

**DEEP DIVE**

**Mastek**



# Mastek

## Recovery in sight

Mastek organic growth is set to recover to double digits, followed by an expansion in margins to the high teens. Mastek delivered a five-year average organic YoY CC revenue growth of ~10%, which slowed down to ~7% in FY24; we expect the organic growth to revive to low teens over FY24-27E. The growth will be triggered by (1) revival in UK geography, which is ~60% of the revenue and is witnessing traction in both UK government and UK private segment; (2) increase in UK government's digital spends in areas like defence and healthcare; (3) early signs of recovery in the NHS (the company expects to win net new deals); (4) incremental revenue from the defence deal which will add ~USD 50-60mn over the next three years; (5) revival in the US and growth will be led by more managed services deals, revival of client-specific issues, and investments in areas like Oracle, Salesforce, and Data services; and (6) a strong 12-month order book of USD 262mn (+11% YoY).

The margin was impacted by ~150bps over the last two years due to slowdown in organic revenue, US investments and Middle East restructuring. The Q3 margins will be affected by wage hike and seasonality. The margin recovery will start from 4Q with an expected ~135bps margin expansion over the next two years; supported by the US revival and pyramid optimisation. We expect the company to deliver +14/20% revenue/EPS CAGR over 24-27E. We have cut our EPS estimate for FY26/27E by ~3/2% but increase the multiple to 24x vs 21x earlier based on growth revival in core geography and margin recovery. Near-term uncertainty related to the appointment of the new CEO and CFO persists, but historically, a change in leadership has been positive for mid-tier IT companies. We maintain our ADD rating with a target price of INR 4,000, based on 24x FY27E EPS. The stock is trading at 24/19x FY26/27E and generates a RoE of 16%.

- UK government's digital spend reviving, Mastek within top vendors:** The UK government spends ~GBP 4.3bn on cloud and digital programs which has increased at a 5Y CAGR of ~12%. The spend on the Digital Outcome and Specialist (DOS) framework is GBP 1.5bn across 200 departments. The top spending departments are home office (Immigration), HMRC (Income tax), healthcare (NHS) and defence (MOD) etc. The top 11 departments account for ~65% of the total spend. The government spending declined by ~30% in CY23 which has now stabilised and will be flat to positive in CY24E. Mastek is among the top vendors for some of the top spending departments and is trying to expand into other departments as well. The win of the ministry of defence project is a recent addition. Mastek has a wallet share of ~2% in DOS framework over the last 5 year. UK government is ~40% of Mastek's revenue (~70% of UK revenue) and we expect a 14% revenue CAGR in UK revenue over FY24-27E.
- UK defence deal to drive growth:** Mastek has secured a pivotal framework agreement with the UK Ministry of Défense (MoD), marking a significant milestone in its expansion within the defence sector. MOD spends ~GBP 0.5bn annually and is among the top 10 spenders. This framework agreement enables the company to bid for a variety of projects, each valued between USD 5-10mn, with the total opportunity size estimated at approximately USD 400mn. Over the next two or three years, Mastek aims to generate USD 50-60mn in revenue from these projects. The company plans to leverage agile methodologies, executing projects in smaller, manageable sprints to ensure high-quality delivery within shorter timeframes. This approach not only enhances client satisfaction but also strengthens Mastek's reputation as a reliable partner in the defence sector. Mastek is poised to establish a steady pipeline of high-value projects, solidifying its presence in the UK defence market.

## ADD

CMP (as on 13 Dec 2024)	INR 3,249
Target Price	INR 4,000
NIFTY	24,773

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 3,400	INR 4,000
	FY25E	FY26E
EPS %	-4.0	-3.0

### KEY STOCK DATA

Bloomberg code	MAST IN
No. of Shares (mn)	31
MCap (INR bn) / (\$ mn)	100/1,183
6m avg traded value (INR mn)	601
52 Week high / low	INR 3,375/2,137

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	19.7	17.9	34.4
Relative (%)	20.7	11.0	16.4

### SHAREHOLDING PATTERN (%)

	Jun-24	Sep-24
Promoters	36.25	36.23
FIs & Local MFs	7.10	10.41
FPIs	14.03	8.14
Public & Others	42.62	45.22
Pledged Shares	0.00	0.00

Source: BSE

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- NHS recovery:** NHS's total spend has on a declining trend over the last three years (down to 5% of total spend vs 12% earlier). The drop in the spend was led by the integration of the two departments, NHS England and NHS Digital and led to cancellation/deferment of contracts/spends. The management expects gradual recovery in the NHS led by deal wins and restart of previous deals. NHS recovery will be led by deal wins focused on healthcare digitisation and modernisation. Several new contracts are aimed at enhancing the digital infrastructure of NHS services. The increased focus on healthcare by the new UK Labour government further amplifies recovery. Mastek with its expertise in agile methodologies and digital transformation capabilities, is well-positioned to support the NHS in its journey towards improved efficiency and patient care.
- Margin recovery led by US:** Mastek's margin recovery trajectory is on a positive path, driven by several strategic initiatives aimed at enhancing profitability. We expect the margin to recover to ~17% by the end of Q4 and eventually to ~17/18% in FY26/27E. The recovery in the US margins to double digits will be a key driver of the overall margin expansion. The company has been focusing on optimising its onshore-offshore mix in the US market, improve cost efficiency, reducing its reliance on subcontractors (currently at ~19% of revenue which is the highest among peers) especially in non-UK government projects, managing wage hikes in a staggered manner and hiring freshers to broaden the talent pyramid to achieve margin improvement. Growth recovery and optimisation efforts are expected to elevate US margins from single digits to double digits, aligning with the company average. Mastek has indicated that the margin will gradually improve to 17-19%; we believe it would be somewhere at the mid-point of the range.
- Changes in key management, near-term uncertainty:** Mastek has witnessed several changes at the CEO level in the last five years. The recent exit of CEO Hiral Chandrana in August 2024 (three years in Mastek) and CFO Arun Agarwal in November 2024 (eight years with Mastek) creates near-term uncertainty. The current Group CEO is Umang Nahata (Evosys founder), and the company is evaluating a new CEO. Hiral was appointed with a clear mandate to scale US revenue and during his tenure the US geography hit USD 100mn revenue with acquisitions of MST (Salesforce consulting) and BizAnalytica (Data and GenAI). The key focus was on building AI capabilities (ISG recognition and Nvidia partnership) and scaling US revenue (healthcare and Retail verticals). We expect the new CEO to also focus on building the US revenue as it has a low base advantage, and most of the investments are behind. Historically we have witnessed that a new CEO especially who has handled a larger P&L and comes from Tier-1 IT has been able to turn the business around. The average return for shareholders for mid-tier companies post the appointment of a new CEO has been robust ([Exhibit-19](#)).

### Financial Summary

YE March (INR bn)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Revenues (USD mn)	232	293	318	368	413	471	541
Net Sales	17.22	21.84	25.63	30.55	34.61	40.00	45.97
EBIT	3.20	4.20	3.88	4.19	4.69	5.85	7.14
APAT	2.09	2.95	2.68	3.06	3.64	4.28	5.28
Diluted EPS (INR)	73.5	96.6	86.6	96.2	115.0	135.3	167.0
P/E (x)	44.1	33.6	37.5	33.7	28.2	24.0	19.4
EV / EBITDA (x)	23.7	20.1	22.2	20.2	17.8	14.1	11.3
RoE (%)	25.4	30.6	19.4	16.1	16.1	16.6	17.8

Source: Company, HSIE Research

**Exhibit 1: YoY growth trends: Organic growth recovering to double digits in FY26E**

Growth Parameters	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
USD YoY Growth %	51.8%	16.5%	2.2%	53.6%	26.3%	8.6%	15.8%	12.1%	14.0%	14.9%
Cross currency impact (bps)*	693	(560)	(19)	394	(100)	(725)	229	152	22	47
USD YoY CC Growth %	44.9%	22.1%	2.4%	49.7%	27.3%	15.8%	13.5%	10.6%	13.7%	14.5%
Inorganic Contribution* %	32.7%	0.0%	8.1%	38.3%	0.0%	6.8%	6.3%	1.6%	0.0%	0.0%
Organic YoY CC%	12.2%	22.1%	-5.8%	11.3%	27.3%	9.0%	7.2%	8.9%	13.7%	14.5%

Source: Company, HSIE Research, \* Calculated

**Exhibit 2: Margin Bridge**

Cost % of Revenue	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Salary Cost	54.5%	51.3%	50.2%	53.7%	54.7%	55.0%	54.6%
Subcon Cost	20.6%	18.6%	20.0%	20.4%	19.1%	19.4%	19.2%
Other Expenses	10.3%	8.9%	8.7%	8.1%	9.5%	9.4%	9.0%
<b>EBITDA %</b>	<b>14.6%</b>	<b>21.2%</b>	<b>21.2%</b>	<b>17.8%</b>	<b>16.7%</b>	<b>16.2%</b>	<b>17.2%</b>

Margin Bridge (bps)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
GM benefit	231	325	110	-351	-101	-27	38
Subcon	-61	192	-136	-45	132	-29	26
Other Expenses	1	135	26	57	-144	15	33
<b>EBITDA %</b>	<b>171</b>	<b>653</b>	<b>1</b>	<b>-340</b>	<b>-113</b>	<b>-41</b>	<b>98</b>

