07 November 2026
2QFY27 Results Update | Sector: Technology

Mphasis

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	MPHL IN
Equity Shares (m)	191
M.Cap.(INRb)/(USDb)	481.2 / 5.1
52-Week Range (INR)	2978 / 2013
1, 6, 12 Rel. Per (%)	0/11/-7
12M Avg Val (INR M)	1767

Financials & Valuations (INR b)

Y/E Mar	FY26	FY27E	FY28E
Sales	158.8	185.3	209.3
EBIT Margin	15.3	15.0	15.3
Adj. PAT	18.9	22.3	25.5
Adj. EPS (INR)	99.0	116.8	133.5
EPS Gr. (%)	10.9	18.0	14.3
BV/Sh. (INR)	564.0	614.5	683.4
Ratios			
RoE (%)	18.5	19.9	20.6
RoCE (%)	16.2	16.6	17.7
Payout (%)	62.6	55.7	48.7
Valuations			
P/E (x)	25.5	21.7	18.9
P/BV (x)	4.5	4.1	3.7
EV/EBITDA (x)	15.7	13.6	11.7
Div Yield (%)	2.5	2.6	2.6

Shareholding Pattern (%)

As On	Sep-26	Jun-26	Sep-25
Promoter	30.5	30.5	40.1
DII	45.8	45.3	37.1
FII	19.4	19.5	18.5
Others	4.2	4.7	4.3

FII includes depository receipts

CMP: INR2,520 **TP: INR3,000 (+19%)** **Buy**

Upward revision to the FY27 guidance

Short-cycle wins and large-deal ramp-ups improve revenue visibility

- Mphasis (MPHL)'s 2QFY27 revenue grew 3.3% QoQ in constant currency (CC), broadly in line with our estimate of 3.1% QoQ CC. Direct revenue rose 3.5% QoQ CC and 11.3% YoY CC. TCV was down 11.7% YoY to USD466m. EBIT margin stood at 14.8%, below our estimate of 15.1%. Adj. PAT came in at INR5.6b (up 14.6% QoQ), in line with our estimate of INR5.5b.
- For 1HFY27, revenue/EBIT/adj. PAT grew 18.9%/13.6%/15.4% YoY in INR terms. We expect revenue/EBIT/adj. PAT to grow 16.1%/15.6%/20.8% YoY in 2HFY27. The company has **raised its earlier guidance of high single-digit to low double-digit revenue growth to the low-double-digit range, along with a sustainable EBIT margin range of 14.75%–15.75%** backed by disciplined execution and 80% conversion of net income to operating cash flow. We value the stock at 22x FY28E EPS, arriving at a TP of INR3,000. **We reiterate our BUY rating on the stock.**

Our view: Margin trajectory remains measured

- **Revenue growth outlook improves; FY27 guidance raised:** MPHL delivered its **strongest QoQ CC** revenue growth in three years. The improved growth momentum reflects ramp-ups in large deal wins, contributions from new logos and faster conversion of short-cycle engagements. With a **record pipeline (TTM ~USD1.8b)**, six consecutive quarters of net new TCV above USD400m, and a healthy backlog supporting near-term revenue, the company **raised its FY27 revenue growth guidance to the low-double-digit** range from the earlier high-single-digit to low-double-digit range. We build in **10.1% YoY CC** revenue growth for FY27E.
- **Short-cycle deals support near-term conversion:** While 2Q net new TCV was **broadly flat QoQ** at USD466m (vs. USD461m in Q1), the composition of deal wins is increasingly supportive of near-term revenue growth. TCV for short-cycle deals **of less than USD20m increased 26% YoY on a TTM basis**, while the corresponding pipeline grew 35% YoY and 9% QoQ, outpacing overall pipeline growth of 23% YoY. **Shorter-cycle AI engineering, cybersecurity, and modernization engagements are contributing to this momentum**.
- **Margins likely to remain near the lower end of the guidance range in FY27:** EBIT margin was flat QoQ, with investments in delivery capabilities, onsite resources, and platform development **offsetting operating leverage**. The higher onsite mix in AI-led engagements and amortization of acquisition-related intangibles are **also weighing on margins**. Continued investments in new capabilities and deal ramp-ups are likely to **limit near-term margin expansion**. We expect margins to remain at the lower end of the guided range of 14.75–15.75% and build in a 15% **EBIT margin for FY27E.**

