

Mphasis

Not out of the woods yet...

Q3 dragged down by Communication; Banking turnaround intact

USD revenue growth for Mphasis (MPHL IN) came in at just 1.6%, way below our and street estimates. This was despite a tailwind of ~USD 15mn from the Silverline acquisition. Excluding the Silverline fillip, revenue contracted 2.8% QoQ USD, in a sharp deterioration from the growth journey since the past two quarters, dragged down by the Communication vertical.

The QoQ growth was led by Insurance/ Logistics and Transportation, up 6.9%/3.2%, QoQ USD. Banking growth was at 0.9%, in keeping with the turnaround journey after QoQ contraction over last four quarters. This indicates ebbing concerns over regional banks' health. 'Others' was up the most at 11%, in line with the results announced yet. The biggest drag was Communication, with a 9.1% QoQ USD drop. Adjusted EBIT margin was at 16%, up 50bps QoQ, ahead of our estimates. Headcount addition of 221 QoQ is a key positive.

Banking – Green shoots visible

Banking Capital Markets reported a growth of 0.9% QoQ in INR terms, after four quarters of revenue contraction. Insurance also fared well with 7.6% QoQ growth. Segmental gross margin improved 55/145/47bps for BCM/Insurance/logistics. The effort was to spike segmental margin across-the-board. This indicates better-quality deals and higher end work being done in the BCM vertical. With the interest rate cycle turning positive, growth for the top client may revive and MPHL may be the prime beneficiary given its highest exposure to BFSI among tier-II players.

Valuations: Retain Accumulate; TP raised to INR 2,710

We are positive as pain in mortgages seems to be ebbing (albeit slowly), revenue growth has turned around and margin sustainability is there. We factor in Q3 print and raise FY25E-26E EPS 2.5-7% on green shoots in Banking and positive fallout from the interest rate cycle turning favorable, thus the better performance by Mortgage. We maintain Accumulate, with a raised TP of INR 2,710 (from INR 2,380), on 25.5x Dec-25E, in line with five-year average adjusted with +0.5 STD.

Rating: Accumulate

Target Price: INR 2,710

Upside: 6%

CMP: INR 2,560 (as on 2 February 2024)

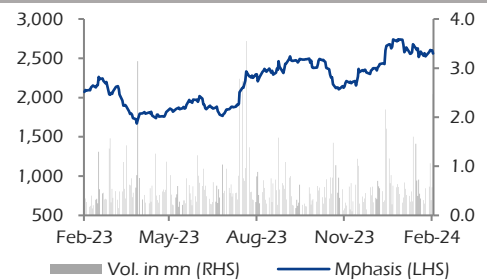
Key data*

| | |
|------------------------------|-----------------|
| Bloomberg/Reuters Code | MPHL IN/MBFL.BO |
| Current/Dil. Shares O/S (mn) | 188/188 |
| Mkt Cap (INR bn/USD mn) | 483/5,833 |
| Daily Volume (3M NSE Avg) | 523,914 |
| Face Value (INR) | 10 |

1 USD = INR 82.9

Note: *as on 2 February 2024; Source: Bloomberg

Price & Volume



Source: Bloomberg

| Shareholding (%) | Q4FY23 | Q1FY24 | Q2FY24 | Q3FY24 |
|-------------------------|--------|--------|--------|--------|
| Promoter | 55.6 | 55.6 | 55.6 | 55.5 |
| Institutional Investors | 38.7 | 38.3 | 39.3 | 39.5 |
| Other Investors | 1.6 | 1.5 | 1.4 | 1.3 |
| General Public | 4.1 | 4.6 | 3.7 | 3.6 |

Source: BSE

| Price performance (%) | 3M | 6M | 12M |
|-----------------------|------|------|------|
| Nifty | 14.2 | 11.9 | 24.1 |
| Mphasis | 17.0 | 16.0 | 22.2 |
| LTIMindtree | 9.3 | 12.7 | 19.6 |
| Coforge | 27.1 | 35.1 | 44.9 |

