**9,266**	**9,471**	**9,627**	**9,801**	**9,475**	**10,117**	**37,111**	**39,020**	**10,084**	*(6.0)*
% of Sales	*69.6*	*71.9*	*69.9*	*69.7*	*69.5*	*69.0*	*66.2*	*69.5*	*70.3*	*68.5*	*69.5*	
Gross Profit	**3,913**	**3,674**	**3,990**	**4,118**	**4,223**	**4,412**	**4,832**	**4,440**	**15,695**	**17,907**	**4,425**	*9.2*
Margin (%)	*30.4*	*28.1*	*30.1*	*30.3*	*30.5*	*31.0*	*33.8*	*30.5*	*29.7*	*31.5*	*30.5*	
Operating Expenses	**1,951**	**1,663**	**1,921**	**1,993**	**2,117**	**2,212**	**2,333**	**2,329**	**7,528**	**8,991**	**2,220**	*5.1*
% of Sales	*15.1*	*12.7*	*14.5*	*14.7*	*15.3*	*15.6*	*16.3*	*16.0*	*14.3*	*15.8*	*15.3*	
EBIT	**1,715**	**1,714**	**1,832**	**1,887**	**1,875**	**1,948**	**2,296**	**1,904**	**7,148**	**8,023**	**1,948**	*17.9*
YoY Change (%)	*-8.7*	*-11.7*	*3.9*	*5.2*	*9.3*	*13.7*	*25.3*	*0.9*	*93.6*	*8.8*	*6.3*	
Margin (%)	*13.3*	*13.1*	*13.8*	*13.9*	*13.5*	*13.7*	*16.0*	*13.1*	*13.5*	*14.1*	*13.4*	
Interest	42	45	37	49	36	37	23	23	173	119	37	*(37.8)*
Other Income	444	592	416	510	478	411	601	411	1,962	1,901	411	*46.2*
PBT	**2,098**	**2,080**	**2,102**	**2,298**	**2,406**	**2,402**	**2,649**	**2,321**	**8,578**	**10,032**	**2,411**	*9.9*
Tax	518	522	505	534	**586**	580	652	571	2,079	2,389	582	*12.0*
ETR (%)	*24.7*	*25.1*	*24.0*	*23.2*	*24.4*	*24.1*	*24.6*	*24.6*	*24.2*	*23.8*	*24.1*	
Reported PAT	1,580	1,558	1,597	1,764	1,820	1,822	1,997	1,750	6,499	7,643	1,829	*9.2*
Adj. PAT	**1,580**	**1,558**	**1,597**	**1,764**	**1,820**	**1,822**	**1,997**	**1,750**	**6,499**	**7,643**	**1,829**	*9.2*
YoY Change (%)	*1.2*	*-10.4*	*-1.2*	*1.8*	*15.2*	*16.9*	*25.0*	*-0.8*	*-2.3*	*17.6*	*14.5*	
Adj. EPS (Rs)	**7.0**	**6.9**	**7.0**	**7.8**	**8.0**	**8.0**	**8.8**	**7.7**	**28.9**	**34.0**	**8.0**	*9.7*

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 2: Change in our estimates

	New			Old			*% Change*		
Change in estimates	**FY26E**	**FY27E**	**FY28E**	**FY26E**	**FY27E**	**FY28E**	***FY26E***	***FY27E***	***FY28E***
Revenues (Rsmn)	56,927	63,554	71,040	57,863	65,259	72,097	(1.6)	(2.6)	(1.5)
EBIT (Rsmn)	8,023	9,187	10,356	7,989	9,370	10,438	0.4	(2.0)	(0.8)
EBIT margin (%)	14.1	14.5	14.6	13.8	14.4	14.5	30bps	10bps	10bps
EPS (Rs)	34.0	36.7	39.8	33.4	38.6	41.5	1.7	(5.0)	(4.1)
Revenues (US$mn)	650	711	794	662	730	806	(1.8)	(2.7)	(1.5)
Revenue growth (US$, %)	4.1	9.3	11.8	6.0	10.2	10.5	-190bps	-90bps	130bps

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 3: NBIE vs consensus estimates

Particulars	Consensus			NBIE			*NBIE/Consensus*		
	FY26E	**FY27E**	**FY28E**	**FY26E**	**FY27E**	**FY28E**	***FY26E***	***FY27E***	***FY28E***
Revenue (Rsmn)	57,273	62,590	69,519	56,927	63,554	71,040	99%	102%	102%
EBIT (Rsmn)	7,737	8,597	9,768	8,023	9,187	10,356	104%	107%	106%
PAT (Rsmn)	7,268	8,004	9,062	7,643	8,248	9,011	105%	103%	99%
EPS (Rs)	31.8	35.1	39.8	34.0	36.7	39.8	107%	104%	100%
EBIT Margin (%)	13.5	13.7	14.1	14.1	14.5	14.6			

Source: Company, Nirmal Bang Institutional Equities Research; Note: We have taken the USD/INR rate at Rs88 for FY26E and Rs89.5 for FY27E and FY28E

Highlights from the 3QFY26 analyst call

Revenue misses estimates

- Quarterly revenue growth was supported by healthy volume growth and this was predominantly driven by offshore. Headwinds to revenue growth were seasonality and furlough-related softness with moderated revenue growth momentum. There was as 3.1% volume growth in offshore, which contributed 1.7% to revenue growth, and some of this was impacted by the decline in onsite.
- On a YoY basis, the TMT vertical declined 11.6%. This is the 11th consecutive quarter of decline in this vertical and it has been pulling down overall company revenue.

Demand environment

- The IT industry has been navigating a pivotal transformation driven by accelerated adoption of AI due to economic uncertainty. Enterprises are prioritizing cost optimization and vendor consolidation over discretionary spending that leverages AI. Client conversations have shifted decisively towards building AI-ready data foundations and outcome-based data analytics.

