22 January 2026

3QFY26 Results Update | Sector: Technology

Mphasis

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	MPHL IN
Equity Shares (m)	190
M.Cap.(INRb)/(USDb)	535.5 / 5.8
52-Week Range (INR)	3079 / 2025
1, 6, 12 Rel. Per (%)	1/0/-9
12M Avg Val (INR M)	1752

Financials & Valuations (INR b)

Y/E Mar	FY26E	FY27E	FY28E
Sales	157.6	179.5	209.2
EBIT Margin	15.3	15.4	15.6
Adj. PAT	18.9	21.9	25.6
Adj. EPS (INR)	99.3	115.2	134.2
EPS Gr. (%)	11.2	16.0	16.5
BV/Sh. (INR)	544.1	589.8	643.5
Ratios			
RoE (%)	19.0	20.3	21.8
RoCE (%)	16.6	17.9	19.6
Payout (%)	60.1	60.0	60.0
Valuations			
P/E (x)	28.3	24.4	20.9
P/BV (x)	5.2	4.8	4.4
EV/EBITDA (x)	17.3	14.9	12.6
Div Yield (%)	2.1	2.5	2.9

Shareholding Pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	30.6	40.1	40.2
DII	45.3	37.1	34.6
FII	19.8	18.5	20.8
Others	4.4	4.3	4.4

FII includes depository receipts

CMP: INR2,810 TP: INR3,900(+39%) Buy

A steady quarter

A stronger FY26 exit in sight; margins likely to stay range-bound

- Mphasis's (MPHL) 3QFY26 revenue rose 1.5% QoQ in Constant Currency (CC), largely in line with our estimate of 1.3% QoQ CC. Direct revenue rose 1.9% QoQ CC and 9.6% YoY CC. TCV rose 22% YoY to USD428m. EBIT margin stood at 15.2%, in line with our estimate of 15.4%. Adj. PAT came in at INR4.7b (flat QoQ/up 9.5% YoY), below our estimate of INR4.9b. This excludes a one-time impact of INR355m related to changes in labor laws.
- For 9MFY26, revenue/EBIT/adj. PAT grew 11.4%/10.7%/9.8% YoY in INR terms. We expect revenue/EBIT/adj. PAT to grow 11.8%/12.6%/15% YoY in 4QFY26. MPHL targets a sustainable operating (EBIT) margin within the band of 14.75-15.75%. We value the stock at 30x FY28E EPS, arriving at a TP of INR3,900. **We reiterate our BUY rating on the stock.**

Our view: Deal wins and pipeline strength support visibility

- **3Q growth steady; stronger 4Q exit likely, but conversion remains key:** MPHL posted a 1.3% QoQ CC growth in 3Q, led by Insurance (+8.3% QoQ), as recently won large deals continued to ramp up. BFS showed early signs of pickup, in our view, supported by an improving rate-related environment, while TMT was softer due to seasonality.
- While the deals won over the past few quarters were strong, revenue growth from them has been measured. Management expects 4QFY26 to be the strongest quarter of the year, helped by ongoing deal ramp-ups. We build in ~2.5% QoQ CC growth in 4QFY26 and ~6.4% YoY CC growth for FY26, with a stronger exit setting the base for FY27.
- **TCV–revenue linkage improving as AI-led spends pick up**: The deal pipeline stands at record levels, up 66% YoY, with ~69% tied to NeoIP platform-led opportunities, pointing to rising client interest in AI-led transformation. Management indicated that conversion issues seen in early 2025 are largely behind them. We believe ongoing budget reallocation toward AI stacks, modernization, and agent-led deployments should support steadier deal-to-revenue flow over the coming quarters.
- **Margins steady, upside limited in the near term:** EBIT margin was stable at 15.2%, within the guided range. Utilization and pricing discipline continue to support margins, while a higher share of milestone- and outcome-linked contracts has pushed up unbilled receivables, which management views as controlled and structural to deal constructs. We do not expect meaningful margin expansion in the near term, given continued investments in GTM, AI platforms, and capability build-out. Overall, we expect margins to remain range-bound and model ~15.2–15.4% EBIT margin for FY26, with only modest improvement as large deal ramp-ups scale.

