

OFSS: Resilient Quarter Backed by Landmark Deal

April 23, 2026 | CMP: INR 8,134 | Target Price: 10,890

Expected Share Price Return: 33.8% | Dividend Yield: 4.9% | Potential Upside: 38.7%

Sector View: Neutral
BUY

Change in Estimates	✓
Target Price Change	✓
Recommendation	✗

Company Info

BB Code	OFSS IN EQUITY
Face Value (INR)	5.0
52-w High/Low (INR)	9,948/6,232
Mkt Cap (Bn)	INR 705.1/ \$7.5
Shares o/s (Mn)	87.5
3M Avg. Daily Volume	174,980

Change in Estimates

INR Bn	FY27E			FY28E		
	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenues	84.0	83.6	0.5	92.9	92.6	0.3
EBITDA	39.4	37.2	5.9	43.9	41.3	6.4
EBITDAM	46.9	44.5	238 bps	47.3	44.6	269 bps
EPS	346.0	344.4	0.5	388.8	382.2	1.7

Actual vs CIE Estimates

INR Bn	Q4FY26A	CIE Est.	Dev. %
Revenue	20.7	19.8	4.4
EBITDA	10.6	8.8	20.4
EBITDAM %	51.1	44.3	680 bps
PAT	8.4	7.1	19.4

Key Financials

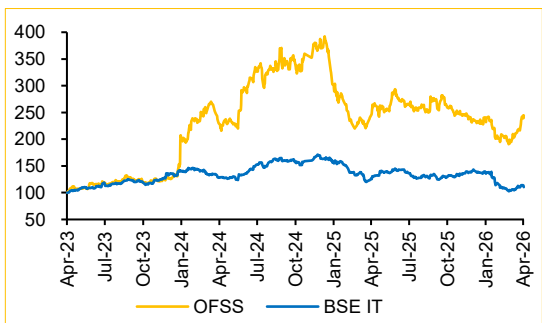
INR Bn	FY25	FY26	FY27E	FY28E	FY29E
Revenue	68.5	76.7	84.0	92.9	103.1
YoY (%)	7.4	12.1	9.5	10.6	11.0
EBITDA	30.8	34.8	39.4	43.9	49.0
EBITDAM %	44.9	45.3	46.9	47.3	47.5
PAT	23.8	26.4	30.1	33.8	38.2
EPS (INR)	274.3	303.5	346.0	388.8	439.6
ROE %	28.5	33.7	37.0	39.9	43.2
ROCE %	24.1	28.7	31.6	33.6	36.2
PE(x)	26.8	23.5	20.9	18.5	16.4

Shareholding Pattern (%)

	Mar-26	Dec-25	Sep-25
Promoters	72.44	72.46	72.53
FIIIs	8.04	8.36	8.66
DIIIs	9.12	8.82	8.45
Public	10.38	10.34	10.38

Relative Performance (%)

YTD	3Y	2Y	1Y
OFSS	144.4	7.3	(1.1)
BSE IT	10.6	(14.1)	(11.9)


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Growth Visibility Strengthens; Reiterate BUY

We remain constructive on OFSS, supported by strengthening deal momentum, a high-margin products mix and robust cash generation. Remaining Performance Obligations (RPO) growth of 9.2% QoQ enhances medium-term revenue visibility. Recent deal wins, improving cost-efficiency and pricing discipline are driving operating leverage, leading to an upward revision in margin estimate. **We model Revenue/EBITDA/PAT CAGR of 10.3%/12.1%/13.1% over FY26–29E and value the company at 28x FY28E EPS, deriving a TP of INR 10,890 and reiterate BUY, supported by a strong balance sheet and favourable risk-reward.** We believe the premium multiple is justified by its product-led model, driving superior margins and scalability, along with strong Oracle parentage that supports global positioning and client confidence.

