PL Capital
PRABHUDAS LILLADHER

Mphasis (MPHL IN)

October 31, 2025

Q2FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	2,950		2,920	
Sales (Rs bn)	173	194	172	189
% Chng.	*0.7*	*3.0*		
EBITDA (Rs bn)	33	38	33	36
% Chng.	*0.4*	*3.4*		
EPS (Rs.)	112.9	129.6	112.5	125.3
% Chng.	*0.3*	*3.4*		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. bn)	142	156	173	194
EBITDA (Rs. bn)	26	30	33	38
Margin (%)	*18.6*	*18.9*	*19.0*	*19.3*
PAT (Rs bn)	17	19	21	25
EPS (Rs.)	89.6	100.2	112.9	129.6
Gr. (%)	*9.0*	*11.7*	*12.8*	*14.8*
DPS (Rs.)	53.8	60.1	67.8	77.8
Yield (%)	*1.9*	*2.2*	*2.5*	*2.8*
RoE (%)	*18.5*	*19.0*	*19.9*	*21.0*
RoCE (%)	*15.5*	*16.3*	*17.1*	*18.3*
EV/Sales (x)	3.5	3.2	2.8	2.4
EV/EBITDA (x)	19.0	16.7	14.7	12.4
PE (x)	30.8	27.6	24.5	21.3
P/BV (x)	5.5	5.1	4.7	4.3

Key Data	MBFL.BO | MPHL IN
52-W High / Low	Rs.3,240 / Rs.2,025
Sensex / Nifty	83,939 / 25,722
Market Cap	Rs.526bn/ $ 5,925m
Shares Outstanding	190m
3M Avg. Daily Value	Rs.1212m

Shareholding Pattern (%)

Promoter's	40.10
Foreign	18.52
Domestic Institution	37.08
Public & Others	4.30
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	4.1	12.0	(4.0)
Relative	(0.4)	7.0	(9.2)

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Rating: ACCUMULATE | CMP: Rs2,764 | TP: Rs2,950

Stable quarter with strong deal wins, valuations capped

Quick Pointers:

- Beat on revenue while margin remains steady in Q2.
- Strong deal wins of USD 528 mn in Q2 including 6 large deals.

The revenue growth performance (+2.0% QoQ CC) was above our estimates (+1.2% QoQ CC), attributed to continued momentum within TMT and Insurance vertical. Slightly disappointed with BFS muted growth, which again derived over Q1 high base, partly attributed to softness in its top account (down 6% TTM), but grew sequentially. The performance beyond BFS was notable and even the deal pipeline is fairly diversified to other verticals, which reduces dependencies over banking-heavy top accounts. The new deal TCV at USD 528m (up 155% YoY) translates to USD2bn TTM deal TCV, while BFS and non-BFS pipeline was up 45% YoY and 139% YoY. We believe the company's strong participation in AI-led transformation (69% AI-led deal pipeline), early investments in AI-led solutions, and equal play in the optimization/innovation areas, help it construct better value proposition and win large strategic deals. The consistent increase in large deal pipeline (180% YoY) and steady conversion rate (TCV to Revenue), which is missing in many of its peers, gives us confidence to stay positive on Mphasis. We are baking revenue growth of 6.5%/8.1% YoY CC with EBIT margin of 15.5%/15.7% for FY26E/FY27E. We roll forward to Sep'27 EPS and assign 25x PE, translates a TP of 2,950. Maintain ACCUMULATE.

Revenue growth: MPHL reported revenue growth of 2% QoQ CC (1.8% in USD) came above our estimate of 1.2% QoQ CC growth. Growth was driven by Insurance & TMT segments which grew by 4.3% & 9.1% QoQ respectively while BFS & Logistic segments declined by 1% & 2.7% QoQ respectively. Direct revenue for the company reported growth of 2.2% QoQ CC and 7.9% CC YoY.

Operating Margin remain flat again: EBIT margin remained flat for the fourth consecutive quarter at 15.3%, coming in above our estimate of 15.0% and the consensus estimate of 15.2%. During the quarter, gross margin declined by 100 bps QoQ; however, lower SG&A expenses and depreciation helped maintain EBIT margin. Management maintained its EBIT margin guidance within the band of 14.75%–15.75%.