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- **Cash conversion remains volatile:** OCF was **USD34m in 2Q after normalizing for USD39.5m of client remittances** initiated on 30th Sep'26 but received in October. DSO stood at 105 days, with underlying collections also affected by an **increase of around 10 days sequentially**. The company continues to target **FY27 OCF conversion of 80% of net income**, which implies a **meaningful improvement in 2H and a conversion rate above 100%** for the remainder of the year.

Valuation and changes to our estimates

- **We remain positive on MPHL, supported by healthy deal momentum and improving growth visibility.** AI-led opportunities now account for ~71% of the total pipeline, while ramp-ups of large deals and a higher share of short-cycle engagements should support revenue conversion over the coming quarters.
- Following the improvement in growth visibility and the upward revision to FY27 guidance, we raise our **USD revenue/EPS estimates by 0.7%/1.2% and 2.3%/3.0% for FY27E/FY28E**, respectively. However, as the company continues to prioritize growth and invest in platforms, tools, and delivery capabilities, we build in **EBIT margins of 15.0%/15.3% for FY27E/FY28E**. We forecast a USD **revenue CAGR of ~10.5% and an INR PAT CAGR of ~16% over FY26–28E**. We value MPHL at **22x (earlier 21x) FY28E EPS**, arriving at a TP of **INR3,000**, and reiterate our **BUY** rating.

Revenue in line but miss on margins; wins five large deals in 2Q

- MPHL's revenue of USD486m grew 3.3% QoQ CC, up 9.7% YoY CC, largely in line with our estimate of 3.1% QoQ CC growth.
- Direct revenue was up 3.5% QoQ CC and 11.3% YoY CC.
- TMT/BFSI/Insurance led the growth with a 9.9%/4.4%/1.8% QoQ CC increase, while logistics/Others declined 11.9%/6.4% QoQ CC.
- EBIT margin was 14.8% (flat QoQ/-50bp YoY), vs. our estimate of 15.1% QoQ.
- Adj. PAT was at INR5.6b (up 14.6% QoQ) in line with our estimates of INR 5.5b.
- TCV stood at USD 466m (down 11.7% YoY). About 66% of the deal wins were in AI-led services.
- Offshore utilization (excl. trainees) increased 100bp QoQ to 82%. Net headcount was up 2.6% QoQ in 2QFY27 to 32,920.
- Management has given guidance of low double-digit revenue growth, along with a sustainable EBIT margin range of 14.75%–15.75% backed by disciplined execution.

Key highlights from the management commentary

- The second quarter delivered the strongest sequential growth in 3 years, broad-based across verticals and segments, prompting a guidance upgrade despite an uncertain macro.
- The FY27 guidance has been raised to low double-digit growth from high single-digit to low double-digit, backed by a record pipeline and backlog conversion.
- Sub-USD 20m TCV grew ~26% on a TTM basis, and the sub-USD 20m pipeline grew ~35% YoY.
- Pipeline hit a record ~USD 9.3b, up ~4.4% QoQ and ~23% YoY, with ~71% AI-led opportunities and strongest YoY growth in modernization and XaaP.

- Management expects TCV to stay healthy or inch up over the next 2-4 quarters, though large deals remain lumpy.
- EBIT margin was flat QoQ at ~14.8%, down ~50 bps YoY, at the lower end of the 14.75%-15.75% band.
- Management is prioritizing growth, viewing margins as an internally correctable lever, while growth is client-dependent.
- Reported operating cash flow was negative ~USD6m, or ~USD34m after adjusting for USD39.5m of remittances received in Oct; no structural shift was flagged.
- The FY27 target of 80% net-income-to-OCF conversion is retained, implying a high 2H ask, with normalization expected in FY28.