Revenue & EBITDA Beat Estimate; Margin Expands due to Operating Leverage

- Q4FY26 revenues stood at INR 20,652 Mn, up 20.3% YoY and 5.1% QoQ (vs CIE est. INR 19,789 Mn), driven by strong execution and strategic new customer wins. For FY26, revenues stood at INR 76,721 Mn, up 12.1% YoY (vs CIE est. 75,858 Mn)
- Revenue from products business grew by 21.4% YoY to INR 18,706 Mn and service business grew by 10.8% to 1,946 Mn.
- EBITDA came in at INR 10,563 Mn (vs CIE est. at INR 8,775 Mn), up 38.1% YoY due to higher operating leverage while EBITDAM came in at 51.1% (vs CIE est at 44.3%), up 660 bps YoY. For FY26, EBITDAM stood at 45.3%, up 40 bps YoY (vs CIE est. at 43.5%)
- PAT for the quarter came in at INR 8,417 Mn up 30.7% YoY (vs CIE est. 7,051 Mn) while PAT margin came in at 40.8% up 320 bps YoY. EPS for Q4FY26 is INR 96.7.
- Headcount declined by 60 employees QoQ, while attrition remained stable at 9.0% sequentially
- Remaining Performance Obligations came in at INR 77,610 Mn, up 9.2% QoQ.
- The Board declared a second interim dividend of INR 270 per equity share for the year ended FY26.
- DSO remained stable at 58 days at the end of the quarter.

Robust Growth driven by Product Segment; Landmark Deal Strengthens Outlook

OFSS reported a strong Q4FY26 performance, with revenues growing by 20.3% YoY, driven by continued momentum in the products business (+21% YoY), while services grew 11%, sustaining a high-margin mix. Deal momentum remains robust with a strong pipeline and RPO growth of 9.2% QoQ, enhancing medium-term revenue visibility. The quarter was supported by robust deal wins and client expansions, the key highlight being a landmark deal secured with a US-headquartered global bank, valued at approximately USD 100 Mn, underscoring its strength in large-scale, mission-critical banking transformation.

Margin Expansion Accelerates; Operating Leverage Kicks in:

EBITDA grew 38.1% YoY, margin expanded 660 bps to 51%, driven by strong operating leverage from scale, favourable product mix and disciplined cost execution. Margin expansion was further supported by AI-led productivity gains, enabling leaner team structure, faster delivery and improved cost-efficiency. Continued traction in high-margin products, alongside increasing cloud and AI-led offerings, is sustaining both, growth and profitability.

OFSS Ltd.	Q4FY26	Q3FY26	QoQ (%)	Q4FY25	YoY (%)
Revenues (INR Mn)	20,652	19,659	5.1	17,163	20.3
EBITDA (INR Mn)	10,563	8,696	21.5	7,647	38.1
EBITDA Margin (%)	51.1	44.2	691 bps	44.6	659 bps
Other Income	713	605	17.9	819	(12.9)
PBT	11,201	8,574	30.6	8,390	33.5
Tax	2,784	2,478	12.3	1,951	42.7
PAT (INR Mn)	8,417	6,096	38.1	6,439	30.7
EPS (INR)	96.7	70.1	38.0	74.2	30.4

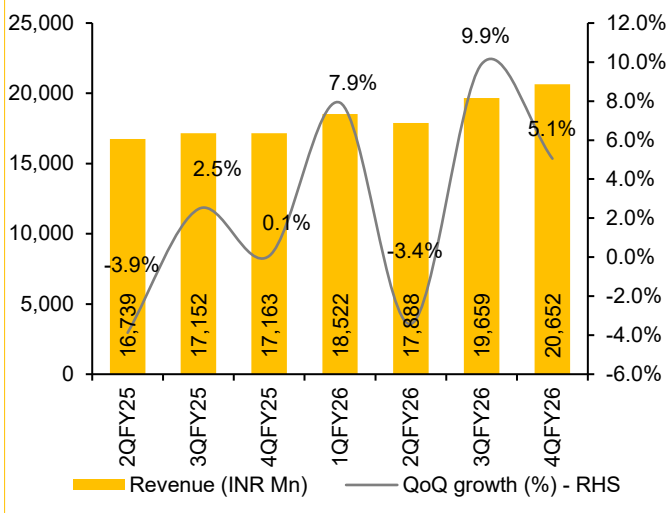
Source: OFSS, Choice Institutional Equities

