motilal oswal Financial Services

24 July 2026

1QFY27 Results Update | Sector: Technology

Mphasis

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	MPHL IN
Equity Shares (m)	191
M.Cap.(INRb)/(USDb)	436.7 / 4.5
52-Week Range (INR)	3037 / 2013
1, 6, 12 Rel. Per (%)	2/-12/-9
12M Avg Val (INR M)	1695

Financials & Valuations (INR b)

Y/E Mar	FY26	FY27E	FY28E
Sales	158.8	181.5	201.1
EBIT Margin	15.3	15.2	15.3
Adj. PAT	18.9	21.7	24.5
Adj. EPS (INR)	99.0	113.6	127.9
EPS Gr. (%)	10.9	14.8	12.6
BV/Sh. (INR)	564.0	607.3	658.5
Ratios			
RoE (%)	18.5	19.4	20.2
RoCE (%)	16.2	16.7	17.5
Payout (%)	60.1	60.0	60.0
Valuations			
P/E (x)	23.1	20.1	17.9
P/BV (x)	4.1	3.8	3.5
EV/EBITDA (x)	14.2	12.2	10.8
Div Yield (%)	2.6	3.0	3.4

Shareholding Pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	30.5	30.6	40.1
DII	45.3	45.7	36.5
FII	19.5	19.5	19.0
Others	4.7	4.3	4.4

FII includes depository receipts

CMP: INR2,288 TP: INR2,700 (+18%) Buy

Stronger FY27 on the horizon

Near-term growth visibility improving; margin outlook unchanged

- Mphasis (MPHL)'s 1QFY27 revenue grew 2.1% QoQ in constant currency (CC), broadly in line with our estimate of 2% QoQ CC. Direct revenue rose 2.2% QoQ CC and 9.9% YoY CC. TCV was up 13% YoY to USD461m. EBIT margin stood at 14.8%, below our estimate of 15.5%. Adj. PAT came in at INR4.9b (down 4% QoQ), below our estimate of INR5.4b.
- For 1QFY27, revenue/EBIT/adj. PAT grew 17.5%/13.5%/10.8% YoY in INR terms. We expect revenue/EBIT/adj. PAT to grow 15.0%/14.5%/16.2% YoY in 2QFY27. The company has **reiterated guidance of high single-digit to low double-digit revenue growth, along with a sustainable EBIT margin range of 14.75%–15.75%** backed by disciplined execution and 80% conversion of net income to operating cash flow. We value the stock at 21x FY28E EPS, arriving at a TP of INR2,700. **We reiterate our BUY rating on the stock.**

Our view: Near-term working capital reflects changing deal-construct mix

- **Growth outlook improving, with 2Q expected to be the strongest quarter in three years:** Mphasis reported 2.1% QoQ CC revenue growth in 1QFY27, broadly in line with our estimates. Management expects 2QFY27 to be the strongest sequential CC growth quarter in the last three years as recently won large deals start ramping up.
- Deal momentum remains healthy, with USD461m TCV and the fifth consecutive quarter of bookings above USD400m. The pipeline continues to build, with AI-led opportunities now forming ~70% of the total pipeline. Management retained **its guidance of high-single-digit to low-double-digit CC growth for FY27. We continue to model ~9.3% YoY CC growth for FY27E**.
- **Margins under near-term pressure, but guidance remains intact:** EBIT margin dipped 60bp QoQ to 14.8% (vs. est. 15.5%), largely due to ramp-up costs for new deals, acquisition-related expenses, and proactive hiring ahead of expected growth in 2Q. **Management anticipates utilization to improve as these projects scale; it has maintained its FY27 EBIT margin guidance of 14.75-15.75%.**
- **The balance sheet reflects upfront investments in large deals:** Working capital remains elevated as vendor consolidation and outcome-based deals such as Red Oak require investments upfront. **Contract acquisition costs and customer-related intangibles are recognized early, while cash recovery happens over the life of the contract**. Management expects this to normalize gradually as these deals mature from FY28.
- **Margin upside likely to be gradual:** While platform-led offerings and higher AI attach rates should support gross margins over the next few quarters, we expect most of the operating leverage to be reinvested into delivery capabilities, platforms, and GTM initiatives. As a result, **we continue to expect margins to stay broadly range-bound at 15.2%/15.3% in FY27/FY28**.

