

Mixed Q1; Record deal wins but execution catch-up key

- MPHL reported Rev. of 1% CC QoQ (in-line), while INR Rev grew 0.6% QoQ. Growth was led by Direct biz (98% of rev.), which grew 1.1% QoQ in CC terms. OPM was flat at 15.3% (DE: 15.4%).
- MPHL recorded an all-time high TCV win of \$760mn, (TTM: \$1.7bn, up 138% QoQ), with 3 large deal wins in BFS and 1 large deal win in insurance. While MPHL expressed confidence of growing 2x of industry growth in FY26, deal conversion remains under a watch. OPM band reiterated in the range of 14.75% - 15.75%.
- We temper FY26E/FY27E earnings mildly downwards by 1.8%/0.7%, due to the cautious optimism on deal-to-rev conversions. MPHL has demonstrated robust deal win capability, and exposure to favorable cyclicity of the BFSI segment augurs well for the company. Noting continued caution conversion pushing out growth rates, we revise our rating to 'Accumulate' with TP of Rs. 3,100 (valuing at 28x FY27E).

Bullish vertical commentary; No further disruption eyed

BFS led Q1FY26 Rev. with a robust 6.7% CC growth, through confidence boosted by large deal wins (3 of 4 large deal wins in Q1 in BFS). **Insurance** vertical bounced back after muted Q4, with 20.4% cc growth, and winning 1 large deal in U.S. **TMT & Others** (Healthcare & Emerging) reported +2.5%/-1.5% QoQ CC growth. **Logistics and Transportation**, was a key drag in Q1, declining by 46.2%/54.7% QoQ/YoY in CC terms. FY25 was marred by client spends from broad macro uncertainties, but Q1 saw the impact of a large global customer ramping down their investment plans. Commentary now indicates that impact has bottomed out and will report growth hereon.

Record TCV wins; Execution caution persists

MPHL recorded an all-time high TCV wins of \$760mn, (TTM: \$1.7bn, up 138% QoQ). This incl. 4 large deal wins, of which 3 were above \$100mn, & 1 above \$50mn. Commentary was mixed on conversion, while present trends were healthy, deal ramp-up delays in past kept optimism under check. Apart from Rev. delays, collection delays in Q1 affected Cash flows, resulting in DSO rising by 9 days to 84 in Q1, and lowering CFO by \$22mn.

Pipeline robust; OPM band maintained

MPHL commenced with Mphasis.AI in Q2'24, an initiative to build next-gen AI capabilities. Co. has since then launched GenAI Foundry (Q3'24), new platforms NeoCrux & NeoZeta (Q1'25), & developed strategic engagement teams for large deals (Q3'25), which ultimately resulted in Q1FY26 pipeline at a record high of being 2.2x higher than Q2FY24 (up 16%/84% QoQ/YoY for Q1). Overall, while no specific guidance was stated for Rev it is expected to grow at 2x industry pace, OPM band was maintained at 14.75%-15.75%.

Key Data

Nifty	25,062
Equity / FV	Rs 1,890mn / Rs 10
Market Cap	Rs 506bn
	USD 5.9bn
52-Week High/Low	Rs 3,238/ 2,051
Avg. Volume (no)	477,597
Bloom Code	MPHL IN

	Current	Previous
Rating	Accumulate	BUY
Target Price	3,100	3,130

Change in Estimates

(Rs.bn)	Current		Chg (%)/bps	
	FY26E	FY27E	FY26E	FY27E
Revenue	155	173	(0.7)	(0.5)
EBITDA	29	32	(1.6)	(1.4)
EBITDA (%)	18.7	18.8	(18)	(18)
APAT	19	21	(1.8)	(0.7)
EPS (Rs)	98.1	110.8	(1.8)	(0.7)

Valuation (x)

	FY25A	FY26E	FY27E
P/E	29.8	27.1	23.9
EV/EBITDA	18.9	17.1	15.1
ROE (%)	18.5	18.8	19.9
RoACE (%)	18.0	18.7	19.8

Q1FY26 Result (Rs Mn)

Particulars	Q1FY26	YoY (%)	QoQ (%)
Revenue	37,325	9.1	0.6
Total Expense	31,616	8.7	0.6
EBITDA	7,028	13.6	0.0
Depreciation	1,319	25.6	(2.5)
EBIT	5,709	11.2	0.6
Other Income	810	10.1	35.0
Interest	418	(16.1)	15.8
EBT	6,101	13.5	3.2
Tax	1,684	26.8	16.5
RPAT	4,417	9.2	(1.1)
APAT	4,417	9.2	(1.1)
		(bps)	(bps)
Gross Margin	28.9	51	17
EBITDA (%)	18.8	76	(11)
NPM (%)	11.8	1	(20)
Tax Rate (%)	27.6	289	315
EBIT (%)	15.3	29	0

Director Research: Rahul Jain
 +9122 40969771

rahulj@dolatcapital.com

Associate: Kashish Mehta
 +9122 40969789
kashishm@dolatcapital.com

Exhibit 1: Quarterly performance versus estimates

Particulars (Rs mn)	Estimates		% Variation		Comment
	Actual	Dolat Consensus	Dolat Consensus	Dolat Consensus	
USD Revenue	437	437	438	(0.0) (0.2)	Rev was in-line
INR Revenue	37,325	37,405	37,610	(0.2) (0.8)	
EBIT	5,709	5,760	5,738	(0.9) (0.5)	EBIT & OPM saw a mild miss
EBIT, margin	15.3	15.4	15.3	(11 bps) 4 bps	
PAT	4,417	4,538	4,535	(2.7) (2.6)	PAT miss from higher ETR

