25 April 2025

4QFY25 Results Update | Sector: Technology

Mphasis

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	MPHL IN
Equity Shares (m)	190
M.Cap.(INRb)/(USDb)	482.5 / 5.6
52-Week Range (INR)	3240 / 2025
1, 6, 12 Rel. Per (%)	-1/-16/7
12M Avg Val (INR M)	2319

Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	142.3	157.5	174.0
EBIT Margin	15.3	14.9	15.1
PAT	17.0	18.7	20.7
EPS (INR)	89.3	98.0	108.5
EPS Gr. (%)	9.2	9.8	10.7
BV/Sh. (INR)	508.3	546.2	589.8
Ratios			
RoE (%)	18.5	18.7	19.2
RoCE (%)	16.0	16.5	17.1
Payout (%)	60.4	60.3	60.3
Valuations			
P/E (x)	28.6	26.0	23.5
P/BV (x)	5.0	4.7	4.3
EV/EBITDA (x)	17.4	16.0	14.3
Div Yield (%)	2.1	2.3	2.6

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	40.1	40.2	55.5
DII	34.9	34.6	24.7
FII	20.6	20.8	14.9
Others	4.3	4.4	5.0

FII includes depository receipts

CMP: INR2,539 TP: INR2,700 (+6%) Neutral

Good execution on deal wins and growth

But growth-led investments to bind margins; reiterate NEUTRAL

- Mphasis (MPHL)'s 4QFY25 gross revenue was 2.9% QoQ in Constant Currency (CC), in line with our estimate of 3.0% QoQ CC. Direct business grew 3.8%/6.8% QoQ/YoY in CC, aided by BFS and TMT. TCV was up 11% QoQ to USD390m. EBIT margin stood at 15.3%, in line with our estimate of 15.4%. PAT came in at INR4.5b (up 4.4%/13.6% QoQ/YoY), in line with our estimate of INR4.5b. For FY25, net revenue/EBIT/PAT grew 6.7%/8.0%/9.5% YoY in INR terms. We expect revenue/EBIT/PAT to grow 11.2%/10.9%/11.3% YoY in 1QFY26. MPHL targets a sustainable operating (EBIT) margin within the band of 14.75-15.75% (vs. 14.6-16% earlier). **We reiterate our Neutral rating on the stock.**

Our view: Solid FY25 exit sets the tone for a good start to FY26

- **Momentum from Q4 carrying into the start of FY26**: MPHL exited FY25 on a strong footing, with Q4 clocking the highest growth in 12 quarters at 2.9% QoQ in CC terms. This momentum is expected to sustain into 1QFY26, aided by ramp-ups in the BFS and TMT verticals. Management commentary was confident, underpinned by steady TCV conversion and a robust deal pipeline.
- **Healthy TCV wins a key positive**: The company reported TCV wins of USD390m in Q4, up 120% YoY**,** its best-ever quarter. Importantly, ~85% of wins were in NextGen services, with AI-led deals forming a major chunk (59%). This was the most encouraging takeaway. We will turn constructive on the stock with sustained revenue conversion and clarity on the logistics vertical.
- **Logistics remains a watch area**: The logistics and transportation segment continues to face a broad-based decline due to macro-related delays, particularly due to tariff uncertainty and trade flow disruptions. Logistics declined 6.4% QoQ in 4QFY25. While the pipeline remains intact, the deal ramp-up timelines are uneven. A large Q4 win is expected to partially ramp up in 1Q, but full stabilization may take more time.
- **EBIT margins remain within the guided band**: Margins for Q4FY25 stood at 15.3%, steady QoQ and within the revised sustainable band of 14.75-15.75%. While there is no near-term focus on margin expansion, efficiency levers like offshoring, platform reuse, and AI productivity could help offset upfront investments in large deals and GenAI platforms.

