

India

HOLD (no change)

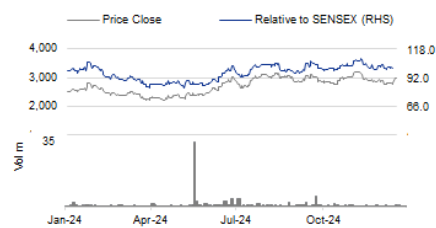
Consensus ratings*: Buy 19 Hold 11 Sell 7

Current price: Rs3,009
 Target price: ▼ Rs3,258
 Previous target: Rs3,294
 Up/downside: 8.3%
 InCred Research / Consensus: 2.7%

Reuters:
 Bloomberg: MPHL IN
 Market cap: US\$7,860m
 Rs570,735m
 Average daily turnover: US\$29.8m
 Rs2164.3m
 Current shares o/s: 190.0m
 Free float: 44.0%
 *Source: Bloomberg

Key changes in this note

- Expect 9% revenue CAGR over FY25F-27F.
- Expect 11% EBIT CAGR over FY25F-27F.
- Expect 14.5% PAT CAGR over FY25F-27F.



Source: Bloomberg

| Price performance | 1M | 3M | 12M |
|-------------------|-----|-------|------|
| Absolute (%) | 2.7 | (1.0) | 19.3 |
| Relative (%) | 6.1 | 3.1 | 10.7 |

| Major shareholders | % held |
|--------------------|--------|
| Kotak Mahindra | 7.7 |
| LIC | 6.4 |
| HDFC MF | 3.2 |

Research Analyst(s)



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Mphasis

Rerating warrants better execution

- Deal pipeline, conversion commentary positive. Trajectory monitorable.
- Set-up constructive but a rerating warrants better execution.
- Retain our HOLD rating with a marginally lower target price of Rs3,258.

3QFY25 earnings summary

Reported 3QFY25 revenue was modestly below estimates as the growth in financial services (FSI) and technology media & telecom (TMT) verticals was offset by the decline in the logistics & transportation (L&T) vertical, while the EBIT margin was in line as the gross margin decline (30bp) was offset by G&A (40bp) optimization. Commentary of 1) growing and expanding pipeline (up 50% qoq and 23% yoy; BFS up 58% yoy, non-BFS up 44% yoy, large deal up 49%) was driven by investments in large deal opportunities, 2) improvement in TCv closures across verticals, 3) client mining led by AI-focused strategy, 4) favourable BFS demand environment, 5) recovery in discretionary spending, 5) visible uptick in mortgage business, and 6) new deal TCv, with a US\$100m deal signed in Jan 2025, is all very encouraging. However, rerating merits a better execution.

Better deal wins but still down 30% on LTM basis

Direct business new deal wins grew by 69.6% qoq and 45.6% yoy to US\$351m and takes LTM wins to US\$1,054m, up 11.7% qoq but down 30.3 yoy. We believe that LTM wins are down yoy, even after normalizing the 1QFY24 TCv win of US\$707m. Noticeable wins include one of the largest wireless network operator in the US, a technology major, and a large existing BFS client.

Margin to remain in a narrow band

The EBIT margin, down 7bp qoq but up 43bp yoy at 15.3%, was in line with the InCred estimate. Gross margin was down by 30bp qoq, led by technology/insurance (down 480bp/110bp qoq) and was offset by logistics/others (+480/40bp) segments. Gross margin improvement of the logistics business was striking, given that revenue was down by ~7%. Mphasis continues to expect its EBIT margin to remain in a narrow (14.6-16%) band.

Retain HOLD rating with a marginally lower target price of Rs3,258

We continue to model in 9% US\$ revenue CAGR led by a sharp recovery in digital risk and 14.5% PAT (Rs) CAGR over FY25F-27F. We also retain our target PE/G multiple of 1.9x to arrive at our target multiple of 28x. However, guidance of elevated depreciation and amortization drives a modest cut in our earnings estimates and leads to a marginally lower target price of Rs3,258 vs. Rs3,294 earlier. Strong cash conversion (avg. OCF/EBITDA at ~77% over FY19-24), net cash (~Rs119/share) and a 60%+ avg. payout over FY22-24 support our view. Downside risks: Continued moderation in deal closure, and a slower-than-anticipated recovery in the digital risk business. Upside risks: Sharp recovery in the BFS vertical as well as faster deal conversion and ramp-up.

