

# Hexaware Technologies

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	HEXT IN
Equity Shares (m)	609
M.Cap.(INRb)/(USD\$)	450.1 / 5.2
52-Week Range (INR)	900 / 590
1, 6, 12 Rel. Per (%)	-11/-/-
12M Avg Val (INR m)	1095
Free float (%)	25.4

## Financials & Valuations (INR b)

Y/E Mar	CY25E	CY26E	CY27E
Sales	134.3	151.3	171.2
EBIT Margin (%)	13.4	15.0	15.3
PAT	14.5	17.0	19.6
EPS (INR)	23.5	27.5	31.8
EPS Gr. (%)	22.0	16.9	15.4
BV/Sh. (INR)	100.1	114.0	130.2

## Ratios

RoE (%)	25.4	26.1	26.4
RoCE (%)	20.2	25.0	29.0
Payout (%)	50.0	50.0	50.0

## Valuations

P/E (x)	31.4	26.9	23.3
P/BV (x)	7.4	6.5	5.7
EV/EBITDA (x)	20.0	15.8	13.3
Div Yield (%)	1.6	1.9	2.1

## Shareholding pattern (%)

As On	Jun-25	Mar-25
Promoter	74.6	74.7
DII	9.9	9.1
FII	9.9	10.6
Others	5.6	5.7

FII Includes depository receipts

**CMP: INR739** **TP: INR930(+26%)** **Buy**

## Uncertain macros lead to a soft quarter

### Margins hit by one offs

- Hexaware Technologies (HEXT) reported revenue of USD382m in 2QCY25, up 1.3% QoQ in CC terms vs. our estimate of 2.2% QoQ CC. Growth was led by Banking (up 13.5% QoQ), followed by Travel and Transportation (up 7.2% QoQ). Adj. EBIT margin at 14.1% (down 10bp QoQ) was broadly in line with our estimate of 14.3%. PAT rose 16.1%/38.3% QoQ/YoY to INR3.8b (above our est. of INR3.5b).
- For 2QCY25, HEXT's revenue/adj. EBIT/PAT grew 11.1%/26.8%/38.3% YoY in INR terms. We expect its revenue/EBIT/PAT to grow 9.7%/19.5%/22.2% YoY in 3QCY25.
- Amid a cautious demand environment, HEXT is gaining share through consolidation deals; also, pressures in large accounts appear to be tapering. Further, its improving margin trajectory bodes a good return profile for the company amongst peers. **We reiterate our BUY rating with a TP of INR930 (based on 32x Mar27E EPS), implying a 26% potential upside.**

## Our view: Growth expectation lowered

- **Below-par performance amid elongated decision cycles:** HEXT delivered a modest 1.3% QoQ CC growth in what is typically its seasonally strongest quarter. While management expects 3Q to outpace 2Q, the impact of large deal wins is likely to be reflected with a lag. Macro softness persists, evident in slower client decision-making. Though growth expectations for the remainder of the year have been slightly moderated, HEXT continues to demonstrate strong execution capabilities. We forecast YoY CC growth of 8.2%/11.6% for CY25/CY26E.
- **Financial Services & Travel to lead growth ahead:** Banking and Travel & Transportation led growth in 2Q. While banking growth benefited from a benign 1Q base, the vertical is expected to grow in line with the company's average going forward. Notably, Financial Services (~30% of revenues), which had seen a slowdown over the past few quarters, is now poised to lead growth through the remainder of the year. In contrast, Manufacturing and Consumer are likely to remain muted due to macro pressures.
- **Deal pipeline velocity intact....:** HEXT continues to actively chase large consolidation opportunities, though conversion timelines are slightly stretched due to elongated decision-making cycles. That said, commentary around the steady progress in small- and mid-sized deals was encouraging.
- **...margin, however, takes a hit due to one-offs:** The reported EBITDA margin improved by 50bp QoQ, supported by a 100bp operational uptick (driven by better utilization and a favorable offshore mix), partially offset by currency headwinds and one-offs. The one-offs included headwinds such as restructuring costs (100bp), acquisition costs (40bp), provision for customer (240bp), and impairment on account of acquisition (120bp). Combined, the reported EBIT margin stood at 10.1%.
- ERP implementation costs, originally slated to end in 2QCY26, are ongoing but tapering. We also note that the offshore mix is improving and will be a key margin lever going forward. Management's reaffirmation of its EBITDA margin guidance at 17.1-17.4%, despite continued ERP costs, is encouraging.