Abhishek Pathak - Research Analyst (Abhishek.Pathak@MotilalOswal.com)

Research Analyst - Keval Bhagat (Keval.Bhagat@MotilalOswal.com) | **Tushar Dhonde** (Tushar.Dhonde@MotilalOswal.com)

Valuation and change in estimates

- We are positive on the BFSI exposure as it remains relatively resilient amid current uncertainties. With strong TCV growth in 9MFY26 and large client issues now normalized, we see improving visibility on revenue growth over the next few quarters. Over FY25-28, we forecast a USD revenue CAGR of ~10.8% and an INR PAT CAGR of ~14%. We value the stock at 30x FY28E EPS, arriving at a TP of INR3,900. **We reiterate our BUY rating on the stock.**

Revenue and margins largely in line with our estimates; four large deal wins in 3Q

- MPHL's revenue of USD451m grew 1.5% QoQ CC, up 7.4% YoY CC, largely in line with our estimate of 1.3% QoQ CC growth.
- Direct revenue was up 1.9% QoQ CC and 9.6% YoY CC.
- BFS/Insurance led growth with a 2.4%/8.3% QoQ increase, while logistics declined 1.3% QoQ.
- EBIT margin stood at 15.2%, vs our estimate of 15.4% QoQ.
- Adj. PAT was at INR4.7b (flat QoQ), below our estimates of INR4.9b. This excludes a one-time impact of INR355m related to changes in labor laws.
- **TCV stood at USD428m (up 21.9% YoY).** About 64% of the deal wins were in NextGen Services.
- Offshore utilization (excl. trainees) decreased 400bp QoQ at 83%. Net headcount was up 1.5% QoQ in 3QFY26 to 31,272.
- Sustainable EBIT margin target range was maintained at 14.75-15.75%.

Key highlights from the management commentary

- Discretionary spending is unlikely to return to previous patterns. Spending is expected to remain stable or trend upwards in CY26.
- There is a reallocation of spending underway, as enterprises free up budgets to invest in AI fabric, whether through stack build-out, migration to new stacks, deployment of agents, or incremental software spend. This creates new pools of spending.
- In banking, while the company is comfortable across multiple domains, there are still areas that require further investment to reach the same level of execution capability. Overall, the market is opening up, and partner channels, including hyperscalers and ecosystem partners, are seeing strong activity.
- Management believes this is a good time to take its proposition to customers, as there is openness to new ideas and engagement models. If demand picks up, particularly in BFSI, given that applications account for ~75% of revenue, the company could be among the biggest beneficiaries in the coming quarters due to its application-heavy portfolio skew.
- The pace of revenue growth and conversion is expected to remain strong, propelled by savings-led transformation initiatives, while growth momentum in Direct continues to remain strong.

Valuation and view

- We are positive on the BFSI exposure as it remains relatively resilient amid current uncertainties. With strong TCV growth in 9MFY26 and large client issues now normalized, we see improving visibility on revenue growth over the next few quarters. Over FY25-28, we forecast a USD revenue CAGR of ~10.8% and an INR PAT CAGR of ~14%. We value the stock at 30x FY28E EPS, arriving at a TP of INR3,900. **We reiterate our BUY rating on the stock.**