Financial Summary

| | Mar-23A | Mar-24A | Mar-25F | Mar-26F | Mar-27F |
|-----------------------------------|---------|---------|---------|---------|---------|
| Revenue (Rsm) | 137,985 | 132,785 | 141,861 | 156,588 | 174,048 |
| Operating EBITDA (Rsm) | 24,340 | 24,220 | 26,337 | 29,188 | 32,547 |
| Net Profit (Rsm) | 16,380 | 15,549 | 16,916 | 19,541 | 22,190 |
| Core EPS (Rs) | 86.3 | 81.9 | 88.8 | 102.4 | 116.3 |
| Core EPS Growth | 13.0% | (5.1%) | 8.4% | 15.3% | 13.6% |
| FD Core P/E (x) | 34.85 | 36.72 | 33.87 | 29.38 | 25.87 |
| DPS (Rs) | 50.0 | 55.0 | 65.0 | 71.7 | 81.4 |
| Dividend Yield | 1.66% | 1.83% | 2.16% | 2.38% | 2.71% |
| EV/EBITDA (x) | 22.82 | 23.08 | 21.03 | 18.75 | 16.56 |
| P/FCFE (x) | 49.63 | 26.67 | 30.64 | 29.18 | 27.42 |
| Net Gearing | (19.4%) | (13.5%) | (20.6%) | (27.4%) | (33.4%) |
| P/BV (x) | 7.19 | 6.50 | 6.21 | 5.84 | 5.47 |
| ROE | 22.0% | 18.6% | 18.8% | 20.5% | 21.8% |
| % Change In Core EPS Estimates | | | (6.47%) | (5.13%) | |
| InCred Research/Consensus EPS (x) | | | | | |

SOURCE: INCRED RESEARCH, COMPANY REPORTS INCRED RESEARCH, COMPANY REPORTS

Figure 1: Quarterly performance

| Y/E Mar (Rs m) | 3QFY25 | 3QFY24 | YoY (%) | 2QFY24 | QoQ (%) | 3QFY25F | Var. (%) |
|---------------------|--------|--------|---------|--------|---------|---------|----------|
| Revenue (US\$ m) | 419.3 | 402.3 | 4.2 | 421.1 | (0.4) | 423.4 | (1.0) |
| Revenue (Rs m) | 35,613 | 33,379 | 6.7 | 35,361 | 0.7 | 35,806 | (0.5) |
| USD-INR realization | 84.9 | 83.0 | 2.4 | 84.0 | 1.1 | 84.6 | 0.4 |
| EBITDA | 6,781 | 6,006 | 12.9 | 6,479 | 4.7 | 6,527 | 3.9 |
| EBITDA margin (%) | 19.0 | 18.0 | 105bp | 18.3 | 72bp | 18.2 | 81bp |
| EBIT | 5,458 | 4,972 | 9.8 | 5,444 | 0.3 | 5,453 | 0.1 |
| EBIT margin (%) | 15.3 | 14.9 | 43 bp | 15.4 | (7 bp) | 15.2 | 10 bp |
| Depreciation | 1,323 | 1,034 | 27.9 | 1,036 | 27.8 | 1,074 | 23.2 |
| Net other income | 235 | 14 | 1,584.6 | 182 | 29.1 | 351 | (33.1) |
| PBT | 5,693 | 4,986 | 14.2 | 5,626 | 1.2 | 5,805 | (1.9) |
| Provision for tax | 1,413 | 1,250 | 13.0 | 1,392 | 1.5 | 1,463 | (3.4) |
| % tax rate | 24.8 | 25.1 | (25bp) | 24.7 | 7bp | 25.2 | (38bp) |
| Net profit | 4,280 | 3,736 | 14.6 | 4,233 | 1.1 | 4,342 | (1.4) |
| EPS (Rs) | 22.4 | 19.6 | 14.1 | 22.2 | 1.0 | 22.7 | (1.5) |

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Key conference-call highlights

- **Guidance:**
 - 4QFY25F to be the best quarter in terms of sequential growth vs. the last three financial years.
 - Expects to operate within the stated EBIT margin band of 14.6% to 16%.
- **Demand environment:** The macroeconomic environment turning favorable for the BFS vertical. Recovery in discretionary spending to continue, with signs of an uptick visible in the mortgage business.
- **Vertical-wise commentary**
 - **BFS:** The growth largely driven by wallet share gains in existing accounts and strong execution in new account wins, including the accounts that were opened in the recent few quarters.
 - **Insurance:** The vertical grew by 4.4% qoq and will contribute to the company's average growth over the next few quarters, albeit at a slower rate than in BFS and TMT verticals.
 - **Logistics and transportation:** The decline in the vertical's revenue is not linked to any customer-specific event and likely involves certain client-related project items and year-end related budgeting issues. Airlines to become a meaningful portion of its business in next 18-24 months.
 - **TMT:** The vertical grew by 2.9% qoq while direct TMT growth was at 15.7% yoy, driven by continued deal wins and conversion of a recent large deal win to revenue. New accounts are showing good traction. Ramped-up a hi-tech account won in the past three quarters to ~US\$50m run-rate.
- **Deal Pipeline:**
 - Signed five large deals in 3QFY25 and 11 YTD FY25. TCV wins are across verticals and client pyramid, with increasing pace of conversion of TCV to revenue.
 - Seeing significant visibility in pipeline growth. Hence, increasing the number of AI Ops teams.
 - Witnessing a rising pace of conversion of TCV to revenue.
- Furlough impact was ~2% and expects to recover a part of it in 4QFY25F.
- Inaugurated Cyber Fusion centre in Bengaluru, a state-of-the-art facility to enhance cybersecurity solutions for global clients across industries, providing 24/7 advanced threat detection, incident response & continuous threat monitoring, leveraging cutting-edge AI, machine learning or ML and automation capabilities.
- Implementing AI projects that are moving beyond pilot or POC stage, primarily due to bundling of deals {application development (ADM), application management (AMS), infrastructure (IMS) with service-led transformation and augmenting AI with human capabilities, thus improving RoI}.
- **AI focus:**

