

Mphasis | BUY

Building backlog

Mphasis' (MPHL IN) 4Q revenues grew 2.9% cc QoQ. Growth was driven by TMT (+8% QoQ) and BFSI (+6%) as recent deals ramped. Fundamentally, it suggests leakages are stabilising, driving better TCV-revenue conversion. Management expects that to continue. Importantly, bookings have improved too. MPHL won USD 390mn net new TCV, second consecutive quarter of USD 350mn+ bookings. Despite healthy conversions, pipeline grew 26% QoQ. That is informing management's view of bookings momentum to sustain into 1H as well. Unsurprisingly therefore, they believe FY26 growth could be better than FY25's, the first company thus far to make such claim. This should allay concerns around potential loss of a large Logistics & Transportation's account. MPHL's lower exposure to sectors with first order impact of tariff positions it well to navigate the current environment, in our view. It's newly formed strategic engagement team (for large deals), focus on savings led transformation (should resonate well in current macro) and steady win rates bode well for consistency in deal bookings, and hence growth. Still, given the environment, we have lowered FY26/27E cc growth to 7.2%/8.5% vs 9%/11% earlier. Steady margin assumptions drive 0-3% cut to FY26-27E EPS. We continue to value the stock at 25x (c.30% discount to our target multiple for Coforge). Retain BUY with a revised TP of INR 2,980 (from INR 3,050).

- **4QFY25 - decent quarter:** MPHL grew 2.9% cc QoQ. Albeit in-line, this was their best sequential growth in the past three years, as guided in 3Q. Direct revenues grew 3.8% QoQ, implying 5% decline in DXC channel growth. Growth was led by TMT (+8.2% cc QoQ) and BFSI (5.6%). Deal ramps (i.e of USD 100mn BFS deal won in Jan) and wallet share gains helped. Logistics & Transportation (L&T) however declined 7.7%, as tariff related uncertainty accentuated client specific challenges, in our view. Mortgage business was stable. EBIT margin was stable at 15.3% (JMFe: 15.2%). PAT grew 4.4% QoQ to INR 4,465mn, 4% ahead of JMFe: INR 4,309mn. MPHL announced INR 57 DPS.
- **Outlook - backed by backlog:** MPHL won USD 390mn TCV, up 120% YoY, including two large deals. MPHL won deal in BFS, Logistics and Healthcare. Pipeline growth was equally strong (+86% YoY), led by non-BFS (+99% YoY). Management believes deal momentum could sustain into H1FY26, despite macro uncertainty. Management therefore feels FY26 growth could be better than FY25's. They also expect sequential growth to be more consistent, implying good Q1. Besides, full quarter impact of USD 100mn deal ramp (won in Jan-25), should aid Q1, in our view, balanced however by sustained weakness in L&T. A large deal won in Q4 in this segment and healthy pipeline should however help arrest the decline, per the management, potentially as soon as Q1. Management narrowed its EBIT margin guidance to 14.75-15.75% from 14.6-16% earlier. This was to keep some flex for potential upfront investments, as the company increases its focus on large deal pursuits.
- **EPS cut by 0-3%; Maintain BUY:** MPHL growth commentary was assuring. However, we still trim our FY26/27 cc growth assumption by c.2ppt, to factor current uncertainty. Margin assumptions are broadly unchanged, leading to 0-3% cut to our FY26-27E EPS. MPHL's portfolio mix insulates it relative to peers. Valuation (22x) is reasonable. BUY.

