Happiest Minds: Steady quarter with stable margin, execution remains intact; retain BUY

Rating: Buy

Target Price (12-mth): Rs.658

Share Price: Rs.515

- **Happiest Minds delivered a steady performance in Q2 FY26, sustaining consistent execution and operational discipline amid cautious macro. Revenue growth was broadly stable (up 2.3% q/q in CC terms), led by Hi-Tech (13.4% of revenue; up 5.9% q/q), Retail (up 9.8%; 8.9% q/q) and Healthcare (16.3%; 6.4% q/q), partly offset by softness in EdTech (15.3%; down 3.9% q/q), owing to ongoing GenAI-led automation and data modernisation programmes. GenAI horizontal (~3%; up 18% q/q) continued to scale rapidly with 22 reusable use cases representing a potential revenue opportunity of ~$15m over the next few years. Net New Sales unit (operating at an ARR of ~$20m) along with 30 new clients addition in H1 (collective pipeline of $50-60m over the next 3-4 years), reflects tangible traction in its new business model. Management expects stronger performance in H2, as several deals in IMSS and BFSI (deferred from Q2) are scheduled to ramp up. Key Monitorable:** Edu-tech business growth, BFSI growth driven by Artha (part of Pure acquisition) in 2HFY26, deferred deals in Q2 translating to revenue.
- **Valuation:** We expect revenue/adj. PAT to clock 7.4/13.8% CAGR over FY26-28 and see EBIT margin at 14.5% by FY28 (vs. 13.5% in FY26e). At CMP, the stock trades at 24.9x/22x FY27/28e P/E, with an adj. FY26-28e EPS CAGR of 13.8%. We maintain a BUY rating on the stock with a TP of Rs658, implying ~28% upside.

Key data	HAPPSTMN IN
52-week high / low	Rs795 / 487
Sensex / Nifty	84997 / 26054
Market cap	Rs77bn
Shares outstanding	150m

Shareholding (%)	Sep'25	Jun'25	Mar'25
Promoters	44.2	44.2	44.2
- of which, Pledged			
Free float	55.8	55.8	55.8
- Foreign institutions	5.4	5.3	5.0
- Domestic institution	10.2	10.6	10.6
- Public	40.2	39.9	40.2

Financials

Key financials (YE Mar)	FY24	FY25	FY26e	FY27e	FY28e
Sales (Rsm)	16,247	20,608	22,944	24,772	26,667
Net profit (Rsm)	2,484	1,847	2,132	2,528	3,100
Adj. EPS (Rs)	17.6	17.4	18.1	20.7	23.4
Adj. PE (x)	29.2	29.8	28.5	24.9	22.0
EVEBITDA (x)	22.6	21.4	19.1	17.4	16.1
PBV (x)	5.3	5.0	4.6	4.3	3.9
RoE (%)	21.4	12.1	13.1	14.4	16.1
RoCE (%)	11.7	7.7	7.6	8.2	9.0
Dividend yield (%)	1.1	1.2	1.3	1.4	1.6
Net debt/equity (x)	-0.6	-0.2	-0.1	-0.1	-0.2

Adj PAT- Reported PAT adjusted for Amortization and unwinding interest which are non-cash items related to acquisitions.

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Apoorva Khandelwal, Research Associate

Harshita Parakh, Research Associate

No material change in estimates: FY26 performance to benefit from right shifting of deals and lumpy BFSI license revenue in H2 FY26

Happiest Minds	FY26			FY27			FY28		
(Rs.m)	New	Old	% Change	New	Old	% Change	New	Old	% Change
Revenue ($m)	262	264	(0.6)	281	285	(1.4)	303	307	(1.4)
Revenue (Rs.m)	22,944	22,894	0.2	24,772	24,886	(0.5)	26,667	26,803	(0.5)
EBITDA	3,986	3,853	3.5	4,353	4,389	(0.8)	4,720	4,796	(1.6)
EBITDA Margin %	17.4%	16.8%	54 bps	17.6%	17.6%	(7) bps	17.7%	17.9%	(19) bps
EBIT	3,094	2,959	4.5	3,460	3,497	(1.0)	3,872	3,949	(1.9)
EBIT Margin %	13.5%	12.9%	56 bps	14.0%	14.1%	(8) bps	14.5%	14.7%	(21) bps
PBT	3,032	2,872	5.6	3,564	3,660	(2.6)	4,169	4,173	(0.1)
Net PAT	2,132	2,013	5.9	2,528	2,599	(2.7)	3,100	3,101	(0.0)

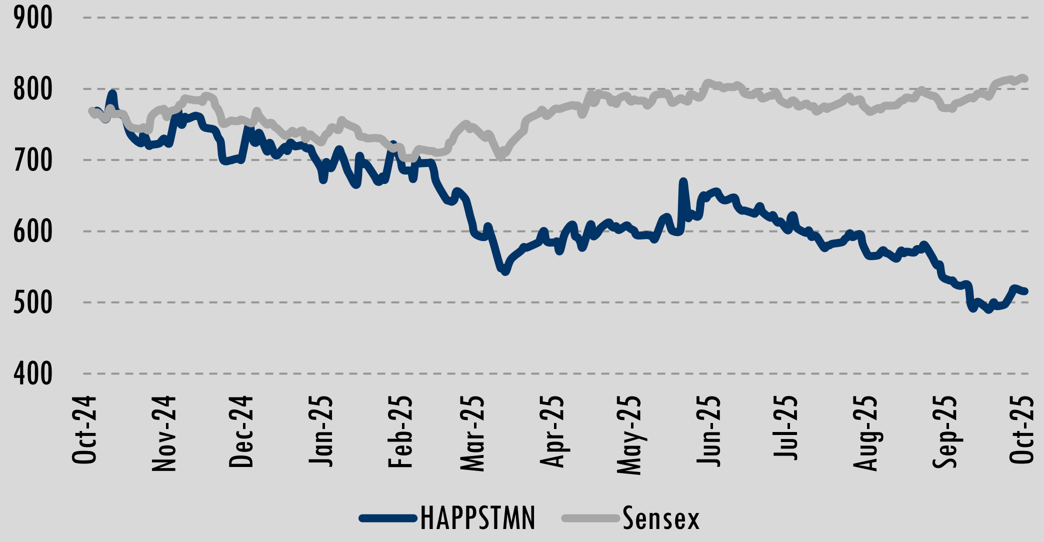
Key estimates and changes:

- FY27e/FY28e revenue/EPS estimates increased / (decreased) by (0.5)/(2.7)% and (0.5)/0.0%.
- A 100bps expansion in EBIT margin from FY26-28e from 180bps earlier.

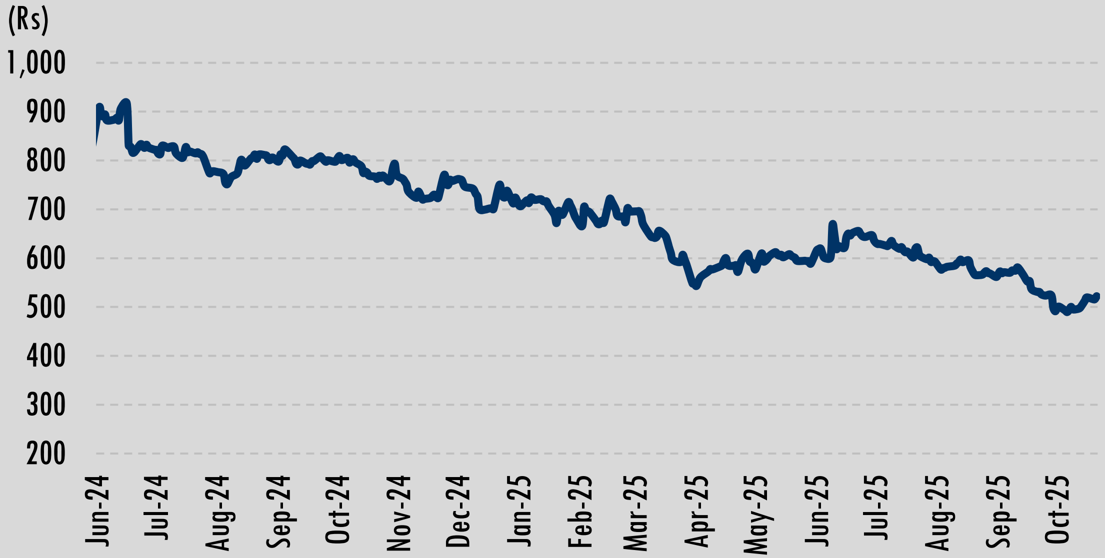
Happiest Minds: GenAI traction and margin rebound offer solace…