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- **Cash conversion remains below historical levels as large deals require upfront investments:** Management reiterated its FY27 operating cash flow guidance of ~80% of net income. **In our view, an ~80% OCF/NI framework remains reasonable for a mid-cap IT services player**, given the ongoing investments in large deals, AI platforms, and upfront client commitments.
- FCF conversion remains below historical levels as managed services and outcome-based contracts require **investments over the first 12-18 months before cash starts flowing back. Management expects this to improve from FY28 as older deals mature** and investment recoveries begin to offset spending on new wins. DSOs remain elevated at 95 days but are expected to improve gradually through the rest of the year.

Valuation and changes to our estimates

- **We remain positive on Mphasis, supported by healthy deal momentum and improving growth visibility.** The company continues to build a strong pipeline, with AI-led opportunities now forming ~70% of the total pipeline, while large deal ramp-ups should support growth over the next few quarters.
- With management guiding for the strongest sequential growth in three years in 2QFY27 and retaining its FY27 growth outlook, we believe revenue visibility has improved, although execution of recent deal wins remains the key monitorable. Over FY26-28E, we forecast a USD revenue CAGR of ~10% and an INR PAT CAGR of ~14%. **We value the stock at 21x FY28E EPS**, **arriving at a TP of INR2,700**, **and reiterate our BUY rating.**

Revenue in line, but miss on margins; three large deal wins in 1Q

- MPHL's revenue of USD471m grew 2.1% QoQ CC, up 8.3% YoY CC, largely in line with our estimate of 2% QoQ CC growth.
- Direct revenue was up 2.2% QoQ CC and 9.9% YoY CC.
- TMT/Others led the growth with a 15.5%/5.2% QoQ CC increase, while logistics/ insurance declined 15.7%/3.1% QoQ CC. BFSI remained flat for the quarter.
- EBIT margin was 14.8% (-60bp QoQ/-50bp YoY), vs. our estimate of 15.5% QoQ.
- Adj. PAT was INR4.9b (down 4% QoQ) below our estimate of INR 5.4b.
- TCV stood at USD461m (down 39% YoY). About 63% of the deal wins were in NextGen Services.
- Offshore utilization (excl. trainees) decreased 300bp QoQ to 81%. Net headcount was up 3% in 1QFY27 to 32,097.
- The company has reiterated guidance of high single-digit to low double-digit revenue growth, along with a sustainable EBIT margin range of 14.75%–15.75% backed by disciplined execution and 80% conversion of net income to operating cash flow.
- The company is confident that 2Q will see accelerated growth momentum, with the best sequential growth in CC terms in the past three years.

Key highlights from the management commentary

- Management flagged a complex and uncertain macro backdrop, with the interest rate cycle reversing and the upcoming Fed meeting adding to unpredictability.
- Client caution was described as industry-wide rather than company-specific, driven by macro uncertainty, geopolitics, and AI disruption fears.
- Large infrastructure capex is expected to open up over the next 2–3 years. Management guided 2QFY27 to deliver the strongest sequential CC growth in three years, aided by ramping deal wins and the Red Oak vendor-consolidation deal.
- The pipeline has grown 2.8x since the launch of mphasis.ai and hit an all-time high in Q1; AI-related deals now form ~70% of the pipeline, up from 12% previously, and appear to be stabilizing at this level.
- The Red Oak vendor-consolidation deal is already factored into guidance; consummation is expected around end-August/early-September, with only partial quarter impact in 2Q. Typical consideration on such deals runs at 1.0–1.2x the revenue.
- Management framed the current AI cycle around closing the agency gap: the space between enterprise AI capability and the ability to govern and monetize it at scale.

Valuation and view

With management guiding for the strongest sequential growth in three years in 2QFY27 and retaining its FY27 growth outlook, we believe revenue visibility has improved, although execution of recent deal wins remains the key monitorable. Over FY26-28E, we forecast a USD revenue CAGR of ~10% and an INR PAT CAGR of ~14%. **We value the stock at 21x FY28E EPS, arriving at a TP of INR2,700, and reiterate our BUY rating**.

