

January 24, 2025

## Q3FY25 Result Update

☑ Change in Estimates | ☑ Target | ☑ Reco

### Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
<b>Rating</b>	<b>ACCUMULATE</b>		<b>HOLD</b>	
<b>Target Price</b>	<b>3,200</b>		<b>3,020</b>	
Sales (Rs. bn)	160	183	161	184
% Chng.	(0.2)	(0.5)		
EBITDA (Rs. bn)	31	36	30	35
% Chng.	3.0	3.7		
EPS (Rs.)	105.6	123.5	106.1	123.7
% Chng.	(0.4)	(0.2)		

### Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. bn)	133	142	160	183
EBITDA (Rs. bn)	24	26	31	36
Margin (%)	18.2	18.5	19.1	19.5
PAT (Rs. m)	16	17	20	23
EPS (Rs.)	82.3	90.6	105.6	123.5
Gr. (%)	(5.4)	10.1	16.5	16.9
DPS (Rs.)	55.0	54.4	63.3	74.1
Yield (%)	1.8	1.8	2.1	2.5
RoE (%)	18.6	18.8	20.2	21.8
RoCE (%)	16.4	16.2	18.5	20.0
EV/Sales (x)	4.1	3.8	3.3	2.9
EV/EBITDA (x)	22.7	20.6	17.5	14.6
PE (x)	36.6	33.2	28.5	24.4
P/BV (x)	6.5	6.0	5.5	5.1

### Key Data

MBFL.BO | MPHL IN

52-W High / Low	Rs.3,240 / Rs.2,180
Sensex / Nifty	76,190 / 23,092
Market Cap	Rs.571bn/ \$ 6,625m
Shares Outstanding	190m
3M Avg. Daily Value	Rs.1580.14m

### Shareholding Pattern (%)

Promoter's	40.23
Foreign	20.78
Domestic Institution	34.62
Public & Others	4.37
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	2.7	4.9	17.4
Relative	5.8	10.4	9.5

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## Positive outlook backed by large wins

### Quick Pointers:

- Majority of the business mix (80%) remains in good shape and delivered healthy growth in Q3 despite furloughs
- Infusing AI into human capital to sustain margins

*The quarterly performance was broadly in line with our estimates. Despite the quarterly seasonality ~80% of its portfolio mix maintained a steady state, while the rest of its business mix (L&T and Others) reported a decline of ~7% QoQ each. The continued improvement in large deal wins (YTD 11 large deals) and meaningful conversion of those deals are supporting the growth within BFSI space. More importantly, the company recently made a closure to a large deal (\$100m) within BFSI, which should again support the growth in Q4. We believe the acceleration of large deals is aided by recently hired senior leader to chase large deals across BUs along with improving client sentiment in the core geographies. Despite having reported a strong deal TCV in Q3, the pipeline looks attractive (+50% YoY), which gives us confidence for maintaining steady topline growth in FY26/FY27. The nature of the current deals hasn't witnessed meaningful change, which are still cost focused and vendor-consolidation side, while infusing AI into large transformation deals. The execution on margins was remarkable, it expects the linearity between revenue growth and resource hiring should fade as it integrates more AI with human capability in the coming projects. However, the ramp up of large deals can come up with a meaningful rebadging component, which might lead to increase in onshore hiring and cost elements. Hence, we are not passing on margin benefits despite the Q3 margin beat. We are largely keeping our revenue and margin estimates unchanged for FY26E/FY27E, we are baking in revenue growth of 11.6%/14.1% YoY CC with EBIT margin of 16%/16.4% for FY26E/FY27E.*

**Muted Revenue growth:** MPHL reported muted revenue growth of 0.2% QoQ CC at both the Company level and Direct business, largely in line with our estimate of 0.3% QoQ CC growth. Revenue during the quarter was impacted by furloughs in BFSI. Segment-wise, Insurance, TMT, and BFS grew by 3.5%, 2.4%, and 1.2% QoQ respectively, while Logistics and Others declined by 7.6% and 7% QoQ respectively.