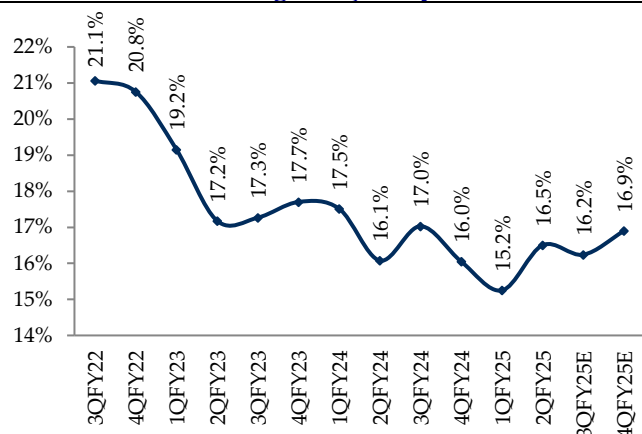
Source: Company, HSIE Research

**Exhibit 3: Revenue growth vs peers**

Growth (QoQ CC %)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
MPHL	2.0%	1.8%	-2.5%	-4.5%	-3.5%	0.0%	1.0%	2.1%	-0.1%	2.4%
LTTS	4.7%	4.5%	0.0%	2.2%	-2.9%	3.2%	0.9%	5.1%	-3.1%	3.4%
TELX	6.5%	4.7%	3.5%	1.6%	1.2%	3.4%	3.0%	-0.6%	2.4%	0.2%
PSYS	12.0%	6.6%	3.5%	3.5%	2.9%	3.2%	3.1%	3.4%	5.6%	5.1%
CYL	6.5%	12.3%	11.9%	3.2%	0.3%	1.0%	1.1%	-0.5%	-5.0%	1.3%
ZENT	3.1%	1.6%	-5.3%	0.4%	1.3%	0.2%	-3.2%	2.0%	4.3%	0.3%
SSOF	3.9%	3.3%	3.9%	8.0%	17.4%	5.2%	3.0%	-2.2%	1.4%	1.5%
<b>MAST</b>	<b>-0.1%</b>	<b>10.7%</b>	<b>3.1%</b>	<b>5.3%</b>	<b>0.4%</b>	<b>4.4%</b>	<b>2.7%</b>	<b>-1.4%</b>	<b>4.1%</b>	<b>4.7%</b>
BSOFT	2.3%	1.1%	0.0%	3.1%	1.7%	3.0%	1.8%	1.6%	-2.7%	2.2%
HAPPSTMN	NA	NA	2.8%	1.3%	3.5%	3.6%	0.8%	1.4%	11.4%	12.7%

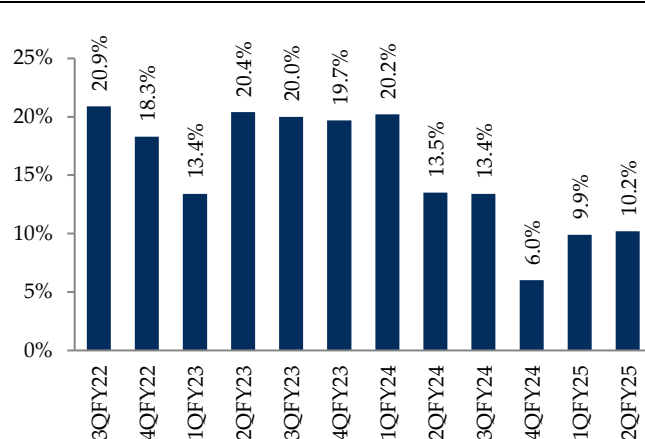
Source: Company, HSIE Research

**Exhibit 4: EBITDA Margin trajectory**



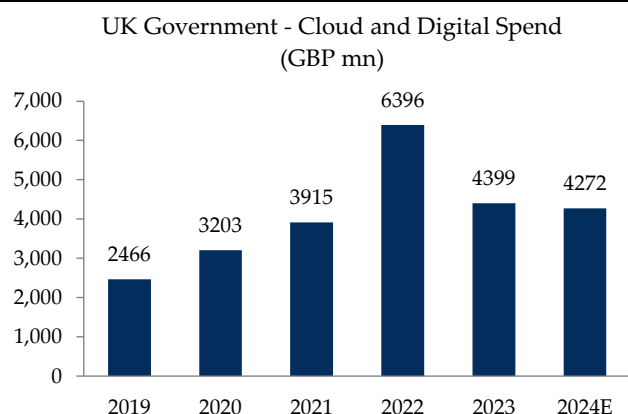
Source: Company, HSIE Research

**Exhibit 5: Mastek USD revenue YoY CC Growth %**



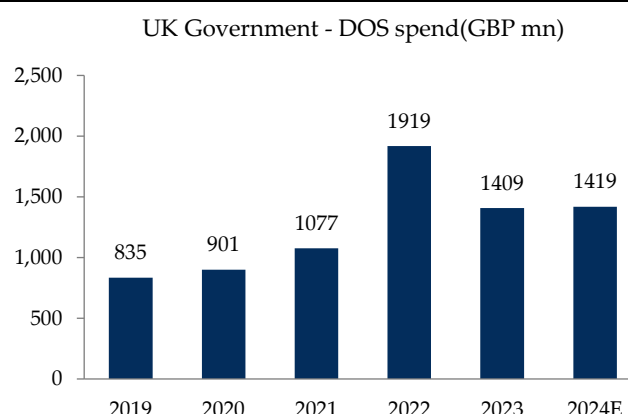
Source: Company, HSIE Research

**Exhibit 6: UK Government spends ~GBP 4.2bn on Cloud and Digital services growing at a 5Y CAGR of 12%**



Source: Crown Commercial, HSIE Research, FY25E is based on seven months data annualised

**Exhibit 7: The Digital Outcome and Specialist (DOS) framework is ~33% of the total spend and Mastek's area of focus**



Source: Crown Commercial, HSIE Research, FY25E is based on seven months data annualised

**Exhibit 8: Top UK government departments' total spending**

UK Government Departments (DOS Spends)	Mastek Presence	% of Total Digital Spend*
Home Office	Yes	18%
HM Revenue & Customs (HMRC)	Yes	11%
Department for Education		6%
HM Courts and Tribunals Service		5%
Department for Environment, Food and Rural Affairs		5%
NHS Digital and NHS England	Yes	5%
Department for Work and Pensions		4%
Ministry of Justice	Yes	3%
Ministry of Defence	Yes	3%
Defence Digital		2%
HMRC Digital Service	Yes	2%
<b>Total</b>		<b>65%</b>

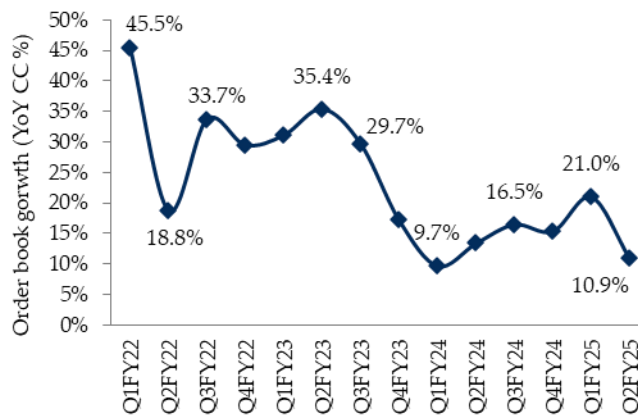
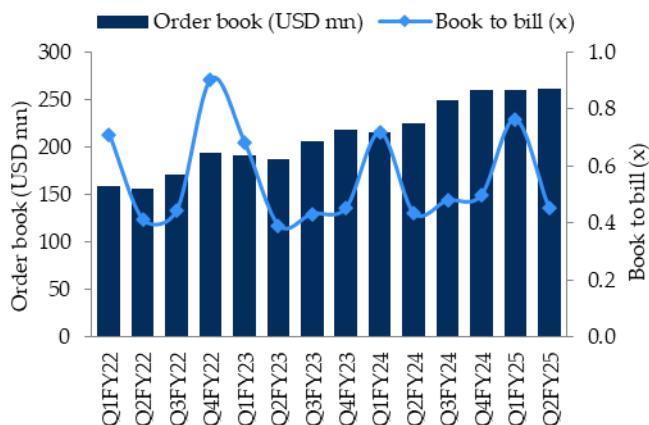
Source: Crown Commercial, HSIE Research, \* % based on cumulative spends over the last five years

**Exhibit 9: Mastek is the only Indian IT player in the top Digital vendors for UK government**

Top DOS Suppliers for UK Govt	Share %
Capgemini UK	7.5%
Kainos Software	7.0%
Deloitte LLP	4.9%
Equal Experts UK	4.9%
Pa Consulting Services	4.4%
Cognizant Worldwide	3.8%
BJSS Limited	3.7%
Methods Business and Digital Technology Limited	2.3%
6 Point 6 Limited	2.2%
IBM United Kingdom Limited	2.1%
Mastek (UK)	1.9%
Others	55.3%
<b>Total</b>	<b>100.0%</b>

