Motilal Oswal Financial Services

30 July 2026

2QCY26 Results Update | Sector: Technology

Hexaware Technologies

Estimate change	⟷
TP change	↑
Rating change	⟷

Bloomberg	HEXT IN
Equity Shares (m)	611
M.Cap.(INRb)/(USDb)	351.7 / 3.7
52-Week Range (INR)	830 / 400
1, 6, 12 Rel. Per (%)	10/-13/-17
12M Avg Val (INR M)	639
Free float (%)	25.7

Financials & Valuations (INR b)

Y/E Mar	CY25	CY26E	CY27E
Sales	134.3	154.3	170.4
Adj. EBIT Margin (%)	14.0	13.7	13.9
Adj. PAT	14.3	14.8	17.6
Adj. EPS (INR)	23.1	23.9	28.4
EPS Gr. (%)	19.6	3.7	18.8
BV/Sh. (INR)	103.7	115.8	130.3
Ratios			
RoE (%)	23.5	22.5	23.4
RoCE (%)	19.6	17.9	19.3
Payout (%)	49.0	50.0	50.0
Valuations			
P/E (x)	24.9	24.1	20.2
P/BV (x)	5.5	5.0	4.4
EV/EBITDA (x)	14.6	13.0	11.2
Div Yield (%)	2.0	2.1	2.5

Shareholding pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	74.3	74.3	74.6
DII	16.1	15.0	9.9
FII	3.4	4.5	9.9
Others	6.3	6.2	5.6

FII Includes depository receipts

CMP: INR576 TP: INR660 (+15%) Buy

Growth to improve over the next few quarters

Delayed deal ramp-ups provide strong visibility despite guidance cut

- Hexaware Technologies (HEXT) reported revenue of USD405m in 2QCY26, up 4.4% QoQ in CC terms vs. our estimate of 4.8% QoQ CC. Professional Services/Healthcare and Insurance grew 13.3%/6.8% QoQ, whereas Technology/Travel declined 3.1%/1% QoQ. The Adj. EBIT margin stood at 13.6%, broadly in line with our estimate of 13.5%. Adj. PAT was down 6.1%/13% QoQ/YoY to INR3.3b (our est. of INR3.8b).
- Management cuts FY27 revenue growth guidance to 6–7% (including 50bp from CP rebadging) from the earlier CY25 baseline growth of 7.6%, citing delayed deal ramp-ups and a weaker macro environment. HEXT maintained its CY26 guidance of 13–14% EBIT margin.
- For 2QCY26, revenue/Adj. EBIT increased 17.9%/6.3%, while PAT declined 13.9% YoY (in INR terms). In 3QCY26, we expect revenue/Adj. EBIT/PAT to grow 13.3%/6.3%/9.6% YoY (in INR terms). **We reiterate our BUY rating with a TP of INR660 (based on 23x CY27E EPS), implying ~15% potential upside**.

Our view: Stronger CY26 exit could support CY27

- **Growth to improve over the next couple of quarters despite guidance cut:** HEXT lowered its CY26 USD revenue growth guidance to **6–7% YoY** (**from 7.6%)**, primarily due to delayed ramp-up of deals won earlier in the year and continued weakness in the Travel & Transportation vertical. Most of the delayed deal ramp-ups are now expected to come through in late 3Q and 4Q.
- **Not all ramp-ups will happen in 3Q**; 4Q expected to be stronger than the typical furlough quarter as delayed deal ramp-ups continue. We are building **3.5%/2.0% QoQ CC growth for 3Q/4QCY26E**, supported by delayed deal ramp-ups and continued strength in banking, healthcare, and manufacturing. We estimate **6.6% YoY USD revenue growth** for CY26 (mid-point of the 6–7% guidance) .
- **Stronger exit rate could support CY27 growth:** HEXT is expected to exit CY26 with stronger growth despite 4Q typically being impacted by furloughs, supported by healthy momentum in large modernization deals and emerging AI-led engagements. **We believe a stronger exit rate into CY27, along with improving deal ramp-ups, provides a reasonable path** for high-single-digit to double-digit revenue growth in CY27, assuming the macro environment remains stable.
- **Margins to remain range-bound:** HEXT maintained its CY26 EBIT margin guidance of **13–14%**. Seasonal costs incurred in 2Q, including client events and other one-offs, are not expected to recur, while utilization is expected to remain healthy at **83–84%**. Although the company continues to invest in hiring and AI capabilities, operating leverage from delayed deal ramp-ups should help offset these investments. We estimate **CY26 EBIT margins of 13.7%**, with margins improving over the next few quarters as revenue growth accelerates.