Quarterly Performance (INR m)

Y/E March	FY26				FY27E				FY26	FY27E	Est. 2QFY27	Var. (% / bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Revenue (USD m)	**437**	**445**	**451**	**463**	**471**	**486**	**498**	**516**	**1,797**	**1,971**	**485**	**0.2**
QoQ (%)	1.6	1.8	1.4	2.5	1.8	3.2	2.5	3.5	6.9	9.7	3.0	17bp
Revenue (INR m)	**37,324**	**39,019**	**40,026**	**42,427**	**43,841**	**45,809**	**46,968**	**48,634**	**1,58,796**	**1,85,252**	**45,595**	**0.5**
YoY (%)	9.1	10.3	12.4	14.4	17.5	17.4	17.3	14.6	11.6	16.7	16.9	55bp
GPM (%)	**31.9**	**30.9**	**31.3**	**31.5**	**29.9**	**29.9**	**30.4**	**30.7**	**31.4**	**30.2**	**30.4**	**-47bp**
SGA (%)	**13.1**	**12.4**	**12.5**	**12.5**	**11.7**	**11.8**	**11.9**	**11.9**	**12.6**	**11.8**	**12.0**	-21bp
EBITDA	**7,028**	**7,236**	**7,518**	**8,053**	**7,952**	**8,310**	**8,689**	**9,143**	**29,835**	**34,094**	**8,389**	**-0.9**
EBITDA Margin (%)	**18.8**	**18.5**	**18.8**	**19.0**	**18.1**	**18.1**	**18.5**	**18.8**	**18.8**	**18.4**	**18.4**	**-26bp**
EBIT	**5,709**	**5,958**	**6,089**	**6,525**	**6,481**	**6,774**	**7,092**	**7,490**	**24,281**	**27,837**	**6,885**	**-1.6**
EBIT Margin (%)	**15.3**	**15.3**	**15.2**	**15.4**	**14.8**	**14.8**	**15.1**	**15.4**	**15.3**	**15.0**	**15.1**	**-31bp**
Other income	392	289	198	289	347	902	705	730	1,168	2,683	456	97.8
ETR (%)	27.6	24.9	25.4	25.2	28.3	26.9	26.9	25.5	25.8	26.8	25.5	140bp
Adj. PAT	**4,417**	**4,690**	**4,687**	**5,097**	**4,895**	**5,611**	**5,699**	**6,123**	**18,891**	**22,328**	**5,469**	**2.6**
QoQ (%)	-1.1	6.2	-0.1	8.7	-4.0	14.6	1.6	7.4			11.7	24.8
YoY (%)	9.2	10.8	9.5	14.1	10.8	19.6	21.6	20.1	11.0	18.2	16.6	18.2
Exceptional items	**0**	**0**	**265**	**0**	**0**	**0**	**0**	**0**	**265**	**0**	0.0	
Reported PAT	**4,417**	**4,690**	**4,422**	**5,097**	**4,895**	**5,611**	**5,699**	**6,123**	**18,626**	**22,328**	**5,469**	**2.6**
Adj. EPS (INR)	23.1	24.5	24.6	26.7	25.6	29.3	29.8	32.0	99.0	116.8	28.6	2.6

Key Performance Indicators

Y/E March	FY26				FY27		FY26
	1Q	2Q	3Q	4Q	1Q	2Q	
Margins							
Gross Margin	31.9	30.9	31.3	31.5	29.9	29.9	31.4
EBIT Margin	15.3	15.3	15.2	15.4	14.8	14.8	15.3
Net Margin	11.8	12.0	11.7	12.0	11.2	12.2	11.9
Operating metrics							
Headcount	31,063	30,809	31,272	31,179	32,097	32,920	31,179
Deal Win TCV (USD m)	760	528	428	407	461	466	2123
Key Verticals (YoY%)							
BFS	17.9	13.2	14.6	14.8	7.7	13.5	15.1
Insurance	28.8	31.8	37.9	48.0	17.4	14.6	36.8
IT, Comm, Ent	20.3	24.3	16.7	-2.5	8.4	9.3	14.2
Key Geographies (YoY%)							
North America	10.0	9.5	10.0	-5.3	10.0	11.0	5.5
Europe	-16.5	-12.3	-1.4	-8.2	0.6	-9.0	-9.7