Valuation and change in estimates

- We are positive on the BFSI exposure as it remains relatively resilient in the current uncertainty, and we will turn positive once clarity around logistics emerges. Our estimates are largely unchanged. Over FY25-27, we expect a USD revenue CAGR of ~9.7% and an INR PAT CAGR of ~10.2%. We value the stock at 25x FY27E EPS (earlier 23x) with a TP of INR2,700. **We reiterate our Neutral rating on the stock.**

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

Investors are advised to refer through important disclosures made at the last page of the Research Report.
Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

In-line revenue and margins but logistics declines 6% QoQ; deal TCV wins healthy

- MPHL's gross revenue of USD430m grew 2.9% QoQ CC, up 5.4% YoY CC, in line with our estimate of 3% QoQ CC growth. For FY25, revenue stood at USD1.6b, up 4.6% YoY CC.
- Direct revenue was up 3.8% QoQ CC and 6.8% YoY CC.
- BFS and TMT led the growth with 7.4/9.5% QoQ increases, followed by Insurance (up 2.0% QoQ), while logistics declined 6.4% QoQ.
- EBIT margin stood at 15.3% vs our estimate of 15.4% QoQ. For FY25, EBIT margin stood at 15.3%.
- PAT was INR4.5b (up 4.4% QoQ). For FY25, PAT stood at INR17b, up 9.5% YoY.
- TCV stood at USD390m (up 11% QoQ/120% YoY) vs. USD351m in 3QFY25. About 85% of the deal wins were in NextGen Services. For FY25, deal TCV stood at USD1.2b vs USD1.3b in FY24.
- Offshore utilization (excl. trainees) increased 300bp QoQ at 78%. Net headcount was flat at 31,442 in 4QFY25.
- The sustainable EBIT margin target range has been revised to 14.75-15.75% (vs 14.6-16% earlier).

Key highlights from the management commentary

- Certain industries, including logistics, energy, automotive, and supply chains, are directly impacted by tariff fluctuations. The volatility in tariffs has not changed their stance, as decision-making has been paused. While decisions are being delayed, no cancellations have been observed. BFSI is experiencing second-order macroeconomic impacts, though these have not yet materially affected results.
- Clients are prioritizing the consolidation and modernization of their technology stacks. Converting pipeline opportunities into Total Contract Value (TCV) and converting TCV into revenue remain top strategic priorities.
- Management expects revenue to grow above the industry average in FY26, supported by recent deal wins.
- AI-led deals are becoming a key driver of pipeline growth, especially for large contracts, helping the company maintain its competitive edge.
- TCV-to-revenue conversion remains steady, with an accelerated pace of deal conversion.
- Management expects the current TCV run rate to be sustained in FY26, unless there is a significant macro deterioration.
- The company has revised its sustainable EBIT margin target range to 14.75-15.75% (earlier 14.6-16%) to allow flexibility for ramping up mega or large deals, which often require upfront investments.
- The shift from service delivery to solution delivery has reduced concerns around margin dilution from onshoring; the company now views it as a 'right-shoring' strategy instead.
- Offshore headcount increased in Q4 due to large deal ramp-ups. The company does not plan on building a large bench and will continue to align its headcount with demand.
- Clients are increasingly focused on improving productivity using AI across business operations, IT, underwriting, and claims processing.

Valuation and view

- We are positive on the BFSI exposure as it remains relatively resilient in the current uncertainty, and we will turn positive once clarity around logistics emerges. Our estimates are largely unchanged. Over FY25-27, we expect a USD revenue CAGR of ~9.7% and an INR PAT CAGR of ~10.2%. We value the stock at 25x FY27E EPS (earlier 23x) with a TP of INR2,700. **We reiterate our Neutral rating on the stock.**

Quarterly Performance (INR Mn)