Exhibit 1: DSO up from ~mid-70s levels earlier to ~95 days currently, driven by higher exposure to fixed-price, milestone-based programs and large transformation deals

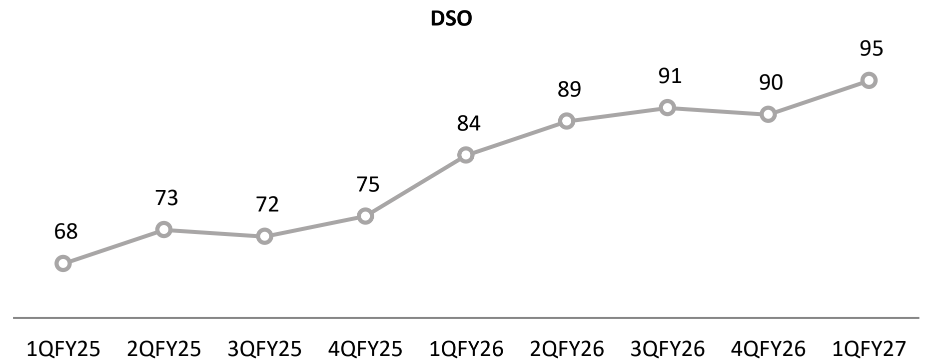
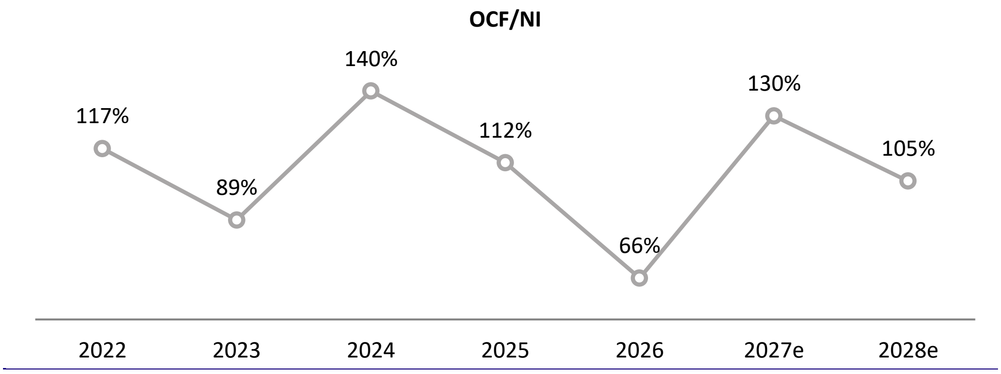


Exhibit 2: Management has reset OCF/NI expectations to ~80% (vs. >100% historically), reflecting upfront investments in large, annuity-led, and savings-linked deals



Quarterly Performance (INR m)

