Mphasis

Performance highlights

(₹ cr)	3QFY11	2QFY11	% chg(qoq)	3QFY10	% chg (yoy)
Reported net sales	**1,294**	**1,257**	***2.9***	**1,279**	***1.1***
Adjusted net sales*	1262	1,247	*1.2*	1,279	*1.4*
Reported EBITDA	252	241	*4.5*	316	*(20.4)*
Reported EBITDA margin (%)	*19.4*	*19.1*	*31bp*	*24.7*	*(525)bp*
Adj. EBITDA margin (%)*	***15.3***	***16.3***	***(97)bp***	***24.7***	***(940)bp***
Reported PAT	195	217	*(10.4)*	271	*(28.2)*

*Source: Company, Angel Research; Note: * adjusted for one offs and reversals*

Mphasis reported dismal set of 3QFY2011 results with volume growth of 3.0% qoq - out of which only 1.3% is from normal operations, the rest 1.7% is derived due to several one-off items booked in revenue. At the CMP, the stock is trading at 10.9x FY2013E EPS of ₹36.4 with a strong cash position of ₹2,029cr, which warrants limited downside. **We recommend an Accumulate rating on the stock.**

Quarterly highlights: Mphasis reported revenue of US$290mn, up merely 2.9% qoq. In rupee terms also revenue growth was 2.9% qoq with revenues at ₹1,294cr. These revenues include one-time revenues of ₹66.5cr. Also, ₹34.6cr of revenues were not booked in this quarter due to incomplete documentation. Adjusting for all this, revenues came in at ₹1,262cr, up merely 1.2% qoq. Mphasis reported 31bp qoq expansion in its EBITDA margin to 19.4%. However, the company did provision reversal of ₹11.0cr in employee costs and ₹15.6cr in S&M expenses. Adjusting for these reversals and one offs in revenues, EBITDA margin came in at 15.3% vs. 16.3% in 2QFY2011.

Outlook and valuation: The open billable positions in the application business declined from 1,000 to 825. However for the ITO business, it remained flat at 600. This highlights that growth in ITO remains intact and would continue to be the possible growth driver for the company. Going forward, management expects the direct channel (33% to revenue) and HP non-enterprise solution business (which is currently ~5% of revenue from HP channel) to drive growth, whereas the HP-ES business is expected to remain sluggish. We expect revenue growth will be muted at 2.7% yoy for FY2011E considering that in 1QFY2011 revenue run rate fell by 10% qoq as well as company's revenue for 2QFY2011 and 3QFY2011 were driven by one-offs. However, the above-mentioned growth drivers are expected to result in the company's revenue to record a 10% CAGR over FY2011–13E. **We recommend Accumulate rating on the stock with a target price of ₹420, valuing it at 11.5x FY2013E EPS.**

Key financials (Consolidated)

Y/E Oct. (₹ cr)	FY2009	FY2010	FY2011E	FY2012E	FY2013E
Net sales	**4,271**	**5,036**	**5,102**	**5,485**	**5,924**
% chg	*124.0*	*17.9*	*1.3*	*7.5*	*8.0*
Net profit	**916**	**1,091**	**808**	**707**	**719**
% chg	*220.0*	*19.0*	*(25.9)*	*(12.5)*	*1.6*
EBITDA margin (%)	26.6	25.1	18.9	16.2	14.5
EPS (₹)	**43.4**	**52.0**	**38.6**	**33.7**	**36.4**
P/E (x)	9.1	7.6	10.3	11.7	10.9
P/BV (x)	3.5	2.5	2.1	1.8	1.6
RoE (%)	39.1	33.1	20.1	15.3	13.6
RoCE (%)	39.7	32.9	19.8	15.1	12.5
EV/Sales (x)	1.7	1.3	1.2	1.1	0.9
EV/EBITDA (x)	6.5	5.3	6.5	6.6	6.1

Source: Company, Angel Research

ACCUMULATE

CMP	₹396
Target Price	₹420
Investment Period	12 Months

Stock Info	
Sector	IT
Market Cap (₹cr)	8,295
Beta	0.8
52 Week High / Low	712/308
Avg. Daily Volume	109,464
Face Value (₹)	10
BSE Sensex	16,285
Nifty	4,889
Reuters Code	MBFL.BO
Bloomberg Code	MPHL@IN