Source: Company, Dolat Capital

Change in estimates

For FY26E/FY27E: MPHL's in-line revenue growth and record deal wins are a healthy development. However, MPHL has underperformed on Revenue conversion in the past for healthy deal wins, and present commentary is cautiously optimistic. We largely retain our Revenue estimates with a downtick bias of 0.3%/0.2%. Growth investments to limit margin expansion, and we broadly maintain our OPM estimates as well (mild downward revision of 11bps/8bps). Overall, earnings lowered by 1.8%/0.7%.

Exhibit 2: Change in Estimates

Particulars (Rs. mn)	FY24A	FY25A	FY26E			FY27E		
	Actual	Actual	Old	New	Chg.(%)	Old	New	Chg.(%)
USD Revenue	1,608	1,681	1,816	1,811	(0.3)	1,997	1,994	(0.2)
YoY growth,	(6.4)	4.5	8.0	7.8	(29 bps)	10.0	10.1	8 bps
INR Revenue	1,32,785	142,301	156,193	155,136	(0.7)	173,362	172,522	(0.5)
YoY growth,	(3.8)	7.2	9.8	9.0	(74 bps)	11.0	11.2	21 bps
EBIT	20,114	21,710	24,111	23,777	(1.4)	27,077	26,815	(1.0)
EBIT Margin,	15.1	15.3	15.4	15.3	(11 bps)	15.6	15.5	(8 bps)
Net Profit	15,549	17,024	19,056	18,720	(1.8)	21,304	21,155	(0.7)
EPS (Rs)	81.6	89.2	99.8	98.1	(1.8)	111.6	110.8	(0.7)

Source: Dolat Capital, Company

What to expect next Quarter

Noting strong Q1 TCV wins and positive near-term deal execution commentary, we expect a 2.6% QoQ growth. OPM to see a mild dip of 5bps to maintain margins in a narrow guidance band of 14.75% to 15.75%, balancing growth investments with efficiency.

Exhibit 3: What to expect next Quarter

(Rs Mn)	Q2FY26E	Q1FY26	Q2FY25	QoQ (%)	YoY (%)
USD Revenue	449	437	421	2.6	6.6
INR Revenue	38,487	37,325	35,361	3.1	8.8
EBIT	5,869	5,709	5,443	2.8	7.8
PAT	4,632	4,417	4,233	4.9	9.4
EPS (Rs.)	24.3	23.1	22.2	4.9	9.4
EBIT Margin (%)	15.2	15.3	15.4	(5 bps)	(14 bps)

Source: Company, Dolat Capital

Exhibit 4: Key Revenue Assumptions

Metrics	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E
CC Revenue growth (%)	4.9	9.4	(6.4)	5.1	7.5	10.1
DXC Revenue growth (%)	(32.0)	(25.1)	(34.2)	(12.8)	(9.1)	(3.8)
Direct Biz Revenue growth (%)	17.8	10.4	(5.0)	5.5	9.4	10.4
USD Revenue growth (%)	5.6	8.0	(6.4)	4.5	7.8	10.1
INR Revenue growth (%)	9.8	16.7	(3.7)	6.7	9.1	11.2
USD/INR	74.1	80.6	82.9	84.6	85.7	86.5
EBIT Margins (%)	16.1	15.3	15.1	15.3	15.3	15.5
EPS growth (%)	1.8	14.8	(5.5)	9.0	10.0	13.0

Source: Company, Dolat Capital

Exhibit 5: YoY CC Growth Trend (%)

Particulars	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
DXC Biz. Growth	(32.7)	(36.3)	(43.2)	(23.8)	(14.6)	(26.1)	(3.8)	(12.8)	(3.2)
Direct Biz. Growth	(7.2)	(8.9)	(5.0)	(0.4)	4.1	6.2	5.1	10.4	8.1
Total Rev Growth	(8.4)	10.1	(6.4)	1.2	4.1	6.2	4.6	5.4	6.5