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

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

- **Token economics could gradually change how AI work is priced:** Client discussions are increasingly moving beyond AI productivity to who bears token costs and how AI consumption should be priced. **Historically, proposals were largely based on people costs, but clients are now evaluating labor and token costs together.** HEXT has started experimenting with AI-native and outcome-based pricing models, while also building tools to optimize token usage for clients. **We believe this marks an important shift, as IT service companies could increasingly participate in AI spending** beyond traditional FTE-based pricing.

Valuation and view

- While HEXT lowered its CY26 revenue growth guidance to 6–7% due to delayed deal ramp-ups and weakness in the Travel & Transportation vertical, management commentary suggests that growth is getting deferred rather than lost. We expect delayed ramps, healthy momentum in large modernization deals, and continued strength in banking, healthcare, and manufacturing to support a stronger exit into CY27.
- HEXT also maintained its EBIT margin guidance of 13–14% despite continued investments in hiring and AI capabilities, with operating leverage from deal ramp-ups expected to support margins over the coming quarters. **We largely maintain our estimates and reiterate our BUY rating with a TP of INR660 (based on 23x CY27E EPS), implying ~15% upside.**

Miss on revenue and margins in line with our estimates; FY27 growth guidance cut to 6-7%, while margin guidance maintained

- HEXT's USD revenue came in at USD405m, up 4.4% QoQ in CC terms vs. our estimates of 4.8% QoQ CC.
- Professional Services/Healthcare and Insurance grew 13.3%/6.8% QoQ, whereas Technology/Travel declined 3.1%/1% QoQ.
- In terms of geography, the Americas/Europe/Asia Pacific grew 2.9%/7.0%/14.1% QoQ in USD terms.
- Management cuts FY27 revenue growth guidance to 6–7% (including 50bp from CP rebadging) from the earlier CY25 baseline growth of 7.6%, citing delayed deal ramp-up and a weaker macro environment.
- HEXT maintained its CY26 guidance of 13–14% EBIT margins.
- The EBIT margin stood at 13.6%, broadly in line with our estimate of 13.5%.
- Adj. PAT declined 6.1%/13% QoQ/YoY to INR3.3b (our est. of INR3.8b).
- The headcount rose to 34,506 (up 2.1% QoQ) in 2QCY26. Attrition (LTM) increased by 10bp QoQ to 11.2%. Utilization rose 220bp QoQ to 84.8%.
- The Board of Directors approved an interim dividend of INR8.5/share.

Key highlights from the management commentary

- Management indicated that AI adoption in IT is settling down, with the worst-case disruption scenarios now appearing unlikely to materialize.
- The company cited contrasting client examples: one enterprise rebuilt five to six applications into a portal in under three months, while another slowed its rollout despite faster delivery, reflecting that the adoption pace is constrained by business readiness rather than technology alone.
- 13 of the top 20 clients have undergone vendor consolidation over the last five quarters (~4-5x the historical run rate), largely AI-driven. The business has now entered a post-consolidation stability phase, with growth optionality gradually building.

- Volume growth was supported by the full-quarter impact of prior hiring and improved utilization.
- The company narrowed its FY26 revenue growth guidance to 6-7% (from ~7.6% earlier), including ~50bp contribution from the CPE rebadging deal. The midpoint of the revised guidance implies a ~2.7% QoQ CAGR from current levels.
- The guidance revision was driven by: i) the delayed ramp-up of deals won earlier in the year, now expected to materialize from late 3Q into 4Q, and ii) a worsening macro environment in the Travel & Transportation vertical, particularly in the Middle East.
- Key wins included a German biotech vendor-consolidation program transitioning into an agentic clinical-data platform, a capital markets firm replacing a legacy PDF-output system under the ‘zero license’ model, and an AI-led middle-office transformation in cash and settlements for another capital markets client.