Y/E March	FY26				FY27E				FY26	FY27E	Est.	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QFY27	(% / bp)
Revenue (USD m)	**437**	**445**	**451**	**463**	**471**	**484**	**493**	**508**	**1,797**	**1,956**	**471**	**0.0**
QoQ (%)	1.6	1.8	1.4	2.5	1.8	2.8	1.8	3.0	6.9	8.9	1.9	-2bp
Revenue (INR m)	**37,324**	**39,019**	**40,026**	**42,427**	**43,841**	**44,887**	**45,710**	**47,106**	**1,58,796**	**1,81,545**	**43,955**	**-0.3**
YoY (%)	9.1	10.3	12.4	14.4	17.5	15.0	14.2	11.0	11.6	14.3	17.8	-31bp
GPM (%)	**31.9**	**30.9**	**31.3**	**31.5**	**29.9**	**30.5**	**30.5**	**30.5**	**31.4**	**30.3**	**30.8**	**-95bp**
SGA (%)	**13.1**	**12.4**	**12.5**	**12.5**	**11.7**	**12.0**	**11.8**	**11.9**	**12.6**	**11.9**	**12.0**	-29bp
EBITDA	**7,028**	**7,236**	**7,518**	**8,053**	**7,952**	**8,304**	**8,548**	**8,762**	**29,835**	**33,566**	**8,264**	**-3.8**
EBITDA Margin (%)	**18.8**	**18.5**	**18.8**	**19.0**	**18.1**	**18.5**	**18.7**	**18.6**	**18.8**	**18.5**	**18.8**	**-66bp**
EBIT	**5,709**	**5,958**	**6,089**	**6,525**	**6,481**	**6,823**	**7,039**	**7,207**	**24,281**	**27,550**	**6,813**	**-4.9**
EBIT Margin (%)	**15.3**	**15.3**	**15.2**	**15.4**	**14.8**	**15.2**	**15.4**	**15.3**	**15.3**	**15.2**	**15.5**	**-72bp**
Other income	392	289	198	289	347	494	503	518	1,168	1,862	396	-12.3
ETR (%)	27.6	24.9	25.4	25.2	28.3	25.5	25.5	25.5	25.8	26.2	25.0	331bp
Adj.PAT	**4,417**	**4,690**	**4,687**	**5,097**	**4,895**	**5,451**	**5,619**	**5,755**	**18,891**	**21,720**	**5,406**	**-9.5**
QoQ (%)	-1.1	6.2	-0.1	8.7	-4.0	11.4	3.1	2.4			6.1	-165.3
YoY (%)	9.2	10.8	9.5	14.1	10.8	16.2	19.9	12.9	11.0	15.0	22.4	-51.7
Exceptional items	**0**	**0**	**265**	**0**	**0**	**0**	**0**	**0**	**265**	**0**	**0.0**	
Reported PAT	**4,417**	**4,690**	**4,422**	**5,097**	**4,895**	**5,451**	**5,619**	**5,755**	**18,626**	**21,720**	**5,406.4**	
Adj. EPS (INR)	23.1	24.5	24.6	26.7	25.6	28.5	29.4	30.1	99.0	113.6	28.3	-9.6

Key Perfor. Indicators

Y/E March	FY26				FY27	FY26
	1Q	2Q	3Q	4Q	1Q	
Margins						
Gross Margin	31.9	30.9	31.3	31.5	29.9	31.4
EBIT Margin	15.3	15.3	15.2	15.4	14.8	15.3
Net Margin	11.8	12.0	11.7	12.0	11.2	11.9
Operating metrics						
Headcount	31,063	30,809	31,272	31,179	32,097	31,179
Deal Win TCV (USD m)	760	528	428	407	461	2123
Key Verticals (YoY%)						
BFS	17.9	13.2	14.6	14.8	4.0	15.1
Insurance	28.8	31.8	37.9	48.0	13.4	36.8
IT, Comm, Ent	20.3	24.3	16.7	-2.5	4.6	14.2
Key Geographies (YoY%)						
North America	10.0	9.5	10.0	-5.3	6.2	5.5
Europe	-16.5	-12.3	-1.4	-8.2	-2.9	-9.7

CONFERENCE CALL

Key highlights from the management commentary

Demand and industry outlook

- Management flagged a complex and uncertain macro backdrop, with the interest rate cycle reversing and the upcoming Fed meeting adding to unpredictability.
- Client caution was described as industry-wide rather than company-specific, driven by macro uncertainty, geopolitics, and AI disruption fears.
- Large infrastructure capex spend is expected to open up over the next 2–3 Management guided 2QFY27 to deliver the strongest sequential CC growth in three years, aided by ramping deal wins and the Red Oak vendor-consolidation deal.
- Pipeline has grown 2.8x since the launch of mphasis.ai and hit an all-time high in 1Q; AI-related deals now form ~70% of pipeline, up from 12% previously, and appear to be stabilizing at this level.
- The Red Oak vendor-consolidation deal is already factored into guidance; consummation expected around end-August/early-September, with only partial quarter impact in 2Q. Typical consideration on such deals runs at 1.0–1.2x revenue.
- Management framed the current AI cycle around closing the agency gap: the space between enterprise AI capability and the ability to govern and monetize it at scale.
- Enterprises are moving past the first innings of AI (model/tool adoption) into a phase demanding measurable ROI and governance, which management termed the agency gap.
- Growth was described as broad-based, supported by strong deal conversion and expanding platform momentum.
- Company closed three large deals in Q1, including one above USD100m.
- Tria platform saw early traction, with multiple opportunities moving from conversation to closure within seven weeks of launch — a faster-than-normal sales cycle.
- Total pipeline grew 8% QoQ and 28% YoY; non-FS pipeline was up 18% QoQ, and large deals (>USD20m) pipeline rose 10% QoQ. FS pipeline has doubled YoY.
- Client pyramid metrics showed continued wallet-share expansion: 5 new clients added in the USD20m+ band (TTM), 2 in the USD5m+ band (YoY), and 1 in the USD10m+ band (QoQ); top 1–10 accounts grew 11.1% YoY and 11–30 accounts grew 21%, reflecting continued account graduation.
- **BFS:** BFS grew 9.4% YoY and 0.8% QoQ in CC, extending a CQGR of over 3.5% across the past eight quarters, the strongest among peers, reflecting deep domain expertise.
- **Insurance:** Segment margin pressure tied to ramp-up on a transformation program is expected to normalize over the next two quarters; insurance remains a key growth driver for FY27.
- **TMT:** Returned to strong growth, up 16.4% QoQ and 13.6% YoY in CC, as recent deal wins ramped.
- **Logistics & Transportation:** Logistics faced headwinds from geopolitical disruption; as a smaller revenue base, percentage swings are more pronounced, though management flagged further work needed here.