Sequential Operating Performance

	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26
Income Statement								
Revenues (INR Mn)	17,414	16,739	17,152	17,163	18,522	17,888	19,659	20,652
Gross Profit (INR Mn)	9,846	8,888	8,634	9,053	10,132	9,738	10,087	12,426
Gross Margin (%)	56.5	53.1	50.3	52.7	54.7	54.4	51.3	60.2
EBITDA (INR Mn)	8,471	7,506	7,139	7,647	8,463	7,552	8,696	10,563
EBITDA Margin (%)	48.6	44.8	41.6	44.6	45.7	42.2	44.2	51.1
PAT (INR Mn)	6,167	5,777	5,413	6,439	6,419	5,461	6,096	8,417
EPS (INR)	71.1	66.6	62.4	74.2	73.9	62.8	70.1	96.7
Operating Metrics								
Revenue – Segments (%)								
Product Licenses & Related Activities	91.6	90.7	91.0	89.8	90.4	90.7	90.2	90.6
IT Solutions & Consulting Services	8.4	9.3	9.0	10.2	9.6	9.3	9.8	9.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Revenue Split – Product Licenses & Others								
License and Cloud Fees	17.0	12.0	18.0	14.4	16.0	11.0	14.0	18.0
Maintenance Fees	33.0	34.0	34.0	33.0	33.0	36.0	34.0	33.0
Consulting Fees – Fixed Price	34.0	37.0	33.0	37.1	36.0	37.0	37.0	37.0
Consulting Fees – Time & Material	16.0	17.0	15.0	15.5	15.0	16.0	15.0	12.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Revenue Split – Product Licenses & others								
Fixed Price	78.0	81.0	81.0	81.0	79.0	76.0	82.0	73.0
Time & Material	22.0	19.0	19.0	19.0	21.0	24.0	18.0	27.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Revenues – Geography (%)								
India	9.0	9.0	9.0	9.0	10.0	8.0	9.0	8.0
US	25.0	26.0	27.0	29.0	29.0	30.0	29.0	28.0
Rest of America	9.0	13.0	9.0	9.0	9.0	12.0	10.0	8.0
Europe	13.0	14.0	16.0	16.0	13.0	15.0	16.0	20.0
Asia Pacific	23.0	19.0	18.0	18.0	20.0	18.0	17.0	19.0
MEA	21.0	19.0	21.0	19.0	19.0	17.0	19.0	17.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
DSO (Days)	63	64	66	58	62	66	58	58
Employee Metrics								
Product Business	7,340	7,482	7,490	7,497	7,655	7,999	7,773	7,720
Services Business	1,225	1,252	1,235	1,251	1,305	1,331	1,331	1,325
Corporate	146	144	143	139	120	118	111	110
Total Headcount	8,711	8,878	8,868	8,887	9,080	9,448	9,215	9,155
Attrition Rate (TTM) %	10.0	10.0	11.0	10.0	10.0	9.0	9.0	9.0

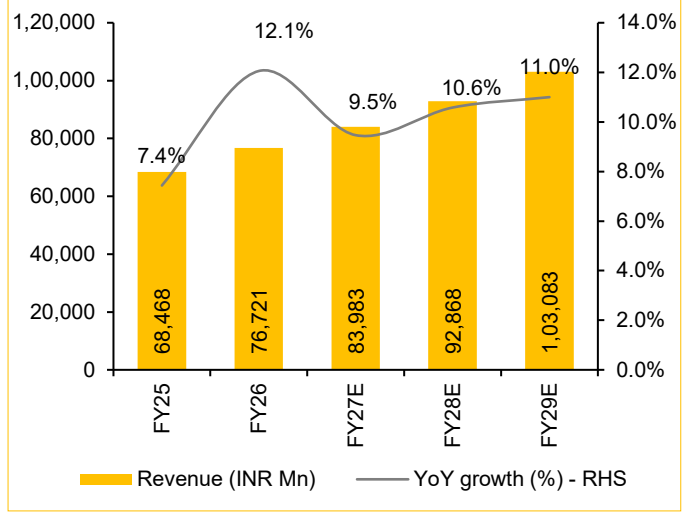
Source: OFSS, Choice Institutional Equities