Quarterly Performance (INR m)

Y/E March	CY25				CY26E				CY25	CY26E	Est.	Var. (% /
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QCY26	bp)
Revenue (USD m)	**372**	**382**	**395**	**389**	**389**	**405**	**418**	**426**	**1,537**	**1,638**	**407**	**-0.3**
QoQ (%)	-0.2	2.9	3.3	-1.4	-0.1	4.4	3.1	2.0			4.7	-31bp
Revenue (INR m)	**32,079**	**32,607**	**34,836**	**34,782**	**36,130**	**38,452**	**39,460**	**40,250**	**1,34,304**	**1,54,292**	**38,494**	**-0.1**
YoY (%)	16.7	11.1	11.1	10.3	12.6	17.9	13.3	15.7	12.2	14.9	18.1	-13bp
GPM (%)	**41.9**	**42.5**	**43.1**	**41.3**	**40.6**	**41.1**	**42.0**	**42.0**	**42.2**	**41.4**	**41.5**	**-44bp**
Other (%)	25.5	25.1	25.8	25.5	24.8	25.3	25.3	25.5	25.5	25.2	25.0	32bp
EBITDA	**5,278**	**5,676**	**6,013**	**5,498**	**5,708**	**6,053**	**6,590**	**6,641**	**22,465**	**24,992**	**6,351**	**-4.7**
EBITDA Margin (%)	**16.5**	**17.4**	**17.3**	**15.8**	**15.8**	**15.7**	**16.7**	**16.5**	**16.7**	**16.2**	**16.5**	**-76bp**
EBIT	**4,543**	**4,924**	**5,124**	**4,261**	**4,801**	**5,236**	**5,446**	**5,595**	**18,852**	**21,077**	**5,197**	**0.8**
EBIT Margin (%)	**14.2**	**15.1**	**14.7**	**12.3**	**13.3**	**13.6**	**13.8**	**13.9**	**14.0**	**13.7**	**13.5**	**12bp**
Other income	-180	-196	-157	-409	-337	-829	-39	-40	-942	-1,246	-154	
PBT	**4,363**	**4,728**	**4,967**	**3,852**	**4,464**	**4,407**	**5,406**	**5,554**	**17,910**	**19,831**	**5,043**	
ETR (%)	25.0	18.9	25.5	10.4	27.2	25.1	25.0	25.0	20.4	25.5	25.0	7bp
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**	**3,302**	**4,055**	**4,166**	**13,684**	**15,038**	**3,782**	**-12.7**
QoQ (%)	2.0	16.1	-2.6	-21.2	20.6	-6.1	22.8	2.7			7.6	
YoY (%)	17.2	38.3	23.4	-9.1	7.5	-13.1	9.6	42.8	21.4	3.6	-0.4	
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**	**3,302**	**4,055**	**4,166**	**14,256**	**14,774**	**3,782**	
Adj. EPS (INR)	**5.3**	**6.2**	**6.0**	**5.6**	**5.3**	**5.3**	**6.6**	**6.7**	**23.1**	**23.9**	**6.1**	**-12.7**

Exhibit 1: Hi-Tech and professional services/healthcare and insurance increased sequentially in 2Q

Verticals(QoQ, %)	2QCY24	3QCY24	4QCY24	1QCY25	2QCY25	3QCY25	4QCY25	1QCY26	2QCY26
Financial Services	5.2	5.3	3.9	4.6	1.2	2.0	0.1	-1.8	1.2
Healthcare and Insurance	6.3	8.5	-2.3	-1.5	2.2	11.3	-9.0	10.1	6.5
Manufacturing and Consumer	7.2	-4.4	-6.9	0.2	-0.7	16.5	-0.7	-1.7	3.8
Hi-Tech and Professional Services	9.2	15.9	1.3	-22.4	25.3	-8.7	-19.2	1.0	13.5
Banking	4.2	1.4	5.0	-11.4	13.5	4.1	11.1	-7.9	4.0
Travel and Transportation	6.3	14.2	-7.5	9.2	7.1	-9.9	5.2	-8.6	-1.2