- The Tria platform (alongside Modernize and Optimize) is positioned as a repeatable motion converting one-time transformation engagements into recurring, expanding platform revenue.
- FY27 guidance was reiterated at high-single-digit to low-double-digit CC revenue growth, with margins held within the stated band despite macro uncertainty.
- **Other Current Liabilities:** Declined sequentially, mainly due to (i) payment of ~USD14m in previously accrued contract acquisition costs on large deals, and (ii) payout of FY26 annual variable pay, which typically settles in Q1 — a seasonal pattern also seen last year.
- **Free Cash Flow (FCF) to EBITDA:** Currently tracking at roughly half the industry norm, reflecting upfront capital investment in large managed-services/outcome-based deals (invested over 12–18 months). Management expects this ratio to normalize from FY28, as older large deals begin generating incremental cash from recovery of upfront investment, offsetting the drag from new deal signings.
- **Hedge Losses (OCI):** Cumulative hedge losses on designated cash flows (per OCI) declined by ~₹50 crore between March and June. Management expects hedge losses to trend down further if the rupee stays near current/closing levels (~95), though full normalization in operating margin will take a couple of quarters.

Margin performance

- EBIT margin dipped ~60bp QoQ in 1QFY27, hurt by ramp-up costs tied to new deal wins and Tria/DAP acquisition-related costs (acquisition impact estimated at ~35bp).
- Utilization dropped due to proactive hiring ahead of expected 2Q growth; management expects this to normalize as ramp-up completes.
- FY27 margin guidance was reiterated within the 14.75–15.75% EBIT band, with gross margin upside expected as platform/AI attach rates scale over the next 2–3 quarters.
- DSOs stood at 95 days, with management expecting steady improvement through the year.
- Full-year OCF/net income conversion guidance of ~80% was reiterated.

Exhibit 3: BPO/Core application services business grew 14.1%/10.3% YoY

Services	Contribution to revenue (%)	Growth QoQ (%)	Growth YoY (%)
Application Services	75.5	0.5	10.3
BPO	15.7	12.6	14.1
Infrastructure Services	8.8	(3.6)	(17.0)

Source: Company, MOFSL

Exhibit 4: North America and RoW grew, while Europe remained flat YoY

Geographies	Contribution to revenue (%)	Growth QoQ (%)	Growth YoY (%)
North America	85.2	3.7	10.0
Europe	8.1	(15.8)	0.6
Rest of the World	6.7	5.0	182.2

Source: Company, MOFSL

Exhibit 5: Insurance fueled growth in 1Q; logistics declined sequentially again

Verticals	Contribution to revenue (%)	Growth QoQ (%)	Growth YoY (%)
Banking and Financial Services	52.7	0.5	7.7
Insurance	14.9	(3.4)	17.4
Technology, Media, and Telecom	18.2	15.1	8.4
Logistics and Transportation	4.2	(16.1)	(22.2)
Others	10.0	5.0	10.8