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

### Valuation and changes to our estimates

- Amid a cautious demand environment, HEXT is gaining share through consolidation deals; also, pressures in large accounts appear to be tapering. Further, its improving margin trajectory bodes a good return profile for the company amongst peers. Our estimates are broadly unchanged. We expect a PAT CAGR of 16.1% over CY25-27E. **We reiterate our BUY rating with a TP of INR930 (based on 32x Mar27E EPS), implying a 26% potential upside.**

### Miss on revenue but in-line margins; EBITDA guidance intact

- HEXT's USD revenue came in at USD382.1m; up 1.3% QoQ in CC terms vs. our estimates of an increase of 2.2% QoQ CC.
- Growth was led by Banking (up 13.5% QoQ), followed by Travel and Transportation (up 7.2% YoY). Healthcare & Insurance/Hi-tech & Professional services were up 2.1%/2.9% QoQ in USD terms.
- In terms of geographies, Europe was up 7.9% QoQ, and Asia Pacific grew 2.2% QoQ in USD terms.
- The reported EBIT margin stood at 10.1%. However, after adjusting for one-offs, including acquisition-related costs (INR128m), specific customer provisions (INR782m), and impairment of an earlier acquisition-linked customer contract (INR394m), the normalized EBIT margin was 14.1%, broadly in line with our estimate of 14.3%.
- The company maintains its EBITDA outlook of 17.1% - 17.4% given earlier, even with ERP costs continuing.
- PAT was up 16.1%/38.3% QoQ/YoY to INR3.8b (above our est. of INR3.5b).
- The headcount rose to 32,410 (up 2.6% QoQ) in 2QCY25. Attrition (LTM) decreased by 10bp QoQ to 11.1%. Utilization was up 160bp QoQ to 83.7%.

### Key highlights from the management commentary

- Macro softness continues; the slowdown is seen as cyclical rather than AI-driven. While AI is creating a different impact, it hasn't yet become material.
- Decision-making has slowed, leading to lowered expectations for the rest of the year. If trade deals materialize in the next few weeks, it may lift some of the uncertainty.
- The acquisition of SMC was a key business development. The GCC model represents a significant growth opportunity, and SMC provides access to GCC-led spending.
- There is substantial demand for cloud services, including both migration and operations.
- Management expects 3Q to deliver stronger QoQ CC growth than 2Q. However, large deal wins will not reflect in 3Q results.
- The CY29 revenue ambition of USD3b remains unchanged.
- Financial Services (FS) and Travel & Transportation (T&T) are expected to drive growth.

### Valuation and view

- Amid a cautious demand environment, HEXT is gaining share through consolidation deals; also, pressures in large accounts appear to be tapering. Further, its improving margin trajectory bodes a good return profile for the company amongst peers. Our estimates are broadly unchanged. We expect a PAT CAGR of 16.1% over CY25-27E. **We reiterate our BUY rating with a TP of INR930 (based on 32x Mar27E EPS), implying a 26% potential upside.**

## Quarterly Performance

(INR m)