Source: Bloomberg

| (INR mn) | Q3FY24 | Q3FY23 | YoY (%) | Q2FY24 | QoQ (%) |
|------------------------------------------|----------|----------|---------|----------|---------|
| Revenues (USD mn) | 400.8 | 425.9 | (5.9) | 396.0 | 1.2 |
| Revenues - ex hedging gain/loss (USD mn) | 402.3 | 429.4 | | 398.5 | |
| Revenue | 33,380.0 | 35,062.0 | (4.8) | 32,765.0 | 1.9 |
| Operating Expenditure | 27,373 | 28,887 | (5.2) | 26,809 | 2.1 |
| EBITDA | 6,007 | 6,175 | (2.7) | 5,956 | 0.9 |
| Depreciation | 1,035 | 821 | 26.1 | 889 | 16.4 |
| EBIT | 4,972 | 5,354 | (7.1) | 5,067 | (1.9) |
| Other Income | 542 | 400 | | 490 | |
| PBT | 4,986 | 5,510 | (9.5) | 5,217 | (4.4) |
| Total Tax | 1,250 | 1,387 | (9.9) | 1,297 | (3.6) |
| Adjusted PAT | 3,736 | 4,123 | (9.4) | 3,920 | (4.7) |
| APAT after MI | 3,736 | 4,123 | (9.4) | 3,920 | (4.7) |
| Reported PAT | 3,736 | 4,123 | (9.4) | 3,920 | (4.7) |
| Reported EPS | 19.8 | 21.9 | (9.4) | 20.8 | (4.7) |

Key financials

| YE | Revenue (INR bn) | YoY (%) | EBITDA (INR bn) | EBITDA margin (%) | Adj PAT (INR bn) | YoY (%) | Fully DEPS (INR) | ROE (%) | ROCE (%) | P/E (x) | EV/EBITDA (x) |
|-------|------------------|---------|-----------------|-------------------|------------------|---------|------------------|---------|----------|---------|---------------|
| FY23 | 138.0 | 15.4 | 24.3 | 17.6 | 16.4 | 14.5 | 87.7 | 21.2 | 29.7 | 29.0 | 16.9 |
| FY24E | 133.0 | (3.6) | 24.4 | 18.3 | 15.7 | (4.2) | 84.0 | 19.2 | 25.9 | 30.3 | 16.2 |
| FY25E | 146.4 | 10.1 | 27.8 | 19.0 | 18.0 | 14.7 | 96.3 | 19.4 | 26.6 | 26.4 | 14.0 |
| FY26E | 164.1 | 12.1 | 31.5 | 19.2 | 21.0 | 16.7 | 112.4 | 20.6 | 27.8 | 22.6 | 12.2 |

Note: Pricing as on 2 February 2024; Source: Company, Elara Securities Estimate

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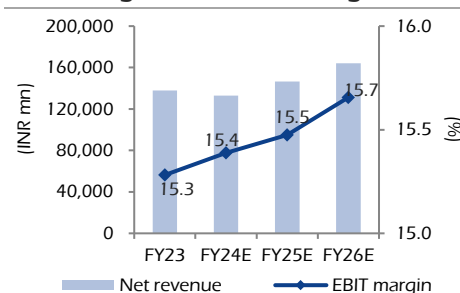
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Consolidated Financials (YE March)