Strong growth in revenue (5.1% QoQ), led by product segment



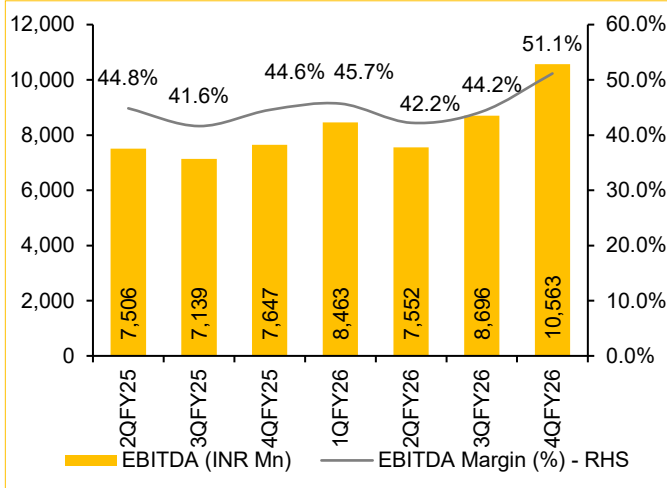
Source: OFSS, Choice Institutional Equities

Revenue expected to expand at 10.3% CAGR over FY26-29E



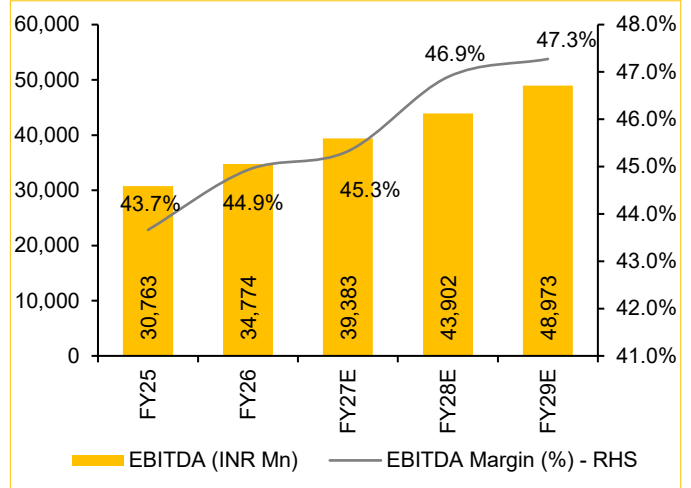
Source: OFSS, Choice Institutional Equities

EBITDAM expanded by 660 bps YoY due to operating leverage



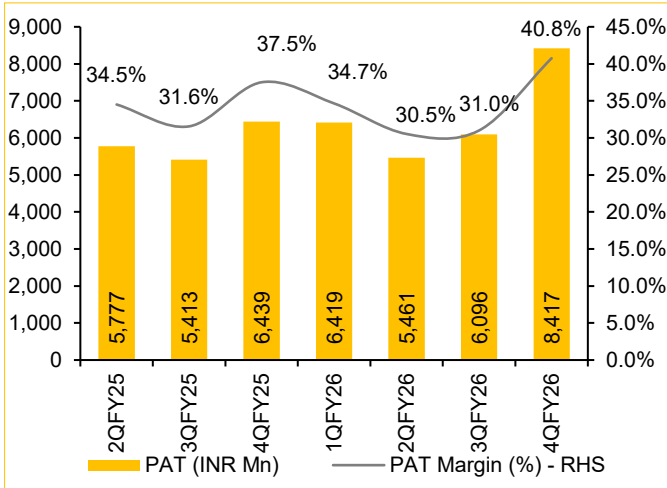
Source: OFSS, Choice Institutional Equities

