

Excelsoft Technologies

Powering the Next Wave of SaaS-led Learning & Assessment Growth. Initiate with **BUY**

Rating: **Buy**

Target price (12-mth): Rs.145

Share price: Rs.86

Key data	EXCELSOFT IN /
52-week high / low	Rs143 / 68
Sensex / Nifty	84274 / 25935
Market cap	Rs10bn
Shares outstanding	115m

Shareholding (%)	Dec-25	Nov-25
Promoters	59.1	59.1
- of which, Pledged		
Free float		
- Foreign institutions	2.2	3.9
- Domestic institution	4.9	14.1
- Public	33.8	22.9

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Investment Summary (1 / 2)



Summary

- Excelsoft Technologies, a vertical SaaS player with >25 years of experience, specializes in learning and assessment solutions, with marquee clientele such as Pearson, AQA, CQI and Ascend Learning. Excelsoft is debt free.
- We initiate coverage on the stock with BUY and TP of Rs145. At CMP of Rs86.0 (10th Feb-26), the stock trades at FY27/28e PE of 15.8/11.7x, which is at ~60% discount to midcap IT AR coverage peers (FY28e P/E of ~27x.), despite FY26-28e EPS CAGR of ~31% (vs. ~17% for mid-cap IT peers).



A Global B2B Verticalised SaaS Play

- Global SaaS market projected to grow from \$261bn in 2024 to \$514bn by 2028e (implying ~18.5% CAGR), as Excelsoft's Assessment & Proctoring (A&P) business is expected to clock ~23.4% CAGR in the same period.
- Regionally, North America remains the largest pool with ~19% CAGR, while Europe is clocking 17% CAGR, both of which account for ~90% of its revenue. This positions Excelsoft as a beneficiary because its A&P and Learning & Student Success verticals contribute ~40% to FY25 revenue, supporting new deal wins and sustained growth.



Recurring Revenue Stream with Marquee Clientele

- It maintains strong, long-term relationship with marquee clients i.e., Pearson, CQI, AQA, Ascend Learning, with 100% customer retention for its Top-10 clients over the past three years with an average vintage of 11 years.
- This gives stability and visibility to revenue. It serves >100 clients across North America (26), Europe & Australia (18), Asia (47), and the Middle East (11), offering deep market insights.



Expertise in Product Engineering, Development & Implementation

- Excelsoft has strong expertise in product engineering, development, and implementation across assessments, digital learning, and information management systems, backed by robust product capabilities.
- It offers full-lifecycle offerings that cover end-to-end learning and assessment needs across organisations with products built on sound engineering principles, delivering secure, reliable and cost-effective cloud-based solutions, while supporting migration of legacy learning and assessment applications and data into cloud environment.

Investment summary (2 / 2)

Valuation

- We ascribe an equal weight to DCF and FY28e multiple method, with the target FY28e multiple of 19x, post 20% discount (scale and customer concentration) to weighted average midcap IT and product businesses multiples
- At CMP, the stock trades at FY27/28e P/E of 15.8/11.7x., with an Expected FY26-28e EPS CAGR of 31.4% CAGR
We initiate with a BUY rating on the stock with a TP of Rs 145.

Key Risks:

- High client concentration.
- Segmental revenue volatility.
- Inorganic strategy impacting margin and success contingent on integration.

Y/E Mar (Rs m)	FY24	FY25	FY26e	FY27e	FY28e
Sales	1,983	2,333	2,804	3,463	4,336
EBITDA	550	733	811	1,003	1,313
EBITDA Margin (%)	27.7	31.4	28.9	29.0	30.3
EBIT	260	486	570	696	964
EBIT Margin (%)	13.1	20.8	20.3	20.1	22.2
Net Profit	128	347	488	627	843
EPS (Rs. / Share)	NA	NA	4.2	5.4	7.3
P/E (x.)	NA	NA	20.3	15.8	11.7
EV / EBITDA (x.)	NA	NA	7.5	6.0	4.6
P / B (x.)	NA	NA	1.6	1.5	1.3
RoIC (%)	5.2	13.7	21.3	19.7	25.1
RoE (%)	4.4	10.1	9.7	9.7	11.7

Scenario Analysis	Bear Case	Base Case	Bull case
FY26-28e Revenue CAGR (%)	17.0	24.4	26.4
EPS (FY28), Rs /Share	5.0	7.3	7.7
Target Price (Rs.)	96	145	162
FY28e P / E (x.)	16.2	11.7	11.2
Catalyst	a. Right shifting of some large deals resulting in lower growth b. Lower margins, with lower SaaS revenues mix		a. Stronger deal conversion driving higher operating leverage and margins

Company Overview

Excelsoft, a vertical SaaS player with over 25 years of experience, with specialization in learning and assessment solutions. It offers comprehensive solutions including end-to-end assessment and proctoring services, learning management systems for K-12, higher education, and corporate training, customised education technology services, and tailored content development for diverse educational settings.

- Long-term contracts from Marquee clients with strong EBITDA margin and growing cash flows. Notably, it is debt-free.
- Earned a strong reputation for innovative products and customised services for global clients, including educational institutions, certification agencies, corporates across major markets, including the USA, UK, Europe, Middle East, Australia and Asia.

Global Presence & Strategic Growth Initiatives

- It serves over 100 clients across North America (26), Europe & Australia (18), Asia (47), and the Middle East (11) with deep market insights
- It has strong collaboration with leading global educational institutions, corporations and government agencies.
- Its growth strategy includes adopting cutting-edge technology innovations i.e., AI/ML, cloud services, and data analytics, ensuring it stays at the forefront of education technology.

Key Business Highlights

25+ Years of Experience

19 Countries served

~11 yrs Avg Vintage of Top 10 Clients

30M+ Users

250K+ Exams Proctored

103 Clients

Marquee Clients



Investment Thesis

1

Booming SaaS, L&A sectors Signals Significant Potential TAM

- Rapid expansion of Global SaaS industry with FY30e market of ~\$730bn (~19% CAGR over FY24-30e), and
- Significant growth in Learning & Development domain (\$588bn in FY30E; at 7% CAGR) and Assessment domain (\$20bn in FY30e) suggest a strong growth.

2

Long-term Client Relationships

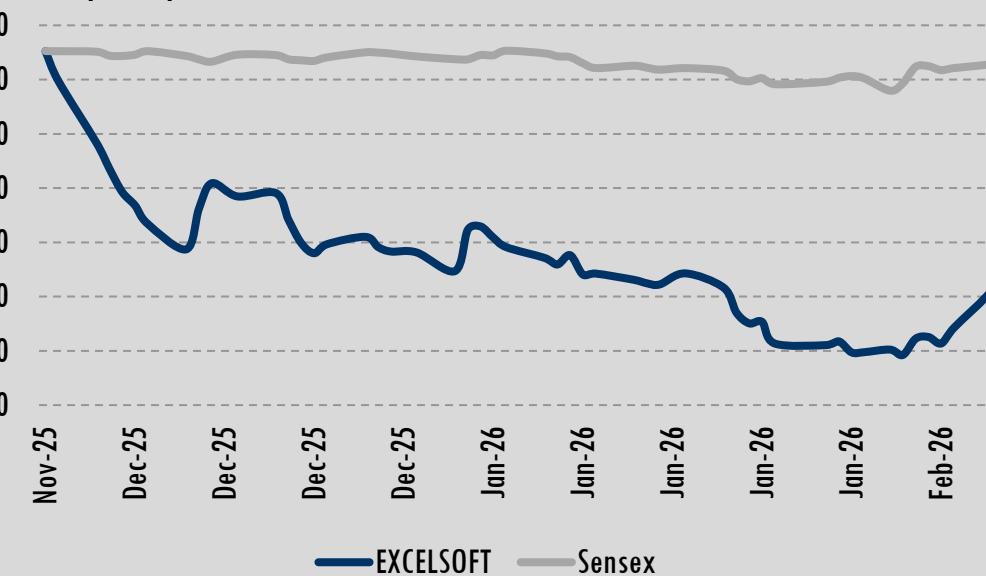
- The company maintains strong, long-term relationships with marquee clients, boasting a customer retention of 100% for its top 10 clients over the past three years with an average vintage of 11 years.