Source: Company, Dolat Capital

Exhibit 6: Quarterly and YTD Trend

Particulars (Rs mn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY (%)	QoQ (%)	FY24	FY25	YoY (%)
USD Revenue	412	420	419	430	437	6.7	1.6	1,608	1,681	4.5
INR Revenue	34,225	35,361	35,613	37,101	37,325	9.1	0.6	132,785	142,300	7.2
Operating Expenses	29,090	29,918	30,155	31,428	31,616	8.7	0.6	112,671	120,591	7.0
Cost of Service	24,519	25,128	25,424	26,451	26,548	8.3	0.4	95,950	101,522	5.8
as % of sales	71.6	71.1	71.4	71.3	71.1	(51 bps)	(17 bps)	72.3	71.3	(92 bps)
SG&A Expense	4,571	4,790	4,731	4,977	5,068	10.9	1.8	16,721	19,069	14.0
as % of sales	13.4	13.5	13.3	13.4	13.6	22 bps	16 bps	12.6	13.4	81 bps
EBITDA	6,185	6,479	6,781	7,026	7,028	13.6	0.0	24,220	26,471	9.3
Depreciation	1,050	1,036	1,323	1,353	1,319	25.6	(2.5)	4,106	4,762	16.0
EBIT	5,135	5,443	5,458	5,673	5,709	11.2	0.6	20,114	21,709	7.9
Other Income	736	587	626	600	810	10.1	35.0	2,178	2,549	17.1
Finance Cost	498	405	392	361	418	(16.1)	15.8	1,608	1,656	3.0
PBT	5,373	5,625	5,692	5,912	6,101	13.5	3.2	20,684	22,603	9.3
Total Tax	1,328	1,392	1,413	1,446	1,684	26.8	16.5	5,135	5,579	8.6
Reported PAT	4,045	4,233	4,279	4,466	4,417	9.2	(1.1)	15,549	17,024	9.5
Reported EPS (Abs)	21.3	22.2	22.4	23.4	23.1	8.9	(1.2)	81.8	89.3	9.1
Margins (%)							bps			bps
EBIDTA	18.1	18.3	19.0	18.9	18.8	76 bps	(11 bps)	18.2	18.6	36 bps
EBIT	15.0	15.4	15.3	15.3	15.3	29 bps	0 bps	15.1	15.3	11 bps
PBT	15.7	15.9	16.0	15.9	16.3	65 bps	41 bps	15.6	15.9	31 bps
PAT	11.8	12.0	12.0	12.0	11.8	1 bps	(20 bps)	11.7	12.0	25 bps
Effective Tax rate	24.7	24.7	24.8	24.5	27.6	289 bps	315 bps	24.8	24.7	(14 bps)

Source: Company

Earning call KTAs

- **Revenue:** MPHL reported revenue growth of 1% QoQ in CC terms, and growth of 1.6% in USD terms (reflecting cross-currency gain of 0.6%) and stood at \$437mn. Direct Biz. (97.3% of Rev) reported a Revenue growth of 1.2%, while DXC Biz. (2% of Rev) declined 3.1% QoQ growth in \$ terms.
- **Segment-wise performance:** **BFS Vertical (52% of Rev):** Q1FY26 segment performance was led by BFS vertical, which grew 6.7% QoQ in cc terms, with growth led by wallet share gains in existing accounts and strong execution in new account wins. 3 of the 4 large deal wins in Q1 were in the BFS segment. **Insurance vertical (13% of Rev)** grew 20.4% QoQ in CC terms. Growth revival in Q1FY26 was in line with earlier management commentary, and this vertical will be the growth engine for FY26. 1 of the 4 large deal wins in Q1 was with a large North American Life insurance company. **TMT vertical (18% of Rev):** The vertical grew 2.5% QoQ, led by continued healthy wins and deal conversion. **Logistics & Transportation (5.8% of Rev.):** This vertical was the key drag on Q1 performance, declining by 46.2% QoQ in CC terms. Even on YoY basis, the decline was 54.7% in CC terms. In the past, management had mentioned that this vertical was impacted by macro uncertainties, but for Q1FY26, there was an impact of a large global customer ramping down their investment plans. The commentary indicated that pressure has bottomed out and will report growth hereon. **Others (9.7% of Rev):** Segment revenue declined by 1.5% QoQ. This also includes Healthcare and other emerging verticals. There was no specific commentary shared for this vertical.
- **TCV and Pipeline:** Mphasis reported an all-time-high Net New TCV wins of \$760mn in Q1 (up 138% YoY) and TTM TCV wins \$1,708mn (up 72% YoY). The pipeline mix is 60% AI-led (incl. AI ops & AI modernization), with BFS/Non-BFS pipeline now up 47%/108% YoY, respectively (In Q4, this pipeline was up 70%/99% YoY). Management expects TCV wins for the near term to remain healthy.
- **Margin:** EBIT Margin was flat at 15.3%, led by operational efficiencies. For FY26, MPHL reiterated its earlier guided range of 14.75% to 15.75% OPM range (FY25 range was 14.6%-16% range). Despite record deal wins and optimism on deal conversion, MPHL guided on continued investments in people as well as platforms, and keeping a buffer on deal timing/potential delays to revenue conversion, to keep guidance range-bound.
- **Hiring:** Headcount stood at 31k, a reduction of 379 employees. The company reiterated towards aligning hiring trends closely with demand forecasts. Utilization of ex-trainees improved to 84% (from 78% in Q4). Management guided that while utilization range will remain at elevated levels for the near term as compared to 3 years ago, but due to actions such as internal rotation, external hires, re-skilling the levels will change. Overall, there is lowering of correlation between utilization levels and revenue growth.