Source: Company, MOFSL

Exhibit 2: APAC grew 14% QoQ in 2Q

Geography(QoQ, %)	2QCY24	3QCY24	4QCY24	1QCY25	2QCY25	3QCY25	4QCY25	1QCY26	2QCY26
America	9.1	5.5	2.3	0.5	1.7	3.7	-2.9	0.1	3.0
Europe	-4.2	11.5	-8.1	-2.2	8.1	2.2	0.2	1.1	6.8
APAC	11.4	1.6	-9.0	-2.6	1.8	1.4	13.8	-6.6	14.0

Source: Company, MOFSL

CONFERENCE CALL

Highlights from the management commentary

Performance and demand outlook:

- Management indicated AI adoption in IT is settling down, with worst-case disruption scenarios unlikely to materialize.
- It cited contrasting client examples: one enterprise rebuilt five to six applications into a portal in under three months, while another slowed its rollout despite faster delivery, reflecting that the adoption pace is constrained by business readiness rather than technology alone.
- 13 of the top 20 clients have gone through vendor consolidation over the last five quarters (~4-5x the historical run-rate), largely AI-driven. The business is now in a stability phase post-consolidation, with growth optionality building.
- Volume growth was supported by the full-quarter impact of prior hiring and improved utilization.
- FY26 revenue growth guidance narrowed to 6-7% (from ~7.6% earlier), including ~50bp from the CPE rebadging deal; midpoint implies a ~2.7% QoQ CAGR from current levels.
- The narrowing guidance was driven by: (i) delayed ramp-up of deals won earlier in the year, now expected late 3Q into 4Q, and (ii) a worsening macro environment in Travel & Transportation, particularly the Middle East.
- Key wins included a German biotech vendor-consolidation program transitioning into an agentic clinical-data platform, a capital markets firm replacing a legacy PDF-output system under the "zero license" model, and an AI-led middle-office transformation in cash and settlements for another capital markets client.
- The company won a >USD 10m modernization deal exiting a legacy outsourced system for a royalty-management client, plus a double-digit million CRM transformation deal.
- It signed three new outsourcing deals: a London university (tech/BPO plus a shared-services model for the higher-ed sector), an ANZ financial services digital IPO engagement, and an APAC fintech payments transformation.
- A new deal archetype is emerging—clients running quick-turnaround RFPs to select a strategic AI partner. The company has already won two such mandates.
- Increasing traction was observed in >USD 10m legacy modernization deals. The company won a consolidation mandate at a top-15 client, reducing its vendor base to three strategic partners.
- **Healthcare & Insurance:** H&I Vertical posted strong sequential and YoY growth, led by large deal ramp-ups and broad-based momentum across Europe. Management reiterated this segment will continue to outgrow the company average.
- **Manufacturing and Consumer:** MNC deal wins are converting into revenue from both existing accounts and new logos, recovering from tariff-led headwinds seen in early FY26. The segment has been delivering YoY growth since 2H of last year and is expected to become a full-year growth contributor.
- **Hi-Tech and Professional Services:** The sequential trend reflected seasonality tied to the largest client's July-June fiscal cycle, with year-end budget utilization driving a revenue tailwind.
- **Travel and Transportation:** The vertical remained pressured by Middle East macro headwinds, with a key demand proxy down ~18% YoY. It is expected to lag materially for the rest of the year.
- The company added new delivery centers in Cardiff (UK) and Bogota (Colombia).