Key highlights from the management commentary

Demand and industry outlook

- Q2 delivered the strongest sequential growth in 3 years, broad-based across verticals and segments, prompting a guidance upgrade despite an uncertain macro.
- Client spend is concentrated in 3 areas: AI engineering (data foundations, harness, infra), cyber estate hardening and savings-led transformation.
- Larger, mature clients are driving this spend, with short-cycle deals capturing in-year budgets and supporting faster revenue conversion.
- Business and operations leaders now co-fund AI alongside CIOs, with nearly half of AI budgets outside IT as per ISG, expanding the addressable market.
- Decision cycles on long-tenor deals remain complex given AI noise and pace of change, but management sees no conversion slowness.
- Falling token costs ease budget pressure on enterprises, though management sees new BPO-type spend pools as a separate opportunity.
- Revenue grew ~3.3% QoQ to ~USD 486m, with direct revenue up ~3.5% QoQ and ~11.3% YoY in CC terms.
- Apps (~75.6% of revenue) grew ~3.7% QoQ and ~14.4% YoY, led by AI-led modernization deals.
- BPO grew ~6.6% QoQ and ~18.7% YoY on new wins and AI-led propositions, while ITO declined ~4.9% QoQ as build-plus-run programs moved into the run phase.
- Top 5 clients grew ~15.1% YoY and top 11-20 grew ~22.7% YoY, reflecting wider account coverage beyond the top 10.
- Two clients were added in the USD 50m+ bracket QoQ, while the USD 5m+ bracket saw 5 additions YoY.
- FY27 guidance raised to low double-digit growth from high single-digit to low double-digit, backed by record pipeline and backlog conversion.
- Net new TCV was ~USD 466m, the 6th straight quarter above USD 400m, taking TTM TCV to ~USD 1.8b.
- AI-led deals formed ~66% of TCV (vs ~63% in Q1), including 5 large deal wins in the quarter.
- A large broker-dealer deal for advisor administration uses a revenue share model linked to the client's advisor growth, with expansion potential.
- Sub-USD 20m TCV grew ~26% on a TTM basis, and the sub-USD 20m pipeline grew ~35% YoY.
- Pipeline hit a record ~USD 9.3b, up ~4.4% QoQ and ~23% YoY, with ~71% AI-led and strongest YoY growth in modernization and XaaP.
- Management expects TCV to stay healthy or inch up over the next 2-4 quarters, though large deals remain lumpy.
- **BFS:** BFS direct grew **~4.5% QoQ and ~15% YoY**, with an 8-quarter CQGR of ~3.8%, led by wallet share gains and new wins. Tria is opening business process budgets in lending origination, payment exception processing and client onboarding.
- **Insurance:** Insurance **returned to growth** at ~1.8% QoQ and **~14.7% YoY**, supported by Tria-led optimization in underwriting, claims and risk operations.

TTM growth was **~28%**, and large insurers are showing interest in AI-led operations transformation.