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	1,33,340	1,42,234	1,53,493	1,66,552	1,82,708
Sales Growth (%)	-3.7	6.7	7.9	8.5	9.7
EBITDA	24,775	26,405	29,519	32,106	35,417
EBITDA Margin (%)	18.6	18.6	19.2	19.3	19.4
Adjusted Net Profit	16,104	16,958	19,433	22,312	25,497
Diluted EPS (INR)	85.3	89.6	102.7	117.9	134.7
Diluted EPS Growth (%)	-4.4	5.0	14.6	14.8	14.3
ROIC (%)	22.9	21.3	24.0	28.5	32.4
ROE (%)	19.0	18.1	18.1	17.4	18.3
P/E (x)	29.8	28.3	24.7	21.5	18.8
P/B (x)	5.4	4.9	4.1	3.5	3.5
EV/EBITDA (x)	20.2	18.5	15.6	13.5	12.3
Dividend Yield (%)	2.0	2.2	2.2	2.6	2.8

Source: Company data, JM Financial. Note: Valuations as of 25/Apr/2025



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	2,980
Upside/(Downside)	17.4%
Previous Price Target	3,050
Change	-2.3%

Key Data – MPHL IN

Current Market Price	INR2,539
Market cap (bn)	INR482.5/US\$5.6
Free Float	53%
Shares in issue (mn)	190.9
Diluted share (mn)	189.3
3-mon avg daily val (mn)	INR1,600.8/US\$18.7
52-week range	3,240/2,025
Sensex/Nifty	79,213/24,039
INR/US\$	85.4

Price Performance

%	1M	6M	12M
Absolute	0.9	-16.5	10.5
Relative*	-1.4	-15.7	2.8

* To the BSE Sensex

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Key Highlights from the call

- **Demand:** Mphasis witnessed 2.9% cc sequential growth in Q4, led by continued momentum in BFS and TMT verticals. The company reported a surge in large deal activity, with AI-led transformation deals accounting for the majority of TCV wins. Notably, the firm highlighted a material ramp-up in demand for offerings across core modernization, AI Ops, and SDLC transformation, underpinned by expanding client focus on tech stack simplification and AI integration. Management mentioned that the pipeline witnessed significant acceleration—up 86% YoY and 26% QoQ—driven by proactive deal origination efforts and increasing traction in both BFS and non-BFS sectors.
- **Outlook:** Management remains confident of sustaining growth momentum into FY26, supported by a robust pipeline and strong conversion trends. The company emphasized continued investments in AI platforms and strategic capabilities to drive differentiation. Despite macro uncertainties, Mphasis expects to outperform industry growth rates in FY26, aided by rising large deal wins and consistent deal-to-revenue conversion. The leadership highlighted that with ~60% of revenues coming from BFSI, the company has relatively low exposure to first order impact of tariffs.
- **Margin:** Mphasis delivered an EBIT margin of 15.3% in Q4, maintaining stability amid a volatile environment. Margins are guided to remain within the 14.75%–15.75% band, with flexibility maintained to support upfront investments tied to new deal ramp-ups or AI-led initiatives. Leadership emphasized that while margin expansion remains structurally feasible, the current priority is to accelerate growth. They noted that the ability to improve margins exists should the firm choose to curtail investments; however, the focus remains firmly on scaling revenue through deal conversions and AI-led differentiation.
- **Segments:** **BFS** – Growth was led by continued wallet share gains and successful execution across both new and existing accounts. The segment benefitted from strong client mining and a robust pipeline of large deals. **TMT** – Revenue momentum continued with ramp-up of large deals signed in prior quarters. The segment also saw strong traction from new account additions. **Logistics and Transportation** – While macro challenges persisted, deal activity remained healthy with visible pipeline strength. Management remains focused on reviving growth in this segment. **Insurance** – The vertical showed steady sequential progress, with recent deal wins and pipeline strength expected to drive further growth in the coming quarters.
- **Bookings:** The Company closed Q4 with its highest TCV in seven quarters, securing USD 390mn in wins, of which 59% were AI-led. This included two large deal wins, bringing the FY25 large deal count to 13. The pipeline witnessed significant sequential and annual growth, with a 26% QoQ and 86% YoY rise. Large deal pipeline alone grew 154% YoY. Management emphasized that the wins were spread across verticals and client archetypes.
- **AI Strategy:** AI continues to emerge as a core pillar of Mphasis' strategy, with management highlighting a sharp rise in AI-led deals—up from 25% in Q4 FY24 to 65% in Q4 FY25. The company is executing a structured four-phase AI roadmap encompassing data foundation, secure orchestration, enterprise-grade identity, and LLM-agnostic architecture. Leadership highlighted that 59% of their TCV was AI-led in Q4.
- **Supply:** Mphasis continued to follow a dynamic and demand-aligned approach to talent management in Q4, guided by a rolling 90-day forecasting model across geographies and skill sets. The company does not target a fixed utilization or hiring level; instead, staffing decisions are tightly linked to the active deal pipeline and project-specific needs.