Verticals, geographies, and services lines

- On YoY CC basis, BFSI grew 12.2%, healthcare and life sciences grew 5.2%, while manufacturing and consumer services along with TMT declined 2.7% and 11.6%, respectively.
- The share of revenue from service lines increased to ~69% in 3Q and was 220bps higher on YoY basis. On YoY CC basis, cloud infrastructure and security services grew 10.9%, data engineering and analytics grew 13.1%, products and platforms (including CMO services) grew 3%, and enterprise application services declined 3.6%.
- TMT will continue to remain weak, while BFSI will continue the strong momentum. Revenue contribution from TMT has fallen by ~300bps on YoY basis and is now at ~18.5% of revenue. Zensar is looking to deliver double-digit revenue growth despite weakness in TMT as the idea is to look beyond the vertical and focus on building other verticals.
- The exposure to manufacturing is limited, and hence, overall impact by the slowdown in manufacturing is limited.
- It has called out some green shoots in retail as seasonal spending in this sector was strong.

Employee metrics

- The total number of employees at the end of 3QFY26 was 10,732, indicating a net addition of 182 employees on a QoQ basis. This comes after net reduction of 152 employees in 1HFY26. It added 988 gross employees during the quarter.
- LTM attrition for 3QFY26 was 9.5% and was down by 30bps on QoQ basis. This is the lowest attrition in the company's history and also the lowest in the industry. This is the fourth consecutive quarter of less than 10% voluntary attrition.
- Utilization for 3QFY26 came in at 83.5% and was down by 130bps on a QoQ basis.

Gen AI commentary

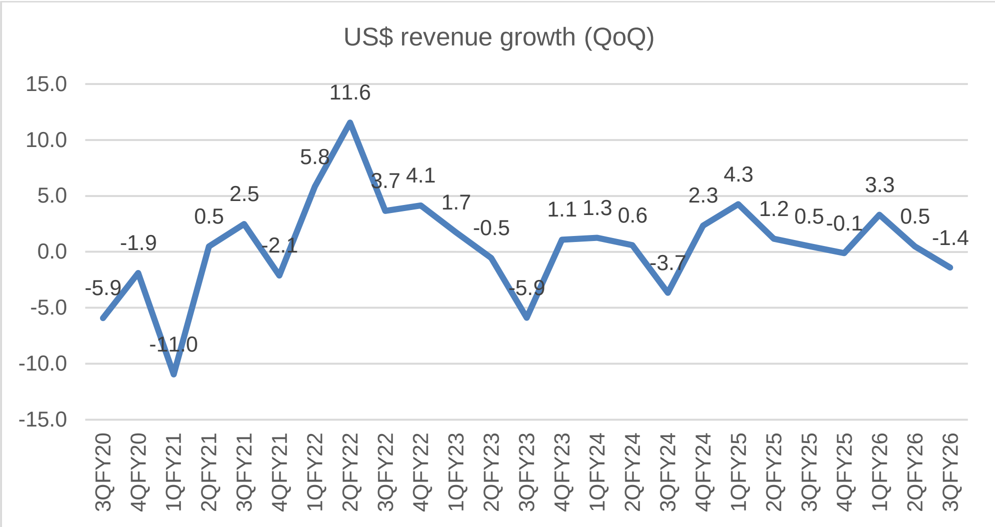
- ~60% of the overall workforce is now AI certified, and 20% of the order book so far in FY26 is influenced by AI, demonstrating the tangible value it is able to deliver through strategic investments across the entire AI stack.
- 20% of the order book, which is AI-influenced, only pertains to existing new and net-new scope of work. Renewals are not included as part of AI-influenced projects.

- The Ignite AI academy has impacted 7,300+ employees with over 10,000 course completions of AI, Gen AI, and agentic AI. This demonstrates the unwavering commitment to developing future-ready talent at scale.

Miscellaneous

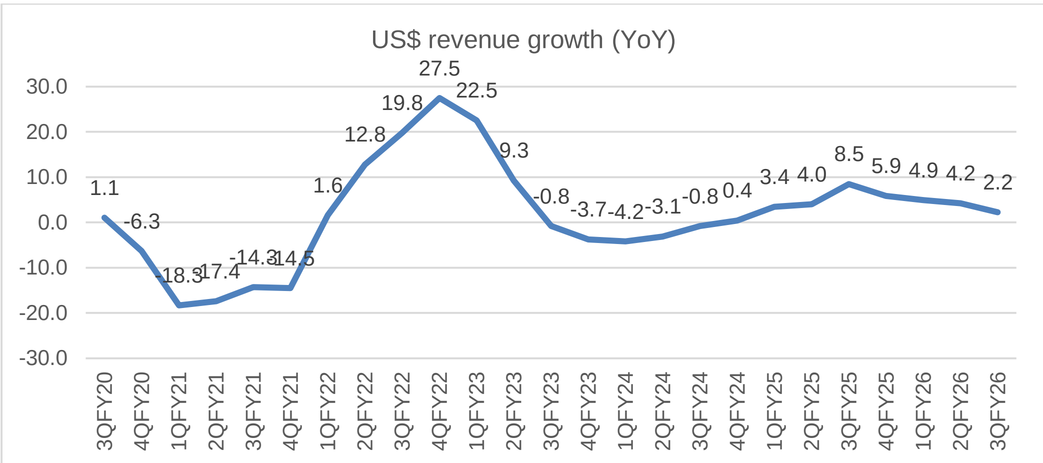
- DSO (including unbilled DSO) stood at 71 days vs 75 days last quarter. Billed DSO remained flat at 47 days on QoQ basis. Unbilled DSO decreased by 4 days QoQ and was at 24 days in 3QFY26 vs 28 days in 2QFY26.
- The onsite mix at 45.5% was down by 30bps and 400bps on QoQ and YoY basis, respectively. This has been on an improving trajectory and is the lowest in the history of the company. There was a reduction of 52 employees in onsite in 3Q and 90 employees in 2Q.
- CFO-to-net profit stood at 84.3% for 2QFY26.
- The board has agreed to pay an interim dividend of Rs2.4 per share this quarter.

