Q3FY26E IT Sector Result Preview

Result Preview **01st Jan 2026**

DEVEN CHOKSEY RESEARCH

January 01, 2026

Q3FY26 IT Sector Preview Report

INDIA EQUITY INSIGHT

Chatur Research
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Coverage Stocks

Coverage	Rating	CMP	Target (INR)	Upside
Tata Elxsi Ltd.	SELL	5,241	4,884	(6.8)%
Tata Consultancy Services Ltd.	BUY	3,206	3,615	12.8%
Persistent Systems Ltd.	ACCUMULATE	6,272	6,486	3.4%
HCL Technologies Ltd.	ACCUMULATE	1,623	1,628	0.3%
Tech Mahindra Ltd.	BUY	1,591	1,754	10.2%
Wipro Ltd.	ACCUMULATE	263	287	9.1%
Infosys Ltd.	BUY	1,615	1,770	9.6%
Infibeam Avenues Ltd.	BUY	16.7	23.0	38.1%
Sonata Software Ltd.	ACCUMULATE	360	400	11.1%
Happiest Minds Technologies Ltd.	ACCUMULATE	460	579	25.9%

Note: All market data is as of previous closing.

Source: Company, Deven Choksey Research

Sector Overview

The Indian IT sector is poised for a gradual recovery in Q3FY26, driven by accelerating AI-led transformations, cloud modernization, and vendor consolidation amid cautious global spending. Revenue growth is expected to pick up in H2FY26, supported by strong deal pipelines and ramp-ups in large programs, though macro uncertainties and tight discretionary budgets may temper momentum. Margins are likely to remain resilient through operational efficiencies, utilization gains, and cost optimizations, with focus on high-growth verticals like BFSI, Healthcare, and Technology. Overall, the sector's outlook remains positive, with AI investments and digital engineering providing structural tailwinds for medium-term growth.

Large-cap IT companies in our coverage universe continue to exhibit steady execution, with broad-based revenue growth led by large-deal conversions and ramp-ups in North America and Europe. EBIT margins are projected to stabilize or expand modestly, supported by workforce optimization, offshore leverage, AI-driven productivity, and disciplined cost management despite near-term wage pressures. Robust total contract values (ranging from USD 816 Mn to USD 10 Bn) and healthy order books provide strong visibility into FY27, with demand remaining firm in BFSI and Manufacturing, while Retail and Communications show selective softness.

Smaller and emerging players in our coverage universe are expected to deliver relatively higher growth trajectories, driven by niche focus on AI, digital engineering, fintech, and specialized platforms. Sequential margin improvements are anticipated through better utilization, offshoring benefits, and operational leverage, although certain verticals and client-specific headwinds may persist in the near term. Strong deal momentum in Healthcare, Hi-Tech, and emerging technologies continues to provide positive visibility amid recovering demand in the US and Rest of World regions.

Our top picks remain TCS, Infosys and Tech Mahindra for their strong large-deal pipelines, rising AI-led/digital transformation spending, and improving client activity across key verticals, which together support steady revenue visibility. All three are executing cost-efficiency and productivity programs that should stabilize or gradually expand margins inspite macro volatility. Alongside robust balance sheets, high cash generation, and consistent shareholder payouts, the sector setup offers defensive earnings resilience with medium-term growth optionality from Gen-AI and cloud modernization.

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January 01, 2026

Tata Elxsi Ltd

Q3FY26 Earnings Preview

Stock Snapshot

Parameter	Value
CMP (INR)	5,241
Market Cap (INR Mn.)	3,26,488
52-Week High/Low (INR)	6,926 / 4,700
Target (INR)	4,884
Upside (%)	(6.8%)
Rating	SELL

Note: All the market data is as of previous closing.
Source: Company, DevenChoksey Research

Q3FY26 Estimates (INR Mn.)

Metric	Bull	Base	Bear
Revenue	9,860	9,391	8,922
EBITDA	2,187	1,987	1,787
PAT	1,850	1,650	1,450
EBITDA Margin	22.2%	21.16%	20.0%
PAT Margin	18.8%	17.57%	16.3%

Source: Company, DevenChoksey Research

Executive Summary

We estimate Tata Elxsi to report revenue of INR 9,391 Mn in Q3FY26E, reflecting flat growth YoY as the company continues to navigate near-term challenges. EBITDA is projected at INR 1,987 Mn with margin of 21.16%, declining 510 bps YoY, impacted by continued elevated employee costs, wage hikes, and weaker operating leverage due to subdued topline growth. Net profit is estimated at INR 1,650 Mn, down 17.1% YoY, translating to margin of 17.57%, declining 362 bps YoY. However, management expects stronger H2FY26 performance led by Transportation vertical recovery, improving utilization levels targeting 75% by FY26 end, and margin recovery as SDV programs and new OEM engagements including Suzuki Cloud HIL centre ramp up through the quarter.