**Strong Deal Wins in Q3:** MPHL won new deal TCV of USD 351 million during the quarter, compared to USD 207 mn in Q2. New-gen TCV wins declined by 7.5% QoQ during the quarter as the deal wins during the quarter were primarily of a consolidation nature. The deal wins during this quarter were the highest since Q2FY24. Deal pipeline remains healthy with strong conversion observed in both pipeline-to-TCV and TCV-to-revenue conversion.

**Strong exit in Q4FY25:** With improvements in TCV-to-revenue conversion, a ramp-up in deal wins, and a partial reversal of furloughs, MPHL expects to end FY25 on a high note by achieving above-industry-average growth. Based on our internal back calculations, we expect sequential CC growth of 4% in Q4FY25 and FY25 revenue growth of 4.9% YoY CC.

**Valuations and outlook:** The vertical and service line strengths are shaping up well led by the company's rigorous efforts and strategic initiatives to drive incremental growth. We are baking in USD revenue/Earnings CAGR of 12.4%/16.7% between FY24-27E. The stock is currently trading at 29x/25x FY26E/FY27E. Given the improving revenue visibility and its ability to sustain margins, we are upgrading to "ACCUMUALTE" (HOLD earlier) on MPHL assigning PE of 26x (vs 25x earlier) to FY27E with a target price of Rs 3,200.

### In-line performance, deal TCV was impressive

- **Revenue of USD419m, up 0.2% QoQ CC & down 0.4% QoQ in USD, in line with our estimates**
- Direct revenue up 0.2% QoQ CC; DXC revenue (USD) increased by 0.8% QoQ
- **Vertical wise Insurance, TMT & Banking led the growth with 3.5%, 2.4% and 1.2% QoQ, respectively, while Logistics saw a decline of 7.6% QoQ**
- Geo wise, NA and India were up 0.6% and 3.3% QoQ, while EMEA and ROW declined by 8.0% and 7.0% QoQ
- EBIT margin at 15.3% was slightly ahead of our estimate of 15.1%
- Offshore utilization (excl. trainees) was down by 100bps at 75%. Headcount declined by 400 in Q3
- **New TCV saw an uptick at USD351m (vs USD207m in 2Q), up 70.1% QoQ and 45.6% YoY. NN component at 48%**
- PAT was Rs4.3b (up 1.1% QoQ), was tad above our estimates

## Concall Highlights

- Management indicated that the macro environment continues to improve, with traction in discretionary spending. They further highlighted that the Federal Reserve's reduction in interest rates has aided in volume recovery within the BFS segment. Moreover, with the US elections now behind us and the new government in place, the expectation of tax rate cuts is anticipated to lead to increased spending by clients.
- Management highlighted that strong deal wins were broad-based, and the pipeline remains robust due to the company's proactive efforts. MHPL has invested in the sales team, and the recent hiring of former Cognizant executive Mike Meyer as Head of Strategic Sales is enabling the company not only to build a strong pipeline but also to proactively win deals. Management also stated that the deal pipeline increased by 23% QoQ with BFS pipeline growing by 58% YoY and Non-BFS pipeline growing by 44% YoY
- MHPL won 5 large deals in Q3, bringing the total large deal wins in 9MFY25 to 11. In addition to these deals, the company also won a multi-year large deal of USD 100 million in January with a new BFS client. This deal, which will be executed over CY25, is an application and infrastructure transformation deal.
- Management highlighted that the large deals it won will not be margin-dilutive, as the company aims to maintain and improve its margins going forward.
- With the improving macro environment and improvement in TCV to revenue conversion company aims to report higher than industry average growth rate in FY25. They further mentioned that BFS & TMT will lead the growth based on the deal wins & ramp up. Management expects steady growth in insurance to continue.
- Management mentioned that the persistent weakness in Logistics is not attributable to any single client. The management highlighted that Logistics segment clients consist of logistics companies, airlines, railroads, and shipping companies. Within the segment, airlines are expected to grow at a higher pace, albeit from a smaller base. In others vertical, healthcare sub-segment remains weak due to macro headwinds.
- The management highlighted that the recent net headcount decline is due to lower blended utilization within the company. The company's blended utilization declined due to fresher hiring, and the company expects it to improve further as these freshers become billable. The management highlighted that net employee addition will pick up once utilization peaks. The management further highlighted that employee addition and revenue growth will not be directly correlated due to the potential benefits of AI productivity.
- The management highlighted that the increase in depreciation during the quarter is attributable to the amortization of expenses related to the large consolidation deal won in Q2.
- Management mentioned that GenAI demand remains strong, and the company is witnessing traction in its Service-led Transformation platforms, NeoZeta and NeoCrux. The management also informed that many of its AI pilot programs have transitioned to the implementation phase.