Exhibit 4: US$ QoQ revenue growth declines



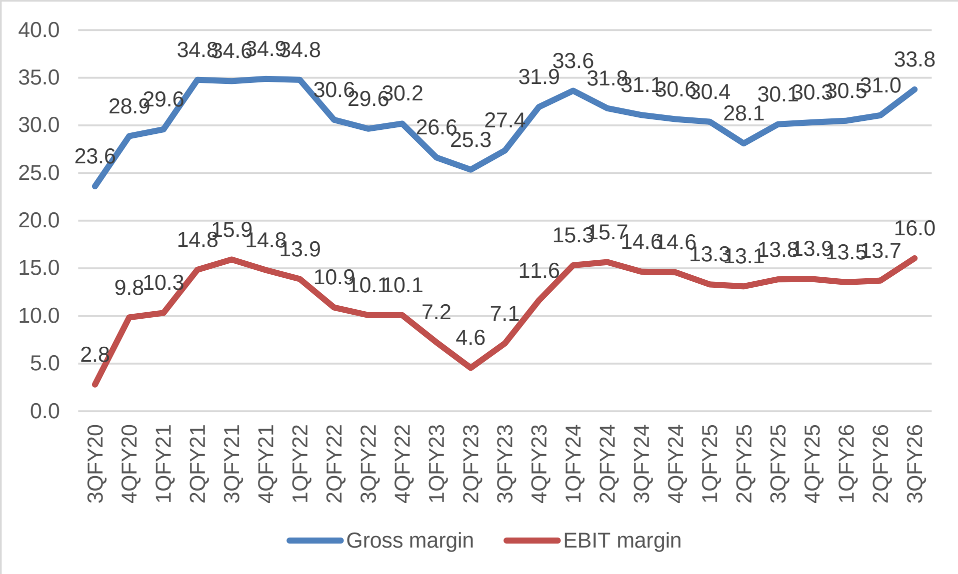
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 5: US$ YoY revenue growth declines



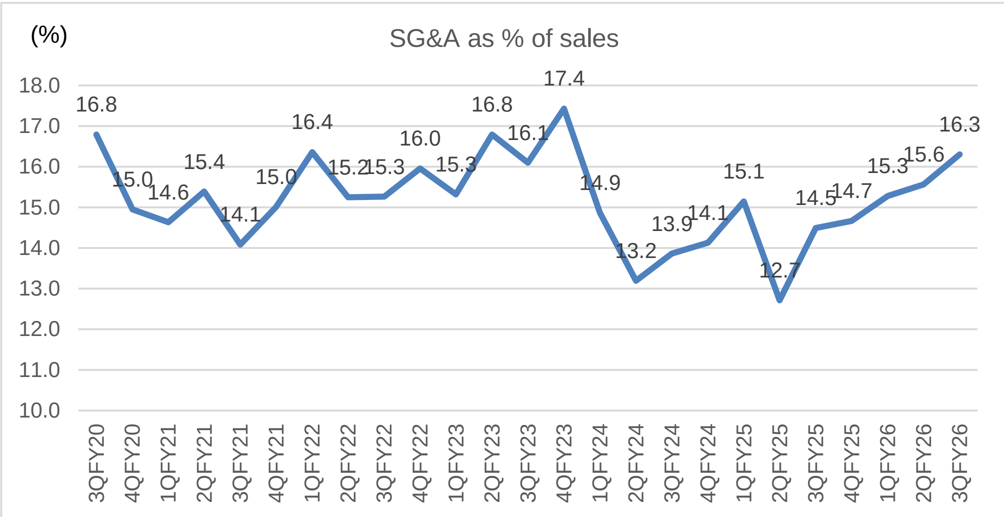
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 6: Gross margin and EBIT margin improves QoQ



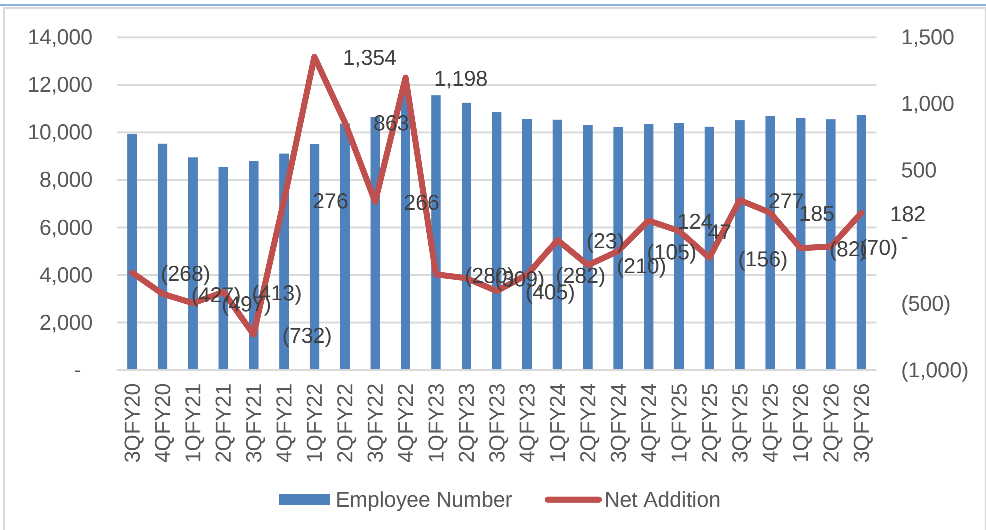
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 7: SG&A as % of sales shows QoQ increase