Shareholding Pattern (%)	
Promoters	60.5
MF / Banks / Indian Fls	6.3
FII / NRIs / OCBs	20.4
Indian Public / Others	12.8

Abs. (%)	3m	1yr	3yr
Sensex	(9.6)	(11.1)	13.1
Mphasis	(8.2)	(34.4)	76.5

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Exhibit 1: 3QFY2011 reported performance (Consolidated)

(₹ cr)	3QFY11	2QFY11	% chg (qoq)	3QFY10	% chg (yoy)	9MFY2011	9MFY2010	% chg (yoy)
Net revenue	1,294	1,257	2.9	1,279	1.1	3,784	3,691	2.5
Cost of revenue	940	919	2.3	860	9.3	2,735	2,447	11.8
Gross profit	354	339	4.6	419	(15.6)	1,049	1,244	(15.7)
SG&A expenses	102	98	4.6	103	(1.0)	300	300	(0.1)
EBITDA	**252**	**241**	**4.5**	**316**	**(20.4)**	**750**	**944**	**(20.6)**
Dep. and amortisation	44	34	30.6	40	9.0	114	126	(10.1)
EBIT	208	207	0.3	276	(24.7)	636	818	(22.2)
Interest income	(2)	1		(0)		(0)	1	
Other income	44	48		18		127	77	
PBT	250	257	(2.4)	293	(14.5)	763	896	(14.8)
Income tax	56	39	41.7	22	157.2	125	89	39.7
PAT	**195**	**217**	**(10.4)**	**271**	**(28.2)**	**639**	**806**	**(20.8)**
EPS	9.3	10.4	(10.4)	12.9	(28.2)	30.5	38.5	(20.8)
EBITDA margin (%)	19.4	19.1	31bp	24.7	(525)bp	19.8	25.6	(577)bp
EBIT margin (%)	16.0	16.5	(41)bp	21.5	(550)bp	16.8	22.2	(535)bp
PAT margin (%)	14.6	16.6	(209)bp	20.9	(636)bp	16.9	21.9	(497)bp

Source: Company, Angel Research

Exhibit 2: 3QFY2011: Actual vs. Angel estimates

(₹ cr)	Actual	Estimate	% Var
Net sales*	1,262	1,303	(3.2)
*EBITDA margin (%)**	15.3	15.4	(14)bp
PAT	195	156	24.9

Source: Company, Angel Research; Note: * adjusted for one offs and reversals

Dismal performance

Mphasis reported dismal set of numbers for 3QFY2011. Dollar revenues came in at US$290mn, up merely 2.9% qoq. In rupee terms also revenue growth was 2.9% qoq with revenues at ₹1,294cr, led by 3.0% qoq volume growth. These revenues include one-time revenues of ₹66.5cr in Application services business. Also, ₹34.6cr of revenue was not booked in this quarter due to incomplete documentation, however cost related to this is already there in company's financial statement. Adjusting for all the above mentioned items, revenues came in at ₹1,262cr, up merely 1.2% qoq. The company's volume growth on 3.0% qoq includes 1.7% qoq gain due to one off items, so actual operational volume growth came in at 1.3% qoq.

Revenue of the applications services business (contributing 63.0% to revenue) increased by 5.4% qoq to ₹807cr. These revenues include one-time revenues of ₹66.5cr as well as unrealised revenues of ₹34.6cr, so on a like-to-like basis, revenues of application services business increased by 1.3% qoq. Revenue of the ITO business (contributing 25.5% to revenue) increased by 2.9% qoq to ₹327cr, however revenues from BPO business (contributing 11.5% to revenue) declined by 9.6% qoq to ₹147cr. Revenue of the BPO business got negatively impacted due to high base effect derived on account of one-time revenue of ₹10.2cr realised in 2QFY2011, so on a like-to-like basis, BPO revenue declined by only 3.5% qoq.

Also, on a consolidated level, Mphasis had a hedging reserve gain of ₹12.5cr in 3QFY2011.

