

India

**HOLD** (no change)

Consensus ratings\*: Buy 6 Hold 8 Sell 3

Current price: Rs382  
 Target price: ▼ Rs414  
 Previous target: Rs421  
 Up/downside: 8.4%  
 InCred Research / Consensus: -5.0%

Reuters: BIRS.NS  
 Bloomberg: BSOFT IN  
 Market cap: US\$1,211m  
 Rs106,183m  
 Average daily turnover: US\$9.7m  
 Rs850.7m  
 Current shares o/s: 281.3m  
 Free float: 59.4%

\*Source: Bloomberg

**Key changes in this note**

- Expect 4% revenue CAGR over FY25-28F.
- Expect 10% EBIT CAGR over FY25-28F.
- Expect 11% PAT CAGR over FY25-28F.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(11.8)	(2.0)	(33.7)
Relative (%)	(8.4)	(2.3)	(35.1)

**Major shareholders**

	% held
Kotak Emerging Equity Scheme	7.2
ICICI Prudential Technology Fund	2.9
Hdfc Trustee Company Limited-Hdfc	2.5

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# Birlasoft

## Structural recovery is key to re-rating

- Execution remains weak. 1QFY26 revenue missed estimates while the EBITDA margin saw a modest beat.
- The growth in all verticals, ex-manufacturing, was encouraging. Sustainability is key.
- Cash & cash equivalents (US\$267m) and the valuation (11x EV/EBITDA) continue to be key anchors. Maintain HOLD rating with a lower TP of Rs414.

**1QFY26 earnings summary**

Birlasoft's (BSOFT) 1QFY26 revenue weakness (-1%/-5.3% and -1.8%/-6% qoq/yoy in US\$/constant currency or CC terms) was driven by project completion, ramp-down and insourcing in the manufacturing vertical (-4.2% in US\$) partly offset by growth in BFSI, life-sciences, and energy & utilities. Although the commentary of a sequential growth in 2QFY26F was encouraging, it appears more a function of right-shifting of deals vs. structural recovery, while sustaining the growth momentum in 3QFY26F hinges on 2Q deal wins.

**Weak order intake**

1QFY26 total order intake was weak (down 40% qoq and 12% yoy) led by seasonality for renewals (3Q/4Q are better) while the delay in deal closure impacted new deal wins (US\$76m, down 32.1% qoq and 19.1% yoy and likely below its own expectation set post-4QFY25 earnings). Commentary suggests macroeconomic uncertainty continues to impact discretionary spending while the cost optimization focus of clients is driving competitive intensity higher in renewals.

**Revenue softness drives a change in EBIT margin assumption too**

The EBIT margin contracted by 80bp qoq and 240bp yoy to 10.7% (19bp beat vs. InCred estimate) and is largely attributable to revenue softness. Rising competitive intensity, pricing pressure in renewals, capability investments, large-deal transition costs and growth/margin trade-off to retain/gain market share are key headwinds to FY26F margin while aligning the cost structure, offshoring & utilization improvement are key tailwinds. We trim FY26F EBITDA margin to 13% (13.4% earlier), in line with management's guidance, and also adjust average FY26F-27F EBITDA margin estimate to 13.3% vs. 13.6% earlier.

**Maintain HOLD rating with a lower target price of Rs414**

We model a 4% US\$ revenue CAGR over FY25-28F and an average 11% PAT (Rs). Although we retain our HOLD rating, trimming of estimates and target multiple to account for a longer time horizon (as we shift to FY28F) drives our target price lower. We now apply a target PE/G of ~1x (vs. ~1.2x earlier) on FY28F (FY27F earlier) yoy EPS to arrive at our target P/E multiple and discount FY28F EPS to set a lower target price of Rs414 (Rs421 earlier). Downside risks: Growth moderation driven by client-specific challenges, weak order booking & margin execution. Upside risk: M&A led better-than-expected growth