Growth led by momentum in BFS and TMT verticals.

For FY26, the company expects above industry revenue growth

EBIT Margins stable despite uncertainty. Expect sustainable EBIT margin performance in the range of 14.75-15.75%.

Growth in BFS led by continued wallet share gains

Highest TCV in 7 quarters at USD 390 mn, 59% of the deals were AI led.

Exhibit 1. 4QFY25 result summary

	4Q25A	3Q25A	Change (QoQ)	Estimate (JMFe)	Variance (vs. JMFe)	Estimate (Consensus)	Variance (vs. consensus)	QoQ estimate	
								JMFe	Consensus
USD-INR	86.37	84.82	1.8%	86.33	0.0%	86.33	0.0%	0.0%	0.0%
CC Revenue Growth (QoQ)	2.9%	0.2%		3.2%	-318bp	4.2%	-416bp	3.2%	4.2%
Revenue (USD mn)	430	419	2.6%	432	-0.3%	436	-1.2%	0.3%	1.2%
Revenue (INR mn)	37,175	35,565	4.5%	37,262	-0.2%	37,223	-0.1%	0.2%	0.1%
EBIT (INR mn)	5,672	5,410	4.8%	5,649	0.4%	5,792	-2.1%	-0.4%	2.1%
EBIT margin	15.3%	15.2%	5bp	15.2%	10bp	15.6%	-30bp	-10bp	30bp
PAT (INR mn)	4,465	4,280	4.3%	4,309	3.6%	4,487	-0.5%	-3.5%	0.5%
EPS (INR)	23.5	22.4	4.8%	22.6	4.1%	23.5	0.0%	-3.9%	0.0%

Source: Company, JM Financial, Bloomberg

4QFY25 Result review

Exhibit 2. Key financials

(INR Mn)	3QFY24	4QFY24	FY24	1QFY25	2QFY25	3QFY25	4QFY25
Revenue	33,507	34,150	133,340	34,208	35,286	35,565	37,175
Change	1.6%	1.9%	-3.7%	0.2%	3.2%	0.8%	4.5%
Cons. Revenue (USD Mn)	402	411	1,609	410	421	419	430
Change (QoQ/YoY)	1.0%	2.1%	-6.3%	-0.2%	2.7%	-0.4%	2.6%
Cost of Revenue (ex-depreciation)	22,937	23,474	92,772	23,685	24,307	24,310	25,300
Gross Profit	10,570	10,676	40,568	10,523	10,979	11,255	11,875
Gross Margin	31.5%	31.3%	30.4%	30.8%	31.1%	31.6%	31.9%
Selling & Marketing (ex-depreciation)	2,432	2,729	9,134	2,495	2,607	2,665	2,760
General & Administrative (ex-depreciation)	2,004	1,529	6,659	1,860	1,968	1,857	2,015
Total Operating Expenses	4,436	4,258	15,793	4,355	4,575	4,522	4,775
EBITDA	6,134	6,418	24,220	6,168	6,404	6,733	7,100
EBITDA Margin	18.3%	18.8%	18.2%	18.0%	18.1%	18.9%	19.1%
Depreciation and Amortization	1,035	1,308	4,106	1,050	1,036	1,323	1,353
EBIT	5,099	5,110	20,114	5,118	5,368	5,410	5,747
EBIT Margin	15.2%	15.0%	15.1%	15.0%	15.2%	15.2%	15.5%
Total non-operating income	-113	113	570	255	258	283	165
Profit Before Tax	4,986	5,223	20,684	5,373	5,626	5,693	5,912
Income Tax Expense	1,250	1,291	5,135	1,328	1,392	1,413	1,446
Net Income from operations	3,736	3,932	15,549	4,045	4,234	4,280	4,466
Basic EPS	19.8	20.8	82.4	21.4	22.4	22.6	23.6
Fully diluted EPS	19.6	20.7	81.8	21.3	22.2	22.4	23.4
Change (QoQ/YoY)	-4.8%	5.1%	-5.2%	2.9%	4.4%	1.1%	4.4%