- Using a platform-led approach for modernization, ADM and AMS deals.
- NeoZeta platform accelerates e-learning productivity, completing relearning in days vs. weeks. NeoCrux is an integral part of all NeoZeta pilots for forward engineering, data dictionaries and business capabilities. Witnessing multiple implementations for large-scale financial services customers. Completed two, with nine more in the works.

Figure 2: Change in InCred estimates

| Y/E, March (Rs m) | FY25F | | | FY26F | | | FY27F | | |
|-------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | New | Old | % change | New | Old | % change | New | Old | % change |
| US\$ revenue | 1,684 | 1,703 | -1.1 | 1,831 | 1,852 | -1.1 | 2,001 | 2,023 | -1.1 |
| Revenue | 1,41,861 | 1,42,542 | -0.5 | 1,56,588 | 1,58,318 | -1.1 | 1,74,048 | 1,75,968 | -1.1 |
| EBIT | 21,646 | 21,741 | -0.4 | 24,177 | 24,381 | -0.8 | 26,978 | 27,275 | -1.1 |
| EBIT margin (%) | 15.3 | 15.3 | 1 bp | 15.4 | 15.4 | 4 bp | 15.5 | 15.5 | (0) bp |
| Net PAT | 16,916 | 17,170 | -1.5 | 19,541 | 19,940 | -2.0 | 22,190 | 22,504 | -1.4 |
| EPS (Rs) | 88.7 | 90.0 | -1.5 | 102.4 | 104.5 | -2.0 | 116.3 | 118.0 | -1.4 |

