29 October 2026
2QFY27 Result Update | Sector: Technology

Zensar

Estimate change	⟷
TP change	↑
Rating change	⟷

Bloomberg	ZENT IN
Equity Shares (m)	228
M.Cap.(INRb)/(USDb)	122.4 / 1.3
52-Week Range (INR)	814 / 416
1, 6, 12 Rel. Per (%)	24/8/-21
12M Avg Val (INR M)	1031

Financials & Valuations (INR b)

Y/E Mar	FY26	FY27E	FY28E
Sales	56.9	63.5	68.1
EBIT Margin (%)	14.5	13.4	14.5
PAT	7.9	7.8	9.0
EPS (INR)	34.5	34.2	39.1
EPS Gr. (%)	21.7	-1.1	14.4
BV/Sh. (INR)	207.8	226.6	249.5
Ratios			
RoE (%)	18.1	15.9	16.5
RoCE (%)	13.6	12.4	13.3
Payout (%)	43.4	43.9	41.0
Valuations			
P/E (x)	15.5	15.7	13.7
P/BV (x)	2.6	2.4	2.2
EV/EBITDA (x)	10.5	9.3	7.7
Div Yield (%)	2.8	2.8	3.0

Shareholding pattern (%)

As On	Sep-26	Jun-26	Sep-25
Promoter	49.0	49.0	49.0
DII	21.7	22.0	22.2
FII	10.5	11.1	13.3
Others	18.8	17.9	15.4

FII Includes depository receipts

CMP: INR537 TP: INR630 (+17%) Buy

Broader growth, measured recovery

Margin expansion to be limited by wage hikes

- Zensar (ZENT) reported 2QFY27 revenue growth of 4.1% QoQ CC (est. 2.4% QoQ CC). BFSI/HLS/MCS grew 7.1%/2.4%/2.9 QoQ CC, while TMT declined 2.2% QoQ CC. Deal TCV bookings came in at USD152m (up 1.5% QoQ/down 4.5% YoY), and the book-to-bill was 0.9x. EBIT margin was 13.4% (est. 13%), up 70bp QoQ. Adj. PAT stood at INR1,901m (up 3.5% QoQ/up 4.4% YoY), above our estimate of INR1,876m.
- In INR terms, 1HFY27 revenue/EBIT/adj. PAT grew 10.2%/9.3%/2.7% YoY. In 2HFY27, we expect revenue/EBIT/adj. PAT to grow 13.1%/6.7%/-4.3% YoY. We reiterate our **BUY** rating with a TP of INR630, implying a 16x FY28E EPS.

Our view: Growth broadens as vertical performance improves

- **Revenue growth broadens beyond the BFSI mega-deal:** ZENT reported 4.1% QoQ CC revenue growth in 2QFY27, with BFSI (~50% of revenue) growing **7.1% QoQ CC.** Growth was supported by the ongoing ramp-up of the USD210m mega-deal as well as **expansion across other BFSI accounts**. The mega deal is expected to reach its peak run-rate in 3QFY27. We build in **2.0%/1.5% QoQ CC revenue growth in 3Q/4Q**, respectively, with growth expected to moderate after the deal ramp-up.
- **Growth was broad-based across verticals:** HLS and MCS grew **2.4% and 2.9% QoQ C**C, respectively, while **TMT declined 2.2%**. HLS growth is expected to be supported by opportunities in providers, pharma and biotech, particularly in the mid-market. TMT remains **exposed to weakness in telecom**, although the impact has moderated as its share of revenue has declined. The impact of furloughs is expected to persist across verticals, but **the lower TMT mix should limit the drag relative to previous years**.
- **Margin expansion reflects operating leverage, while wage hikes remain a headwind:** EBITDA margin expanded 120bp QoQ to 15.8%, supported by volume, working days and **higher utilization (+130bp), lower ESOP costs (+130bp) and forex (+40bp)**. These benefits were partly offset by the absence of prior-quarter **management bonus reversals (-130bp) and higher software costs and a lower offshore mix (-50bp)**.
- Annual wage hikes are planned across 3Q and 4Q, with an impact of **~150-200bp**. Continued ramp-up of the mega-deal, furloughs and wage hikes are likely to weigh on margins, partly offset by operating efficiencies and utilization. The **company reiterated its mid-teens EBITDA margin guidance. We build in an EBITDA margin of 15.6% for FY27** (16.1% in FY26).
- **AI adoption is progressing, although deal bookings remain muted:** AI-influenced deals **accounted for 36% of the order book**, up from the low-teens range over the past three to four quarters. However, order bookings remain subdued, **with 1HFY27 TCV down 9% YoY**. Certain deals worth **~USD30m were pushed into the next quarter** due to paperwork, rather than delayed client decisions. Deal sizes may moderate as AI reduces delivery effort and accelerates execution, while smaller and shorter-duration engagements could also lower reported TCV across the industry, according to the company. **ZENT remains selective on large deals given pricing and margin considerations.**