- Net headcount addition stood at 708 for the quarter (~180 in IT, ~530 in DPS/BPO), marking the 12th consecutive quarter of IT headcount growth ahead of anticipated 2H seasonal demand.
- The company is committed to launching one new AI service per month with a target of 100 customers within 90 days of each launch. It is on track to achieve the first metric and is nearing the second one.
- The company formed AI 'champion squads' (30-75 members per business unit) to drive proactive AI execution across accounts.
- The zero license platform is gaining strong traction — first deals closed, pipeline building, and integration now spans 65 SaaS platform partners (growing weekly).
- AI/token economics ('Tokenomics') has become central to client IT budget conversations, with clients now weighing labor spend versus token spend. The company is piloting input, output, and outcome-based pricing models.
- The company built a token-optimization harness with Anthropic, offering nine ways to reduce token consumption, aimed at improving both client value and company profitability over time.
- Moreover, it has outlined a three-layer AI partnership strategy — a commoditizing foundational LLM layer, domain-specific SLMs/fine-tuned models, and client-specific process context — delivered via platforms including AnzaI, RapidX, and the newly launched Agent Verse.
- The company completed transition to a new ERP system after a ~three-year implementation, with this being the first full quarter of financial reporting on the new platform.
- DSO was elevated due to an ERP transition-related invoicing blackout, but is expected to normalize to 70-75 days by year-end. LTM OCF/PAT remained strong at ~125%.
- The client base broadened, with 34 clients now contributing >USD 10m in annual revenue, up by three YoY.

Margin performance and outlook

- EBIT margin came in at 13.6%, up ~60bp QoQ, aided by ~160bp of FX/calendar tailwind and ~30bp of utilization-led operational improvement, partly offset by ~70bp of seasonal/event costs and ~50bp of hiring-related investments.
- FY26 EBITDA margin guidance is reiterated at 13-14%.
- EPS growth was muted despite margin expansion due to ~USD8m of hedge/translation losses. This is expected to unwind by ~USD5m in 3Q and ~USD3m in 4Q.
- Effective tax rate stood at 25.1%, in line with the full-year guided range of 25-26%.

Valuation and view

- While HEXT lowered its CY26 revenue growth guidance to 6–7% due to delayed deal ramp-ups and weakness in the Travel & Transportation vertical, management commentary suggests that growth is being deferred rather than lost. We expect delayed ramps, healthy momentum in large modernization deals, and continued strength in banking, healthcare, and manufacturing to support a stronger exit into CY27.
- HEXT also maintained its EBIT margin guidance of 13–14% despite continued investments in hiring and AI capabilities, with operating leverage from deal ramp-ups expected to support margins over the coming quarters. **We largely maintain our estimates and reiterate our BUY rating with a TP of INR660 (based on 23x CY27E EPS), implying ~15% upside.**

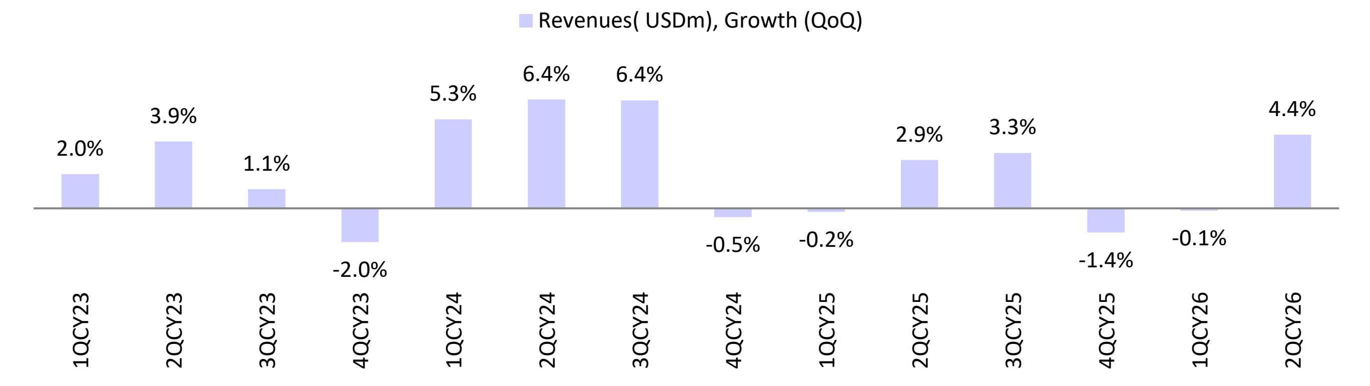
Exhibit 3: Revisions to our estimates

	Revised		Earlier		Change	
	CY26E	CY27E	CY26E	CY27E	CY26E	CY27E
INR/USD	94.1	95.0	94.0	95.0	0.1%	0.0%
USD Revenue (m)	1,638	1,794	1,653	1,800	-0.9%	-0.3%
Growth (%)	6.6	9.5	7.6	8.9	-100bps	70bps
EBIT margin (%)	13.7	13.9	13.5	13.8	20bps	10bps
PAT (INR m)	14,774	17,554	15,209	17,291	-2.9%	1.5%
EPS	23.9	28.4	24.6	28.0	-2.9%	1.5%