Business Highlights

Tata Elxsi reported a mixed Q2FY26 with revenue of INR 9,181 Mn (+2.9% QoQ / 3.9% YoY), impacted by softer Transportation and Healthcare demand due to program completions, deferred OEM spends, and a temporary cyber incident at a key auto client that delayed execution. EBIT margin dropped to 18.5%, leading to a 32.5% YoY decline in PAT to INR 1,548 Mn. However, underlying momentum improved sequentially with utilization crossing 70%, strong growth in Media Communications and System Integration (AI-infra projects), and resilient Transportation performance supported by SDV, EV and ADAS engagements, including a multi-year Suzuki program.

Growth Comparison (Base Case)

Metric	YoY (%)	QoQ (%)
Revenue Growth	0.0%	2.3%
EBITDA Growth	-19.4%	2.8%
PAT Growth	-17.1%	6.6%

Source: Company, DevenChoksey Research

Management Guidance

Management expects significantly stronger H2FY26 performance compared to H1FY26, driven primarily by Transportation vertical recovery as cybersecurity incident impact at key automotive client normalizes and project execution resumes. The company targets double-digit growth from FY27 onwards supported by strong deal momentum across SDV programs, electrification, ADAS, and infotainment systems. Utilization improvement remains key focus with target of 75% by end of FY26 and 80% in FY27 to enhance productivity and support margin recovery. EBIT margins are projected to gradually improve through H2FY26 though may remain below FY25 levels in near term due to cost normalization, wage revisions, and transition period for new program ramp-ups. Strategic focus includes strengthening direct OEM engagements following successful transition from Tier-1 suppliers over past eight quarters, with Tier-1 business now stabilized and showing early recovery signs. Long-term growth drivers include multi-year partnerships like Suzuki Cloud HIL centre and Bayer Radiology Devices technology centre providing revenue visibility.

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Tata Consultancy Services Ltd

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Q3FY26 Earnings Preview

Stock Snapshot

Parameter	Value
CMP (INR)	3,206
Market Cap (INR Mn.)	11,599,584
52-Week High/Low (INR)	4,323 / 2,867
Target (INR)	3,615
Upside (%)	12.8%
Rating	BUY

Note: All the market data is as of previous closing.
Source: Company, DevenChoksey Research

Q3FY26 Estimates (INR Mn.)

Metric	Bull	Base	Bear
Revenue	678,047	671,334	664,621
EBITDA	190,800	187,248	183,650
PAT	136,800	135,110	130,222
EBITDA Margin	28.14%	27.89%	27.64%
PAT Margin	20.18%	20.13%	19.60%

Source: Company, DevenChoksey Research

Executive Summary

We project base-case revenue at INR 671,334 Mn for Q3FY26, implying a 4.9% YoY growth, supported by sustained deal conversions, AI-led engagements, and steady execution. EBITDA is estimated at INR 187,248 Mn with margin expansion to 27.89%, up 127 bps YoY, driven by efficiency gains, utilization improvements, and favourable mix. PAT is forecasted at INR 135,110 Mn, reflecting 9.1% YoY growth. Deal momentum remains robust with TCV expected around USD 10 Bn levels. Growth is anticipated to be led by BFSI and Life Sciences verticals, with North America and Continental Europe showing positive trends.

Growth Comparison (Base Case)

Metric	YoY (%)	QoQ (%)
Revenue Growth	4.9%	2.0%
EBITDA Growth	9.9%	4.2%
PAT Growth	9.1%	11.9%

Source: Company, DevenChoksey Research

Management Guidance

Management expects international constant-currency growth in FY26 to exceed the 0.7% recorded in FY25, supported by strong deal pipeline and accelerating AI-led transformation programs. Operating margins are guided to trend towards 26% in the second half of FY26, despite full-quarter impact of wage increases and higher investments in AI capabilities. Long-term margin aspiration remains in the 26-28% band, driven by efficiency gains, workforce optimization, and value-driven growth.

Business Highlights

TCS delivered a resilient Q2FY26 performance with revenue of INR 657,990 Mn, up 3.7% QoQ and 2.4% YoY (0.8% CC). EBIT margins expanded 70 bps QoQ to 25.2% (excluding severance), supported by operational discipline and currency tailwinds. TCV reached USD 10 Bn (+6.5% QoQ, +16% YoY), featuring a USD 647 Mn insurance transformation deal. Headcount reduced by 20,000 to 593,314 due to skill realignment, with voluntary attrition stable at low double digits. The company continues heavy AI investments, training over 160,000 associates and advancing sovereign AI infrastructure initiatives.

