



STOCK UPDATE

Result Update - Q3FY2026

SECTOR

IT & ITeS

COMPANY DETAILS

Market cap:	Rs. 11,336 cr
52-week high/low:	Rs. 1,251/575
NSE volume: (No of shares)	4.7 lakh
BSE code:	538835
NSE code:	INTELLECT
Free float: (No of shares)	9.8 cr

Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)

Promoters	29.8
FII	26.6
DII	7.1
Others	36.5

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART



Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-7.9	-21.9	-9.0	7.5
Relative to Sensex	-2.1	-18.1	-9.0	3.4

Source: Mirae Asset Sharekhan Research, Bloomberg

Reco/View: **BUY**

CMP: **Rs. 828**

Price Target: **Rs. 965**

Quick Snapshot

- Revenues fell 3.1% q-o-q (up 20.8% y-o-y) to Rs. 733.5 crore; lower licence fees dragged down revenues q-o-q. Margins fell ~700 bps q-o-q, largely led by investment in capacity building that drove up costs.
- Management targets 20% LTM revenue growth, aiming to achieve and sustain a quarterly run-rate above Rs. 800 crore for 3-4 quarters, before progressively scaling to Rs. 900 crore and Rs. 1,000 crore run-rates in a similar sustained manner.
- Near-term revenue growth to slow, as management prioritizes sustainable revenues. EBITDA margins contracted sharply, driven by front-loaded investments in sales capacity, international hiring, and platform-led initiatives, with similar expenditures likely persisting into Q4 and subsequent quarters, suggesting a gradual rise in margins.
- Accordingly, we have trimmed our FY27-28-E estimates and roll forward our estimates to Mar-28, with a P/E of 28x and arrive at a price target of 965.

Result overview

- **Q3 Results:** EBITDA stood at Rs 102.4 crore, down 32.8% q-o-q (down 15.2% y-o-y), led by increase in operating expenses, resulting in EBITDA margin declining to 14.0%, down 698bps q-o-q, largely led by increased investments in capacity building. As a result, APAT declined 42% q-o-q (down 15.5% y-o-y) to Rs 59.3 crore. APAT Margin came in at 8.1%, down 542bps q-o-q (down 347 bps y-o-y).
- **Targets Rs. 800+ crore revenue:** Leadership reaffirmed its design as a consistent 20% LTM growth company, focusing on sustainable performance rather than quarterly volatility. Quarterly revenue has stayed above Rs. 700 crore for the first three quarters, meeting earlier guidance. The leadership team is now targeting quarterly revenue above Rs. 800 crore between Q4 and the next Q1. Management emphasized building a robust business without quarter-end deal pressure, prioritising annual results and long-term execution, while maintaining strong confidence in achieving these goals.

Our Call

Q3FY26 numbers underperformed estimates due to softer licence revenue and EBITDA margin contracting amid front-loaded investments in Purple Fabric, sales, and delivery capacity (Rs. 10-15 Cr incremental spend). Restoring confidence hinges on Q4 execution, license conversions, Purple Fabric monetization (targeting Rs. 200 crore FY revenue as AI-first platform for legacy modernization via partnerships like Accenture), margin stabilization, and Central 1 integration. We expect near-term revenue moderation prioritizing sustainability, with gradual margin recovery, trimmed FY27-28E estimates and roll forward to Mar-28 at a 28x P/E, PT of Rs. 965.

Key Risks

Slower monetization of Purple Fabric, slowdown in banking spendings, global peers taking market share.

Valuation

Particulars	Rs cr			
	FY25	FY26E	FY27E	FY28E
USD revenue (Mn)	294.7	335.8	375.9	431.1
Total Revenue	2,495.5	2,968.9	3,420.6	3,923.1
EBITDA margin %	21.1	17.8	19.6	21.0
Adjusted Net Profit	332.8	365.8	395.9	489.1
% YoY growth	(1.3)	9.9	8.2	23.6
EPS (Rs)	23.5	25.7	27.9	34.4
PER (x)	44.0	31.9	29.5	23.9
P/BV (x)	5.2	3.7	3.3	2.9
EV/EBITDA	27.1	26.3	20.5	16.2
ROE (%)	12.7	12.4	12.0	13.2
ROCE (%)	13.5	10.6	12.5	14.2

Source: Company; Mirae Asset Sharekhan estimates

Concall Highlights:

- **Company's fourth growth strategic pillar, Purple Fabric**, is an open, AI-first platform that enables banks to build intelligent, composable solutions for legacy system modernisation. Key advancements include global partnerships with system integrators and value discovery partners to drive customer adoption. Major emphasis is on mainframe modernization, migrating heavy workloads from traditional infrastructure to modern cloud environments like eMACH.ai through low-risk, outcome-driven transformations. These efforts, supported by collaborations such as with Accenture, involve substantial opportunities with expectations of significant scale-up to fuel new client wins and revenue growth in global wholesale and corporate banking.
- **Incremental costs** are primarily concentrated in three areas, investment in Purple Fabric development, sales & distribution efforts, and strengthening delivery execution capabilities ahead of expected large-scale growth in the coming quarters. Management noted that similar to the previous quarter (Rs. 15 crore), the company has again made an incremental investment of INR 10-15 crores this quarter to build these capabilities proactively.
- **North America Nears Rs 1000 Cr:** The company is nearing an Rs. 1000 crore annual revenue run-rate in North America, fueled by strong growth in the US and Canada. Key contributors include Purple Fabric-enabled expansion, payments breakthroughs (liquidity and CTX platforms), corporate core banking wins, and increasing traction in Canada's credit union segment across digital engagement and loan lending platforms. The company continues to invest in execution teams in Toronto and New York while broadening distribution to support sustained momentum and cross-selling.
- **Deal wins:** The company won only eight deals in this quarter, the lowest in eight quarters. While the deal count was low, the focus remained on crossing the Rs 800 crore revenue milestone, which was just 1-2 quarters away. The management claimed the mix remained balanced and healthy. Purple Fabric enables clients to start small but scale significantly in years two and three as consumption grows, positioning it as a consumption-driven business capable of delivering both steady small wins and increasingly larger deals over time.
- **Global Peers:** Palantir and C3.ai continue to be the main global competitors, noting significant noise from smaller players focused on niche use cases. However, he emphasized PF's unique strengths in end-to-end orchestration and enterprise-level AI deployment within regulated financial services, where few others match this capability. Additionally, many of Intellect's existing products are now AI-first, with PF's orchestration features embedded across the portfolio to enhance overall differentiation.
- **Other Details:** Purple Fabric's revenue is on track to reach Rs 200 Crore for full-year. The y-o-y and q-o-q rise in SG&A expenses was entirely attributable to deliberate and planned investments in distribution capacity, particularly across international geographies. Management confirmed that these targeted capacity additions align precisely with the company's previously communicated growth strategy and are already translating into the robust revenue momentum currently observed.

Results

Particulars	Rs cr				
	Q3FY26	Q3FY25	Y-o-Y %	Q2FY26	Q-o-Q %
Net sales	733.5	607.5	757.0	20.8	-3.1
Software development expenses	345.6	263.6	340.5	31.1	1.5
Selling & marketing and General & Administrative expenses	224.2	171.3	206.5	30.8	8.6
Research & Engineering expenses	61.4	51.7	57.7	18.7	6.5
Total Expenses	631.1	486.7	604.6	29.7	4.4
EBITDA	102.4	120.8	152.4	-15.2	-32.8
Depreciation & amortisation	53.2	39.6	48.8	34.3	9.0
EBIT	49.2	81.1	103.6	-39.4	-52.5
Other income	20.1	15.6	33.5	28.6	-40.1
Misc	0.0	-2.0	0.0	-100.0	0.0
Exceptional item	-30.8	0.0	0.0	0.0	0.0
Share of profit/(loss) of Associate Companies	0.6	0.5	1.6	37.3	-61.5
PBT	39.0	97.2	138.7	-59.8	-71.9
Tax provision	9.6	22.9	33.8	-58.3	-71.8
EO	30.8	0.0	0.0	0.0	0.0
PAT	28.4	70.2	102.3	-59.5	-72.2
APAT	59.3	70.2	102.3	-15.5	-42.0

Source: Company; Mirae Asset Sharekhan Research

Additional Data
Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Polaris Banyan Holding	22.87
2	Amansa Holding Pvt Ltd	7.06
3	Jain Arun	6.94
4	Franklin Resources Inc	3.76
5	Jain Manju	2.56
6	Vanguard Group	2.22
7	Andlay Yogesh	1.83
8	Atyant Capital India Fund	1.60
9	Gothic Corp	1.55
10	Agarwal Mukul Mahavir Prasad	1.44

Source: Bloomberg

Key management personnel

Name	Designation
Manish Maakan	CEO – Wholesale Banking
Rajesh Saxena	CEO – Consumer Banking
Vasudha Subramaniam	CFO

Source: Company Website

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