Source: Company, JM Financial

Exhibit 3. Vertical portfolio

	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Vertical - Distribution					
Banking and Financial Services	47.1%	47.7%	47.9%	48.7%	50.0%
Insurance	11.0%	11.3%	11.2%	11.7%	11.4%
Technology, Communication & Entertainment	16.0%	16.0%	16.5%	17.0%	17.8%
Logistics and transportation	13.7%	13.7%	13.1%	12.2%	10.9%
Emerging Industries	12.3%	11.3%	11.3%	10.5%	9.9%
Revenue - USD Mn and QoQ growth					
Banking and Financial Services	193	195	202	204	215
Change-QoQ	2.7%	1.1%	3.2%	1.2%	5.4%
Insurance	45	46	47	49	49
Change-QoQ	-1.0%	2.4%	1.9%	3.5%	0.0%
Technology, Communication & Entertainment	66	66	69	71	76
Change-QoQ	4.6%	0.4%	5.5%	2.4%	7.5%
Logistics and transportation	56	56	55	51	47
Change-QoQ	2.1%	0.0%	-1.4%	-7.6%	-7.9%
Emerging Industries	50	46	47	44	43
Change-QoQ	-0.4%	-8.1%	2.4%	-7.0%	-3.1%

Source: Company, JM Financial

Exhibit 4. Geographic distribution

	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Geographic distribution					
Americas	81.0%	80.9%	80.7%	81.5%	82.0%
EMEA	11.0%	11.1%	11.0%	10.2%	9.9%
India	5.3%	5.3%	5.7%	6.0%	5.1%
RoW	2.7%	2.7%	2.6%	2.4%	2.9%
Revenue - USD Mn and QoQ growth					
Americas	333	332	340	342	353
Change-QoQ	3.1%	-0.3%	2.4%	0.6%	3.2%
EMEA	45	45	46	43	43
Change-QoQ	-2.6%	0.1%	1.9%	-8.0%	0.4%
India	22	22	24	25	22
Change-QoQ	-2.3%	0.9%	10.2%	3.3%	-12.8%
RoW	11	11	11	10	13
Change-QoQ	1.5%	-0.3%	-1.4%	-7.0%	26.5%

Source: Company, JM Financial

Exhibit 5. Revenue disaggregation

	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Revenue by Secondary segment					
Direct	95.4%	95.8%	95.8%	95.9%	96.7%
DXC	3.0%	2.6%	2.7%	2.7%	2.5%
Others	1.6%	1.6%	1.5%	1.4%	0.8%
Revenue distribution by service line					
Application Services	71.2%	71.4%	71.3%	71.7%	71.8%
Business Process Services	16.6%	16.2%	16.4%	16.4%	15.4%
Infrastructure Services	12.3%	12.4%	12.3%	11.9%	12.7%
Revenue distribution by Delivery location					
Onsite	56.0%	57.1%	57.3%	59.0%	59.9%
Offshore	44.0%	42.9%	42.7%	41.0%	40.1%
Revenue distribution by Delivery location					
Time and Material	58.5%	59.6%	60.0%	57.6%	55.4%
Transaction based	10.1%	10.4%	10.3%	10.6%	8.6%
Fixed price	31.4%	30.0%	29.7%	31.8%	36.0%