Exhibit 3: Segment-wise performance

Particulars	3QFY11	2QFY11	3QFY10	*% chg qoq*	*% chg yoy*
Net revenue break-up (₹ cr)					
Application services	807	766	809	*5.4*	*(0.3)*
ITO services	327	318	290	*2.9*	*12.7*
BPO services	147	163	159	*(9.6)*	*(7.4)*
Total	**1,281**	**1,246**	**1,258**	**2.8**	**1.8**
Revenue mix (%)				*chg qoq (bp)*	*chg yoy (bp)*
Application services	63.0	61.4	64.3	*156*	*(132)*
ITO services	25.5	25.5	23.0	*1*	*246*
BPO services	11.5	13.1	12.6	*(158)*	*(114)*

Source: Company, Angel Research

Service vertical wise, application development and maintenance emerged as the company's primary growth drivers by posting 4.0% and 6.6% qoq. These segments were aided due to one off items in booked in revenues of application services. Revenues from infrastructure management also grew by 6.7% qoq to ₹271cr. However, all the other services verticals reported qoq decline in their revenues majorly because of high base effect of one time revenues booked n BPO segment in 2QFY2011.

Exhibit 4: Service-wise performance

Service type (₹ cr)	3QFY11	2QFY11	3QFY10	*% chg qoq*	*% chg yoy*
Application maintenance	473	443	470	*6.6*	*0.6*
Application development	335	322	339	*4.0*	*(1.1)*
Customer service	73	77	66	*(5.2)*	*10.8*
Service/Technical help desk	58	69	69	*(17.0)*	*(16.9)*
Transaction processing	64	73	69	*(11.7)*	*(6.4)*
Infrastructure management	271	253	226	*6.7*	*20.0*
Knowledge processes	8	8	20	*(1.3)*	*(59.9)*
License income	-	-	0		
Contribution to revenue (%)				*chg qoq (bp)*	*chg yoy (bp)*
Application maintenance	36.9	35.6	37.3	*132*	*(44)*
Application development	26.2	25.9	27.0	*31*	*(78)*
Customer service	5.7	6.2	5.2	*(48)*	*46*
Service/Technical help desk	4.5	5.6	5.5	*(107)*	*(101)*
Transaction processing	5.0	5.8	5.4	*(82)*	*(44)*
Infrastructure management	21.1	20.3	17.9	*78*	*319*
Knowledge processes	0.6	0.6	1.6	*(3)*	*(95)*
License income	0.0	0.0	0.0		

Source: Company, Angel Research

Mphasis posted de-growth of 5.7% and 2.0% qoq in the banking and capital markets (contributing 24.8% to revenue) and insurance (contributing 9.5% to revenue) verticals, respectively. However, revenue of IT, communication and entertainment (contributing 30.0% to revenue) grew by whopping 17.5% qoq to ₹384cr.

Exhibit 5: Vertical-wise performance

Vertical (₹ cr)	3QFY11	2QFY11	3QFY10	% chg qoq	% chg yoy
Banking and capital markets	318	337	330	(5.7)	(3.8)
Insurance	121	124	115	(2.0)	5.3
IT, comm. and entertainment	384	327	323	17.5	18.8
Emerging industries	458	458	490	(0.1)	(6.4)
Contribution to revenue (%)				chg qoq (bp)	chg yoy (bp)
Banking and capital markets	24.8	27.1	26.3	(224.6)	(144.7)
Insurance	9.5	9.9	9.1	(46.6)	31.2
IT, comm. and entertainment	30.0	26.2	25.7	374.8	429.2
Emerging industries	35.8	36.8	38.9	(103.6)	(315.7)

Source: Company, Angel Research

Mphasis reported decline in onsite pricing in application services business of 2.8% qoq to US$70/hr from US$72/hr. This was because the company has replaced its subcontractors, which generally have billing rates of US$110/hr, in US with the company's employees having billing rates of US$70-72/hr. This was done by management because subcontracting of work was not yielding good margins to the company (at around 10%). Onsite price point of ITO business remained stable qoq at US$67/hr; however it reported increase of 5.0% qoq in its offshore price points to US$21/hr.

Exhibit 6: Segment-wise pricing

Price movement (US$/hr)	3QFY11	2QFY11	3QFY10	% chg qoq	% chg yoy
APO					
Onsite	70	72	71	(2.8)	(1.4)
Offshore	20	20	20	0.0	0.0
ITO					
Onsite	67	67	67	0.0	0.0
Offshore	21	20	20	5.0	5.0
BPO					
Offshore	7	7	7	0.0	0.0

Source: Company, Angel Research

Client metrics

Mphasis has been focusing on direct channel strategy to win clients. During the quarter, revenue from direct channel increased by 2.9% qoq in rupee terms with revenues at ₹427.1cr. Also, overall, the company added 27 new clients in 3QFY2011; 18 in direct channel and 9 in HP channel. Vertical wise, six clients were added in the banking and capital market service industry, one in insurance, seven in IT, communication and entertainment and the rest 13 in emerging industries.

