Hexaware Technologies

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	HEXT IN
Equity Shares (m)	611
M.Cap.(INRb)/(USDb)	281.4 / 3
52-Week Range (INR)	900 / 400
1, 6, 12 Rel. Per (%)	-5/-27/-33
12M Avg Val (INR M)	656
Free float (%)	25.7

Financials & Valuations (INR b)

Y/E Mar	CY25	CY26E	CY27E
Sales	134.3	155.2	171.8
Adj. EBIT Margin (%)	14.0	13.5	13.8
Adj. PAT	14.3	15.2	17.4
Adj. EPS (INR)	23.1	24.6	28.1
EPS Gr. (%)	19.6	6.4	14.6
BV/Sh. (INR)	103.7	116.2	130.4
Ratios			
RoE (%)	23.5	23.1	23.1
RoCE (%)	19.6	17.9	19.5
Payout (%)	49.0	50.0	50.0
Valuations			
P/E (x)	20.0	18.8	16.4
P/BV (x)	4.4	4.0	3.5
EV/EBITDA (x)	11.5	10.0	8.6
Div Yield (%)	2.5	2.7	3.1

Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	74.3	74.3	74.7
DII	15.0	11.3	9.1
FII	4.5	8.4	10.6
Others	6.2	6.0	5.7

FII Includes depository receipts

CMP: INR461 TP: INR570 (+24%) Buy

A better setup expected from 2Q onwards

CY26 growth floor maintained; ramp-ups and AI-led wins expected to aid growth

- Hexaware Technologies (HEXT) reported revenue of USD389m in 1QCY26, down 0.3% QoQ in CC terms vs. our estimate of 0.5% QoQ CC. Healthcare & Insurance and Professional services increased 10.1%/1.0% QoQ in USD terms, whereas Travel and Transportation and Banking declined 8.6%/7.9% QoQ. The Adj. EBIT margin stood at 13.3%, above our estimate of 11.9%. Adj. PAT declined 5.8% QoQ/ 0.6% YoY to INR3.2b (our est. of INR3.1b).
- HEXT maintained its CY26 guidance of baseline revenue growth of 7.6%, with 13–14% EBIT margins.
- For 1QCY26, revenue/Adj. EBIT increased 12.6%/5.7%, while PAT declined 0.6% YoY (in INR terms). In 2QCY26, we expect revenue/Adj. EBIT to grow 17.1%/4.7% YoY, while PAT is expected to decline 2.2% YoY. The LTM OCF-to-NI ratio stood at 125.1% in 1QCY26. **We reiterate our BUY rating with a TP of INR570 (based on 20x CY27E EPS), implying ~24% potential upside**.

Our view: Better-than-expected margins despite large deal ramp-up cost

- **Growth acceleration expected from 2Q onward:** HEXT reported -0.3% QoQ revenue growth in 1QCY26, as underlying volume growth of ~USD3m was offset by seasonal furloughs and lower billing days. Management expects **these headwinds to reverse meaningfully from 2Q onward.** We think commentary around deal ramp-ups and demand visibility was incrementally better, with confidence around entering a more sustained growth phase supported by already won deals. **The company also reiterated its CY26 baseline revenue growth floor of 7.6% YoY USD.**
- We are building in QoQ CC growth of 5.0%/5.8% for 2Q/3QCY26E, driven by large deal ramp-ups, reversal of seasonal headwinds, and improving contribution from consolidation wins. While 4Q is expected to remain seasonally weaker, management indicated the quarter should hold up better than earlier years due to stronger deal execution and ramp-up visibility. **We estimate USD revenue growth of ~7.8% YoY in CY26E.**
- **Large deal momentum healthy; consolidation wins to aid 2H growth:** HEXT reported one of its strongest deal quarters, with wins across outsourcing, vendor consolidation, AI-led transformation, and GCC setup mandates. The large global bank consolidation win was the key positive surprise of the quarter, **with meaningful volume ramp-up expected in 2HCY26.** Commentary suggests that deal conversion timelines are improving, particularly in AI-led engagements, where clients are seeking measurable productivity benefits. We believe these wins improve revenue visibility into 2HCY26.
- **AI moving from experimentation to revenue opportunity:** Management highlighted AI in SDLC as the single-largest driver of current deal activity, with clients increasingly pushing for productivity-linked outcomes. Unlike earlier phases, where AI discussions were largely exploratory, **we think enterprises are now moving toward implementation-led spending.**

Abhishek Pathak - Research Analyst (Abhishek.Pathak@MotilalOswal.com)
Keval Bhagat - Research Analyst (Keval.Bhagat@MotilalOswal.com)