- CC revenue up 2.3% q/q in Q2 FY26, led by Hi-Tech (up 5.9% q/q), Retail (up 8.9% q/q), and Healthcare (up 6.4% q/q); offset by EdTech (down 3.9% q/q).
  - Management expects BFSI to rebound in H2, as the deferred banking platform deals and APAC deals ramp-up.
- GenAI Business Services (GBS) up ~18% q/q (2.7% of revenue), with multiple proof-of-concept pilots scaling-up to full production.
  - It added 30 clients in H1, contributing $9m revenue and opening a $50-60m pipeline over 3-4 years.
- With sharp focus on client scaling, fixed-price delivery quality and vertical traction under the leadership of Joseph Anantharaju, utilization improved to 3-year high of 80.7% and attrition fell to 17.4%.
- It added logos across BFSI, Healthcare, Retail and Hi-Tech (maintained 93% repeat business).
  - Key wins: GenAI automation for a US bank, data engineering for a European healthcare client, and digital modernisation for a global logistics firm.
- Outlook: Management reiterated double-digit CC growth and 20-22% EBITDA margin in FY26. It expects H2 momentum led by deferred deals and GenAI billing.
- **Maintaining a BUY**. We expect 7.4/13.8% revenue/adj. PAT CAGR over FY26-28e with 14.5% EBIT margin by FY28e. The stock trades at 24.9x/ 22x FY27e/28e adj. P/E.

Relative-price performance



Price movement



Q2 results snapshot : Steady Execution, Scaling GenAI, New Client Additions - Setting the Stage for a Stronger H2

	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q/Q %	Y/Y %
Revenue ($ m)	**49**	**50**	**56**	**62**	**63**	**63**	**64**	**65**	**1.2%**	**4.4%**
Growth Y/Y %	9%	9%	17%	27%	27%	26%	16%	4%		
Revenue (Rs m)	4,099	4,173	4,638	5,216	5,308	5,446	5,499	5,736	4.3%	10.0%
Effec. exchange rate	83	83	84	84	85	87	85	88	3.1%	5.4%
Employees (EoP)	5,246	5,168	6,599	6,580	6,630	6,632	6,523	6,554	0.5%	-0.4%
Rev. prod. ($ '000/employee)	**9.4**	**9.6**	**9.4**	**9.5**	**9.5**	**9.5**	**9.8**	**10.0**	**1.8%**	**5.2%**
Utilisation % (IT Services)	76.7%	75.1%	78.2%	76.3%	78.0%	77.4%	78.9%	80.7%	180 bps	440 bps
Attrition LTM	14.1%	13.0%	13.5%	14.4%	15.3%	16.6%	18.2%	17.4%	-80 bps	300 bps
CoR (excl. D&A)	(2,521)	(2,561)	(2,861)	(3,357)	(3,369)	(3,528)	(3,483)	(3,574)	2.6%	6.5%
As % of revenue	-61.5%	-61.4%	-61.7%	-64.3%	-63.5%	-64.8%	-63.3%	-62.3%	104 bps	204 bps
SG&A	(769)	(782)	(929)	(942)	(1,000)	(1,079)	(1,075)	(1,175)	9.3%	24.8%
As % of revenue.	-18.7%	-18.7%	-20.0%	-18.1%	-18.8%	-19.8%	-19.6%	-20.5%	-94 bps	-244 bps
EBITDA	**809**	**830**	**848**	**918**	**939**	**839**	**940**	**986**	**4.9%**	**7.5%**
EBITDA margins %	19.7%	19.9%	18.3%	17.6%	17.7%	15.4%	17.1%	17.2%	10 bps	-40 bps
EBIT	**661**	**683**	**628**	**687**	**729**	**614**	**717**	**765**	**6.7%**	**11.3%**
EBIT margins %	16.1%	16.4%	13.5%	13.2%	13.7%	11.3%	13.0%	13.3%	30 bps	16 bps
Other income (excl. forex)	243	252	254	270	230	260	300	216	-28.0%	-20.1%
Interest expenses	(107)	(103)	(198)	(280)	(269)	(247)	(248)	(254)	2.4%	-9.2%
PBT	797	832	684	677	690	626	769	727	-5.5%	7.3%
PBT margins %	19%	20%	15%	13%	13%	11%	14%	13%	-131 bps	-31 bps
Taxes	(211)	(242)	(174)	(182)	(188)	(164)	(197)	(186)	-5.6%	2.4%
ETR %	-26.5%	-29.1%	-25.4%	-26.9%	-27.3%	-26.2%	-25.7%	-25.7%	3 bps	122 bps
Net income	**596**	**720**	**510**	**495**	**501**	**340**	**571**	**540**	**-5.4%**	**9.1%**
Net margins %	15%	17%	11%	9%	9%	6%	10%	9%	-97 bps	-7 bps
Adj. EPS (Rs)	-	-	4.9	4.4	4.2	3.8	4.6	4.4	-4.5%	-0.6%