SOURCE: INCRED RESEARCH, COMPANY REPORTS

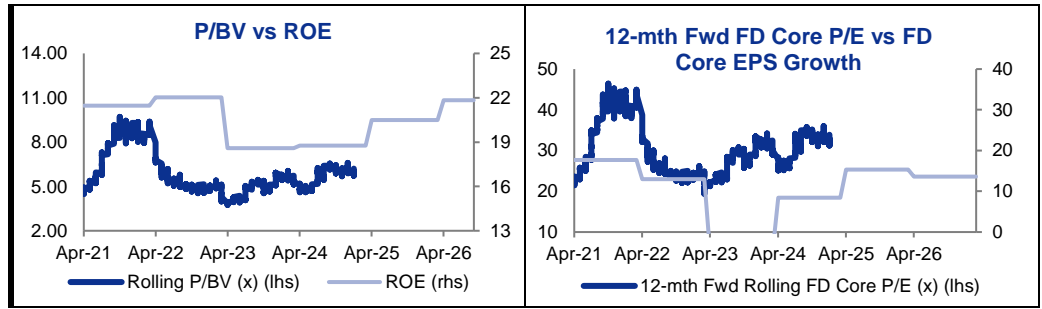
Figure 3: Operating metric trends

| Operating trends | 4QFY22 | 1QFY23 | 2QFY23 | 3QFY23 | 4QFY23 | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Gross Revenue (US\$ m) | 431.0 | 435.9 | 440.3 | 429.4 | 412.0 | 398.1 | 398.4 | 402.3 | 410.7 | 410.0 | 421.1 | 419.3 |
| Growth YoY (%) | 25.9 | 20.1 | 14.3 | 3.7 | -4.4 | -8.7 | -9.5 | -6.3 | -0.3 | 3.0 | 5.7 | 4.2 |
| Growth QoQ (%) | 4.1 | 1.1 | 1.0 | -2.5 | -4.1 | -3.4 | 0.1 | 1.0 | 2.1 | -0.2 | 2.7 | -0.4 |
| CC Growth YoY (%) | 26.8 | 22.1 | 16.8 | 5.7 | -3.1 | -8.4 | -10.1 | -6.8 | -0.4 | 3.1 | 5.4 | 4.6 |
| CC Growth QoQ (%) | 4.3 | 2.0 | 1.8 | -2.5 | -4.5 | -3.5 | 0.0 | 1.0 | 2.1 | -0.1 | 2.4 | 0.2 |
| Revenue (Rs. m) | 32,777 | 34,112 | 35,198 | 35,062 | 33,612 | 32,520 | 32,765 | 33,379 | 34,121 | 34,225 | 35,361 | 35,613 |
| Growth YoY (%) | 29.8 | 26.8 | 22.7 | 12.2 | 2.5 | -4.7 | -6.9 | -4.8 | 1.5 | 5.2 | 7.9 | 6.7 |
| Growth QoQ (%) | 4.9 | 4.1 | 3.2 | -0.4 | -4.1 | -3.2 | 0.8 | 1.9 | 2.2 | 0.3 | 3.3 | 0.7 |
| EBIT Margin (%) | 15.2 | 15.3 | 15.3 | 15.3 | 15.3 | 15.4 | 15.5 | 14.9 | 14.9 | 15.0 | 15.4 | 15.3 |
| US\$-INR realized rate | 75.3 | 77.8 | 80.1 | 82.3 | 82.3 | 82.2 | 82.7 | 83.3 | 83.2 | 83.4 | 83.8 | 84.8 |
| Headcount | 36,534 | 36,899 | 36,876 | 35,450 | 34,042 | 33,961 | 33,771 | 33,992 | 32,664 | 31,645 | 31,601 | 31,194 |
| Onsite utilization - trainees (%) | 89 | 90 | 87 | 87 | 89 | 89 | 87 | 84 | 86 | 86 | 87 | 86 |
| Offshore utilization -trainees (%) | 68 | 70 | 68 | 70 | 75 | 75 | 72 | 69 | 71 | 75 | 74 | 74 |
| Offshore utilization ex-trainees (%) | 77 | 74 | 72 | 74 | 79 | 80 | 77 | 74 | 75 | 76 | 76 | 75 |
| Vertical (%) | 4QFY22 | 1QFY23 | 2QFY23 | 3QFY23 | 4QFY23 | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 |
| BFS | 53.6 | 52.8 | 54.2 | 53.6 | 52.2 | 49.3 | 47.1 | 46.8 | 47.1 | 47.7 | 47.9 | 48.7 |
| Insurance | 9.5 | 10.4 | 8.3 | 8.3 | 9.8 | 10.5 | 10.8 | 11.4 | 11.0 | 11.3 | 11.2 | 11.7 |
| Technology, Media & Telecom | 13.3 | 14.3 | 12.9 | 12.9 | 14.0 | 15.1 | 17.3 | 15.6 | 16.0 | 16.0 | 16.5 | 17.0 |
| Logistics & Transportation | 12.8 | 13.2 | 12.7 | 13.0 | 13.8 | 14.2 | 13.4 | 13.7 | 13.7 | 13.7 | 13.1 | 12.2 |
| Others | 10.7 | 9.3 | 11.8 | 12.2 | 10.2 | 11.0 | 11.4 | 12.6 | 12.3 | 11.3 | 11.3 | 10.5 |
| Vertical (US\$ m) | 4QFY22 | 1QFY23 | 2QFY23 | 3QFY23 | 4QFY23 | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 |
| BFS | 231.0 | 230.1 | 238.7 | 230.4 | 215.0 | 196.1 | 187.9 | 188.3 | 193.3 | 195.4 | 201.6 | 204.0 |
| Insurance | 41.1 | 45.1 | 36.6 | 35.5 | 40.5 | 41.9 | 42.8 | 45.8 | 45.3 | 46.4 | 47.3 | 49.0 |
| Technology, Media & Telecom | 57.1 | 62.4 | 56.9 | 55.6 | 57.7 | 59.9 | 68.9 | 62.7 | 65.5 | 65.8 | 69.5 | 71.1 |
| Logistics & Transportation | 55.2 | 57.8 | 55.9 | 55.6 | 56.8 | 56.3 | 53.3 | 55.0 | 56.1 | 56.1 | 55.3 | 51.1 |