Source: Company, JM Financial

Exhibit 6. Key manpower metrics

Nos	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Headcount - Technology Services					
Onsite - Billable	4,656	4,637	4,788	4,892	4,981
Net add	-8	-19	151	104	89
Offshore - Billable	14,799	14,721	14,576	14,218	14,540
Net add	-594	-78	-145	-358	322
Total	19,455	19,358	19,364	19,110	19,521
Net add	-602	-97	6	-254	411
Headcount - BPO services					
Onsite - Billable	1,318	1,374	1,363	1,351	1,281
Net add	-20	56	-11	-12	-70
Offshore - Billable	6,341	5,984	5,851	5,681	5,545
Net add	-392	-357	-133	-170	-136
Total	7,659	7,358	7,214	7,032	6,826
Net add	-412	-301	-144	-182	-206
Headcount-Total					
Total Headcount	32,664	31,645	31,061	31,194	31,442
Net addition	-1,328	-1,019	-584	133	248
Delivery headcount	27,114	26,716	26,578	26,142	26,347
Non-delivery headcount	5,550	4,929	4,483	5,052	5,095
Net add	-314	-621	-446	569	43
Utilization					
Technology services- excluding trainees	75%	76%	76%	75%	78%
Onsite – including trainees	86%	86%	87%	86%	89%
Offshore – including trainees	71%	75%	74%	74%	78%

Source: Company, JM Financial

Exhibit 7. Key client metrics

	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Client concentration					
Top Client	14%	14%	15%	15%	14%
Next 4	30%	30%	28%	28%	28%
Top 5 Clients	44%	44%	43%	43%	42%
Next 5	10%	9%	10%	10%	12%
Top 10 Clients	54%	53%	53%	53%	54%
Revenue- USD Mn					
Top client	56	56	61	61	59
Change (qoq)	-4.8%	0.2%	9.9%	-0.4%	-4.1%
Next 4	120	120	115	114	117
Change (qoq)	-1.3%	0.2%	-4.2%	-0.4%	2.8%
Top5 clients	175	176	176	175	176
Change (qoq)	-2.4%	0.2%	0.3%	-0.4%	0.4%
Next 5	40	36	41	41	50
Change (qoq)	13%	-10%	14%	0%	23%
Top10 clients	215	212	217	216	226
Change (qoq)	0%	-2%	3%	0%	5%
NonTop10	183	188	193	192	193
Change (qoq)	4%	2%	3%	0%	1%
Client buckets - Nos					
>\$200 Mn	1	1	1	1	1
>\$150 mn	3	3	2	2	2
> \$100mn	3	3	3	3	3
>\$75mn	4	4	4	5	5
>\$50mn	5	5	5	5	5
>\$20mn	10	9	9	11	11
>\$10mn	29	30	27	29	29
>\$5mn	47	48	51	47	50
>\$1mn	135	135	140	140	139
Deal wins - USD Mn					
Deal wins - Direct international	177	319	207	351	390
Next gen deal wins	136	268	182	168	332
large deal wins - Nos	62	65	68	73	75
Net new - Nos	1	3	3	5	2

Source: Company, JM Financial

Retain BUY; TP revised to INR 2,980

Mphasis reported 2.9% QoQ cc growth in 4QFY25, missing expectations slightly. Deal wins were however strong in the quarter. We reduce our growth expectations because of heightened macro uncertainty and challenging demand environment. We have lowered our YoY cc growth expectations by 180-240 bps over FY26-27E, as a result our revenue estimates for FY26-27E has been lowered by 2-4%. Management narrowed the margin guidance to 14.75%-15.75% from 14-16% earlier. Our margin estimate for FY26 is towards the upper end of the guidance at 15.6%. We have raised our FY26 margin estimate by 18bps and we expect additional 10/20 bps expansion in FY27E/28E respectively. Our EPS estimates for FY26 are largely unchanged despite expectations of lower growth due to higher other income. PAT estimates for FY27 have been lowered by 3.4%. We continue to value MPHL at 25x 12 M fwd EPS. We maintain BUY with a revised TP of 2,980 (from 3,050 earlier).