- **The company identified 12 AI-led opportunity areas,** which management believes are incremental rather than cannibalistic to existing revenues**. While AI-led deflation across ADM, testing, and traditional software work remains a key monitorable for the sector**, we think HEXT's strategy of participating in client productivity gains and building new AI-led revenue streams could help offset part of this pressure over time.
- **Margins stable despite ramp-up costs; expansion expected in 2H:** Adj. EBIT margin came in at 13.3% in 1QCY26, above consensus and our estimates. Margin headwinds from large deal ramp-ups, lower calendar benefits, and recurring labor code impacts were offset by FX gains and operational improvements. **Management maintained its CY26 EBIT margin guidance of 13–14%,** and indicated that margins are expected to expand as large deals mature through 2H. **We estimate EBIT margins of ~13.8% for CY26.**

Valuation and view

- While 1QCY26 revenues remained impacted by seasonal furloughs and lower billing days, management commentary around deal ramp-ups and conversion timelines was incrementally better. We think HEXT is entering a phase where already-won consolidation deals and AI-led engagements start contributing more meaningfully from 2Q onward, improving growth visibility through H2CY26.
- HEXT maintained its EBIT margin guidance of 13–14% despite continued investments in large deal transitions and AI capabilities, with management expecting margin expansion through 2H as deals mature. **We largely maintain our estimates and reiterate our BUY rating with a TP of INR570 (based on 20x CY27E EPS), implying ~24% upside.**

Revenues in line with our estimates and beat on margins; maintains its CY26 guidance of baseline revenue growth of 7.6%, with 13–14% EBIT margins

- HEXT's USD revenue came in at USD389m, declining 0.3% QoQ in CC terms vs. our estimates of a decline of 0.5% QoQ CC.
- HEXT maintained its CY26 guidance of baseline revenue growth of 7.6%, with 13–14% EBIT margins.
- In terms of geographies, Asia was down 8% QoQ, and Europe grew 1.3% QoQ in USD terms.
- Healthcare & Insurance and Professional services increased 10.1%/1.0% QoQ in USD terms, whereas Travel and Transportation and Banking declined 8.6%/7.9% QoQ.
- EBIT margin stood at 13.3%, above our estimate of 11.9%.
- Adj. PAT was down 5.8% QoQ/0.6% YoY to INR3.2b (our est. of INR3.1b).
- The headcount declined to 33,798 (down 0.1% QoQ) in 1QCY26. Attrition (LTM) increased by 10bp QoQ to 11.1%. Utilization was up 180bp QoQ to 82.6%.

Key highlights from the management commentary

- Demand environment continues to improve; management expressed confidence in entering a phase of sustained growth, with 2Q results expected to validate the underlying momentum.
- Management reaffirmed the growth floor of 7.6% USD YoY (CY25 base) for CY26; current growth is underpinned by deals already won, with upside pathways identified to be discussed post 2Q.

- Calendar and furlough impacts are seasonal in nature and are expected to reverse materially from 2Q onward, providing a visible growth tailwind.
- Management expects growth to accelerate sequentially from 2Q and into 3Q, with 4Q expected to remain seasonally weaker but holding up better than prior years due to deal ramp-ups.
- 34 clients now contribute over USD10m in annual revenues, with two clients added on a sequential basis and four on a YoY basis, a key indicator of broad-based account growth and deepening wallet share.
- Management strategy targets launching one new service every month (new or relaunched); this cadence has been maintained thus far and is expected to continue, expanding the 12 AI opportunity streams over time.
- AI deflation has been acknowledged and already budgeted into CY26 guidance; management sees new opportunity streams (zero license, legacy modernization, AI for business) more than offsetting the deflation.

Quarterly Performance (INR m)