- **TMT:** TMT direct grew **~10.9% QoQ and ~14.5% YoY** on ramp-ups of recent wins, and is now the **second largest vertical**. Growth spans device makers, telecom, high-tech and ISVs, with telecom clients scaling into the top 10.
- **Logistics & Transportation:** Revenue declined **~12% QoQ** to ~USD 18m (<4% of revenue) on geopolitical uncertainty, with a small base amplifying swings. Management is rebuilding the vertical and sees scope to scale USD 20m accounts to **USD 50-100m**, rejecting a structural decline view.
- **Americas:** Americas grew **~3.1% QoQ and ~12.4% YoY** in direct, driven by large deal ramp-ups and new logos.
- **EMEA:** EMEA declined **~3.3% QoQ and ~9% YoY** as a globally structured engagement was allocated across regions by contract origin. Management maintains that underlying business health in the region remains intact.
- **ROW** grew **~16.4% QoQ and ~23.5% YoY**, led by growing participation in the **GCC ecosystem** with global clients.
- Headcount additions were cited as supporting run-rate confidence, though no absolute numbers were shared.
- Client-facing technology leaders are being certified on value stream playbooks, with deployment capacity expanded through FTE teams.
- Furlough impact is historically ~2% at the organization level, with no change expected, and mitigation planning to be finalized in December.
- Onsite mix has risen with AI programs that begin onsite, and delivery teams are embedded within clients
- Mphasis Tria runs as a closed loop of understand, decide, act, measure and improve, with humans governing exceptions.
- Tria has become a proof point in large deal evaluations, with first deployments live across multiple clients and verticals.
- Tria-led opportunities are larger, multi-year and business-sponsored, often starting with a proof of value on client processes.
- Revenue, pipeline and client metrics for Tria were not disclosed, with FY27 seen as a foundational year and metrics expected over 2 quarters.
- Management sees the moat in enterprise context, decision intelligence, orchestration and governance, not the models.
- Cyber is a fast-growing but non-disclosed practice within Apps, focused on AI-enabled vulnerability ops, IAM and post-quantum cryptography.
- Reported operating cash flow was negative ~USD 6m, or ~USD 34m after adjusting for USD 39.5m of remittances received in October; no structural shift flagged.
- DSO stood at ~113 days (~105 normalized) versus ~95 days in Q1, and is expected to improve to double-digit levels in Q3.
- FY27 target of 80% net income to OCF conversion is retained, implying a high H2 ask, with normalization expected in FY28.
- Acquired-contract consideration was ~INR 1.4b in H1 FY27 versus ~INR 4.3b last year, with the Red Oak deal (~USD 28m) closing in November.
- EPS rose ~14.6% QoQ to INR 29.4.
- Others declined ~6.4% QoQ and grew ~1.8% YoY, though healthcare grew on a large deal win and is expected to turn a growth driver.

Margin performance

- EBIT margin was flat QoQ at ~14.8%, down ~50 bps YoY, at the lower end of the 14.75%-15.75% band.
- Margins were weighed on by acquisition-related amortization and a higher onsite mix in short-cycle AI deals.
- Management is prioritizing growth, viewing margins as an internally correctable lever while growth is client-dependent.
- FY27 margins are guided within the band, with no H1 versus H2 split provided.
- Tria-led delivery is expected to lift gross margins over time, with a different sold margin shape on platform-led deals.
- Timing of margin benefit is unclear, as investments in IP, coverage and platforms continue in the near term.

Exhibit 1: BPO/Core application services business grew 18.6%/12.5% YoY

Services	Contribution to revenue (%)	Growth QoQ (%)	Growth YoY (%)
Application Services	75.6	3.3	12.5
BPO	16.2	6.5	18.6
Infrastructure Services	8.2	(3.9)	(23.5)

Source: Company, MOFSL

Exhibit 2: North America and RoW grew, while Europe declined YoY

Geographies	Contribution to revenue (%)	Growth QoQ (%)	Growth YoY (%)
North America	85.0	2.9	11.0
Europe	7.6	(3.2)	(9.0)
Rest of the World	7.4	14.0	234.7

Source: Company, MOFSL

Exhibit 3: TMT and BFS fueled sequential growth in 1Q; logistics declined again

Verticals	Contribution to revenue (%)	Growth QoQ (%)	Growth YoY (%)
Banking and Financial Services	53.3	4.4	13.5
Insurance	14.7	1.8	14.6
Technology, Media, and Telecom	19.4	10.0	9.3
Logistics and Transportation	3.6	(11.6)	(29.2)
Others	9.0	(7.1)	0.6

Source: Company, MOFSL

Exhibit 4: The top client buckets continued with the sequential growth

	Contribution to revenue (%)	Growth QoQ (%)	Growth YoY (%)
Top client	14.0	11.1	27.4
Top 2-5 clients	27.0	3.2	9.2
Top 6-10 clients	16.0	3.2	9.2