**Exhibit 1: 3QFY25 Results: Revenues was flat QoQ CC, EBIT margin within guided band**

Consolidated (Rs bn)	3QFY25	3QFY25E	% Var.	2QFY25	QoQ (%)	3QFY24	YoY (%)	9MFY25
IT Services Revenue (USD mn)	419.3	420.9	-0.4	421.1	-0.4	402.3	4.2	1,250.4
Overall Revenue (Rs bn)	35.6	35.5	0.1	35.3	0.8	33.5	6.1	105.1
Gross Profit	11	11	3.1	11	2.3	10	8.2	33
Gross Margin (%)	31.8	30.9	90bps	31.3	50bps	31.2	60bps	31.3
SG&A and Other Costs	4.5	4.5	0.0	4.6	-1.2	4.4	1.9	13.5
% of Rev	12.7	12.7	0bps	13.0	-30bps	13.2	-50bps	12.8
EBITDA	6.8	6.4	5.2	6.5	4.7	6.0	12.9	19.4
EBIT Margin (%)	19.1	18.1	90bps	18.4	70bps	17.9	110bps	18.5
Depreciation	1.3	1.1	23.8	1.0	28	1.0	27.8	3.4
% of Rev	3.7	3.0	70bps	2.9	80bps	3.1	60bps	3.2
EBIT	5.5	5.4	1.5	5.4	0.3	5.0	9.8	10.9
EBIT Margin (%)	15.3	15.1	20bps	15.4	-10bps	14.8	50bps	10.4
Other Income (net)	0.2	0.2	10.0	0.2	29.1	0.0	1,578.6	0.7
PBT	5.7	5.6	1.8	5.6	1.2	5.0	14.2	11.6
Tax	1.4	1.4	2.1	1.4	1.5	1.3	13.0	4.1
Effective tax rate (%)	24.8	24.7	10bps	24.7	10bps	25.1	-30bps	35.8
Adjusted PAT	4.3	4.2	1.7	4.2	1.1	3.7	14.6	7.4
Exceptional items	0.0	0.0	NA	0.0	NA	0.0	NA	0.0
Reported PAT	4.3	4.2	1.7	4.2	1.1	3.7	14.6	7.4
Reported EPS (Rs)	22.6	22.2	1.5	22.4	0.9	19.8	14.1	66.4

Source: Company, PL

**Exhibit 2: EMEA impacted by seasonality**

Geographies	Contr. To rev. (%)	QoQ Gr. (%)
Americas	81.5	0.6
EMEA	10.2	(8.0)
India	6.0	3.3
ROW	2.4	(7.0)

Source: Company, PL

**Exhibit 3: Ramp up in Insurance led growth in segment**

Verticals	Contr. To rev. (%)	QoQ Gr. (%)
Banking and Financial Services	48.7	1.2
Insurance	11.7	3.5
Technology, Media & Telecom	17.0	2.4
Logistics and Transportation	12.2	(7.6)
Others	10.5	(7.0)

Source: Company, PL

**Exhibit 4: Revenue by service mix**

Services	Contr. to rev (%)	QoQ Gr (%)
Application Services	71.7	0.0
BPO	16.4	(0.1)
Infrastructure Services	11.9	(3.4)