Source: Company, MOFSL

Exhibit 6: The top 6-10 clients witnessed major QoQ growth in 1Q

	Contribution to revenue (%)	Growth QoQ (%)	Growth YoY (%)
Top client	13.0	1.8	7.7
Top 2-5 clients	27.0	(1.8)	7.7
Top 6-10 clients	16.0	8.6	23.1

Source: Company, MOFSL

Valuation and view

With management guiding for the strongest sequential growth in three years in 2QFY27 and retaining its FY27 growth outlook, we believe revenue visibility has improved, although execution of recent deal wins remains the key monitorable. Over FY26-28E, we forecast a USD revenue CAGR of ~10% and an INR PAT CAGR of ~14%. **We value the stock at 21x FY28E EPS**, **arriving at a TP of INR2,700**, **and reiterate our BUY rating**.

Exhibit 7: Summary of our revised estimates

	Revised		Earlier		Change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
INR/USD	94.5	95.0	94.5	95.0	0.0%	0.0%
USD Revenue - m	1,956	2,152	1,945	2,146	0.6%	0.3%
Growth (%)	8.9	10.0	8.2	10.4	60bps	-30bps
EBIT margin (%)	15.2	15.3	15.5	15.5	-30bps	-10bps
Adj. PAT (INR M)	21,720	24,464	22,246	24,874	-2.4%	-1.6%
Adj. EPS	113.6	127.9	116.5	130.3	-2.5%	-1.8%

Source: MOFSL

Exhibit 8: Operating metrics

	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
Geographical contribution (%)									
Americas	80.9	80.7	81.5	82.0	83.4	83.6	83.3	83.7	85.2
EMEA	11.1	11.0	10.2	9.9	8.7	9.1	9.3	9.8	8.1
India*	5.3	5.7	6.0	-	5.3	4.8	-	-	-
RoW	2.7	2.6	2.4	8.1	2.6	2.4	7.4	6.5	6.7
Vertical contribution (%)									
Banking and capital market	47.7	47.9	48.7	50.0	52.7	51.3	51.8	53.4	52.7
Insurance	11.3	11.2	11.7	11.4	13.7	14.0	15.0	15.7	14.9
IT, communications, and entertainment	16.0	16.5	17.0	17.8	18.1	19.4	18.4	16.1	18.2
Logistics and transportation	13.7	13.1	12.2	10.9	5.8	5.6	5.4	5.1	4.2
Others	11.3	11.3	10.5	9.9	9.7	9.8	9.5	9.7	10.0
Revenue by project type (%)									
Time and material	59.6	60.0	57.6	55.4	48.6	49.1	46.8	45.1	46.5
Transaction-based	10.4	10.3	10.6	8.6	8.3	8.2	8.5	8.6	9.2
Fixed price	30.0	29.7	31.8	36.0	43.1	42.7	44.8	46.3	44.3
Revenue by delivery location (%)									
Onsite	57.1	57.3	59.0	59.9	59.6	57.5	59.8	61.0	60.9
Offshore	42.9	42.7	41.0	40.1	40.4	42.5	40.2	39.0	39.1
Secondary market segment (%)									
Direct international*	95.8	95.8	95.9	96.7	97.3	97.5	97.9	-	-
DXC*	2.6	2.7	2.7	2.5	2.4	2.3	2.0	-	-
Others*	1.6	1.5	1.4	0.8	0.2	0.2	0.2	-	-
Service type (%)									
Application services	71.4	71.3	71.7	71.8	73.8	73.4	75.0	76.5	75.5
BPO	16.2	16.4	16.4	15.4	14.8	14.9	14.8	14.2	15.7
Infrastructure services	12.4	12.3	11.9	12.7	11.4	11.7	10.2	9.3	8.8
Client contribution (%)									
Top client	14	15	15	14	13	12	12	13	13
Top 2-5 clients	30	28	28	28	27	27	28	28	27
Top 6-10 clients	9	10	10	12	14	16	15	15	16
New clients added	2	2	2	3	3	2	3	1	7
Clients contributing more than:									
Over USD100m	3	3	3	3	4	4	4	4	4
Over USD75m	4	4	5	5	6	6	6	6	6
Over USD50m	5	5	5	5	7	7	8	7	7
Over USD20m	9	9	11	11	10	11	14	15	15
Over USD10m	30	27	29	29	31	30	28	29	30
Over USD5m	48	51	47	50	50	50	51	52	52
Over USD1m	135	140	140	139	137	136	131	127	133
Headcount									
Onsite – billable									
Tech services	4,637	4,788	4,892	4,981	5,127	5,377	5,436	5,360	5,557
BPO	1,374	1,363	1,351	1,281	1,142	1,143	1,071	1,089	1,322
Offshore – billable									
Tech services	14,721	14,576	14,218	14,540	14,477	14,498	14,587	14,815	14,894
BPO	5,984	5,851	5,681	5,545	5,503	5,422	5,831	5,756	6,011
Total billable headcount	**26,716**	**26,578**	**26,142**	**26,347**	**26,249**	**26,440**	**26,925**	**27,020**	**27,784**
Total headcount	**31,645**	**31,601**	**31,194**	**31,442**	**31,063**	**30,809**	**31,272**	**31,179**	**32,097**