Y/E March	CY24				CY25E				CY24	CY25E	Est. 2QCY25	Var. (% / bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Revenue (USD m)	331	352	374	372	372	382	397	407	1,429	1,557	384	-0.6
QoQ (%)	5.3	6.4	6.4	-0.5	-0.2	2.9	3.8	2.5			3.5	-65bp
Revenue (INR m)	27,488	29,355	31,357	31,544	32,079	32,607	34,401	35,261	1,19,744	1,34,347	32,898	-0.9
YoY (%)	9.6	12.7	18.3	20.6	16.7	11.1	9.7	11.8		12.2	12.1	-99bp
GPM (%)	41.4	41.2	42.3	42.3	41.9	41.5	42.0	42.0	41.8	41.9	42.0	-51bp
Other (%)	26.2	26.6	26.6	26.8	25.5	29.1	25.2	25.0	26.6	26.2	25.5	359bp
EBITDA	4,176	4,311	4,911	4,904	5,278	4,044	5,779	5,994	18,302	21,096	5,428	-25.5
EBITDA Margin (%)	15.2	14.7	15.7	15.5	16.5	12.4	16.8	17.0	15.3	15.7	16.5	-410bp
EBIT	3,576	3,624	4,173	4,141	4,543	3,292	4,988	5,183	15,514	18,006	4,704	-30.0
EBIT Margin (%)	13.0	12.3	13.3	13.1	14.2	10.1	14.5	14.7	13.0	13.4	14.3	-420bp
Other income	2	172	-114	29	-180	1,391	-103	-106	89	1,002	33	4128.3
PBT	3,578	3,796	4,059	4,170	4,363	4,683	4,885	5,078	15,603	19,008	4,737	
ETR (%)	22.0	27.7	26.2	23.1	25.0	18.9	25.0	25.0	24.8	23.5	25.0	-608bp
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			0.0	
Reported PAT	2,790	2,746	2,997	3,207	3,271	3,797	3,664	3,808	11,740	14,540	3,553	6.9
QoQ (%)	45.8	-1.6	9.1	7.0	2.0	16.1	-3.5	3.9			8.6	
YoY (%)	NA	NA	NA	67.6	17.2	38.3	22.2	18.7	17.7	23.8	NA	
Extra-ordinary items	0	0	0	0	0	0	0	0	0	0	0	
Adj. PAT	2,790	2,746	2,997	3,207	3,271	3,797	3,664	3,808	11,740	14,540	3,553	
EPS (INR)	4.6	4.5	5.0	5.2	5.3	6.2	5.9	6.2	19.3	23.5	5.7	7.0

## Exhibit 1: Banking and T&T led growth in 2Q

Verticals (QoQ, %)	1QCY24	2QCY24	3QCY24	4QCY24	1QCY25	2QCY25
Financial Services	8.6	5.2	5.8	3.4	4.6	1.2
Healthcare and Insurance	3.1	6.3	8.5	-2.3	-1.5	2.2
Manufacturing and Consumer	4.0	7.2	-4.4	-6.9	0.2	-0.7
Hi-Tech and Professional Services	7.9	9.2	15.9	1.3	-5.4	2.7
Banking	3.7	4.2	0.0	6.5	-11.4	13.5
Travel and Transportation	-0.9	6.3	14.2	-7.5	9.2	7.1

Source: Company, MOFSL

## Exhibit 2: Europe showed improvement in 2Q

Geography (QoQ, %)	1QCY24	2QCY24	3QCY24	4QCY24	1QCY25	2QCY25
America	5.4	9.1	5.5	2.3	0.5	1.7
Europe	4.8	-4.2	13.3	-9.6	-2.2	8.0
APAC	5.1	11.4	-3.7	-4.0	-2.9	2.1

Source: Company, MOFSL



## Highlights from the management commentary

### Performance and demand outlook: 2QCY25

- Macro softness continues; the slowdown is seen as cyclical rather than AI-driven. While AI is creating a different impact, it hasn't yet become material.
- Decision-making has slowed, leading to lowered expectations for the rest of the year. If trade deals materialize in the next few weeks, it may lift some of the uncertainty.
- The company is winning both large and small logos with scale potential.
- The acquisition of SMC was a key business development. The GCC (Global Capability Center) model represents a significant growth opportunity, and SMC provides access to GCC-led spending.
- There is substantial demand for cloud services, including both migration and operations.
- The quarter was softer than anticipated due to delayed decision-making. Revenue grew 1.3% QoQ in CC terms.
- Management expects 3Q to deliver stronger QoQ CC growth than 2Q. However, large deal wins will not reflect in 3Q results.
- 4Q performance remains dependent on deal conversions from the pipeline.
- The CY29 revenue ambition of USD3b remains unchanged.
- Financial Services (FS) and Travel & Transportation (T&T) are expected to drive growth.
- Large consolidation deals are still in progress (four in the pipeline). Margins may be impacted if pricing needs to be competitive.
- Small and mid-sized deals are progressing well. The overall pipeline remains strong, with rapid growth in strategic initiatives.
- No additional negatives reported in GSE accounts. One account is undergoing consolidation, and ramp-ups are in progress in the other.
- **Financial Services:** One large client cut spending, impacting the vertical. This represents a 1% headwind for the company and 3–4% for FS (called out in the previous quarter), but FS is still expected to lead full-year growth.
- **Manufacturing and Consumer (M&C):** Continued macro-related weakness is delaying decisions. Growth is expected in future quarters.
- **APAC:** Strong pipeline in the Middle East; revenue expected to start flowing from 4Q. Plans to expand presence in India. Region expected to show growth going forward.
- Utilization improved due to stronger operational performance and is expected to remain range-bound at 83–84%.
- Headcount is expected to grow. Onshore-offshore mix is improving in favor of offshore.
- **SMC acquisition:** Acquired SMC, a leader in setting up Global Capability Centers (30+ GCCs in the last decade). The acquisition is capability-led and EPS-accretive from day one.
- SMC reported USD22m in CY24 revenue. Deal consideration was USD90m (all cash).
- Customers prefer specialist players for GCCs over traditional vendor-based BOT models.