3

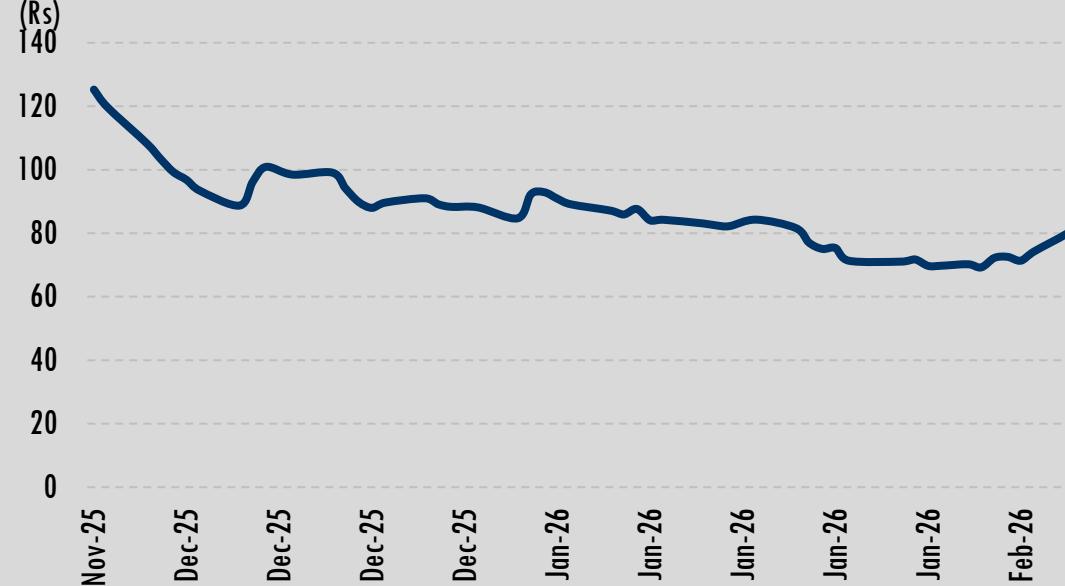
Expertise in Product Engineering, Development & Implementation

- Expertise in product engineering, development and implementation across assessments, digital learning and information management systems with robust product capabilities.

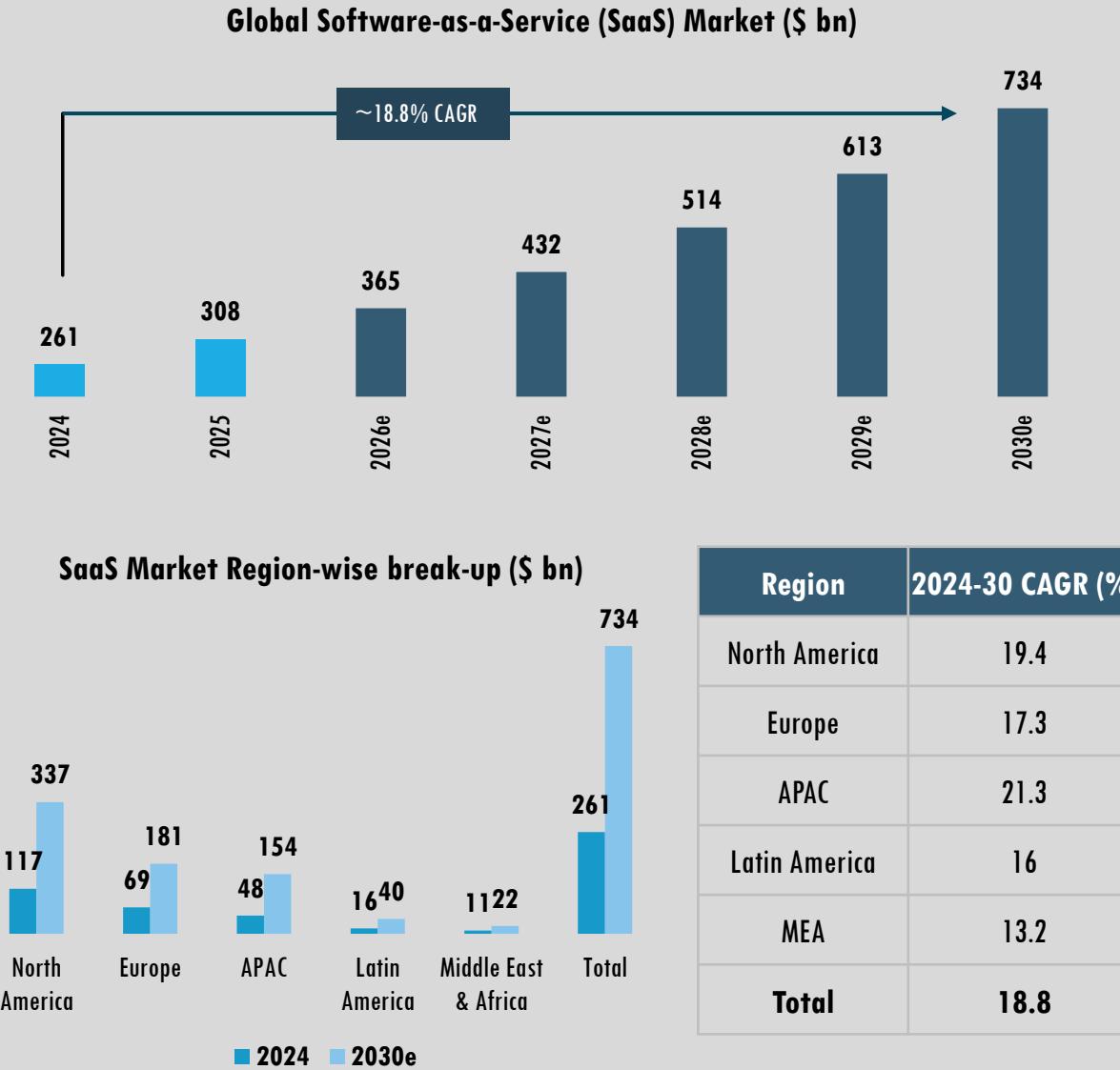
Relative price performance



Price movement (Rs)



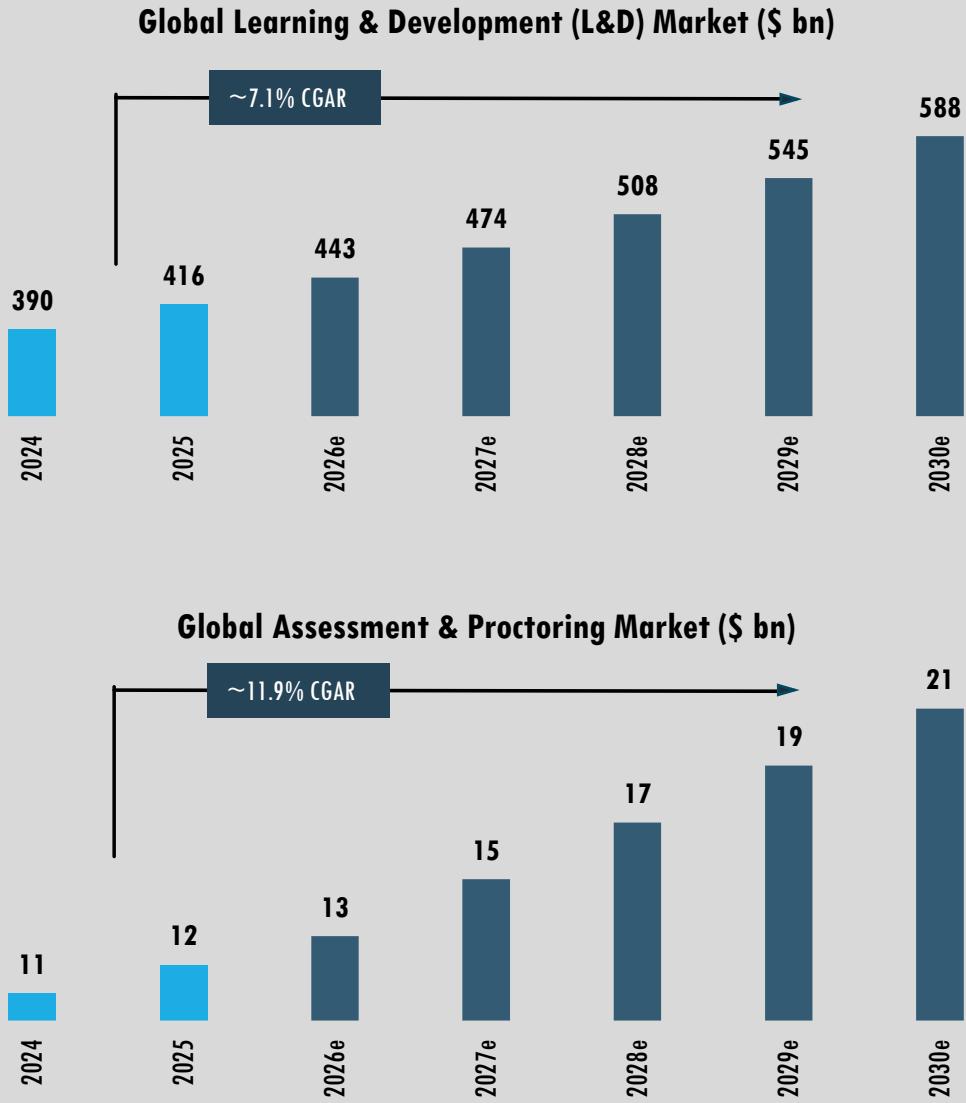
Booming SaaS, Learning & Assessment Sector Signals Significant Potential TAM (1/2)