Source: Company, PL

**Exhibit 5: Top clients performance**

	Contr. to rev (%)	QoQ Gr (%)
Top Client	15.0	(0.4)
Top 2-5 Clients	28.0	(0.4)
Top 6-10 Clients	10.0	(0.4)

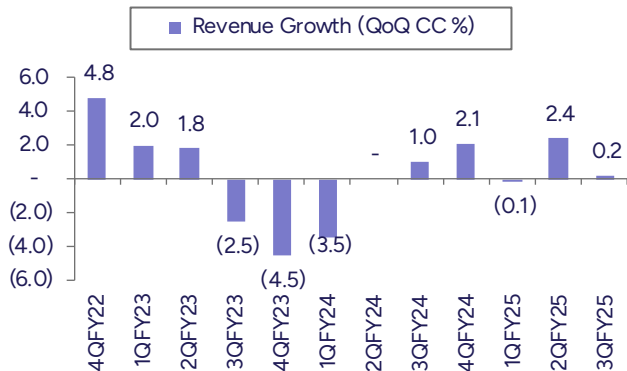
Source: Company, PL

**Exhibit 6: Key Performance Indicator**

	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	FY24	FY25E
Revenue (QoQ CC %)	1.8	-2.5	-4.5	-3.5	0.0	1.0	2.1	-0.1	2.4	0.2	-6.5	4.9
<b>Margins</b>												
Gross Margin	28.1	28.5	29.2	29.1	28.9	31.3	31.2	30.8	31.3	31.7	30.1	31.2
EBIT Margin	15.3	15.3	15.3	15.4	15.5	14.9	14.9	15.0	15.4	15.3	15.1	15.4
Net Margin	11.9	11.8	12.1	12.2	12.0	11.2	11.5	11.8	12.0	12.0	11.7	12.1
<b>Operating metrics</b>												
Headcount (k)	36.9	35.5	34.0	34.0	33.8	34.0	32.7	31.6	31.6	31.2	32.7	
Utilization Trainees (%)	72.0	74.0	79.0	80.0	77.0	74.0	75.0	76.0	76.0	75.0	75.0	