Y/E March	CY25				CY26E				CY25	CY26E	Est.	Var. (% /
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QCY26	bp)
Revenue (USD m)	372	382	395	389	389	407	430	432	1,537	1,658	387	0.5
QoQ (%)	-0.2	2.9	3.3	-1.4	-0.1	4.7	5.8	0.3			-0.6	46bp
Revenue (INR m)	32,079	32,607	34,836	34,782	36,130	38,173	40,387	40,508	1,34,304	1,55,197	35,276	2.4
YoY (%)	16.7	11.1	11.1	10.3	12.6	17.1	15.9	16.5	12.2	15.6	10.0	266bp
GPM (%)	41.9	42.5	43.1	41.3	40.6	41.5	42.0	42.0	42.2	41.6	41.3	-69bp
Other (%)	25.5	25.1	25.8	25.5	24.8	25.0	25.3	25.5	25.5	25.2	26.4	-159bp
EBITDA	5,278	5,676	6,013	5,498	5,708	6,298	6,745	6,684	22,465	25,435	5,256	8.6
EBITDA Margin (%)	16.5	17.4	17.3	15.8	15.8	16.5	16.7	16.5	16.7	16.4	14.9	90bp
EBIT	4,543	4,924	5,124	4,261	4,801	5,153	5,533	5,469	18,852	20,956	4,198	14.4
EBIT Margin (%)	14.2	15.1	14.7	12.3	13.3	13.5	13.7	13.5	14.0	13.5	11.9	139bp
Other income	-180	-196	-157	-409	-337	-153	-81	-41	-942	-611	0	
PBT	4,363	4,728	4,967	3,852	4,464	5,001	5,452	5,428	17,910	20,345	4,198	
ETR (%)	25.0	18.9	25.5	10.4	27.2	25.0	25.0	25.0	20.4	25.5	25.0	215bp
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			0.0	
Reported PAT	3,271	3,798	3,699	2,916	3,516	3,750	4,089	4,071	13,684	15,427	3,148	11.7
QoQ (%)	2.0	16.1	-2.6	-21.2	20.6	6.7	9.0	-0.4			8.0	
YoY (%)	17.2	38.3	23.4	-9.1	7.5	-1.2	10.5	39.6	21.4	6.4	-3.7	
Extra-ordinary items	0	36	0	535	-264	0	0	0	571	-264	0	
Adj. PAT	3,271	3,834	3,699	3,451	3,252	3,750	4,089	4,071	14,256	15,163	3,148	
Adj. EPS (INR)	5.3	6.2	6.0	5.6	5.3	6.1	6.6	6.6	23.1	24.6	5.1	3.3

Exhibit 1: Banking and Travel declined sequentially in 4Q

Verticals(QoQ, %)	1QCY24	2QCY24	3QCY24	4QCY24	1QCY25	2QCY25	3QCY25	4QCY25	1QCY26
Financial Services	8.6	5.2	5.3	3.9	4.6	1.2	2.0	0.1	-1.8
Healthcare and Insurance	3.1	6.3	8.5	-2.3	-1.5	2.2	11.3	-9.0	10.1
Manufacturing and Consumer	4.0	7.2	-4.4	-6.9	0.2	-0.7	16.5	-0.7	-1.7
Hi-Tech and Professional Services	7.9	9.2	15.9	1.3	-22.4	25.3	-8.7	-19.2	1.0
Banking	3.7	4.2	1.4	5.0	-11.4	13.5	4.1	11.1	-7.9
Travel and Transportation	-0.9	6.3	14.2	-7.5	9.2	7.1	-9.9	5.2	-8.6

Source: Company, MOFSL

Exhibit 2: APAC declined sequentially in 4Q

Geography(QoQ, %)	1QCY24	2QCY24	3QCY24	4QCY24	1QCY25	2QCY25	3QCY25	4QCY25	1QCY26
America	5.4	9.1	5.5	2.3	0.5	1.7	3.7	-2.9	0.1
Europe	4.8	-4.2	11.5	-8.1	-2.2	8.1	2.2	0.2	1.1
APAC	5.1	11.4	1.6	-9.0	-2.6	1.8	1.4	13.8	-6.6

Source: Company, MOFSL

CONFERENCE CALL

Highlights from the management commentary

Performance and demand outlook:

- Demand environment continues to improve; management expressed confidence in entering a phase of sustained growth, with 2Q results expected to validate the underlying momentum.
- Management reaffirmed the growth floor of 7.6% USD YoY (CY25 base) for CY26; current growth is underpinned by deals already won, with upside pathways identified to be discussed post 2Q.
- Calendar and furlough impacts are seasonal in nature and are expected to reverse materially from 2Q onward, providing a visible growth tailwind.
- Management expects growth to accelerate sequentially from 2Q and into 3Q, with 4Q expected to remain seasonally weaker but holding up better than prior years due to deal ramp-ups.
- 34 clients now contribute over USD10m in annual revenues, with two clients added on a sequential basis and four on a YoY basis, a key indicator of broad-based account growth and deepening wallet share.
- Management strategy targets launching one new service every month (new or relaunched); this cadence has been maintained thus far and is expected to continue, expanding the 12 AI opportunity streams over time.
- AI deflation has been acknowledged and already budgeted into CY26 guidance; management sees new opportunity streams (zero license, legacy modernisation, AI for business) more than offsetting the deflation.
- AI in SDLC has emerged as the single-largest driver of deal activity; clients are showing urgency to demonstrate measurable productivity gains using AI, generating a surge in new conversations and deal closures.
- License revenues stood at USD11m, remaining flat QoQ but below the historical quarterly average of ~USD13m; no license revenue upside was factored into the quarter.
- Approximately two-thirds of the net volume growth of USD3m came from acquired entities; the balance was organic.
- HEXT reported one of its strongest deal quarters, winning across outsourcing, consolidation, and transformation categories; management noted that wins were far more than the eight highlighted on the call.
- **Large global bank (Phase 2 consolidation):** Biggest positive surprise of the quarter; client has a large IT spend and is aggressively consolidating vendors; material volume increases are expected in 2HCY26.
- **European bank consolidation**: Existing client; won a share of a large program being consolidated to two vendors; HEXT is one of the two.
- **Global professional services firm** (new client): Book-of-work consolidation initiated and closed within the quarter; HEXT to become a sole provider post the transition completion.
- **Large speaker manufacturer**: Full-scale ITO with BPO components; revenue contribution expected from late 2Q, with stronger impact in 2HCY26.
- **Fab-based manufacturer**: AI for business engagement focused on building custom models to improve fab productivity and increase SKU throughput amid a sector-level capex boom.
- **Large brand-name workspace company**: AMS deal won.
- **Data center company**: Identity-led cybersecurity deal sourced through the CyberSolve acquisition**.**
- ACV performance in CY25 was better than CY24; pipeline remains strong; deal wins reaffirm management's confidence in meeting the CY26 growth floor.

- **FS:** FS delivered a steady performance; 75 delivery AI champions are now deployed exclusively within FS, continuously executing new client projects using AI in SDLC -enabling both productivity gains and market share gains.
- **Healthcare & Insurance:** HNI delivered very strong sequential and YoY growth, driven by large deal ramp-ups and broad-based momentum across Europe. Management had guided HNI to grow faster than the company average for CY26; 1Q performance validates this trajectory with high confidence; HNI is expected to lead company growth for the year.
- **Manufacturing and Consumer:** Management upgraded its outlook for MNC vs prior commentary, now expecting the vertical to be among the top growth contributors for CY26; macro headwinds from tariffs and other factors are seen easing.
- **Hi-Tech and Professional Services:** HTPS has been formally split into Professional Services (PS) and Technology Products & Platforms (TPP) from 1QCY26 to sharpen strategic focus and accountability.
- **Travel and Transportation:** T&T is expected to lag company growth due to macro headwinds, primarily fuel price pressures on the airline industry. Management indicated the T&T shortfall will be offset by stronger performance in MNC, HNI, and Banking.
- **America:** North America's performance incorporates the known full-quarter headwind from the GSE client (called out in 4QCY25 and 1QCY26).
- **Europe:** Europe returned to strong growth and is expected to lead full-year CY26 growth, driven by HNI deal ramp-ups and new logo additions.
- Overall headcount saw a net decline of 46 QoQ; this was entirely driven by BPS headcount reduction, while IT recorded a net addition, -marking the 11th consecutive quarter of IT headcount growth.
- 90–95% of clients have purchased AI tools but are capped at 10–15% productivity gains; HEXT is demonstrating materially superior outcomes by optimizing tool usage, redesigning SDLC workflows, and reconfiguring team structures.
- New-generation Tensai reasoning ops platform was launched with three key differentiations: (1) moves from task-level to complex reasoning for IT operations; (2) uses an enterprise custom SLM with a proprietary ontology model for rapid client onboarding; (3) captures ~80% of inferencing at SLM level, reducing LLM token costs and creating a revenue-sharing model for HEXT on client token savings.
- Zero license offering: HEXT claims to be the first and currently the only IT services provider with a focused offering enabling clients to achieve independence from SaaS, targeting a USD400b market, enabled through the RapidX platform.
- **SMC earnout**: CY25 performance led to a payable of ~USD20m; ~USD3m was reversed and recorded in other income; does not impact reported EBIT; signifies the acquired asset is broadly delivering against expectations.
- OCF to PAT (LTM) at 125%, industry-leading; management expects this metric to remain elevated in the coming quarters.
- ETR for 1QCY26 at 25.5%; full-year ETR guidance for CY26 maintained at 25–26%.
- Margin reporting aligned to **EBIT from this quarter** (excludes other income and FX hedging/translation impact), consistent with broader market practice.