Y/E March	FY24				FY25				FY24	FY25	Est.	Var. (%
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QFY25	/ bp)
Revenue (USD m)	398	398	402	411	410	421	419	430	1,609	1,680	430	0.1
QoQ (%)	-3.4	0.1	1.0	2.1	-0.2	2.7	-0.5	2.7	-6.3	4.4	2.7	6bp
Revenue (INR m)	32,520	32,765	33,380	34,120	34,225	35,362	35,613	37,101	1,32,785	1,42,301	37,343	-0.6
YoY (%)	-4.7	-6.9	-4.8	1.5	5.2	7.9	6.7	8.7	-3.8	7.2	9.4	-71bp
GPM (%)	29.1	28.9	31.3	31.2	30.8	31.3	31.7	31.8	30.1	31.4	32	1bp
SGA (%)	11.1	10.7	13.3	12.5	12.7	12.9	12.7	12.9	11.9	12.8	12.9	-3bp
EBITDA	5,869	5,956	6,007	6,388	6,185	6,480	6,781	7,026	24,220	26,472	7,058	-0.5
EBITDA Margin (%)	18.0	18.2	18.0	18.7	18.1	18.3	19.0	18.9	18.2	18.6	18.9	4bp
EBIT	4,995	5,067	4,972	5,080	5,135	5,444	5,458	5,673	20,114	21,710	5,751	-1.4
EBIT Margin (%)	15.4	15.5	14.9	14.9	15.0	15.4	15.3	15.3	15.1	15.3	15.4	-11bp
Other income	263	150	14	143	238	182	235	239	570	894	261	-8.6
ETR (%)	24.7	24.9	25.1	24.7	24.7	24.7	24.8	24.5	24.8	24.7	24.8	-29bp
PAT	3,961	3,920	3,736	3,932	4,045	4,234	4,279	4,466	15,549	17,024	4,524	-1.3
QoQ (%)	-2.3	-1.0	-4.7	5.2	2.9	4.7	1.1	4.4			6	-23.7
YoY (%)	-1.5	-6.3	-9.4	-3.0	2.1	8.0	14.5	13.6	-5.1	9.5	15.1	-9.8
EPS (INR)	20.9	20.6	19.6	20.7	21.3	22.2	22.4	23.4	81.8	89.3	23.7	-1.2

Key Performance Indicators

Y/E March	FY24				FY25				FY24	FY25
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Margins										
Gross Margin	29.1	28.9	31.3	31.2	30.8	31.3	31.7	31.8	30.1	31.4
EBIT Margin	15.4	15.5	14.9	14.9	15.0	15.4	15.3	15.3	15.1	15.3
Net Margin	12.2	12.0	11.2	11.5	11.8	12.0	12.0	12.0	11.7	12.0
Operating metrics										
Headcount	33,961	33,771	33,992	32,664	31,645	31,601	31,194	31,442	32,664	31,442
Deal Win TCV (USD m)	707	255	241	177	319	207	351	390	1380	1267
Key Verticals (YoY%)										
BFS	-14.8	-21.3	-18.3	-10.1	-0.4	7.3	8.4	11.3	-16.3	6.6
Insurance	-7.2	16.9	29.0	12.0	10.8	10.4	7.0	8.2	11.5	9.0
IT, Comm, Ent	-3.9	21.0	12.7	13.6	9.8	0.7	13.5	16.6	10.5	10.0
Key Geographies (YoY%)										
North America	-10.1	-12.7	-8.2	-0.1	2.8	7.7	5.9	6.2	-7.9	5.6
Europe	-2.4	10.0	7.3	3.0	9.7	-2.9	-8.6	-5.7	4.5	-2.2

Key highlights from the management commentary

Demand and industry outlook

- Certain industries, including logistics, energy, automotive, and supply chains, are directly impacted by tariff fluctuations. Volatility in tariffs has not changed their stance, as decision-making has been paused. While decisions are being delayed, no cancellations have been observed. BFSI is experiencing second-order macroeconomic impacts, though these have not yet materially affected results.
- Clients are prioritizing the consolidation and modernization of their technology stacks. Converting pipeline opportunities into TCV and converting TCV into revenue remain top strategic priorities.