Exposure to High Growth Verticalised B2B SaaS Play with Robust Margin Profile

- Excelsoft, with its revenue verticals in A&P Solutions and Learning & Student Success Solutions (L&SS), which contributed ~40% to its FY25e revenue, is well-positioned to capitalise on this expansion, driving both revenue growth and the acquisition of new deals.
- Globally, only 5% of SaaS industry revenue originates from India, but as the industry expands, the players like Excelsoft are poised to benefit significantly.
- This segment expected to maintain a strong EBITDA margin of ~35% and revenue growth (~30% CAGR over FY25-27e), aligning with the Rule of 40 principle – benchmark for SaaS companies – which it has historically met and plans to maintain.
- The segment has a value of 65 (Absolute EBITDA margin + revenue CAGR) vs. benchmark of 40, reinforcing the superior quality of SaaS business.

Booming SaaS, Learning & Assessment Sector Signals Significant Potential TAM (2/2)



Market Trends & Opportunities

- **L&D:** Growing usage of Learning Experience Platforms (LXPs), growing potential of GenAI tools and increased demand for Upskilling & Reskilling for the future.
- **Assessment & Proctoring:** Adoption of multimodal assessment tools, growing popularity of gamification and interactive assessment and lockdown browsers.
- **SaaS:** Increase in low-code and no-code platforms, rise of interoperability and open APIs and increase in adoption of vertical SaaS.

Long Term Relationships With Global Customers (1/2)

Strong Global Clientele

Clientele spread across USA, UK, India, Singapore, Australia, Japan, Malaysia, Saudi Arabia, UAE, and Canada.

Trusting & Consistent Value Delivery

Global customers trust in their products and services has enabled them to maintain healthy, long-term, and trustworthy business relationships.

Consultative & Customer-Centric Approach

Deep focus on Customer relationships and empathy for end users allows them to understand pain points and add value at every step.

Strategic Advantage & Growth-enabler

Long-term relationships serve as a barrier to entry for competitors and have helped grow the business and global footprint.

Loyalty, Feedback & Market Aligned

Long-term customers act as brand advocates and provide feedback that helps improve offerings and stay aligned with market trends.

Improving Client Vintage Signaling Stronger Retention, Deeper Trust, and Long-term Partnership Growth

Period	Q1FY26	Q2FY26	Q3FY26	H1 FY25	H1 FY26
Average vintage of top 10 clients (Yrs)	10.5	10.9	11.0	9.6	10.9

Long-term Relationship with Global Customers (2/2)

Excelsoft has blue chip clientele in concentrated publishing market with multi-decadal relationships.

- Established strong client relationships with Pearson, Cambridge and Oxford etc. with ~80% of its revenue derived from its Top-10 customers (~25% revenue CAGR from FY22-24)
- Pearson (its largest client) contributed 58% to revenue in FY25 and has maintained an enduring partnership with Excelsoft for over 18 years.
- Despite consolidated nature of publishing market with fewer players, Excelsoft's rising wallet share among clients is a testament of its credibility.

Customer Name	Business Category	FY22		FY23		FY24		FY25	
		INR mn	% of total						
Pearson	A&P, ETS, LDC, LSS	519	32.9	807	41.4	928	46.8	1362	58.4
Customer 2	A&P	19	1.2	144	7.4	175	8.8	61	2.6
Customer 3	A&P, LSS	3	0.2	24	1.2	43	2.2	57	2.5
Customer 4	A&P, LSS	13	0.8	41	2.1	43	2.2	47	2.0
Customer 5	LDC	24	1.5	25	1.3	22	1.1	46	2.0
Top-5 Total		578	36.6	1,041	53.4	1,213	61.1	1,574	67.5
Overall		1,579		1,951		1,983		2,333	

Top 10 customers contributing ~80% of revenue, have an average vintage of ~11 years, demonstrating the company's strong customer retention

Expertise in Product Engineering, Development and Implementation...

...across assessments, digital learning and information management systems with robust product capabilities.

Core Engineering Expertise



Expertise in product engineering, development and implementation across assessments, digital learning, and information management systems with robust capabilities.

Full Lifecycle Offerings



Offering products and services that encompass the entire lifecycle of learning and assessment, which are feature-rich, versatile, and work across the spectrum of organizations.

Deep Domain Experience



Years of product development and implementation experience, combined with a thorough understanding of customer requirements, help us deliver best-fit solutions.

Consultative Solutioning Approach



Engaging with business leaders from the solution inception stage to create effective, technology driven solutions tailored to their workflows.

Scalable Cloud-Based Systems



Products are built on sound engineering principles, architecture best practices, and user-centric design — delivering secure, reliable and cost-effective cloud-based solutions.

Legacy Migration & Business Continuity



Assist in successful migration of legacy learning and assessment applications and data into cloud environments, ensuring uninterrupted operations

Data Privacy & Security Compliance



All implementations adhere to industry best practices in data and information security, protecting user integrity and privacy as per regulations

Key Milestones

- Acquisition of partnership firm, Sudhanva Enterprises (Trade name Excel-soft)
- Winner of MS System Solution Builder Program 2003 for SARAS Assessment Management System.
- Acquisition of Freedom To Learn, as a WOS.
- Launched OpenPag
- Achieved Life Membership of Mysore Chamber of Commerce & Industry.
- Won STPI IT Export Award 2016-2017- Highest Exporter-IT: Mysuru Region.
- Developed AI-elevate
- Acquisition of Enhanced Education
- Won esteemed awards including e-Assessment Association, Brandon Hall Group, Karnataka State, STPI IT Export, CII, recognition by Microsoft, etc.
- Awarded as the Outstanding Edtech Solution Provider - Silver by ET Education.

2000-05

2006-07

2008-11

2012-13

2014-18

2019-21

2022-25

- Designed and built an assessment platform for Pearson based on SARAS.
- Built a service-oriented architecture-based platform, which was licensed through Freedom to Learn (WOS).
- Won Karnataka State Best IT Exporter Award for FY06.
- Won STPI Best IT Exports Award in FY07

- Acquisition of Meteor Online Learning (Excelsoft Technologies).
- Incorporated Excelsoft Technologies Inc. as a WOS
- Developed College SPARC
- Won Best Innovation in Pedagogical Practices at the World Education Summit 2012
- Won Inc. India Innovative 100 - Certificate of Excellence in recognition of smart innovation.

- Chartered Quality Institute (a certification body) registered under Royal Charter opted for SARAS.
- Joined as member of Indo-American Chamber of Commerce.
- Won e-Assessment Association Award 2021 for Best International Implementation.
- STPI IT Export Awards 2020-21-Best Performer: Mysuru Region

Comprehensive Suite of Products and Services

Curated Product Catalogue based on Innovative Research & Technology to Cater to Client Requirements in the field of Vertical SaaS, Learning & Assessment Market

1

Products

Assessment and Proctoring Solutions



27% of FY25 Revenue

Learning and Student Success Solutions



12.9% of FY25 Revenue

2

Services

Education Technology Services

End-to-end Product Engineering and a Range of Customised Solutions

54.5% of FY25 Revenue

Learning Design & Content Solutions

A Variety of Content-related Services i.e., Authoring, Editorial and Content Conversion.