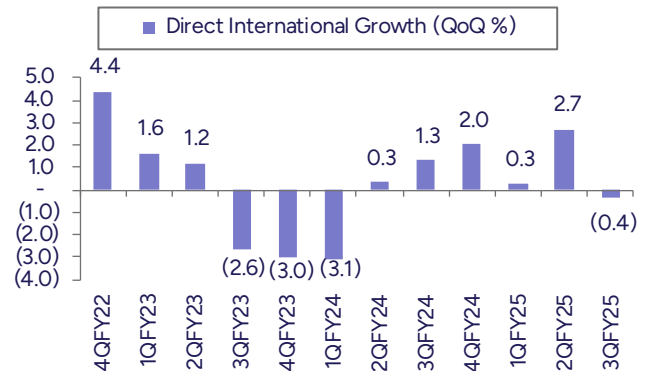
Source: Company, PL

**Exhibit 7: Revenue growth QoQ % CC**



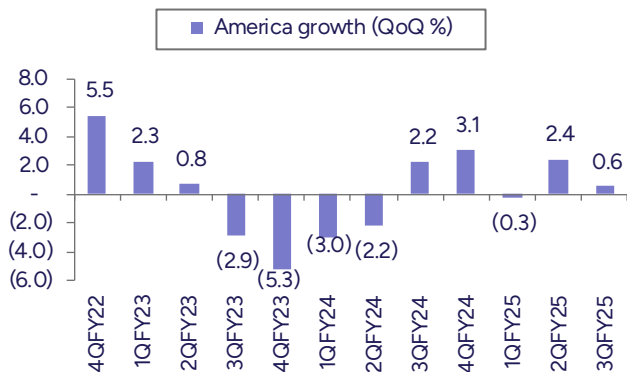
Source: Company, PL

**Exhibit 8: Direct Business revenue growth %**



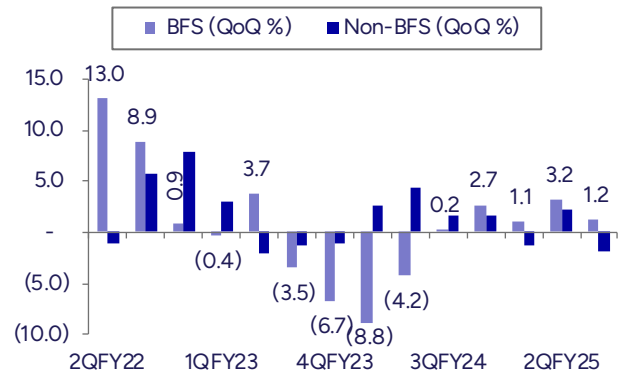
Source: Company, PL

**Exhibit 9: Americas region growth %**



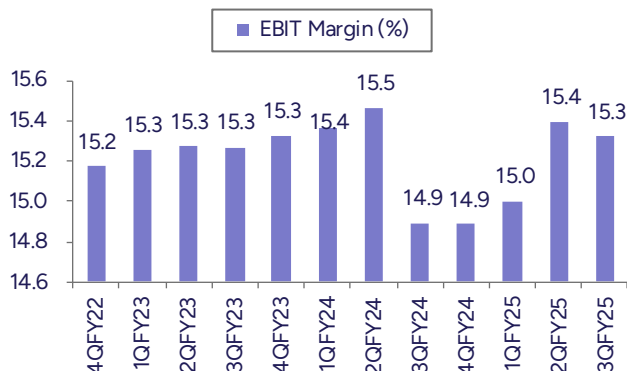
Source: Company, PL

**Exhibit 10: BFS segment growth steady**



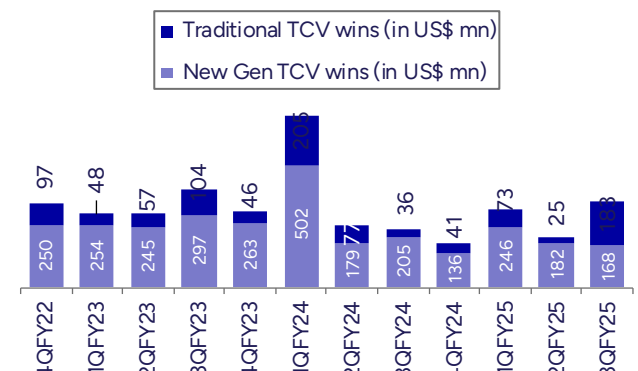
Source: Company, PL

**Exhibit 11: EBIT Margin % steady**



Source: Company, PL

**Exhibit 12: Strong Deal TCV in Q3**



Source: Company, PL

**Exhibit 13: Operating metrics**

	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
<b>Geographical Contribution (%)</b>												
Americas	81.5	82.3	82.2	81.8	80.8	81.1	79.2	80.2	81.0	80.9	80.7	81.5
EMEA	10.7	9.7	9.8	10.1	10.7	10.4	12.0	11.6	11.0	11.1	11.0	10.2
India	4.9	5.0	4.9	5.1	5.5	5.7	6.0	5.5	5.3	5.3	5.7	6.0
RoW	3.0	2.9	3.1	3.0	3.0	2.9	2.9	2.7	2.7	2.7	2.6	2.4
<b>Vertical Contribution (%)</b>												
Banking and Financial Services	53.6	52.8	54.2	53.6	52.2	49.3	47.1	46.8	47.1	47.7	47.9	48.7
Insurance	9.5	10.4	8.3	8.3	9.8	10.5	10.8	11.4	11.0	11.3	11.2	11.7
Technology, Media & Telecom	13.3	14.3	12.9	12.9	14.0	15.1	17.3	15.6	16.0	16.0	16.5	17.0
Logistics & Transportation	12.8	13.3	12.7	13.0	13.8	14.2	13.4	13.7	13.7	13.7	13.1	12.2
Others	10.7	9.3	11.8	12.2	10.2	11.0	11.4	12.6	12.3	11.3	11.3	10.5
<b>Revenue by Project Type (%)</b>												
Time and Material	54.7	54.5	56.0	56.8	58.1	57.7	58.5	58.3	58.5	59.6	60.0	57.6
Transaction Based	15.6	15.6	13.9	12.7	11.1	10.2	10.3	10.1	10.1	10.4	10.3	10.6
Fixed Price	29.7	29.9	30.0	30.5	30.8	32.0	31.2	31.6	31.4	30.0	29.7	31.8
<b>Revenue by Delivery Location (%)</b>												
Onsite	58.4	58.3	56.8	55.2	53.5	52.1	52.1	53.2	56.0	57.1	57.3	59.0