- Gross revenue for the quarter was USD430m, growing 2.9% QoQ in CC and 5.4% YoY in CC. This was the highest quarterly growth in the past 12 quarters.
- Management expects revenue to grow above the industry average in FY26, supported by recent deal wins.
- In the current environment, the company believes it is more prudent to prioritize growth over margin expansion.
- AI-led deals are becoming a key driver of pipeline growth, especially for large contracts, helping the company maintain its competitive edge.
- TCV-to-revenue conversion remains steady, with an accelerated pace of deal conversion.
- Management expects the current TCV run rate to be sustained in FY26, unless there is a significant macro deterioration.
- **BFS:** Growth was driven by increased wallet share from existing accounts and the ramp-up of large deal wins. The mortgage business remains stable, with clients exploring AI integration in operations. AI-driven consolidation and transformation are the key trends.
- **TMT:** The segment continues to see traction in deal wins and large deal conversions, with wallet share expanding through the execution of existing contracts. While the segment holds promise, there is some uncertainty in manufacturing and hi-tech (including tech devices, med devices, and ISVs). The enterprise stack, engineering services, R&D, IT value stream modernization, and cybersecurity services are performing well.
- **Logistics and Transportation:** The segment experienced a disproportionate impact due to macroeconomic uncertainty. The decline was broad-based and not limited to a single client.
- Offshore utilization (excluding trainees) improved 300bp QoQ, reaching 78%. Offshore headcount increased in Q4 due to large deal ramp-ups. The company does not plan on building a large bench and will continue to align its headcount with demand.
- MPHL continues to invest in AI platforms while maintaining its target margin band.
- Clients are increasingly focused on improving productivity using AI across business operations, IT, underwriting, and claims processing.
- New opportunities are emerging around AI infrastructure, data governance, and data privacy, as more spending shifts in that direction.
- The shift from service delivery to solution delivery has reduced concerns around margin dilution from onshoring; the company now views it as a ‘right-shoring’ strategy.

Margin performance

- EBIT margin stood at 15.3%, in line with estimates of 15.4% QoQ. For the full year FY25, the EBIT margin was also 15.3%.
- The company has revised its sustainable EBIT margin target range to 14.75-15.75% (earlier 14.6-16%) to allow flexibility for ramping up mega or large deals, which often require upfront investments.

Exhibit 1: Infrastructure and application services performed well in 4Q

Services	Contribution to revenue (%)	Growth QoQ (%)	Growth YoY (%)
Application Services	71.8	3.0	5.8
BPO	15.4	(3.5)	(2.4)
Infrastructure Services	12.7	9.9	8.8

Source: Company, MOFSL

Exhibit 2: North America grew while Europe declined YoY

Geographies	Contribution to revenue (%)	Growth QoQ (%)	Growth YoY (%)
North America	82.0	3.4	6.2
Europe	9.9	0.6	(5.7)
India	5.1	(12.6)	0.3
Rest of the World	2.9	26.7	15.7

Source: Company, MOFSL

Exhibit 3: BFS and TMT led growth in 4Q, while logistics declined

Verticals	Contribution to revenue (%)	Growth QoQ (%)	Growth YoY (%)
Banking and Financial Services	50.0	5.6	11.3
Insurance	11.4	0.3	8.2
Technology, Media, and Telecom	17.8	7.6	16.6
Logistics and Transportation	10.9	(8.0)	(16.3)
Others	9.9	(3.1)	(15.2)

Source: Company, MOFSL

Exhibit 4: The top 6-10 clients saw major growth in 4Q

	Contribution to revenue (%)	Growth QoQ (%)	Growth YoY (%)
Top client	14.0	(4.1)	4.8
Top 2-5 clients	28.0	2.7	(2.2)
Top 6-10 clients	12.0	23.3	25.8

Source: Company, MOFSL

Valuation and view

- We are positive on the BFSI exposure as it remains relatively resilient in the current uncertainty, and we will turn positive once clarity around logistics emerges. Our estimates are largely unchanged. Over FY25-27, we expect a USD revenue CAGR of ~9.7% and an INR PAT CAGR of ~10.2%. We value the stock at 25x FY27E EPS (earlier 23x) with a TP of INR2,700. **We reiterate our Neutral rating on the stock.**