5.6% of FY25 Revenue

Assessment and Proctoring Solutions

Secure, Scalable Platforms Enabling High-stakes Digital Examinations with Integrity



Saras E-Assessment

- Offers **end-to-end assessment** capabilities including test creation, delivery, proctoring, on-screen marking, and advanced analytics to professional sectors, awarding bodies, test publishers, educational publishers, universities, colleges, schools, and corporations.
- Scalable and secure architecture with **auto-scaling deployment** – supports enterprise, private, public, and hybrid cloud setups.
- Role-based e-Marking workflows with dashboards for examiners, team leads and automated result publishing.



EasyProctor

- **AI-enabled remote proctoring** with support for live, automated, record & review modes; flags behavior using AWS Rekognition-based risk scoring
- Fully responsive, multilingual, and device-agnostic design which flags image and video feeds into critical, medium, and low-risk observations which are timestamped and enable further review
- Real-time proctor & admin dashboard for identity verification, issue resolution, and test session management without disrupting the student experience

AI Levate: Integrating Evolving GenAI Features Across Offerings...

Excelsoft is steadily integrating AI across its offerings, with select AI-powered Features already Launched and more under Continuous Evaluation and Development

1

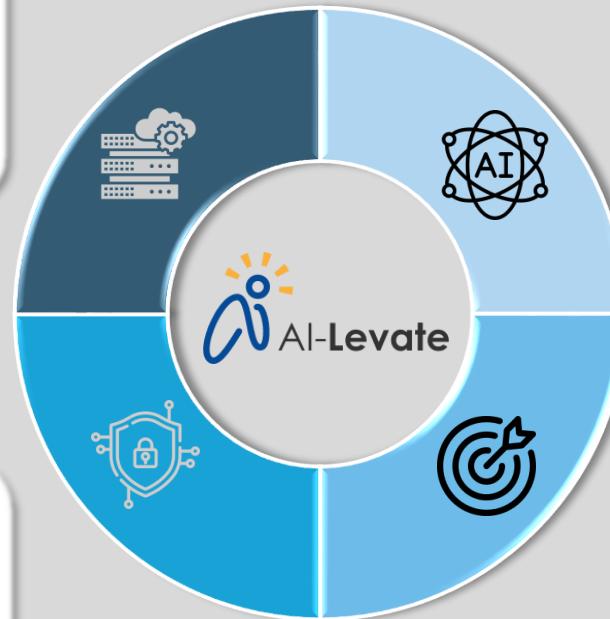
Flexible LLM Stack & Enterprise Deployment

Utilises best-fit open-source and commercial LLMs (e.g., Mistral and GPT-4), with options for on-premise or air-gapped setups for high-security environments.

2

Data-Secure, Domain-Adaptive AI

Models are trained on fully-owned, bias-screened data or customer-specific datasets. Each deployment is isolated to ensure privacy, compliance and domain relevance.



3

Modular, Plug-and-Play Architecture

A suite of AI-powered micro-apps that seamlessly integrate into existing learning, assessment, and proctoring systems, enabling incremental adoption without disrupting workflows.

4

Targeted Use Cases Across Learning Lifecycle

Offers tools like AI-driven question generation, intelligent proctoring, personalised learning and automated assessment analysis, delivering measurable efficiency and outcome improvements.

Learning & Student Success Solutions



01

- Promotes sustained engagement between students, teachers and parents.
- This comprehensive solution includes components that automate teaching and learning processes, enable teachers to deliver more effective lessons, and orient every learner towards success.



02

- End-to-end digital publishing platform helping publishers and teachers create, manage and analyse interactive content through a book-like interface.
- Supports one-click PDF to EPUB conversion, rich analytics, multi-platform publishing with complete e-textbook management and seamless integration.



03

- Unified SaaS-based Learning Experience Platform (LxP) supporting organisations in delivering various functions and workflows in learning and assessment areas.
- Offers features like self-learning, instructor-led training, quizzes, gamification and mobile apps with consistent cross-platform user experience.



04

- Activity-based Early Childhood Care and Education (ECCE) programme with weekly manuals, physical kits, digital content and parent app for holistic early childhood skill development.
- Also includes numeracy kits (Grades 3-5) and skill-based learning programmes for Grades 6-8 beyond the regular curriculum.



05

- AI-driven student success platform that guides academic planning, offers predictive insights and enables timely interventions for on-time graduation.
- Helps students make informed decisions, strengthen weak areas and improves advising consistency while optimising institutional resources.

Service Offerings

1

Educational Technology Services

High-end technology stack and deep domain knowledge enables the company to provide services the following services.



Product Engineering



Custom Solutions



Cloud Services



Data Analytics



Consulting



Accessibility Testing Services

2

Learning Design & Content Solutions

Delivered by a team of professionals with experience in instructional design, learning experience design, content design and global content standards.



Instructional Design and Strategy



Custom Content Development



Content Conversion Services



Learning Design

Key Growth Strategies (1/2)

1

Increase revenue from existing customers and acquire new customers

- Expanding to more geographies (e.g., Egypt, France, Italy, Brazil, Philippines) to diversify the client base.
- Driving higher revenue from existing customers through deeper engagement and cross-selling.
- Strengthening brand relationships by delivering modern, high-end product solutions.

2

Position the brand in the right manner

- Building long-term customer loyalty and stand out through clear, resonant messaging.
- Sustaining growth by sharpening brand visibility and positioning across touchpoints.
- Using data-driven market research to guide product development and targeted segmentation.

3

Innovate and improve the portfolio; create new products aligned to market needs

- Keeping products relevant and competitive by aligning with evolving customer needs.
- Staying updated on emerging industry trends and technologies to refresh the roadmap.
- Monitoring competitors and strengthen differentiation through a sharper USP.

4

Augment sales & marketing efforts with teams across geographies

- Setting up sales and marketing offices in new jurisdictions to expand reach and global presence.
- Building cross-regional teams to tap diverse markets and adapt offerings to local needs.

Key Growth Strategies (2/2)

5

Look for synergistic acquisition opportunities for faster expansion in education technology market

- Looking for possible opportunities to strategically invest and/or consider acquiring business in the sector.
- Strategic acquisition could lead to economies of scale, reduced operational cost, and a more consolidated service offering.

6

To venture into AI spectrum & develop AI-based products

- Build long-term customer loyalty and stand out through clear, resonant messaging.
- Sustain growth by sharpening brand visibility and positioning across touchpoints.
- Use data-driven market research to guide product development and targeted segmentation.

7

Invest In Modern Frontier Technologies

- Developing and innovating technology and processes to carve out the best of the products as required by the clients.
- This includes partnerships with reputed research-oriented academic institutions across the globe to deliver innovative products.

8

Build Strong People Culture & Accountability

- Providing sense of ownership and promote people culture and accountability in recognising inclusiveness and cohesiveness of all employees.
- Setting up specific, measurable, achievable, relevant, and time-bound goals for individuals, teams, and departments

With Global Reach Across Diverse Markets



Learning & Development (L&D) Market – Industry Overview

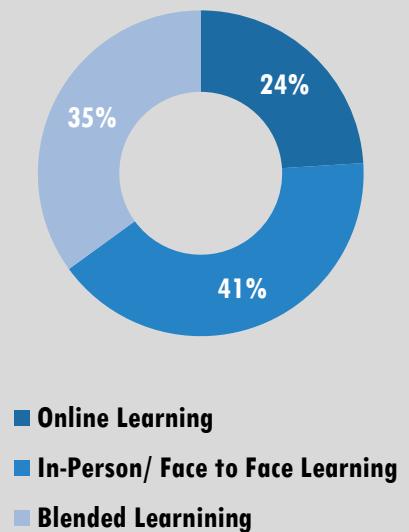
- L&D is the employee training function that builds job skills and performance through formal programmes and informal learning. It is increasingly tied to engagement, retention and productivity outcome. The core growth driver is the skills gap created by digitisation, where the employees need to be fluent in modern tools and workflows.
- L&D is shifting from ‘one-size training’ to technology-led models i.e., personalised learning journeys, mobile learning and tighter integration with day-to-day work systems. Automation displaced ~55k jobs in 2025, making reskilling a structural necessity rather than a discretionary HR spend.
- LXPs are gaining share as they prioritise personalized and user-driven learning rather than just course hosting, and large enterprises are actively evaluating or adopting them.