Deal Wins remains strong: MPHL deal wins of USD 528 mn was strong after winning all time high deal wins in Q1. MPHL won 6 large deals during the quarter including USD 100 mn with a new BFS client and 2 USD 50 mn deals.

Valuations and outlook: We estimate USD revenue CAGR of 7.7% and an Earnings CAGR of 13.1% between FY25-28E. The stock is currently trading at 28x and 24x its FY26E and FY27E earnings, respectively. We assign PE multiple of 25x to Sep 27E earnings to arrive at TP of INR 2,950. We maintain our Accumulate rating.

Q2FY26 Results - Beat on revenue with stable margins, Revenue growth driven by non-BFS business.

- **Revenue of USD 445 mn, up 2% QoQ CC & 1.8% QoQ in USD, was above our estimates of 1.2% CC QoQ**
- Direct revenue up 2.2% QoQ CC and 7.9% CC YoY
- **Revenue growth was driven by Insurance & TMT segments which grew by 4.3% & 9.1% QoQ respectively in USD terms. BFS segment declined by 1% QoQ while Logistics declined by 2.7%.**
- Geography wise Americas & EMEA grew by 2% & 7% QoQ while India & RoW declined by 7.3% & 3.9% respectively.
- EBIT margin remained flat sequentially at 15.3%, was above our estimate of 15% & consensus estimate of 15.2%
- Offshore utilization (excl. trainees) improved sharply by 200 bps to 87%. Net Headcount declined by 254 QoQ.
- **New TCV remained strong at USD 528 mn, following a record high of USD 760 mn in Q1. Q2 deal wins included one deal of USD 100 mn+ and two deals of USD 50 mn+**
- PAT came at Rs 4.7 bn (up 6.2% QoQ), was above our estimates of Rs 4.56 bn.

Concall Highlights

- Management highlighted that the macro backdrop remains volatile with event-driven uncertainty, but clients are now less influenced by macro swings and more focused on efficiency + transformation programs.
- Growth in H2 is expected to be led by continued conversion of the strong deal wins in H1 and steady ramp-up of large programs, with management maintaining confidence in delivering twice industry growth despite furloughs.
- Management sees a stronger growth trajectory beyond FY26, supported by a structurally higher TCV run-rate, increasing AI-led pipeline, and multiple transformation deals, which creates a platform for sustainable growth over the medium term.
- Deal pipeline & growth momentum remain strong for the company, with the qualified pipeline at record levels, up 9% QoQ and 97% YoY, supported by broad-based demand and continued wins across verticals. BFS pipeline grew 45% YoY while non-BFS jumped 139% YoY, reinforcing balanced growth visibility across client segments. Management reiterated confidence in deal conversion as large programs ramp through H2, aided by earlier GTM and solution investments. Management reiterated that investments in large-deal pursuit teams continue to yield results, strengthening competitiveness and supporting sustained TCV momentum.

- Mphasis launched NeoIP, a unified AI platform integrating composable AI agents, enterprise knowledge graphs, and MCP standards to drive continuous transformation across modernization, app dev, IT ops, and business ops. The platform is already being deployed in lighthouse programs, improving developer productivity by 20–30% and reducing technical debt by ~60%.

- AI-led deals contributed ~42% of TCV, with AI pipeline up 2.4x and now forming ~69% of overall pipeline, reflecting strong enterprise demand for productivity-led AI programs. Management highlighted increasing lighthouse deployments and multi-tower AI deal opportunities supporting scalable growth.

- Logistics & Transportation is expected to return to sequential growth from Q3, supported by recent deal wins and improving demand trends; a one-off client-specific investment impacted margins in Q2, with profitability expected to normalize from Q3.

- Mphasis strengthened focus on Healthcare sgement by appointing a new GTM head and plans to accelerate pipeline build-up leveraging the Javelina platform; management sees early market share gains and expects Healthcare to emerge as a key growth vertical ahead.

- MPHL expects no immediate operational or margin impact from H-1B policy changes, as the company already runs a diversified talent model with strong local hiring and offshore leverage. Over the medium term, the company expects greater work globalization and accelerated automation/AI adoption, reducing dependency on onsite visas and supporting delivery efficiency and margin stability.

- DSO increased to 89 days (up 5 days QoQ), driven by higher milestone-linked billings and a higher mix of fixed-price programs transitioning from contract assets to receivables. Management noted this shift reflects deal mix dynamics and expects DSO to normalize gradually over the next 3–4 quarters as collections improves and billing cycles stabilize.