**Financial Summary**

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue (Rsm)	52,781	53,752	52,315	57,118	62,975
Operating EBITDA (Rsm)	8,362	6,974	6,783	7,825	9,100
Net Profit (Rsm)	6,238	5,168	4,515	6,052	7,054
Core EPS (Rs)	22.2	18.3	16.0	21.5	25.0
Core EPS Growth	29.8%	(17.5%)	(12.6%)	34.1%	16.6%
FD Core P/E (x)	17.18	20.84	23.85	17.79	15.26
DPS (Rs)	6.5	6.5	9.5	11.0	11.0
Dividend Yield	1.70%	1.70%	2.49%	2.88%	2.88%
EV/EBITDA (x)	11.14	12.88	12.81	10.74	8.84
P/FCFE (x)	15.52	19.93	24.08	22.57	20.02
Net Gearing	(46.0%)	(51.3%)	(56.6%)	(59.7%)	(62.6%)
P/BV (x)	3.52	3.10	2.94	2.72	2.47
ROE	22.7%	15.8%	12.6%	15.9%	17.0%
% Change In Core EPS Estimates			(19.85%)	(6.53%)	
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 1: Quarterly performance

Y/E Mar (Rsm)	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	1QFY26F	Var. (%)
Revenue (US\$m)	150.7	159.1	(5.3)	152.2	(1.0)	150.7	0.0
Revenue (Rsm)	12,849	13,274	(3.2)	13,169	(2.4)	12,895	(0.4)
USD-INR realization	85.3	83.4	2.2	86.5	(1.5)	85.6	(0.4)
EBITDA	1,588	1,951	(18.6)	1,736	(8.5)	1,573	0.9
EBITDA margin (%)	12.4	14.7	(234 bp)	13.2	(82 bp)	12.2	16 bp
EBIT	1,380	1,745	(20.9)	1,519	(9.2)	1,361	1.4
EBIT margin (%)	10.7	13.1	(240 bp)	11.5	(80 bp)	10.6	19 bp
Depreciation	208	206	0.9	216	(4.0)	212	(1.9)
Net other income	281	303	(7.3)	144	95.9	151	86.1
PBT	1,662	2,049	(18.9)	1,663	(0.1)	1,513	9.9
Provision for tax	597	547	9.3	442	35.2	402	48.6
% tax rate	35.9	26.7	927 bp	26.6	937 bp	26.6	937 bp
Net profit	1,064	1,502	(29.1)	1,220	(12.8)	1,111	(4.2)
EPS (Rs)	3.8	5.3	(29.1)	4.3	(12.8)	3.9	(4.2)

SOURCE: INCRED RESEARCH, COMPANY REPORTS

## Key takeaways from the earnings conference call

- **Guidance:** Birlasoft expects sequential growth in 2QFY26F while 3QFY26F growth hinges on 2Q deal wins and quantum of furloughs.
- **Demand outlook:** The demand environment continues to be challenging as customers delay decision-making and are holding back discretionary spending.
- **Vertical-wise commentary**
  - **BFSI:** Insurance could lead while the payment business could remain soft.
  - **Manufacturing:** Tariff and macroeconomic uncertainty drove quarterly weakness. The medical devices business is turning around while discrete manufacturing continues to be under pressure.
- Focusing on domain-led new hiring.
- M&A: Focus could be after delivering three-to-four quarters of organic growth qoq.
- ETR to be roughly ~35% in FY26F.
- The focus is to win new artificial intelligence or AI-centric transformation deals.