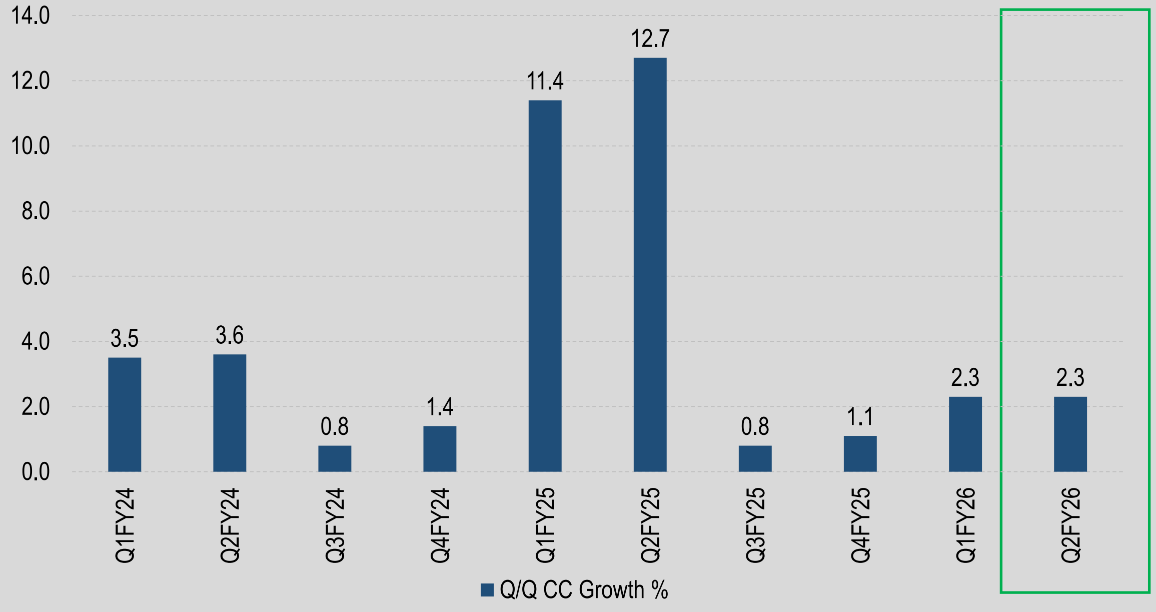
Management Commentary

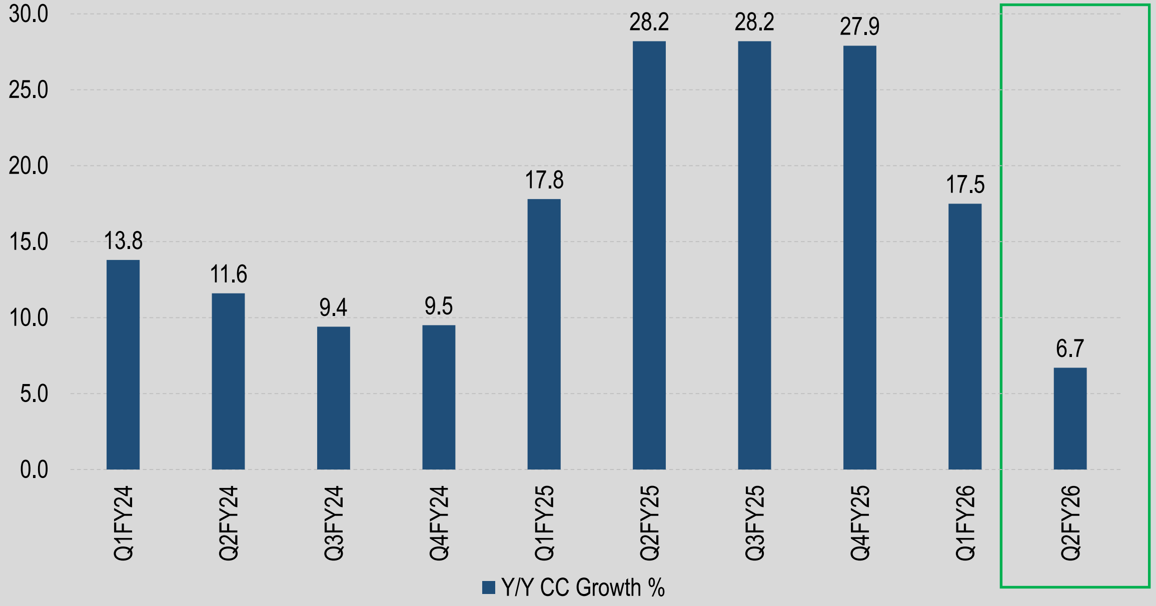
- Management continues to emphasise execution quality and sustainable profitability over short-term growth.
- Revamped sales and new client acquisition engine continues to deliver encouraging results.
- EBITDA margin stood at 17.2% in the guided range, aided by higher utilisation, forex tailwind and cost efficiency that offset the impact of annual wage hike.
- It added 30 clients in H1 FY26, contributing ~$9m to revenue and opening $50-60m opportunity pipeline for the next 2-3 years.
- Over half of these new clients have already expanded into multiple projects, validating its 'land-and-expand' strategy and focus on deepening account relationships under the new leadership.

Guidance & Outlook

- Management reiterated confidence in achieving double-digit cc revenue growth and maintaining 20-22% EBITDA margin in FY26.
- The outlook for H2FY26 remains stronger, aided by ramp-up of deferred BFSI and IMSS programmes, improving demand visibility in the US and steady traction across AI-led transformation deals.

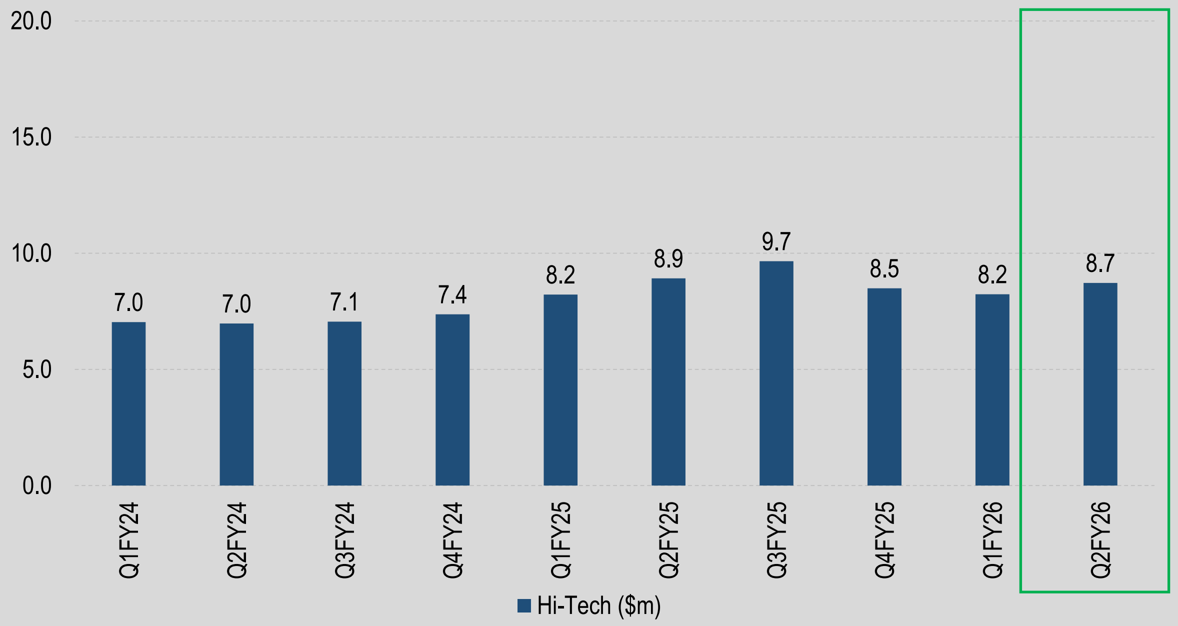
Steady Execution; Flattish Growth Amid Demand Moderation



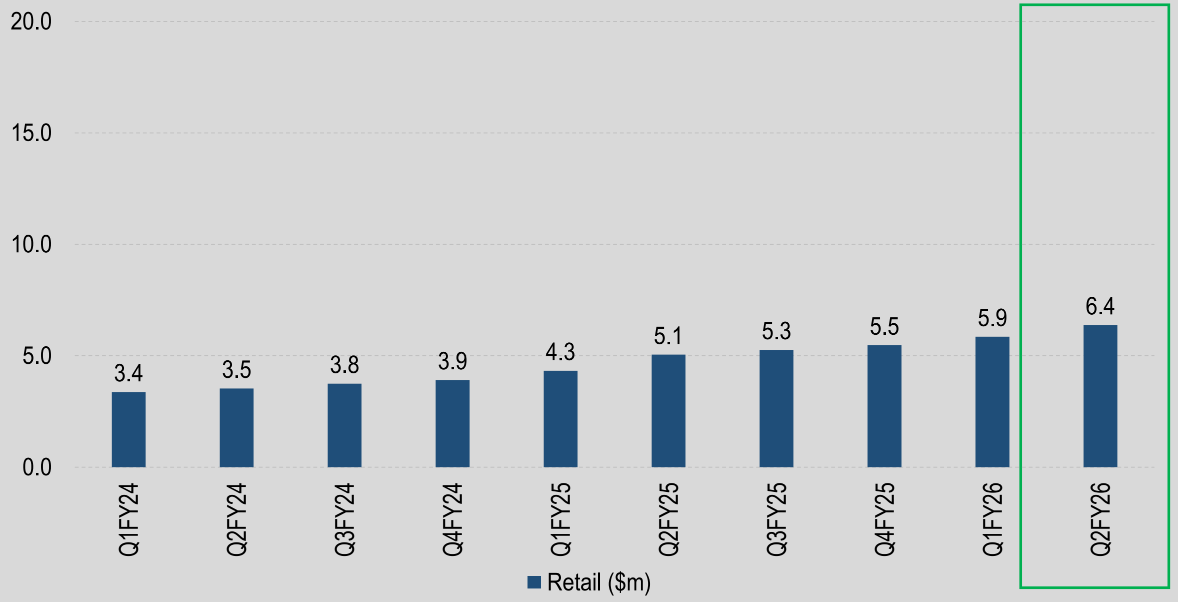


- The company delivered a steady Q2 FY26 with 2.3% q/q growth in CC revenue to $65.1m, Led by Hi-Tech (13.4% of revenue, +5.9% q/q), Retail (9.8%, +8.9% q/q), and Healthcare (16.3%, +6.4% q/q), reflecting consistent execution and margin discipline.
- While revenue growth was encouraging amid a soft macro backdrop, consistent execution, margin resilience, healthy deal wins and expanding GenAI traction reinforce business stability.
- Management maintained double-digit growth outlook for FY26 with focus on margin discipline and productivity.