Global L&D market, which stood at \$390.2bn in 2024, is likely to reach \$587.6bn by 2030e (ay ~7.1% CAGR), implying steady, multi-year spend expansion.

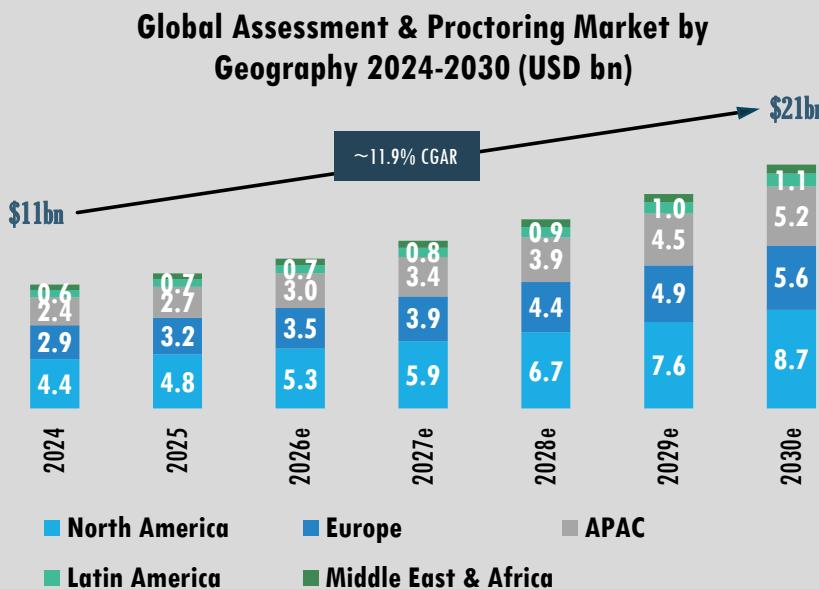
- APAC is positioned as the growth leader, led by large workforces, rapid digital adoption, e-learning scalability and government skilling programmes (e.g., Skill India and SkillsFuture).
- North America is a mature market, with demand concentrated around technology-driven upskilling, hybrid learning, and analytics-led measurement of training effectiveness and RoI.
- Europe benefits from strong policy support for lifelong learning and reskilling with hybrid work accelerating adoption of digital tools.

Global L&D Market Break-up by Delivery Method (USD bn) (CY24)



Assessment & Proctoring Market – Industry Overview

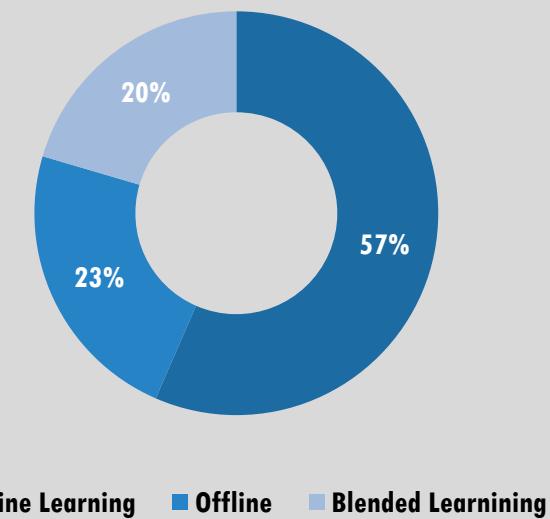
- Online assessments are scaling because they remove location constraints and allow thousands of candidates to test simultaneously, while offline persists where infrastructure is limited or physical observation is required.
- The providers monetise through subscriptions, pay-per-test, integrations/customisation, analytics add-ons, and content services across education, enterprises and certification bodies.
- In assessment, AI enables adaptive testing, faster grading (including written responses via language models), and instant feedback, while identifying the skill gaps for targeted remediation. In proctoring, AI monitors webcam/mic/screen signals to flag suspicious behaviour and can add identity checks (biometrics, keystroke/voice patterns).
- **Value proposition is Clear: Higher Scale, Faster Results, Lower Cost (vs. Physical Centers), and Stronger Exam Integrity for High-stake tests.**



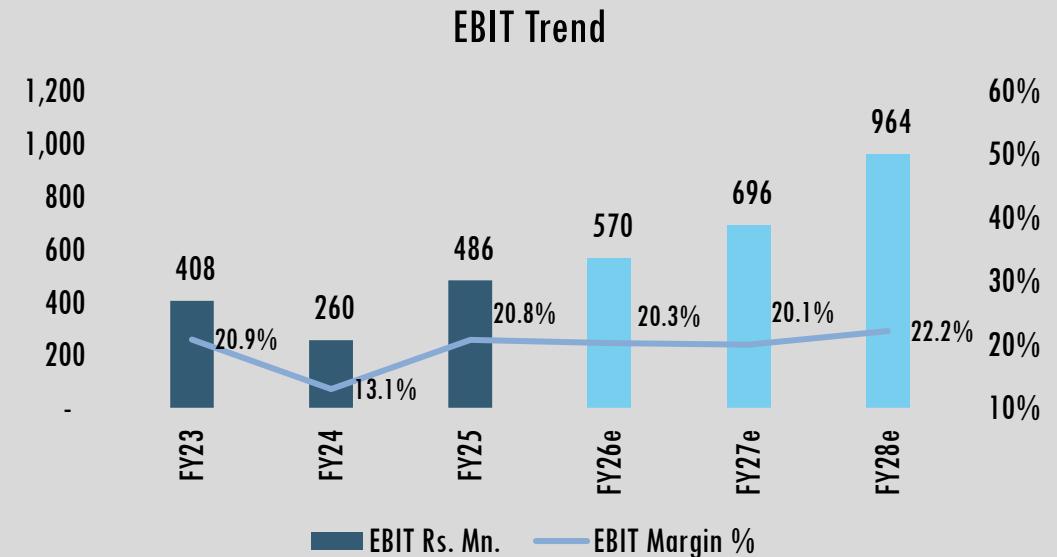
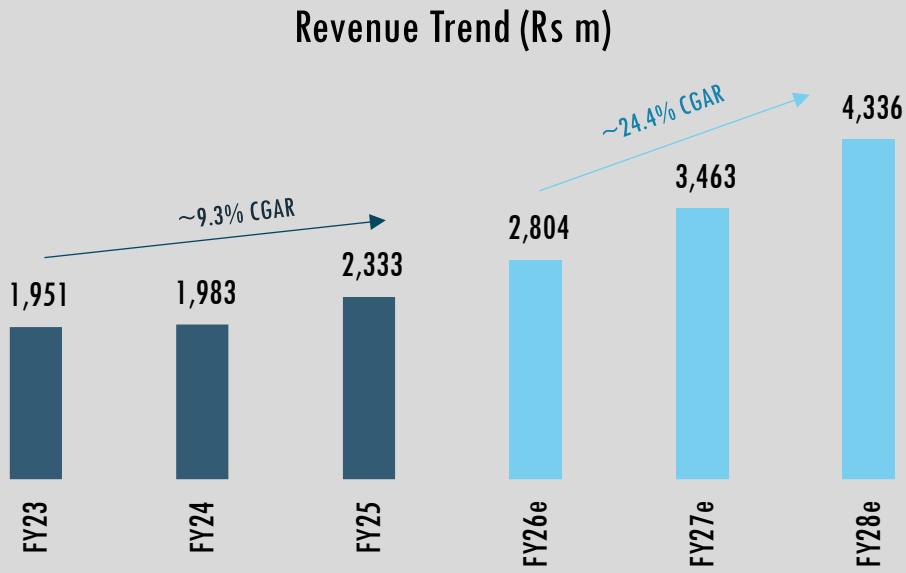
Global A&P market, which was valued at \$10.8bn in 2024, is likely to reach \$21.2 bn by 2030 (at 11.9% CAGR)

- North America is the largest and most mature market, driven by widespread online education and corporate certifications with AI-based proctoring scaling secure remote testing.
- Growth in Europe is led by blended learning and professional/language certifications, with strong emphasis on GDPR-compliant, high-integrity assessment platforms.
- APAC is the fastest scaling region, as the governments and enterprises digitise education and certifications, with mobile-first delivery and AI proctoring accelerating adoption.