Source: Company, MOFSL

Valuation and view

- **We remain positive on MPHL, supported by healthy deal momentum and improving growth visibility.** AI-led opportunities now account for ~71% of the total pipeline, while ramp-ups of large deals and a higher share of short-cycle engagements should support revenue conversion over the coming quarters.
- Following the improvement in growth visibility and the upward revision to FY27 guidance, we raise our **USD revenue/EPS estimates by 0.7%/1.2% and 2.3%/3.0% for FY27E/FY28E**, respectively. However, as the company continues to prioritize growth and invest in platforms, tools, and delivery capabilities, we build in **EBIT margins of 15.0%/15.3% for FY27E/FY28E**. We forecast a USD **revenue CAGR of ~10.5% and an INR PAT CAGR of ~16% over FY26–28E**. We value MPHL at **22x (earlier 21x) FY28E EPS**, arriving at a TP of **INR3,000**, and reiterate our **BUY** rating.

Exhibit 5: Summary of our revised estimates

	Revised		Earlier		Change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
INR/USD	95.4	96.0	95.3	96.0	0.0%	0.0%
USD Revenue - m	1,971	2,194	1,959	2,157	0.6%	1.7%
Growth (%)	9.7	11.3	9.1	10.1	70bps	120bps
EBIT margin (%)	15.0	15.3	15.2	15.3	-10bps	0bps
Adj. PAT (INR M)	22,328	25,526	21,832	24,783	2.3%	3.0%
Adj. EPS (INR)	116.8	133.5	114.2	129.6	2.3%	3.0%

Source: MOFSL

Exhibit 6: Operating metrics

	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
Geographical contribution (%)									
Americas	80.7	81.5	82.0	83.4	83.6	83.3	83.7	85.2	85.0
EMEA	11.0	10.2	9.9	8.7	9.1	9.3	9.8	8.1	7.6
India*	5.7	6.0	-	5.3	4.8	-	-	-	-
RoW	2.6	2.4	8.1	2.6	2.4	7.4	6.5	6.7	7.4
Vertical contribution (%)									
Banking and capital market	47.9	48.7	50.0	52.7	51.3	51.8	53.4	52.7	53.3
Insurance	11.2	11.7	11.4	13.7	14.0	15.0	15.7	14.9	14.7
IT, communications, and entertainment	16.5	17.0	17.8	18.1	19.4	18.4	16.1	18.2	19.4
Logistics and transportation	13.1	12.2	10.9	5.8	5.6	5.4	5.1	4.2	3.6
Others	11.3	10.5	9.9	9.7	9.8	9.5	9.7	10.0	9.0
Revenue by project type (%)									
Time and material	60.0	57.6	55.4	48.6	49.1	46.8	45.1	46.5	47.8
Transaction-based	10.3	10.6	8.6	8.3	8.2	8.5	8.6	9.2	9.3
Fixed price	29.7	31.8	36.0	43.1	42.7	44.8	46.3	44.3	42.9
Revenue by delivery location (%)									
Onsite	57.3	59.0	59.9	59.6	57.5	59.8	61.0	60.9	62.3
Offshore	42.7	41.0	40.1	40.4	42.5	40.2	39.0	39.1	37.7
Secondary market segment (%)									
Direct international*	95.8	95.9	96.7	97.3	97.5	97.9	-	-	-
DXC*	2.7	2.7	2.5	2.4	2.3	2.0	-	-	-
Others*	1.5	1.4	0.8	0.2	0.2	0.2	-	-	-
Service type (%)									
Application services	71.3	71.7	71.8	73.8	73.4	75.0	76.5	75.5	75.6
BPO	16.4	16.4	15.4	14.8	14.9	14.8	14.2	15.7	16.2
Infrastructure services	12.3	11.9	12.7	11.4	11.7	10.2	9.3	8.8	8.2
Client contribution (%)									
Top client	15	15	14	13	12	12	13	13	14
Top 2-5 clients	28	28	28	27	27	28	28	27	27
Top 6-10 clients	10	10	12	14	16	15	15	16	16
New clients added	2	2	3	3	2	3	1	7	8
Clients contributing more than:									
Over USD100m	3	3	3	4	4	4	4	4	4
Over USD75m	4	5	5	6	6	6	6	6	6
Over USD50m	5	5	5	7	7	8	7	7	9
Over USD20m	9	11	11	10	11	14	15	15	14
Over USD10m	27	29	29	31	30	28	29	30	28
Over USD5m	51	47	50	50	50	51	52	52	55
Over USD1m	140	140	139	137	136	131	127	133	139
Headcount									
Onsite – billable									
Tech services	4,788	4,892	4,981	5,127	5,377	5,436	5,360	5,557	5,813
BPO	1,363	1,351	1,281	1,142	1,143	1,071	1,089	1,322	1,454
Offshore – billable									
Tech services	14,576	14,218	14,540	14,477	14,498	14,587	14,815	14,894	15,444
BPO	5,851	5,681	5,545	5,503	5,422	5,831	5,756	6,011	6,044
Total billable headcount	26,578	26,142	26,347	26,249	26,440	26,925	27,020	27,784	28,755
Total headcount	31,601	31,194	31,442	31,063	30,809	31,272	31,179	32,097	32,920