Exhibit 8. What has changed:

	Old			New			Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Exchange rate (INR/USD)	86.33	86.33	-	85.38	85.38	85.38	-1.1%	-1.1%	-
Revenue growth CC	8.9%	10.9%	-	7.2%	8.5%	9.7%	-176bp	-239bp	-
Consolidated revenue (USD mn)	1,829.13	2,028.50	-	1,798	1,951	2,140	-1.7%	-3.8%	-
Consolidated revenue (INR mn)	157,909	175,120	-	153,493	166,552	182,708	-2.8%	-4.9%	-
EBITDA (INR Mn)	30,080	33,618	-	29,519	32,106	35,417	-1.9%	-4.5%	-
EBITDA margin	19.0%	19.2%	-	19.2%	19.3%	19.4%	18bp	8bp	-
EBIT (INR Mn)	24,347	27,498	-	23,959	26,191	28,967	-1.6%	-4.8%	-
EBIT margin	15.4%	15.7%	-	15.6%	15.7%	15.9%	19bp	2bp	-
PAT (INR mn)	19,367	23,092	-	19,433	22,312	25,497	0.3%	-3.4%	-
EPS	102.22	121.88	-	102.7	117.9	134.7	0.4%	-3.3%	-

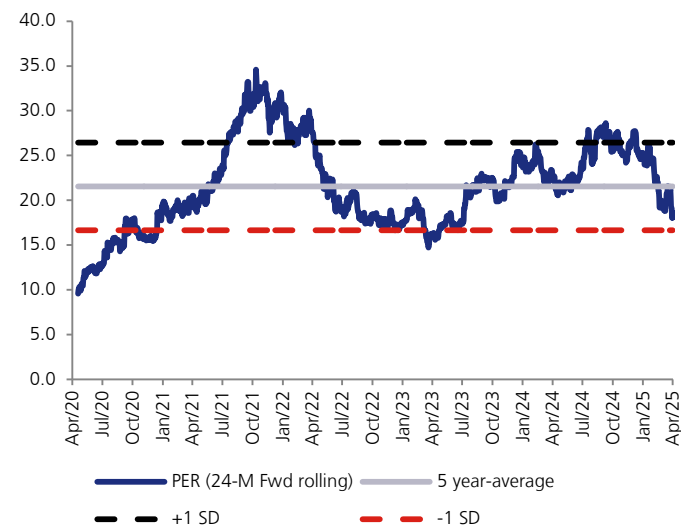
Source: JM Financial estimates

Exhibit 9. JMFe vs. Consensus estimates

	Consensus estimates			JMFe			Difference		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales (USD mn)	1,839	2,041	-	1,798	1,951	2,140	-2%	-4%	-
Sales (INR mn)	157,164	174,485	-	153,493	166,552	182,708	-2%	-5%	-
EBITDA (INR mn)	29,526	32,721	-	29,519	32,106	35,417	0%	-2%	-
EBITDA margin	18.8%	18.8%	-	19.2%	19.3%	19.4%	44bp	52bp	-
EBIT (INR mn)	24,607	27,598	-	23,959	26,191	28,967	-3%	-5%	-
EBIT margin	15.7%	15.8%	-	15.6%	15.7%	15.9%	-5bp	-9bp	-
EPS (INR)	101.2	114.6	-	102.7	117.9	134.7	1%	3%	-

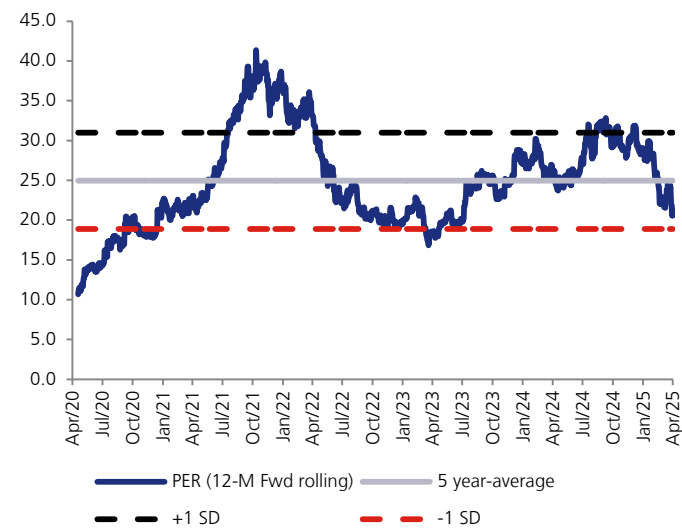
Note: Consensus estimates as of 24th Apr and may not reflect changes in estimates post result. Source: Visible Alpha, JM Financial estimates