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Persistent Systems Ltd

Q3FY26 Earnings Preview

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Stock Snapshot

Parameter	Value
CMP (INR)	6,272
Market Cap (INR Mn.)	9,89,212
52-Week High/Low (INR)	6,599 / 4,149
Target (INR)	6,486
Upside (%)	3.4%
Rating	ACCUMULATE

Note: All the market data is as of previous closing.
Source: Company, DevenChoksey Research

Q3FY26 Estimates (INR Mn.)

Metric	Bull	Base	Bear
Revenue	38,325	36,977	35,630
EBITDA	7,347	6,862	6,377
PAT	5,070	4,670	4,270
EBITDA Margin	19.2%	18.6%	17.9%
PAT Margin	13.2%	12.6%	12.0%

Source: Company, DevenChoksey Research

Executive Summary

We estimate Persistent Systems to report revenue of INR 36,977 Mn in Q3FY26E, reflecting robust 20.8% YoY growth driven by sustained momentum in digital transformation, AI-led engineering, and platform modernization across BFSI, Hi-Tech, and Healthcare verticals. EBITDA is projected at INR 6,862 Mn with margin of 18.6%, expanding 99 bps YoY, supported by improved utilization. Net profit is estimated at INR 4,670 Mn, up 25.2% YoY, translating to margin of 12.6%, rising 45 bps YoY, driven by strong operating performance. The company remains on track to achieve its USD 2 Bn FY27 revenue target, supported by healthy deal pipeline, deepening client engagements, and continued investments in AI capabilities and engineering excellence.

Business Highlights

Persistent Systems delivered a strong Q2FY26 with revenue of INR 35,807 Mn (+7.4% QoQ / +23.6% YoY), ahead of expectations on robust client additions, higher offshore work, and large-deal ramp-ups. EBIT rose to INR 5,837 Mn (+12.7% QoQ) with margins at 16.3% (+80 bps QoQ), while PAT grew 11.0% QoQ to INR 4,715 Mn (13.2% margin), aided by operating leverage, better utilization, lower attrition, and forex gains. Growth was broad-based—BFSI led on AI-driven modernization, Hi-Tech from cloud/SaaS engineering, and Healthcare improved with offshoring. TCV increased 17% QoQ to USD 609 Mn, headcount rose to 26,224, and AI capabilities scaled further through SASVA 3.0 and agentic AI offerings.

Growth Comparison (Base Case)

Metric	YoY (%)	QoQ (%)
Revenue Growth	20.8%	3.3%
EBITDA Growth	27.6%	0.3%
PAT Growth	25.2%	-1.1%

Source: Company, DevenChoksey Research

Management Guidance

Management remains confident in achieving USD 2 Bn revenue target by FY27, supported by strong deal pipeline across all major verticals and continued momentum in AI-led transformation projects. The company expects to achieve approximately 100 bps EBIT margin improvement in FY26 and another 100 bps in FY27, progressing toward 200-300 bps expansion from FY24 levels of 14.7%. Wage hike impact from October 2025 is expected to be offset through operational levers including increased offshoring mix, improved utilization rates, and SG&A optimization. BFSI vertical continues to lead growth with 30% YoY expansion driven by digital modernization and AI deployment programs. Hi-Tech segment maintains steady momentum at 15.5% YoY growth from cloud transformation and product engineering. Healthcare vertical has recovered from earlier softness and is expected to return to normalized growth trajectory. The company continues to invest in AI capabilities through SASVA 3.0 platform and strategic partnerships, while maintaining focus on deepening client engagements and expanding strategic relationships across all verticals.

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HCL Technologies Ltd

Q3FY26 Earnings Preview

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Stock Snapshot

Parameter	Value
CMP (INR)	1,623
Market Cap (INR Mn.)	43,72,329
52-Week High/Low (INR)	2,012 / 1,303
Target (INR)	1,628
Upside (%)	0.3%
Rating	ACCUMULATE

Note: All the market data is as of previous closing.
Source: Company, DevenChoksey Research

Executive Summary

We estimate HCL Technologies to report revenue of INR 3,30,802 Mn in Q3FY26E, reflecting robust 10.7% YoY growth driven by continued momentum across IT and Business Services, ER&D segments, and sustained traction in AI-led digital transformation initiatives. EBITDA is projected at INR 69,697 Mn with margin of 21.07%, expanding 188 bps YoY, supported by operational efficiencies under Project Ascent including higher utilization gains and cost optimization initiatives. Net profit is estimated at INR 46,463 Mn, up 1.2% YoY, translating to margin of 14.05%, declining 131 bps YoY primarily due to lower other income compared to prior year.