Margin performance and outlook

- Reported EBIT for 1QCY26 came in at 13%, up ~570bp QoQ when normalized for one-time items in 4QCY25; on a like-for-like basis, EBIT was flat sequentially.
- Key puts and takes: FX tailwind of ~90bp and operational improvements of ~50bp were offset by lower calendar impact (~90 bps), large deal ramp-up costs, and a recurring labor code impact of ~20 bps.
- New deal constructs carry a near-term margin headwind during the initial ramp phase; improvement is expected as deals mature into 2H.
- Full-year EBIT guidance of 13–14% maintained; management indicated a better-than-planned start on margins; 2H exit rate expected to be higher than the full-year average.
- No one-off items impacted EBIT in the current quarter; the SMC earnout reversal of ~USD3m was recorded in other income and did not affect reported EBIT.
- Labor code impact of ~20bp will be a recurring item every quarter going forward.
- Management indicated that productivity gains from AI are partly reinvested into higher-caliber talent and delivery capabilities, supporting long-term structural profitability.

Valuation and view

- While 1QCY26 revenues remained impacted by seasonal furloughs and lower billing days, management commentary around deal ramp-ups and conversion timelines was incrementally better. We think HEXT is entering a phase where already-won consolidation deals and AI-led engagements start contributing more meaningfully from 2Q onward, improving growth visibility through H2CY26.
- HEXT maintained its EBIT margin guidance of 13–14% despite continued investments in large deal transitions and AI capabilities, with management expecting margin improvement through 2H as deals mature. **We largely maintain our estimates and reiterate our BUY rating with a TP of INR570 (based on 20x CY27E EPS), implying ~24% upside.**

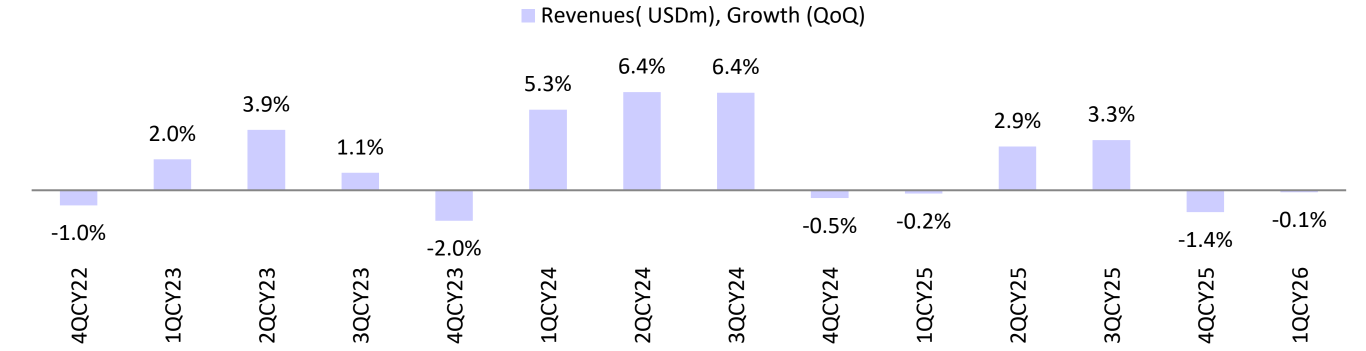
Exhibit 3: Revisions to our estimates

	Revised		Earlier		Change	
	CY26E	CY27E	CY26E	CY27E	CY26E	CY27E
INR/USD	93.5	95.0	93.2	95.0	0.4%	0.0%
USD Revenue (m)	1,658	1,808	1,656	1,795	0.1%	0.7%
Growth (%)	7.8	9.1	7.7	8.4	10bps	70bps
Adj. EBIT margin (%)	13.5	13.8	13.0	13.1	50bps	70bps
Adj. PAT (INR b)	15,163	17,370	15,013	17,020	1.0%	2.1%
Adj. EPS	24.6	28.1	24.3	27.6	1.0%	2.1%

Source: MOFSL

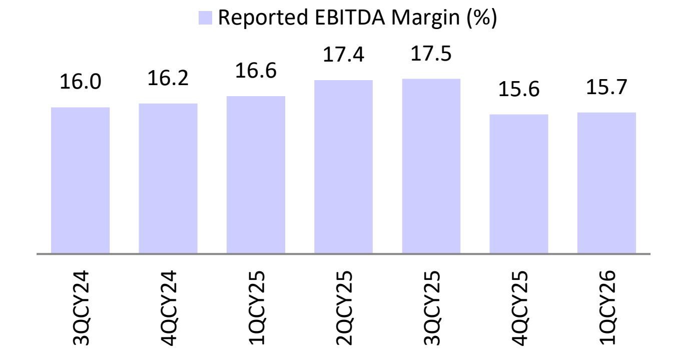
Story in charts

Exhibit 4: USD revenue declined 0.1% QoQ CC as underlying volume growth of ~USD3m was offset by seasonal furloughs and lower billing days