- HEXT plans to differentiate by transforming GCC operations using AI and platform-led delivery. The company may consider using the balance sheet to scale if a compelling opportunity arises.
- Strategic rationale is to build a “GCC 2.0” service line, combining SMC’s deep GCC expertise with HEXT’s transformation capabilities.

### Margin performance and outlook

- **Reported EBITDA Margin:** 17.2% (up 50bp QoQ), operational improvements (utilization and calendar) contributed +100bp, while currency and one-offs had 35bp & 15bp impact, respectively.
- ERP implementation costs, expected to end in 2Q, are continuing but tapering. The ERP program is being rolled out in phases, expected to go live across all modules by CY25-end.
- **One-offs:** Reversal of Softcrylic earnout (INR1,597m) is reflected in other income. Impairment charges on acquired assets (INR394m) are recorded under other expenses—both are one-offs. Provision of USD9m (INR782m) made for a European client who acted in bad faith; legal recovery is ongoing. No further provisions are expected for this client. Restructuring costs of USD3.4m were booked in the EBE segment, with ROI expected from 4Q and 1QCY26. The payback period is estimated to be under a year.
- ETR for the year is expected at ~24.5%, slightly lower than the prior guidance of 25–26%. ETR for the quarter was 19% due to non-taxable M&A charges.
- Maintains EBITDA guidance of 17.1–17.4% despite continued ERP costs. Several one-offs have created short-term variability.
- LTM OCF to EBITDA target remains at 70%.
- Merit-based salary increases to be implemented from July 1, with a moderate approach compared to previous cycles.

### Valuation and view

- Amid a cautious demand environment, HEXT is gaining share through consolidation deals; also, pressures in large accounts appear to be tapering. Further, its improving margin trajectory bodes a good return profile for the company amongst peers. Our estimates are broadly unchanged. We expect a PAT CAGR of 16.1% over CY25-27E. **We reiterate our BUY rating with a TP of INR930 (based on 32x Mar27E EPS), implying a 26% potential upside.**

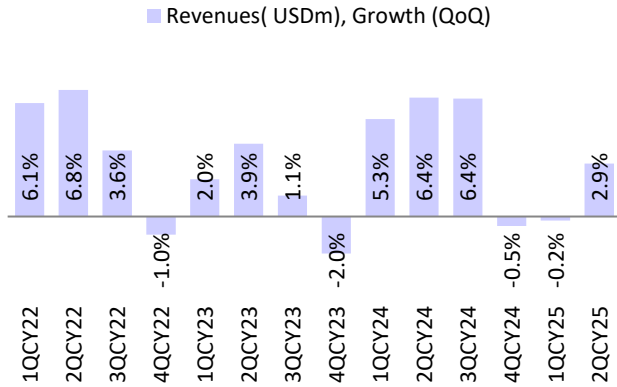
### Exhibit 3: Revisions to our estimates

	Revised			Earlier			Change		
	CY25E	CY26E	CY27E	CY25E	CY26E	CY27E	CY25E	CY26E	CY27E
INR/USD	86.3	86.7	86.7	86.3	86.7	86.7	-0.1%	0.0%	0.0%
USD Revenue (m)	1,557	1,745	1,974	1,584	1,798	2,034	-1.7%	-3.0%	-3.0%
Growth (%)	9.0	12.1	13.1	10.8	13.5	13.1	-190bp	-150bp	0bp
EBIT margin (%)	13.4	15.0	15.3	14.6	15.0	15.3	-120bp	0bp	0bp
PAT (INR b)	14,540	16,993	19,603	14,954	17,628	20,333	-2.8%	-3.6%	-3.6%
EPS	23.5	27.5	31.8	24.2	28.5	32.9	-2.7%	-3.5%	-3.4%