Exhibit 7: Vertical Trend for Q1FY26

Vertical	Amount (\$ mn)	Mix (%)	QoQ (%) in CC terms	YoY (%) in CC terms	Incremental Revenue (\$ mn)	% Contribution of Incremental Revenue
Banking and Financial Services	230.5	52.7	6.7	18.0	15.3	218.3
Insurance	59.8	13.7	20.4	27.5	10.7	153.3
Technology Media and Telecom	79.1	18.1	2.5	20.0	2.7	39.1
Logistics and Transportation	25.4	5.8	(46.2)	(54.7)	(21.6)	(308.1)
Others	42.5	9.7	(1.5)	(8.9)	(0.2)	(2.5)
Total	437.3	100.0	1.0	6.5	7.0	100.0

Source: Company, Dolat Capital

Exhibit 8: Geography Trend for Q1FY26

Geography	Amount (\$ mn)	Mix (%)	QoQ (%)	YoY (%)	Incremental Revenue (\$ mn)	% Contribution of Incremental Revenue
Americas	364.9	83.4	3.4	10.0	11.9	169.5
EMEA	37.9	8.7	(11.3)	(16.5)	(4.8)	(68.9)
India	23.3	5.3	6.7	6.1	1.5	20.9
RoW	11.2	2.6	(11.8)	2.3	(1.5)	(21.5)
Total	437.3	100.0	1.6	6.6	7.0	100.0

Source: Company, Dolat Capital

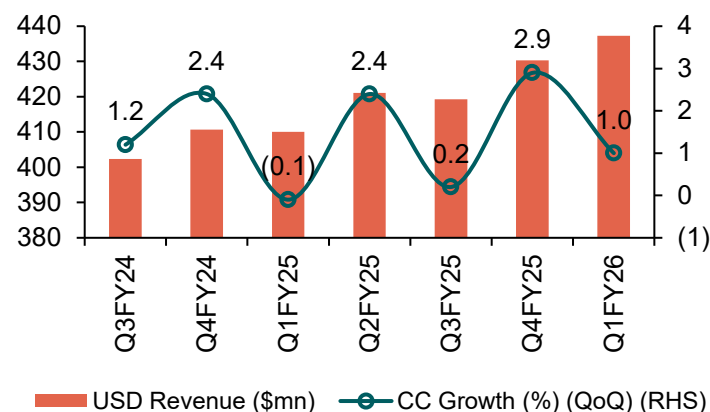
Exhibit 9: Client Trend for Q1FY26

Client Type	Amount (\$ mn)	Mix (%)	QoQ (%)	YoY (%)	Incremental Revenue (\$ mn)	% Contribution of Incremental Revenue
Top Client	56.8	13.0	(5.6)	(1.0)	(3.4)	(48.5)
Top 2-5	118.1	27.0	(2.0)	(4.0)	(2.4)	(34.5)
Top 6-10	61.2	14.0	18.6	65.9	9.6	136.9
Non-Top 10 Client	201.2	46.0	1.6	4.4	3.2	46.0
Total	437.3	100.0	1.6	6.6	7.0	100.0