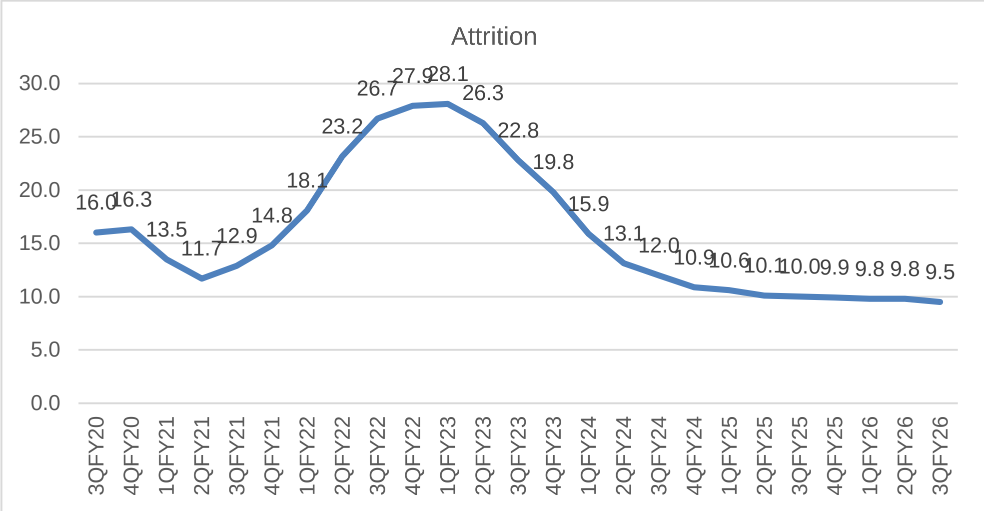
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 8: Net addition seen in 3QFY26



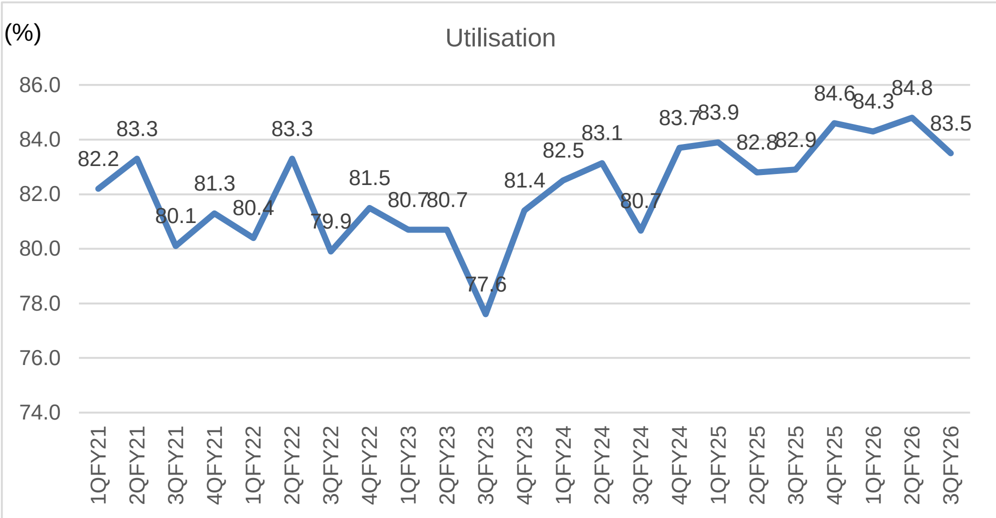
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 9: Attrition lowest in company's history



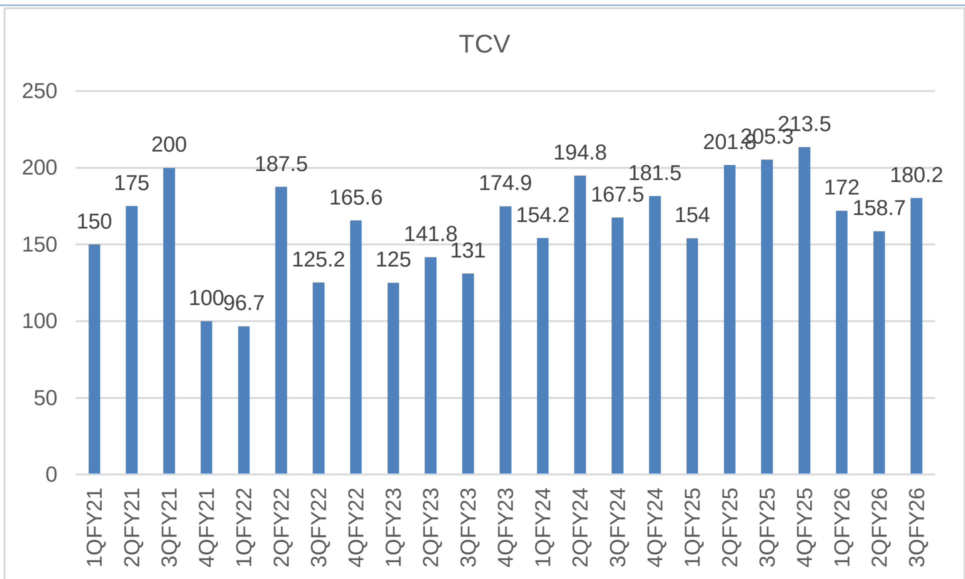
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 10: Utilisation declines QoQ