Source: MOFSL

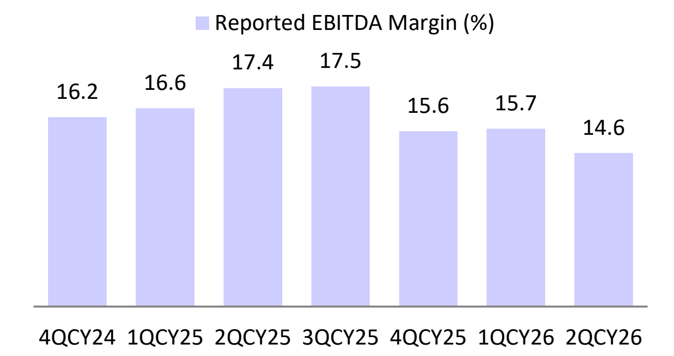
Story in charts

Exhibit 4: USD revenue grew 4.4% QoQ CC, led by underlying volume growth of ~USD9m and a calendar/billing-day benefit of ~USD5m



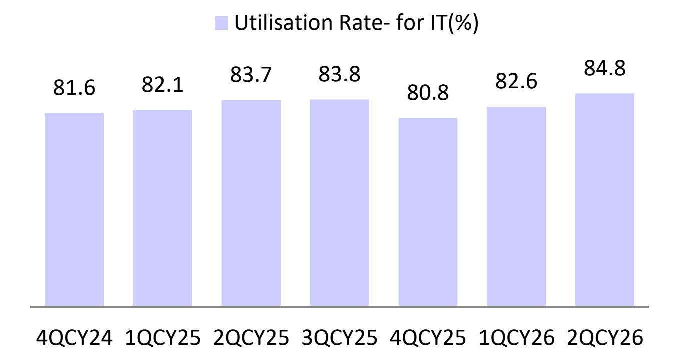
Source: Company, MOFSL

Exhibit 5: EBITDA decreased 110bp



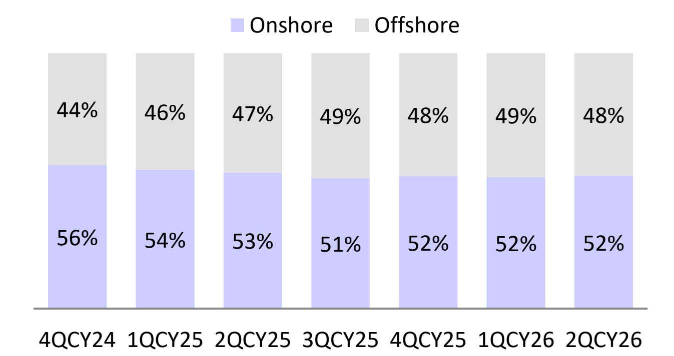
Source: Company, MOFSL

Exhibit 6: Utilization increased 220bp sequentially



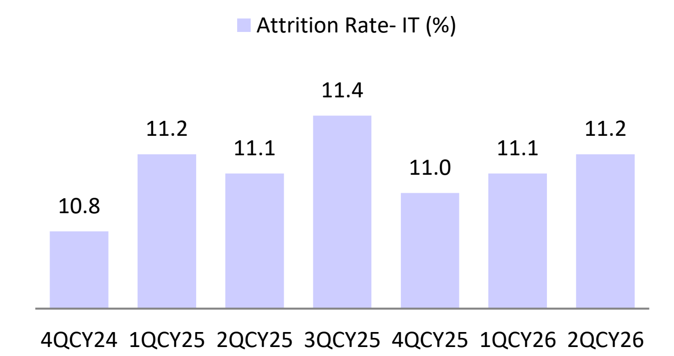
Source: Company, MOFSL

Exhibit 7: Offshore mix remained stable



Source: Company, MOFSL

Exhibit 8: Attrition increased 10bp QoQ



Source: Company, MOFSL

Operating metrics

Exhibit 9: Operating metrics

	4QCY24	1QCY25	2QCY25	3QCY25	4QCY25	1QCY26	2QCY26
Revenue by Verticals (%)							
Financial Services	29.1%	30.5%	30.0%	29.6%	30.1%	29.6%	28.7%
Healthcare and Insurance	21.1%	20.8%	20.7%	22.3%	20.6%	22.7%	23.1%
Manufacturing and Consumer	14.8%	14.9%	14.4%	16.2%	16.3%	16.1%	16.0%
Hi-Tech and Professional Services	18.3%	14.2%	17.3%	15.3%	12.6%	12.7%	13.8%
Banking	8.8%	7.8%	8.6%	8.7%	9.8%	9.0%	9.0%
Travel and Transportation	7.9%	8.6%	9.0%	7.8%	8.4%	7.7%	7.2%
Revenue - Geography (%)							
America	75.6%	76.1%	75.3%	75.6%	74.4%	74.6%	73.6%
Europe	18.6%	18.2%	19.1%	19.0%	19.3%	19.5%	19.9%
APAC	5.8%	5.6%	5.6%	5.5%	6.3%	5.9%	6.5%
Revenue Mix- IT, BPS, and Others							
IT Services	84.3%	84.8%	85.8%	83.8%	85.5%	84.6%	85.2%
BPS	12.9%	12.4%	12.2%	11.7%	11.8%	12.2%	11.4%
Others	2.8%	2.8%	2.0%	4.6%	2.8%	3.2%	3.3%
Client Profile							
>1m	186	195	197	199	192	198	206
>5m	61	66	66	65	59	66	65