| Others | 46.3 | 40.5 | 52.0 | 52.4 | 42.0 | 43.8 | 45.5 | 50.5 | 50.4 | 46.3 | 47.4 | 44.1 |
| Vertical YoY (%) | 4QFY22 | 1QFY23 | 2QFY23 | 3QFY23 | 4QFY23 | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 |
| BFS | 34.7 | 23.8 | 13.6 | 0.6 | -6.9 | -14.8 | -21.3 | -18.3 | -10.1 | -0.4 | 7.3 | 8.3 |
| Insurance | 19.3 | 36.0 | 8.2 | -2.6 | -1.5 | -7.2 | 16.9 | 29.0 | 12.0 | 10.8 | 10.4 | 7.0 |
| Technology, Media & Telecom | 14.7 | 21.0 | 18.1 | 1.9 | 1.1 | -3.9 | 21.0 | 12.7 | 13.6 | 9.8 | 0.8 | 13.4 |
| Logistics & Transportation | 20.4 | 13.7 | 10.9 | 6.0 | 2.9 | -2.5 | -4.7 | -1.1 | -1.2 | -0.3 | 3.9 | -7.1 |
| Others | 14.1 | -2.2 | 22.5 | 25.7 | -9.3 | 8.1 | -12.4 | -3.5 | 20.0 | 5.7 | 4.1 | -12.8 |
| Vertical QoQ (%) | 4QFY22 | 1QFY23 | 2QFY23 | 3QFY23 | 4QFY23 | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 |
| BFS | 0.9 | -0.4 | 3.7 | -3.5 | -6.7 | -8.8 | -4.2 | 0.2 | 2.7 | 1.1 | 3.2 | 1.2 |
| Insurance | 12.8 | 9.8 | -18.8 | -3.2 | 14.1 | 3.4 | 2.3 | 6.9 | -1.0 | 2.4 | 1.9 | 3.5 |
| Technology, Media & Telecom | 4.6 | 9.3 | -8.7 | -2.4 | 3.7 | 3.9 | 15.0 | -9.1 | 4.6 | 0.4 | 5.5 | 2.4 |
| Logistics & Transportation | 5.3 | 4.5 | -3.2 | -0.5 | 2.2 | -0.9 | -5.4 | 3.2 | 2.1 | 0.0 | -1.4 | -7.6 |
| Others | 11.1 | -12.5 | 28.5 | 0.7 | -19.8 | 4.3 | 4.1 | 11.0 | -0.4 | -8.1 | 2.4 | -7.0 |
| Incremental revenue (US\$ m) | 4QFY22 | 1QFY23 | 2QFY23 | 3QFY23 | 4QFY23 | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 |
| BFS | 2.1 | -0.9 | 8.6 | -8.4 | -15.3 | -18.9 | -8.3 | 0.5 | 5.0 | 2.1 | 6.2 | 2.5 |
| Insurance | 4.7 | 4.0 | -8.5 | -1.2 | 5.0 | 1.4 | 0.9 | 2.9 | -0.4 | 1.1 | 0.9 | 1.7 |
| Technology, Media & Telecom | 2.5 | 5.3 | -5.4 | -1.3 | 2.1 | 2.3 | 9.0 | -6.3 | 2.9 | 0.3 | 3.6 | 1.6 |
| Logistics & Transportation | 2.8 | 2.5 | -1.9 | -0.3 | 1.2 | -0.5 | -3.1 | 1.7 | 1.1 | 0.0 | -0.8 | -4.2 |
| Others | 4.6 | -5.8 | 11.5 | 0.3 | -10.4 | 1.8 | 1.8 | 5.0 | -0.2 | -4.1 | 1.1 | -3.3 |
| Geography (%) | 4QFY22 | 1QFY23 | 2QFY23 | 3QFY23 | 4QFY23 | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 |
| Americas | 81.5 | 82.3 | 82.2 | 81.8 | 80.8 | 81.1 | 79.2 | 80.2 | 81.0 | 80.9 | 80.7 | 81.5 |
| EMEA | 10.7 | 9.7 | 9.8 | 10.1 | 10.7 | 10.4 | 12.0 | 11.6 | 11.0 | 11.1 | 11.0 | 10.2 |
| India | 4.9 | 5.0 | 4.9 | 5.1 | 5.5 | 5.7 | 6.0 | 5.5 | 5.3 | 5.3 | 5.7 | 6.0 |
| ROW | 3.0 | 2.9 | 3.1 | 3.0 | 3.0 | 2.9 | 2.9 | 2.7 | 2.7 | 2.7 | 2.6 | 2.4 |
| Geography (US\$ m) | 4QFY22 | 1QFY23 | 2QFY23 | 3QFY23 | 4QFY23 | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 |
| Americas | 351.1 | 358.9 | 361.7 | 351.3 | 332.8 | 322.7 | 315.6 | 322.7 | 332.6 | 331.7 | 339.9 | 341.7 |
| EMEA | 46.0 | 42.4 | 43.3 | 43.4 | 44.1 | 41.4 | 47.7 | 46.6 | 45.4 | 45.4 | 46.3 | 42.6 |
| India | 21.0 | 21.8 | 21.6 | 21.8 | 22.6 | 22.6 | 23.8 | 22.2 | 21.7 | 21.9 | 24.2 | 25.0 |
| ROW | 12.9 | 12.8 | 13.7 | 12.9 | 12.5 | 11.4 | 11.4 | 10.8 | 11.0 | 10.9 | 10.8 | 10.0 |