- Management reiterated its EBIT margin guidance of 14.75–15.75%, as it continues to invest in initiatives aimed at driving sustainable growth.

Exhibit 1: 2QFY26 Results, Revenue grew by 2% QoQ CC, EBIT margin flat QoQ again

Consolidated (Rs bn)	2QFY26	2QFY26E	% Var.	1QFY26	QoQ (%)	2QFY25	YoY (%)	H1FY26	H1FY25	YoY (%)
IT Services Revenue (USD mn)	**445.2**	**442.7**	***0.6***	**437.3**	***1.8***	**421.1**	***5.7***	**882.5**	**831.1**	***6.2***
Overall Revenue (Rs bn)	**39.0**	**38.5**	***1.3***	**37.3**	***4.5***	**35.4**	***10.3***	**76.3**	**69.6**	***9.7***
Gross Profit	12	12	*1.0*	12	*1.2*	11	*9.1*	24	22	*11.0*
Gross Margin (%)	*30.9*	*31.0*	*-10bps*	*31.9*	*-100bps*	*31.3*	*-40bps*	*31.4*	*31.0*	*40bps*
SG&A and Other Costs	4.8	4.8	*0.2*	4.9	*-1.2*	4.6	*5.4*	9.7	8.9	*8.7*
% of Rev	*12.4*	*12.5*	*-10bps*	*13.1*	*-70bps*	*12.9*	*-60bps*	*12.7*	*12.8*	*-10bps*
EBITDA	**7.2**	**7.1**	***1.6***	**7.0**	***2.9***	**6.5**	***11.7***	**14.3**	**12.7**	***12.6***
EBIT Margin (%)	*18.5*	*18.5*	*10bps*	*18.8*	*-30bps*	*18.3*	*20bps*	*18.7*	*18.2*	*50bps*
Depreciation	1.3	1.3	*-5.2*	1.3	*-3*	1.0	*23.4*	2.6	2.1	*24.5*
% of Rev	*3.3*	*3.5*	*-20bps*	*3.5*	*-30bps*	*2.9*	*30bps*	*3.4*	*3.0*	*40bps*
EBIT	**6.0**	**5.8**	***3.2***	**5.7**	***4.3***	**5.4**	***9.5***	**11.7**	**10.6**	***10.3***
EBIT Margin (%)	*15.3*	*15.0*	*30bps*	*15.3*	*0bps*	*15.4*	*-10bps*	*15.3*	*15.2*	*10bps*
Other Income (net)	0.3	0.3	*7.2*	0.4	*-26.3*	0.2	*58.8*	0.7	0.4	*62.1*
PBT	**6.2**	**6.0**	***3.4***	**6.1**	***2.4***	**5.6**	***11.1***	**12.3**	**11.0**	***12.3***
Tax	1.6	1.5	*5.1*	1.7	*-7.5*	1.4	*11.9*	3.2	2.7	*19.2*
Effective tax rate (%)	*24.9*	*24.5*	*40bps*	*27.6*	*-270bps*	*24.7*	*20bps*	*26.2*	*24.7*	*150bps*
Adjusted PAT	**4.7**	**4.6**	***2.8***	**4.4**	***6.2***	**4.2**	***10.8***	**9.1**	**8.3**	***10.0***
Exceptional items	0.0	0.0	*NA*	0.0	*NA*	0.0	*NA*	0.0	0.0	*NA*
Reported PAT	**4.7**	**4.6**	***2.8***	**4.4**	***6.2***	**4.2**	***10.8***	**9.1**	**8.3**	***10.0***
Reported EPS (Rs)	**24.6**	**24.0**	***2.7***	**23.2**	***6.2***	**22.4**	***10.1***	**47.9**	**43.8**	***9.3***

Source: Company, PL

Exhibit 2: Geography revenue mix

Geographies	Contr. To rev. (%)	QoQ Gr. (%)
Americas	83.6	2.0
EMEA	9.1	7.0
India	4.8	(7.3)
ROW	2.4	(3.9)

Source: Company, PL

Exhibit 3: Vertical revenue mix

Verticals	Contr. To rev. (%)	QoQ Gr. (%)
Banking and Financial Services	51.3	(1.0)
Insurance	14.0	4.3
Technology, Media & Telecom	19.4	9.1
Logistics and Transportation	5.6	(2.7)
Others	9.8	2.3