Source: Company, Dolat Capital

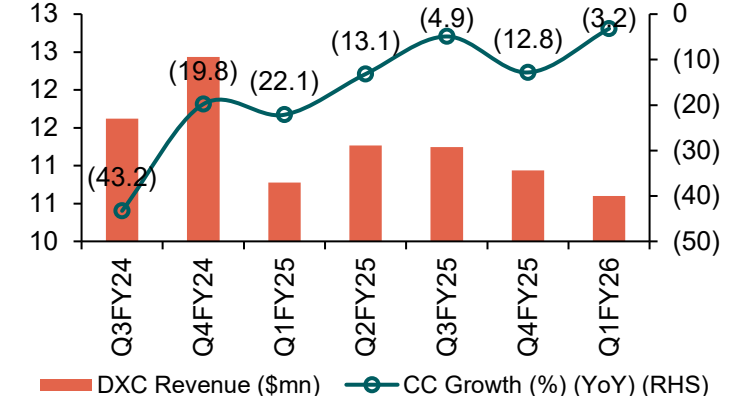
Story in Charts

Exhibit 10: USD Revenue grew 1% QoQ CC



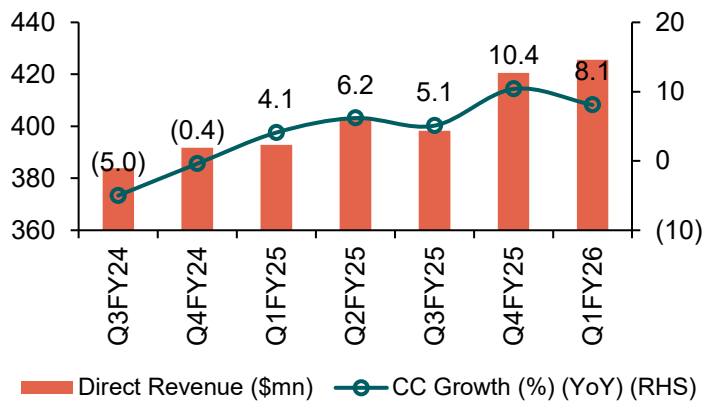
Source: Company, Dolat Capital

Exhibit 11: DXC Biz down 3.2% YoY



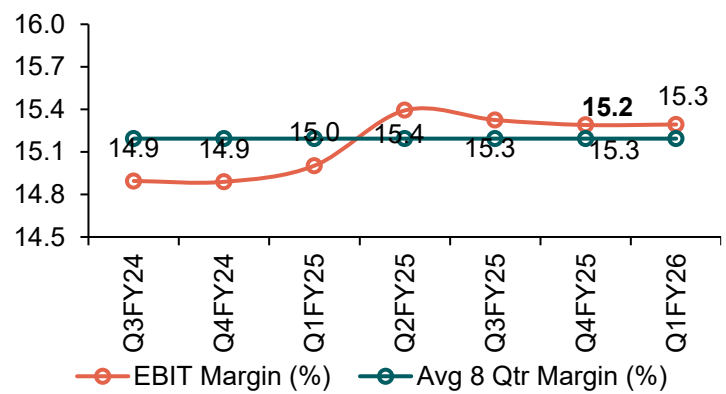
Source: Company, Dolat Capital

Exhibit 12: Direct biz. seeing consistent recovery



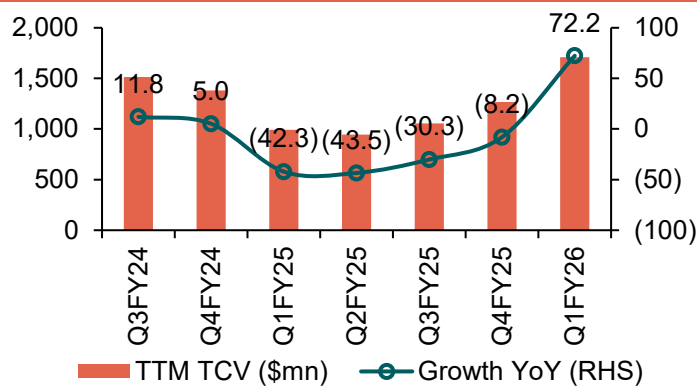
Source: Company, Dolat Capital

Exhibit 13: OPM flat on QoQ basis



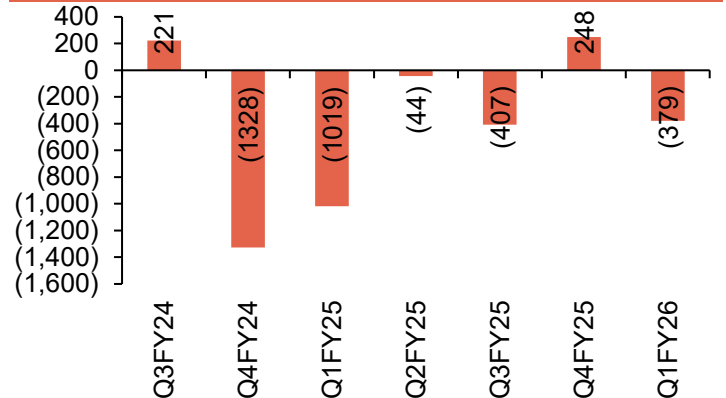
Source: Company, Dolat Capital

Exhibit 14: TTM TCV was up 72% YoY



Source: Company, Dolat Capital

Exhibit 15: Headcount at 31K; Net Hiring muted



Source: Company, Dolat Capital

Valuation

We believe MPHL is well-positioned to remain on a healthy growth trajectory, driven by strong signs of pick-up in BFS (incl mortgage) and recovery in the non-BFS segment as well. TCV wins, and the pipeline remains healthy. However, we take cognizance of the weakened macro environment due to tariff disruption and expect delays in client decision-making and re-thinking of budgets, which may push out growth rates. Relative to peers, valuations are reasonable and supported by strong execution and commentary. Noting the recent run-up, we revise our rating to **'Accumulate'** with TP of Rs. 3,100 at ~28x FY27E earnings of Rs.110.8.