Exhibit 10. Price to Earnings – 24M-fwd



Source: Bloomberg, JM Financial

Exhibit 11. Price to Earnings- 12M-fwd



Source: Bloomberg, JM Financial

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	1,33,340	1,42,234	1,53,493	1,66,552	1,82,708
Sales Growth	-3.7%	6.7%	7.9%	8.5%	9.7%
Other Operating Income	0	0	0	0	0
Total Revenue	1,33,340	1,42,234	1,53,493	1,66,552	1,82,708
Cost of Goods Sold/Op. Exp	92,772	97,602	1,04,826	1,13,836	1,25,000
Personnel Cost	0	0	0	0	0
Other Expenses	15,793	18,227	19,148	20,611	22,290
EBITDA	24,775	26,405	29,519	32,106	35,417
EBITDA Margin	18.6%	18.6%	19.2%	19.3%	19.4%
EBITDA Growth	0.0%	6.6%	11.8%	8.8%	10.3%
Depn. & Amort.	4,106	4,762	5,561	5,915	6,450
EBIT	20,669	21,643	23,959	26,191	28,967
Other Income	570	894	1,952	3,559	5,029
Finance Cost	0	0	0	0	0
PBT before Excep. & Forex	21,239	22,537	25,911	29,750	33,996
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	21,239	22,537	25,911	29,750	33,996
Taxes	5,135	5,579	6,478	7,437	8,499
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	16,104	16,958	19,433	22,312	25,497
Adjusted Net Profit	16,104	16,958	19,433	22,312	25,497
Net Margin	12.1%	11.9%	12.7%	13.4%	14.0%
Diluted Share Cap. (mn)	188.7	189.3	189.3	189.3	189.3
Diluted EPS (INR)	85.3	89.6	102.7	117.9	134.7
Diluted EPS Growth	-4.4%	5.0%	14.6%	14.8%	14.3%
Total Dividend + Tax	55	57	65	70	75
Dividend Per Share (INR)	50.0	55.0	57.0	65.0	70.0

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	20,683	22,601	25,911	29,750	33,996
Depn. & Amort.	4,105	4,763	5,561	5,915	6,450
Net Interest Exp. / Inc. (-)	1,081	728	728	-3,379	-3,379
Inc (-) / Dec in WCap.	4,028	-2,341	1,286	444	444
Others	-2,198	412	-100	-180	-250
Taxes Paid	-5,902	-7,111	-6,478	-7,437	-8,499
Operating Cash Flow	21,797	19,052	26,908	25,112	28,763
Capex	-916	-599	697	-2,302	-4,901
Free Cash Flow	20,881	18,453	27,605	22,810	23,862
Inc (-) / Dec in Investments	-23,905	1,039	3,218	4,495	5,951
Others	0	0	0	0	0
Investing Cash Flow	-24,821	441	3,915	2,193	1,050
Inc / Dec (-) in Capital	301	575	575	575	575
Dividend + Tax thereon	-9,427	-10,401	-12,302	-13,248	-14,194
Inc / Dec (-) in Loans	12,965	-4,455	-4,455	-4,455	-4,455
Others	-3,068	-3,277	-3,277	-3,277	-3,277
Financing Cash Flow	771	-17,557	-19,458	-20,404	-21,351
Inc / Dec (-) in Cash	-2,253	1,936	11,365	6,901	8,462
Opening Cash Balance	10,304	7,930	7,930	7,930	7,930
Closing Cash Balance	8,051	9,865	19,295	14,831	16,392