Quarterly Performance **(INR Mn)**

Y/E March	FY25				FY26E				FY25	FY26E	Est.	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QFY26	(% / bp)
Revenue (USD m)	**410**	**421**	**419**	**430**	**437**	**445**	**451**	**463**	**1,680**	**1,797**	**450**	**0.2**
QoQ (%)	-0.2	2.7	-0.5	2.7	1.6	1.8	1.4	2.7	4.4	7.0	1.2	24bp
Revenue (INR m)	**34,225**	**35,362**	**35,613**	**37,101**	**37,324**	**39,019**	**40,026**	**41,226**	**1,42,301**	**1,57,605**	**39,794**	**0.6**
YoY (%)	5.2	7.9	6.7	8.7	9.1	10.3	12.4	11.1	7.2	10.8	11.7	65bp
GPM (%)	**30.8**	**31.3**	**31.7**	**31.8**	**31.9**	**30.9**	**31.3**	**31.3**	**31.4**	**31.3**	**31.2**	**8bp**
SGA (%)	**12.7**	**12.9**	**12.7**	**12.9**	**13.1**	**12.4**	**12.5**	**12.5**	**12.8**	**12.6**	**12.5**	-1bp
EBITDA	**6,185**	**6,480**	**6,781**	**7,026**	**7,028**	**7,236**	**7,518**	**7,750**	**26,472**	**29,543**	**7,441**	**1.0**
EBITDA Margin (%)	**18.1**	**18.3**	**19.0**	**18.9**	**18.8**	**18.5**	**18.8**	**18.8**	**18.6**	**18.7**	**18.7**	**8bp**
EBIT	**5,135**	**5,444**	**5,458**	**5,673**	**5,709**	**5,958**	**6,089**	**6,390**	**21,710**	**24,156**	**6,128**	**-0.6**
EBIT Margin (%)	**15.0**	**15.4**	**15.3**	**15.3**	**15.3**	**15.3**	**15.2**	**15.5**	**15.3**	**15.3**	**15.4**	**-19bp**
Other income	238	182	235	239	392	289	198	412	894	1,291	398	-50.2
ETR (%)	24.7	24.7	24.8	24.5	27.6	24.9	25.4	24.5	24.7	25.6	24.5	95bp
Adj.PAT	**4,045**	**4,234**	**4,279**	**4,466**	**4,417**	**4,690**	**4,687**	**5,136**	**17,024**	**18,940**	**4,927**	**-4.9**
QoQ (%)	2.9	4.7	1.1	4.4	-1.1	6.2	-0.1	9.6			5.1	-101.3
YoY (%)	2.1	8.0	14.5	13.6	9.2	10.8	9.5	15.0	9.5	11.3	15.2	-37.1
Exceptional items	**0**	**0**	**0**	**0**	**0**	**0**	**265**	**0**	**0**	**265**		
Reported PAT	**4,045**	**4,234**	**4,279**	**4,466**	**4,417**	**4,690**	**4,422**	**5,136**	**17,024**	**18,675**		
Adj. EPS (INR)	21.3	22.2	22.4	23.4	23.1	24.5	24.6	27.0	89.3	99.3	25.8	-4.6

Key Perfor. Indicators

Y/E March	FY25				FY26E			FY25
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	
Margins								
Gross Margin	30.8	31.3	31.7	31.8	31.9	30.9	31.3	31.4
EBIT Margin	15.0	15.4	15.3	15.3	15.3	15.3	15.2	15.3
Net Margin	11.8	12.0	12.0	12.0	11.8	12.0	11.7	12.0
Operating metrics								
Headcount	31,645	31,601	31,194	31,442	31,063	30,809	31,272	31,442
Deal Win TCV (USD m)	319	207	351	390	760	528	428	1267
Key Verticals (YoY%)								
BFS	-0.4	7.3	8.4	11.3	17.9	13.2	14.6	6.6
Insurance	10.8	10.4	7.0	8.2	28.8	31.8	37.9	9.0
IT, Comm, Ent	9.8	0.7	13.5	16.6	20.3	24.3	16.7	10.0
Key Geographies (YoY%)								
North America	2.8	7.7	5.9	6.2	10.0	9.5	10.0	5.6
Europe	9.7	-2.9	-8.6	-5.7	-16.5	-12.3	-1.4	-2.2

CONFERENCE CALL

Key highlights from the management commentary

Demand and industry outlook

- The nature of technological shifts underscores that every business is looking for opportunities not only to drive higher efficiency using AI, but more importantly, to reimagine entire business models to remain relevant to end customers. Customers are recalibrating classic managed services constructs, with outcomes becoming more important than effort-based services.
- While there is deflation in traditional people-based models, there is an extremely healthy appetite for AI-led technology solutions and AI-driven efficiencies. Even as clients seek significant rationalization of service partners, there is a strong focus on bringing in partners that can build the AI stack, establish governance, and implement guardrails.
- Discretionary spending is unlikely to return in the same shape and form. Spending is expected to remain stable or trend upwards in CY26.