Mphasis witnessed addition of two clients in the over US$5mn category – one in direct channel and one in HP channel, however, two clients got reduced in in the over US$20mn category – both from HP channel. In the overall client metrics, there was no addition or deletion of number clients having size greater than US$1mn in any of the channel.

Exhibit 7: Client concentration

(₹ cr)	3QFY11	2QFY11	3QFY10	% chg qoq	% chg yoy
Top client revenue	128.1	124.6	138.4	2.8	(7.4)
% contribution	*10*	*10*	*11*		
Top-5 clients revenue	384.3	348.9	364.8	10.2	5.3
% contribution	*30*	*28*	*29*		
Top-10 clients	563.7	548.3	566.1	2.8	(0.4)
% contribution	*44*	*44*	*45*		

Source: Company, Angel Research

Exhibit 8: HP and non-HP client breakup

No. of clients	3QFY11	2QFY11	3QFY10	Addition (qoq)	Addition (yoy)
>US $1mn revenue	120	119	109	1	11
Direct channel	42	41	34	1	8
HP channel	78	78	75	0	3
>US $5mn revenue	41	39	39	2	2
Direct channel	13	12	11	1	2
HP channel	28	27	28	1	0
>US $10mn revenue	24	25	22	(1)	2
Direct channel	9	10	9	(1)	0
HP channel	15	15	13	0	2
>US $20mn revenue	12	14	13	(2)	(1)
Direct channel	4	4	3	0	1
HP channel	8	10	10	(2)	(2)

Source: Company, Angel Research

Hiring muted

During the quarter, Mphasis recorded net reduction of 474 employees in its total employee base. Only application services business reported addition of 327 net employees in its headcount while the rest two businesses – ITO and BPO reported net reduction of 244 and 557 employees in their employee base.

Exhibit 9: Employee metrics

No. of employees	3QFY11	2QFY11	3QFY10	Net add.(qoq)	Net add.(yoy)
Application services	15,547	15,220	14,578	327	969
ITO services	8,378	8,622	7,273	(244)	1,105
BPO services	15,842	16,399	16,424	(557)	(582)

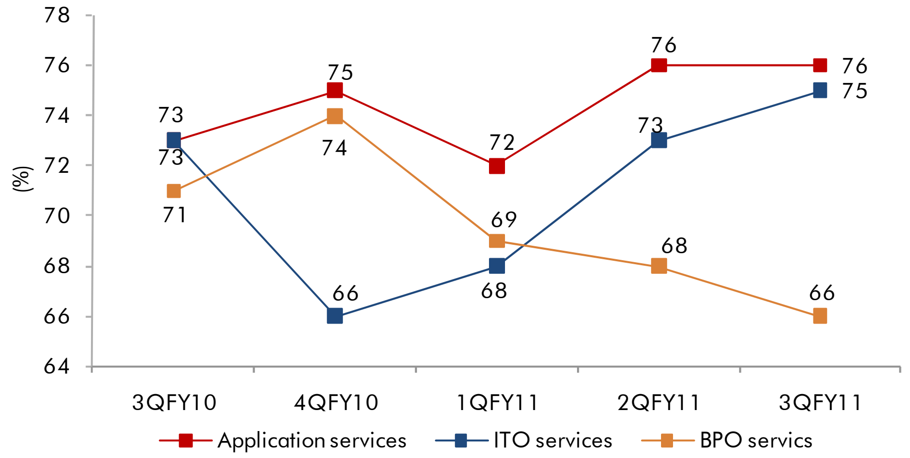
Source: Company, Angel Research

EBITDA margin slips

Mphasis posted 31bp qoq expansion in its EBITDA margin to 19.4% on a reported basis. However, the company did provision reversal of ₹11.0cr in employee costs and ₹15.6cr in S&M expenses. In 2QFY2011, there was provision reversal of ₹32.3cr in cost of revenues, ₹13.5cr in S&M expenses and ₹13.5cr in G&A

expenses. Adjusting for these reversals and one offs in revenues, EBITDA margin came in at 15.3% vs. 16.3% in 2QFY2011. Operational margins of all the three business segments got negatively impacted due to wage hikes given in 3QFy2011 of 10.5% to offshore employees and 2.5% to onsite employees.