Exhibit 16: Operating Metrics 1

Operating Metrics	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
\$ Revenue	398.0	396.9	402.3	410.7	410.0	419.9	419.3	430.3	437.3
Growth (%) (YoY)	(8.7)	(9.8)	(6.3)	(0.3)	3.0	6.1	4.2	4.8	6.7
Growth (%) (QoQ)	(3.4)	(0.3)	1.4	2.1	(0.2)	2.7	(0.4)	2.6	1.6
Geo. Amount (\$ mn)									
AMERICAS	322.7	314.4	322.7	332.6	331.7	338.9	341.7	353.0	364.9
EMEA	41.4	47.5	46.6	45.4	45.4	46.1	42.6	42.8	37.9
INDIA	22.6	23.7	22.2	21.7	21.9	24.1	25.0	21.8	23.3
ROW	11.4	11.3	10.8	11.0	10.9	10.7	10.0	12.7	11.2
Geo. YoY Growth (%)									
AMERICAS	(10.1)	(13.1)	(8.2)	(0.1)	2.8	7.8	5.9	6.1	10.0
EMEA	(2.4)	9.6	7.3	3.0	9.7	(2.8)	(8.6)	(5.7)	(16.5)
INDIA	3.5	9.9	1.9	(3.9)	(3.0)	1.7	12.3	0.3	6.1
ROW	(10.8)	(17.0)	(16.2)	(12.3)	(3.9)	(5.3)	(7.3)	15.7	2.3
Vertical Amount									
BFS	196.1	187.1	188.3	193.3	195.4	201.0	204.0	215.2	230.5
Insurance	41.9	42.7	45.8	45.3	46.4	47.2	49.0	49.1	59.8
Tech, Media & Teleco	59.9	68.7	62.7	65.5	65.8	69.3	71.1	76.4	79.1
Logistics & Transportation	56.3	53.1	55.0	56.1	56.1	55.2	51.1	47.0	25.4
Others	43.8	45.4	50.5	50.4	46.3	47.3	44.1	42.7	42.5
Vertical YoY Growth (%)									
BFS	(14.8)	(21.6)	(18.3)	(10.1)	(0.4)	7.4	8.4	11.3	17.9
Insurance	(7.2)	16.4	29.0	12.0	10.8	10.5	7.0	8.2	28.8
Tech, Media & Teleco	(3.9)	20.6	12.7	13.6	9.8	0.9	13.5	16.6	20.2
Logistics & Transportation	(2.5)	(5.0)	(1.1)	(1.2)	(0.3)	4.0	(7.1)	(16.3)	(54.7)
Others	8.1	(12.8)	(3.5)	20.0	5.7	4.2	(12.7)	(15.2)	(8.2)
Vertical Segment Margin									
BFS	26.1	22.3	27.8	26.6	25.9	26.9	27.1	29.2	32.1
Insurance	26.6	19.5	34.0	30.4	34.2	32.0	30.9	30.1	34.9
Tech, Media & Teleco	22.9	39.0	22.9	22.1	24.7	26.4	21.6	20.7	19.3
Logistics & Transportation	30.5	28.8	33.5	33.1	32.3	32.1	36.9	37.1	5.8
Others	37.5	35.4	33.5	33.9	33.0	33.2	33.6	31.0	35.0
Client Revenue (\$ mn)									
Top Client	67.7	63.5	60.3	57.5	57.4	63.0	62.9	60.2	56.8
Top 2-5	119.4	123.0	124.7	123.2	123.0	117.6	117.4	120.5	118.1
Top 5 Client	187.1	186.5	185.1	180.7	180.4	180.6	180.3	180.7	174.9
Top 6-10	47.8	43.7	36.2	41.1	36.9	42.0	41.9	51.6	61.2
Top 10 Client	234.8	230.2	221.3	221.8	217.3	222.6	222.2	232.4	236.1
Non-Top 10 Client	163.2	166.7	181.0	188.9	192.7	197.4	197.1	197.9	201.2
Client YoY Growth (%)									
Top Client	41.1	20.2	(12.2)	7.3	(15.2)	(0.8)	4.2	4.8	(1.0)
Top 2-5	(19.4)	(15.3)	(12.0)	(3.5)	3.0	(4.4)	(5.9)	(2.2)	(4.0)
Top 5 Client	(4.6)	(5.8)	(12.1)	(0.3)	(3.6)	(3.2)	(2.6)	0.0	(3.0)
Top 6-10	(27.0)	(33.9)	(29.7)	(33.5)	(22.8)	(3.8)	15.8	25.7	65.9
Top 10 Client	(10.2)	(12.8)	(15.5)	(8.8)	(7.5)	(3.3)	0.4	4.8	8.7
Non-Top 10 Client	(6.4)	(5.3)	8.1	11.8	18.1	18.4	8.9	4.8	4.4

Source: Company, Dolat Capital

Exhibit 17: Operating Metrics 2

Operating Metrics	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Client Data									
\$200 million	1	1	1	1	1	1	1	1	1
\$150 million	3	3	3	3	3	2	2	2	1
\$100 million	3	3	3	3	3	3	3	3	4
\$75 million	5	4	4	4	4	4	5	5	6
\$50 million	7	6	5	5	5	5	5	5	7
\$20 million	13	11	10	10	9	9	11	11	10
\$10 million	27	26	29	29	30	27	29	29	31
\$5 million	47	46	46	47	48	51	47	50	50
\$1 million	113	115	134	135	135	140	140	139	137
New Client Wins	5	5	5	3	2	2	2	3	3
On / Off shore Rev (\$mn)									
Onsite	207.3	206.8	214.0	230.0	234.2	240.6	247.2	257.8	260.8
Offshore	190.7	190.2	188.3	180.7	175.8	179.3	172.1	172.5	176.5
On / Offshore YoY (%)									
Onsite	(18.4)	(17.3)	(9.7)	4.4	12.9	16.4	15.5	12.1	11.4
Offshore	4.9	0.0	(2.2)	(5.7)	(7.8)	(5.7)	(8.6)	(4.5)	0.4
Number of Employees									
Onsite	5,824	5,823	6,002	5,974	6,011	6,151	6,243	6,262	6,269
Offshore	22,464	21,843	22,126	21,140	20,705	20,427	19,899	20,085	19,980
SG&A Employees	5,673	6,105	5,864	5,550	4,929	5,023	5,052	5,095	4,814
Total	33,961	33,771	33,992	32,664	31,645	31,601	31,194	31,442	31,063
Utilization (%)									
Including Trainees									
Onsite	89	87	84	86	86	87	86	89	93
Offshore	75	72	69	71	75	74	74	78	82
Excluding Trainees									
Offshore	80	77	74	75	76	76	75	78	84
Project Seg. (\$ mn)									
Time & Material	229.8	232.1	234.6	240.1	244.2	252.0	241.7	238.4	212.6
Fixed Price	40.7	41.0	40.6	41.6	42.7	43.2	44.3	37.2	36.5
Transaction Based	127.6	123.9	127.2	129.1	123.1	124.8	133.3	154.7	188.3
Project Seg. YoY Growth (%)									
Time & Material	(3.3)	(5.9)	(3.8)	0.4	6.3	8.6	3.0	(0.7)	(13.0)
Fixed Price	(40.2)	(33.1)	(25.8)	(9.4)	4.9	5.4	9.3	(10.6)	(14.5)
Transaction Based	(2.2)	(6.4)	(3.0)	1.7	(3.5)	0.8	4.8	19.9	52.9