>10m	31	30	31	30	32	34	34
>20m	15	15	15	15	16	15	16
>50m	3	3	4	4	4	4	4
>75m	3	3	3	3	3	3	2
Total Headcount	**32,309**	**31,564**	**32,410**	**33,590**	**33,844**	**33,798**	**34,506**
Utilisation Rate- for IT	81.6%	82.1%	83.7%	83.8%	80.8%	82.6%	84.8%
Attrition Rate- IT	10.8%	11.2%	11.1%	11.4%	11.0%	11.1%	11.2%
DSO(Billed)	**38**	**39**	**40**	**37**	**38**	**44**	**39**

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**	**1,54,292**	**1,70,423**
Change (%)	28.2	12.8	15.4	12.2	14.9	10.5
Employees Cost	55,582	61,282	69,649	77,610	90,353	99,130
Total Expenditure	**55,582**	**61,282**	**69,649**	**77,610**	**90,353**	**99,130**
% of Sales	60.4	59.0	58.2	57.8	58.6	58.2
Gross Profit	**36,414**	**42,521**	**50,095**	**56,694**	**63,939**	**71,293**
SG&A	24,197	26,710	31,793	34,229	38,947	42,780
EBITDA	**12,217**	**15,811**	**18,302**	**22,465**	**24,992**	**28,512**
% of Sales	13.3	15.2	15.3	16.7	16.2	16.7
Depreciation	2,444	2,836	2,788	3,613	3,915	4,855
EBIT	**9,773**	**12,975**	**15,514**	**18,852**	**21,077**	**23,657**
% of Sales	10.6	12.5	13.0	14.0	13.7	13.9
Other Income	1,457	-290	89	-942	-1,246	-170
PBT	**11,230**	**12,685**	**15,603**	**17,910**	**19,831**	**23,487**
Total Tax	2,388	2,709	3,863	3,654	5,057	5,932
Tax Rate (%)	21.3	21.4	24.8	20.4	25.5	25.3
Reported PAT	**8,842**	**9,976**	**11,740**	**13,684**	**15,038**	**17,554**
Change (%)	18.1	12.8	17.7	16.6	9.9	16.7
Margin (%)	9.6	9.6	9.8	10.2	9.7	10.3
Minority Interest	0	0	0	0	0	0
Adjusted PAT	**8,842**	**9,976**	**11,740**	**14,256**	**14,774**	**17,554**
Tax Rate (%)	18.1	12.8	17.7	21.4	3.6	18.8