Figure 2: Operating metrics

Operating trends	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Revenue (US\$m)	148.6	148.8	148.4	149.1	153.6	158.3	161.3	163.9	159.1	163.3	160.8	152.2	150.7
Growth yoy (%)	15.7	8.7	3.5	1.8	3.4	6.4	8.7	9.9	3.6	3.2	-0.3	-7.1	-5.3
Growth qoq (%)	1.5	0.1	-0.3	0.5	3.0	3.1	1.9	1.6	-2.9	2.6	-1.5	-5.3	-1.0
Revenue (Rsm)	11,544	11,921	12,219	12,264	12,628	13,099	13,430	13,625	13,274	13,682	13,627	13,169	12,849
Growth yoy (%)	22.1	17.8	14.0	11.3	9.4	9.9	9.9	11.1	5.1	4.5	1.5	-3.4	-3.2
Growth qoq (%)	4.8	3.3	2.5	0.4	3.0	3.7	2.5	1.5	-2.6	3.1	-0.4	-3.4	-2.4
EBIT margin (%)	13.0	13.1	11.2	11.9	13.6	14.2	14.4	14.7	13.1	10.5	10.4	11.5	10.7
US\$-INR realized rate	77.7	80.1	82.3	82.3	82.2	82.7	83.3	83.1	83.4	83.8	84.7	86.5	85.3
Headcount	12,565	12,758	12,530	12,193	12,235	12,322	12,356	12,595	12,865	12,578	12,125	11,930	11,834
Utilization (%)	82.5	82.4	84.0	84.8	84.9	86.5	87.1	86.3	81.7	82.0	81.8	81.0	81.2
LTM Attrition (%)	27.9	27.4	25.5	22.1	18.8	15.0	12.6	12.4	11.6	11.8	12.7	12.8	13.3
Vertical (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
BFSI	17.8	19.1	20.1	20.5	20.7	21.1	20.6	21.2	23.6	23.3	24.1	24.0	24.4
Energy & Utilities	14.3	14.1	13.9	14.9	14.3	13.7	14.5	14.8	15.8	16.1	15.7	16.9	17.4
Lifesciences	26.5	25.0	26.0	24.5	24.4	24.0	23.9	22.1	21.4	20.6	20.0	19.6	20.0
Manufacturing	41.4	41.8	40.0	40.1	40.7	41.1	41.1	41.9	39.2	40.0	40.1	39.5	38.2
Vertical (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
BFSI	26.5	28.4	29.8	30.6	31.8	33.4	33.2	34.7	37.5	38.0	38.8	36.5	36.8
Energy & Utilities	21.2	21.0	20.6	22.2	22.0	21.7	23.4	24.3	25.1	26.3	25.2	25.7	26.2
Lifesciences	39.4	37.2	38.6	36.5	37.5	38.0	38.6	36.2	34.0	33.6	32.2	29.8	30.1
Manufacturing	61.5	62.2	59.4	59.8	62.5	65.1	66.3	68.7	62.4	65.3	64.5	60.1	57.6
Vertical yoy (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
BFSI	17.7	14.7	17.5	21.4	20.2	17.5	11.4	13.7	18.1	13.9	16.6	5.1	-2.1
Energy & Utilities	11.1	7.2	-2.8	0.5	3.4	3.4	13.4	9.2	14.4	21.2	7.9	6.0	4.3
Lifesciences	31.1	12.3	20.7	15.5	-4.8	2.1	-0.1	-0.8	-9.2	-11.5	-16.6	-17.6	-11.5
Manufacturing	8.4	4.7	-8.4	-11.4	1.6	4.6	11.7	14.9	-0.2	0.4	-2.7	-12.5	-7.7
Vertical qoq (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
BFSI	5.0	7.4	5.0	2.5	4.0	5.1	-0.5	4.6	8.1	1.3	1.8	-5.7	0.7
Energy & Utilities	-3.9	-1.3	-1.7	7.7	-1.1	-1.3	7.8	3.7	3.6	4.6	-4.0	1.9	1.9
Lifesciences	24.5	-5.5	3.7	-5.3	2.6	1.4	1.5	-6.0	-6.0	-1.2	-4.4	-7.2	1.0
Manufacturing	-8.8	1.1	-4.6	0.7	4.6	4.1	1.9	3.6	-9.2	4.7	-1.3	-6.8	-4.2
Incremental revenue (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
BFSI	1.3	2.0	1.4	0.7	1.2	1.6	-0.2	1.5	2.8	0.5	0.7	-2.2	0.2
Energy & Utilities	-0.9	-0.3	-0.4	1.6	-0.3	-0.3	1.7	0.9	0.9	1.2	-1.0	0.5	0.5
Lifesciences	7.8	-2.2	1.4	-2.1	0.9	0.5	0.6	-2.3	-2.2	-0.4	-1.5	-2.3	0.3