| Income Statement (INR mn) | FY23 | FY24E | FY25E | FY26E |
|-----------------------------------------|---------------|---------------|----------------|----------------|
| Net Revenues | 137,984 | 133,037 | 146,425 | 164,081 |
| EBITDA | 24,339 | 24,363 | 27,827 | 31,497 |
| Less :- Depreciation & Amortization | 3,253 | 3,890 | 5,168 | 5,808 |
| EBIT | 21,086 | 20,473 | 22,658 | 25,689 |
| Add:- Non operating Income | 1,165 | 1,925 | 2,252 | 3,035 |
| PBT | 21,730 | 20,906 | 23,971 | 27,972 |
| Less :- Taxes | 5,351 | 5,209 | 5,974 | 6,970 |
| Adjusted PAT | 16,379 | 15,697 | 17,997 | 21,001 |
| Reported PAT | 16,379 | 15,697 | 17,997 | 21,001 |
| Balance Sheet (INR mn) | FY23 | FY24E | FY25E | FY26E |
| Share Capital | 1,884 | 1,884 | 1,884 | 1,884 |
| Reserves | 75,426 | 82,588 | 90,687 | 100,137 |
| Borrowings | 2,038 | 2,038 | 2,038 | 2,038 |
| Other Liabilities | 11,558 | 11,558 | 11,558 | 11,558 |
| Total Liabilities | 90,906 | 98,068 | 106,167 | 115,617 |
| Gross Block | 11,481 | 13,477 | 15,673 | 18,134 |
| Less:- Accumulated Depreciation | 7,938 | 11,828 | 16,996 | 22,804 |
| Net Block | 3,543 | 1,780 | (1,192) | (4,539) |
| Investments | 17,526 | 17,526 | 17,526 | 17,526 |
| Cash & cash equivalents | 10,558 | 20,009 | 29,171 | 39,454 |
| Net Working Capital | 19,478 | 18,953 | 20,861 | 23,376 |
| Other Assets | 39,801 | 39,801 | 39,801 | 39,801 |
| Total Assets | 90,906 | 98,068 | 106,167 | 115,617 |
| Cash Flow Statement (INR mn) | FY23 | FY24E | FY25E | FY26E |
| Cash profit adjusted for non-cash items | 20,396 | 19,154 | 21,853 | 24,527 |
| Add/Less : Working Capital Changes | (5,779) | 525 | (1,907) | (2,515) |
| Operating Cash Flow | 14,617 | 19,678 | 19,945 | 22,011 |
| Less:- Capex | (1,112) | (1,996) | (2,196) | (2,461) |
| Free Cash Flow to Firm | 15,728 | 21,674 | 22,141 | 24,472 |
| Financing Cash Flow | (14,402) | (8,500) | (9,898) | (11,551) |
| Investing Cash Flow | 1,825 | (1,695) | (884) | (178) |
| Net change in Cash | 2,257 | 9,483 | 9,163 | 10,283 |
| Ratio Analysis | FY23 | FY24E | FY25E | FY26E |
| Income Statement Ratios (%) | | | | |
| Revenue Growth | 6.6 | (6.3) | 9.5 | 12.1 |
| EBITDA Growth | 14.9 | 0.1 | 14.2 | 13.2 |
| PAT Growth | 14.5 | (4.2) | 14.7 | 16.7 |
| EBITDA Margin | 17.6 | 18.3 | 19.0 | 19.2 |
| Net Margin | 11.9 | 11.8 | 12.3 | 12.8 |
| Return & Liquidity Ratios | | | | |
| Net Debt/Equity (x) | (0.1) | (0.2) | (0.3) | (0.4) |
| ROE (%) | 21.2 | 18.6 | 19.4 | 20.6 |
| ROCE (%) | 29.7 | 25.9 | 26.6 | 27.8 |
| Per Share data & Valuation Ratios | | | | |
| Diluted EPS (INR) | 87.3 | 83.7 | 95.9 | 111.9 |
| EPS Growth (%) | 14.5 | (4.2) | 14.7 | 16.7 |
| BVPS (INR) | 414 | 452 | 495 | 546 |
| DPS (INR) | 49.8 | 46.0 | 52.8 | 61.6 |
| P/E (x) | 29.5 | 30.8 | 26.8 | 23.0 |
| EV/EBITDA (x) | 20.0 | 19.6 | 16.8 | 14.5 |
| Price/Book (x) | 6.2 | 5.7 | 5.2 | 4.7 |
| Dividend Yield (%) | 1.9 | 1.8 | 2.0 | 2.4 |

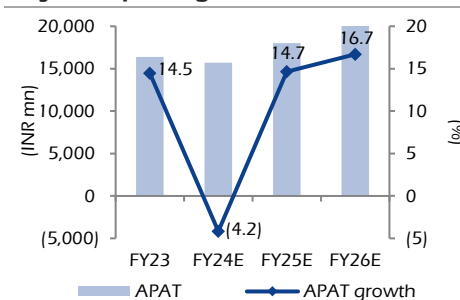
Note: Pricing as on 2 February 2024; Source: Company, Elara Securities Estimate