Abhishek Pathak - Research Analyst (Abhishek.Pathak@MotilalOswal.com)
Keval Bhagat - Research Analyst (Keval.Bhagat@MotilalOswal.com) | **Suket Kothari - Research Analyst** (Suket.Kothari@MotilalOswal.com)

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- **Demand remains measured:** Clients continue to exercise caution on spending and long-term commitments, with investments increasingly directed towards AI-led transformation, service quality and process simplification. While the macro environment remains subdued, the outlook for 2H will depend on sustained growth beyond the BFSI mega-deal, conversion of AI engagements into production and the ability to absorb **wage** hikes while maintaining mid-teens margins. The company expects 3Q to be better than in prior years.

Valuation and changes to our estimates

- ZENT's 2Q performance indicates **improving breadth in revenue growth**, with HLS and MCS returning to sequential growth alongside continued momentum in BFSI. We expect **BFSI to remain the key growth driver through FY27**, supported by the ramp-up of the USD210m mega-deal, while the lower TMT revenue share **should limit the drag from continued weakness** in the vertical.
- While the demand environment remains measured, the growth outlook is constructive, supported by the mega-deal ramp-up and **improving performance across verticals**. Margins are likely to remain range-**bound within the mid-teen guidance**, given wage hikes and continued investments, partly offset by operating efficiencies. We maintain our estimates and reiterate our **BUY** rating, with a revised TP of **INR630**, based on 16x FY28E EPS (earlier 15x)**.**

Beat on revenue and margin; deal TCV up 1.5% QoQ

- ZENT revenue stood at USD166.2m, up 4.1% QoQ in CC terms, above our estimates of 2.4% QoQ CC. Reported USD revenue was up 4.2% QoQ.
- BFSI/HLS/MCS grew 7.1%/2.4%/2.9 QoQ CC, while TMT declined 2.2% QoQ CC.
- Deal TCV: Bookings came in at USD152m (up 1.5% QoQ/down 4.5% YoY) and the book-to-bill was 0.9x.
- EBIT margin was 13.4% (est. 13%), up 70bp QoQ.
- In 2Q, total headcount reached 12,320 (up 8.6% QoQ). LTM attrition was 9.3%, down 30bp QoQ. Utilization was up 250bp QoQ at 87.6%.
- Adj. PAT of INR1,901m (up 3.5% QoQ/up 4.4% YoY) was in line with our estimate of INR1,876m.

Key highlights from the management commentary

- Macro conditions remained broadly unchanged, with clients staying measured on spending and long-term commitments.
- Committed spending are being directed at embedding AI into core operations, with a focus on service quality and measurable returns.
- Management expects deal sizes to keep shrinking as AI cuts effort and timelines, leading to muted industry order books.
- Q3 outlook looks better than prior years despite furloughs, helped by lower TMT exposure and the large deal ramp-up.
- Revenue grew ~4.1% QoQ in CC to ~USD 166m, with BFSI contributing ~USD 5.5m of the ~USD 6.7m sequential increase.
- Growth was broad-based across volumes, with all regions and three of the four verticals growing QoQ.
- Service lines now contribute ~72% of revenue, up ~420 bps YoY, led by products and platforms (~18% YoY) and data engineering and analytics (~13% YoY).