Manufacturing	-6.0	0.7	-2.8	0.4	2.7	2.5	1.2	2.4	-6.3	3.0	-0.8	-4.4	-2.6
<b>New Deal wins (US\$m)</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>	<b>1QFY26</b>
Order intake	112	138	102	114	80	167	94	107	94	89	64	112	76
qoq (%)	-10.4	23.2	-26.1	11.8	-29.8	108.8	-43.7	13.8	-12.1	-5.3	-28.1	75.0	-32.1
yoy (%)	19.1	32.7	-15.7	-8.8	-28.6	21.0	-7.8	-6.1	17.5	-46.7	-31.9	4.7	-19.1
TTM order intake	462	496	477	466	434	463	455	448	462	384	354	359	341
<b>Clients (%)</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>	<b>1QFY26</b>
Top 5	30.7	31.1	31.7	32.8	33.3	33.6	34.5	35.4	36.2	36.7	37.0	37.1	37.8
Top 6-10	16.3	16.1	16.2	15.9	16.3	17.4	17.5	16.7	16.4	15.8	15.2	14.9	14.7
Top 11-20	16.1	16.5	16.2	15.2	14.3	12.9	12.7	12.7	12.5	12.4	12.8	13.2	12.9
Non-top 20	36.9	36.3	35.9	36.1	36.1	36.1	35.3	35.2	34.9	35.1	35.0	34.8	34.6
<b>Clients (US\$m)</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>	<b>1QFY26</b>
Top 5	45.6	46.3	47.0	48.9	51.1	53.2	55.6	58.0	57.6	59.9	59.5	56.5	57.0
Top 6-10	24.2	24.0	24.0	23.7	25.0	27.5	28.2	27.4	26.1	25.8	24.4	22.7	22.2
Top 11-20	23.9	24.6	24.0	22.7	22.0	20.4	20.5	20.8	19.9	20.2	20.6	20.1	19.4
Non-top 20	54.8	54.0	53.3	53.8	55.4	57.1	56.9	57.7	55.5	57.3	56.3	53.0	52.1
<b>Clients yoy (%)</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>	<b>1QFY26</b>
Top 5	16.5	13.8	12.0	11.7	12.1	14.9	18.3	18.6	12.6	12.7	6.9	-2.7	-1.1
Top 6-10	35.7	12.9	3.5	2.5	3.4	15.0	17.4	15.5	4.2	-6.3	-13.4	-17.1	-15.1
Top 11-20	16.5	12.1	7.5	-0.8	-8.2	-16.8	-14.8	-8.2	-9.5	-0.8	0.5	-3.5	-2.2
Non-top 20	7.8	1.7	-4.5	-5.0	1.1	5.8	6.9	7.2	0.1	0.3	-1.2	-8.2	-6.1
<b>Clients qoq (%)</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>	<b>1QFY26</b>
Top 5	4.2	1.4	1.7	4.0	4.6	4.0	4.6	4.3	-0.7	4.1	-0.7	-5.1	0.9
Top 6-10	4.7	-1.1	0.4	-1.4	5.6	10.0	2.5	-3.0	-4.7	-1.1	-5.3	-7.2	-2.3
Top 11-20	4.8	2.6	-2.1	-5.7	-3.1	-7.0	0.3	1.6	-4.5	1.8	1.6	-2.4	-3.2
Non-top 20	-3.2	-1.5	-1.4	1.0	3.0	3.1	-0.4	1.3	-3.8	3.2	-1.8	-5.9	-1.6
<b>Incremental revenue (US\$m)</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>	<b>1QFY26</b>
Top 5	1.8	0.7	0.8	1.9	2.2	2.0	2.5	2.4	-0.4	2.3	-0.4	-3.0	0.5
Top 6-10	1.1	-0.3	0.1	-0.3	1.3	2.5	0.7	-0.9	-1.3	-0.3	-1.4	-1.8	-0.5
Top 11-20	1.1	0.6	-0.5	-1.4	-0.7	-1.5	0.1	0.3	-0.9	0.4	0.3	-0.5	-0.7
Non-top 20	-1.8	-0.8	-0.7	0.5	1.6	1.7	-0.2	0.8	-2.2	1.8	-1.0	-3.3	-0.8
<b>Client metrics</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>	<b>1QFY26</b>
Active clients	300	301	299	288	285	278	272	259	258	261	265	254	247
Revenue per active client	1.9	2.0	2.0	2.1	2.1	2.2	2.3	2.5	2.5	2.5	2.4	2.5	2.5
US\$1m+	82	76	83	83	86	85	83	87	88	89	85	80	77
US\$5m+	25	27	24	26	27	27	26	26	23	24	27	27	26
US\$10m+	13	14	13	13	13	11	11	12	12	12	12	12	12
<b>Per employee analysis</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>	<b>1QFY26</b>
Revenue (US\$ m) - TTM	575	587	592	595	600	609	622	637	643	648	647	635	627
Employees (average TTM)	12,195	12,368	12,514	12,512	12,429	12,320	12,277	12,377	12,535	12,599	12,541	12,375	12,117
Revenue per employee (TTM)	47,176	47,477	47,322	47,548	48,266	49,464	50,690	51,475	51,267	51,403	51,600	51,348	51,747