Business Highlights

Q2FY26 revenue came in at INR 3,19,420 Mn. (+5.2% QoQ /+10.7% YoY), driven by broad-based growth across IT Business Services and ERD, software segment grew 0.5% QoQ but declined 3.7 % YoY CC as the company continues its shift toward subscription and support revenues.Broad-based growth momentum is expected to continue, led by Technology Services, Financial Services, and Retail CPG, supported by AI-led modernization and digital transformation deals. The deal pipeline hit a record high in Q2FY26, with new deal TCV at USD 2,559 Mn (up 41.8% YoY), reflecting strong demand for legacy modernization and AI adoption. The AI Force platform now serves 47 accounts, with advanced AI revenue crossing USD 100 Mn (3% of revenue). Client additions remained strong at 1,845 total, including growth in higher-revenue bands.

Q3FY26 Estimates (INR Mn.)

Metric	Bull	Base	Bear
Revenue	3,44,133	3,30,802	3,17,471
EBITDA	73,382	69,697	66,012
PAT	49,386	46,463	43,540
EBITDA Margin	21.3%	21.07%	20.8%
PAT Margin	14.4%	14.05%	13.7%

Source: Company, DevenChoksey Research

Growth Comparison (Base Case)

Metric	YoY (%)	QoQ (%)
Revenue Growth	10.7%	3.6%
EBITDA Growth	1.6%	5.7%
PAT Growth	1.2%	14.1%

Source: Company, DevenChoksey Research

Management Guidance

Management raised services revenue growth guidance to 4-5% YoY CC while maintaining overall revenue growth guidance at 3-5% YoY CC, citing software segment softness from lower perpetual license sales as company continues strategic shift toward subscription and support revenue model. EBIT margin guidance for FY26 remains 17-18% despite near-term wage revision headwinds of 70-80 bps in Q3 and 40-50 bps in Q4, with management focusing on utilization gains through Project Ascent, cost discipline, and operational efficiency improvements to support margin trajectory. Robust deal pipeline and strong demand environment for AI and GenAI integrated solutions provide visibility for sustained growth momentum. AI and GenAI are now integrated into nearly every deal as productivity and innovation enablers with AI Force platform becoming key differentiator in client wins. Strong demand continues in legacy modernization with multiple USD 100 Mn plus programs initiated and in Retail and CPG vertical where clients scaling AI for integration, carve-outs, and large SDLC modernization.

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Tech Mahindra Ltd

Q3FY26 Earnings Preview

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Stock Snapshot

Parameter	Value
CMP (INR)	1,591
Market Cap (INR Mn.)	15,58,523
52-Week High/Low (INR)	1,736 / 1,209
Target (INR)	1,754
Upside (%)	10.2%
Rating	BUY

Note: All the market data is as of previous closing.
Source: Company, DevenChoksey Research

Executive Summary

We estimate Tech Mahindra to report revenue of INR 1,38,234 Mn in Q3FY26E, reflecting modest 4.0% YoY growth driven by steady execution across Communications, BFSI, and Manufacturing verticals, partially offset by continued macro headwinds and discretionary spend constraints. EBITDA is projected at INR 22,136 Mn with margin of 16.0%, expanding 240 bps YoY, supported by disciplined execution under Project Fortius through fixed-price productivity improvements, SG&A optimization, and value-based pricing initiatives. Net profit is estimated at INR 13,683 Mn, up 39.2% YoY, translating to margin of 9.9%, rising 250 bps YoY, driven by strong operating performance and improved profitability.

Business Highlights

Revenue for Q2FY26 stood at INR 1,39,949 Mn, up 4.8% QoQ and 5.1% YoY, driven by traction in key verticals and improved deal conversions across the US and Europe.The company continues to execute well under Project Fortius operational excellence program with eighth consecutive quarter of EBIT margin expansion achieved in Q2FY26 at 12.1%.The Communications vertical shows stabilization with largest client performing well, while Manufacturing benefits from aerospace and industrial traction despite auto headwinds. Geographic mix remains stable with Europe showing 5.5% YoY growth offsetting Americas softness. TechMarion agentic AI platform launch on NVIDIA infrastructure positions the company for future AI-driven transformation opportunities.

Q3FY26 Estimates (INR Mn.)