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	69,936	78,713
Net Worth	**41,230**	**46,352**	**53,569**	**63,158**	**70,545**	**79,322**
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	11,296	11,683
Capital Employed	**45,593**	**50,463**	**61,224**	**73,943**	**81,810**	**90,974**
Net Fixed Assets	**9,863**	**9,018**	**10,358**	**12,905**	**15,470**	**17,771**
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	9,522	9,627
Curr. Assets, Loans&Adv.	**34,519**	**42,017**	**45,511**	**50,477**	**56,506**	**64,144**
Account Receivables	18,818	18,458	19,755	20,556	22,404	23,346
Cash and Bank Balance	12,916	17,734	19,766	19,708	23,889	30,586
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**	**35,960**	**36,843**
Account Payables	5,357	6,595	9,140	10,069	11,181	12,268
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**	**20,545**	**27,302**
Appl. of Funds	**45,593**	**50,463**	**61,224**	**73,943**	**81,810**	**90,974**

Financials and valuations

Ratios

Y/E March	CY22	CY23	CY24	CY25	CY26E	CY27E
Basic EPS (INR)	14.5	16.4	19.3	23.1	23.9	28.4
Cash EPS	18.5	21.1	23.9	28.9	30.3	36.3
BV/Share	68.3	76.4	88.1	103.7	115.8	130.3
DPS	11.0	8.8	8.7	11.3	12.0	14.2
Payout (%)	75.7	53.3	45.3	49.0	50.0	50.0
Valuation (x)						
P/E	39.6	35.1	29.8	24.9	24.1	20.2
Cash P/E	31.0	27.3	24.1	19.9	19.0	15.9
P/BV	8.4	7.5	6.5	5.5	5.0	4.4
EV/Sales	3.6	3.1	2.7	2.4	2.1	1.9
EV/EBITDA	27.4	20.5	17.9	14.6	13.0	11.2
Dividend Yield (%)	1.9	1.5	1.5	2.0	2.1	2.5
Return Ratios (%)						
RoE	22.4	22.8	23.5	23.5	22.5	23.4
RoCE	16.6	20.4	19.9	19.6	17.9	19.3

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	19,831	23,487
Depreciation	2,444	2,836	2,788	3,613	3,915	4,855
Interest & Finance Charges	322	315	284	485	1,246	170
Direct Taxes Paid	-2,435	-2,579	-3,122	-3,681	-5,057	-5,932
(Inc)/Dec in WC	-3,824	1,223	-628	104	-736	145
Others	469	676	555	-398	0	0
CF from Operations	**8,206**	**15,156**	**15,480**	**17,391**	**19,199**	**22,724**
(Inc)/Dec in FA	-1,190	-634	-1,312	-1,635	-6,479	-7,157
Free Cash Flow	**7,016**	**14,522**	**14,168**	**15,756**	**12,720**	**15,568**
(Pur)/Sale of Investments	9,054	3,778	19,696	12,725	0	0
Others	-8,015	-6,140	-25,074	-21,052	-1,377	-276
CF from Investments	**-151**	**-2,996**	**-6,690**	**-9,962**	**-7,856**	**-7,433**
Issue of Shares	1	3	1	599	0	0
Inc/(Dec) in Debt	-59	-1,870	-1,370	-1,668	224	183
Interest Paid	-56	-136	-136	-244	0	0
Dividend Paid	-6,637	-5,308	-5,314	-6,995	-7,387	-8,777
Others	-460	-190	0	0	0	0
CF from Fin. Activity	**-7,211**	**-7,501**	**-6,819**	**-8,308**	**-7,163**	**-8,594**
Inc/Dec of Cash	**844**	**4,659**	**1,971**	**-879**	**4,181**	**6,697**
Forex Adjustment	285	159	61	821	0	0
Opening Balance	11,787	12,916	17,734	19,766	19,708	23,889
Closing Balance	**12,916**	**17,734**	**19,766**	**19,708**	**23,889**	**30,586**

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.