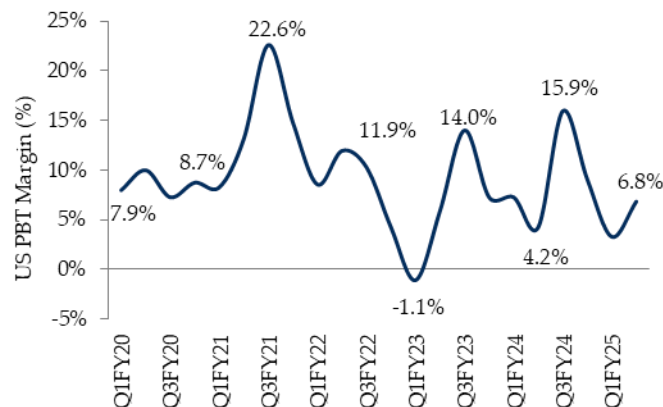
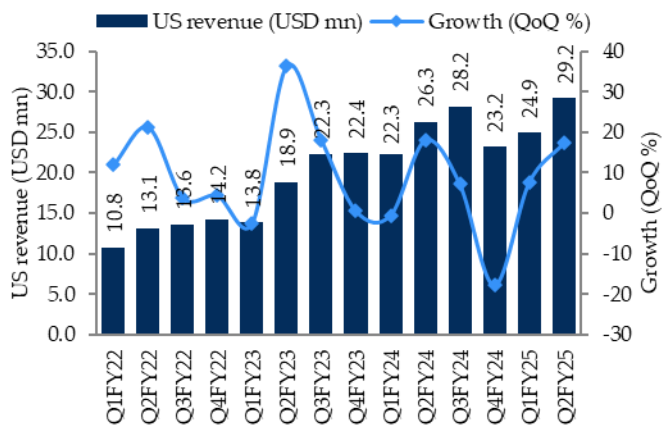
Source: Crown Commercial, HSIE Research, \* % based on cumulative spends over the last five years

Exhibit 10: Order book trend



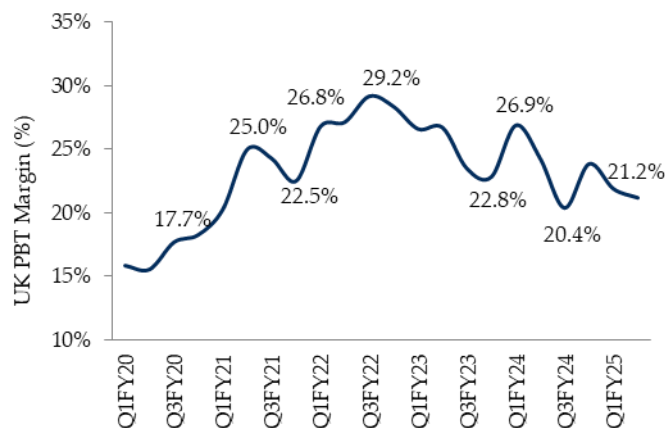
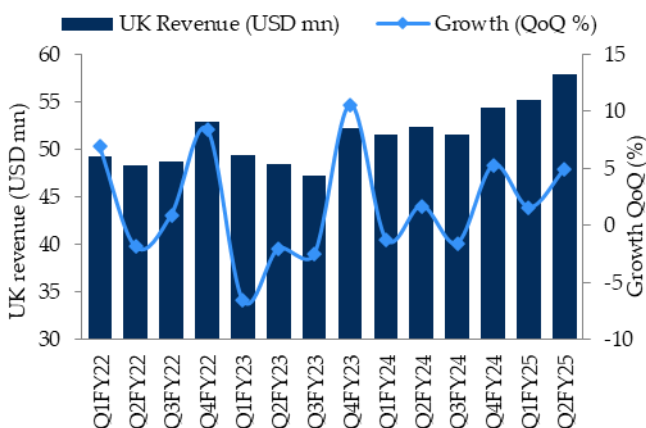
Source: Company, HSIE Research

Exhibit 11: US revenue and PBT margin performance



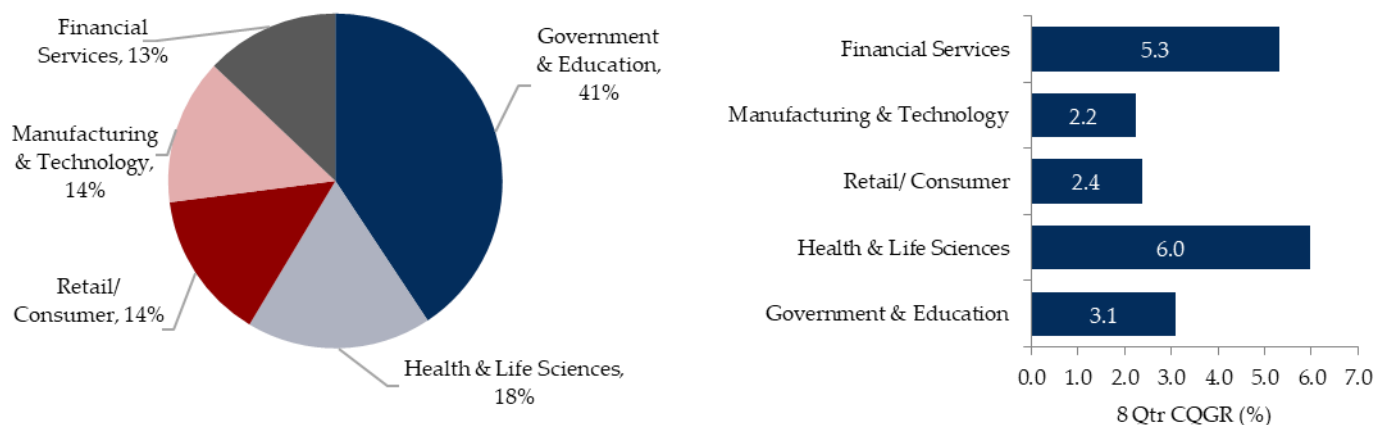
Source: Company, HSIE Research

Exhibit 12: UK revenue and PBT margin performance



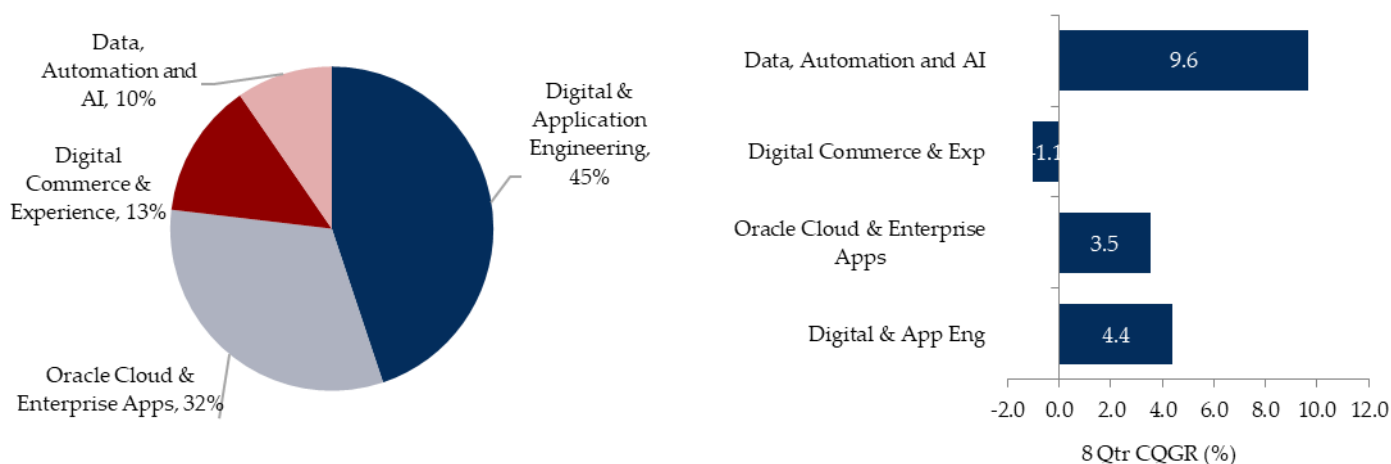
Source: Company, HSIE Research

**Exhibit 13: Vertical mix and performance**



Source: Company, HSIE Research

**Exhibit 14: Services mix and performance**



Source: Company, HSIE Research

**Exhibit 15: Technology credentials by Everest**

Domain	Quadrant	Rank	Total Players
Application Management Services	Major Contenders	5	14
Digital Transformation Services	Leaders	4	21
Digital Commerce Services	Major Contenders	14	30
AWS services specialists	Major Contenders	8	14
Salesforce services	Aspirants	22	24
Healthcare Industry Cloud Services	Major Contenders	22	34
Retail IT Services	Major Contenders	29	24
Oracle cloud application services	Major Contenders	13	21
Microsoft Dynamics 365 services	Aspirants	22	27