Metric	Bull	Base	Bear
Revenue	1,43,083	1,38,234	1,33,385
EBITDA	23,542	22,136	20,730
PAT	14,684	13,683	12,682
EBITDA Margin	16.5%	16.0%	15.5%
PAT Margin	10.3%	9.9%	9.5%

Source: Company, DevenChoksey Research

Growth Comparison (Base Case)

Metric	YoY (%)	QoQ (%)
Revenue Growth	4.0%	-1.2%
EBITDA Growth	22.4%	2.1%
PAT Growth	39.2%	14.6%

Source: Company, DevenChoksey Research

Management Guidance

Management continues to target EBIT margin progression toward 15% through disciplined execution of operational excellence initiatives under Project Fortius, with SG&A levers largely realized and future gains expected from gross margin drivers including fixed-price productivity, portfolio integration, and value-based pricing. Near-term growth is expected to be stronger in H2 than H1, though management remains cautious on macro headwinds and expects FY27 growth to improve over FY26 levels. The company maintains confidence in sustaining approximately USD 1 Bn net-new TCV per quarter, contingent on discretionary spend recovery and improved deal conversion rates. Strategic focus areas include scaling Data, AI, Cloud, and Engineering capabilities through focused investments and TechMarion agentic AI platform deployment for enterprise workflow automation. Management emphasized continued operational rigor and talent pyramid optimization to support margin expansion trajectory despite lingering macro uncertainties and uneven demand environment across regions and verticals.

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Wipro Ltd

Q3FY26 Earnings Preview

Stock Snapshot

Parameter	Value
CMP (INR)	263
Market Cap (INR Mn.)	27,60,284
52-Week High/Low (INR)	325 / 228
Target (INR)	287
Upside (%)	9.1%
Rating	ACCUMULATE

Note: All the market data is as of previous closing.

Source: Company, DevenChoksey Research

Q3FY26 Estimates (INR Mn.)

Metric	Bull	Base	Bear
Revenue	229,500	226,313	223,000
EBITDA	45,200	44,186	43,100
PAT	32,800	31,816	30,800
EBITDA Margin	19.7%	19.5%	19.3%
PAT Margin	14.3%	14.1%	13.8%

Source: Company, DevenChoksey Research

Growth Comparison (Base Case)

Metric	YoY (%)	QoQ (%)
Revenue Growth	1.4%	-0.3%
EBITDA Growth	-3.4%	-0.2%
PAT Growth	-5.1%	-2.0%

Source: Company, DevenChoksey Research

Executive Summary

Wipro is expected to report revenue of INR 226,313 Mn for Q3FY26, reflecting modest sequential contraction of 0.3% QoQ but maintaining YoY growth of 1.4%. EBITDA is projected at INR 44,186 Mn with margins compressing to 19.5%, down 1 bps sequentially but declining 97 bps YoY, primarily driven by large deal ramp-up costs and pricing pressures. PAT is estimated at INR 31,816 Mn, declining 2.0% sequentially and 5.1% YoY, with PAT margin contracting by 24 bps QoQ and 97 bps YoY to 14.1%.

Business Highlights

Wipro reported Q2FY26 revenue of INR 226,973 Mn, up 2.5% QoQ / 1.8% YoY, driven by recovery in Europe and APMEA, while Americas 2 remained soft. EBIT margin was 16.7% and PAT stood at INR 32,624 Mn (-2.5% QoQ / +1.2% YoY), with margins impacted by a one-off client bankruptcy, though underlying margins improved YoY and management reiterated a 17–17.5% medium-term target. Growth was led by BFSI and Energy Manufacturing, with Healthcare steady and Consumer muted. Deal TCV was USD 4.7 Bn (-6% QoQ / +31% YoY), including USD 2.9 Bn in large deals (+7% QoQ / +9% YoY) and two mega-deals, supporting pipeline strength. Headcount increased by 2,260 QoQ to 235,492, attrition fell to 14.9%, and utilization rose to 86.4%.

Management Guidance

Management has maintained its medium-term operating margin guidance of 17.0% to 17.5%, acknowledging near-term pressures from large deal ramp-ups and competitive pricing dynamics. The company continues to emphasize margin recovery levers including higher utilization trending toward 87%, improved profitability in fixed-price engagements, and SG&A optimization initiatives. For Q3FY26 guidance, management indicated sequential revenue growth in constant currency terms of minus 1% to plus 1%, reflecting typical seasonal patterns and extended client furloughs during the holiday period. The Phoenix BFSI deal is expected to contribute meaningfully from Q3FY26 onwards, supporting European growth momentum. Management remains confident in sustaining deal momentum above USD 4 Bn quarterly TCV driven by vendor consolidation opportunities and AI-led digital transformation programs, particularly in BFSI, Healthcare, and Manufacturing verticals where the company has strengthened consulting capabilities.