Exhibit 10: Segment-wise utilisation



Source: Company, Angel Research

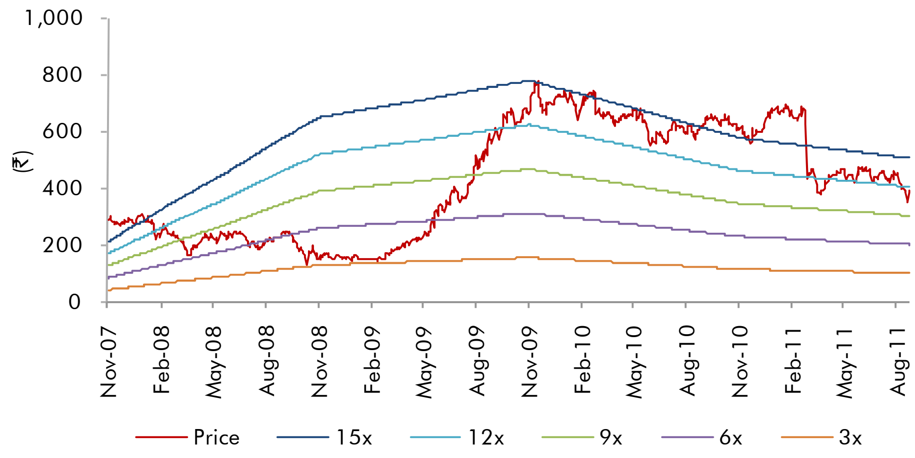
Outlook and valuation

The HP's announcement of monetizing its PC business where Mphasis has no exposure and acquiring Autonomy to scale up its software capabilities present a possible opportunity to Mphasis as a subcontractor. However, continued sluggish performance of HP-ES business has begun to hurt Mphasis revenue from HP channel. Also HP's long-term direction towards having six worldwide offshore development centers, including India, may pose a threat to Mphasis volumes. The company managed to steer away the pricing re-negotiation round of May 2011 with no price cuts. The open billable positions in the application business declined from 1,000 to 825. However for the ITO business, it remained flat at 600. This highlights that growth in ITO remains intact and would continue to be the possible growth driver for the company.

Going forward, management expects the direct channel (33% to revenue) and HP non-enterprise solution business (which is currently ~5% of revenue from HP channel) to drive growth, whereas the HP-ES business is expected to remain sluggish. We expect revenue growth to be muted at 2.7% yoy for FY2011E considering that in 1QFY2011 revenue run rate fell by 10% qoq as well as company's revenue for 2QFY2011 and 3QFY2011 were driven by one-offs. We expect the direct channel business to grow at 4% CQGR over 3QFY2011–4QFY2013E and HP channel to grow at 2% CQGR only. Hence we expect the company to record revenue CAGR of 10% over FY2011–13E.

The management has indicated that cash balance of US$459mn could be used to do buyback of shares or acquisition. At CMP, the stock is trading at 10.9x FY2013 EPS of ₹36.4. **We recommend an Accumulate on the stock with TP of ₹420, valuing it at 11.5x FY2013E EPS.**

Exhibit 11: One-year forward P/E



Source: Company, Angel Research

Exhibit 12: Key assumptions

	FY2012E	FY2013E
Revenue growth – USD (%)	8.0	10.4
USD-INR rate (realised)	44.6	44.0
Revenue growth-INR (%)	7.5	8.0
EBITDA margin (%)	16.2	15.3
Tax rate (%)	23.0	23.0
EPS growth (%)	(12.5)	7.9