Source: Everest, HSIE Research

**Exhibit 16: Salesforce certification**

Companies	Certified experts	Projects completed	Certifications
Infosys	9,421	2,416	27,524
TCS	8,970	316	24,017
Wipro	5,170	894	16,238
Persistent	2,594	499	9,439
LTIMindtree	2,269	683	8,129
TechM	2,219	450	7,353
HCL Tech	2,139	299	6,844
Coforge	681	129	1,802
Mphasis	603	397	2,459
<b>Mastek</b>	<b>373</b>	<b>188</b>	<b>1,451</b>
Birlasoft	316	780	842
Zensar	308	96	991
Happiest Minds	75	24	188
Cyient	36	-	95

Source: Salesforce, HSIE Research, Note: Mphasis includes Silverline

**Exhibit 17: Building presence in AWS**

Companies	AWS Competencies	Partner programs	AWS service validations	AWS certifications	AWS customer launches
TCS	20	7	24	2000+	1000+
Infosys	17	7	18	2000+	500+
HCL Tech	14	10	20	2000+	300+
Wipro	14	6	9	2000+	300+
LTIMindtree	11	5	17	2000+	500+
TechM	11	5	17	2000+	500+
Persistent	6	6	4	1000+	50+
L&T Tech	-	1	-	20+	20+
Mphasis	6	2	11	500+	50+
Tata Elxsi	-	2	-	50+	5+
Cyient	-	1	-	5+	5+
Sonata	2	5	8	100+	50+
Birlasoft	2	3	1	100+	20+
Zensar	-	4	-	100+	50+
Happiest Minds	-	3	1	20+	20+
<b>Mastek</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>50+</b>	<b>20+</b>
Coforge	3	4	-	100+	100+

Source: Amazon, HSIE Research



**Exhibit 18: Deal wins in CY24**

Enterprise Client	Vertical	Geography	Service
NA	Others	Middle East	Implementation of Enterprise Workforce
NA	Hi-Tech	US	MuleSoft integration
NA	Others	NA	Oracle Cloud Enterprise Suite enhancement
NA	Healthcare	Middle East	Data migration and management with Oracle Cloud
NA	Healthcare	US	Implementation & managed services of Oracle Cloud Enterprise Suite
NA	Healthcare	UK	Developing digital products
NA	BFSI	US	Unified Data Platform and Model using Snowflake
NA	Government & Education	US	Implementation of Salesforce and oversee data migration
Critical National Infrastructure (CNI)	Government & Education	UK	24x7 Live Service support
NA	Manufacturing	US	Application modernization
NA	Government & Education	Middle East	Oracle Governance, Risk, and Compliance solutions
NA	Healthcare	US	Salesforce solution
Central Bank	BFSI	Europe	Design, build, and implement a cutting-edge data and analytical platform
NA	Healthcare	US	Cloud transformation
NA	Government & Education	UK	Transformation of operational dashboards
NA	Government & Education	Australia	Replacement of ERP legacy system with Oracle Cloud
NA	Government & Education	US	Oracle Cloud Applications
NA	Government & Education	US	Oracle Financials Cloud and EPM Cloud solutions
NA	Healthcare	US	Cloud Enhancement & Managed Services
NA	Healthcare	US	Next-generation solutions
Department of Health	Government & Education	UK	Gen AI, Process Automation, and Engineering
NA	BFSI	Middle East	Microsoft Dynamics CRM
NA	BFSI	US	Salesforce, Oracle, Cyber Security, Big Data, and Data Engineering
NA	Government & Education	UK	Modernisation of on-premises Financial management legacy system
NA	Government & Education	UK	Deploying an elite Intelligent Customer Team
Yanbu Cement	Manufacturing	UAE	Digital & cloud transformation

Source: Company, HSIE Research

**Exhibit 19: Mid-tier IT leadership strengthened from Tier-1 IT – median performance of 46% CAGR**

Company	CEO	Period	Revenue rate progress	Prior organisation & Role	Stock Performance during tenure (CAGR %)
L&T Infotech	Sanjay Jalona	2015 to 2022	USD 830mn revenue rate in 2016 to USD 2.3bn in 2022	Infosys (EVP & Head - Hi-Tech, Manufacturing, Engineering)	32%
Mindtree	Debashis Chatterjee	2019 till date	USD 1bn revenue rate in 2019 to USD 1.5bn in 2022; merged with LTI effective Nov'22	Cognizant (EVP & President - Global Delivery and Digital & Technology)	61%
Persistent Systems	Sandeep Kalra	2020 till date	USD 550mn in revenue rate in 2020 to USD 1.05bn currently; aspiration of USD 2bn revenue rate by FY27	Harman, HCL Tech (VP - Healthcare, Americas)	49%
Birlasoft	Angan Guha	2022 till date	USD 600mn revenue rate currently	Wipro (CEO Americas 2 business - BFSI, Manufacturing, E&U)	46%
Sonata Software	Samir Dhir	2022 till date	USD 220mn in 2022 to USD 240mn revenue rate currently; aspiration for USD 1bn revenue (incl. DPS) by 2027	Virtusa (CEO Global Markets - USD 1.8bn P&L), Wipro (VP & SAP Practice Head)	5%
Zensar Tech	Sandeep Kishore	2016 to 2020	USD 450mn revenue rate in 2016 to USD 500mn revenue rate in 2021		2%
Zensar Tech	Ajay Bhutoria	2021 to 2022	USD 500mn in 2021 to USD 570mn in 2022	Cognizant (Global Head - Consumer goods, Retail, Travel & Hospitality)	-6%
Zensar Tech	Manish Tandon	2022 till date	USD 570mn in 2022 to USD 590 in 2024	Infosys (EVP - Lifescience, Healthcare, Insurance and Hi-Tech), CSS Corp (CEO)	84%
<b>Mastek</b>	<b>John Owen</b>	<b>2016 to 2021</b>	<b>USD 80mn revenue rate in 2016 to USD 230mn revenue rate in 2021</b>	<b>Serco (ED, Business development &amp; Marketing)</b>	<b>62%</b>
<b>Mastek</b>	<b>Hiral Chandrana</b>	<b>2021 to 2024</b>	<b>USD 230mn in 2021 to USD 368mn currently</b>	<b>Wipro (SVP &amp; Global Head - Business application &amp; Digital services)</b>	<b>8%</b>
Coforge	Sudhir Singh	2017 till date	USD 440mn revenue rate in 2017 to USD 1bn currently	Genpact (COO - IT services & Capital Markets)	46%
Virtusa	Santosh Thomas	2021 till date	USD 1.5bn revenue rate in 2021	Cognizant (President - Global Growth Market)	NA
Hexaware	R Srikrishna	2014 till date	USD 400mn revenue rate in 2014 to USD 1.2bn in 2022	HCL Tech - President - Infra services	21%
Firstsource	Vipul Khanna	2019 till 2023	USD 550mn revenue rate in 2019 to USD 750mn in 2023	Cognizant - EVP & Head Business Process & Platforms	35%
Firstsource	Ritesh Idnani	2023 till date	USD 750mn revenue rate in 2023 to USD 765mn currently	Uniphore - Chief Revenue Officer	89%
eClerx	Kapil Jain	2023 till date	USD 330mn revenue rate	Infosys - EVP, Head Sales BPM	167%
ITC Infotech	Sudip Singh	2019 till date	USD 280mn revenue rate in 2019 to USD 380mn in 2022	Infosys - Global Industry Head - E&U	NA

Source: Company, LinkedIn, HSIE Research

**Exhibit 20: Current senior management list**

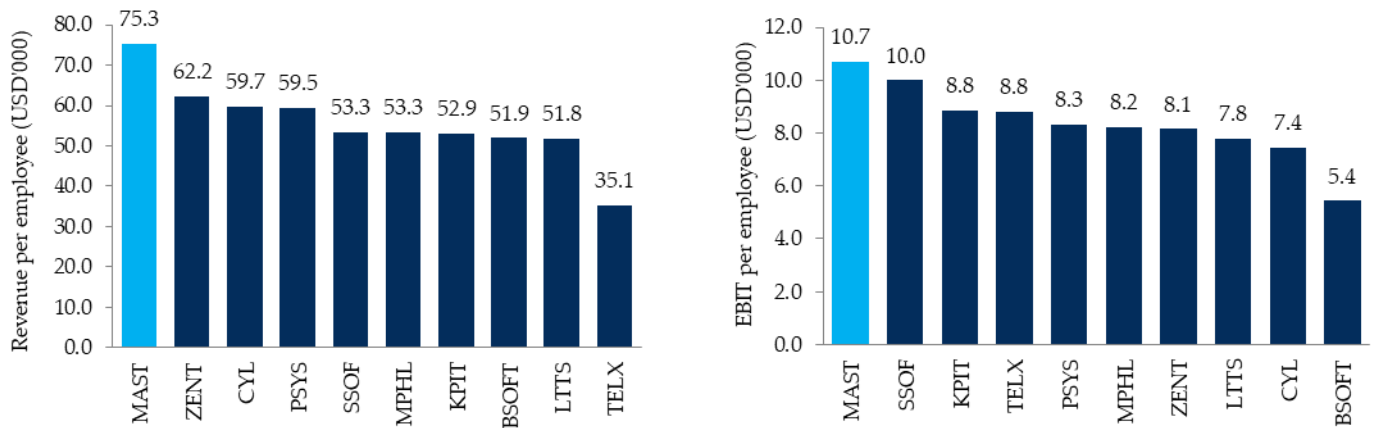
Designation	Name
Global CEO Mastek Group	Umang Nahata
President UKI & Europe	Abhishek Singh
Global CHRO	Arvind J
Chief Marketing Officer	Prajakta Talvelkar
Chief Operating Officer	Prameela Kalive
President & Chief Growth Officer	Raman Sapra
CTO & Innovation Officer	Ritwik Batabyal
Executive Vice President AMEA	Surya Nunna
President Americas	Vijay Iyer
Chief Legal and Compliance Officer	Vimal Dangri