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Infosys Ltd

Q3FY26 Earnings Preview

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Stock Snapshot

Parameter	Value
CMP (INR)	1,615
Market Cap (INR Mn.)	6,117
52-Week High/Low (INR)	1,983 / 1,307
Target (INR)	1,770
Upside (%)	9.6%
Rating	BUY

Note: All the market data is as of previous closing.
Source: Company, DevenChoksey Research

Q3FY26 Estimates (INR Mn.)

Metric	Bull	Base	Bear
Revenue	4,67,244	4,49,659	4,32,074
EBITDA	1,15,250	1,09,571	1,03,892
PAT	79,401	74,906	70,411
EBITDA Margin	24.7%	24.4%	24.0%
PAT Margin	17.0%	16.6%	16.3%

Source: Company, DevenChoksey Research

Executive Summary

We estimate Infosys to post revenue of INR 4,49,659 Mn in Q3FY26E, up 7.7% YoY, driven by AI-led digital transformation, large-deal ramp-ups including the USD 1.6 Bn mega deal, and strength in Financial Services and Manufacturing, aided by vendor consolidation and improving discretionary spend. EBITDA is expected at INR 1,09,571 Mn with a 24.4% margin (+15 bps YoY) on Project Maximus efficiencies, FX gains, better offshore mix, and AI-driven productivity. Net profit is estimated at INR 74,906 Mn, up 10.1% YoY with a 16.6% margin (+36 bps YoY). Management has raised FY26 CC revenue growth guidance to 2–3% while maintaining the 20–22% margin band amid H2 seasonality and macro uncertainty.

Growth Comparison (Base Case)

Metric	YoY (%)	QoQ (%)
Revenue Growth	7.7%	1.1%
EBITDA Growth	8.3%	4.0%
PAT Growth	10.1%	-2.6%

Source: Company, DevenChoksey Research

Business Highlights

Infosys reported Q2FY26 revenue of INR 4,44,900 Mn, growing 5.2% QoQ / 8.5% YoY, driven by broad-based traction across key verticals and steady large-deal ramp-ups. EBIT was INR 93,530 Mn with an EBIT margin of 21.0% (-8 bps YoY / +20 bps QoQ), supported by better utilization and operational efficiencies despite wage and visa cost pressures. PAT rose 13.2% YoY / 3.7% QoQ to INR 73,640 Mn, aided by higher other income. Growth was led by Manufacturing (+6.6% YoY CC) and Financial Services (+5.4% YoY CC), while Retail and Life Sciences declined. Large deal TCV was USD 3.1 Bn with 67% net new, reflecting healthy pipeline conversion,

Management Guidance

Management raised FY26 CC revenue growth guidance to 2-3% from prior 1-3% reflecting cautious optimism on improving demand environment while maintaining operating margin guidance at 20-22% band. Seasonal softness expected in H2FY26 due to fewer working days and client furloughs alongside lower third-party revenue compared to prior year. Key margin levers identified include currency tailwinds from favorable forex environment, Project Maximus initiatives encompassing value-based pricing and lean automation, improving revenue mix with higher offshore component, subcontractor cost normalization, and AI-enabled productivity gains across delivery. Strong deal pipeline provides confidence with large deals skewing toward cost-takeout programs, vendor consolidation opportunities, and AI-driven productivity enhancement initiatives. Management remains constructive on medium-term AI-led transformation demand momentum. Capital allocation remains shareholder-friendly with announcement of INR 18,000 Crore buyback via tender offer at INR 1,800 per share alongside interim dividend of INR 23 per share representing 9.5% YoY increase.

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Infibeam Avenues Ltd

Q3FY26 Earnings Preview

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Stock Snapshot

Parameter	Value
CMP (INR)	16.7
Market Cap (INR Mn.)	57,958
52-Week High/Low (INR)	24.1 / 13.6
Target (INR)	23.0
Upside (%)	38.1%
Rating	BUY

Note: All the market data is as of previous closing.
Source: Company, DevenChoksey Research

Executive Summary

We estimate Infibeam Avenues to report gross revenue of INR 13,058 Mn in Q3FY26E, reflecting strong 22.0% YoY growth driven by sustained momentum in digital payments infrastructure and platform services. EBITDA is expected at INR 797 Mn with margin of 6.1%, down 121 bps YoY due to higher investment in AI infrastructure and consumer ecosystem scaling. PAT is estimated at INR 500 Mn, declining 19.8% YoY, impacted by elevated other expenses and strategic investments. Despite near-term margin pressure, the company continues to strengthen its dual-engine growth model combining fintech infrastructure with AI-native consumer platforms.