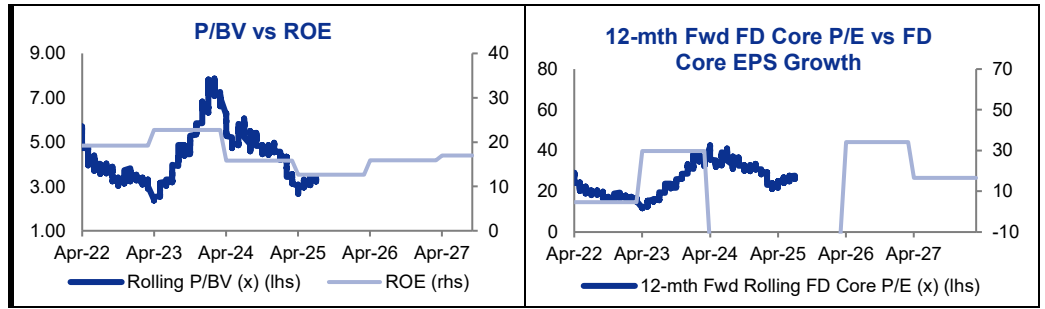
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Change in InCred estimates

Y/E, March (Rs m)	FY26F			FY27F			FY28F		
	New	Old	% change	New	Old	% change	New	Old	% change
US\$ revenue	614	642	-4.4	657	700	-6.1	716	716	0.0
Revenue	52,315	55,640	-6.0	57,118	61,557	-7.2	62,975	62,975	0.0
EBIT	5,937	6,571	-9.6	6,923	7,510	-7.8	8,117	8,117	0.0
EBIT margin (%)	11.3	11.8	(46) bp	12.1	12.2	(8) bp	12.9	12.9	0 bp
Net PAT	4,515	5,633	-19.8	6,052	6,475	-6.5	7,054	7,054	0.0
EPS (Rs)	16.0	20.0	-19.8	21.5	23.0	-6.5	25.0	25.0	0.0

SOURCE: INCRED RESEARCH, COMPANY REPORTS

## BY THE NUMBERS



### Profit & Loss

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
<b>Total Net Revenues</b>	<b>52,781</b>	<b>53,752</b>	<b>52,315</b>	<b>57,118</b>	<b>62,975</b>
<b>Gross Profit</b>	<b>22,298</b>	<b>21,744</b>	<b>20,850</b>	<b>22,990</b>	<b>25,568</b>
<b>Operating EBITDA</b>	<b>8,362</b>	<b>6,974</b>	<b>6,783</b>	<b>7,825</b>	<b>9,100</b>
Depreciation And Amortisation	(850)	(857)	(846)	(902)	(982)
<b>Operating EBIT</b>	<b>7,512</b>	<b>6,117</b>	<b>5,937</b>	<b>6,923</b>	<b>8,117</b>
Financial Income/(Expense)	836	851	1,111	1,201	1,344
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)					
<b>Profit Before Tax (pre-EI)</b>	<b>8,348</b>	<b>6,968</b>	<b>7,049</b>	<b>8,124</b>	<b>9,462</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>8,348</b>	<b>6,968</b>	<b>7,049</b>	<b>8,124</b>	<b>9,462</b>
Taxation	(2,110)	(1,801)	(2,534)	(2,072)	(2,408)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>6,238</b>	<b>5,168</b>	<b>4,515</b>	<b>6,052</b>	<b>7,054</b>
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>6,238</b>	<b>5,168</b>	<b>4,515</b>	<b>6,052</b>	<b>7,054</b>
Recurring Net Profit	6,238	5,168	4,515	6,052	7,054
<b>Fully Diluted Recurring Net Profit</b>	<b>6,238</b>	<b>5,168</b>	<b>4,515</b>	<b>6,052</b>	<b>7,054</b>