Source: Company, MOFSL; Note: *India geo is reclassified with RoW; the company stopped disclosing Secondary market segment.

Financials and valuations

Income Statement							(INR m)
Y/E	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Revenues	**1,19,616**	**1,37,985**	**1,32,785**	**1,42,301**	**1,58,796**	**1,81,545**	**2,01,108**
Change (%)	23.0	15.4	-3.8	7.2	11.6	14.3	10.8
Cost of Goods Sold	84,664	98,128	92,772	97,602	1,08,944	1,26,458	1,40,116
Gross Profit	**34,952**	**39,857**	**40,013**	**44,699**	**49,852**	**55,087**	**60,992**
SG&A Expenses	13,570	15,517	15,793	18,227	20,017	21,521	24,133
EBITDA	**21,382**	**24,340**	**24,220**	**26,472**	**29,835**	**33,566**	**36,859**
% of Net Sales	17.9	17.6	18.2	18.6	18.8	18.5	18.3
Depreciation	2,906	3,253	4,106	4,762	5,554	6,015	6,033
EBIT	**18,476**	**21,087**	**20,114**	**21,710**	**24,281**	**27,550**	**30,826**
% of Net Sales	15.4	15.3	15.1	15.3	15.3	15.2	15.3
Other Income	861	644	570	894	1,168	1,862	2,011
PBT	**19,337**	**21,731**	**20,684**	**22,604**	**25,449**	**29,412**	**32,837**
Tax	4,870	5,351	5,135	5,580	6,558	7,692	8,373
Rate (%)	25.2	24.6	24.8	24.7	25.8	26.2	25.5
Adjusted PAT	**14,467**	**16,380**	**15,549**	**17,024**	**18,891**	**21,720**	**24,464**
Change (%)	18.9	13.2	-5.1	9.5	11.0	15.0	12.6

Balance Sheet							(INR m)
Y/E	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Share capital	1,878	1,884	1,890	1,901	1,908	1,908	1,908
Reserves	67,553	77,464	86,056	94,383	1,05,529	1,14,217	1,24,002
Net Worth	**69,431**	**79,348**	**87,946**	**96,284**	**1,07,437**	**1,16,125**	**1,25,911**
Loans	5,272	1,985	15,436	11,159	17,929	17,929	17,929
Other long-term liabilities	9,030	8,768	11,310	8,295	10,287	10,010	10,166
Capital Employed	**83,734**	**90,101**	**1,14,692**	**1,15,739**	**1,35,653**	**1,44,064**	**1,54,006**
Net Block	**10,388**	**11,281**	**14,011**	**14,908**	**17,002**	**12,077**	**7,451**
CWIP	110	55	137	2	1	1	1
Goodwill	27,348	29,586	41,793	42,907	47,677	47,677	47,677
Investments	3,778	3,848	4,971	4,238	4,154	4,154	4,154
Other assets	8,774	11,794	14,066	17,151	26,314	21,426	23,207
Curr. Assets	**57,164**	**59,531**	**66,324**	**69,861**	**82,671**	**90,318**	**1,06,509**
Debtors	22,270	25,207	24,256	28,407	41,927	33,325	36,916
Cash	9,494	10,534	8,144	16,126	17,527	29,113	36,735
Investments	14,351	13,679	25,928	17,844	13,212	17,212	21,212
Other current assets	11,048	10,111	7,997	7,484	10,005	10,668	11,646
Current Liab. & Prov	**23,828**	**25,993**	**26,610**	**33,328**	**42,167**	**31,589**	**34,993**
Sundry Liabilities	22,744	23,573	23,818	30,220	39,352	30,136	33,384
Provisions	1,084	2,420	2,792	3,108	2,815	1,452	1,609
Net Current Assets	**33,336**	**33,538**	**39,714**	**36,534**	**40,504**	**58,729**	**71,516**
Application of Funds	**83,734**	**90,102**	**1,14,692**	**1,15,739**	**1,35,653**	**1,44,064**	**1,54,006**