Business Highlights

Infibeam Avenues reported Q2FY26 with gross revenue of INR 19,649 Mn, up 93.3% YoY and 53.5% QoQ, driven by strong execution across its payments and platform businesses, while net revenue grew 14.0% YoY (+0.7% QoQ) to INR 1,531 Mn. EBITDA rose 22.8% YoY (+35.6% QoQ) to INR 962 Mn, though EBITDA margin declined 281 bps YoY (-65 bps QoQ) to 4.9%. Net profit improved 42.5% YoY (+15.8% QoQ) to INR 676 Mn, supported by lower associate losses. Strategically, the company transferred its ecommerce platform to Rediff, increasing its stake to 82.7% and sharpening focus on a dual-engine model—AI-led fintech payments under Infibeam and an AI-native consumer ecosystem under Rediff.

Q3FY26 Estimates (INR Mn.)

Metric	Bull	Base	Bear
Revenue	14,154	13,058	11,962
EBITDA	915	797	679
PAT	600	500	400
EBITDA Margin	6.5%	6.1%	5.7%
PAT Margin	4.2%	3.8%	3.3%

Source: Company, DevenChoksey Research

Growth Comparison (Base Case)

Metric	YoY (%)	QoQ (%)
Revenue Growth	22.0%	-33.5%
EBITDA Growth	1.8%	-17.2%
PAT Growth	-19.8%	-24.8%

Source: Company, DevenChoksey Research

Management Guidance

Management has provided FY26 guidance with gross revenue targeted between INR 52,500-55,000 Mn, EBITDA in the range of INR 3,250-3,500 Mn, and net profit between INR 2,200-2,400 Mn. The company expects sustained growth momentum from scaling AI-led payments infrastructure through CC Avenue, expanding enterprise adoption of agentic payment platforms, and accelerating Rediff's AI-native consumer ecosystem through RediffOne integration and Rediff Pay launch. International operations in Middle East markets are projected to contribute double-digit net revenue share over the next 12-18 months. Rediff will invest INR 5-7 Bn over three years to scale the consumer platform ecosystem, funded through rights issue proceeds. The dual-engine business model positions Infibeam as a pure fintech and AI payments company while Rediff handles AI-first consumer engagement.

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January 01, 2026

Sonata Software Ltd

Q3FY26 Earnings Preview

Stock Snapshot

Parameter	Value
CMP (INR)	360
Market Cap (INR Mn.)	1,00,907
52-Week High/Low (INR)	634 / 286
Target (INR)	400
Upside (%)	11.1%
Rating	ACCUMULATE

Note: All the market data is as of previous closing.

Source: Company, DevenChoksey Research

Q3FY26 Estimates (INR Mn.)

Metric	Bull	Base	Bear
Revenue	31,850	30,831	29,800
EBITDA	2,150	2,038	1,920
PAT	1,520	1,445	1,370
EBITDA Margin	6.7%	6.6%	6.4%
PAT Margin	4.8%	4.7%	4.6%

Source: Company, DevenChoksey Research

Executive Summary

Sonata Software is expected to report revenue of INR 30,831 Mn for Q3FY26, reflecting robust sequential growth of 28.1% QoQ and 8.5% YoY, driven by the normalization of domestic business revenues following Q2's seasonal contraction and continued momentum in international IT services. EBITDA is projected at INR 2,038 Mn with margins expanding significantly to 6.6%, up 113 bps sequentially and 86 bps YoY. PAT is estimated at INR 1,445 Mn, reducing 7.9% sequentially and 37.6% YoY.

Growth Comparison (Base Case)

Metric	YoY (%)	QoQ (%)
Revenue Growth	8.5%	28.1%
EBITDA Growth	24.6%	54.5%
PAT Growth	37.6%	-7.9%

Source: Company, DevenChoksey Research

Business Highlights

Sonata Software reported Q2FY26 revenue of INR 21,193 Mn, declining 28.5% QoQ / 2.3% YoY, largely due to a sharp 38.8% QoQ drop in the domestic business (SITL), while international IT services were broadly stable. EBIT rose 9.6% QoQ / 1.5% YoY to INR 1,464 Mn, with EBIT margin improving to 6.9% (+241 bps QoQ) supported by stronger IITS and domestic margin recovery. Growth was mixed across verticals, with Retail Manufacturing up 10.3% QoQ, offset by BFSI down 4.8% QoQ and TMT down 2.9% QoQ; regionally, the U.S. declined 6.5% QoQ, while RoW grew 30.3% QoQ and Europe 12.8% QoQ. Sonata won one large multi-year U.S. healthcare modernization deal and added six new enterprise clients, with AI now contributing 10% of the order book. Net profit was INR 1,202 Mn, up 9.9% QoQ / 12.9% YoY, and utilization improved to 87.3%.