- There is a reallocation of spending underway, as enterprises free up budgets to invest in AI fabric, whether through stack build-out, migration to new stacks, deployment of agents, or incremental software spend. This creates new pools of spending.
- In banking, while the company is comfortable across multiple domains, there are still areas that require further investment to reach the same level of execution capability. Overall, the market is opening up, and partner channels, including hyperscalers and ecosystem partners, are seeing strong activity.
- Management believes this is a good time to take its proposition to customers, as there is openness to new ideas and engagement models. If demand picks up, particularly in BFSI, given that applications account for ~75% of revenue, the company could be among the biggest beneficiaries in the coming quarters due to its application-heavy portfolio skew.
- The pace of revenue growth and conversion is expected to remain strong, propelled by savings-led transformation initiatives, while growth momentum in Direct continues to remain strong.
- In the last quarter, the top client delivered sequential growth higher than the company average, and this trend continued in the current quarter.
- The company is not seeing AI-related deflation due to its positioning as a transformation partner. The new IP platform is enabling deeper participation in customer spending compared to the past.
- Management expects growth to exceed 2x the industry rate, supported by 1Q–3QFY26 performance and steady conversion of strong TCV wins into revenue.
- Seasonality was in line with expectations.
- Large deals are expected to ramp up steadily over the coming quarters.
- The strongest sequential quarter in FY26 is expected to be 4Q.
- Improvement in the client pyramid is driven by gains in existing accounts, supported by a strong account mining approach, large deal wins, and successful ramp-up of neo-cons.
- The pipeline is at record levels, growing 66% YoY, with ~69% of the pipeline linked to new IP platform-led opportunities, reflecting strong customer interest.
- The correlation between revenue and TCV remains strong and is expected to improve further, as client-specific issues seen in early 2025 are no longer present.
- Excluding the impact of one vertical, overall revenue growth is in the mid-teens.
- BFS grew 14.8% YoY, with overall growth impacted by the ramp down of business in India.
- BFS Direct grew 2.5% QoQ and 18.2% YoY, driven by wallet share gains and growth in new wins and accounts.
- Management indicated early signs of increased activity linked to the interest rate environment. In the BPO headcount, there has been an increase in inflows, along with a deal from an existing customer to set up a mortgage origination unit.
- Over the last four to five quarters, strong growth has been observed in BFS, with insurance contributing meaningfully over the last couple of quarters.
- Banks and financial institutions, particularly in the US and Europe, continue to operate in a strong earnings environment, supported by elevated NIMs and record spreads.

- Insurance maintained growth momentum, with Direct revenue growing 8.1% QoQ, supported by the continued ramp-up of recent large deal wins.
- Life and annuity segments are positioned for growth, driven by the integration of distribution and wealth platforms. P&C remains under pressure due to elevated claim ratios.
- Customers leveraging the NeoIP platform contribute more than 50% of the company's total revenue, indicating strong traction.
- The company is confident in its ability to drive rapid deployments, particularly in modernization archetypes, where value capture paths are clearly defined. There is early evidence of transitioning from traditional pricing models to improved pricing structures in select archetypes, though it is still early to see this across all use cases.
- Three years after the launch of ChatGPT, enterprises have moved beyond experimentation and proof-of-concept stages. While adoption stages vary by customer and industry, AI is increasingly becoming real and embedded within enterprise operations, driven by top-down focus.

Margin performance

- EBIT margin remained stable at 15.2%.
- The quarter had 91 days, an increase of two days QoQ. The increase in receivable days is primarily due to unbilled receivables related to milestone-based contracts and remains controlled and aligned with deal constructs, as highlighted in previous quarters.
- The company maintained its sustainable EBIT margin within the target range of 14.75-15.75%.