Revenue growth & EBIT margin trend



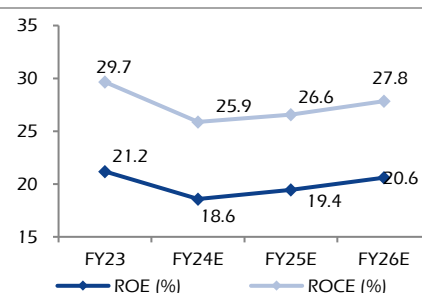
Source: Company, Elara Securities Estimate

Adjusted profit growth trend



Source: Company, Elara Securities Estimate

Return ratios



Source: Company, Elara Securities Estimate

Earnings call – Highlights

Demand commentary

- The market is seeing duality, with macro headwinds and digital investments at the same time (especially in AI). MPHL is leading with design/architecture and its engineering DNA, via building AI platform. Q3 saw higher-than-expected furloughs.
- The softening of 30-year interest rate cycle may be a tailwind for the banking business (read mortgages). Mortgage rates may drop slowly through CY24, resulting in benefit for MPHL’s banking vertical.
- QoQ constant-currency growth was at 1%, down 6.8% YoY.
- Top-10 client declined by 4.3% QoQ USD because of higher-than-expected furloughs.

Vertical-wise read: Optimism surrounds Banking

- BCM/ Insurance/Logistics/Others were up 0.2%/6.9%/3.2%/11% QoQ USD while IT-CME was down 9.1%. Logistics transportation saw its best growth since the past seven quarters. BCM is improving, validated by 2.2% QoQ USD growth in North America, unlike the contraction reported by peers in the geography.
- Banking is stretched in sub-segments of market making, Investment Banking, deal volumes and IPO volumes. Consumer Banking, Asset management, governance and risk and AI-fication to improve customer experience are doing well. The Mortgages business bottomed out in Q2 and is doing well now. It performed well in Q3, due to deals won in Q2.
- ‘Others’ vertical was led by wallet share gain in the Healthcare vertical.
- Segmental gross margin improved 55/145/47bps for BCM/Insurance/Logistics. An effort was made to increase segmental margins across-the-board.
- Application services/ BPS/ Infrastructure services grew 1.3%/-0.6%/1.2% QoQ USD.

Deal wins down QoQ; pipeline strong

- TCV was at USD 241mn, down 5.5% QoQ. This represents net new deals. The BFS and non BFS pipeline was intact. Deal conversion from TCV picked-up , especially in January. Most deal wins were proactive.
- A large deal has been signed in Telecom. Media did not see much activity.
- MPHL is focused on vertical-based cohort structure.
- Margin was hit by Silverline acquisition costs.

- EBIT margin at 14.9% was down 60bps QoQ. This saw 1.1% impact from the Silverline acquisition. The acquisition led to fillip to gross margin and impact on SG&A. There was an impact from heightened furloughs as well (50bps tailwind came in from efficient operation). Depreciation was up 16.4% QoQ.
- Adjusted EBIT margin was at 16%. Employee cost was up 220bps QoQ. SG&A rose 290bps QoQ, also impacted partially by the Silverline acquisition. Onsite was up 110bps QoQ, resulting in a drag on margin. The management has tried to balance margin headwinds with increasing fixed price by 100bps QoQ. Utilization drag of 300bps QoQ also hit margin.

Q4FY24 outlook

- Q4 outlook is positive, with the Silverline acquisition and synergy benefits pitching in. Q4 margin may be in the range of 15.25%-16.25%. BCM is expected to continue to grow in Q4.
- Q3 saw majority impact from furloughs. Hence, Q4 may see improved revenue growth aided by some furlough reversal.
- Growth for top-10 client may increase in Q4 as Banking may see a turnaround.
- The focus is on converting deal wins to revenue.

Miscellaneous

- Other income rose 16% QoQ. PAT was down 5% QoQ.
- Headcount was up by 221 QoQ.
- DSO was at 69 days, down from 70 in Q2.