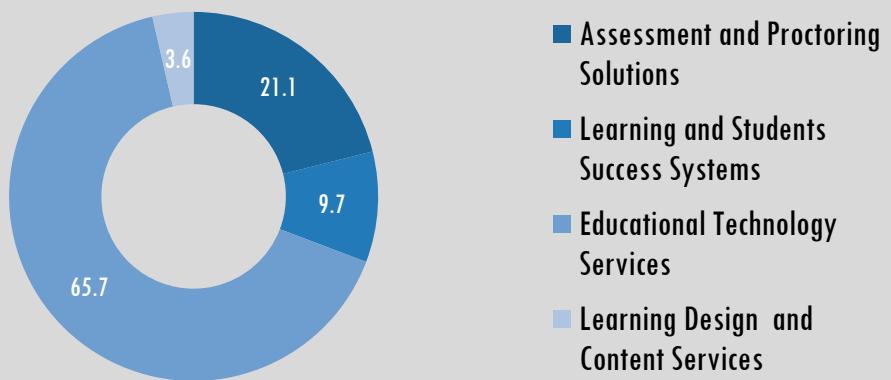
Global Assessment & Proctoring Market by Delivery Method (USD bn) in CY24



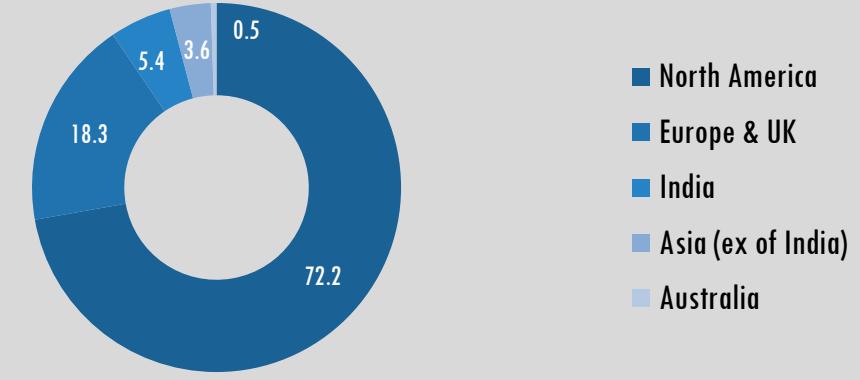
Story in Charts (1/2)



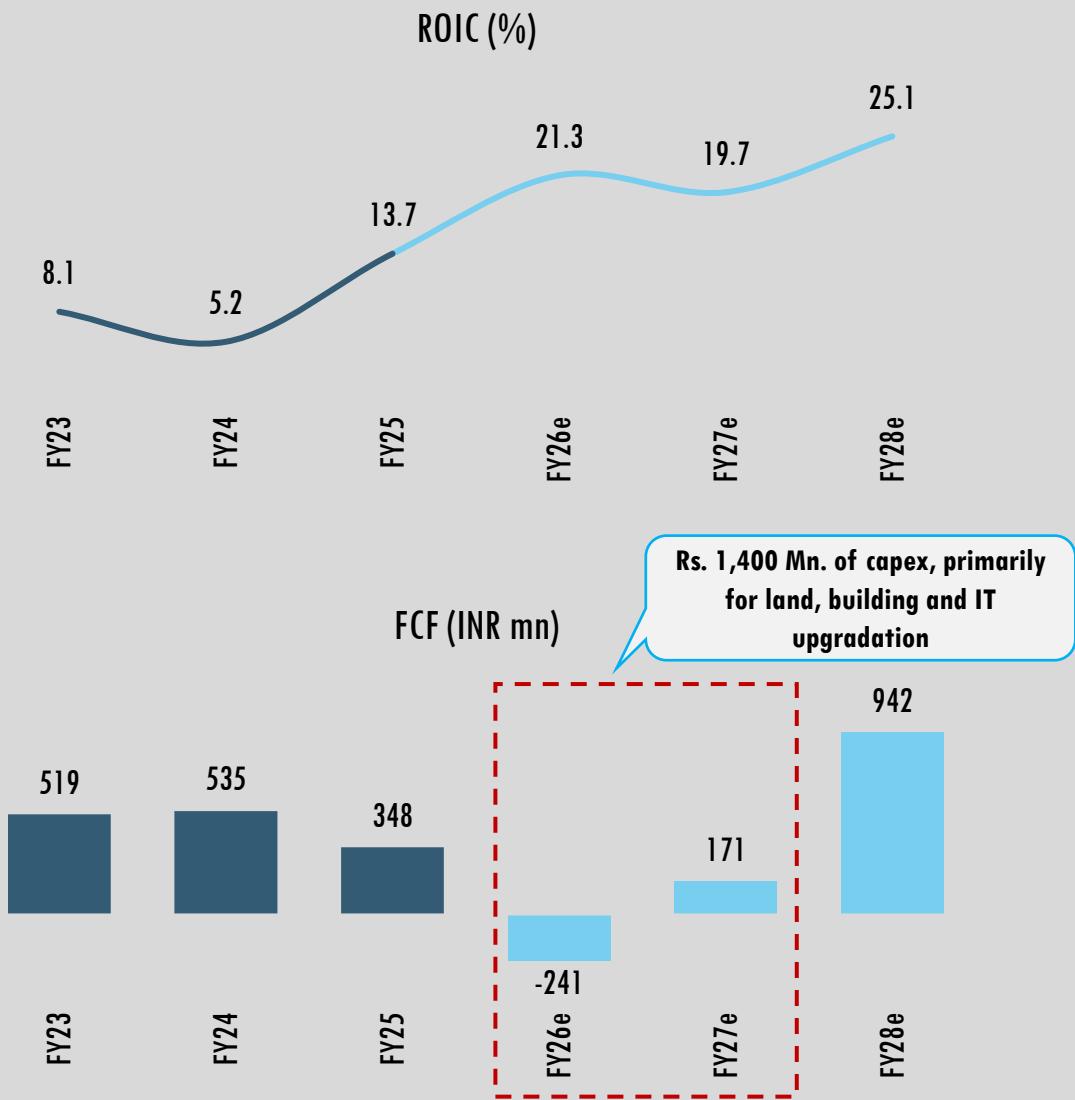
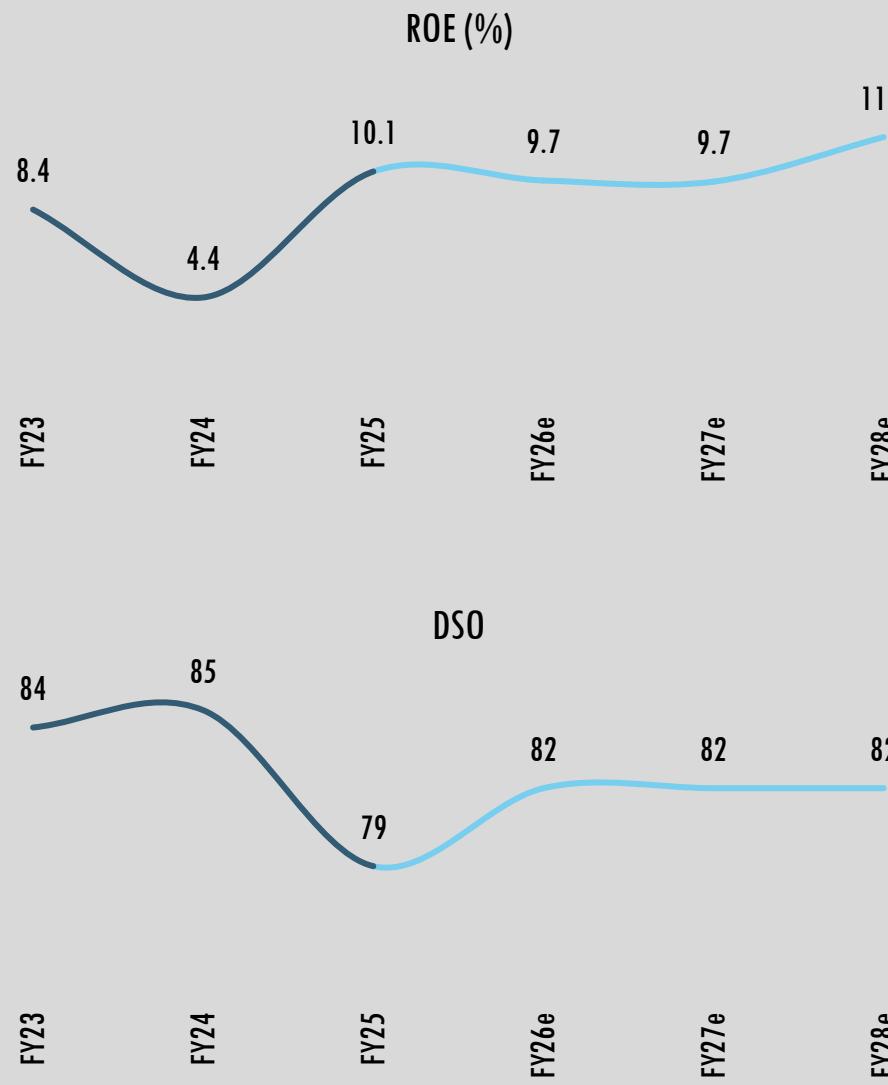
Q3FY26 Vertical Break-up (%)