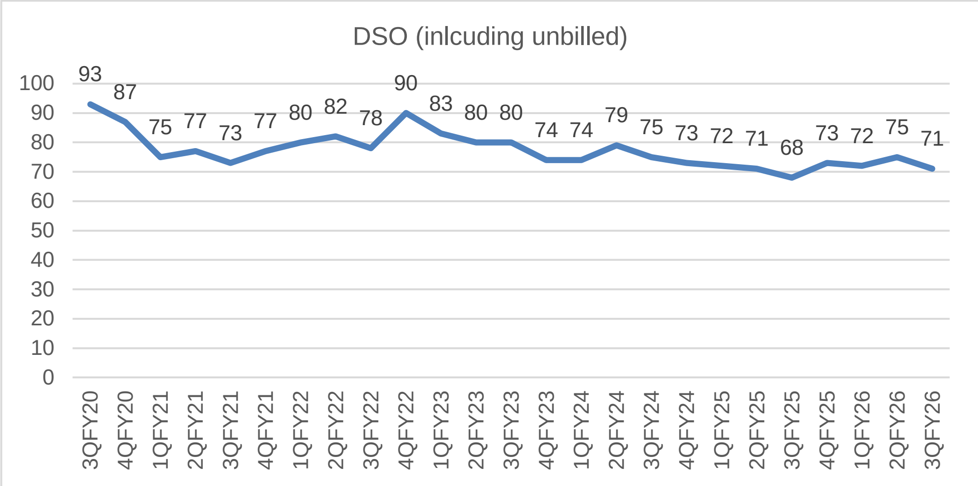
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 11: TCV declines on YoY basis



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 12: DSO (including unbilled) declines QoQ



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 13: Key metrics

Key Metrics	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Revenue (US$mn)	150	145	148	154	156	157	157	162	163	161
P&L (Rsmn)										
Revenue	12,408	12,041	12,297	12,881	13,080	13,256	13,589	13850	14213	14307
EBITDA	2,308	2,076	2,030	1,962	2,011	2,069	2,125	2106	2200	2499
EBIT	1,942	1,764	1,793	1,715	1,714	1,832	1,887	1875	1948	2296
PAT	1,738	1,616	1,733	1,580	1,558	1,597	1,764	1820	1822	1997
Vertical Mix (%)										
Hi Tech	27.2	25.9	25.5	24.7	22.4	21.4	21.7	22.3	20.0	18.5
Manufacturing	25.9	26.1	26.3	25.8	26.2	27.7	26.7	25.3	25.2	26.4
Banking	37.3	38.6	38.7	39.7	40.9	40.1	41.0	41.5	43.6	44.0
Healthcare Services	9.6	9.4	9.5	9.8	10.5	10.8	10.6	10.8	11.2	11.1
Retail and Consumer services	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-
Geographical Mix (%)										
US	66.1	66.0	67.2	68.7	67.6	67.3	67.4	68.3	66.6	65.5
Europe	21.6	21.4	20.8	19.8	21.1	21.2	21.4	20.5	21.5	22.0
Africa	12.3	12.5	12.0	11.5	11.3	11.5	11.2	11.2	11.9	12.4
Service offering mix (%)										
Digital Application Services	81.8	81.5	81.6	81.7	79.7	79.5	79.3	78.9	77.8	77.8
Application Services + Enterprise Application (SaaS)	47.8	45.8	47.8	46.8	46.1	45.5	45.4	31.1	32.0	31.0
Advanced Engineering Services	16.5	17.6	15.9	16.7	16.2	17.3	16.7	12.3	11.8	11.6
Experience Services	9.1	9.4	10.0	9.3	8.1	7.7	7.6	25.9	24.3	25.2
Data Engineering and Analytics	8.4	8.6	7.8	8.9	9.4	8.9	9.6	9.6	9.8	9.9
Digital Foundation Services	18.2	18.5	18.4	18.3	20.3	20.5	20.7	21.1	22.2	22.2
Revenue Mix (%)										
Onsite	50.9	50.4	50.0	51.4	49.7	49.5	49.0	47.4	45.8	45.5
Offshore	49.1	49.6	50.0	48.6	50.3	50.5	51.0	52.6	54.2	54.5
IT Utilization (excluding trainees)	83.1	80.7	83.7	83.9	82.8	82.9	84.6	84.3	84.8	83.5
Clients Concentration (%)										
Top 5 Clients	31.5	29.2	28.3	28.3	28.1	27.5	27.6	27.2	27.0	25.5
Top 10 Clients	42.2	40.6	40.8	42.1	42.0	41.0	40.8	41.4	40.5	39.1
Top 20 Clients	58.3	57.5	57.2	58.7	58.4	56.8	55.8	57.6	57.1	56.5
Number of Client										
1US$mn+	84	84	85	86	86	87	84	82	84	85
5US$mn+	29	32	31	31	32	34	33	32	32	31
10US$mn+	14	14	14	14	15	14	14	16	15	15
20US$mn+	4	4	4	4	4	5	6	6	6	6
Employees	10,330	10,225	10,349	10,396	10,240	10,517	10,702	10,620	10,550	10,732
Net Addition	-210	-105	124	47	-156	277	185	-82	-70	182
TTM Attrition (%)	13.1	12.0	10.9	10.6	10.1	10.0	9.9	9.8	9.8	9.5

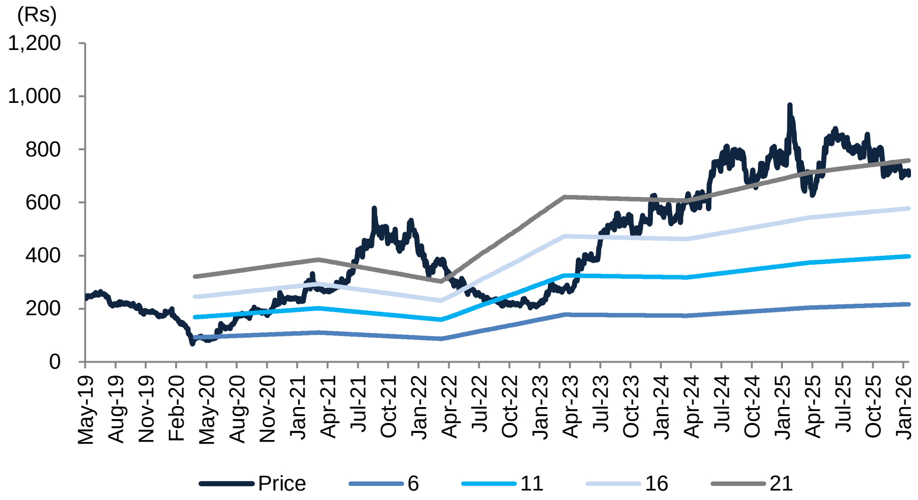
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 14: QoQ and YoY growth of various parameters