Exhibit 1: Valuations

| (INR) | |
|------------------------------------------|-----------------|
| Current trailing twelve months (TTM) EPS | 83.1 |
| Current market price (CMP) | 2,560 |
| Target EPS | 107.5 |
| Target EPS period | Dec'24E-Dec'25E |
| Target multiple (x) | 25.25 |
| Target price | 2,710 |
| Upside (%) | 5.9 |

Note: Pricing as on 2 February 2024; Source: Elara Securities Estimate

Exhibit 2: Change in estimates

| | New | | | Old | | | % Change | | |
|-------------------------------|---------|---------|--------------|---------|---------|--------------|----------|-------|-----------|
| | FY24E | FY25E | FY26E | FY24E | FY25E | FY26E | FY24E | FY25E | FY26E |
| Reported revenue (USD mn) | 1,605 | 1,758 | 1,970 | 1,626 | 1,774 | 1,962 | (1.3) | (0.9) | 0.4 |
| YoY (%) | (6.3) | 9.5 | 12.1 | (5.0) | 9.1 | 10.6 | | | |
| Revenue (ex-hedging) (USD mn) | 1,610 | 1,754 | 1,966 | 1,630 | 1,770 | 1,958 | (1.2) | (0.9) | 0.4 |
| Revenue | 133,037 | 146,425 | 164,081 | 134,718 | 147,625 | 163,270 | (1.2) | (0.8) | 0.5 |
| EBIT | 20,473 | 22,658 | 25,688 | 20,972 | 22,875 | 25,522 | (2.4) | (0.9) | 0.7 |
| EBIT margin (%) | 15.4 | 15.5 | 15.7 | 15.6 | 15.5 | 15.6 | | | |
| Net Profit | 15,697 | 17,997 | 21,001 | 16,233 | 17,553 | 19,649 | (3.3) | 2.5 | 6.9 |
| EPS (INR) | 84.0 | 96.3 | 112.4 | 86.9 | 93.9 | 105.2 | (3.3) | 2.5 | 6.9 |
| Target price (INR) | | | 2,710 | | | 2,380 | | | 14 |