Source: Company, HSIE Research

**Exhibit 21: Key achievements & recognitions in Q2FY25**

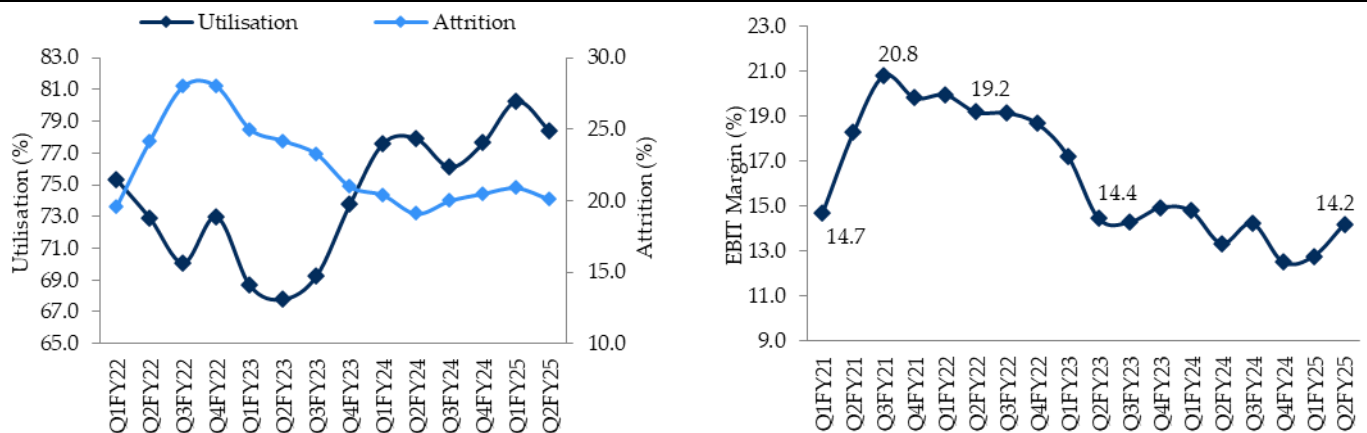
Agency	Award
Everest Group	Mastek has been recognized as a Leader in Everest Group Digital Transformation Services for Midmarket Enterprises Peak Matrix 2024 and recognized as a Major Contender in several Peak Matrix - Digital Commerce, AWS Service Providers, Application Management Services.
ISG Paragon	Mastek won the 2024 ISG Paragon Awards in the 'Excellence' category for its partnership with The Vitamin Shoppe. Two case studies by Mastek have been recognized a 'Standout' in the ISG Digital Case Study Awards.
ISG	Mastek has been recognized as a Product Challenger in the ISG Generative AI Services 2024 Provider Lens report in two categories: Gen AI - Strategy and Consulting Services (Global), and Gen AI - Development and Deployment Services (Global).
Forester	Mastek featured in Forrester's The Oracle Services Landscape, which highlights 41 providers for implementing Oracle Cloud products, delivering continuous change management, supporting Oracle applications, and future-proofing enterprise business processes.
Stevie	Mastek Founder & Chairman Ashank Desai honored with The Gold Stevie Award 2024 at the International Business Awards.

**Exhibit 22: Revenue & EBIT per employee vs peers**



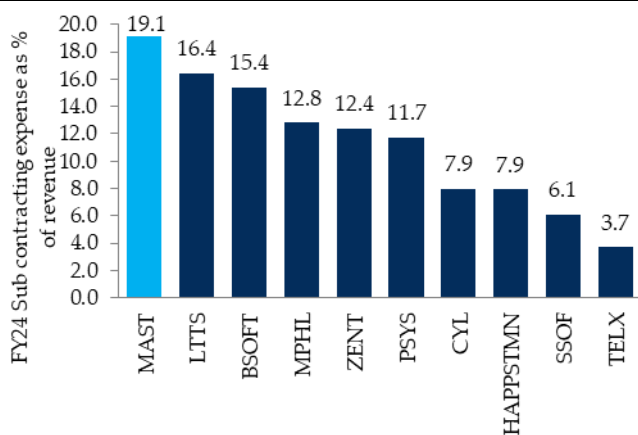
Source: Company, HSIE Research

**Exhibit 23: Utilisation, attrition & margin trend**



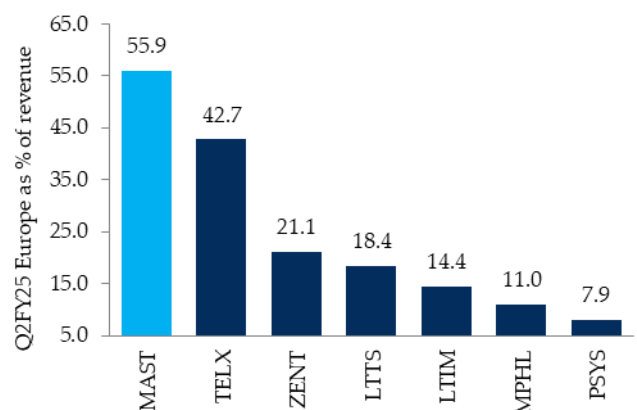
Source: Company, HSIE Research

**Exhibit 24: Scope for improvement in sub-contracting expense**



Source: Company, HSIE Research

**Exhibit 25: Higher exposure in European region**



Source: Company, HSIE Research

## Exhibit 26: Mastek – performance by verticals

(% of revenue)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Government & Education	40.3%	42.3%	41.4%	43.0%	44.6%	43.6%	43.0%	44.7%	43.1%	40.7%
Health & Life Sciences	19.4%	14.9%	16.2%	16.0%	14.6%	16.6%	17.9%	15.9%	17.8%	17.9%
Retail/ Consumer	15.5%	15.8%	14.1%	13.1%	12.4%	12.5%	12.0%	13.5%	12.8%	14.4%
Manufacturing & Technology	13.6%	15.7%	16.1%	15.5%	17.0%	15.7%	15.3%	13.2%	14.0%	14.1%
Financial Services	11.2%	11.3%	12.2%	12.5%	11.4%	11.6%	11.8%	12.7%	12.3%	12.9%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

(QoQ %)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Government & Education	0.7%	11.2%	0.5%	11.8%	6.0%	2.8%	0.1%	3.6%	0.2%	0.5%
Health & Life Sciences	-18.8%	-18.5%	11.5%	6.1%	-6.6%	19.5%	9.5%	-11.6%	16.4%	7.1%
Retail/ Consumer	1.9%	8.1%	-8.4%	0.1%	-3.4%	6.0%	-2.5%	12.4%	-1.8%	19.5%
Manufacturing & Technology	0.5%	22.2%	5.2%	3.9%	12.0%	-2.9%	-1.1%	-13.7%	9.7%	7.2%
Financial Services	-8.5%	7.9%	10.3%	10.0%	-6.6%	7.0%	3.3%	6.9%	0.9%	12.0%
<b>Total</b>	<b>-4.7%</b>	<b>6.1%</b>	<b>2.6%</b>	<b>7.7%</b>	<b>2.1%</b>	<b>5.1%</b>	<b>1.5%</b>	<b>-0.3%</b>	<b>3.8%</b>	<b>6.5%</b>

(YoY %)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Government & Education	16.0%	22.1%	18.7%	25.8%	32.4%	22.3%	21.8%	12.9%	6.7%	4.4%
Health & Life Sciences	-21.2%	-23.5%	-26.8%	-21.7%	-10.0%	31.9%	29.5%	8.0%	34.6%	20.7%
Retail/ Consumer	10.8%	6.5%	6.6%	1.0%	-4.2%	-6.1%	-0.1%	12.1%	14.0%	28.6%
Manufacturing & Technology	14.0%	24.1%	38.3%	34.3%	49.6%	18.8%	11.8%	-7.2%	-9.0%	0.5%
Financial Services	11.1%	6.6%	22.9%	19.9%	22.4%	21.3%	13.5%	10.3%	19.2%	24.8%
<b>Total</b>	<b>4.8%</b>	<b>8.4%</b>	<b>8.9%</b>	<b>11.8%</b>	<b>19.7%</b>	<b>18.6%</b>	<b>17.4%</b>	<b>8.6%</b>	<b>10.4%</b>	<b>11.9%</b>

Source: Company, HSIE Research

## Exhibit 27: Mastek – performance by geography

(% of revenue)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
UK	67.1%	62.0%	58.9%	60.4%	58.5%	56.6%	54.9%	58.0%	56.7%	55.9%
US	18.8%	24.2%	27.8%	26.0%	25.3%	28.4%	30.0%	24.7%	25.6%	28.2%
ME	9.2%	8.8%	9.2%	9.3%	12.1%	10.9%	10.8%	17.3%	17.7%	15.9%
Others	4.9%	5.1%	4.1%	4.3%	4.1%	4.1%	4.3%	NA	NA	NA
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