Financials and valuations

Ratios							
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
EPS	**75.1**	**86.9**	**81.8**	**89.3**	**99.0**	**113.6**	**127.9**
Cash EPS	90.2	104.2	103.3	114.2	128.1	145.1	159.5
Book Value	365.3	421.2	466.1	508.3	564.0	607.3	658.5
DPS	45.7	52.2	49.4	53.9	59.5	68.2	76.8
Payout %	60.8	60.0	60.5	60.4	60.1	60.0	60.0
Valuation (x)							
P/E	30.5	26.3	28.0	25.6	23.1	20.1	17.9
Cash P/E	25.4	22.0	22.1	20.0	17.9	15.8	14.3
EV/EBITDA	19.5	16.8	17.1	15.5	14.2	12.2	10.8
EV/Sales	3.5	3.0	3.1	2.9	2.7	2.3	2.0
Price/Book Value	6.3	5.4	4.9	4.5	4.1	3.8	3.5
Dividend Yield (%)	2.0	2.3	2.2	2.4	2.6	3.0	3.4
Profitability Ratios (%)							
RoE	21.5	22.0	18.6	18.5	18.5	19.4	20.2
RoCE	18.3	19.1	16.1	16.0	16.2	16.7	17.5
Turnover Ratios							
Debtors (Days)	68	67	67	73	96	67	67
Fixed Asset Turnover (x)	12.4	12.7	10.5	9.8	10.0	12.5	20.6

Cash Flow Statement							(INR m)
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
CF from Operations	18,497	20,397	17,769	21,393	21,719	25,874	28,486
Chg. in Wkg. Capital	-1,501	-5,779	4,028	-2,341	-9,186	1,972	-2,789
Net Operating CF	**16,996**	**14,618**	**21,797**	**19,052**	**12,533**	**27,846**	**25,697**
Net Purchase of FA	-1,192	-1,112	-916	-599	-3,163	-1,089	-1,408
Free Cash Flow	**15,805**	**13,506**	**20,881**	**18,453**	**9,370**	**26,757**	**24,289**
Net Purchase of Invest.	-1,629	2,936	-23,905	1,039	1,056	-2,138	-1,989
Net Cash from Invest.	**-2,820**	**1,825**	**-24,821**	**441**	**-2,107**	**-3,228**	**-3,397**
Proceeds from Equity	442	271	301	575	340	0	0
Proceeds from LTB/STB and Others	-2,152	-7,153	9,898	-1,564	1,104	0	0
Dividend Payments	-12,177	-8,652	-9,427	-10,401	-10,841	-13,032	-14,678
Net CF from Financing	**-13,887**	**-15,534**	**772**	**-11,389**	**-9,397**	**-13,032**	**-14,678**
Net Cash Flow	**289**	**908**	**-2,252**	**8,103**	**1,029**	**11,586**	**7,622**
Exchange Difference	107	132	-139	-121	372	0	0
Opening Cash Balance	**9,098**	**9,494**	**10,534**	**8,144**	**16,126**	**17,527**	**29,113**
Add: Net Cash	396	1,040	-2,391	7,982	1,401	11,586	7,622
Closing Cash Balance	**9,494**	**10,534**	**8,144**	**16,126**	**17,527**	**29,113**	**36,735**

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

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