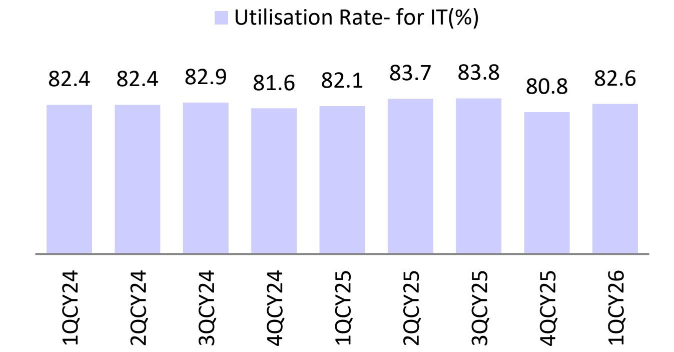
Source: Company, MOFSL

Exhibit 5: EBITDA increased 10bp



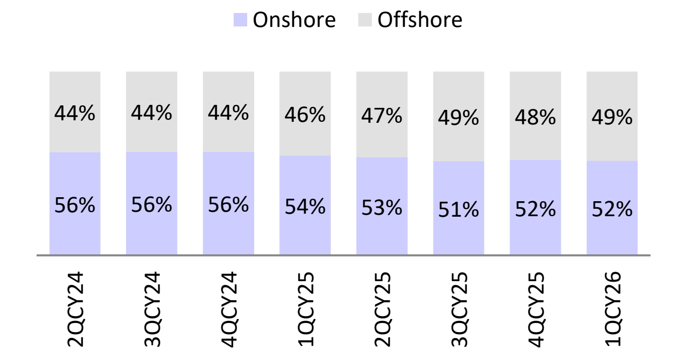
Source: Company, MOFSL

Exhibit 6: Utilization increased 180bp sequentially



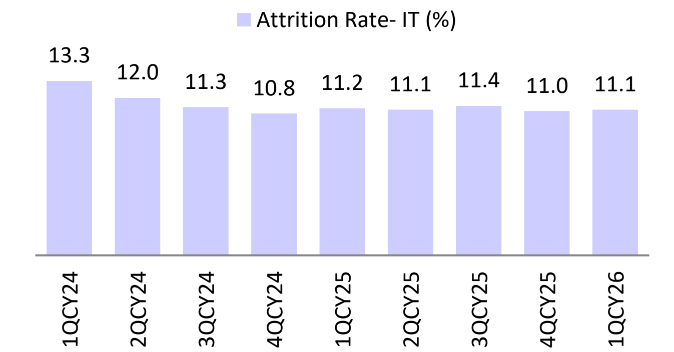
Source: Company, MOFSL

Exhibit 7: Offshore mix remained stable



Source: Company, MOFSL

Exhibit 8: Attrition increased 10bp QoQ



Source: Company, MOFSL

Operating metrics

Exhibit 9: Operating metrics

	3QCY24	4QCY24	1QCY25	2QCY25	3QCY25	4QCY25	1QCY26
Revenue by Verticals (%)							
Financial Services	27.9%	29.1%	30.5%	30.0%	29.6%	30.1%	29.6%
Healthcare and Insurance	21.5%	21.1%	20.8%	20.7%	22.3%	20.6%	22.7%
Manufacturing and Consumer	15.9%	14.8%	14.9%	14.4%	16.2%	16.3%	16.1%
Hi-Tech and Professional Services	18.0%	18.3%	14.2%	17.3%	15.3%	12.6%	12.7%
Banking	8.3%	8.8%	7.8%	8.6%	8.7%	9.8%	9.0%
Travel and Transportation	8.5%	7.9%	8.6%	9.0%	7.8%	8.4%	7.7%
Revenue - Geography (%)							
America	73.6%	75.6%	76.1%	75.3%	75.6%	74.4%	74.6%
Europe	20.1%	18.6%	18.2%	19.1%	19.0%	19.3%	19.5%
APAC	6.3%	5.8%	5.6%	5.6%	5.5%	6.3%	5.9%
Revenue Mix- IT, BPS, and Others							
IT Services	84.9%	84.3%	84.8%	85.8%	83.8%	85.5%	84.6%
BPS	12.2%	12.9%	12.4%	12.2%	11.7%	11.8%	12.2%
Others	2.9%	2.8%	2.8%	2.0%	4.6%	2.8%	3.2%
Client Profile							
>1m	186	186	195	197	199	192	198
>5m	59	61	66	66	65	59	66
>10m	31	31	30	31	30	32	34
>20m	15	15	15	15	15	16	15
>50m	3	3	3	4	4	4	4
>75m	3	3	3	3	3	3	3
Total Headcount	**32,536**	**32,309**	**31,564**	**32,410**	**33,590**	**33,844**	**33,798**
Utilisation Rate- for IT	82.9%	81.6%	82.1%	83.7%	83.8%	80.8%	82.6%
Attrition Rate- IT	11.3%	10.8%	11.2%	11.1%	11.4%	11.0%	11.1%
DSO(Billed)	**40**	**38**	**39**	**40**	**37**	**38**	**44**