- Management expects order books to remain muted industry-wide, as smaller and shorter AI deals become the norm.
- Average deal tenure is largely unchanged, though some five-year contracts are now being signed as three-year contracts.
- Renewal win-rates remain close to 100%, and large deals are pursued selectively given margin dilution.
- Fixed-price and outcome-based contracts are expected to rise over the next 3-4 quarters, as T&M does not pass on AI benefits to margins.

Quarterly Performance (INR m)

Y/E March	FY26				FY27E				FY26	FY27E	Est.	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QFY27	(% / bp)
Revenue (USD m)	**162**	**163**	**161**	**158**	**160**	**166**	**170**	**172**	**644**	**667**	**164**	**1.6**
QoQ (%)	3.3	0.5	-1.4	-1.3	0.7	4.2	2.0	1.5	3.1	3.7	2.6	164bp
Revenue (INR m)	**13,850**	**14,213**	**14,307**	**14,504**	**15,083**	**15,852**	**16,173**	**16,415**	**56,874**	**63,523**	**15,632**	**1.4**
YoY (%)	7.5	8.7	7.9	6.7	8.9	11.5	13.0	13.2	7.7	11.7	10.0	155bp
GPM (%)	**30.5**	**31.0**	**33.8**	**32.7**	**29.7**	**29.5**	**30.0**	**30.5**	**32.0**	**29.9**	**29.9**	**-41bp**
SGA (%)	15.3	15.6	16.3	16.5	15.1	13.7	14.3	14.4	15.9	14.4	15.1	-135bp
EBITDA	**2,106**	**2,199**	**2,499**	**2,357**	**2,208**	**2,496**	**2,539**	**2,643**	**9,161**	**9,886**	**2,313**	**7.9**
EBITDA Margin (%)	**15.2**	**15.5**	**17.5**	**16.3**	**14.6**	**15.7**	**15.7**	**16.1**	**16.1**	**15.6**	**14.8**	**95bp**
EBIT	**1,875**	**1,947**	**2,296**	**2,130**	**1,923**	**2,128**	**2,183**	**2,298**	**8,248**	**8,532**	**2,032**	**4.7**
EBIT Margin (%)	**13.5**	**13.7**	**16.0**	**14.7**	**12.7**	**13.4**	**13.5**	**14.0**	**14.5**	**13.4**	**13.0**	**42bp**
Other income	531	454	607	625	538	390	485	492	2,217	1,906	469	-16.8
ETR (%)	24.4	24.2	24.5	23.7	25.4	24.5	25.0	24.5	24.2	24.8	25.0	
Adj. PAT	**1,820**	**1,821**	**2,191**	**2,102**	**1,837**	**1,901**	**2,001**	**2,107**	**7,934**	**7,846**	**1,876**	**1.3**
QoQ (%)	3.2	0.1	20.3	-4.1	-12.6	3.5	5.3	5.3			2.1	
YoY (%)	15.3	16.9	37.2	19.2	0.9	4.4	-8.7	0.2	22.1	-1.1	3.0	
Exceptional Items	0.0	0.0	193.0	-3.8	0.0	0.0	0.0	0.0	**189**	**0**	0.0	
Reported PAT	**1,820**	**1,821**	**1,998**	**2,106**	**1,837**	**1,901**	**2,001**	**2,107**	**7,745**	**7,846**	**1,876**	**1.3**
Adj. EPS (INR)	**7.9**	**7.9**	**9.5**	**9.2**	**8.0**	**8.3**	**8.7**	**9.2**	**34.5**	**34.2**	**8.2**	1.5