Source: Company, Angel Research

Exhibit 13: Recommendation summary

Company	Reco.	CMP (₹)	Tgt. price (₹)	Upside (%)	Target P/E (x)	FY2013 EBITDA (%)	FY2013E P/E (x)	FY2011-13E EPS CAGR (%)	FY2013E RoCE (%)	FY2013E RoE (%)
3iInfotech	Neutral	27	-	-	-	21.5	2.3	(4.3)	12.0	15.1
Educomp	Neutral	207	-	-	-	45.6	4.3	18.8	11.1	15.3
Everonn	Neutral	417	-	-	-	38.5	7.0	32.5	13.9	17.1
HCL Tech	Buy	371	578	55.9	14.0	17.9	9.0	29.8	18.1	23.8
Hexaware	Buy	71	88	24.4	11.5	15.1	9.2	63.4	16.8	17.8
Infosys	Buy	2,250	3,200	42.2	20.0	30.6	14.1	15.7	24.7	22.7
Infotech Enterprises	Buy	119	145	21.8	9.0	16.1	7.3	13.9	15.2	13.4
KPIT Cummins	Buy	149	206	38.4	12.0	16.1	8.8	21.8	20.6	17.7
Mahindra Satyam	Buy	67	89	33.8	12.0	15.0	9.0	32.7	11.6	13.8
MindTree	Buy	358	445	24.2	11.0	13.3	8.9	27.5	16.9	15.4
Mphasis	**Accumulate**	**396**	**420**	**6.1**	**11.5**	**14.5**	**10.9**	**(2.8)**	**12.5**	**13.6**
NIIT*	Buy	46	69	50.5	10.0	13.8	6.6	11.2	12.4	16.6
Persistent	Buy	301	424	41.0	11.0	19.5	7.8	5.1	16.6	15.4
TCS	Buy	963	1,368	42.1	22.0	28.9	15.5	18.4	30.2	31.3
Tech Mahindra	Buy	650	783	20.4	9.0	17.0	7.5	32.7	14.6	21.2
Wipro	Buy	330	419	27.1	16.0	18.7	12.6	9.9	13.8	19.8

*Source: Company, Angel Research; Note: *Valued on SOTP basis*

Profit and Loss statement (Consolidated)

Y/E Oct (₹ cr)	FY2009	FY2010	FY2011E	FY2012E	FY2013E
Net sales	**4,271**	**5,036**	**5,102**	**5,485**	**5,924**
Cost of revenue	2,690	3,352	3,718	4,129	4,596
% of net sales	*63.0*	*66.6*	*72.9*	*75.3*	*77.6*
Gross profit	1,581	1,684	1,384	1,356	1,328
% of net sales	*37.0*	*33.4*	*27.1*	*24.7*	*22.4*
Selling and mktg. expenses	179	220	230	254	253
% of net sales	*4.2*	*4.4*	*4.5*	*4.6*	*4.3*
General and admin. exp.	266	199	188	211	213
% of net sales	*6.2*	*4.0*	*3.7*	*3.8*	*3.6*
Provision for doubtful debts	1	-	-	-	-
EBITDA	**1,135**	**1,265**	**966**	**890**	**862**
% of net sales	*26.6*	*25.1*	*18.9*	*16.2*	*14.5*
Dep. and amortisation	202	164	158	182	191
EBIT	933	1,101	807	708	671
Interest income, net	3	1	(0)	-	-
Other income, net	16	50	121	160	213
Forex gain	29	58	57	51	63
Profit before tax	980	1,210	986	919	947
Provision for tax	64	119	178	211	228
% of PBT	*6.5*	*9.8*	*18.0*	*23.0*	*24.1*
PAT	**916**	**1,091**	**808**	**707**	**719**
EPS (₹)	43.4	52.0	38.6	33.7	36.4

Balance sheet (Consolidated)

Y/E Oct. (₹ cr)	FY2009	FY2010	FY2011E	FY2012E	FY2013E
Liabilities					
Share capital	210	210	210	210	210
Reserves and surplus	2,135	3,088	3,816	4,426	5,091
ESOP outstanding	1	1	1	1	1
Total shareholders' funds	**2,345**	**3,299**	**4,026**	**4,637**	**5,302**
Secured loans	3	45	46	46	46
Unsecured loans	-	-	-	-	-
Total debt	**3**	**45**	**46**	**46**	**46**
Deferred tax liability	-	-	-	-	-
Total liabilities	**2,349**	**3,345**	**4,073**	**4,683**	**5,348**
Assets					
Gross block - Fixed assets	1,004	1,026	1,216	1,391	1,566
Accumulated depreciation	688	784	942	1,124	1,315
Net block	**316**	**242**	**274**	**266**	**250**
Capital work-in-progress	13	9	20	20	20
Goodwill	295	389	405	405	405
Investments	761	1,460	1,640	1,850	2,150
Deferred tax asset	70	75	90	95	100
Current assets					
Debtors and unbilled rev.	906	1,205	1,216	1,292	1,396
Cash and cash equivalents	179	178	378	600	972
Interest receivable	-	-	-	-	-
Loans and advances	724	945	1,117	1,195	1,173
Total current assets	1,809	2,329	2,711	3,087	3,541
Less:- current liabilities	641	809	804	792	838
Less:- provisions	273	350	263	248	280
Net current assets	**894**	**1,170**	**1,644**	**2,047**	**2,423**
Total assets	**2,349**	**3,345**	**4,073**	**4,683**	**5,348**