Source: Company, Dolat Capital

Financial Performance

Profit and Loss Account

(Rs Mn)	FY24A	FY25A	FY26E	FY27E
Revenue	132,785	142,301	155,136	172,522
Total Expense	112,671	120,591	131,359	145,707
COGS	95,950	101,522	110,610	122,940
Employees Cost	0	0	0	0
Other expenses	16,721	19,069	20,749	22,767
EBIDTA	24,220	26,472	29,023	32,397
Depreciation	4,106	4,762	5,246	5,582
EBIT	20,114	21,710	23,777	26,815
Interest	1,608	1,656	1,657	1,786
Other Income	2,178	2,549	3,051	3,178
Exc. / E.O. items	0	0	0	0
EBT	20,684	22,603	25,171	28,207
Tax	5,135	5,579	6,451	7,052
Minority Interest	0	0	0	0
Profit/Loss share of associates	0	0	0	0
RPAT	15,549	17,024	18,720	21,155
Adjustments	0	0	0	0
APAT	15,549	17,024	18,720	21,155

Balance Sheet

(Rs Mn)	FY24A	FY25A	FY26E	FY27E
Sources of Funds				
Equity Capital	1,890	1,901	1,890	1,890
Minority Interest	0	0	0	0
Reserves & Surplus	86,056	94,383	100,739	108,580
Net Worth	87,946	96,284	102,629	110,470
Total Debt	15,436	11,159	10,490	10,280
Net Deferred Tax Liability	(1,557)	(1,623)	(1,452)	(1,268)
Total Capital Employed	101,824	105,820	111,667	119,482

Applications of Funds

Net Block	48,556	51,370	51,798	52,390
CWIP	137	2	2	7
Investments	30,899	22,082	23,482	24,882
Current Assets, Loans & Advances	58,854	72,366	79,154	88,334
Current Investments	0	0	0	0
Inventories	0	0	0	0
Receivables	27,027	31,604	31,717	33,983
Cash and Bank Balances	8,144	16,126	21,914	27,884
Loans and Advances	0	0	0	0
Other Current Assets	23,683	24,636	25,524	26,467
Less: Current Liabilities & Provisions	36,622	40,000	42,770	46,131
Payables	7,983	9,785	10,077	10,379
Other Current Liabilities	28,638	30,215	32,693	35,752
<i>sub total</i>				
Net Current Assets	22,233	32,366	36,385	42,203
Total Assets	101,824	105,820	111,667	119,482

E – Estimates

Important Ratios

Particulars	FY24A	FY25A	FY26E	FY27E
(A) Margins (%)				
Gross Profit Margin	27.7	28.7	28.7	28.7
EBIDTA Margin	18.2	18.6	18.7	18.8
EBIT Margin	15.1	15.3	15.3	15.5
Tax rate	24.8	24.7	25.6	25.0
Net Profit Margin	11.7	12.0	12.1	12.3
(B) As Percentage of Net Sales (%)				
COGS	72.3	71.3	71.3	71.3
Employee	0.0	0.0	0.0	0.0
Other	12.6	13.4	13.4	13.2
(C) Measure of Financial Status				
Gross Debt / Equity	0.2	0.1	0.1	0.1
Interest Coverage	12.5	13.1	14.3	15.0
Inventory days	0	0	0	0
Debtors days	74	81	75	72
Average Cost of Debt	9.3	7.7	8.8	9.5
Payable days	26	30	28	26
Working Capital days	39	42	34	30
FA T/O	2.7	2.8	3.0	3.3
(D) Measures of Investment				
AEPS (Rs)	81.8	89.2	98.1	110.8
CEPS (Rs)	103.4	114.1	125.6	140.1
DPS (Rs)	54.6	56.6	64.8	69.8
Dividend Payout (%)	66.7	63.4	66.0	62.9
BVPS (Rs)	462.9	504.4	537.7	578.8
RoANW (%)	18.6	18.5	18.8	19.9
RoACE (%)	18.9	18.0	18.7	19.8
RoAIC (%)	24.7	23.7	26.5	29.6
(E) Valuation Ratios				
CMP (Rs)	2654	2654	2654	2654
Mcap (Rs Mn)	506,342	506,342	506,342	506,342
EV	513,634	501,376	494,918	488,739
MCap/ Sales	3.8	3.6	3.3	2.9
EV/Sales	3.9	3.5	3.2	2.8
P/E	32.4	29.8	27.1	23.9
EV/EBITDA	21.2	18.9	17.1	15.1
P/BV	5.7	5.3	4.9	4.6
Dividend Yield (%)	2.1	2.1	2.4	2.6
(F) Growth Rate (%)				
Revenue	(3.8)	7.2	9.0	11.2
EBITDA	(0.5)	9.3	9.6	11.6
EBIT	(4.6)	7.9	9.5	12.8
PBT	(4.8)	9.3	11.4	12.1
APAT	(5.1)	9.5	10.0	13.0
EPS	(5.3)	9.0	10.0	13.0