Source: Company, PL

Exhibit 4: Revenue by service mix

Services	Contr. to rev (%)	QoQ Gr (%)
Application Services	73.4	1.3
BPO	14.9	2.4
Infrastructure Services	11.7	4.3

Source: Company, PL

Exhibit 5: Top clients performance

	Contr. to rev (%)	QoQ Gr (%)
Top Client	12.0	(6.0)
Top 2-5 Clients	27.0	1.8
Top 6-10 Clients	16.0	16.3

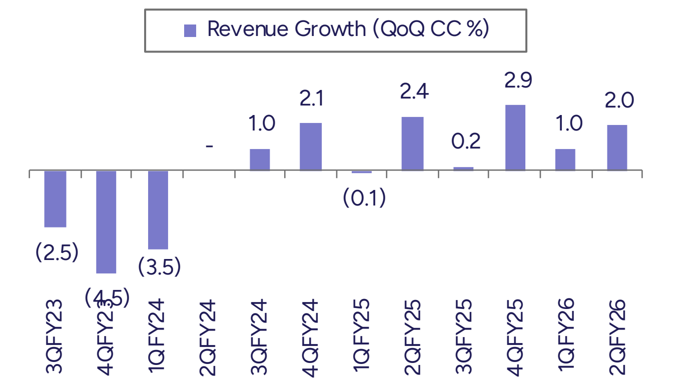
Source: Company, PL

Exhibit 6: Key Performance Indicator

	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	FY25*	FY26E*
Revenue (QoQ CC %)	***-3.5***	***0.0***	***1.0***	***2.1***	***-0.1***	***2.4***	***0.2***	***2.9***	***1.0***	***2.0***	***4.6***	***6.5***
Margins												
Gross Margin	29.1	28.9	31.3	31.2	30.8	31.3	31.7	31.8	31.9	30.9	31.4	31.6
EBIT Margin	15.4	15.5	14.9	14.9	15.0	15.4	15.3	15.3	15.3	15.3	15.3	15.5
Net Margin	12.2	12.0	11.2	11.5	11.8	12.0	12.0	12.0	11.8	12.0	12.0	12.2
Operating metrics												
Headcount (k)	34.0	33.8	34.0	32.7	31.6	31.6	31.2	31.4	31.1	30.8	31.4	-
Utilization Trainees (%)	*80.0*	*77.0*	*74.0*	*75.0*	*76.0*	*76.0*	*75.0*	*78.0*	*84.0*	*87.0*	*78.0*	-