| Geography YoY (%) | 4QFY22 | 1QFY23 | 2QFY23 | 3QFY23 | 4QFY23 | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Americas | 36.3 | 29.6 | 20.3 | 5.6 | -5.2 | -10.1 | -12.8 | -8.1 | -0.1 | 2.8 | 7.7 | 5.9 |
| EMEA | 0.4 | -3.6 | -6.8 | -7.3 | -4.3 | -2.4 | 10.0 | 7.3 | 3.0 | 9.7 | -2.9 | -8.6 |
| India | 23.4 | 28.1 | 4.3 | 4.3 | 7.7 | 3.6 | 10.3 | 1.9 | -3.9 | -3.0 | 1.6 | 12.3 |
| ROW | -40.9 | -48.9 | -21.6 | -5.5 | -3.1 | -10.8 | -16.7 | -16.1 | -12.3 | -3.9 | -5.3 | -7.3 |
| Geography QoQ (%) | 4QFY22 | 1QFY23 | 2QFY23 | 3QFY23 | 4QFY23 | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 |
| Americas | 5.6 | 2.2 | 0.8 | -2.9 | -5.3 | -3.0 | -2.2 | 2.3 | 3.1 | -0.3 | 2.5 | 0.5 |
| EMEA | -1.7 | -7.9 | 2.2 | 0.1 | 1.5 | -6.0 | 15.2 | -2.3 | -2.6 | 0.1 | 1.9 | -8.0 |
| India | 0.3 | 3.9 | -1.2 | 1.2 | 3.7 | -0.1 | 5.3 | -6.5 | -2.3 | 0.9 | 10.2 | 3.3 |
| ROW | -5.4 | -1.2 | 7.2 | -5.7 | -2.9 | -9.1 | 0.1 | -5.1 | 1.5 | -0.3 | -1.4 | -7.0 |
| Incremental revenue (US\$ m) | 4QFY22 | 1QFY23 | 2QFY23 | 3QFY23 | 4QFY23 | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 |
| Americas | 18 | 8 | 3 | -10 | -18 | -10 | -7 | 7 | 10 | -1 | 8 | 2 |
| EMEA | -0.8 | -3.6 | 0.9 | 0.1 | 0.7 | -2.7 | 6.3 | -1.1 | -1.2 | 0.1 | 0.9 | -3.7 |
| India | 0.1 | 0.8 | -0.3 | 0.3 | 0.8 | 0.0 | 1.2 | -1.5 | -0.5 | 0.2 | 2.2 | 0.8 |
| ROW | -1 | 0 | 1 | -1 | 0 | -1 | 0 | -1 | 0 | 0 | 0 | -1 |
| Segment (%) | 4QFY22 | 1QFY23 | 2QFY23 | 3QFY23 | 4QFY23 | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 |
| Direct International | 93.1 | 93.6 | 93.7 | 93.6 | 94.6 | 94.9 | 95.1 | 95.4 | 95.4 | 95.8 | 95.8 | 95.9 |
| HP/DXC Business | 5.2 | 4.8 | 4.6 | 4.8 | 3.8 | 3.5 | 3.2 | 2.9 | 3.0 | 2.6 | 2.7 | 2.7 |
| Others | 1.7 | 1.7 | 1.6 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.6 | 1.6 | 1.5 | 1.4 |
| Segment (US\$ m) | 4QFY22 | 1QFY23 | 2QFY23 | 3QFY23 | 4QFY23 | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 |
| Direct International | 401 | 408 | 413 | 402 | 390 | 378 | 379 | 384 | 392 | 393 | 404 | 402 |
| HP/DXC Business | 22 | 21 | 20 | 20 | 15 | 14 | 13 | 12 | 12 | 11 | 11 | 11 |
| Others | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 6 | 6 | 6 |
| Segment YoY (%) | 4QFY22 | 1QFY23 | 2QFY23 | 3QFY23 | 4QFY23 | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 |
| Direct International | 36.8 | 26.3 | 16.7 | 4.6 | -2.9 | -7.4 | -8.2 | -4.4 | 0.5 | 4.0 | 6.5 | 4.7 |
| HP/DXC Business | -45.2 | -38.0 | -18.1 | -8.1 | -31.1 | -33.6 | -36.6 | -43.2 | -19.6 | -21.8 | -12.9 | -2.3 |
| Others | -7.9 | 13.1 | 7.3 | -4.0 | -3.5 | -10.0 | -8.6 | -5.7 | -4.7 | -2.6 | -3.6 | -12.3 |
| Segment QoQ (%) | 4QFY22 | 1QFY23 | 2QFY23 | 3QFY23 | 4QFY23 | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 |
| Direct International | 4.5 | 1.6 | 1.2 | -2.7 | -3.0 | -3.1 | 0.3 | 1.3 | 2.0 | 0.3 | 2.7 | -0.4 |
| HP/DXC Business | 0.9 | -7.5 | -1.8 | 0.3 | -24.4 | -10.8 | -6.2 | -10.1 | 7.0 | -13.3 | 4.6 | 0.8 |
| Others | -4.6 | 3.1 | -2.2 | -0.2 | -4.1 | -3.8 | -0.7 | 3.0 | -3.2 | -1.6 | -1.7 | -6.2 |
| Incremental revenue (US\$ m) | 4QFY22 | 1QFY23 | 2QFY23 | 3QFY23 | 4QFY23 | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 |
| Direct International | 17.1 | 6.4 | 4.9 | -11.0 | -12.1 | -12.0 | 1.2 | 5.0 | 7.8 | 1.1 | 10.7 | -1.5 |
| HP/DXC Business | 0.2 | -1.7 | -0.4 | 0.1 | -5.0 | -1.7 | -0.9 | -1.3 | 0.8 | -1.7 | 0.5 | 0.1 |
| Others | -0.3 | 0.2 | -0.2 | 0.0 | -0.3 | -0.3 | 0.0 | 0.2 | -0.2 | -0.1 | -0.1 | -0.4 |
| Deal wins (US\$ m) | 4QFY22 | 1QFY23 | 2QFY23 | 3QFY23 | 4QFY23 | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 |
| TCV | 347 | 302 | 302 | 401 | 309 | 707 | 255 | 241 | 177 | 319 | 207 | 351 |
| QoQ | 3.6 | -13.0 | 0.0 | 32.8 | -22.9 | 128.8 | -63.9 | -5.5 | -26.6 | 80.2 | -35.1 | 69.6 |
| YoY | 41.6 | -40.2 | 25.3 | 19.7 | -11.0 | 134.1 | -15.6 | -39.9 | -42.7 | -54.9 | -18.8 | 45.6 |
| TTM TCV | 1,428 | 1,225 | 1,286 | 1,352 | 1,314 | 1,719 | 1,672 | 1,512 | 1,380 | 992 | 944 | 1,054 |
| Per employee analysis | 4QFY22 | 1QFY23 | 2QFY23 | 3QFY23 | 4QFY23 | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 |
| Revenue (US\$ m) - TTM | 1,607 | 1,680 | 1,731 | 1,739 | 1,712 | 1,669 | 1,626 | 1,601 | 1,603 | 1,617 | 1,643 | 1,662 |
| Employees (Average TTM) | 33,800 | 35,161 | 36,306 | 36,440 | 35,817 | 35,082 | 34,306 | 33,942 | 33,597 | 33,018 | 32,476 | 31,776 |
| Revenue per employee (TTM) | 47,532 | 47,781 | 47,679 | 47,725 | 47,807 | 47,587 | 47,399 | 47,170 | 47,706 | 48,983 | 50,602 | 52,317 |