Source: MOFSL

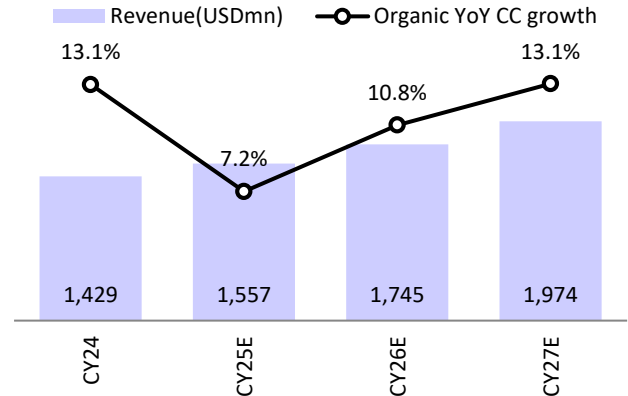
## Story in charts

**Exhibit 4: Revenue grew 2.9% QoQ; however, it was below expectations**



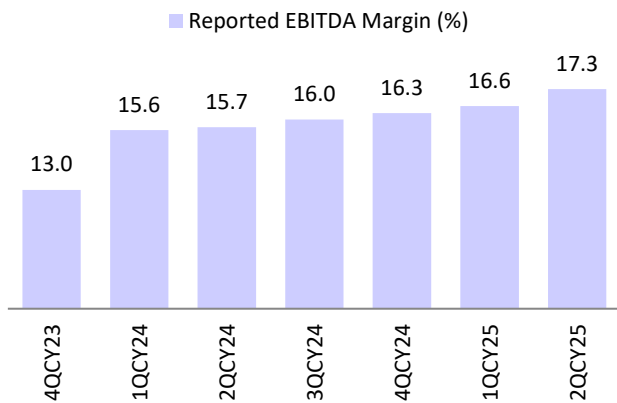
Source: Company, MOFSL

**Exhibit 5: Expects revenue to grow 10.8% organically in CY26**



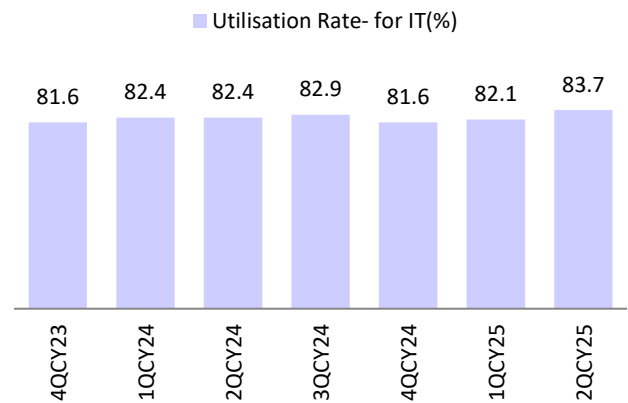
Source: Company, MOFSL

**Exhibit 6: Reported EBITDA margin improved 50bp QoQ**



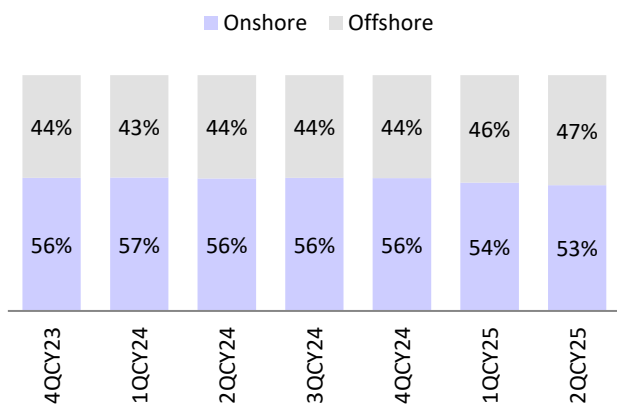
Source: Company, MOFSL

**Exhibit 7: Utilization improved 160bp QoQ**



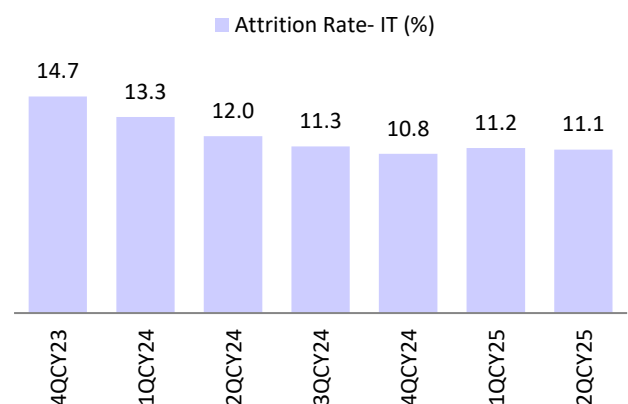
Source: Company, MOFSL

**Exhibit 8: The offshore mix is improving sequentially**



Source: Company, MOFSL

**Exhibit 9: The attrition rate has remained low over the past few quarters**



Source: Company, MOFSL

## Operating metrics

### Exhibit 10: Operating metrics

	4QCY23	1QCY24	2QCY24	3QCY24	4QCY24	1QCY25	2QCY25
<b>Revenue by Verticals (%)</b>							
Financial Services	27.6%	28.5%	28.2%	28.0%	29.1%	30.5%	30.0%
Healthcare and Insurance	21.5%	21.1%	21.0%	21.5%	21.1%	20.8%	20.7%
Manufacturing and Consumer	17.7%	17.5%	17.6%	15.9%	14.8%	14.9%	14.4%