Exhibit 1: Core application services business grew 13% YoY

Services	Contribution to revenue (%)	Growth QoQ (%)	Growth YoY (%)
Application Services	75.0	3.6	12.7
BPO	14.8	0.7	(2.9)
Infrastructure Services	10.2	(11.5)	(7.6)

Source: Company, MOFSL

Exhibit 2: North America grew, while Europe declined YoY

Geographies	Contribution to revenue (%)	Growth QoQ (%)	Growth YoY (%)
North America	83.3	1.0	10.1
Europe	9.3	3.4	(1.3)
India	5.0	4.8	(9.4)
Rest of the World	2.4	0.6	8.0

Source: Company, MOFSL

Exhibit 3: Insurance led growth in 3Q; logistics declined sequentially again

Verticals	Contribution to revenue (%)	Growth QoQ (%)	Growth YoY (%)
Banking and Financial Services	51.8	2.4	14.7
Insurance	15.0	8.3	38.0
Technology, Media, and Telecom	18.4	(3.8)	16.8
Logistics and Transportation	5.4	(1.3)	(52.2)
Others	9.5	(1.9)	(3.1)

Source: Company, MOFSL

Exhibit 4: The top 2-5 clients witnessed major QoQ growth in 3Q

	Contribution to revenue (%)	Growth QoQ (%)	Growth YoY (%)
Top client	12.0	1.4	(13.8)
Top 2-5 clients	28.0	5.1	7.7
Top 6-10 clients	15.0	(4.9)	61.6

Source: Company, MOFSL

Valuation and view

- We are positive on the BFSI exposure as it remains relatively resilient amid current uncertainties. With strong TCV growth in 9MFY26 and large client issues now normalized, we see improving visibility on revenue growth over the next few quarters. Over FY25-28, we forecast a USD revenue CAGR of ~10.8% and an INR PAT CAGR of ~14%. We value the stock at 30x FY28E EPS, arriving at a TP of INR3,900. **We reiterate our BUY rating on the stock.**

Exhibit 5: Summary of our revised estimates

	Revised			Earlier			Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
INR/USD	88.2	90.0	92.0	88.1	90.0	92.0	0.1%	0.0%	0.0%
USD Revenue - m	1,797	2,006	2,286	1,795	2,001	2,280	0.1%	0.3%	0.3%
Growth (%)	7.0	11.6	13.9	6.8	11.5	13.9	10bps	10bps	0bps
EBIT margin(%)	15.3	15.4	15.6	15.4	15.5	15.8	0bps	-10bps	-20bps
Adj. PAT (INR M)	18,940	21,950	25,575	19,171	21,958	25,911	-1.2%	0.0%	-1.3%
Adj. EPS	99.3	115.2	134.2	100.3	114.9	135.6	-1.1%	0.3%	-1.0%