EBITDA anticipated to expand at 12.1% CAGR over FY26-29E



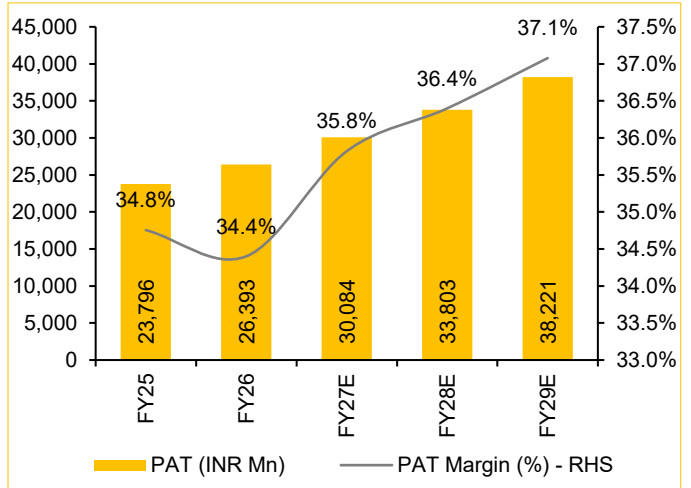
Source: OFSS, Choice Institutional Equities

PAT grew by 30.7% YoY & PATM expanded by 320 bps YoY



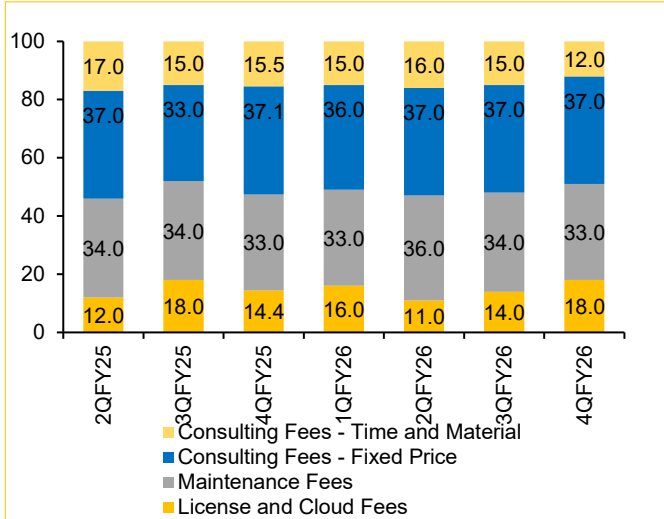
Source: OFSS, Choice Institutional Equities

PAT projected to expand by 13.1% CAGR over FY26-29E



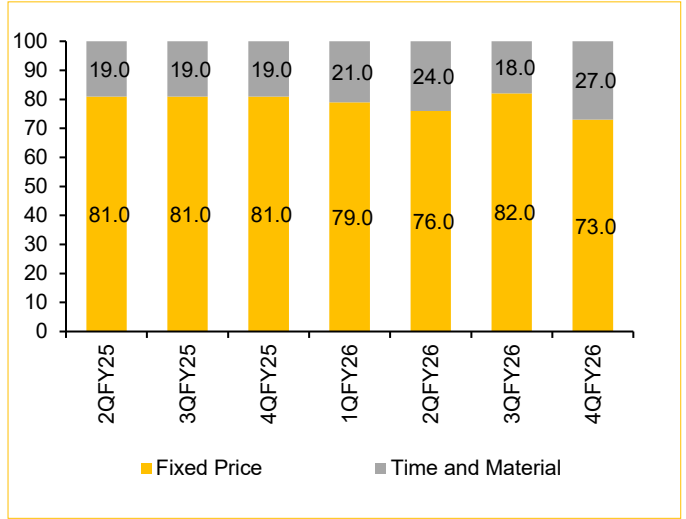
Source: OFSS, Choice Institutional Equities