(QoQ %)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
UK	-6.6%	-2.0%	-2.5%	10.5%	-1.2%	1.7%	-1.5%	5.3%	1.6%	5.0%
US	-2.5%	36.3%	18.1%	0.5%	-0.5%	18.0%	7.2%	-17.8%	7.5%	17.3%
ME	7.2%	0.8%	7.5%	8.6%	33.4%	-5.3%	0.6%	59.6%	6.2%	-4.3%
Others	-6.0%	10.8%	-17.5%	14.3%	-3.4%	5.1%	6.5%	NA	NA	NA
<b>Total</b>	<b>-4.7%</b>	<b>6.1%</b>	<b>2.6%</b>	<b>7.7%</b>	<b>2.1%</b>	<b>5.1%</b>	<b>1.5%</b>	<b>-0.3%</b>	<b>3.8%</b>	<b>6.5%</b>

(YoY %)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
UK	0.3%	0.2%	-3.2%	-1.3%	4.3%	8.3%	9.4%	4.1%	7.1%	10.5%
US	28.0%	44.0%	63.8%	57.8%	61.1%	39.4%	26.5%	3.4%	11.7%	11.1%
ME	13.7%	5.5%	8.7%	26.2%	57.1%	47.6%	38.0%	102.9%	61.5%	63.2%
Others	-14.5%	-3.5%	-25.9%	-1.7%	1.1%	-4.2%	23.6%	NA	NA	NA
<b>Total</b>	<b>4.8%</b>	<b>8.4%</b>	<b>8.9%</b>	<b>11.8%</b>	<b>19.7%</b>	<b>18.6%</b>	<b>17.4%</b>	<b>8.6%</b>	<b>10.4%</b>	<b>11.9%</b>

Source: Company, HSIE Research

**Exhibit 28: Mastek – performance by services**

(% of revenue)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Digital & Application Engineering	42.8%	42.2%	43.5%	44.7%	44.8%	43.5%	43.3%	45.6%	46.9%	44.9%
Oracle Cloud & Enterprise Apps	37.8%	32.2%	29.2%	28.9%	32.2%	30.5%	29.2%	31.9%	32.2%	32.0%
Digital Commerce & Experience	10.8%	19.5%	21.7%	19.5%	18.3%	18.5%	18.1%	15.4%	13.5%	13.5%
Data, Automation and AI	8.6%	6.1%	5.6%	6.9%	4.7%	7.5%	9.5%	7.1%	7.4%	9.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.1%</b>	<b>100.0%</b>

(QoQ %)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Digital & Application Engineering	-0.1%	4.7%	5.7%	10.7%	2.3%	2.1%	0.9%	5.1%	6.9%	1.8%
Oracle Cloud & Enterprise Apps	1.4%	-9.6%	-6.9%	6.6%	13.7%	-0.4%	-3.0%	9.1%	4.8%	5.8%
Digital Commerce & Experience	-7.8%	90.9%	14.0%	-2.8%	-4.4%	6.3%	-0.7%	-15.2%	-8.8%	6.2%
Data, Automation and AI	-34.1%	-24.7%	-5.5%	31.1%	-30.1%	67.7%	28.6%	-25.5%	8.3%	38.6%
<b>Total</b>	<b>-4.7%</b>	<b>6.1%</b>	<b>2.6%</b>	<b>7.7%</b>	<b>2.1%</b>	<b>5.1%</b>	<b>1.5%</b>	<b>-0.3%</b>	<b>3.8%</b>	<b>6.5%</b>

(YoY %)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Digital & Application Engineering	-11.3%	-4.6%	9.6%	22.5%	25.4%	22.3%	16.7%	10.8%	15.7%	15.4%
Oracle Cloud & Enterprise Apps	31.4%	10.3%	-7.5%	-9.0%	2.0%	12.4%	17.1%	19.9%	10.4%	17.4%
Digital Commerce & Experience	-6.9%	69.2%	106.9%	95.0%	102.3%	12.6%	-1.9%	-14.4%	-18.4%	-18.4%
Data, Automation and AI	27.2%	-15.3%	-44.2%	-38.6%	-34.8%	45.3%	97.7%	12.4%	73.9%	43.7%
<b>Total</b>	<b>4.8%</b>	<b>8.4%</b>	<b>8.9%</b>	<b>11.8%</b>	<b>19.7%</b>	<b>18.6%</b>	<b>17.4%</b>	<b>8.6%</b>	<b>10.4%</b>	<b>11.9%</b>

Source: Company, HSIE Research

**Exhibit 29: Mastek – client metrics**

(Nos)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Active during immediately preceding 12 months	615	652	660	579	572	592	588	552	541	520
Active Clients during the Quarter	402	449	444	464	436	441	436	430	391	380
Additions	33	20	31	28	22	29	27	22	13	14
No. of Fortune 1000 Clients	21	27	28	28	29	33	33	34	36	36
No. of Clients with Annual Billing > USD 1 mn	51	56	59	61	60	67	73	76	76	78
% of Revenue - Top 5 Clients	28.7%	27.8%	28.1%	29.6%	30.8%	31.5%	30.4%	31.1%	30.0%	28.5%
% of Revenue - Top 10 Clients	41.1%	39.8%	39.2%	40.6%	41.0%	41.3%	40.2%	41.5%	41.2%	39.9%

Source: Company, HSIE Research

**Exhibit 30: Mastek – employee metrics**

(Nos)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Technical support	4,743	4,990	4,910	4,825	4,796	4,819	4,762	4,818	4,808	4,766
Technical support	203	175	153	147	144	135	126	115	112	125
Marketing	272	283	281	300	297	281	268	265	289	280
Support	335	362	343	350	355	363	362	341	337	334
<b>Total</b>	<b>5,553</b>	<b>5,810</b>	<b>5,687</b>	<b>5,622</b>	<b>5,592</b>	<b>5,598</b>	<b>5,518</b>	<b>5,539</b>	<b>5,546</b>	<b>5,505</b>
Billable Utilisation (Including trainees)	68.7%	67.8%	69.3%	73.8%	77.6%	77.9%	76.1%	77.6%	80.3%	78.4%
Attrition (LTM)	25.0%	24.2%	23.3%	21.0%	20.4%	19.1%	20.0%	20.5%	20.9%	20.1%
Billable Utilisation (Excluding trainees)	NA	75.0%	73.7%	78.2%	81.5%	82.5%	79.4%	80.8%	82.3%	80.4%

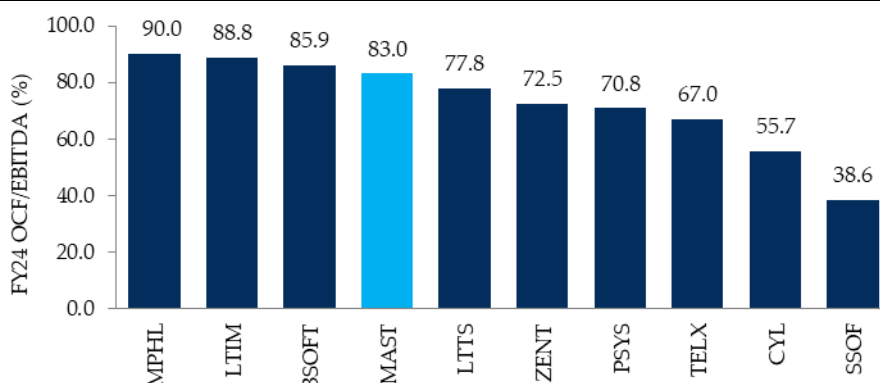
Source: Company, HSIE Research

Exhibit 31: Change in estimates

YE Mar (INR Bn)	FY25E Old	FY25E Revised	Change %	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %
Revenue (USD Mn)	418	413	(1.3)	477	471	(1.3)	547	541	(1.0)
Revenue	35.06	34.61	(1.3)	40.52	40.00	(1.3)	46.45	45.97	(1.0)
EBIT	4.88	4.69	(4.0)	6.00	5.85	(2.6)	7.18	7.14	(0.6)
EBIT margin (%)	13.9	13.5	-39bps	14.8	14.6	-19bps	15.5	15.5	7bps
APAT	3.79	3.64	(4.0)	4.41	4.28	(3.0)	5.35	5.28	(1.2)
EPS (INR)	119.8	115.0	(4.0)	139.5	135.3	(3.0)	169.1	167.0	(1.2)