	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
QoQ Growth (%)									
Company	-3.7	2.3	4.3	1.2	0.5	-0.1	3.3	0.5	-1.4
Service Offering									
Digital Application Services	-4.0	2.5	4.3	-1.2	0.2	-0.4	2.8	-0.9	-1.5
App Services + Enterprise App (SaaS)	-7.5	6.8	-23.9	-3.0	-0.4	-1.4	-2.0	3.4	-4.4
Advanced Engineering Services	2.8	-7.5	-22.3	7.3	-1.5	1.9	1.3	-3.9	-2.9
Experience Services	-0.3	9.0	171.0	-5.5	3.5	-3.0	10.1	-5.7	2.2
Data Engineering and Analytics	-1.5	-6.8	17.9	6.9	-4.0	7.7	2.6	2.8	-0.5
Digital Foundation Services	-2.1	1.6	4.0	11.8	1.8	0.8	5.3	5.8	-1.2
Industry									
Hi Tech	-8.3	0.8	1.0	-8.3	-4.0	1.3	6.2	-9.9	-8.7
Manufacturing	-2.9	3.1	2.3	2.7	6.3	-3.7	-2.1	0.1	3.1
Banking	-0.3	2.6	6.9	4.2	-1.5	2.1	4.6	5.6	-0.4
Healthcare Services	-5.7	3.4	7.5	8.4	3.4	-2.0	5.3	4.2	-2.5
Geography									
US	-3.8	4.2	6.6	-0.5	0.1	0.0	4.7	-2.0	-3.0
Europe	-4.6	-0.5	-0.8	7.8	1.0	0.8	-1.0	5.4	1.0
Africa	-2.1	-1.7	-0.1	-0.6	2.3	-2.7	3.3	6.8	3.0
Client Concentration									
Top 5	-10.9	-0.8	4.5	0.3	-1.6	0.4	1.7	-0.2	-6.8
Top 10	-7.3	2.6	7.6	1.0	-1.9	-0.6	4.8	-1.7	-4.8
Top 20	-5.0	1.9	7.0	0.7	-2.2	-1.9	6.6	-0.4	-2.5
YoY Growth (%)									
Company	-0.8	0.4	3.4	4.0	8.5	5.9	4.9	4.2	2.2
Service Offering									
Digital Application Services	0.2	-0.8	3.4	1.4	5.9	2.9	1.4	1.7	0.0
App Services + Enterprise App (SaaS)	-3.8	-4.9	-24.6	-27.0	-21.4	-27.4	-6.6	-0.5	-4.4
Advanced Engineering Services	25.5	8.2	-20.4	-20.8	-24.1	-16.4	9.1	-2.3	-3.6
Experience Services	-4.7	14.8	203.7	178.3	188.9	157.0	4.5	4.3	3.0
Data Engineering and Analytics	-12.0	-7.9	-3.5	15.6	12.7	30.3	13.4	9.0	13.1
Digital Foundation Services	-5.0	6.2	3.4	15.6	20.1	19.2	20.7	14.2	10.9
Industry									
Hi Tech	-12.6	-16.6	-14.0	-14.4	-10.4	-9.9	-5.3	-6.9	-11.6
Manufacturing	5.7	12.9	10.3	5.2	15.2	7.5	2.9	0.2	-2.7
Banking	9.4	8.6	13.1	14.0	12.7	12.2	9.7	11.1	12.3
Healthcare Services	-16.0	-5.5	3.4	13.7	24.7	18.1	15.6	11.2	4.9
Geography									
US	-6.5	-4.0	2.4	6.4	10.6	6.2	4.3	2.7	-0.4
Europe	13.5	15.4	6.6	1.6	7.5	8.9	8.6	6.2	6.2
Africa	9.7	3.9	4.3	-4.5	-0.2	-1.2	2.2	9.8	10.5
Client Concentration									
Top 5	-9.3	-17.2	-13.8	-7.3	2.3	3.5	0.7	0.1	-5.1
Top 10	-9.8	-11.2	-3.7	3.4	9.4	6.0	3.3	0.5	-2.5
Top 20	-7.0	-6.4	-1.6	4.2	7.2	3.3	3.0	1.9	1.7

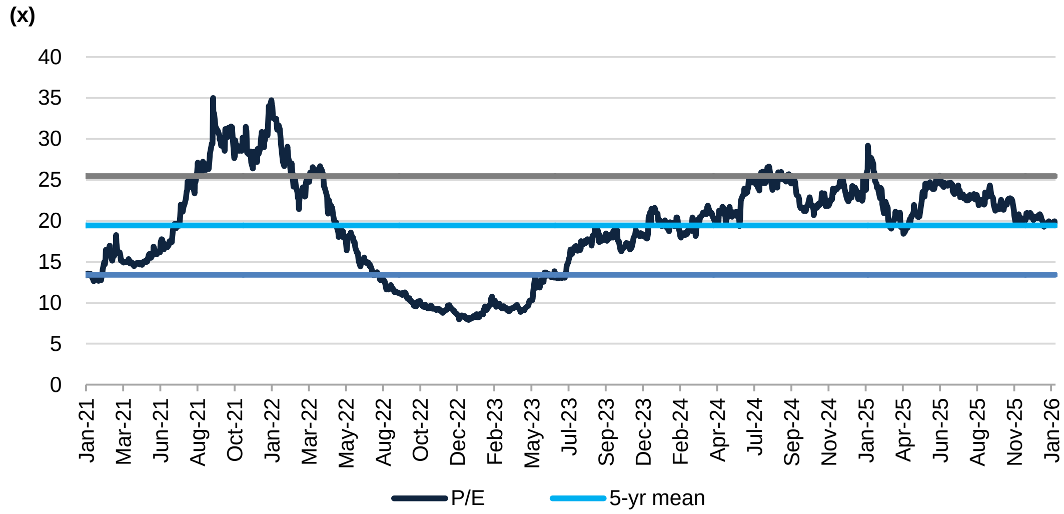
Source: Nirmal Bang Institutional Equities Research