Fixed price consulting & maintenance fees leading the mix



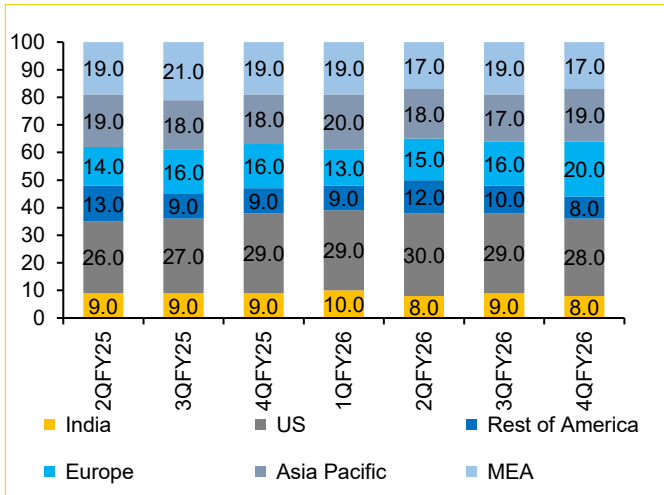
Source: OFSS, Choice Institutional Equities

T&M improves marginally; fixed-price dominates mix



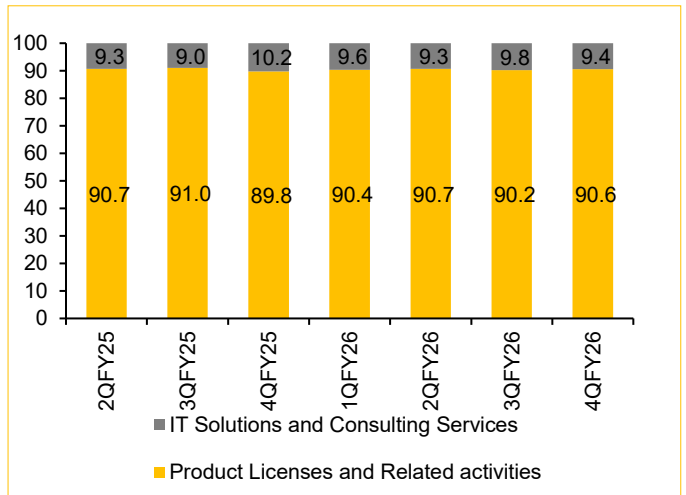
Source: OFSS, Choice Institutional Equities

Revenue primarily driven by the US, Europe & Asia-Pacific



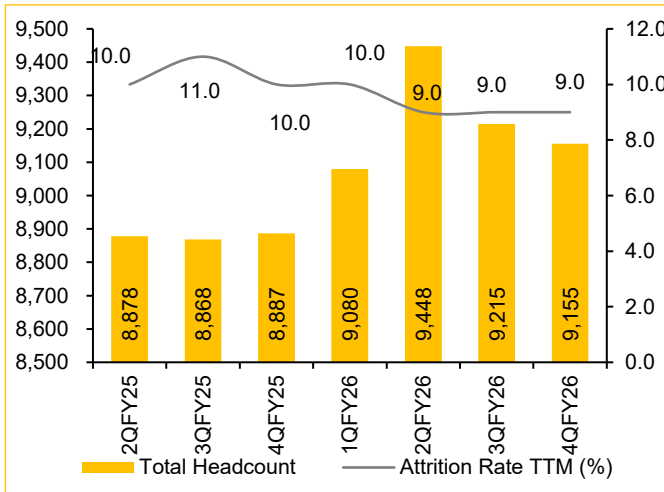
Source: OFSS, Choice Institutional Equities

Product licenses & related activities account for 90% of revenue



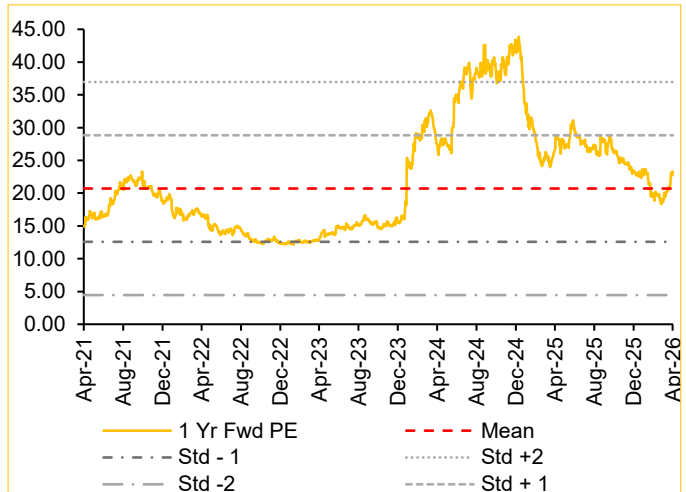
Source: OFSS, Choice Institutional Equities