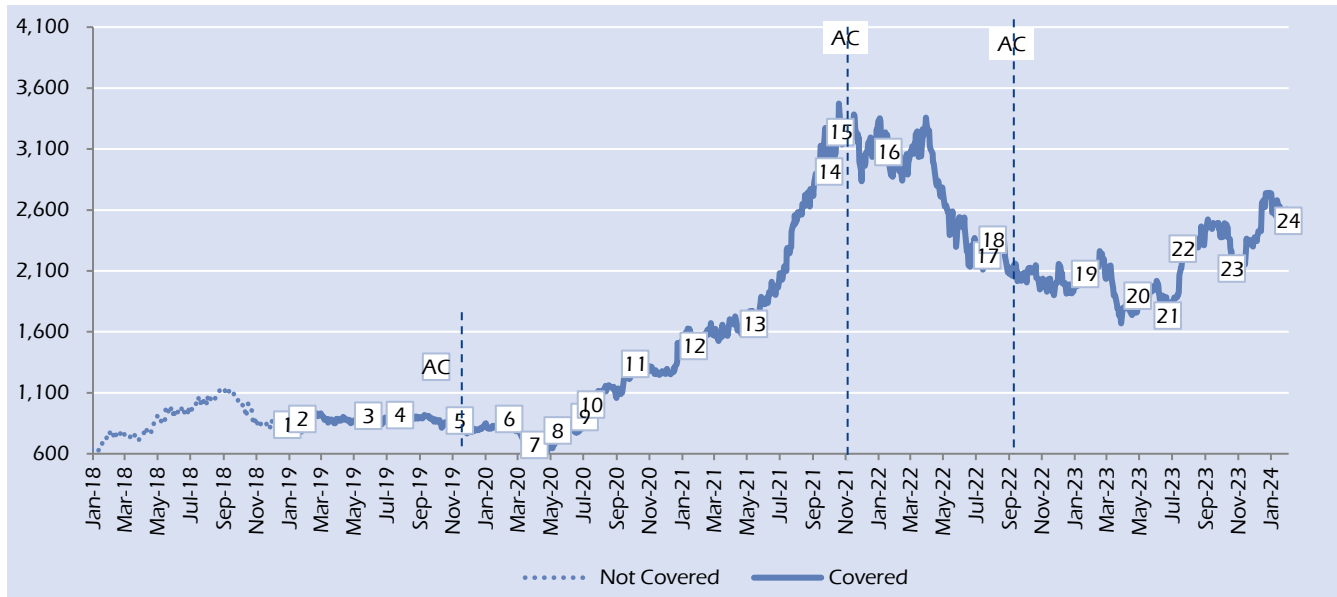
Source: Elara Securities Estimate

Exhibit 3: Valuations

| | Ticker | Currency | Rating | Mcap | Price | TP | Upside | Turnover' 23 | FY23-26E | | EV/sales | | P/E | | Div. yield (%) | | ROE (%) | |
|------------------------------------------|--------------------|----------|------------|--------|-------|-------|--------|---------------|--------------|-------------|------------|------------|-------------|-------------|----------------|------------|-------------|-------------|
| | | | | | | | | | Sales CAGR % | EPS CAGR % | FY24E (x) | FY25E (x) | FY24E (x) | FY25E (x) | FY24E | FY25E | FY24E | FY25E |
| | | | | USD bn | INR | INR | (%) | USD mn | | | | | | | | | | |
| Large Indian IT services cos. | | | | | | | | | | | | | | | | | | |
| TCS | TCS IN | INR | Buy | 167.7 | 3,959 | 4,430 | 12 | 27,927 | 5.8 | 9.4 | 5.9 | 5.5 | 31.3 | 28.8 | 1.3 | 1.4 | 47.9 | 42.9 |
| Infosys | INFO IN | INR | Sell | 83.4 | 1,693 | 1,260 | (26) | 18,212 | 4.7 | 6.3 | 4.3 | 4.1 | 28.6 | 27.2 | 1.7 | 1.8 | 29.4 | 29.1 |
| Wipro | WPRO IN | INR | Reduce | 29.5 | 484 | 450 | (7) | 11,232 | 1.9 | 6.8 | 2.5 | 2.3 | 22.5 | 20.8 | 0.4 | 0.5 | 12.7 | 12.3 |
| HCL Technologies | HCLT IN | INR | Sell | 50.6 | 1,584 | 1,430 | (10) | 12,586 | 8.1 | 9.2 | 3.7 | 3.4 | 27.2 | 24.1 | 2.8 | 3.1 | 23.6 | 25.9 |
| Tech Mahindra | TECHM IN | INR | Buy | 15.5 | 1,340 | 1,660 | 24 | 6,607 | 5.3 | 13.7 | 2.4 | 2.1 | 43.2 | 19.7 | 0.9 | 1.9 | 9.5 | 18.5 |
| Tier-1 IT AVG | | | | | | | | 15,313 | 5.1 | 9.1 | 3.8 | 3.5 | 30.6 | 24.1 | 1.4 | 1.7 | 24.6 | 25.7 |
| Tier-1 IT Median | | | | | | | | 12,586 | 5.3 | 9.2 | 3.7 | 3.4 | 28.6 | 24.1 | 1.3 | 1.8 | 23.6 | 25.9 |
| Mid-sized Indian IT services cos. | | | | | | | | | | | | | | | | | | |
| LTIMindtree | LTIM IN | INR | Accumulate | 19.6 | 5,495 | 6,570 | 20 | 4,106 | 10.4 | 16.8 | 4.3 | 3.9 | 33.0 | 25.3 | 1.2 | 1.6 | 27.6 | 31.0 |
| Mphasis | MPHL IN | INR | Accumulate | 5.7 | 2,575 | 2,710 | 5 | 1,712 | 4.8 | 8.6 | 3.4 | 3.1 | 30.7 | 26.7 | 1.8 | 2.0 | 18.9 | 19.9 |
| Persistent | PSYS IN | INR | Accumulate | 7.8 | 8,500 | 8,300 | (2) | 1,036 | 14.4 | 23.2 | 6.4 | 5.5 | 57.3 | 45.0 | 0.7 | 0.9 | 23.4 | 24.2 |
| Coforge | COFORGE IN | INR | Buy | 4.6 | 6,454 | 8,100 | 26 | 1,002 | 14.6 | 31.2 | 4.2 | 3.6 | 42.9 | 30.2 | 2.3 | 3.3 | 25.9 | 30.8 |
| eclerx | ECLX IN | INR | Accumulate | 1.5 | 2,687 | 2,841 | 7 | 333 | 10.7 | 13.6 | 4.2 | 3.7 | 25.2 | 21.5 | 0.6 | 0.7 | 27.5 | 28.6 |
| Sonata Software | SSOF IN Equity | INR | NR | 2.5 | 766 | NA | - | 897 | 9.2 | 20.3 | 2.8 | 2.4 | 40.5 | 32.5 | 1.3 | 1.6 | 36.7 | 38.4 |
| Happiest Minds | HAPPSTMN IN Equity | INR | NR | 1.6 | 872 | NA | - | 172 | 16.6 | 11.2 | 7.6 | 6.4 | 54.8 | 43.8 | 0.0 | 0.0 | 23.3 | 23.3 |
| Firstsource solutions | FSOL IN Equity | INR | NR | 1.6 | 200 | NA | - | 721 | 8.0 | 10.6 | 2.4 | 2.1 | 26.3 | 21.5 | 2.2 | 2.5 | 15.7 | 17.9 |