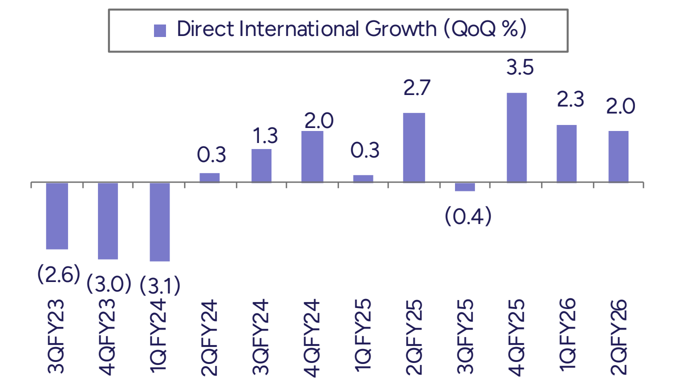
*Source: Company, PL, * YoY CC*

Exhibit 7: Revenue grew ahead of expectations



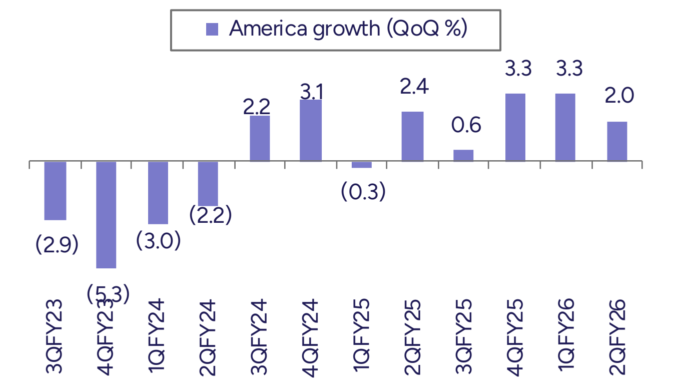
Source: Company, PL

Exhibit 8: Direct Business revenue growth %



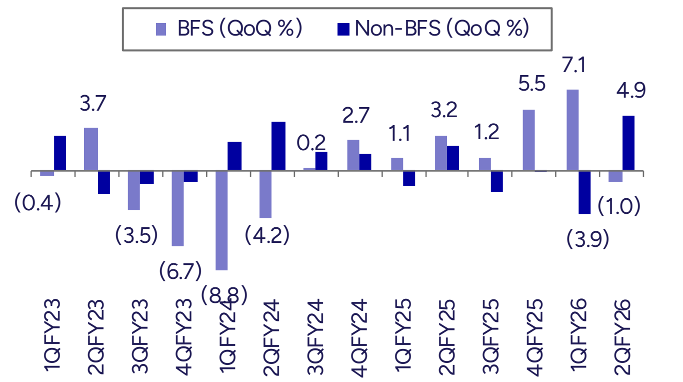
Source: Company, PL

Exhibit 9: Americas region growth %



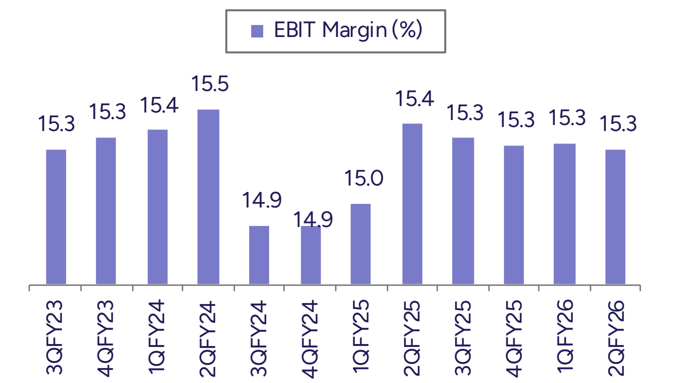
Source: Company, PL

Exhibit 10: Non-BFS segment drives growth in Q2



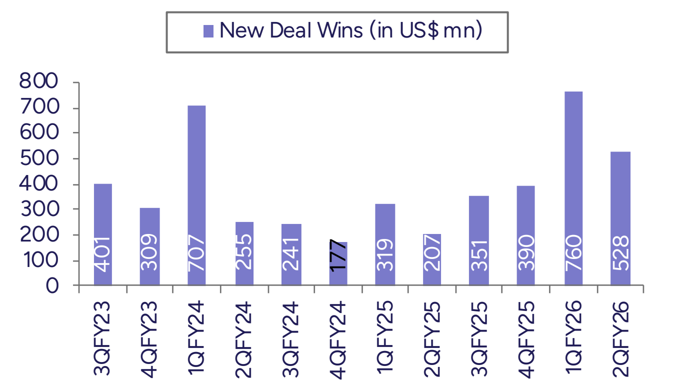
Source: Company, PL

Exhibit 11: EBIT Margin % steady



Source: Company, PL

Exhibit 12: Strong Deal Wins in Q2



Source: Company, PL

Exhibit 13: Operating Metrics

	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Geographical Contribution (%)												
Americas	81.8	80.8	81.1	79.2	80.2	81.0	80.9	80.7	81.5	82.0	83.4	83.6
EMEA	10.1	10.7	10.4	12.0	11.6	11.0	11.1	11.0	10.2	9.9	8.7	9.1
India	5.1	5.5	5.7	6.0	5.5	5.3	5.3	5.7	6.0	5.1	5.3	4.8
RoW	3.0	3.0	2.9	2.9	2.7	2.7	2.7	2.6	2.4	2.9	2.6	2.4
Vertical Contribution (%)												
Banking and Financial Services	53.6	52.2	49.3	47.1	46.8	47.1	47.7	47.9	48.7	50.0	52.7	51.3
Insurance	8.3	9.8	10.5	10.8	11.4	11.0	11.3	11.2	11.7	11.4	13.7	14.0
Technology, Media & Telecom	12.9	14.0	15.1	17.3	15.6	16.0	16.0	16.5	17.0	17.8	18.1	19.4
Logistics & Transportation	13.0	13.8	14.2	13.4	13.7	13.7	13.7	13.1	12.2	10.9	5.8	5.6
Others	12.2	10.2	11.0	11.4	12.6	12.3	11.3	11.3	10.5	9.9	9.7	9.8
Revenue by Project Type (%)												
Time and Material	56.8	58.1	57.7	58.5	58.3	58.5	59.6	60.0	57.6	55.4	48.6	49.1
Transaction Based	12.7	11.1	10.2	10.3	10.1	10.1	10.4	10.3	10.6	8.6	8.3	8.2
Fixed Price	30.5	30.8	32.0	31.2	31.6	31.4	30.0	29.7	31.8	36.0	43.1	42.7
Revenue by Delivery Location (%)												