Attrition rate remained stable at 9.0% sequentially



Source: OFSS, Choice Institutional Equities

1-year forward PE band; OFSS trading near its 5-year mean



Source: OFSS, Choice Institutional Equities

Income Statement (Consolidated in INR Mn)

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Revenue	68,468	76,721	83,983	92,868	103,083
Gross Profit	36,421	42,383	48,303	53,695	59,795
EBITDA	30,763	34,774	39,383	43,902	48,973
Depreciation	691	654	588	650	722
EBIT	30,072	34,120	38,795	43,252	48,251
Other Income	3,042	2,706	3,007	3,715	4,123
Interest Expense	5	25	20	17	17
PAT	23,796	26,393	30,084	33,803	38,221
EPS	274.3	303.5	346.0	388.8	439.6

Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios (%)					
Revenues	7.4	12.1	9.5	10.6	11.0
EBITDA	10.6	13.0	13.3	11.5	11.6
EBIT	11.0	13.5	13.7	11.5	11.6
Margin Ratios (%)					
EBITDA Margin	44.9	45.3	46.9	47.3	47.5
EBIT Margin	43.9	44.5	46.2	46.6	46.8
Profitability (%)					
ROE	28.5	33.7	37.0	39.9	43.2
ROIC	24.2	28.9	31.7	33.7	36.3
ROCE	24.1	28.7	31.6	33.6	36.2
Valuation					
OCF / Net profit (%)	92.4	100.0	82.3	85.6	85.7
EV/ EBITDA (x)	20.0	18.8	16.6	14.8	13.2
BVPS (x)	963.8	900.1	934.7	973.6	1,017.5
Free Cash flow Yield (%)	3.2	3.7	3.4	4.0	4.5

Source: OFSS, Choice Institutional Equities

Balance Sheet (Consolidated in INR Mn)

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Tangible Fixed Assets	1,410	1,481	1,350	1,277	1,195
Goodwill & Intangible Assets	6,538	6,396	6,369	6,354	6,337
Investments	102	102	92	87	82
Cash & Cash Equivalents	59,514	55,098	55,295	56,947	58,772
Other Non-current Assets	13,842	14,318	15,772	17,431	19,343
Other Current Assets	19,944	21,944	23,509	25,575	27,950
Total Assets	101,350	99,339	102,387	107,671	113,679
Shareholder's Funds	83,624	78,265	81,273	84,654	88,476
Borrowings	-	-	-	-	-
Lease liabilities	456	325	285	270	253
Other Non-current Liabilities	5,942	6,703	7,084	7,832	8,689
Other Current Liabilities	11,328	14,046	13,745	14,915	16,261
Total Equity & Liabilities	101,350	99,339	102,387	107,671	113,679

Cash Flows (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Cash Flows from Operations	21,989	26,383	24,745	28,948	32,753
Cash Flows from Investing	(24,526)	9,362	2,587	3,158	3,505
Cash Flows from Financing	(20,961)	(34,489)	(27,135)	(30,455)	(34,433)

DuPont Analysis	FY25	FY26	FY27E	FY28E	FY29E
ROE	28.5%	33.7%	37.0%	39.9%	43.2%
Net Profit Margin	34.8%	34.4%	35.8%	36.4%	37.1%
Asset Turnover	0.7	0.8	0.8	0.9	0.9
Equity Multiplier	1.2	1.3	1.3	1.3	1.3

Historical share price chart: Oracle Financial Services Software Limited



Date	Rating	Target Price
January 7, 2026	BUY	9,955
January 21, 2026	BUY	9,955
April 23, 2026	BUY	10,890

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CHOICE RATING DISTRIBUTION & METHODOLOGY	
Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

*Large Cap: More Than INR 20,000 Cr Market Cap
*Mid & Small Cap: Less Than INR 20,000 Cr Market Cap

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