Source: Company, HSIE Research

Exhibit 32: Healthy operating cash flow



Source: Company, HSIE Research

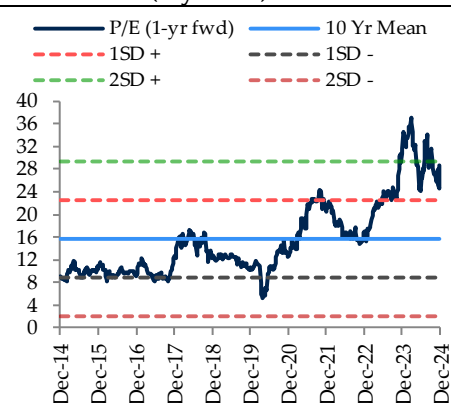
Peer valuation – IT

Company	MCAp (INR bn)	CMP (INR)	TP (INR)	RECO	EPS (INR)				P/E (x)				RoE (%)				USD Rev CAGR% FY24-27E	EPS CAGR% FY24-27E
					FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E		
Persistent	997	6,478	5,610	ADD	73.4	89.3	117.6	147.1	88.2	72.6	55.1	44.0	24.5	25.6	28.5	29.7	18.2	26.0
L&T Tech	570	5,397	4,975	REDUCE	123.5	128.9	153.5	184.6	43.7	41.9	35.2	29.2	25.4	23.7	24.4	25.3	11.4	14.3
Mphasis	598	3,195	2,865	REDUCE	83.1	91.2	105.2	120.9	38.4	35.0	30.4	26.4	18.6	18.7	19.9	21.0	9.2	13.3
Tata Elxsi	459	7,364	6,925	REDUCE	127.2	138.1	162.4	189.4	57.9	53.3	45.3	38.9	34.5	31.9	32.4	32.6	13.2	14.2
Cyient	230	2,080	1,975	ADD	67.1	63.5	78.0	93.7	31.0	32.8	26.7	22.2	19.2	15.8	17.8	19.5	9.4	11.8
Sonata	189	675	700	ADD	17.2	16.7	22.1	27.2	39.2	40.4	30.5	24.8	35.7	30.8	34.6	35.7	12.0	16.5
Birlasoft	166	603	635	ADD	22.2	19.2	23.8	27.3	27.2	31.4	25.4	22.1	22.3	16.5	18.3	18.8	7.5	7.1
Zensar	183	801	870	ADD	29.1	28.9	33.5	39.3	27.5	27.8	23.9	20.4	20.0	16.9	17.5	18.2	10.2	10.5
Happiest Minds	114	745	795	ADD	15.6	15.2	19.7	25.2	47.7	49.0	37.9	29.6	20.5	15.0	17.7	20.4	22.9	17.2
Mastek	100	3,243	4,000	ADD	96.2	115.0	135.3	167.0	33.7	28.2	24.0	19.4	16.1	16.1	16.6	17.8	13.7	20.2

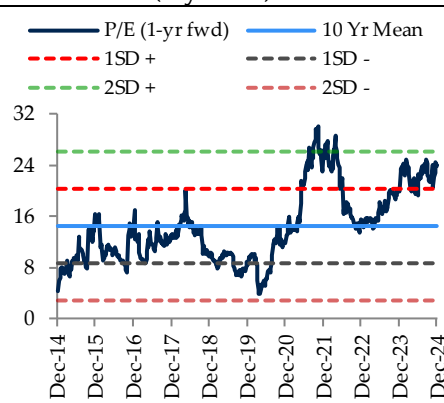
Source: Company, HSIE research. CMP as of 13<sup>th</sup> Dec 2024,

Valuation charts

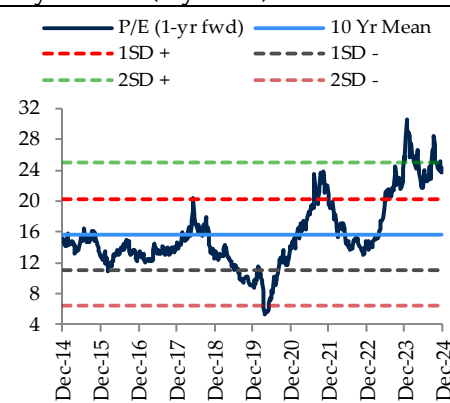
Sonata P/E (1-yr fwd) trend



Mastek P/E (1-yr fwd) trend



Cyient P/E (1-yr fwd) trend



Source: Bloomberg, HSIE research

## Financials

### Consolidated Income Statement

YE March (INR bn)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Net Revenues (USD mn)</b>	<b>151</b>	<b>232</b>	<b>293</b>	<b>318</b>	<b>368</b>	<b>413</b>	<b>471</b>	<b>541</b>
<i>Growth (%)</i>	2.2	53.6	26.3	8.6	15.8	12.1	14.0	14.9
<b>Net Revenues</b>	<b>10.71</b>	<b>17.22</b>	<b>21.84</b>	<b>25.63</b>	<b>30.55</b>	<b>34.61</b>	<b>40.00</b>	<b>45.97</b>
<i>Growth (%)</i>	3.7	60.7	26.8	17.4	19.2	13.3	15.6	14.9
Employee Expenses	5.84	8.83	10.95	13.76	16.71	19.02	21.83	25.04
Other Operating Expenses	3.30	4.75	6.26	7.32	8.75	9.97	11.28	12.64
<b>EBITDA</b>	<b>1.57</b>	<b>3.65</b>	<b>4.63</b>	<b>4.56</b>	<b>5.09</b>	<b>5.62</b>	<b>6.89</b>	<b>8.29</b>
Depreciation	0.25	0.45	0.43	0.67	0.90	0.93	1.04	1.15
<b>EBIT</b>	<b>1.32</b>	<b>3.20</b>	<b>4.20</b>	<b>3.88</b>	<b>4.19</b>	<b>4.69</b>	<b>5.85</b>	<b>7.14</b>
<i>EBIT Margin (%)</i>	12.3	18.6	19.2	15.2	13.7	13.5	14.6	15.5
<i>EBIT Growth (%)</i>	13.5	142.0	31.3	-7.4	7.8	11.9	24.8	22.0
Other Income (Including EO Items)	0.16	0.28	0.36	0.64	0.12	0.33	0.23	0.24
Interest	0.04	0.08	0.08	0.25	0.44	0.39	0.34	0.29
<b>PBT</b>	<b>1.44</b>	<b>3.39</b>	<b>4.48</b>	<b>4.27</b>	<b>3.86</b>	<b>4.63</b>	<b>5.75</b>	<b>7.09</b>
Tax (Incl Deferred)	0.30	0.88	1.15	1.17	0.75	0.87	1.47	1.81
Minority Interest	0.05	0.42	0.38	0.17	0.09	-	-	-
<b>RPAT</b>	<b>1.09</b>	<b>2.09</b>	<b>2.95</b>	<b>2.93</b>	<b>3.02</b>	<b>3.75</b>	<b>4.28</b>	<b>5.28</b>
EO (Loss) / Profit (Net of Tax)	(0.24)	-	-	0.25	(0.04)	0.12	-	-
<b>APAT</b>	<b>1.33</b>	<b>2.09</b>	<b>2.95</b>	<b>2.68</b>	<b>3.06</b>	<b>3.64</b>	<b>4.28</b>	<b>5.28</b>
<i>APAT Growth (%)</i>	31.7	57.5	41.0	-9.3	14.5	18.7	17.7	23.4
<b>Adjusted EPS (INR)</b>	<b>46.7</b>	<b>73.5</b>	<b>96.6</b>	<b>86.6</b>	<b>96.2</b>	<b>115.0</b>	<b>135.3</b>	<b>167.0</b>
<i>EPS Growth (%)</i>	31.7	57.5	31.5	-10.4	11.2	19.5	17.7	23.4

Source: Company, HSIE Research

### Consolidated Balance Sheet

YE March (INR bn)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>SOURCES OF FUNDS</b>								
Share Capital - Equity	0.12	0.13	0.15	0.15	0.15	0.15	0.15	0.15
Reserves	7.78	8.46	10.56	16.68	20.85	23.91	27.42	31.72
<b>Total Shareholders Funds</b>	<b>7.90</b>	<b>8.59</b>	<b>10.71</b>	<b>16.83</b>	<b>21.00</b>	<b>24.07</b>	<b>27.57</b>	<b>31.88</b>
Non-Controlling Interest	1.37	1.82	1.50	0.91	-	-	-	-
<b>Total Debt</b>	<b>3.33</b>	<b>1.90</b>	<b>1.90</b>	<b>3.71</b>	<b>4.87</b>	<b>3.87</b>	<b>3.37</b>	<b>2.87</b>
Net Deferred Taxes	(0.23)	(0.35)	(0.49)	(0.75)	(0.74)	(0.74)	(0.74)	(0.74)
Other Non-current Liabilities & Provns	2.51	3.15	2.72	3.32	1.60	1.60	1.60	1.60
<b>TOTAL SOURCES OF FUNDS</b>	<b>14.88</b>	<b>15.11</b>	<b>16.35</b>	<b>24.02</b>	<b>26.73</b>	<b>28.80</b>	<b>31.80</b>	<b>35.61</b>
<b>APPLICATION OF FUNDS</b>								
Net Block	1.80	1.47	1.43	2.43	2.43	2.36	2.44	2.49
CWIP	0.02	0.02	0.04	0.07	0.01	0.01	0.01	0.01
Goodwill	6.77	6.60	6.98	14.98	17.07	17.07	17.07	17.07
Investments	1.22	0.41	0.11	0.13	0.17	0.17	0.17	0.17
Other Non-current Assets	0.20	0.23	0.46	0.36	0.59	0.51	0.58	0.67
<b>Total Non-current Assets</b>	<b>10.00</b>	<b>8.72</b>	<b>9.02</b>	<b>17.96</b>	<b>20.27</b>	<b>20.12</b>	<b>20.28</b>	<b>20.41</b>
<b>Cash &amp; Equivalents</b>	<b>3.75</b>	<b>8.06</b>	<b>7.82</b>	<b>2.64</b>	<b>4.59</b>	<b>6.51</b>	<b>8.91</b>	<b>12.14</b>
Debtors	3.16	3.75	4.36	5.07	5.41	6.16	7.12	8.19
Other Current Assets	1.74	1.89	2.98	4.69	5.43	6.24	7.15	8.24
<b>Total Current Assets</b>	<b>4.90</b>	<b>5.64</b>	<b>7.33</b>	<b>9.76</b>	<b>10.84</b>	<b>12.40</b>	<b>14.27</b>	<b>16.43</b>
Creditors	1.05	0.31	0.33	1.83	2.20	2.48	2.88	3.30
Other Current Liabilities & Provns	2.71	7.01	7.49	4.51	6.77	7.75	8.78	10.06
<b>Total Current Liabilities</b>	<b>3.76</b>	<b>7.32</b>	<b>7.83</b>	<b>6.34</b>	<b>8.97</b>	<b>10.23</b>	<b>11.66</b>	<b>13.36</b>
<b>Net Current Assets</b>	<b>1.14</b>	<b>(1.67)</b>	<b>(0.49)</b>	<b>3.42</b>	<b>1.87</b>	<b>2.17</b>	<b>2.61</b>	<b>3.06</b>
<b>TOTAL APPLICATION OF FUNDS</b>	<b>14.88</b>	<b>15.11</b>	<b>16.35</b>	<b>24.02</b>	<b>26.73</b>	<b>28.80</b>	<b>31.80</b>	<b>35.61</b>