Onsite	55.2	53.5	52.1	52.1	53.2	56.0	57.1	57.3	59.0	59.9	59.6	57.5
Offshore	44.8	46.6	47.9	47.9	46.8	44.0	42.9	42.7	41.0	40.1	40.4	42.5
Secondary Market Segment (%)												
Direct International	93.6	94.6	94.9	95.1	95.4	95.4	95.8	95.8	95.9	96.7	97.3	97.5
DXC	4.8	3.8	3.5	3.2	2.9	3.0	2.6	2.7	2.7	2.5	2.4	2.3
Others	1.7	1.7	1.7	1.7	1.7	1.6	1.6	1.5	1.4	0.8	0.2	0.2
Service Type (%)												
Application services	69.4	70.7	71.0	70.5	70.7	71.2	71.4	71.3	71.7	71.8	73.8	73.4
BPO	17.9	16.4	16.2	16.9	16.6	16.6	16.2	16.4	16.4	15.4	14.8	14.9
Infrastructure services	12.6	12.9	12.8	12.7	12.7	12.3	12.4	12.3	11.9	12.7	11.4	11.7
Client Contribution (%)												
Top Client	16	13	17	16	15	14	14	15	15	14	13	12
Top 2-5 Clients	33	31	30	31	31	30	30	28	28	28	27	27
Top 6-10 Clients	12	15	12	11	9	10	9	10	10	12	14	16
New Clients added	4	4	5	5	5	3	2	2	2	3	3	2
Clients Contributing More than:												
$100m+	4	4	3	3	3	3	3	3	3	3	4	4
$75m+	6	5	5	4	4	4	4	4	5	5	6	6
$50m+	6	7	6	6	5	5	5	5	5	5	7	7
$20m+	12	13	12	11	10	10	9	9	11	11	10	11
$10m+	22	26	26	26	29	29	30	27	29	29	31	30
$5m+	45	46	46	46	46	47	48	51	47	50	50	50
$1m+	106	112	112	115	134	135	135	140	140	139	137	136
Headcount												
Onsite - billable												
Tech services	4,806	4,669	4,517	4,504	4,664	4,656	4,637	4,788	4,892	4,981	5,127	5,377
BPO	1,828	1,606	1,307	1,319	1,338	1,318	1,374	1,363	1,351	1,281	1,142	1,143
Offshore - billable												
Tech services	17,454	16,799	16,005	15,425	15,393	14,799	14,721	14,576	14,218	14,540	14,477	14,498
BPO	6,176	6,234	6,459	6,418	6,733	6,341	5,984	5,851	5,681	5,545	5,503	5,422
Total billable headcount	30,264	29,308	28,288	27,666	28,128	27,114	26,716	26,578	26,142	26,347	26,249	26,440
Total headcount	35,450	34,042	33,961	33,771	33,992	32,664	31,645	31,601	31,194	31,442	31,063	30,809