SOURCES: COMPANY REPORTS, INCRED RESEARCH

BY THE NUMBERS



Profit & Loss

| (Rs mn) | Mar-23A | Mar-24A | Mar-25F | Mar-26F | Mar-27F |
|---|---------|---------|---------|---------|---------|
| Total Net Revenues | 137,985 | 132,785 | 141,861 | 156,588 | 174,048 |
| Gross Profit | 39,857 | 40,013 | 44,519 | 49,231 | 54,825 |
| Operating EBITDA | 24,340 | 24,220 | 26,337 | 29,188 | 32,547 |
| Depreciation And Amortisation | (3,252) | (4,105) | (4,692) | (5,011) | (5,570) |
| Operating EBIT | 21,088 | 20,115 | 21,646 | 24,177 | 26,978 |
| Financial Income/(Expense) | 643 | 569 | 872 | 1,878 | 2,689 |
| Pretax Income/(Loss) from Assoc. | | | | | |
| Non-Operating Income/(Expense) | | | | | |
| Profit Before Tax (pre-EI) | 21,731 | 20,685 | 22,517 | 26,055 | 29,666 |
| Exceptional Items | | | | | |
| Pre-tax Profit | 21,731 | 20,685 | 22,517 | 26,055 | 29,666 |
| Taxation | (5,351) | (5,135) | (5,602) | (6,514) | (7,476) |
| Exceptional Income - post-tax | | | | | |
| Profit After Tax | 16,380 | 15,549 | 16,916 | 19,541 | 22,190 |
| Minority Interests | | | | | |
| Preferred Dividends | | | | | |
| FX Gain/(Loss) - post tax | | | | | |
| Other Adjustments - post-tax | | | | | |
| Net Profit | 16,380 | 15,549 | 16,916 | 19,541 | 22,190 |
| Recurring Net Profit | 16,380 | 15,549 | 16,916 | 19,541 | 22,190 |
| Fully Diluted Recurring Net Profit | 16,380 | 15,549 | 16,916 | 19,541 | 22,190 |