Source: MOFSL

Exhibit 6: Operating metrics

	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Geographical contribution (%)									
Americas	80.2	81.0	80.9	80.7	81.5	82.0	83.4	83.6	83.3
EMEA	11.6	11.0	11.1	11.0	10.2	9.9	8.7	9.1	9.3
India	5.5	5.3	5.3	5.7	6.0	5.1	5.3	4.8	5.0
RoW	2.7	2.7	2.7	2.6	2.4	2.9	2.6	2.4	2.4
Vertical contribution (%)									
Banking and capital market	46.8	47.1	47.7	47.9	48.7	50.0	52.7	51.3	51.8
Insurance	11.4	11.0	11.3	11.2	11.7	11.4	13.7	14.0	15.0
IT, communications, and entertainment	15.6	16.0	16.0	16.5	17.0	17.8	18.1	19.4	18.4
Logistics and transportation	13.7	13.7	13.7	13.1	12.2	10.9	5.8	5.6	5.4
Others	12.6	12.3	11.3	11.3	10.5	9.9	9.7	9.8	9.5
Revenue by project type (%)									
Time and material	58.3	58.5	59.6	60.0	57.6	55.4	48.6	49.1	46.8
Transaction-based	10.1	10.1	10.4	10.3	10.6	8.6	8.3	8.2	8.5
Fixed price	31.6	31.4	30.0	29.7	31.8	36.0	43.1	42.7	44.8
Revenue by delivery location (%)									
Onsite	53.2	56.0	57.1	57.3	59.0	59.9	59.6	57.5	59.8
Offshore	46.8	44.0	42.9	42.7	41.0	40.1	40.4	42.5	40.2
Secondary market segment (%)									
Direct international	95.4	95.4	95.8	95.8	95.9	96.7	97.3	97.5	97.9
DXC	2.9	3.0	2.6	2.7	2.7	2.5	2.4	2.3	2.0
Others	1.7	1.6	1.6	1.5	1.4	0.8	0.2	0.2	0.2
Service type (%)									
Application services	70.7	71.2	71.4	71.3	71.7	71.8	73.8	73.4	75.0
BPO	16.6	16.6	16.2	16.4	16.4	15.4	14.8	14.9	14.8
Infrastructure services	12.7	12.3	12.4	12.3	11.9	12.7	11.4	11.7	10.2
Client contribution (%)									
Top client	15	14	14	15	15	14	13	12	12
Top 2-5 clients	31	30	30	28	28	28	27	27	28
Top 6-10 clients	9	10	9	10	10	12	14	16	15
New clients added	5	3	2	2	2	3	3	2	3
Clients contributing more than:									
Over USD100m	3	3	3	3	3	3	4	4	4
Over USD75m	4	4	4	4	5	5	6	6	6
Over USD50m	5	5	5	5	5	5	7	7	8
Over USD20m	10	10	9	9	11	11	10	11	14
Over USD10m	29	29	30	27	29	29	31	30	28
Over USD5m	46	47	48	51	47	50	50	50	51
Over USD1m	134	135	135	140	140	139	137	136	131
Headcount									
Onsite – billable									
Tech services	4,664	4,656	4,637	4,788	4,892	4,981	5,127	5,377	5,436
BPO	1,338	1,318	1,374	1,363	1,351	1,281	1,142	1,143	1,071
Offshore – billable									
Tech services	15,393	14,799	14,721	14,576	14,218	14,540	14,477	14,498	14,587
BPO	6,733	6,341	5,984	5,851	5,681	5,545	5,503	5,422	5,831
Total billable headcount	**28,128**	**27,114**	**26,716**	**26,578**	**26,142**	**26,347**	**26,249**	**26,440**	**26,925**
Total headcount	**33,992**	**32,664**	**31,645**	**31,601**	**31,194**	**31,442**	**31,063**	**30,809**	**31,272**

Source: Company, MOFSL

Financials and valuations

Income Statement (INR m)

Y/E	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenues	**97,222**	**1,19,616**	**1,37,985**	**1,32,785**	**1,42,301**	**1,57,605**	**1,79,531**	**2,09,230**
Change (%)	9.9	23.0	15.4	-3.8	7.2	10.8	13.9	16.5
Cost of Goods Sold	67,723.0	84,664	98,128	92,772	97,602	1,08,204	1,24,509	1,45,297
Gross Profit	**29,499**	**34,952**	**39,857**	**40,013**	**44,699**	**49,401**	**55,022**	**63,933**
SG&A Expenses	11,472	13,570	15,517	15,793	18,227	19,858	21,451	24,951
EBITDA	**18,027**	**21,382**	**24,340**	**24,220**	**26,472**	**29,543**	**33,571**	**38,982**
% of Net Sales	19	17.9	17.6	18.2	18.6	18.7	18.7	18.6
Depreciation	2,418	2,906	3,253	4,106	4,762	5,386	5,865	6,265
EBIT	**15,609**	**18,476**	**21,087**	**20,114**	**21,710**	**24,156**	**27,706**	**32,717**
% of Net Sales	16	15.4	15.3	15.1	15.3	15.3	15.4	15.6
Other Income	696	861	644	570	894	1,291	1,433	1,253
PBT	**16,305**	**19,337**	**21,731**	**20,684**	**22,604**	**25,448**	**29,139**	**33,970**
Tax	4,139	4,870	5,351	5,135	5,580	6,508	7,189	8,395
Rate (%)	**25**	25.2	24.6	24.8	24.7	25.6	24.7	24.7
Adjusted PAT	**12,166**	**14,467**	**16,380**	**15,549**	**17,024**	**18,940**	**21,950**	**25,575**
Change (%)	2.5	18.9	13.2	-5.1	9.5	11.3	15.9	16.5