Hitech & Retail drive growth…

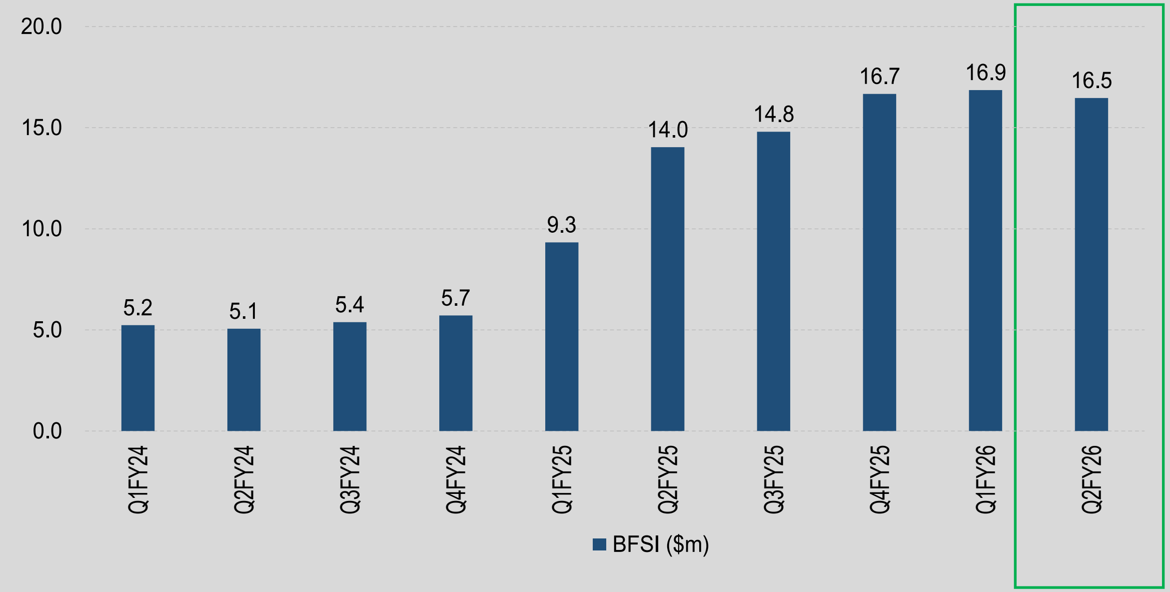


- Hi-Tech (13.4% of revenue) grew 5.9% q/q, driven by strong demand in product engineering, cloud modernisation and GenAI-led platform transformation.
- Momentum was aided by expanding engagement with digital-native clients and hyperscaler-aligned technology partners.

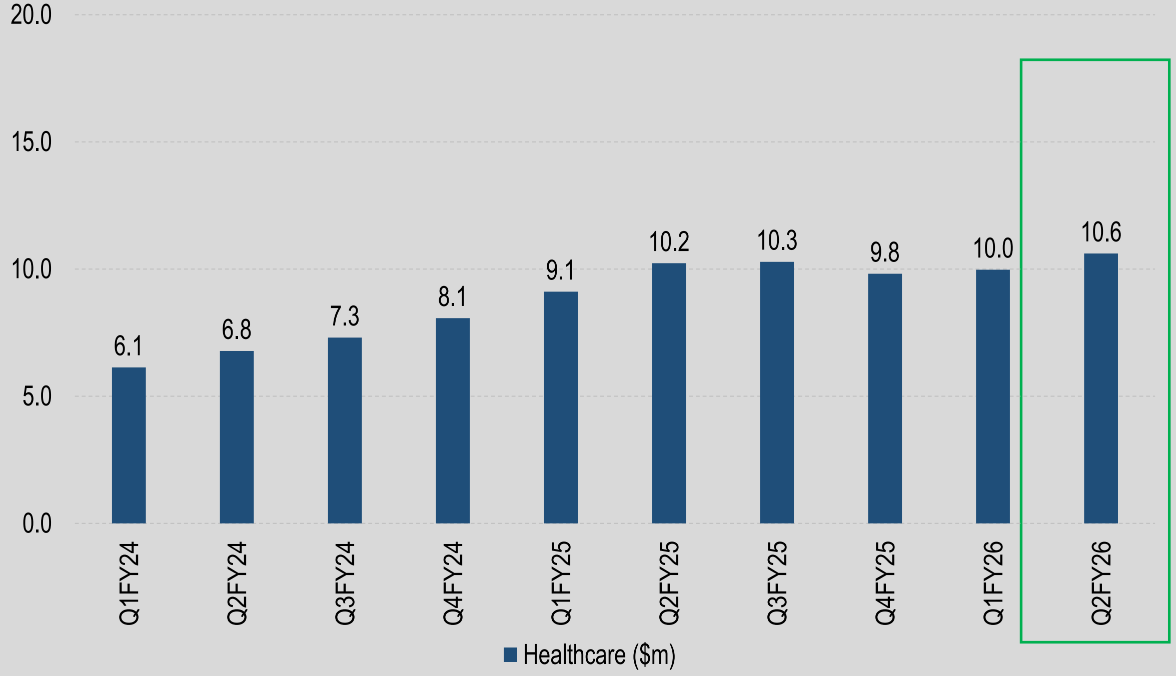


- Retail & CPG (9.8% of revenue) delivered a strong ~9% q/q growth, while Industry 4.0 adoption and GenAI-led ad-tech optimisation also drove demand across manufacturing and high-tech clients.
- Growth was aided by new European deal ramp-ups, continued focus on GenAI-powered retail insights, while automation and connected commerce initiatives strengthened momentum further

BFSI soft due to right shifting, Healthcare strong…

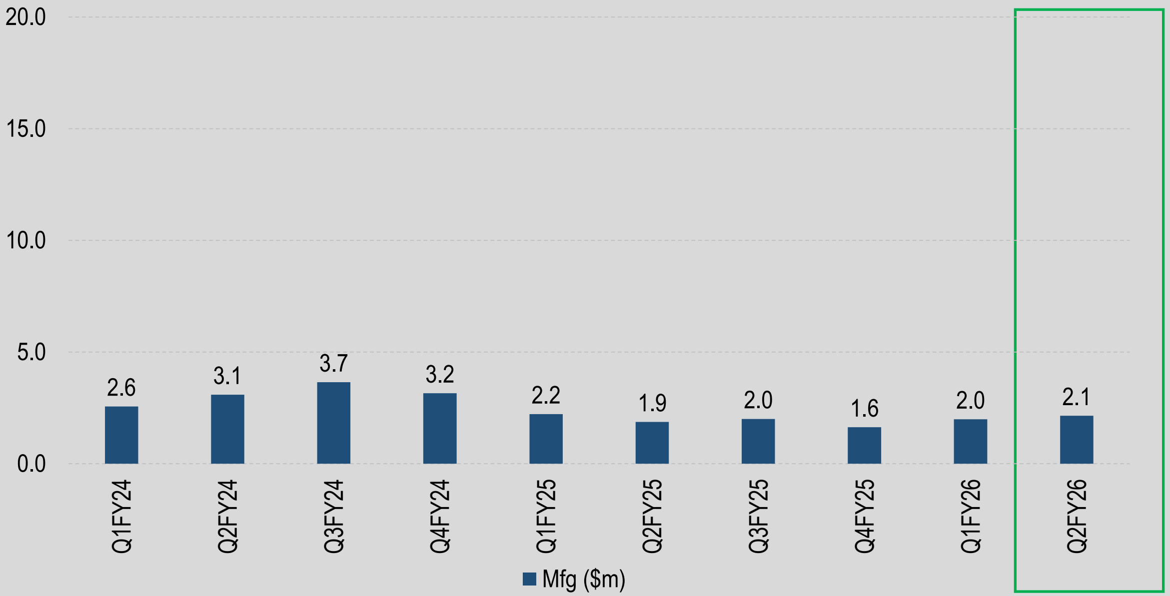


- BFSI (26% of revenue) fell 2.3% q/q (up 17.3% y/y), driven by slippage of Artha banking platform deals expected to close during the quarter, which are now slated to ramp-up in Q3-Q4.
- A large APAC banking customer temporarily reduced project activity, due to budgetary constraints, with full engagement likely to resume once new budgets are approved, supporting a rebound in H2.