Exhibit 15: PE multiple chart



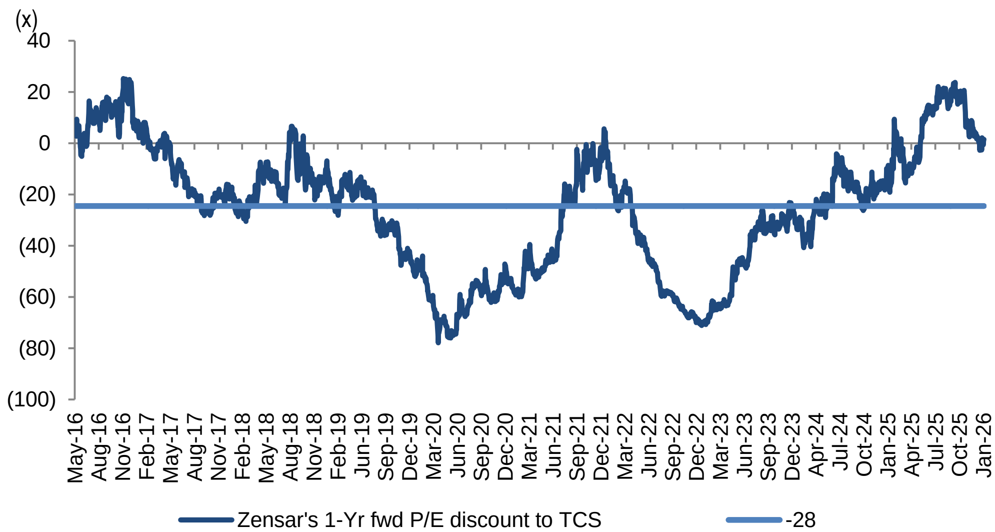
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 16: 5-year P/E multiple chart



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 17: Average PE (discount)/premium of Zensar to TCS



Source: Company, Nirmal Bang Institutional Equities Research

Financials

Exhibit 18: Income statement

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Average INR/USD	82.75	84.55	87.53	89.44	89.44
Net sales (US$ mn)	**592.3**	**624.4**	**650.1**	**710.6**	**794.3**
-Growth (%)	-2.0%	5.4%	4.1%	9.3%	11.8%
Net Sales	**49,018**	**52,806**	**56,927**	**63,554**	**71,040**
-Growth (%)	1.1%	7.7%	7.8%	11.6%	11.8%
Direct cost	33,434	37,111	39,020	43,778	48,930
Gross Profit	**15,584**	**15,695**	**17,907**	**19,776**	**22,110**
Gross Margin	**31.8%**	**29.7%**	**31.5%**	**31.1%**	**31.1%**
SGA Expenses	6,869	7,528	8,991	9,687	10,746
% of sales	14.0%	14.3%	15.8%	15.2%	15.1%
EBITDA	**8,715**	**8,167**	**8,916**	**10,088**	**11,364**
% of sales	**17.8%**	**15.5%**	**15.7%**	**15.9%**	**16.0%**
Dep & Amortization	1,338	1,019	893	902	1,008
% of sales	2.7%	1.9%	1.6%	1.4%	1.4%
EBIT	**7,377**	**7,148**	**8,023**	**9,187**	**10,356**
% of sales	**15.0%**	**13.5%**	**14.1%**	**14.5%**	**14.6%**
Other income (net)	1,583	1,962	1,901	1,653	1,586
PBT	8,756	8,578	10,032	10,853	11,920
-PBT margin (%)	17.9%	16.2%	17.6%	17.1%	16.8%
Provision for tax	2,107	2,079	2,389	2,605	2,908
Effective tax rate (%)	24.1%	24.2%	23.8%	24.0%	24.4%
Net profit	**6,649**	**6,499**	**7,643**	**8,248**	**9,011**
Minority Interest	0	0	0	0	0
Net reported profit	**6,649**	**6,499**	**7,643**	**8,248**	**9,011**
-Growth (%)	102.9%	-2.3%	17.6%	7.9%	9.3%
-Net profit margin (%)	13.6%	12.3%	13.4%	13.0%	12.7%

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 20: Balance sheet

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	453	454	454	454	454
Reserves	35,166	40,243	39,138	41,610	44,846
Net worth	**35,619**	**40,697**	**39,592**	**42,064**	**45,300**
Long term debt	1,228	783	783	783	783
Short term debt	3,095	3,437	3,437	3,437	3,437
Total debt	**4,323**	**4,220**	**4,220**	**4,220**	**4,220**
Net debt	**-9,424**	**-15,753**	**-14,147**	**-15,602**	**-17,841**
Other non-current liabilities	1,091	1,427	1,427	1,427	1,427
Total Equity & Liabilities	**46,478**	**51,729**	**50,778**	**53,565**	**57,108**
Net Block	863	914	918	922	926
Right to use assets	1,427	976	976	976	976
Intangible and others	8,103	9,819	9,819	9,819	9,819
Other non-current assets	10,144	6,874	6,874	6,874	6,874
Investments	6,506	12,537	12,537	12,537	12,537
Trade receivables	7,320	7,901	8,464	9,611	10,734
Cash & Cash Equivalents	7,241	7,436	5,830	7,285	9,524
Other current assets	4,874	5,272	5,361	5,541	5,718
Total current assets	**25,941**	**33,146**	**32,191**	**34,974**	**38,513**
Total current liabilities	**8,540**	**8,822**	**8,976**	**9,290**	**9,598**
Total debt	**46,478**	**51,729**	**50,778**	**53,565**	**57,108**