Cash flow statement (Consolidated)

Y/E Oct. (₹ cr)	FY2009	FY2010	FY2011E	FY2012E	FY2013E
Pre tax profit from operations	965	1,160	865	758	734
Depreciation	202	164	158	182	191
Pre tax cash from operations	1,167	1,324	1,023	941	925
Other income/prior period ad	16	50	121	160	213
Net cash from operations	1,183	1,374	1,144	1,101	1,138
Tax	(64)	(119)	(178)	(211)	(228)
Cash profits	**1,118**	**1,254**	**966**	**890**	**910**
(Inc)/Dec in					
Current assets	(414)	(520)	(183)	(154)	(82)
Current liabilities	322	244	(92)	(27)	78
Net trade working capital	(91)	(275)	(275)	(181)	(4)
Cashflow from operating actv.	**1,027**	**979**	**692**	**709**	**906**
(Inc)/Dec in fixed assets	(118)	(86)	(201)	(175)	(175)
(Inc)/Dec in intangibles	1	(94)	(16)	-	-
(Inc)/Dec in deferred tax liab.	(35)	(6)	(15)	(5)	(5)
(Inc)/Dec in investments	(761)	(699)	(180)	(210)	(300)
Cashflow from investing actv.	**(913)**	**(884)**	**(412)**	**(390)**	**(480)**
Inc/(Dec) in debt	(2)	42	1	-	-
Inc/(Dec) in equity/premium	79	(39)	18	2	44
Dividends	86	98	98	98	98
Cashflow from financing actv.	**(9)**	**(95)**	**(80)**	**(97)**	**(54)**
Cash generated/(utilised)	**105**	**(0)**	**200**	**222**	**372**
Cash at start of the year	73	179	178	378	600
Cash at end of the year	179	178	378	600	972

Key ratios

Y/E Oct.	FY2009	FY2010	FY2011E	FY2012E	FY2013E
Valuation ratio (x)					
P/E (on FDEPS)	9.1	7.6	10.3	11.7	10.9
P/CEPS	7.4	6.6	8.6	9.3	9.1
P/BVPS	3.5	2.5	2.1	1.8	1.6
Dividend yield (%)	0.9	1.0	1.0	1.0	1.0
EV/Sales	1.7	1.3	1.2	1.1	0.9
EV/EBITDA	6.5	5.3	6.5	6.6	6.1
EV/Total assets	3.1	2.0	1.6	1.3	1.0
Per share data (₹)					
EPS	43.4	52.0	38.6	33.7	36.4
Cash EPS	53.4	59.8	46.1	42.4	43.4
Dividend	3.5	4.0	4.0	4.0	4.0
Book value	112	157	192	221	253
Dupont analysis					
Tax retention ratio (PAT/PBT)	0.9	0.9	0.8	0.8	0.8
Cost of debt (PBT/EBIT)	1.1	1.1	1.2	1.3	1.4
EBIT margin (EBIT/Sales)	0.2	0.2	0.2	0.1	0.1
Asset turnover ratio (Sales/Assets)	1.8	1.5	1.3	1.2	1.1
Leverage ratio (Assets/Equity)	1.0	1.0	1.0	1.0	1.0
Operating ROE	39.1	33.1	20.1	15.3	13.6
Return ratios (%)					
RoCE (pre-tax)	39.7	32.9	19.8	15.1	12.5
Angel RoIC	88.8	91.3	49.5	39.1	37.2
RoE	39.1	33.1	20.1	15.3	13.6
Turnover ratios (x)					
Asset turnover (fixed assets)	2.3	1.8	1.4	1.3	1.2
Receivables days	77	70	87	86	86
Payable days	10	6	5	5	6

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DISCLAIMER

Disclosure of Interest Statement	Mphasis
1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	No
3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

Note: We have not considered any Exposure below ₹1 lakh for Angel, its Group companies and Directors

Ratings (Returns):	*Buy (> 15%)*	*Accumulate (5% to 15%)*	*Neutral (-5 to 5%)*
	Reduce (-5% to 15%)	Sell (< -15%)	