Hi-Tech and Professional Services	15.7%	16.1%	16.5%	18.0%	18.3%	17.3%	17.3%
Banking	9.1%	8.9%	8.7%	8.2%	8.8%	7.8%	8.6%
Travel and Transportation	8.4%	7.9%	7.9%	8.5%	7.9%	8.6%	9.0%
<b>Revenue - Geography (%)</b>							
America	72.2%	72.3%	74.2%	73.6%	75.6%	76.1%	75.3%
Europe	21.4%	21.3%	19.2%	20.5%	18.6%	18.2%	19.1%
APAC	6.3%	6.3%	6.6%	6.0%	5.8%	5.6%	5.6%
<b>Revenue Mix- IT, BPS, and Others</b>							
IT Services	85.5%	84.1%	84.2%	84.9%	84.3%	84.8%	85.8%
BPS	12.9%	12.4%	12.7%	12.2%	12.9%	12.4%	12.2%
Others	1.7%	3.5%	3.2%	2.9%	2.8%	2.8%	2.0%
<b>Client Profile</b>							
>1m	171	178	177	186	186	195	197
>5m	54	53	56	59	61	66	66
>10m	29	29	30	31	31	30	31
>20m	11	13	14	15	15	15	15
>50m	3	3	3	3	3	3	4
>75m	2	2	3	3	3	3	3
<b>Total Headcount</b>	<b>28,292</b>	<b>30,135</b>	<b>31,870</b>	<b>32,536</b>	<b>32,309</b>	<b>31,564</b>	<b>32,410</b>
Utilisation Rate- for IT	81.6%	82.4%	82.4%	82.9%	81.6%	82.1%	83.7%
Attrition Rate- IT	14.7%	13.3%	12.0%	11.3%	10.8%	11.2%	11.1%
<b>DSO( Billed)</b>	<b>49</b>	<b>40</b>	<b>42</b>	<b>40</b>	<b>38</b>	<b>39</b>	<b>40</b>

Source: Company, MOFSL



## Financials and valuations

### Consolidated - Income Statement

(InR m)