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 19: Cash flow

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBT	8,756	8,578	10,032	10,853	11,920
Depreciation	1,338	1,019	893	902	1,008
Interest	-27	-2	-119	-103	-137
Other adjustments	-1,374	-1,789	-1,782	-1,550	-1,448
Change in Working capital	-841	-697	-497	-1,013	-992
Tax paid	-2,327	-2,212	-2,389	-2,605	-2,908
Operating cash flow	**6,421**	**5,650**	**6,256**	**6,587**	**7,579**
Capex	-99	-278	-897	-906	-1,012
Free cash flow	**6,322**	**5,372**	**5,360**	**5,681**	**6,567**
Other investing activities	-4,267	-799	1,901	1,653	1,586
Investing cash flow	**-4,751**	**-4,877**	**1,004**	**747**	**574**
Issuance of share capital	1	2	-254	-	-0
Movement of Debt	-699	-604	-	-	-
Dividend paid (incl DDT)	-1,246	-2,041	-8,494	-5,776	-5,776
Other financing activities	-	-	-	-	-
Financing cash flow	**-1,971**	**-2,645**	**-8,867**	**-5,879**	**-5,913**
Net change in cash flow	-301	-1,872	-1,606	1,455	2,239
Opening C&CE	7,280	7,241	7,436	5,830	7,285
Closing C&CE	6,979	5,369	5,830	7,285	9,524

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 21: Key ratios

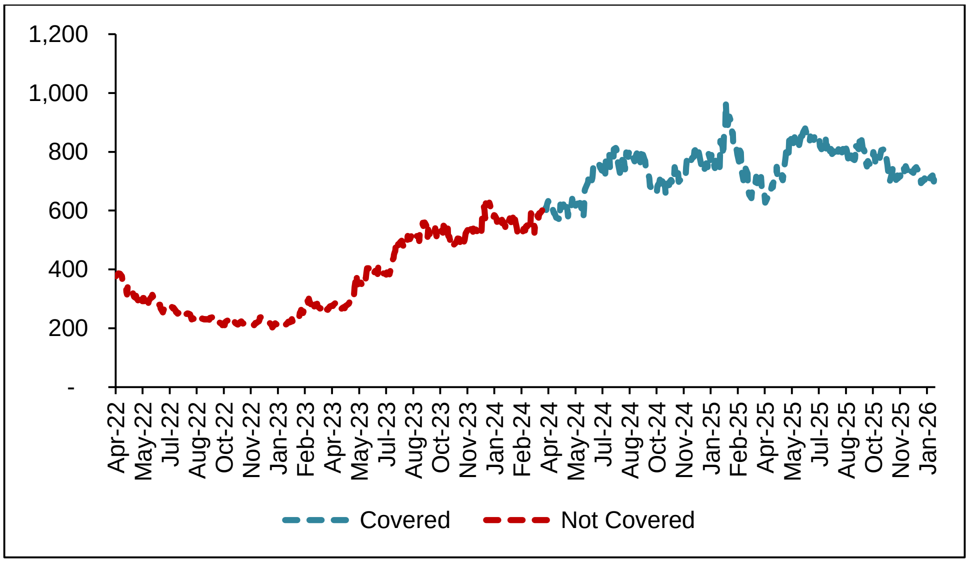
Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Per Share (Rs)					
FDEPS	29.6	28.9	34.0	36.7	39.8
Dividend Per Share	8.5	13.0	7.5	5.1	5.1
Book Value	158.3	180.9	176.0	187.0	200.0
Valuation ratios (x)					
P/Sales	3.2	3.0	2.8	2.5	2.2
EV/EBITDA	17.2	17.6	16.3	14.3	12.5
PER	23.8	24.4	20.7	19.2	17.7
P/BV	4.5	3.9	4.0	3.8	3.5
Return ratios (%)					
RoE	20.3	17.0	19.0	20.2	20.6
Post Tax RoCE	15.1	12.8	13.8	15.5	16.3
Pre Tax ROCE	19.8	16.8	18.1	20.4	21.6
Post Tax ROIC	21.6	19.8	22.4	25.4	27.6
Profitability ratios (%)					
Gross Margin	31.8	29.7	31.5	31.1	31.1
EBITDA Margin	17.8	15.5	15.7	15.9	16.0
PAT Margin	13.6	12.3	13.4	13.0	12.7
Liquidity ratios (%)					
Current Ratio	3.0	3.8	3.6	3.8	4.0
Quick Ratio	3.0	3.8	3.6	3.8	4.0
Solvency ratio (%)					
Net Debt to equity Ratio	-0.3	-0.4	-0.4	-0.4	-0.4
Turnover Ratios					
Asset Turnover Ratio	1.1	1.0	1.1	1.2	1.2
Debtor Days	55	57	56	58	58
Creditor Days	16	16	15	16	16
Working Capital Cycle Days	39	41	41	42	42

Source: Company, Nirmal Bang Institutional Equities Research

Rating track

Date	Rating	Market price (Rs)	Target price (Rs)
19 March 2024	Sell	584	538
26 April 2024	Sell	575	526
23 July 2024	Sell	758	650
03 September 2024	Hold	768	796
23 October 2024	Hold	656	739
23 January 2025	Hold	750	815
19 February 2025	Hold	823	887
07 April 2025	Hold	658	717
28 April 2025	Hold	702	732
02 July 2025	Sell	843	750
22 July 2025	Hold	811	794
02 November 2025	Hold	798	805
25 January 2026	Hold	705	756

Rating track graph



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Stock Ratings Absolute Returns

BUY > 15%

HOLD -5% to 14%

SELL < -5%

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