Source: Company, MOFSL

Financials and valuations

Consolidated - Income Statement						(INR m)
Y/E March	**CY22**	**CY23**	**CY24**	**CY25**	**CY26E**	**CY27E**
Total Income from Operations	**91,996**	**1,03,803**	**1,19,744**	**1,34,304**	**1,55,197**	**1,71,764**
Change (%)	28.2	12.8	15.4	12.2	15.6	10.7
Employees Cost	55,582	61,282	69,649	77,610	90,707	99,910
Total Expenditure	**55,582**	**61,282**	**69,649**	**77,610**	**90,707**	**99,910**
% of Sales	60.4	59.0	58.2	57.8	58.4	58.2
Gross Profit	**36,414**	**42,521**	**50,095**	**56,694**	**64,490**	**71,854**
SG&A	24,197	26,710	31,793	34,229	39,056	43,117
EBITDA	**12,217**	**15,811**	**18,302**	**22,465**	**25,435**	**28,737**
% of Sales	13.3	15.2	15.3	16.7	16.4	16.7
Depreciation	2,444	2,836	2,788	3,613	4,479	4,981
EBIT	**9,773**	**12,975**	**15,514**	**18,852**	**20,956**	**23,755**
% of Sales	10.6	12.5	13.0	14.0	13.5	13.8
Other Income	1,457	-290	89	-942	-611	-515
PBT	**11,230**	**12,685**	**15,603**	**17,910**	**20,345**	**23,240**
Total Tax	2,388	2,709	3,863	3,654	5,182	5,870
Tax Rate (%)	21.3	21.4	24.8	20.4	25.5	25.3
Reported PAT	**8,842**	**9,976**	**11,740**	**13,684**	**15,427**	**17,370**
Change (%)	18.1	12.8	17.7	16.6	12.7	12.6
Margin (%)	9.6	9.6	9.8	10.2	9.9	10.1
Minority Interest	0	0	0	0	0	0
Adjusted PAT	**8,842**	**9,976**	**11,740**	**14,256**	**15,163**	**17,370**
Tax Rate (%)	18.1	12.8	17.7	21.4	6.4	14.6

Consolidated - Balance Sheet						(INR m)
Y/E March	**CY22**	**CY23**	**CY24**	**CY25**	**CY26E**	**CY27E**
Equity Share Capital	604	607	608	609	609	609
Total Reserves	40,626	45,745	52,961	62,549	70,130	78,815
Net Worth	**41,230**	**46,352**	**53,569**	**63,158**	**70,739**	**79,424**
Minority Interest	0	0	-23	-32	-32	-32
Borrowings	0	0	0	0	0	0
Other Long term liabilities	4,363	4,111	7,678	10,817	11,318	11,715
Capital Employed	**45,593**	**50,463**	**61,224**	**73,943**	**82,025**	**91,108**
Net Fixed Assets	**9,863**	**9,018**	**10,358**	**12,905**	**14,943**	**17,175**
Goodwill	14,205	14,290	23,871	35,768	35,768	35,768
Capital WIP	63	552	1,308	505	505	505
Other Assets	6,490	6,144	8,897	9,391	9,528	9,636
Curr. Assets, Loans&Adv.	**34,519**	**42,017**	**45,511**	**50,477**	**57,286**	**64,963**
Account Receivables	18,818	18,458	19,755	20,556	22,536	23,529
Cash and Bank Balance	12,916	17,734	19,766	19,708	24,537	31,220
Current Investments	291	2,724	711	2,395	2,395	2,395
Other Current Assets	2,494	3,101	5,279	7,818	7,818	7,818
Curr. Liability & Prov.	**19,547**	**21,558**	**28,721**	**35,103**	**36,004**	**36,939**
Account Payables	5,357	6,595	9,140	10,069	11,225	12,364
Other Current Liabilities	12,369	12,676	17,165	22,401	22,146	21,942
Provisions	1,821	2,287	2,416	2,633	2,633	2,633
Net Current Assets	**14,972**	**20,459**	**16,790**	**15,374**	**21,281**	**28,023**
Appl. of Funds	**45,593**	**50,463**	**61,224**	**73,943**	**82,025**	**91,108**