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

Financials and valuations

Income Statement

(INR m)

Y/E	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Revenues	**1,19,616**	**1,37,985**	**1,32,785**	**1,42,301**	**1,58,796**	**1,85,252**	**2,09,317**
Change (%)	23.0	15.4	-3.8	7.2	11.6	16.7	13.0
Cost of Goods Sold	84,664	98,128	92,772	97,602	1,08,944	1,29,244	1,45,835
Gross Profit	**34,952**	**39,857**	**40,013**	**44,699**	**49,852**	**56,008**	**63,482**
SG&A Expenses	13,570	15,517	15,793	18,227	20,017	21,914	24,802
EBITDA	**21,382**	**24,340**	**24,220**	**26,472**	**29,835**	**34,094**	**38,680**
% of Net Sales	17.9	17.6	18.2	18.6	18.8	18.4	18.5
Depreciation	2,906	3,253	4,106	4,762	5,554	6,257	6,698
EBIT	**18,476**	**21,087**	**20,114**	**21,710**	**24,281**	**27,837**	**31,982**
% of Net Sales	15.4	15.3	15.1	15.3	15.3	15.0	15.3
Other Income	861	644	570	894	1,168	2,683	2,512
PBT	**19,337**	**21,731**	**20,684**	**22,604**	**25,449**	**30,520**	**34,494**
Tax	4,870	5,351	5,135	5,580	6,558	8,191	8,968
Rate (%)	25.2	24.6	24.8	24.7	25.8	26.8	26.0
Adjusted PAT	**14,467**	**16,380**	**15,549**	**17,024**	**18,891**	**22,328**	**25,526**
Change (%)	18.9	13.2	-5.1	9.5	11.0	18.2	14.3

Balance Sheet

(INR m)

Y/E	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Share capital	1,878	1,884	1,890	1,901	1,908	1,908	1,908
Reserves	67,553	77,464	86,056	94,383	1,05,529	1,15,448	1,28,564
Net Worth	**69,431**	**79,348**	**87,946**	**96,284**	**1,07,437**	**1,17,356**	**1,30,472**
Loans	5,272	1,985	15,436	11,159	17,929	17,929	17,929
Other long-term liabilities	9,030	8,768	11,310	8,295	10,287	10,039	10,232
Capital Employed	**83,734**	**90,101**	**1,14,692**	**1,15,739**	**1,35,653**	**1,45,324**	**1,58,633**
Net Block	**10,388**	**11,281**	**14,011**	**14,908**	**17,002**	**11,856**	**6,624**
CWIP	110	55	137	2	1	1	1
Goodwill	27,348	29,586	41,793	42,907	47,677	47,677	47,677
Investments	3,778	3,848	4,971	4,238	4,154	4,154	4,154
Other assets	8,774	11,794	14,066	17,151	26,314	21,764	23,954
Curr. Assets	**57,164**	**59,531**	**66,324**	**69,861**	**82,671**	**92,106**	**1,12,645**
Debtors	22,270	25,207	24,256	28,407	41,927	45,679	51,612
Cash	9,494	10,534	8,144	16,126	17,527	18,362	27,764
Investments	14,351	13,679	25,928	17,844	13,212	17,212	21,212
Other current assets	11,048	10,111	7,997	7,484	10,005	10,853	12,057
Current Liab. & Prov	**23,828**	**25,993**	**26,610**	**33,328**	**42,167**	**32,234**	**36,421**
Sundry Liabilities	22,744	23,573	23,818	30,220	39,352	30,752	34,747
Provisions	1,084	2,420	2,792	3,108	2,815	1,482	1,675
Net Current Assets	**33,336**	**33,538**	**39,714**	**36,534**	**40,504**	**59,872**	**76,224**
Application of Funds	**83,734**	**90,102**	**1,14,692**	**1,15,739**	**1,35,653**	**1,45,324**	**1,58,633**