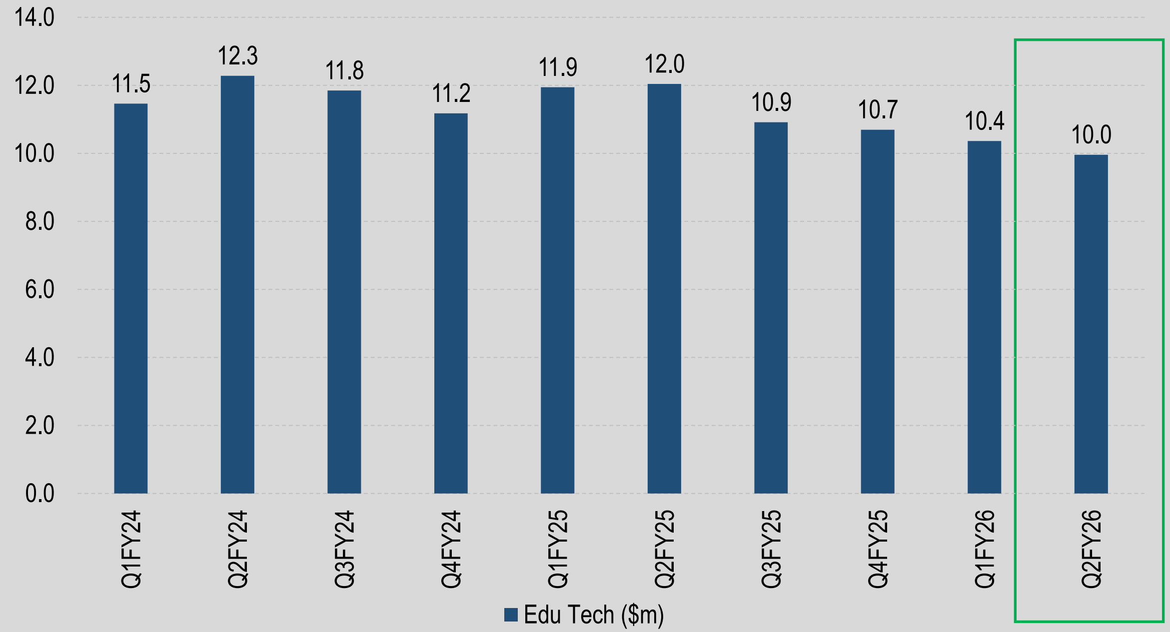


- **Healthcare – key growth catalyst:** Healthcare (16.3% of revenue vs, 15.5% in Q1) up 6.4% q/q and 3.7% y/y. Strong pipeline supported by demand in digital engineering, analytics and AI-led automation solutions.
- Management highlighted expanding engagements with existing clients and new opportunities in GenAI-driven clinical data management and patient experience platforms, positioning the vertical for sustained growth in the coming quarters.

Manufacturing seeing traction and Edu-tech decline sequentially

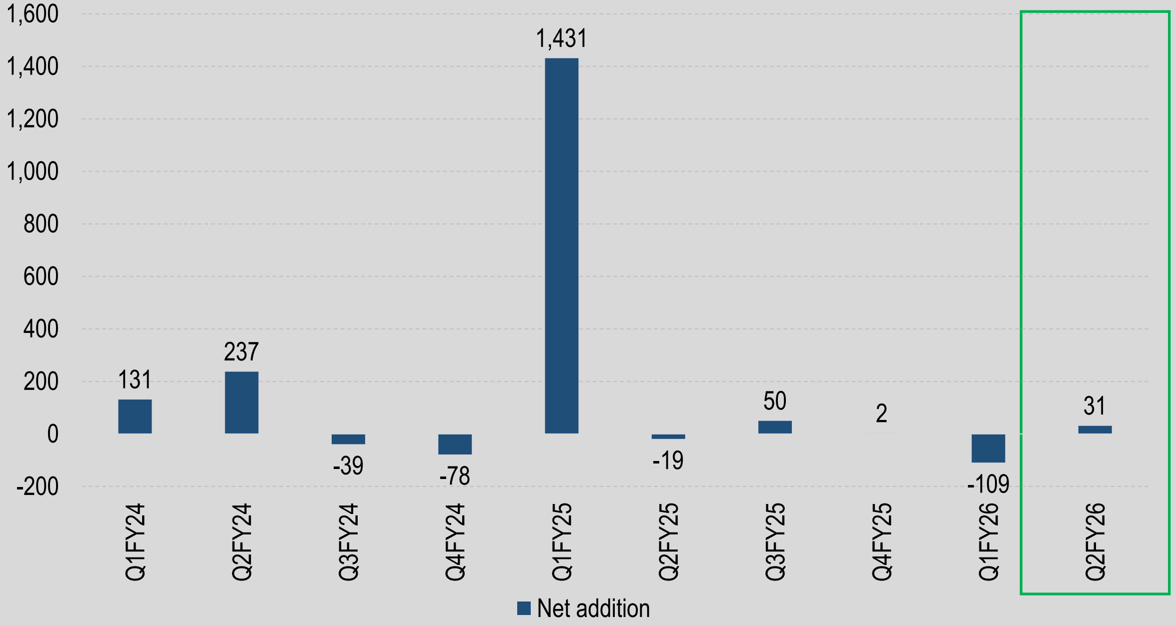


- Manufacturing (3.3% of revenue) saw healthy sequential growth, aided by continued investment in Industry 4.0, connected operations and smart factory initiatives.
- The company sees rising adoption of AI and IoT-led automation across engineering and supply chain functions.

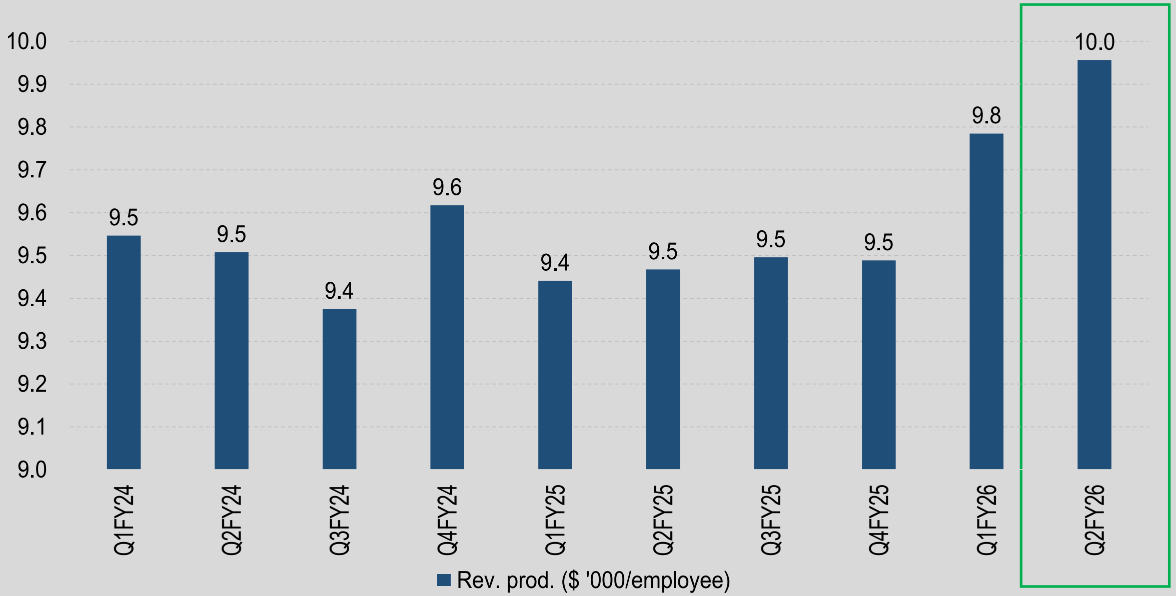


- Edu-tech soft: Edu Tech (15.3% of revenue) was down 3.9% q/q and 17.3% y/y. Management indicated the segment is expected to bottom out by Q3 FY26.
- Recovery is expected through GenAI-enabled learning solutions with momentum aided by a multi-million-dollar platform implementation deal signed with a leading management institute in Asia.