Balance Sheet (INR m)

Y/E	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Share capital	1,870	1,878	1,884	1,890	1,901	1,901	1,901	1,901
Reserves	63,397	67,553	77,464	86,056	94,383	1,01,694	1,10,474	1,20,704
Net Worth	**65,267**	**69,431**	**79,348**	**87,946**	**96,284**	**1,03,595**	**1,12,375**	**1,22,605**
Loans	5,135	5,272	1,985	15,436	11,159	11,159	11,159	11,159
Other long-term liabilities	7,285	9,030	8,768	11,310	8,295	7,933	8,108	8,346
Capital Employed	**77,687**	**83,734**	**90,101**	**1,14,692**	**1,15,739**	**1,22,687**	**1,31,643**	**1,42,110**
Net Block	**8,869**	**10,388**	**11,281**	**14,011**	**14,908**	**10,206**	**5,418**	**618**
CWIP	31	110	55	137	2	2	2	2
Goodwill	21,326	27,348	29,586	41,793	42,907	42,907	42,907	42,907
Investments	3,114	3,778	3,848	4,971	4,238	4,238	4,238	4,238
Other assets	9,246	8,774	11,794	14,066	17,151	19,291	21,286	23,989
Curr. Assets	**51,403**	**57,164**	**59,531**	**66,324**	**69,861**	**73,732**	**89,295**	**1,07,028**
Debtors	18,505	22,270	25,207	24,256	28,407	28,930	32,955	38,407
Cash	9,098	9,494	10,534	8,144	16,126	13,091	19,533	26,330
Investments	16,870	14,351	13,679	25,928	17,844	21,844	25,844	29,844
Other current assets	6,929	11,048	10,111	7,997	7,484	9,866	10,962	12,447
Current Liab. & Prov	**16,302**	**23,828**	**25,993**	**26,610**	**33,328**	**27,423**	**31,238**	**36,406**
Sundry Liabilities	15,806	22,744	23,573	23,818	30,220	26,162	29,802	34,732
Provisions	497	1,084	2,420	2,792	3,108	1,261	1,436	1,674
Net Current Assets	**35,100**	**33,336**	**33,538**	**39,714**	**36,534**	**46,308**	**58,057**	**70,622**
Application of Funds	**77,687**	**83,734**	**90,102**	**1,14,692**	**1,15,739**	**1,22,952**	**1,31,908**	**1,42,375**

Financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
EPS	**64.2**	**75.1**	**86.9**	**81.8**	**89.3**	**99.3**	**115.2**	**134.2**
Cash EPS	77.0	90.2	104.2	103.3	114.2	127.5	146.0	167.1
Book Value	349.3	365.3	421.2	466.1	508.3	544.1	589.8	643.5
DPS	65.0	45.7	52.2	49.4	53.9	59.7	69.1	80.5
Payout %	101.2	60.8	60.0	60.5	60.4	60.1	60.0	60.0
Valuation (x)								
P/E	43.8	37.4	32.3	34.4	31.5	28.3	24.4	20.9
Cash P/E	36.5	31.2	27.0	27.2	24.6	22.0	19.2	16.8
EV/EBITDA	28.0	24.1	20.8	21.1	19.2	17.3	14.9	12.6
EV/Sales	5.2	4.3	3.7	3.9	3.6	3.2	2.8	2.3
Price/Book Value	8.0	7.7	6.7	6.0	5.5	5.2	4.8	4.4
Dividend Yield (%)	2.3	1.6	1.9	1.8	1.9	2.1	2.5	2.9
Profitability Ratios (%)								
RoE	19.7	21.5	22.0	18.6	18.5	19.0	20.3	21.8
RoCE	16.8	18.3	19.1	16.1	16.0	16.6	17.9	19.6
Turnover Ratios								
Debtors (Days)	69	68	67	67	73	67	67	67
Fixed Asset Turnover (x)	11.0	12.4	12.7	10.5	9.8	12.6	23.0	69.3

