Quant-Funda

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Mastek Ltd.

22nd July 2025

Sector: IT

Security Not Under ASM: ✓

LTP	Recommendation	Target	Stop Loss	Return
Rs.2,672	Buy between Rs. 2,630– 2,715	Rs.3,260	Rs.2,380	+22%
SENSEX	**Market Cap**	**NSE Code**	**BSE Code**	**Time Frame**
82,200	Rs.8,394cr	MASTEK	523704	3-6 Months

Data as of: 21-07-2025

52W H/L	Group	F&O Listed	Div. Yield	D/E
Rs.3,375/ Rs.1,883	A	NO	0.7%	0.24

Consolidated (Rs.cr)	FY25A	FY26E	FY27E
Revenue	3,455	3,981	4,468
Growth (%)	13.0	*15.2*	*12.2*
EBITDA	546	612	710
EBITDA Margin(%)	15.8	15.4	15.9
Adj. PAT	376	399	488
Growth (%)	25	*6*	*22*
EPS	121.5	129	158
Growth (%)	25	*6*	*22*
RoE (%)	16.5	16.4	16.5

Valuation	FY25A	FY26E	FY27E
P/E (x)	22.0	20.7	16.9
Price/Book Value	3.3	3.2	2.9
EV/EBITDA	13	13	11

Price Performance	3 Month	6 Month	1 Year
Absolute Return (%)	15.2	1.4	1.1
Absolute Sensex (%)	3.3	8.2	1.8

Shareholding (%)	Q3FY25	Q4FY25	Q1FY26
Promoters	36.23	35.97	35.96
FII's	9.40	10.0	11.05
MFs/Institutions	9.27	9.84	10.52
Public	45.09	44.19	42.47
Total	100.0	100.0	100.0
Promoter pledge	NIL	NIL	NIL

Fundamental View

Mastek Ltd is a Mumbai-based global provider of digital engineering and cloud transformation services, operating in over 40 countries. It partners with Oracle, Salesforce, Microsoft, AWS, and Snowflake to deliver consulting, data analytics, and enterprise solutions. The UK and Europe contribute 64% of revenue, followed by the US and Middle East. Sector-wise, Government and Education lead with 39%, Healthcare contributes 25%, while Retail, Manufacturing, and Financial Services each account for around 12%.

- Mastek reported Q1FY26 revenue of ₹914.7cr, marking a 12.5% YoY growth in rupee terms led by strong performance in the UK & Europe, driven by momentum in healthcare and secured government services. Net profit (PAT) rose to ₹92.1cr, up 28.7% YoY and 13.5% QoQ, reflecting strong operational execution.
- In Q1FY26, Operating EBITDA stood at ₹137.3cr with EBITDA margin of 15.0% and PAT margin of 9.9%. Return on Equity (RoE) improved to 16.7%, while Return on Capital Employed (RoCE) reached 17.0%, indicating efficient capital utilization and healthy profitability.
- Mastek secured 10+ AI-led deals across government, healthcare, and academia, boosting its global digital presence. A strategic partnership with Open Ana enhances its AI capabilities significantly.
- The 12-month order backlog grew to ₹2,347.9cr, up 8.3% YoY and 2.5% QoQ supported by sustained demand across digital engineering, data analytics, and Oracle-led engagements in healthcare and commercial sectors.
- Mastek's emphasis on AI, cloud modernization, and strategic global partnerships supports its long-term growth trajectory. Despite macro challenges in North America, strong momentum in the UK—especially in healthcare and government—drives performance. With a robust order pipeline and deep client relationships, Mastek is well-positioned for scalable growth. The stock currently trades at 21x one-year forward P/E.

Technical View

- **Recovery from Recent Lows:** Since hitting a low of ₹1,887 on April 7, 2025, the stock has seen renewed buying interest at lower levels, leading to a notable improvement in price action.
- **Positive Price Structure:** On the daily chart, the stock has been forming a higher high and higher low structure, indicating a constructive trend supported by improving momentum.
- **Strengthening Momentum:** The Relative Strength Index (RSI) is currently hovering around 56, indicating a steady recovery in momentum and signalling improving strength in the underlying trend. Meanwhile, the MACD has shown a positive crossover; however, it continues to trend below its central line, warranting a cautious approach.
- The stock is presently encountering strong resistance near its 200-DMA. A decisive breakout above this level could open the path for an upward move towards the 2,800 mark, with potential to test the 3,400 level in the forthcoming sessions.

Price Chart

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