Management Guidance

Management has maintained its focus on scaling Healthcare and BFSI verticals which have grown from 13% to 33% of revenues over three years, reflecting the successful execution of the strategic pivot toward higher-value modernization services. The company continues emphasizing margin expansion through multiple operational levers including improved utilization targeting 87% plus levels, enhanced offshore mix of 57% driven by planned offshoring from large deals, and AI-driven productivity gains across delivery and operations. For Q3FY26, management expectations point toward normalization of domestic business revenues following Q2's aberrational decline of 38.8% sequentially, while international IT services maintains steady momentum supported by large deal ramp-ups. The AI order book reached 10% of total TCV in Q2 from 8% in Q1, reflecting accelerating client adoption of data, cloud, and AI modernization programs particularly in Healthcare, BFSI, and Technology verticals. Management remains confident in sustaining healthy book-to-bill ratios above 1.2x while adding six plus new enterprise-grade clients quarterly, demonstrating continued new logo momentum despite macro headwinds.

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January 01, 2026

Happiest Minds Technologies Ltd

Q3FY26 Earnings Preview

Stock Snapshot

Parameter	Value
CMP (INR)	460
Market Cap (INR Mn.)	70,104
52-Week High/Low (INR)	774 / 450
Target (INR)	579
Upside (%)	25.9%
Rating	ACCUMULATE

Note: All the market data is as of previous closing.
Source: Company, DevenChoksey Research

Executive Summary

We estimate Happiest Minds Technologies to report revenue of INR 6,022 Mn in Q3FY26E, reflecting strong 13.5% YoY. EBITDA is projected at INR 1,100 Mn with margin of 18.3%, expanding 58 bps YoY, benefiting from record-high utilization of 80.7% achieved in Q2FY26 representing highest in 3 years, improving offshore mix at 87.5% of revenue, and cost optimization initiatives under 10 Strategic Transformations that are now fully operational leading to measurable outcomes in agility and productivity.PAT is estimated at INR 588 Mn, up 17.5% YoY, translating to margin of 9.8%, expanding 32 bps YoY.

Business Highlights

Happiest Minds Technologies reported Q2FY26 revenue of INR 5,736 Mn (+10.0% YoY / +4.3% QoQ; +6.7% YoY CC), driven by Generative AI Business Unit (GBS) growth of 15.3% QoQ / 77.8% YoY CC, strong Retail/CPG (+26.3% YoY), and BFSI (+17.4% YoY) via platforms like ARA Banking and Insurance-in-a-Box. EBIT rose 11.3% YoY to INR 765 Mn with margin improving to 13.3% (+30bps QoQ) on lower depreciation and record utilization of 80.7%. Regional growth was led by RoW (+34.2% YoY), India (+26.5% YoY), APAC, offsetting US (-3.9% YoY); Edutech weakness should bottom out by Q3. Key wins included AI-driven healthcare cybersecurity, multi-year Insurance-in-a-Box deals in South Africa (min. USD 0.5 Mn ARR), and ARA Banking pilots in India.

Q3FY26 Estimates (INR Mn.)

Metric	Bull	Base	Bear
Revenue	6,323	6,022	5,721
EBITDA	1,165	1,100	1,035
PAT	623	588	553
EBITDA Margin	18.4%	18.3%	18.1%
PAT Margin	9.9%	9.8%	9.7%

Source: Company, DevenChoksey Research

Growth Comparison (Base Case)

Metric	YoY (%)	QoQ (%)
Revenue Growth	13.5%	5.0%
EBITDA Growth	17.2%	11.5%
PAT Growth	17.5%	8.8%

Source: Company, DevenChoksey Research

Management Guidance

Management reaffirmed double-digit growth in constant currency for FY26 and extended visibility to four consecutive years from FY25 through FY28 of double-digit revenue growth underscoring confidence in pipeline strength and strategic positioning across AI, Cloud, Cybersecurity, and Data Transformation verticals as core growth engines. EBITDA margin guidance maintained at 20-22% band with expectations for gradual improvement led by utilization gains from record-high 80.7% achieved in Q2 and cost optimization initiatives. Strategic focus remains on scaling replicable AI-led platforms across BFSI through ARA and Insurance-in-a-Box platforms enabling digital payments and AI-based credit scoring, Healthcare and Life Sciences through large database migration and AI-driven compliance programs, Retail and Manufacturing benefiting from connected commerce and Industry 4.0 initiatives, and Edutech where success in platforms targeting institutes and universities should lead to replicable sales reinforcing long-term growth visibility. Company remains focused on offshore model with negligible H1B visa exposure having only two employees on visa in past 12 months providing insulation from visa-related cost pressures operational resilience.

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