Offshore	41.6	41.7	43.2	44.8	46.6	47.9	47.9	46.8	44.0	42.9	42.7	41.0
<b>Secondary Market Segment (%)</b>												
Direct International	93.1	93.5	93.7	93.6	94.6	94.9	95.1	95.4	95.4	95.8	95.8	95.9
DXC	5.2	4.8	4.6	4.8	3.8	3.5	3.2	2.9	3.0	2.6	2.7	2.7
Others	1.7	1.7	1.6	1.7	1.7	1.7	1.7	1.7	1.6	1.6	1.5	1.4
<b>Service Type (%)</b>												
Application services	65.4	66.0	67.4	69.4	70.7	71.0	70.5	70.7	71.2	71.4	71.3	71.7
BPO	23.3	22.2	20.5	17.9	16.4	16.2	16.9	16.6	16.6	16.2	16.4	16.4
Infrastructure services	11.3	11.8	12.1	12.6	12.9	12.8	12.7	12.7	12.3	12.4	12.3	11.9
<b>Client Contribution (%)</b>												
Top Client	11	11	16	16	13	17	16	15	14	14	15	15
Top 2-5 Clients	33	34	33	33	31	30	31	31	30	30	28	28
Top 6-10 Clients	15	15	12	12	15	12	11	9	10	9	10	10
New Clients added	6	-	5	4	4	5	5	5	3	2	2	2
<b>Clients Contributing More than:</b>												
\$100m+	4	4	4	4	4	3	3	3	3	3	3	3
\$75m+	6	6	6	6	5	5	4	4	4	4	4	5
\$50m+	7	7	6	6	7	6	6	5	5	5	5	5
\$20m+	10	11	11	12	13	12	11	10	10	9	9	11
\$10m+	22	24	23	22	26	26	26	29	29	30	27	29
\$5m+	42	44	44	45	46	46	46	46	47	48	51	47
\$1m+	104	105	104	106	112	112	115	134	135	135	140	140
<b>Headcount</b>												
<b>Onsite - billable</b>												
Tech services	4,704	4,652	5,082	4,806	4,669	4,517	4,504	4,664	4,656	4,637	4,788	4,892
BPO	2,451	2,134	2,056	1,828	1,606	1,307	1,319	1,338	1,318	1,374	1,363	1,351
<b>Offshore - billable</b>												
Tech services	17,406	18,788	18,514	17,454	16,799	16,005	15,425	15,393	14,799	14,721	14,576	14,218
BPO	5,282	5,212	5,839	6,176	6,234	6,459	6,418	6,733	6,341	5,984	5,851	5,681
Total billable headcount	29,843	30,786	31,491	30,264	29,308	28,288	27,666	28,128	27,114	26,716	26,578	26,142
Total headcount	36,534	36,899	36,876	35,450	34,042	33,961	33,771	33,992	32,664	31,645	31,601	31,194