Source: Company, PL

Financials

Income Statement (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	**142**	**156**	**173**	**194**
YoY gr. (%)	*7.2*	*9.8*	*10.5*	*12.5*
Employee Cost	98	107	118	132
Gross Profit	45	49	54	62
Margin (%)	*31.4*	*31.6*	*31.5*	*31.8*
SG&A Expenses	18	20	22	24
Other Expenses	-	-	-	-
EBITDA	**26**	**30**	**33**	**38**
YoY gr. (%)	*9.3*	*11.5*	*11.0*	*14.5*
Margin (%)	*18.6*	*18.9*	*19.0*	*19.3*
Depreciation and Amortization	5	5	6	6
EBIT	**22**	**24**	**27**	**31**
Margin (%)	*15.3*	*15.5*	*15.7*	*16.0*
Net Interest	-	-	-	-
Other Income	1	1	1	2
Profit Before Tax	**23**	**26**	**28**	**33**
Margin (%)	*15.9*	*16.3*	*16.5*	*16.8*
Total Tax	6	6	7	8
Effective tax rate (%)	*24.7*	*25.3*	*24.5*	*24.5*
Profit after tax	**17**	**19**	**21**	**25**
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	**17**	**19**	**21**	**25**
YoY gr. (%)	*9.5*	*11.9*	*12.8*	*14.8*
Margin (%)	*12.0*	*12.2*	*12.4*	*12.7*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**17**	**19**	**21**	**25**
YoY gr. (%)	*9.5*	*11.9*	*12.8*	*14.8*
Margin (%)	*12.0*	*12.2*	*12.4*	*12.7*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	17	19	21	25
Equity Shares O/s (bn)	**0**	**0**	**0**	**0**
EPS (Rs)	**89.6**	**100.2**	**112.9**	**129.6**

Source: Company Data, PL Research

Balance Sheet Abstract (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	**23**	**24**	**25**	**26**
Tangibles	23	24	25	26
Intangibles	-	-	-	-
Acc: Dep / Amortization	**15**	**17**	**19**	**22**
Tangibles	15	17	19	22
Intangibles	-	-	-	-
Net fixed assets	**8**	**7**	**5**	**4**
Tangibles	8	7	5	4
Intangibles	-	-	-	-
Capital Work In Progress	-	-	-	-
Goodwill	43	43	43	43
Non-Current Investments	6	6	6	6
Net Deferred tax assets	2	2	2	3
Other Non-Current Assets	19	16	14	11
Current Assets				
Investments	18	26	34	42
Inventories	-	-	-	-
Trade receivables	28	30	33	37
Cash & Bank Balance	16	19	23	28
Other Current Assets	5	6	7	8
Total Assets	**149**	**158**	**171**	**186**
Equity				
Equity Share Capital	2	2	2	2
Other Equity	94	102	111	120
Total Networth	**96**	**104**	**113**	**122**
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	6	6	6	6
Current Liabilities				
ST Debt / Current of LT Debt	11	11	11	11
Trade payables	10	10	11	13
Other current liabilities	24	25	28	31
Total Equity & Liabilities	**149**	**158**	**171**	**186**

Source: Company Data, PL Research

Cash Flow (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	23	26	28	33
Add. Depreciation	5	5	6	6
Add. Interest	1	(1)	(1)	(2)
Less Financial Other Income	1	1	1	2
Add. Other	0	-	-	-
Op. profit before WC changes	29	30	33	38
Net Changes-WC	(2)	(1)	(1)	(2)
Direct tax	(7)	(6)	(7)	(8)
Net cash from Op. activities	**19**	**22**	**24**	**28**
Capital expenditures	(3)	(1)	(1)	(1)
Interest / Dividend Income	0	1	1	2
Others	3	(8)	(8)	(8)
Net Cash from Invt. activities	**0**	**(8)**	**(7)**	**(7)**
Issue of share cap. / premium	1	-	-	-
Debt changes	(4)	-	-	-
Dividend paid	(10)	(11)	(13)	(15)
Interest paid	(2)	-	-	-
Others	(2)	-	-	-
Net cash from Fin. activities	**(18)**	**(11)**	**(13)**	**(15)**
Net change in cash	**2**	**3**	**4**	**6**
Free Cash Flow	18	21	24	27

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	89.6	100.2	112.9	129.6
CEPS	114.7	127.7	142.9	163.3
BVPS	507.0	546.1	591.3	643.1
FCF	97.1	109.3	124.1	140.9
DPS	53.8	60.1	67.8	77.8
Return Ratio(%)				
RoCE	15.5	16.3	17.1	18.3
ROIC	13.5	13.7	13.9	14.3
RoE	18.5	19.0	19.9	21.0
Balance Sheet				
Net Debt : Equity (x)	(0.2)	(0.3)	(0.4)	(0.5)
Debtor (Days)	73	70	70	70
Valuation(x)				
PER	30.8	27.6	24.5	21.3
P/B	5.5	5.1	4.7	4.3
P/CEPS	109.6	122.0	136.5	156.0
EV/EBITDA	19.0	16.7	14.7	12.4
EV/Sales	3.5	3.2	2.8	2.4
Dividend Yield (%)	1.9	2.2	2.5	2.8