Exhibit 5: Summary of our revised estimates

	Revised		Earlier		Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
INR/USD	86.0	86.0	86.0	86.0	0.0%	0.0%
USD Revenue - m	1,831	2,024	1,824	1,996	0.4%	1.4%
Growth (%)	9.0	10.5	8.5	9.5	40bps	110bps
EBIT margin(%)	14.9	15.1	15.5	15.5	-50bps	-40bps
PAT (INR M)	18,697	20,704	19,099	20,921	-2.1%	-1.0%
EPS	98.0	108.5	100.0	109.6	-2.0%	-0.9%

Source: MOFSL

Exhibit 6: Operating metrics

	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Geographical contribution (%)									
Americas	80.8	81.1	79.2	80.2	81.0	80.9	80.7	81.5	82.0
EMEA	10.7	10.4	12.0	11.6	11.0	11.1	11.0	10.2	9.9
India	5.5	5.7	6.0	5.5	5.3	5.3	5.7	6.0	5.1
RoW	3.0	2.9	2.9	2.7	2.7	2.7	2.6	2.4	2.9
Vertical contribution (%)									
Banking and capital market	52.2	49.3	47.1	46.8	47.1	47.7	47.9	48.7	50.0
Insurance	9.8	10.5	10.8	11.4	11.0	11.3	11.2	11.7	11.4
IT, communications, and entertainment	14.0	15.1	17.3	15.6	16.0	16.0	16.5	17.0	17.8
Logistics and transportation	13.8	14.2	13.4	13.7	13.7	13.7	13.1	12.2	10.9
Others	10.2	11.0	11.4	12.6	12.3	11.3	11.3	10.5	9.9
Revenue by project type (%)									
Time and material	58.1	57.7	58.5	58.3	58.5	59.6	60.0	57.6	55.4
Transaction-based	11.1	10.2	10.3	10.1	10.1	10.4	10.3	10.6	8.6
Fixed price	30.8	32.0	31.2	31.6	31.4	30.0	29.7	31.8	36.0
Revenue by delivery location (%)									
Onsite	53.5	52.1	52.1	53.2	56.0	57.1	57.3	59.0	59.9
Offshore	46.6	47.9	47.9	46.8	44.0	42.9	42.7	41.0	40.1
Secondary market segment (%)									
Direct international	94.6	94.9	95.1	95.4	95.4	95.8	95.8	95.9	96.7
DXC	3.8	3.5	3.2	2.9	3.0	2.6	2.7	2.7	2.5
Others	1.7	1.7	1.7	1.7	1.6	1.6	1.5	1.4	0.8
Service type (%)									
Application services	70.7	71.0	70.5	70.7	71.2	71.4	71.3	71.7	71.8
BPO	16.4	16.2	16.9	16.6	16.6	16.2	16.4	16.4	15.4
Infrastructure services	12.9	12.8	12.7	12.7	12.3	12.4	12.3	11.9	12.7
Client contribution (%)									
Top client	13	17	16	15	14	14	15	15	14
Top 2-5 clients	31	30	31	31	30	30	28	28	28
Top 6-10 clients	15	12	11	9	10	9	10	10	12
New clients added	4	5	5	5	3	2	2	2	3
Clients contributing more than:									
Over USD100m	4	3	3	3	3	3	3	3	3
Over USD75m	5	5	4	4	4	4	4	5	5
Over USD50m	7	6	6	5	5	5	5	5	5
Over USD20m	13	12	11	10	10	9	9	11	11
Over USD10m	26	26	26	29	29	30	27	29	29
Over USD5m	46	46	46	46	47	48	51	47	50
Over USD1m	112	112	115	134	135	135	140	140	139
Headcount									
Onsite – billable									
Tech services	4,669	4,517	4,504	4,664	4,656	4,637	4,788	4,892	4,981
BPO	1,606	1,307	1,319	1,338	1,318	1,374	1,363	1,351	1,281
Offshore – billable									
Tech services	16,799	16,005	15,425	15,393	14,799	14,721	14,576	14,218	14,540
BPO	6,234	6,459	6,418	6,733	6,341	5,984	5,851	5,681	5,545
Total billable headcount	29,308	28,288	27,666	28,128	27,114	26,716	26,578	26,142	26,347
Total headcount	34,042	33,961	33,771	33,992	32,664	31,645	31,601	31,194	31,442