Net headcount stable; revenue productivity increases

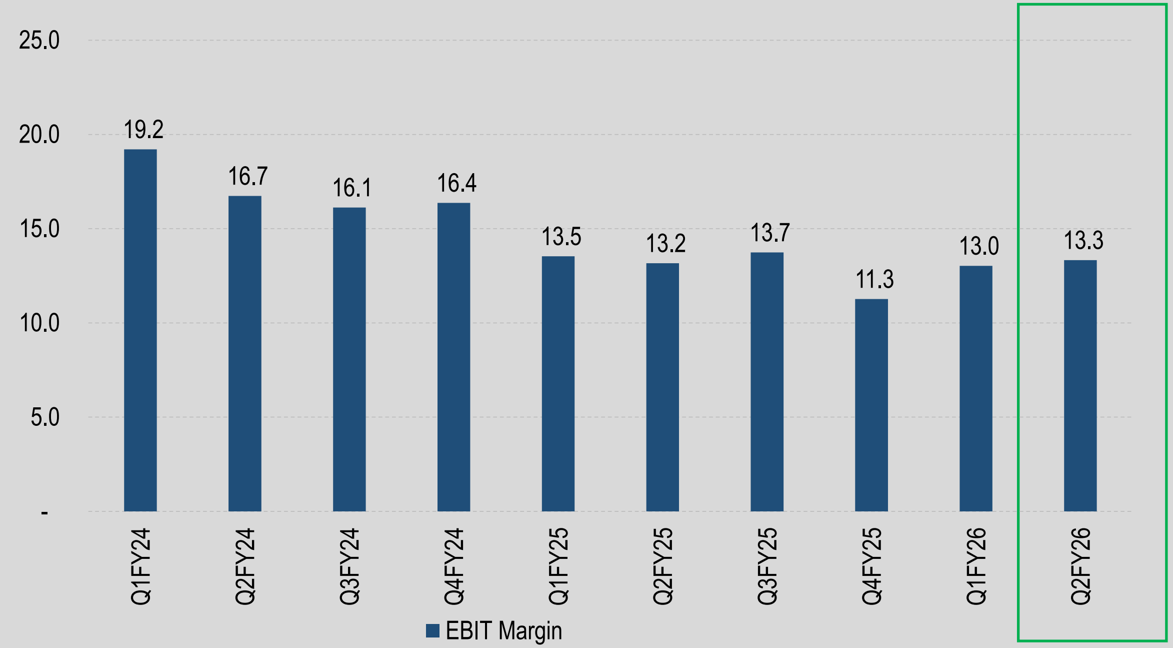


- Headcount remained flattish at 6,554 vs. 6,523 in Q1.
- Utilisation improved to 3-year high of 80.7%, reflecting strong delivery efficiency and stable demand; attrition further eased to 17.4% (TTM) from 18.2% in Q1.

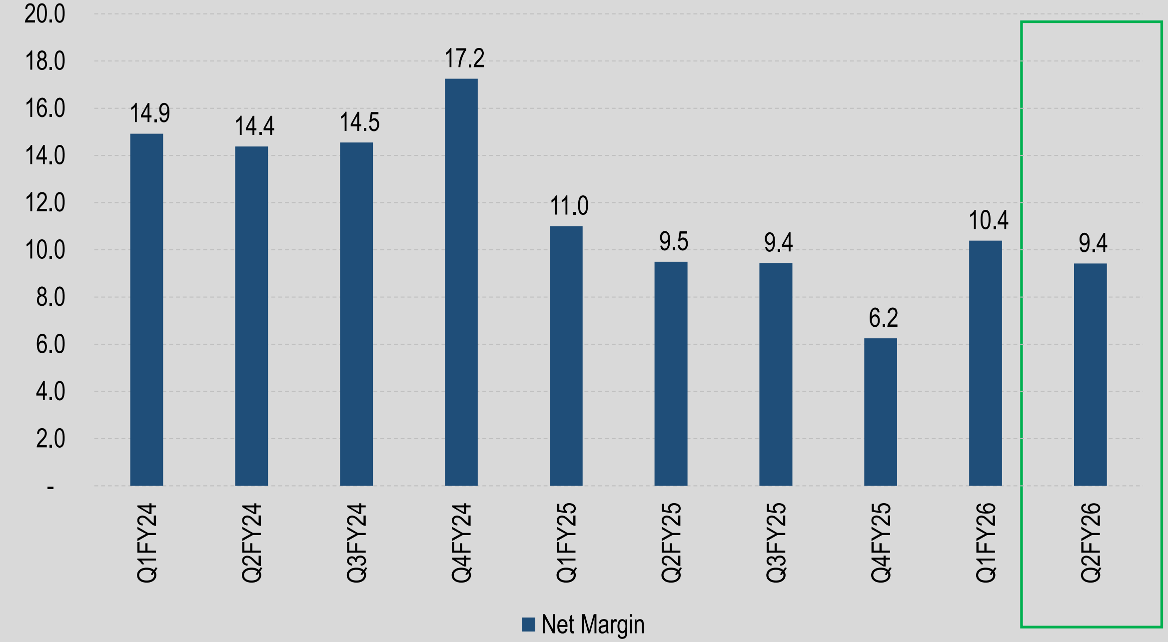


- **Annual revenue productivity** improved to ~$40k/employee from ~$38.3k over the last four quarters.
- Sharp rise is attributable to a higher utilisation (12-quarter high of 80.7% vs. average 77.65% over last 4 quarters), flat-to-lower headcount, and better talent deployment through just-in-time hiring.

EBIT margin expands sequentially net off wage hike impact; Net margin dipped…

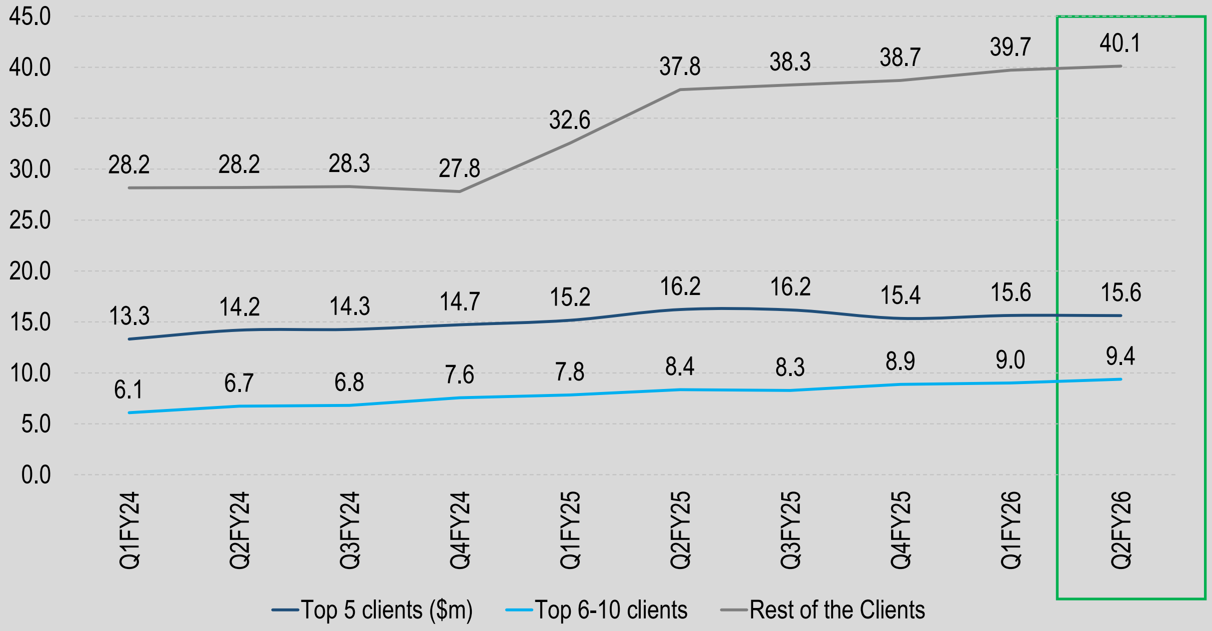


- Despite annual wage hike, EBIT margin stood at 13.3% in Q2 FY26 vs. 13% in Q1, mainly owing to improved operating efficiency with higher utilization of ~80.7% vs. average 77.65% over the last 4 quarters.