E – Estimates

Cash Flow

Particulars	FY24A	FY25A	FY26E	FY27E
Profit before tax	20,683	22,601	25,171	28,207
Depreciation & w.o.	4,105	4,763	5,246	5,582
Net Interest Exp	1,081	728	(1,394)	(1,392)
Direct taxes paid	(5,902)	(7,111)	(6,451)	(7,052)
Change in Working Capital	4,028	(2,341)	2,091	536
Non Cash	(2,198)	412	0	0
(A) CF from Operating Activities	21,797	19,052	24,663	25,881
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(13,249)	(3,398)	(5,824)	(6,379)
Free Cash Flow	8,547	15,654	18,838	19,502
(Inc.)/ Dec. in Investments	(11,901)	3,376	(1,400)	(1,400)
Other	329	463	1,394	1,392
(B) CF from Investing Activities	(24,821)	441	(5,830)	(6,387)
Issue of Equity/ Preference	301	575	(11)	0
Inc./(Dec.) in Debt	12,965	(4,455)	(670)	(210)
Interest exp net	(833)	(964)	0	0
Dividend Paid (Incl. Tax)	(9,427)	(10,401)	(12,364)	(13,315)
Other	(2,235)	(2,313)	0	0
(C) CF from Financing	771	(17,557)	(13,044)	(13,524)
Net Change in Cash	(2,392)	1,814	5,788	5,969
Opening Cash balances	10,441	8,049	9,863	15,651
Closing Cash balances	8,049	9,863	15,651	21,621

E – Estimates

Notes

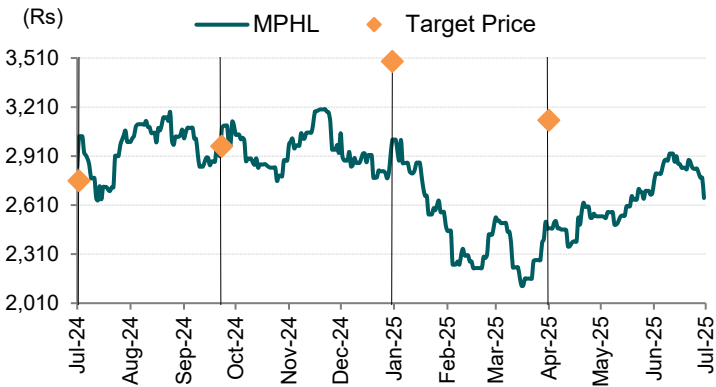
Stock Info and Rating History

Price Performance

Particulars	1M	3M	12M
Absolute (%)	(4)	8	(7)
Rel to NIFTY (%)	(3)	4	(9)

Shareholding Pattern

Particulars	Dec'24	Mar'25	Jun'25
Promoters	40.2	40.1	40.1
MF/Banks/FIs	34.6	34.9	34.9
FIIIs	20.8	20.6	20.6
Public / Others	4.4	4.3	4.3



Month	Rating	TP (Rs.)	Price (Rs.)
Jul-24	REDUCE	2,760	3,030
Oct-24	REDUCE	2,970	3,080
Jan-25	BUY	3,490	3,009
Apr-25	BUY	3,130	2,468

*Price as on recommendation date

Notes

Dolat Rating Matrix

Total Return Expectation (12 Months)

Buy	> 20%
Accumulate	10 to 20%
Reduce	0 to 10%
Sell	< 0%

Dolat Team

Amit Khurana, CFA	Head of Equities	amit@dolatcapital.com	+9122 4096 9745
CONTACT DETAILS			
Equity Sales	Designation	E-mail	Direct Lines
Dinesh Bajaj	Director - Equity Sales	dineshb@dolatcapital.com	+9122 4096 9709
Kapil Yadav	Director - Equity Sales & Corporate Access	kapil@dolatcapital.com	+9122 4096 9735
Jubbin Shah	Director - Equity Sales	jubbins@dolatcapital.com	+9122 4096 9779
Nikhil Thacker	Director - Equity Sales	nikhilt@dolatcapital.com	+9122 4096 9700
Pratik Shroff	AVP - Equity Sales	pratiks@dolatcapital.com	+9122 4096 9621
Rajeev Lala	AVP - Equity Sales	rajeevl@dolatcapital.com	+9122 4096 9767
Equity Trading	Designation	E-mail	
P. Sridhar	Director and Head of Sales Trading	sridhar@dolatcapital.com	+9122 4096 9728
Chandrakant Ware	Director - Sales Trading	chandrakant@dolatcapital.com	+9122 4096 9707
Shirish Thakkar	Director - Sales Trading	shirisht@dolatcapital.com	+9122 4096 9702
Kartik Mehta	Director - Sales Trading	kartikm@dolatcapital.com	+9122 4096 9715
Nishit Sariya	VP - Derivatives Sales Trading	nishits@dolatcapital.com	+9122 4096 9765
Monali Jobanputra	Co - Head Asia Derivatives	monalij@dolatcapital.com	+9122 6176 4841
Bhavin Mehta	Director Research - Derivatives Strategist	bhavinm@dolatcapital.com	+9122 4096 9705

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Regd. office: 1401-1409, Dalal Street Commercial, Block 53 (Bldg. No.53E) Zone-5, Road-5E, Gift City, Sector 9, Gandhinagar-382355 Gujarat, India.

Board: +9122 40969700 | Fax: +9122 22651278 | Email: research@dolatcapital.com | www.dolatresearch.com