Financials and valuations

Ratios

Y/E March	CY22	CY23	CY24	CY25	CY26E	CY27E
Basic EPS (INR)	14.5	16.4	19.3	23.1	24.6	28.1
Cash EPS	18.5	21.1	23.9	28.9	31.8	36.2
BV/Share	68.3	76.4	88.1	103.7	116.2	130.4
DPS	11.0	8.8	8.7	11.3	12.3	14.1
Payout (%)	75.7	53.3	45.3	49.0	50.0	50.0
Valuation (x)						
P/E	31.7	28.1	23.9	20.0	18.8	16.4
Cash P/E	24.9	21.9	19.3	15.9	14.5	12.7
P/BV	6.8	6.0	5.2	4.4	4.0	3.5
EV/Sales	2.9	2.5	2.2	1.9	1.6	1.4
EV/EBITDA	21.7	16.2	14.1	11.5	10.0	8.6
Dividend Yield (%)	2.4	1.9	1.9	2.5	2.7	3.1
Return Ratios (%)						
RoE	22.4	22.8	23.5	23.5	23.1	23.1
RoCE	16.6	20.4	19.9	19.6	17.9	19.5

Consolidated - Cash Flow Statement (INR m)

Y/E March	CY22	CY23	CY24	CY25	CY26E	CY27E
OP/(Loss) before Tax	11,230	12,685	15,603	17,268	20,345	23,240
Depreciation	2,444	2,836	2,788	3,613	4,479	4,981
Interest & Finance Charges	322	315	284	485	611	515
Direct Taxes Paid	-2,435	-2,579	-3,122	-3,681	-5,182	-5,870
(Inc)/Dec in WC	-3,824	1,223	-628	104	-823	145
Others	469	676	555	-398	0	0
CF from Operations	**8,206**	**15,156**	**15,480**	**17,391**	**19,429**	**23,012**
(Inc)/Dec in FA	-1,190	-634	-1,312	-1,635	-6,517	-7,213
Free Cash Flow	**7,016**	**14,522**	**14,168**	**15,756**	**12,912**	**15,799**
(Pur)/Sale of Investments	9,054	3,778	19,696	12,725	0	0
Others	-8,015	-6,140	-25,074	-21,052	-748	-624
CF from Investments	**-151**	**-2,996**	**-6,690**	**-9,962**	**-7,265**	**-7,837**
Issue of Shares	1	3	1	599	0	0
Inc/(Dec) in Debt	-59	-1,870	-1,370	-1,668	246	193
Interest Paid	-56	-136	-136	-244	0	0
Dividend Paid	-6,637	-5,308	-5,314	-6,995	-7,581	-8,685
Others	-460	-190	0	0	0	0
CF from Fin. Activity	**-7,211**	**-7,501**	**-6,819**	**-8,308**	**-7,335**	**-8,492**
Inc/Dec of Cash	**844**	**4,659**	**1,971**	**-879**	**4,829**	**6,683**
Forex Adjustment	285	159	61	821	0	0
Opening Balance	11,787	12,916	17,734	19,766	19,708	24,537
Closing Balance	**12,916**	**17,734**	**19,766**	**19,708**	**24,537**	**31,220**

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412 and BSE enlistment no. 5028. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL),NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products and is a member of Association of Portfolio Managers in India (APMI) for distribution of PMS products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx. As per Regulatory requirements, Research Audit Report is uploaded on www.motilaloswal.com > MOFSL-Important Links > MOFSL Research Analyst Compliance Audit Report.

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the"1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore.This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL .

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

Specific Disclosures

1. Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies).
   MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.
   Nature of Financial interest is holding equity shares or derivatives of the subject company
2. Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.
   MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report:No
3. Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.
   MOFSL may have received compensation from the subject company(ies) in the past 12 months.
4. Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.
   MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
5. Research Analyst has not served as an officer, director or employee of subject company(ies).
6. MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
7. MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
8. MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
9. MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
10. MOFSL has not engaged in market making activity for the subject company.

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI, enlistment as RA with Exchange and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412, BSE enlistment no. 5028, AMFI registered Mutual Fund Distributor and SIF Distributor: ARN .: 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.