Source: Company, PL

## Financials

### Income Statement (Rs bn)

Y/e Mar	FY24	FY25E	FY26E	FY27E
<b>Net Revenues</b>	<b>133</b>	<b>142</b>	<b>160</b>	<b>183</b>
YoY gr. (%)	(3.8)	7.2	12.7	14.3
Employee Cost	93	98	109	125
Gross Profit	40	44	51	59
Margin (%)	30.1	31.2	31.8	32.0
SG&A Expenses	16	18	20	23
Other Expenses	-	-	-	-
<b>EBITDA</b>	<b>24</b>	<b>26</b>	<b>31</b>	<b>36</b>
YoY gr. (%)	(0.5)	9.0	16.0	16.9
Margin (%)	18.2	18.5	19.1	19.5
Depreciation and Amortization	4	4	5	6
<b>EBIT</b>	<b>20</b>	<b>22</b>	<b>26</b>	<b>30</b>
Margin (%)	15.1	15.4	16.0	16.4
Net Interest	-	-	-	-
Other Income	1	1	1	1
<b>Profit Before Tax</b>	<b>21</b>	<b>23</b>	<b>27</b>	<b>31</b>
Margin (%)	15.6	16.0	16.6	17.0
Total Tax	5	6	7	8
Effective tax rate (%)	24.8	24.8	24.8	24.8
<b>Profit after tax</b>	<b>16</b>	<b>17</b>	<b>20</b>	<b>23</b>
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>16</b>	<b>17</b>	<b>20</b>	<b>23</b>
YoY gr. (%)	(5.1)	10.4	16.5	16.9
Margin (%)	11.7	12.1	12.5	12.8
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>16</b>	<b>17</b>	<b>20</b>	<b>23</b>
YoY gr. (%)	(5.1)	10.4	16.5	16.9
Margin (%)	11.7	12.1	12.5	12.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	16	17	20	23
<b>Equity Shares O/s (bn)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EPS (Rs)</b>	<b>82.3</b>	<b>90.6</b>	<b>105.6</b>	<b>123.5</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs bn)

Y/e Mar	FY24	FY25E	FY26E	FY27E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>19</b>	<b>21</b>	<b>22</b>	<b>24</b>
Tangibles	19	21	22	24
Intangibles	-	-	-	-
<b>Acc: Dep / Amortization</b>	<b>10</b>	<b>15</b>	<b>20</b>	<b>25</b>
Tangibles	10	15	20	25
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>9</b>	<b>6</b>	<b>3</b>	<b>(1)</b>
Tangibles	9	6	3	(1)
Intangibles	-	-	-	-
Capital Work In Progress	0	0	0	0
Goodwill	42	42	42	42
Non-Current Investments	6	6	6	6
Net Deferred tax assets	2	2	2	2
Other Non-Current Assets	15	16	17	19
<b>Current Assets</b>				
Investments	26	26	34	42
Inventories	-	-	-	-
Trade receivables	24	26	29	34
Cash & Bank Balance	8	6	8	10
Other Current Assets	6	7	8	9
<b>Total Assets</b>	<b>141</b>	<b>140</b>	<b>153</b>	<b>167</b>
<b>Equity</b>				
Equity Share Capital	2	2	2	2
Other Equity	86	93	101	110
<b>Total Network</b>	<b>88</b>	<b>95</b>	<b>103</b>	<b>112</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	7	7	7	7
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	15	5	5	5
Trade payables	8	8	9	10
Other current liabilities	19	20	23	26
<b>Total Equity &amp; Liabilities</b>	<b>141</b>	<b>140</b>	<b>153</b>	<b>167</b>

Source: Company Data, PL Research


**Cash Flow (Rs bn)**

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	21	23	27	31
Add. Depreciation	4	4	5	6
Add. Interest	1	(1)	(1)	(1)
Less Financial Other Income	1	1	1	1
Add. Other	(2)	-	-	-
Op. profit before WC changes	24	26	31	36
Net Changes-WC	4	(2)	(2)	(3)
Direct tax	(6)	(6)	(7)	(8)
<b>Net cash from Op. activities</b>	<b>22</b>	<b>19</b>	<b>22</b>	<b>25</b>
Capital expenditures	(13)	(1)	(2)	(2)
Interest / Dividend Income	0	1	1	1
Others	(12)	-	(8)	(8)
<b>Net Cash from Invt. activities</b>	<b>(25)</b>	<b>(1)</b>	<b>(9)</b>	<b>(9)</b>
Issue of share cap. / premium	0	-	-	-
Debt changes	13	(10)	-	-
Dividend paid	(9)	(10)	(12)	(14)
Interest paid	(1)	-	-	-
Others	(2)	-	-	-
<b>Net cash from Fin. activities</b>	<b>1</b>	<b>(20)</b>	<b>(12)</b>	<b>(14)</b>
<b>Net change in cash</b>	<b>(2)</b>	<b>(2)</b>	<b>2</b>	<b>2</b>
Free Cash Flow	21	17	21	23