Q3FY26 Geographic Break-up (%)



Story in Charts (2/2)



High cash in books weighs on the return metrics, with RoIC reflecting operating returns. FCF in FY26e and FY27e weighed by high capex investments

Quick Glance: Financials

Key financials

Fig 1 – Income statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenues (US\$m)	22	26	31	39	49
Growth (%)	1.6	17.6	20.2	23.5	25.2
Net revenues (Rs m)	1,983	2,333	2,804	3,463	4,336
Employee & Direct Costs	763	904	1,094	1,364	1,676
Gross Profit	1,220	1,429	1,710	2,099	2,660
Gross Margin %	61.50	61.24	61.00	60.62	61.35
SG&A	670	696	900	1,096	1,347
EBITDA	550	733	811	1,003	1,313
EBITDA margins (%)	27.7	31.4	28.9	29.0	30.3
- Depreciation	290	246	240	308	349
Other income	24	155	171	188	206
Interest Exp	101	46	48	46	44
PBT	183	596	652	837	1,127
Effective tax rate (%)	30	42	25	25	25
+ Associates/(Minorities)	-	-	-	-	-
Net Income	128	347	488	627	843
WANS	NA	NA	115	115	115
FDEPS (Rs/share)	NA	NA	4.2	5.4	7.3

Fig 2 – Balance sheet (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	16	1,001	1,001	1,001	1,001
Net worth	2,973	3,876	6,165	6,791	7,634
Total debt (incl. Pref)	767	266	266	266	266
Minority interest	-	-	-	-	-
DTL/(Asset)	-8	41	41	41	41
Capital employed	3,733	4,183	6,471	7,098	7,941
Net tangible assets	2,247	315	1,059	1,528	1,412
Net Intangible assets	1,113	1,071	1,045	1,031	1,022
Goodwill	-	124	124	124	124
CWIP (tang. & intang.)	-	-	-	-	-
Other Long term Assets/(Liabilities)	-16	-229	-255	-295	-343
Investments (Financial)	1	33	33	33	33
Current Assets (ex Cash)	637	760	892	1,066	1,296
Cash	49	2,528	4,036	4,155	5,045
Current Liabilities	298	420	462	544	648
Working capital	340	341	430	521	648
Capital deployed	3,733	4,183	6,471	7,098	7,941
-	-	-	-	-	-
-	-	-	-	-	-

Fig 3 – Cash Flow statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	183	596	652	837	1,127
+ Non-cash items	437	151	280	346	385
Operating profit before WC	621	747	932	1,183	1,512
- Incr. / (decr.) in WC	-2	-27	-51	-38	-63
Others incuding taxes	-60	-198	-164	-211	-284
Operating cash-flow	558	522	717	935	1,165
- Capex (tangible + Intangible)	157	174	957	764	223
Free cash-flow	401	348	-241	171	942
Acquisitions	-	-125	-	-	-
- Dividend (including buyback & taxes)	-	-	-	-	-
+ Equity raised	-	2	1,800	-	-
+ Debt raised	2	133	-	-	-
- Fin Investments	5	-129	-	-	-
- Misc. Items (CFI + CFF)	516	448	52	52	52
Net cash-flow	-118	38	1,508	119	890

Fig 4 – Ratio analysis

Year end Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	NA	NA	20.3	15.8	11.7
EV/EBITDA (x)	NA	NA	7.5	6.0	4.6
EV/sales (x)	NA	NA	2.2	1.7	1.4
P/B (x)	NA	NA	1.6	1.5	1.3
RoE (%)	4.4	10.1	9.7	9.7	11.7
RoCE (%) - After tax	6.8	10.6	8.5	8.1	10.0
RoIC (%) - After tax	5.2	13.7	21.3	19.7	25.1
DPS (Rs per share)	-	-	-	-	-
Dividend yield (%)	-	-	-	-	-
Dividend payout (%) - Inc. DDT	-	-	-	-	-
Net debt/equity (x)	0.2	-0.6	-0.6	-0.6	-0.6
Receivables (days)	85	79	82	82	82
Inventory (days)	-	-	-	-	-
Payables (days)	19	16	17	17	17
CFO:PAT%	437	151	147	149	138
FCF:PAT% - includ M&A payout	315	64	-49	27	112

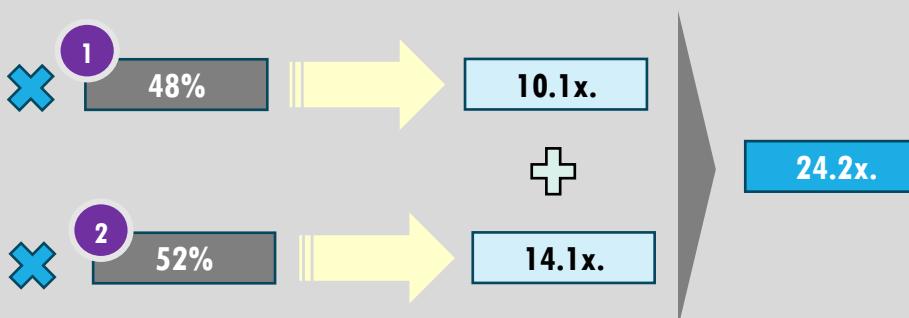
Excelsoft: Valuation Multiple Rationale

	Key Metrics	Unit	Intellect	Newgen	OFSS	Median
Share Price	Rs.	878.0	573.0	7780		
# Shares	# Mn.	146.1	145.2	87.6		
Market Cap	Rs. Mn.	1,28,252	83,206	6,81,461		
Gross Debt	Rs. Mn.	0.0	0	0		
(-) Cash & Eq.	Rs. Mn.	(9,279.1)	(9,821.8)	(38,516.0)		
EV	Rs. Mn.	1,18,973	73,384	6,42,945		
EPS						
FY26e	Rs. / Share	22.0	24.1	293.6		
FY27e	Rs. / Share	29.5	28.1	334.6		
FY28e	Rs. / Share	36.9	32.4	370.5		
Product / Subscription Business						
FY26e P/E	x.	39.9x.	23.8x.	26.5x.	26.5x.	
FY27e P/E	x.	29.8x.	20.4x.	23.3x.	23.3x.	
FY28e P/E	x.	23.8x.	17.7x.	21.0x.	21.0x.	
Midcap IT (AR Coverage)						
FY26e P/E	x.				40.0x.	
FY27e P/E	x.				32.1x.	
FY28e P/E	x.				27.0x.	

Key Considerations:

Assuming FY28e product business accounting for 48% of revenues with the rest driven by services:

- 1 Product business FY28e P/E multiple is arrived at the median of Intellect Design, Newgen and OFSS.
- 2 Services business FY28e P/E multiple is the median P/E of mid-cap IT coverage.



Applying 20% discount (scale and customer concentration) to weighted average multiple of 24.2x; amounts to FY28e implied PE of 19x.

Valuation

We expect strong growth coupled with margin expansion to drive re-rating.

- We expect EBIT margin to improve 190bps over FY26-28e to 20.3-22.2%, with EPS CAGR of 31.4% over FY26e-28e.
- At CMP, the stock trades at FY27e/28e P/E of 15.8x/11.7x.
- Our TP of Rs145, implies ~70% upside from the CMP of Rs 86 as on 23rd Jan-26).