Source: Company, MOFSL

Financials and valuations

Income Statement (INR m)

Y/E	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Revenues	**88,436**	**97,222**	**1,19,616**	**1,37,985**	**1,32,785**	**1,42,301**	**1,57,471**	**1,74,002**
Change (%)	14.4	9.9	23.0	15.4	-3.8	7.2	10.7	10.5
Cost of Goods Sold	61,376.5	67,723.0	84,664	98,128	92,772	97,602	1,09,243	1,21,327
Gross Profit	**27,060**	**29,499**	**34,952**	**39,857**	**40,013**	**44,699**	**48,228**	**52,675**
SG&A Expenses	10,536	11,472	13,570	15,517	15,793	18,227	19,397	21,269
EBITDA	**16,524**	**18,027**	**21,382**	**24,340**	**24,220**	**26,472**	**28,831**	**31,406**
% of Net Sales	19	19	17.9	17.6	18.2	18.6	18.3	18.0
Depreciation	2,317	2,418	2,906	3,253	4,106	4,762	5,298	5,209
EBIT	**14,207**	**15,609**	**18,476**	**21,087**	**20,114**	**21,710**	**23,533**	**26,197**
% of Net Sales	16	16	15.4	15.3	15.1	15.3	14.9	15.1
Other Income	967	696	861	644	570	894	1,100	1,215
PBT	**15,174**	**16,305**	**19,337**	**21,731**	**20,684**	**22,604**	**24,633**	**27,412**
Tax	3,306	4,139	4,870	5,351	5,135	5,580	5,936	6,708
Rate (%)	**22**	**25**	25.2	24.6	24.8	24.7	24.1	24.5
Adjusted PAT	**11,868**	**12,166**	**14,467**	**16,380**	**15,549**	**17,024**	**18,697**	**20,704**
Change (%)	10.6	2.5	18.9	13.2	-5.1	9.5	9.8	10.7

Balance Sheet (INR m)

Y/E	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Share capital	1,865	1,870	1,878	1,884	1,890	1,901	1,901	1,901
Reserves	56,431	63,397	67,553	77,464	86,056	94,383	1,01,862	1,10,144
Net Worth	**58,296**	**65,267**	**69,431**	**79,348**	**87,946**	**96,284**	**1,03,763**	**1,12,045**
Loans	5,713	5,135	5,272	1,985	15,436	11,159	11,159	11,159
Other long-term liabilities	7,567	7,285	9,030	8,768	11,310	8,295	7,932	8,064
Capital Employed	**71,576**	**77,687**	**83,734**	**90,101**	**1,14,692**	**1,15,739**	**1,22,854**	**1,31,268**
Net Block	**8,823**	**8,869**	**10,388**	**11,281**	**14,011**	**14,908**	**10,294**	**5,842**
CWIP	74	31	110	55	137	2	2	2
Goodwill	21,405	21,326	27,348	29,586	41,793	42,907	42,907	42,907
Investments	3,479	3,114	3,778	3,848	4,971	4,238	4,238	4,238
Other assets	9,624	9,246	8,774	11,794	14,066	17,151	19,279	20,783
Curr. Assets	**44,131**	**51,403**	**57,164**	**59,531**	**66,324**	**69,861**	**73,534**	**87,773**
Debtors	17,696	18,505	22,270	25,207	24,256	28,407	28,906	31,940
Cash	11,267	9,098	9,494	10,534	8,144	16,126	12,925	19,303
Investments	9,768	16,870	14,351	13,679	25,928	17,844	21,844	25,844
Other current assets	5,400	6,929	11,048	10,111	7,997	7,484	9,859	10,686
Current Liab. & Prov	**15,959**	**16,302**	**23,828**	**25,993**	**26,610**	**33,328**	**27,400**	**30,276**
Sundry Liabilities	15,891	15,806	22,744	23,573	23,818	30,220	26,140	28,884
Provisions	68	497	1,084	2,420	2,792	3,108	1,260	1,392
Net Current Assets	**28,172**	**35,100**	**33,336**	**33,538**	**39,714**	**36,534**	**46,134**	**57,497**
Application of Funds	**71,576**	**77,687**	**83,734**	**90,102**	**1,14,692**	**1,15,739**	**1,22,854**	**1,31,268**