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY24	FY25E	FY26E	FY27E
<b>Per Share(Rs)</b>				
EPS	82.3	90.6	105.6	123.5
CEPS	104.0	114.1	131.8	153.5
BVPS	465.3	500.4	542.7	592.0
FCF	110.4	90.5	109.9	123.0
DPS	55.0	54.4	63.3	74.1
<b>Return Ratio(%)</b>				
RoCE	16.4	16.2	18.5	20.0
ROIC	12.9	14.3	15.3	16.5
RoE	18.6	18.8	20.2	21.8
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.2)	(0.3)	(0.4)	(0.4)
Debtor (Days)	67	67	67	67
<b>Valuation(x)</b>				
PER	36.6	33.2	28.5	24.4
P/B	6.5	6.0	5.5	5.1
P/CEPS	104.0	114.1	131.8	153.5
EV/EBITDA	22.7	20.6	17.5	14.6
EV/Sales	4.1	3.8	3.3	2.9
Dividend Yield (%)	1.8	1.8	2.1	2.5

Source: Company Data, PL Research

**Quarterly Financials (Rs bn)**

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
<b>Net Revenue</b>	<b>34</b>	<b>34</b>	<b>35</b>	<b>36</b>
YoY gr. (%)	2.2	0.3	3.3	0.7
Raw Material Expenses	23	24	24	24
Gross Profit	11	11	11	11
Margin (%)	31.2	30.8	31.3	31.7
<b>EBITDA</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>7</b>
YoY gr. (%)	-	-	-	-
Margin (%)	18.7	18.1	18.3	19.0
Depreciation / Depletion	1	1	1	1
<b>EBIT</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Margin (%)	14.9	15.0	15.4	15.3
Net Interest	-	-	-	-
Other Income	-	-	-	-
<b>Profit before Tax</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>6</b>
Margin (%)	15.3	15.7	15.9	16.0
Total Tax	1	1	1	1
Effective tax rate (%)	24.7	24.7	24.7	24.8
<b>Profit after Tax</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
YoY gr. (%)	5.2	2.9	4.6	1.1
Margin (%)	11.5	11.8	12.0	12.0
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
YoY gr. (%)	5.2	2.9	4.6	1.1
Margin (%)	11.5	11.8	12.0	12.0
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Avg. Shares O/s (bn)	-	-	-	-
<b>EPS (Rs)</b>	<b>20.7</b>	<b>21.3</b>	<b>22.2</b>	<b>22.4</b>

Source: Company Data, PL Research

**Key Operating Metrics**

Y/e Mar	FY24	FY25E	FY26E	FY27E
Revenue (in US\$ mn)	1,609	1,685	1,873	2,130

Source: Company Data, PL Research



**Price Chart**

**Recommendation History**



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Jan-25	Hold	3,020	2,869
2	17-Oct-24	Hold	3,050	3,080
3	03-Oct-24	Hold	3,020	3,016
4	28-Aug-24	Hold	2,920	3,041

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Cyient	BUY	2,010	1,755
2	HCL Technologies	Accumulate	2,080	1,989
3	Infosys	BUY	2,250	1,928
4	LTIMindtree	BUY	7,000	5,979
5	Mphasis	Hold	3,020	2,869
6	Persistent Systems	Hold	5,970	5,683
7	Tata Consultancy Services	BUY	4,810	4,039
8	Tech Mahindra	Accumulate	1,760	1,660
9	Wipro	Accumulate	310	282

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

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