- Despite annual wage hike, EBIT margin stood at 13.3% in Q2 FY26 vs. 13% in Q1, mainly owing to improved operating efficiency with higher utilization of ~80.7% vs. average 77.65% over the last 4 quarters.
- Net margin fell in Q1 FY26 following the uptick seen in Q1 FY26 (down 97 bps q/q), led by lower Other Income (Rs216m vs. Rs300m in Q1), which was affected by the general macro uncertainties.
- Management's near-term focus is on improving efficiency rather than further expansion.

Stable client base with improving mining …



- Net New (NN) sales initiative continued to gain traction, with addition of 30 clients in H1 (most of them Fortune 500/1,000 companies).
- These new clients contributed $9mn to H1 revenue and represent $50-60mn pipeline over the next 3-4 years. Notably, over half have already expanded into multiple initiatives, reflecting strong early engagement and cross-sell potential.
- Repeat business came in at ~93%, reflecting high client stickiness and consistent delivery.

Conference call highlights – Q2 FY26

Key takeaways

- Management reiterated double-digit CC revenue growth and 20–22% EBITDA margin in FY26, aided by continued strength across AI, cloud, cybersecurity and data-driven transformation. It targets four consecutive years of double-digit growth through FY28.
- Deferred deals in IMSS and BFSI are slated to ramp up in Q3-Q4, while GenAI use cases will begin billing, providing strong momentum for H2 FY26.
- Despite cautious discretionary spending, enterprise demand remains steady, focused on cost efficiency, digital transformation and GenAI-led productivity.
- GBS grew 18.6% q/q, with 22 reusable use cases representing a $15m potential pipeline. GenAI projects command 20-25% pricing premium, underscoring strong monetisation.
- The US (60% of revenue) grew 2% q/q, led by GenAI and new-client additions. Europe (8.1%, +10.7% q/q) and India (18.3%, +5.2% q/q) showed sequential improvement, while Middle East & Africa are emerging as high-potential AI markets.
- Strength in Retail (9.8% of revenue, +8.9% q/q), Healthcare (16.3%, +6.4% q/q), and Hi-Tech (13.4%, +5.9% q/q) offset temporary softness in BFSI (25.3%, -2.3% q/q) and IMSS.
- BFSI recovery is expected in H2, as Artha Banking and APAC deals commence billing. EdTech is likely to bottom out by Q3 with GenAI-enabled learning platforms.
- Attrition declined to 17.4% (from 18.2% in Q1) and is likely to moderate further. Gross margin improved to 37.2%, with gain reinvested into scaling GenAI and new sales engines.
- Utilisation rose to 80.7% to 3-year high of 76.3% in Q2 FY25 vs. 78.5%/75.5%/77.3% in FY23/FY24/FY25), supporting profitability. In-line with guidance, EBITDA margin stood at 17.2%, with scope for improvement through higher efficiency and utilisation.

Other notables

- Q2FY26 saw healthy deal activity, with multiple GenAI-led and digital transformation engagements closed across key verticals.
- Management highlighted notable wins in Europe, including a GenAI use case for a large beverage bottler and digital programs in Retail & CPG.
- Net New Sales engine continues to drive traction, with addition of 30 clients in H1, most of them have expanded into multi-project relationships within months.

Guidance & Outlook

- Management reiterated confidence in achieving double-digit CC growth and maintaining 20-22% EBITDA margin in FY26.
- H2FY26 outlook remains stronger, aided by ramp-up of deferred BFSI and IMSS programmes, improving demand visibility in the US, and steady traction across AI-led transformation deals. Management continues to emphasise on execution quality and sustainable profitability over short-term growth.

Factsheet

Revenue-split, by industry

(%)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Edu Tech	24.0	22.3	21.5	19.3	17.4	17.0	16.1	15.3
Hitech	14.3	14.7	14.8	14.3	15.4	13.5	12.8	13.4
Retail / CPG	7.6	7.8	7.8	8.1	8.4	8.7	9.1	9.8
TME	11.7	12.2	10.7	8.6	8.4	8.5	9.8	9.6
BFSI	10.9	11.4	16.8	22.5	23.6	26.5	26.2	25.3
Industrial	6.8	7.4	7.3	7.2	6.7	6.8	6.7	6.6
MFG	7.4	6.3	4.0	3.0	3.2	2.6	3.1	3.3
Others	2.5	1.6	0.9	0.6	0.5	0.6	0.7	0.4
Healthcare	14.8	16.1	16.4	16.4	16.4	15.6	15.5	16.3

Revenue-split, by services

(%)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
PDES	52.4	51.7	81.2	83.3	83.2	81.6	80.4	81.1
GBS	29.8	30.1	1.6	1.6	1.6	2.1	2.4	2.7
IMSS	17.8	18.1	17.2	15.1	15.1	16.4	17.2	16.2

Operational performance

	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Growth, by vertical (Y/Y)								
Edu Tech	13%	10%	4%	-2%	-8%	-4%	-13%	-17%
Hi-Tech	27%	5%	17%	28%	37%	15%	0%	-2%
Retail & CPG	-20%	11%	28%	43%	40%	40%	35%	26%
TME	-3%	1%	4%	-6%	-9%	-13%	6%	16%
BFSI	15%	15%	78%	177%	175%	192%	81%	17%
Industrial	-19%	-3%	4%	20%	25%	15%	6%	-4%
Manufacturing	36%	15%	-13%	-40%	-45%	-48%	-10%	15%
Others	-26%	-33%	-76%	-81%	-75%	-53%	-10%	-30%
Healthcare	8%	10%	48%	51%	41%	22%	10%	4%

Pure and Aureus which were consolidated in Q1FY25 together amounting to revenue of $50mn (~25% of pre-acquisition revenue)

Client profiles (LTM)

	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Client profiling								
$1m+	32	37	44	42	38	37	38	37
$3m+	4	2	2	6	7	7	9	9
$5m+	7	6	9	8	7	10	9	8
$10m+	1	2	2	2	3	2	3	4
Client additions (LTM)								
$1m+	5	7	13	11	6	-	(6)	(5)
$3m+	(3)	(4)	(3)	2	3	5	7	3
$5m+	-	3	1	-	-	4	-	-
$10m+	(1)	1	1	1	2	-	1	2
Active Clients	245	250	279	281	278	281	285	290
Client additions	15	13	36	37	33	31	6	9

Client concentration % (LTM)

	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Top	11	11	10	9	9	8	ND	ND
Top 5	29	29	27	26	26	24	24	24
Top 10	43	45	41	39	39	39	38	38
Top 20	56	58	54	54	54	54	54	54

Valuation

DCF valuation benefits from leveraged capital structure.

- We expect EBIT margin to expand by 100bps to 14.5% over FY26-28, with 13.8% CAGR in adj. EPS. Adjusted EPS reflects the add-back of acquisition amortisation to reported EPS.
- At CMP, the stock trades adj. P/E of 24.9x/22x FY27e/28e.
- Our TP Rs658, implies ~28% upside potential from the CMP of Rs515 (31st Oct'25).