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	89,245	97,907	1,17,340	1,39,653	1,39,653
Share Capital	0	0	0	0	0
Reserves & Surplus	89,245	97,907	1,17,340	1,39,653	1,39,653
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	23,886	18,882	18,882	18,882	18,882
Def. Tax Liab. / Assets (-)	-2,857	-3,246	-3,246	-3,246	-3,246
Total - Equity & Liab.	1,10,274	1,13,543	1,32,976	1,55,289	1,55,289
Net Fixed Assets	55,940	57,817	51,559	47,947	47,947
Gross Fixed Assets	14,147	14,910	8,652	5,040	5,040
Intangible Assets	41,793	42,907	42,907	42,907	42,907
Less: Depn. & Amort.	0	0	0	0	0
Capital WIP	0	0	0	0	0
Investments	30,899	22,082	22,082	22,082	22,082
Current Assets	51,606	65,922	91,573	1,20,519	1,20,519
Inventories	0	0	0	0	0
Sundry Debtors	27,028	31,604	30,278	32,854	32,854
Cash & Bank Balances	8,144	16,126	43,103	69,473	69,473
Loans & Advances	16,434	18,192	18,192	18,192	18,192
Other Current Assets	0	0	0	0	0
Current Liab. & Prov.	28,171	32,278	32,238	35,259	35,259
Current Liabilities	0	0	0	0	0
Provisions & Others	28,171	32,278	32,238	35,259	35,259
Net Current Assets	23,435	33,644	59,335	85,260	85,260
Total - Assets	1,10,274	1,13,543	1,32,976	1,55,289	1,55,289

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	12.1%	11.9%	12.7%	13.4%	14.0%
Asset Turnover (x)	1.3	1.2	1.2	1.1	1.2
Leverage Factor (x)	1.2	1.2	1.2	1.1	1.1
RoE	19.0%	18.1%	18.1%	17.4%	18.3%

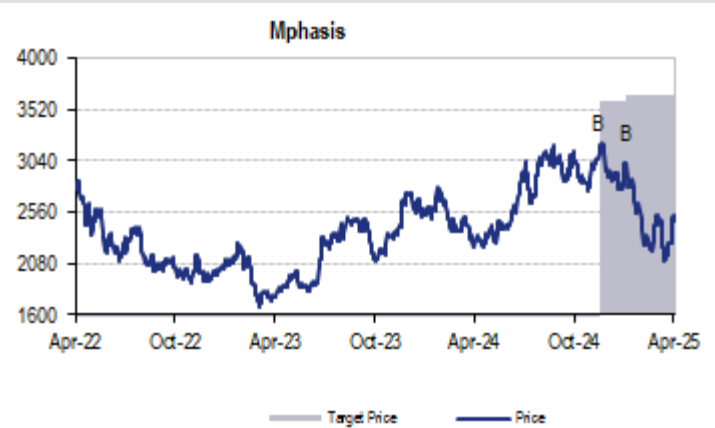
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	469.7	514.0	616.0	733.2	733.2
ROIC	22.9%	21.3%	24.0%	28.5%	32.4%
ROE	19.0%	18.1%	18.1%	17.4%	18.3%
Net Debt/Equity (x)	0.2	0.0	-0.2	-0.4	-0.4
P/E (x)	29.8	28.3	24.7	21.5	18.8
P/B (x)	5.4	4.9	4.1	3.5	3.5
EV/EBITDA (x)	20.2	18.5	15.6	13.5	12.3
EV/Sales (x)	3.8	3.4	3.0	2.6	2.4
Debtor days	74	81	72	72	66
Inventory days	0	0	0	0	0
Creditor days	0	0	0	0	0

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
9-Dec-24	Buy	3,590	
26-Jan-25	Buy	3,660	1.9

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
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* REITs refers to Real Estate Investment Trusts.

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