Source: Company Data, PL Research

Quarterly Financials (Rs bn)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	**36**	**37**	**37**	**39**
YoY gr. (%)	*0.7*	*4.2*	*0.6*	*4.5*
Raw Material Expenses	24	25	25	27
Gross Profit	11	12	12	12
Margin (%)	*31.7*	*31.8*	*31.9*	*30.9*
EBITDA	**7**	**7**	**7**	**7**
YoY gr. (%)	-	-	-	-
Margin (%)	*19.0*	*18.9*	*18.8*	*18.5*
Depreciation / Depletion	1	1	1	1
EBIT	**5**	**6**	**6**	**6**
Margin (%)	*15.3*	*15.3*	*15.3*	*15.3*
Net Interest	-	-	-	-
Other Income	-	-	-	-
Profit before Tax	**6**	**6**	**6**	**6**
Margin (%)	*16.0*	*15.9*	*16.3*	*16.0*
Total Tax	1	1	2	2
Effective tax rate (%)	*24.8*	*24.5*	*27.6*	*24.9*
Profit after Tax	**4**	**4**	**4**	**5**
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	**4**	**4**	**4**	**5**
YoY gr. (%)	*1.1*	*4.3*	*(1.1)*	*6.2*
Margin (%)	*12.0*	*12.0*	*11.8*	*12.0*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**4**	**4**	**4**	**5**
YoY gr. (%)	*1.1*	*4.3*	*(1.1)*	*6.2*
Margin (%)	*12.0*	*12.0*	*11.8*	*12.0*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**4**	**4**	**4**	**5**
Avg. Shares O/s (bn)	-	-	-	-
EPS (Rs)	**22.4**	**23.4**	**23.1**	**24.5**

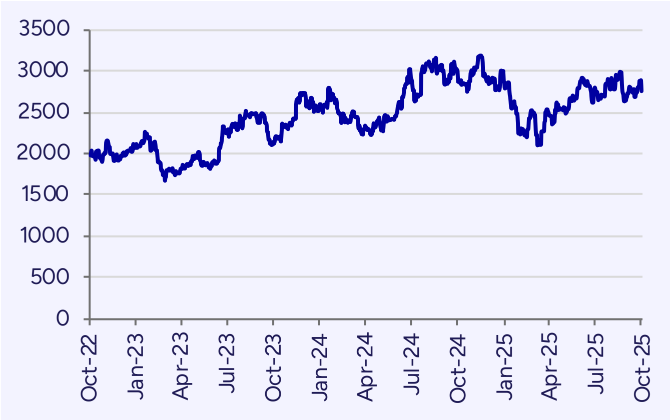
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Revenue (in US$ mn)	1,681	1,790	1,932	2,102

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	04-Oct-25	Accumulate	2,920	2,737
2	25-Jul-25	Accumulate	2,920	2,625
3	01-Jul-25	Hold	2,900	2,845
4	25-Apr-25	BUY	2,860	2,468
5	03-Apr-25	BUY	2,940	2,474
6	27-Mar-25	BUY	2,940	2,515
7	24-Jan-25	Accumulate	3,200	3,011
8	07-Jan-25	Hold	3,020	2,869

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Cyient	Hold	1,130	1,170
2	HCL Technologies	BUY	1,760	1,495
3	Infosys	BUY	1,780	1,472
4	KPIT Technologies	BUY	1,360	1,158
5	L&T Technology Services	Hold	4,360	4,155
6	Latent View Analytics	BUY	600	425
7	LTIMindtree	Hold	5,470	5,623
8	Mphasis	Accumulate	2,920	2,737
9	Persistent Systems	BUY	6,280	5,338
10	Tata Consultancy Services	BUY	3,800	3,062
11	Tata Elxsi	Reduce	5,010	5,580
12	Tata Technologies	Reduce	640	685
13	Tech Mahindra	Hold	1,500	1,468
14	Wipro	Hold	250	254

PL's Recommendation Nomenclature (Absolute Performance)

Buy : > 15%
Accumulate : 5% to 15%
Hold : +5% to -5%
Reduce : -5% to -15%
Sell : < -15%
Not Rated (NR) : No specific call on the stock
Under Review (UR) : Rating likely to change shortly

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