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
EPS	**63.1**	**64.2**	**75.1**	**86.9**	**81.8**	**89.3**	**98.0**	**108.5**
Cash EPS	75.5	77.0	90.2	104.2	103.3	114.2	125.8	135.8
Book Value	312.9	349.3	365.3	421.2	466.1	508.3	546.2	589.8
DPS	35.0	65.0	45.7	52.2	49.4	53.9	59.1	65.4
Payout %	55.4	101.2	60.8	60.0	60.5	60.4	60.3	60.3
Valuation (x)								
P/E	40.4	39.7	33.9	29.3	31.2	28.6	26.0	23.5
Cash P/E	33.8	33.1	28.3	24.5	24.7	22.3	20.3	18.8
EV/EBITDA	27.8	25.3	21.8	18.8	19.1	17.4	16.0	14.3
EV/Sales	5.2	4.7	3.9	3.3	3.5	3.2	2.9	2.6
Price/Book Value	8.1	7.3	7.0	6.1	5.5	5.0	4.7	4.3
Dividend Yield (%)	1.4	2.5	1.8	2.0	1.9	2.1	2.3	2.6
Profitability Ratios (%)								
RoE	21.4	19.7	21.5	22.0	18.6	18.5	18.7	19.2
RoCE	18.6	16.8	18.3	19.1	16.1	16.0	16.5	17.1
Turnover Ratios								
Debtors (Days)	73	69	68	67	67	73	67	67
Fixed Asset Turnover (x)	16.2	11.0	12.4	12.7	10.5	9.8	12.5	21.6

Cash Flow Statement **(INR m)**

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
CF from Operations	12,788	14,999	18,497	20,397	17,769	21,393	22,895	24,698
Chg. in Wkg. Capital	422	-453	-1,501	-5,779	4,028	-2,341	-11,293	-2,357
Net Operating CF	**13,210**	**14,545**	**16,996**	**14,618**	**21,797**	**19,052**	**11,602**	**22,341**
Net Purchase of FA	-1,243	-1,252	-1,192	-1,112	-916	-599	-684	-756
Free Cash Flow	**11,967**	**13,293**	**15,805**	**13,506**	**20,881**	**18,453**	**10,918**	**21,585**
Net Purchase of Invest.	2,652	-6,967	-1,629	2,936	-23,905	1,039	-2,900	-2,785
Net Cash from Invest.	**1,408**	**-8,219**	**-2,820**	**1,825**	**-24,821**	**441**	**-3,585**	**-3,541**
Proceeds from Equity	151	268	442	271	301	575	0	0
Proceeds from LTB/STB and Others	-3,863	-2,356	-2,152	-7,153	9,898	-1,564	0	0
Dividend Payments	-6,065	-6,527	-12,177	-8,652	-9,427	-10,401	-11,218	-12,423
Net CF from Financing	**-9,777**	**-8,615**	**-13,887**	**-15,534**	**772**	**-11,389**	**-11,218**	**-12,423**
Net Cash Flow	**4,842**	**-2,288**	**289**	**908**	**-2,252**	**8,103**	**-3,201**	**6,378**
Exchange Difference	10	120	107	132	-139	-121	0	0
Opening Cash Balance	**6,416**	**11,267**	**9,098**	**9,494**	**10,534**	**8,144**	**16,126**	**12,925**
Add: Net Cash	4,851	-2,169	396	1,040	-2,391	7,982	-3,201	6,378
Closing Cash Balance	**11,267**	**9,098**	**9,494**	**10,534**	**8,144**	**16,126**	**12,925**	**19,303**

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

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. 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 (erstwhile Motilal Oswal Securities Limited - MOSL) 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. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.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

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: No.
   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 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

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 . AMFI: ARN .: 146822. IRDA Corporate Agent – CA0579. 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.