Y/E March	CY21	CY22	CY23	CY24	CY25E	CY26E	CY27E
<b>Total Income from Operations</b>	<b>71,777</b>	<b>91,996</b>	<b>1,03,803</b>	<b>1,19,744</b>	<b>1,34,347</b>	<b>1,51,327</b>	<b>1,71,210</b>
Change (%)	14.6	28.2	12.8	15.4	12.2	12.6	13.1
Employees Cost	42,772	55,582	61,282	69,649	78,103	87,055	98,333
<b>Total Expenditure</b>	<b>42,772</b>	<b>55,582</b>	<b>61,282</b>	<b>69,649</b>	<b>78,103</b>	<b>87,055</b>	<b>98,333</b>
% of Sales	59.6	60.4	59.0	58.2	58.1	57.5	57.4
<b>Gross Profit</b>	<b>29,005</b>	<b>36,414</b>	<b>42,521</b>	<b>50,095</b>	<b>56,244</b>	<b>64,272</b>	<b>72,877</b>
SG&A	17,676	24,197	26,710	31,793	35,148	38,135	42,803
<b>EBITDA</b>	<b>11,329</b>	<b>12,217</b>	<b>15,811</b>	<b>18,302</b>	<b>21,096</b>	<b>26,138</b>	<b>30,075</b>
% of Sales	15.8	13.3	15.2	15.3	15.7	17.3	17.6
Depreciation	2,241	2,444	2,836	2,788	3,089	3,481	3,938
<b>EBIT</b>	<b>9,088</b>	<b>9,773</b>	<b>12,975</b>	<b>15,514</b>	<b>18,006</b>	<b>22,657</b>	<b>26,137</b>
% of Sales	12.7	10.6	12.5	13.0	13.4	15.0	15.3
Other Income	324	1,457	-290	89	1,002	0	0
<b>PBT</b>	<b>9,412</b>	<b>11,230</b>	<b>12,685</b>	<b>15,603</b>	<b>19,008</b>	<b>22,657</b>	<b>26,137</b>
Total Tax	1,924	2,388	2,709	3,863	4,469	5,664	6,534
Tax Rate (%)	20.4	21.3	21.4	24.8	23.5	25.0	25.0
<b>Reported PAT</b>	<b>7,488</b>	<b>8,842</b>	<b>9,976</b>	<b>11,740</b>	<b>14,540</b>	<b>16,993</b>	<b>19,603</b>
Change (%)	26.0	18.1	12.8	17.7	23.8	16.9	15.4
Margin (%)	10.4	9.6	9.6	9.8	10.8	11.2	11.4
Minority Interest	0	0	0	0	0	0	0
<b>Adjusted PAT</b>	<b>7,488</b>	<b>8,842</b>	<b>9,976</b>	<b>11,740</b>	<b>14,540</b>	<b>16,993</b>	<b>19,603</b>
Tax Rate (%)	26.0	18.1	12.8	17.7	23.8	16.9	15.4

### Consolidated - Balance Sheet

(InR m)

Y/E March	CY21	CY22	CY23	CY24	CY25E	CY26E	CY27E
Equity Share Capital	603	604	607	608	608	608	608
Total Reserves	37,276	40,626	45,745	52,961	60,231	68,727	78,529
<b>Net Worth</b>	<b>37,879</b>	<b>41,230</b>	<b>46,352</b>	<b>53,569</b>	<b>60,839</b>	<b>69,335</b>	<b>79,137</b>
Minority Interest	0	0	0	-23	-23	-23	-23
Borrowings	0	0	0	0	0	0	0
Other Long term liabilities	4,328	4,363	4,111	7,678	7,949	8,264	8,633
<b>Capital Employed</b>	<b>42,207</b>	<b>45,593</b>	<b>50,463</b>	<b>61,224</b>	<b>68,765</b>	<b>77,577</b>	<b>87,747</b>
<b>Net Fixed Assets</b>	<b>9,964</b>	<b>9,863</b>	<b>9,018</b>	<b>10,358</b>	<b>9,841</b>	<b>9,259</b>	<b>8,599</b>
Goodwill	12,252	14,205	14,290	23,871	23,871	23,871	23,871
Capital WIP	121	63	552	1,308	1,308	1,308	1,308
Other Assets	5,075	6,490	6,144	8,897	8,990	9,098	9,224
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>29,323</b>	<b>34,519</b>	<b>42,017</b>	<b>45,511</b>	<b>52,687</b>	<b>62,789</b>	<b>74,595</b>
Account Receivables	13,669	18,818	18,458	19,755	20,980	20,730	21,108
Cash and Bank Balance	11,787	12,916	17,734	19,766	25,908	36,260	47,688
Current Investments	2,010	291	2,724	711	711	711	711
Other Current Assets	1,857	2,494	3,101	5,279	5,088	5,088	5,088
<b>Curr. Liability &amp; Prov.</b>	<b>14,528</b>	<b>19,547</b>	<b>21,558</b>	<b>28,721</b>	<b>27,932</b>	<b>28,747</b>	<b>29,850</b>
Account Payables	3,877	5,357	6,595	9,140	8,559	9,540	10,776
Other Current Liabilities	9,227	12,369	12,676	17,165	16,957	16,791	16,658
Provisions	1,424	1,821	2,287	2,416	2,416	2,416	2,416
<b>Net Current Assets</b>	<b>14,795</b>	<b>14,972</b>	<b>20,459</b>	<b>16,790</b>	<b>24,755</b>	<b>34,041</b>	<b>44,745</b>
<b>Appl. of Funds</b>	<b>42,207</b>	<b>45,593</b>	<b>50,463</b>	<b>61,224</b>	<b>68,765</b>	<b>77,577</b>	<b>87,747</b>