Financials and valuations

Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
EPS	**75.1**	**86.9**	**81.8**	**89.3**	**99.0**	**116.8**	**133.5**
Cash EPS	90.2	104.2	103.3	114.2	128.1	149.5	168.5
Book Value	365.3	421.2	466.1	508.3	564.0	614.5	683.4
DPS	46.0	50.0	55.0	57.0	62.0	65.0	65.0
Payout %	61.2	57.5	67.3	63.9	62.6	55.7	48.7
Valuation (x)							
P/E	33.7	29.1	30.9	28.3	25.5	21.7	18.9
Cash P/E	28.0	24.3	24.5	22.1	19.7	16.9	15.0
EV/EBITDA	21.6	18.7	18.9	17.2	15.7	13.6	11.7
EV/Sales	3.9	3.3	3.5	3.2	3.0	2.5	2.2
Price/Book Value	6.9	6.0	5.4	5.0	4.5	4.1	3.7
Dividend Yield (%)	1.8	2.0	2.2	2.3	2.5	2.6	2.6
Profitability Ratios (%)							
RoE	21.5	22.0	18.6	18.5	18.5	19.9	20.6
RoCE	18.3	19.1	16.1	16.0	16.2	16.6	17.7
Turnover Ratios							
Debtors (Days)	68	67	67	73	96	90	90
Fixed Asset Turnover (x)	12.4	12.7	10.5	9.8	10.0	12.8	22.7

Cash Flow Statement

(INR m)

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
CF from Operations	18,497	20,397	17,769	21,393	21,719	25,903	29,712
Chg. in Wkg. Capital	-1,501	-5,779	4,028	-2,341	-9,186	-10,230	-4,947
Net Operating CF	**16,996**	**14,618**	**21,797**	**19,052**	**12,533**	**15,673**	**24,765**
Net Purchase of FA	-1,192	-1,112	-916	-599	-3,163	-1,112	-1,465
Free Cash Flow	**15,805**	**13,506**	**20,881**	**18,453**	**9,370**	**14,562**	**23,299**
Net Purchase of Invest.	-1,629	2,936	-23,905	1,039	1,056	-1,317	-1,488
Net Cash from Invest.	**-2,820**	**1,825**	**-24,821**	**441**	**-2,107**	**-2,428**	**-2,953**
Proceeds from Equity	442	271	301	575	340	0	0
Proceeds from LTB/STB and Others	-2,152	-7,153	9,898	-1,564	1,104	0	0
Dividend Payments	-12,177	-8,652	-9,427	-10,401	-10,841	-12,409	-12,409
Net CF from Financing	**-13,887**	**-15,534**	**772**	**-11,389**	**-9,397**	**-12,409**	**-12,409**
Net Cash Flow	**289**	**908**	**-2,252**	**8,103**	**1,029**	**835**	**9,402**
Exchange Difference	107	132	-139	-121	372	0	0
Opening Cash Balance	**9,098**	**9,494**	**10,534**	**8,144**	**16,126**	**17,527**	**18,362**
Add: Net Cash	396	1,040	-2,391	7,982	1,401	835	9,402
Closing Cash Balance	**9,494**	**10,534**	**8,144**	**16,126**	**17,527**	**18,362**	**27,764**

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