Cash Flow Statement **(INR m)**

Y/E March	FY21	FY2	FY23	FY24	FY25	FY26E	FY27E	FY28E
CF from Operations	14,999	18,497	20,397	17,769	21,393	23,035	26,382	30,587
Chg. in Wkg. Capital	-453	-1,501	-5,779	4,028	-2,341	-11,312	-3,126	-4,234
Net Operating CF	**14,545**	**16,996**	**14,618**	**21,797**	**19,052**	**11,723**	**23,256**	**26,353**
Net Purchase of FA	-1,252	-1,192	-1,112	-916	-599	-685	-1,077	-1,465
Free Cash Flow	**13,293**	**15,805**	**13,506**	**20,881**	**18,453**	**11,038**	**22,179**	**24,888**
Net Purchase of Invest.	-6,967	-1,629	2,936	-23,905	1,039	-2,709	-2,567	-2,747
Net Cash from Invest.	**-8,219**	**-2,820**	**1,825**	**-24,821**	**441**	**-3,394**	**-3,644**	**-4,212**
Proceeds from Equity	268	442	271	301	575	0	0	0
Proceeds from LTB/STB and Others	-2,356	-2,152	-7,153	9,898	-1,564	0	0	0
Dividend Payments	-6,527	-12,177	-8,652	-9,427	-10,401	-11,364	-13,170	-15,345
Net CF from Financing	**-8,615**	**-13,887**	**-15,534**	**772**	**-11,389**	**-11,364**	**-13,170**	**-15,345**
Net Cash Flow	**-2,288**	**289**	**908**	**-2,252**	**8,103**	**-3,035**	**6,442**	**6,797**
Exchange Difference	120	107	132	-139	-121	0	0	0
Opening Cash Balance	**11,267**	**9,098**	**9,494**	**10,534**	**8,144**	**16,126**	**13,091**	**19,533**
Add: Net Cash	-2,169	396	1,040	-2,391	7,982	-3,035	6,442	6,797
Closing Cash Balance	**9,098**	**9,494**	**10,534**	**8,144**	**16,126**	**13,091**	**19,533**	**26,330**

N O T E S

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412 and BSE enlistment no. 5028. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL),NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products and is a member of Association of Portfolio Managers in India (APMI) for distribution of PMS products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx. As per Regulatory requirements, Research Audit Report is uploaded on www.motilaloswal.com > MOFSL-Important Links > MOFSL Research Analyst Compliance Audit Report.

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the"1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore.This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL .

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

.

Specific Disclosures

1. Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies).
   MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.
   Nature of Financial interest is holding equity shares or derivatives of the subject company
2. Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.
   MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report:No
3. Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.
   MOFSL may have received compensation from the subject company(ies) in the past 12 months.
4. Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.
   MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
5. Research Analyst has not served as an officer, director or employee of subject company(ies).
6. MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.

7. MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
8. MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
9. MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
10. MOFSL has not engaged in market making activity for the subject company.

****

The associates of MOFSL may have:
financial interest in the subject company
actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
received compensation/other benefits from the subject company in the past 12 months
any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
Served subject company as its clients during twelve months preceding the date of distribution of the research report.
The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report
Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.
Investment in securities market are subject to market risks. Read all the related documents carefully before investing.
Registration granted by SEBI, enlistment as RA with Exchange and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors
Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.
Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412, BSE enlistment no. 5028, AMFI registered Mutual Fund Distributor and SIF Distributor: ARN .: 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.