S.No	Valuation Methodology	Assumptions	Intrinsic value (Rs)	Target Price (Rs)
(1)	Multiples method	We apply a 19x ¹ FY28e P/E multiple to FY28e EPS of Rs 7.3	Rs139.2	
(2)	DCF (base case)	<ul style="list-style-type: none"> • 15-year DCF, with terminal growth rate of 5.0% • FY25-30 revenue CAGR (base case): 22.3% • WACC: 16.9% 	Rs151.4	
	Overall	50% weight to (1) & (2) each to arrive at TP		Rs145

DCF Assumptions		Unit					
Valuation Date			31-Dec-25				
WACC	%	16.9					
TGR (Terminal Growth)	%	5					
Risk free rate	%	6.7					
ERP (Eq. Risk Premium)	%	6.8					
Beta		1.5					
Capital Structure		Unit					
Eq. (% of Total Capital)	%	100					
Debt (% of Total Capital)	%	0					
Cost of Equity	%	16.9					
Cost of Debt	%	10					
Implied Share Price Sensitivity (Base Case)							
			Terminal Growth Rate (%)				
			4%	4.5%	5%	5.5%	6%
WACC (%)	14.9%	159	160	162	164	166	
	15.9%	150	151	153	154	155	
	16.9%	144	144	145	146	147	
	17.9%	138	138	139	140	141	
	18.9%	133	133	134	135	135	

¹ 20% discount to the weighted average multiple of 24.2x (FY28e P/E multiple for the - Product business arrived basis median of Intellect Design, Newgen and OFSS, & Services business arrived basis the median P/E of the mid cap IT coverage)

Key Risks

1

Segmental Revenue Volatility

- **Volatility of revenue and margins across segments, over the last 3 years, may weigh on the company, going forward**
- **However, we draw comfort from the recurring nature of revenue coupled with the average tenure of relationship of ~11 years with Top-10 clients.**

2

High Client Concentration

- **Client concentration with Pearson (~58% of FY25 revenue), and Top-10 customers being 80% of revenue coupled with declining sales in ex-Top-10 customers.**
- **Recurring nature of revenue coupled with tenured relationship with Top-10 customers mitigates this risk to some extent.**

3

Inorganic Strategy Impacting Margin; Success Contingent on Integration

- **Integration of the proposed acquisitions (given the tentative acquisitions may be in the US/Europe) with impact on margin, going forward, given the high sales investments required to drive revenue in these geographies.**

Competent Senior Management with Deep Domain Expertise

Dhananjaya Sudhanva, CMD



- Mr. Dhananjaya Sudhanva, who founded the company as an education-focused technology firm, and has over 32 years of experience in the IT industry.
- He is the key guiding force behind decision-making and overall business operations.
- He holds engineering degree from University of Mysore and MS in Electrical Engineering from Worcester Polytechnic Institute.



Shruthi Sudhanva, Whole-time Director

- Ms. Shruthi Sudhanva has over 10 years of experience and is responsible for strategic planning, market intelligence, and new business initiatives.
- She is BE in Computer Science & Engineering from Shri Jayachamarajendra College of Engineering and a Master's in Computer Science from the University of Illinois Urbana-Champaign.
- She also serves as a Director at Enhanced Education.



Jambardi R. Maheshkumar, COO

- Mr. Maheshkumar has over 27 years of experience, Currently, he serves as COO.
- He is a BE in Mechanical Engineering and also holds a Master of Technology in Computer Science & Engineering and Master of Science in Systems Science.

Prashanth H.M. (Head of Strategy)



- Mr. Prashanth has been associated with the company since inception with over 27 years of experience.
- He is a BE Engineering in Mechanical Engineering from University of Mysore and MBA from Sikkim Manipal University.



Adarsh M.S. (VP – Products & Innovation)

- Mr. Adarsh has over 12 years of experience. Presently, he serves as VP (Products and Innovation).
- He is a BE in Engineering from Visveshwaraiah Technological University and a Masters in Computer Science from University of Chicago Urbana-Champaign.



Ajay R. Kulkarni, Head of Business Development

- Mr. Kulkarni currently serves as Head of Business Development. He is having an overall experience of over 27 years
- He is a BE in Mechanical Engineering Kuvempu University.

Subramaniam Ravi, CFO



- Mr. Ravi has over 22 years of work experience. Currently, he serves holds a degree of B. Com from Bharathidasan University.
- He is a member of the ICA.



Venkatesh Dayananda, CS & Compliance Officer¹

- Mr. Dayananda has over 20 years of experience. Currently, he serves as CS and Compliance Officer.
- He is a member of Institute of Company Secretaries of India. He is a B. from Bangalore University.



Shivakumar Srikantaiah, Head – Support Functions

- Mr. Srikantaiah has been working with the company since inception. Currently, he serves as Head of Support Functions.
- He is a BE in Mechanical from University of Mysore and a Master of Technology in Management & Systems from IIT, New Delhi

Board of Directors

Mr. Dhananjaya Sudhanva (CMD)	<ul style="list-style-type: none">Mr. Sudhanva established the company as an education-focused technology firm delivering innovative, tech-enabled solutions. He has over 32 years of experience in the IT industry.He is the key guiding force behind corporate decision-making and overall business operations, with primary responsibility for technology and sales.He holds engineering degree from the University of Mysore and MS in Electrical Engineering from Worcester Polytechnic Institute.
Ms. Shruthi Sudhanva (Whole-time Director)	<ul style="list-style-type: none">Ms. Sudhanva has over 10 years of experience and is responsible for strategic planning, market intelligence, and new business initiatives.She is a BE in Computer Science & Engineering from Shri Jayachamarajendra College of Engineering and a Master's in Computer Science from the University of Illinois at Urbana-Champaign and also serves as a Director at Enhanced Education.
Mr. Colin Hughes (Non-Executive Director)	<ul style="list-style-type: none">Mr. Hughes has been associated with the company since Sep-2010. He is an MA from the University of Oxford with ~20 years of experience across education, publishing and media.Currently, he serves as CEO of AQA Commercial Services. Previously, he held leadership and board roles at Guardian Professional, Learnthings, Collins Learning, Teachercentric, AQA Education and served as Director at Alphaplus Consultancy and Training Qualifications UK.Currently, he serves as Pro-Chancellor of Middlesex University and Board Governor of Staffordshire University.
Ms. Lajwanti Sudhanva (Non Executive Director)	<ul style="list-style-type: none">Ms. Sudhanva, a B.Sc. in Botany/Marine Science from Goa University, has been associated with the Company since Sept-2008.She oversees CSR initiatives with a focus on education-related programmes and employee welfare.She also serves as director of Pedanta Technologies.
Dr. Desiraju Srilakshmi (Independent Director)	<ul style="list-style-type: none">Ms. Srilakshmi has over 10 years of experience in scientific research and entrepreneurship. She is the recipient of 'Businesswoman of the Year' (2013-14) from eMERG.She holds a Ph.D. in Chemistry from Vikram University, along with M.Phil. (Chemistry) and an MBA in Technology Commercialization from the University of Alberta, Canada.Formerly, she was a Project Associate at National Chemical Laboratory and Research Associate at IISc. She also served as Director at Triphase Pharmaceuticals and Co-founder of Probiodata Innovations.
Mr. Shivkumar Pundaleeka Divate (Independent Director)	<ul style="list-style-type: none">Mr. Divate has ~38 years of experience in finance and education management. He is a B.E. in Civil Engineering, M. Tech in Industrial Structures, ME in Engineering Management and Ph.D. (Commerce) from the University of Mysore, an M.Sc. in IT from Karnataka State Open University. He is a qualified CFA and member of the Council of Chartered Financial Analysts since 1997.Formerly, he was associated with Hindustan Photo Films Manufacturing, Karnataka State Financial Corporation, and SJCE Science & Technology Entrepreneurs Park, Mysore.Currently, he serves as CEO for Dubai institutions of JSS Education Foundation.
Dr. Arun Kumar Bangarpet Venkataramanappa (Independent Director)	<ul style="list-style-type: none">Dr. Venkataramanappa has ~24 yrs. of experience in anesthesiology and critical care. He is an MBBS and Diploma in Anesthesiology, DNB (Anesthesiology) and Executive General Management Programme from IIM Bangalore.Previously, he was associated with Bhanavi Hospital and Bassappa Memorial Hospital, Mysore.Currently, he is practicing as Consultant Anesthesiologist at Apollo BGS Hospitals, Mysore.

Appendix

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