S.No	Valuation methodology	Assumptions	Intrinsic Value (Rs)	Target Price (Rs)
(1)	Forward-multiple method	We apply a **30x P/E multiple** to LTM Sep'27e EPS of Rs 22.2	660	
(2)	DCF (Base Case)	• 15-year DCF, with a terminal growth rate of 5.5% • FY25-30e revenue CAGR (base case): 9.5% • WACC: 10.7%	655	
	Overall	**A 50% weight to (1) and (2) each, to arrive at the TP of**		658

DCF assumptions	Unit	
Valuation date		30-Sep-25
WACC	%	10.7
TGR (terminal growth)	%	5.5
Risk-free rate	%	6.5
ERP (eq. risk premium)	%	6.5
Beta		0.89
Capital structure	**Unit**	
Eq. (% of total capital)	%	67.8
Debt (% of total capital)	%	32.2
Cost of equity	%	12.3
Cost of debt	%	7.7

Implied share-price sensitivity (base case)

		Terminal growth rate (%)				
	365.9	4.75%	5.0%	5.5%	5.75%	6.00%
WACC (%)	10.2%	688	708	730	755	783
	10.4%	654	**671**	**691**	**712**	736
	10.7%	622	**638**	**655**	**674**	695
	10.9%	594	**608**	**623**	**640**	658
	11.2%	568	580	594	609	625

Source: Company, Anand Rathi Research

Quick Glance – Financials and Valuations

Key financials

Fig 1 – Income statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenues (US$m)	**196**	**244**	**262**	**281**	**303**
Growth (%)	**10.3**	**24.2**	**7.7**	**7.1**	**7.7**
Net revenues (Rs m)	16,247	20,608	22,944	24,772	26,667
Employee & Direct Costs	9,920	13,115	14,308	15,405	16,755
Gross Profit	6,326	7,494	8,637	9,366	9,912
Gross Margin %	38.94	36.36	37.64	37.81	37.17
SG&A	2,968	3,949	4,650	5,014	5,192
EBITDA	**3,359**	**3,545**	**3,986**	**4,353**	**4,720**
EBITDA margins (%)	20.7	17.2	17.4	17.6	17.7
- Depreciation	583	887	893	892	847
Other income	854	1,014	949	886	899
Interest Exp	423	995	1,011	783	603
PBT	3,207	2,677	3,032	3,564	4,169
Effective tax rate (%)	27	26	26	26	26
+ Associates/(Minorities) / Exceptional Items	140	-122	-122	-122	-
Net Income	2,484	1,847	2,132	2,528	3,100
WANS	148	152	152	152	152
Adj. FDEPS (Rs/share)	**17.6**	**17.3**	**18.1**	**20.7**	**23.4**

Fig 2 – Balance sheet (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	299	300	300	300	300
Net worth	14,802	15,746	16,873	18,296	20,179
Total debt (including Pref)	4,424	11,609	11,029	10,869	8,695
Minority interest	-	-	-	-	-
DTL/(Asset)	-33	-231	-231	-231	-231
Capital employed	**19,193**	**27,123**	**27,669**	**28,933**	**28,642**
Net tangible assets	1,948	2,105	1,792	1,488	1,197
Net Intangible assets (incl. Goodwill)	2,182	10,008	11,437	13,012	12,554
Goodwill	-	-	-	-	-
CWIP (tangible and intangible)	1	-	-	-	-
Investments (Strategic)					
Investments (Financial)	12,218	12,895	12,895	12,895	12,895
Current Assets (ex Cash) Incl LT assets	4,819	6,676	7,285	7,737	8,198
Cash	1,147	1,191	230	174	465
Current Liabilities (ex ST Loan/Current Portion) i	3,122	5,753	5,970	6,375	6,669
Working capital	1,697	923	1,315	1,362	1,529
Capital deployed	**19,193**	**27,123**	**27,669**	**28,933**	**28,642**
Contingent Liabilities					
	-	-	-	-	-

Fig 3 – Cash Flow statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	3,207	2,677	3,032	3,564	4,169
+ Non-cash items	249	1,007	955	788	551
Operating profit before WC	3,456	3,683	3,986	4,353	4,720
- Incr./(decr.) in WC	306	373	513	169	167
Others incuding taxes	-1,024	-946	-778	-914	-1,070
Operating cash-flow	**2,126**	**2,364**	**2,695**	**3,269**	**3,483**
- Capex (tangible + Intangible)	82	77	85	92	99
Free cash-flow	**2,043**	**2,288**	**2,610**	**3,177**	**3,384**
Acquisitions	-	-7,312	-1,924	-2,071	-
- Dividend (including buyback & taxes)	-860	-859	-1,005	-1,106	-1,216
+ Equity raised	4,856	-	-	-	-
+ Debt raised	395	7,372	-580	-159	-2,174
+ Fin Investments	-1,653	-3,463	-	-	-
+ Misc. Items (CFI + CFF)	-5,334	1,714	-62	104	297
Net cash-flow	-553	-261	-962	-55	291

Source: Company, Anand Rathi Research

Fig 4 – Ratio analysis

Year end Mar	FY24	FY25	FY26e	FY27e	FY28e
Adj. P/E (x)	**29.2**	**29.8**	**28.5**	**24.9**	**22.0**
EV/EBITDA (x)	22.6	21.4	19.1	17.4	16.1
EV/sales (x)	4.3	3.7	3.3	3.1	2.8
P/B (x)	5.3	5.0	4.6	4.3	3.9
RoE (%)	**21.4**	**12.1**	**13.1**	**14.4**	**16.1**
RoCE (%) - After tax	11.7	7.7	7.6	8.2	9.0
RoIC (%) - After tax	28.2	16.9	13.7	14.0	15.3
DPS (Rs per share)	5.8	6.0	6.6	7.3	8.0
Dividend yield (%)	1.1	1.2	1.3	1.4	1.6
Dividend payout (%) - Inc. DDT	34.4	49.5	47.1	43.7	39.2
Net debt/equity (x)	-0.6	-0.2	-0.1	-0.1	-0.2
Receivables (days)	83	90	89	88	87
Inventory (days)					
Payables (days)	22	22	22	22	22
CFO:PAT%	**86**	**128**	**126**	**129**	**112**
FCF:PAT% - includ M&A payout	**82**	**-272**	**32**	**44**	**109**

Source: Company, Anand Rathi Research

Appendix

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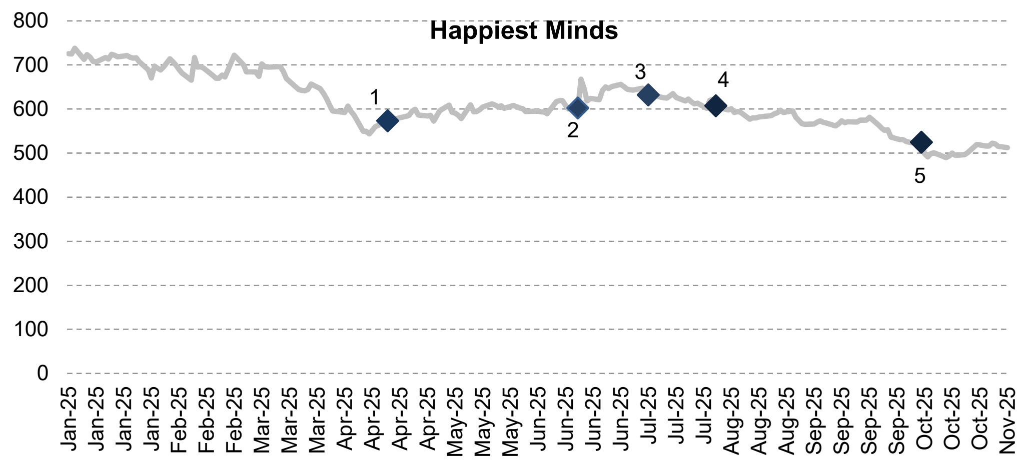

	Date	Rating	TP (Rs)	Share Price (Rs)
1	15-Apr-25	Buy	735	564
2	16-Jun-25	Buy	790	601
3	09-Jul-25	Buy	803	636
4	31-Jul-25	Buy	789	607
5	06-Oct-25	Buy	666	526

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