| Birlasoft | BSOFT IN Equity | INR | NR | 2.7 | 844 | NA | - | 578 | 11.8 | 46.1 | 4.0 | 3.5 | 39.3 | 33.0 | 0.8 | 0.9 | 22.5 | 22.7 |
| Zensar Tech | ZENT IN Equity | INR | NR | 1.6 | 562 | NA | - | 584 | 5.0 | 38.7 | 2.4 | 2.2 | 20.2 | 20.1 | 1.3 | 1.4 | 19.5 | 16.9 |
| Intellect design arena | INDA IN Equity | INR | NR | 1.5 | 898 | NA | - | 269 | 14.3 | 27.8 | 4.8 | 4.2 | 35.6 | 27.6 | 0.3 | 0.4 | 16.1 | 17.9 |
| Mastek | MAST IN Equity | INR | NR | 1.0 | 2,908 | NA | - | 309 | 17.7 | 14.9 | 2.8 | 2.4 | 30.5 | 22.6 | 1.1 | 1.0 | 16.5 | 19.4 |
| Mid-size IT AVG | | | | | | | | 977 | 11.5 | 21.9 | 4.1 | 3.6 | 36.4 | 29.2 | 1.1 | 1.4 | 22.8 | 24.2 |
| Mid-size IT Median | | | | | | | | 653 | 11.2 | 18.6 | 4.1 | 3.5 | 34.3 | 27.2 | 1.1 | 1.2 | 22.9 | 23.0 |
| Indian IT ER&D cos. | | | | | | | | | | | | | | | | | | |
| L&T Tech | LTTS IN | INR | Sell | 6.9 | 5,529 | 4,240 | (23) | 990 | 14.3 | 11.9 | 5.5 | 5.0 | 44.9 | 39.8 | 0.8 | 0.9 | 25.5 | 24.8 |
| Cyient | CYL IN | INR | Buy | 2.7 | 2,115 | 2,590 | 22 | 746 | 12.8 | 25.4 | 3.3 | 2.9 | 27.9 | 23.4 | 1.8 | 2.1 | 22.7 | 24.0 |
| Tata Elxsi | TELX IN | INR | Accumulate | 5.7 | 7,635 | 8,610 | 13 | 390 | 15.9 | 15.0 | 12.7 | 10.5 | 58.3 | 49.2 | 0.7 | 0.8 | 40.2 | 32.2 |
| KPIT Tech | KPIT IN | INR | Accumulate | 4.7 | 1,575 | 1,570 | (0) | 418 | 25.8 | 39.6 | 8.7 | 7.1 | 71.8 | 56.2 | 0.5 | 0.6 | 32.4 | 33.4 |
| Tata technologies | TATATECH IN Equity | INR | NR | 5.6 | 1,100 | NA | - | 532 | 10.7 | 13.7 | 11.0 | 9.8 | 83.2 | 72.6 | 1.0 | 1.1 | 21.0 | 23.0 |
| Mid-tier IT AVG | | | | | | | | 615.1 | 15.9 | 21.1 | 8.2 | 7.0 | 57.2 | 48.2 | 0.9 | 1.1 | 28.3 | 27.5 |
| Mid-tier IT Median | | | | | | | | 532 | 14.3 | 15.0 | 8.7 | 7.1 | 58.3 | 49.2 | 0.8 | 0.9 | 25.5 | 24.8 |
| Global peers | | | | | | | | | | | | | | | | | | |
| IBM | IBM US | USD | NA | 158.8 | 186 | NA | | 60,530 | 5.2 | 129.1 | 3.2 | 3.1 | 18.6 | 17.7 | 3.9 | 3.9 | 35.1 | 35.1 |
| Accenture | ACN US | USD | NA | 246.1 | 373 | NA | | 61,594 | 7.3 | 10.4 | 3.7 | 3.4 | 30.6 | 27.8 | 1.4 | 1.5 | 28.2 | 28.2 |
| Cognizant | CTSH US | USD | NA | 38.6 | 78 | NA | | 19,428 | 0.8 | 7.2 | 1.9 | 1.9 | 17.7 | 16.9 | 1.5 | 1.6 | 17.3 | 16.6 |
| Capgemini | CAP FP | EUR | NA | 38.3 | 206 | NA | | 23,167 | 4.6 | 14.9 | 1.7 | 1.7 | 16.2 | 15.6 | 1.8 | 1.9 | 18.5 | 18.0 |
| Endava | DAVA US | USD | NA | 4.4 | 72 | NA | | 871 | 16.1 | 18.3 | 4.2 | 3.6 | 34.3 | 25.7 | - | - | 14.4 | 18.1 |
| EPAM | EPAM US | USD | NA | 16.6 | 290 | NA | | 4,825 | 0.4 | 23.1 | 3.2 | 3.1 | 28.2 | 27.4 | - | - | 19.0 | 16.2 |
| Globant | GLOB US | USD | NA | 9.8 | 250 | NA | | 1,780 | 17.7 | 28.5 | 4.7 | 4.0 | 43.8 | 37.8 | - | - | 14.1 | 14.8 |
| NAGARRO SE | NA9 GY Equity | USD | NA | 1.4 | 89 | NA | | 902 | 10.4 | -5.1 | 1.6 | 1.5 | 20.2 | 16.5 | - | - | 32.0 | 30.5 |
| Global IT AVG | | | | | | | | 24,599 | 7.4 | 33.1 | 3.2 | 3.0 | 27.0 | 24.1 | 2.1 | 2.2 | 20.9 | 21.0 |
| Global IT Median | | | | | | | | 19,428 | 5.2 | 18.3 | 3.2 | 3.1 | 28.2 | 25.7 | 1.6 | 1.8 | 18.5 | 18.0 |