## Financials and valuations

### Ratios

Y/E March	CY21	CY22	CY23	CY24	CY25E	CY26E	CY27E
<b>Basic EPS (INR)</b>	12.3	14.5	16.4	19.3	23.5	27.5	31.8
Cash EPS	16.0	18.5	21.1	23.9	28.5	33.2	38.1
BV/Share	62.8	68.3	76.4	88.1	100.1	114.0	130.2
DPS	4.0	11.0	8.8	8.7	11.8	13.8	15.9
Payout (%)	32.5	75.7	53.3	45.3	50.0	50.0	50.0
<b>Valuation (x)</b>							
P/E	60.0	50.9	45.1	38.3	31.4	26.9	23.3
Cash P/E	46.2	39.9	35.1	31.0	25.9	22.3	19.4
P/BV	11.8	10.8	9.7	8.4	7.4	6.5	5.7
EV/Sales	6.0	4.7	4.1	3.6	3.1	2.7	2.3
EV/EBITDA	38.1	35.4	26.7	23.4	20.0	15.8	13.3
Dividend Yield (%)	0.5	1.5	1.2	1.2	1.6	1.9	2.1
<b>Return Ratios (%)</b>							
RoE	39.5	22.4	22.8	23.5	25.4	26.1	26.4
RoCE	17.1	16.6	20.4	19.9	20.2	25.0	29.0

### Consolidated - Cash Flow Statement

(INR m)

Y/E March	CY21	CY22	CY23	CY24	CY25E	CY26E	CY27E
OP/(Loss) before Tax	9,412	11,230	12,685	15,603	19,008	22,657	26,137
Depreciation	2,241	2,444	2,836	2,788	3,089	3,481	3,938
Interest & Finance Charges	315	322	315	284	-1,002	0	0
Direct Taxes Paid	-2,019	-2,435	-2,579	-3,122	-4,469	-5,664	-6,534
(Inc)/Dec in WC	-1,580	-3,824	1,223	-628	-1,615	1,231	858
Others	1,429	469	676	555	0	0	0
<b>CF from Operations</b>	<b>9,798</b>	<b>8,206</b>	<b>15,156</b>	<b>15,480</b>	<b>15,012</b>	<b>21,705</b>	<b>24,398</b>
(Inc)/Dec in FA	-1,084	-1,190	-634	-1,312	-2,573	-2,898	-3,279
<b>Free Cash Flow</b>	<b>8,714</b>	<b>7,016</b>	<b>14,522</b>	<b>14,168</b>	<b>12,439</b>	<b>18,807</b>	<b>21,120</b>
(Pur)/Sale of Investments	3,408	9,054	3,778	19,696	0	0	0
Others	-4,570	-8,015	-6,140	-25,074	909	-108	-126
<b>CF from Investments</b>	<b>-2,246</b>	<b>-151</b>	<b>-2,996</b>	<b>-6,690</b>	<b>-1,663</b>	<b>-3,006</b>	<b>-3,405</b>
Issue of Shares	3	1	3	1	0	0	0
Inc/(Dec) in Debt	-2,858	-59	-1,870	-1,370	63	149	236
Interest Paid	-65	-56	-136	-136	0	0	0
Dividend Paid	-2,409	-6,637	-5,308	-5,314	-7,270	-8,497	-9,801
Others	-691	-460	-190	0	0	0	0
<b>CF from Fin. Activity</b>	<b>-6,020</b>	<b>-7,211</b>	<b>-7,501</b>	<b>-6,819</b>	<b>-7,207</b>	<b>-8,348</b>	<b>-9,565</b>
<b>Inc/Dec of Cash</b>	<b>1,532</b>	<b>844</b>	<b>4,659</b>	<b>1,971</b>	<b>6,142</b>	<b>10,352</b>	<b>11,428</b>
Forex Adjustment	141	285	159	61	0	0	0
Opening Balance	10,114	11,787	12,916	17,734	19,766	25,908	36,260
<b>Closing Balance</b>	<b>11,787</b>	<b>12,916</b>	<b>17,734</b>	<b>19,766</b>	<b>25,908</b>	<b>36,260</b>	<b>47,688</b>

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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

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