Cash Flow

| (Rs mn) | Mar-23A | Mar-24A | Mar-25F | Mar-26F | Mar-27F |
|----------------------------------|----------|----------|----------|----------|----------|
| EBITDA | 24,340 | 24,220 | 26,337 | 29,188 | 32,547 |
| Cash Flow from Invt. & Assoc. | | | | | |
| Change In Working Capital | (5,779) | 4,028 | (1,035) | (1,797) | (2,130) |
| (Incr)/Decr in Total Provisions | | | | | |
| Other Non-Cash (Income)/Expense | | | | | |
| Other Operating Cashflow | | | | | |
| Net Interest (Paid)/Received | | | | | |
| Tax Paid | (5,926) | (5,902) | (5,602) | (6,514) | (7,476) |
| Cashflow From Operations | 12,635 | 22,346 | 19,701 | 20,877 | 22,941 |
| Capex | (1,131) | (937) | (1,000) | (1,200) | (2,000) |
| Disposals Of FAs/subsidiaries | | | | | |
| Acq. Of Subsidiaries/investments | | | | | |
| Other Investing Cashflow | 2,956 | (23,884) | 2,559 | 2,662 | 2,924 |
| Cash Flow From Investing | 1,825 | (24,821) | 1,559 | 1,462 | 924 |
| Debt Raised/(repaid) | | | | | |
| Proceeds From Issue Of Shares | | | | | |
| Shares Repurchased | | | | | |
| Dividends Paid | (8,652) | (9,427) | (12,414) | (13,679) | (15,533) |
| Preferred Dividends | | | | | |
| Other Financing Cashflow | (5,750) | 10,198 | (1,687) | (784) | (235) |
| Cash Flow From Financing | (14,402) | 771 | (14,101) | (14,463) | (15,768) |
| Total Cash Generated | 58 | (1,704) | 7,159 | 7,877 | 8,097 |
| Free Cashflow To Equity | 11,503 | 21,409 | 18,701 | 19,677 | 20,941 |
| Free Cashflow To Firm | 14,460 | (2,475) | 21,260 | 22,339 | 23,865 |

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

| Balance Sheet | | | | | |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|
| (Rs mn) | Mar-23A | Mar-24A | Mar-25F | Mar-26F | Mar-27F |
| Total Cash And Equivalents | 24,213 | 34,071 | 41,230 | 49,107 | 57,203 |
| Total Debtors | 25,206 | 24,256 | 25,819 | 28,499 | 31,677 |
| Inventories | | | | | |
| Total Other Current Assets | 10,111 | 7,997 | 7,997 | 7,997 | 7,997 |
| Total Current Assets | 59,530 | 66,324 | 75,046 | 85,603 | 96,877 |
| Fixed Assets | 9,773 | 9,352 | 5,661 | 1,850 | (1,720) |
| Total Investments | 5,899 | 8,454 | 8,454 | 8,454 | 8,454 |
| Intangible Assets | 31,149 | 46,588 | 46,588 | 46,588 | 46,588 |
| Total Other Non-Current Assets | 9,744 | 10,583 | 10,583 | 10,583 | 10,583 |
| Total Non-current Assets | 56,564 | 74,978 | 71,287 | 67,476 | 63,906 |
| Short-term Debt | 1,985 | 15,436 | 15,436 | 15,436 | 15,436 |
| Current Portion of Long-Term Debt | | | | | |
| Total Creditors | 8,640 | 7,983 | 8,512 | 9,395 | 10,443 |
| Other Current Liabilities | 17,353 | 18,627 | 18,627 | 18,627 | 18,627 |
| Total Current Liabilities | 27,978 | 42,046 | 42,575 | 43,458 | 44,506 |
| Total Long-term Debt | | | | | |
| Hybrid Debt - Debt Component | | | | | |
| Total Other Non-Current Liabilities | 8,768 | 11,310 | 11,310 | 11,310 | 11,310 |
| Total Non-current Liabilities | 8,768 | 11,310 | 11,310 | 11,310 | 11,310 |
| Total Provisions | | | | | |
| Total Liabilities | 36,746 | 53,356 | 53,885 | 54,769 | 55,816 |
| Shareholders Equity | 79,348 | 87,946 | 92,448 | 98,310 | 104,967 |
| Minority Interests | | | | | |
| Total Equity | 79,348 | 87,946 | 92,448 | 98,310 | 104,967 |

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Definition:

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- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

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