Note: Pricing as on 2 February 2024; Bloomberg Consensus for Not Rated companies; Source: Elara Securities Estimate

Coverage History



AC – Analyst Change

| Date | Rating | Target Price | Closing Price |
|-----------------|------------|--------------|---------------|
| 16 20-Jan-2022 | Buy | INR 3,945 | INR 3,051 |
| 17 22-July-2022 | Reduce | INR 2,160 | INR 2,276 |
| 18 1-Aug-2022 | Sell | INR 1,940 | INR 2,300 |
| 19 20-Jan-2023 | Sell | INR 1,910 | INR 2,025 |
| 20 28-Apr-2023 | Sell | INR 1,700 | INR 1,814 |
| 21 23-Jun-2023 | Sell | INR 1,760 | INR 1,831 |
| 22 21-Jul-2023 | Accumulate | INR 2,530 | INR 2,331 |
| 23 20-Oct-2023 | Accumulate | INR 2,380 | INR 2,170 |
| 24 2-Feb-2024 | Accumulate | INR 2,710 | INR 2,560 |

Guide to Research Rating

| | |
|-------------------|-----------------------------|
| BUY | Absolute Return >+20% |
| ACCUMULATE | Absolute Return +5% to +20% |
| REDUCE | Absolute Return -5% to +5% |
| SELL | Absolute Return < -5% |

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