Source: Company, HSIE Research



### Consolidated Cash Flow

YE March (INR bn)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Reported PBT</b>	<b>1.44</b>	<b>3.39</b>	<b>4.48</b>	<b>4.27</b>	<b>3.86</b>	<b>4.63</b>	<b>5.75</b>	<b>7.09</b>
Non-operating & EO Items	0.24	(0.05)	(0.07)	(0.05)	0.32	(0.33)	(0.23)	(0.24)
Interest Expenses	0.02	0.08	0.08	0.25	0.44	0.39	0.34	0.29
Depreciation	0.25	0.45	0.43	0.67	0.90	0.93	1.04	1.15
Working Capital Change	0.35	(0.53)	(1.09)	(2.62)	(0.24)	(0.80)	(0.52)	(0.53)
Tax Paid	(0.47)	(0.48)	(1.09)	(1.36)	(1.07)	(0.87)	(1.47)	(1.81)
<b>OPERATING CASH FLOW (a)</b>	<b>1.84</b>	<b>2.87</b>	<b>2.73</b>	<b>1.16</b>	<b>4.22</b>	<b>3.95</b>	<b>4.90</b>	<b>5.95</b>
Capex	(4.41)	(0.12)	(2.03)	(7.37)	(2.24)	(0.87)	(1.12)	(1.20)
Free Cash Flow (FCF)	(2.58)	2.76	0.71	(6.21)	1.98	3.08	3.78	4.75
Non-operating Income	1.70	2.44	0.08	0.07	0.04	0.33	0.23	0.24
<b>INVESTING CASH FLOW (b)</b>	<b>(2.72)</b>	<b>2.33</b>	<b>(1.95)</b>	<b>(7.31)</b>	<b>(2.20)</b>	<b>(0.54)</b>	<b>(0.89)</b>	<b>(0.95)</b>
Debt Issuance/(Repaid)	2.37	(1.05)	(0.78)	1.66	0.91	(1.00)	(0.50)	(0.50)
Interest Expenses	(0.02)	(0.07)	(0.05)	(0.18)	(0.31)	(0.39)	(0.34)	(0.29)
FCFE	(0.22)	1.63	(0.12)	(4.74)	2.58	1.69	2.94	3.96
Share Capital Issuance	0.02	0.08	0.02	0.03	0.00	-	-	-
Dividend	(0.31)	(0.14)	(0.48)	(0.57)	(0.58)	(0.57)	(0.77)	(0.98)
<b>FINANCING CASH FLOW (c)</b>	<b>2.06</b>	<b>(1.18)</b>	<b>(1.29)</b>	<b>0.93</b>	<b>0.02</b>	<b>(1.96)</b>	<b>(1.61)</b>	<b>(1.77)</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>1.18</b>	<b>4.02</b>	<b>(0.50)</b>	<b>(5.22)</b>	<b>2.04</b>	<b>1.45</b>	<b>2.40</b>	<b>3.22</b>
EO Items, Others	0.49	0.29	0.26	0.04	(0.09)	0.47	(0.00)	-
<b>Closing Cash &amp; Equivalents</b>	<b>3.75</b>	<b>8.06</b>	<b>7.82</b>	<b>2.64</b>	<b>4.59</b>	<b>6.51</b>	<b>8.91</b>	<b>12.14</b>

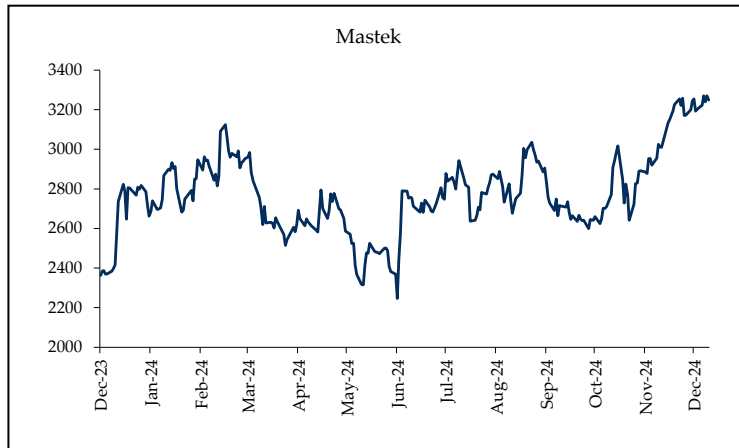
Source: Company, HSIE Research

### Key Ratios

	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>PROFITABILITY (%)</b>								
EBITDA Margin	14.6	21.2	21.2	17.8	16.7	16.2	17.2	18.0
APAT Margin	12.4	12.2	13.5	10.4	10.0	10.5	10.7	11.5
RoE	17.6	25.4	30.6	19.4	16.1	16.1	16.6	17.8
RoIC (or Core RoCE)	16.2	28.6	41.5	19.0	15.6	17.3	19.4	23.1
RoCE	12.0	14.4	19.1	14.1	13.4	14.2	15.0	16.3
<b>EFFICIENCY</b>								
Tax Rate (%)	21.0	25.8	25.6	27.4	19.5	18.9	25.5	25.5
Fixed Asset Turnover (x)	6.0	11.7	15.3	10.6	12.6	14.7	16.4	18.5
Debtors (days)	108	79	73	72	65	65	65	65
Other Current Assets (days)	59	40	50	67	65	66	65	65
Payables (days)	36	7	6	26	26	26	26	26
Other Current Liab & Provsns (days)	92	149	125	64	81	82	80	80
Cash Conversion Cycle (days)	39	-35	-8	49	22	23	24	24
Debt/EBITDA (x)	2.1	0.5	0.4	0.8	1.0	0.7	0.5	0.3
Net D/E (x)	-0.1	-0.7	-0.6	0.1	0.0	-0.1	-0.2	-0.3
Interest Coverage (x)	36.5	39.5	54.6	15.7	9.4	12.1	17.4	24.9
<b>PER SHARE DATA</b>								
EPS (INR/sh)	46.7	73.5	96.6	86.6	96.2	115.0	135.3	167.0
CEPS (INR/sh)	55.4	89.3	110.6	108.4	124.7	144.5	168.1	203.4
DPS (INR/sh)	10.8	14.0	18.6	18.0	20.0	23.9	28.1	34.7
BV (INR/sh)	277	301	351	544	664	761	872	1,008
<b>VALUATION</b>								
P/E (x)	69.5	44.1	33.6	37.5	33.7	28.2	24.0	19.4
P/BV (x)	11.7	10.8	9.2	6.0	4.9	4.3	3.7	3.2
EV/EBITDA (x)	58.6	23.7	20.1	22.2	20.2	17.8	14.1	11.3
EV/Revenues (x)	8.6	5.0	4.3	4.0	3.4	2.9	2.4	2.0
OCF/EV (%)	2.0	3.3	2.9	1.1	4.1	3.9	5.0	6.4
FCF/EV (%)	-2.8	3.2	0.8	-6.1	1.9	3.1	3.9	5.1
FCFE/Mkt Cap (%)	-0.2	1.8	-0.1	-4.7	2.5	1.7	2.9	3.9
Dividend Yield (%)	0.3	0.4	0.6	0.6	0.6	0.7	0.9	1.1

Source: Company, HSIE Research

## 1 Yr Price Movement



### Rating Criteria

BUY: >+15% return potential

ADD: +5% to +15% return potential

REDUCE: -10% to +5% return potential

SELL: > 10% Downside return potential

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