### Cash Flow

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
<b>EBITDA</b>	<b>8,362</b>	<b>6,974</b>	<b>6,783</b>	<b>7,825</b>	<b>9,100</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(730)	144	640	(469)	(746)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	1,358	635			
Other Operating Cashflow					
Net Interest (Paid)/Received					
Tax Paid	(1,807)	(1,878)	(2,534)	(2,072)	(2,408)
<b>Cashflow From Operations</b>	<b>7,182</b>	<b>5,875</b>	<b>4,889</b>	<b>5,285</b>	<b>5,946</b>
Capex	(262)	(486)	(419)	(514)	(567)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(6,007)	(3,884)	1,310	1,399	1,543
<b>Cash Flow From Investing</b>	<b>(6,269)</b>	<b>(4,370)</b>	<b>891</b>	<b>885</b>	<b>976</b>
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(1,240)	(1,796)	(2,678)	(3,101)	(3,101)
Preferred Dividends					
Other Financing Cashflow	(438)	(359)	(198)	(198)	(198)
<b>Cash Flow From Financing</b>	<b>(1,678)</b>	<b>(2,155)</b>	<b>(2,876)</b>	<b>(3,299)</b>	<b>(3,299)</b>
Total Cash Generated	(765)	(650)	2,904	2,871	3,623
<b>Free Cashflow To Equity</b>	<b>6,920</b>	<b>5,389</b>	<b>4,471</b>	<b>4,771</b>	<b>5,379</b>
<b>Free Cashflow To Firm</b>	<b>913</b>	<b>1,505</b>	<b>5,781</b>	<b>6,170</b>	<b>6,922</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

## BY THE NUMBERS...cont'd

### Balance Sheet

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Cash And Equivalents	14,586	19,019	21,924	24,795	28,417
Total Debtors	10,365	9,802	9,460	10,172	11,215
Inventories					
Total Other Current Assets	2,723	2,811	2,811	2,811	2,811
<b>Total Current Assets</b>	<b>27,674</b>	<b>31,632</b>	<b>34,195</b>	<b>37,778</b>	<b>42,443</b>
Fixed Assets	2,036	2,355	1,927	1,539	1,123
Total Investments	3,023	3,794	3,794	3,794	3,794
Intangible Assets	5,052	5,310	5,310	5,310	5,310
Total Other Non-Current Assets	1,472	1,533	1,533	1,533	1,533
<b>Total Non-current Assets</b>	<b>11,582</b>	<b>12,992</b>	<b>12,564</b>	<b>12,176</b>	<b>11,760</b>
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	2,805	2,353	2,652	2,895	3,192
Other Current Liabilities	4,653	5,501	5,501	5,501	5,501
<b>Total Current Liabilities</b>	<b>7,458</b>	<b>7,854</b>	<b>8,152</b>	<b>8,396</b>	<b>8,692</b>
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	1,357	1,988	1,988	1,988	1,988
<b>Total Non-current Liabilities</b>	<b>1,357</b>	<b>1,988</b>	<b>1,988</b>	<b>1,988</b>	<b>1,988</b>
Total Provisions					
<b>Total Liabilities</b>	<b>8,815</b>	<b>9,842</b>	<b>10,140</b>	<b>10,383</b>	<b>10,680</b>
Shareholders Equity	30,441	34,782	36,619	39,570	43,523
Minority Interests					
<b>Total Equity</b>	<b>30,441</b>	<b>34,782</b>	<b>36,619</b>	<b>39,570</b>	<b>43,523</b>

### Key Ratios

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue Growth	10.1%	1.8%	(2.7%)	9.2%	10.3%
Operating EBITDA Growth	24.5%	(16.6%)	(2.7%)	15.4%	16.3%
Operating EBITDA Margin	15.8%	13.0%	13.0%	13.7%	14.5%
Net Cash Per Share (Rs)	49.92	63.28	73.59	83.77	96.62
BVPS (Rs)	108.47	123.39	129.90	140.37	154.40
Gross Interest Cover	37.67	26.10	29.91	34.88	40.90
Effective Tax Rate	25.3%	25.8%	35.9%	25.5%	25.5%
Net Dividend Payout Ratio	29.2%	35.5%	59.3%	51.2%	44.0%
Accounts Receivables Days	67.20	68.47	67.19	62.72	61.98
Inventory Days					
Accounts Payables Days	30.64	29.41	29.03	29.66	29.70
ROIC (%)	39.5%	32.0%	27.2%	40.0%	46.7%
ROCE (%)	20.0%	13.5%	10.3%	13.1%	14.2%
Return On Average Assets	15.8%	10.8%	8.3%	10.7%	11.6%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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## Recommendation Framework

### Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

### Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

### Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.