Key Performance Indicators

Y/E March	FY26				FY27		FY26
	1Q	2Q	3Q	4Q	1Q	2Q	
Revenue (QoQ CC %)	1.9	-	(1.3)	(1.9)	1.1	4.1	
Margins							
Gross Margin	30.5	31.0	33.8	32.7	29.7	29.5	32.0
EBIT Margin	13.5	13.7	16.0	14.7	12.7	13.4	14.5
Net Margin	13.1	12.8	15.3	14.5	12.2	12.0	14.0
Operating metrics							
Headcount	10,620	10,550	10,732	10,779	11,342	12,320	10,779
LTM Attrition (%)	9.8	9.8	9.5	9.8	9.6	9.3	10
Offshore Rev	52.6	54.2	54.5	53.8	53.5	52.7	54
Key Geographies (YoY USD %)							
North America	4.3	2.7	(0.5)	(2.1)	(4.6)	1.7	1.1
UK	8.6	6.2	6.1	7.3	3.3	(1.0)	7.0
Africa	2.2	9.8	10.2	6.9	8.1	9.8	7.3

Key highlights from the management commentary

Growth and outlook

- Macro conditions remained broadly unchanged, with clients staying measured on spends and long-term commitments.
- Committed spends are being directed at embedding AI into core operations, with a focus on service quality and measurable returns.
- Management expects deal sizes to keep shrinking as AI cuts effort and timelines, leading to muted industry order books.
- Q3 outlook looks better than prior years despite furloughs, helped by lower TMT exposure and the large deal ramp-up.
- DSO rose to ~77 days as payment terms are being renegotiated across the industry.
- Revenue grew ~4.1% QoQ in CC to ~USD 166m, with BFSI contributing ~USD 5.5m of the ~USD 6.7m sequential increase.
- YoY growth was modest at ~2.0% in CC, while INR revenue grew ~5.1% QoQ and ~11.5% YoY.
- Growth was broad-based across volumes, with all regions and three of four verticals growing QoQ.
- Service lines now contribute ~72% of revenue, up ~420bp YoY, led by products and platforms (~18% YoY) and data engineering and analytics (~13% YoY).
- Enterprise application services grew ~2% YoY, while cloud infrastructure and security declined ~1% YoY.
- Client mix improved, with USD 20m+ accounts at seven (from six) and USD 5m+ accounts at 34 (from 32).
- Order book stood at ~USD 152m, up ~1.5% QoQ, with ~USD 30m of deals slipping to 3Q on paperwork rather than delayed decisions.
- Management expects order books to stay muted industry-wide, as smaller and shorter AI deals become the norm.
- Average deal tenure is largely unchanged, though some five-year contracts are now being signed as three-year contracts.
- Renewal win rates remain close to 100%, and large deals are pursued selectively given margin dilution.
- Fixed-price and outcome-based contracts are expected to rise over the next 3-4 quarters, as T&M does not pass AI benefits to margins.
- AI-influenced deals now form ~36% of the order book, up from the ~10% range over the last 3-4 quarters.
- **BFSI:** BFSI grew ~7.1% QoQ in CC and ~17% YoY, now contributing ~50% of revenue. Growth was supported by the large deal ramp-up and several other accounts, indicating it is not a one-deal story.
- **TMT:** TMT declined **~2.2% QoQ** and **~22% YoY**, with its revenue share down to ~15%. Management believes **the worst is behind** and expects limited impact going forward.
- **HLS:** Healthcare and life sciences grew **~2.4% QoQ in CC**, though revenue remains **down ~10% YoY**. Core expertise lies in **pharma and biotech**, with a mid-market focus in life sciences. Within healthcare, the focus is on the **under-penetrated provider segment** rather than payers.
- **MCS:** It grew **~2.9% QoQ in CC** and was flat YoY, contributing ~25% of revenue.

- The US grew ~4.5% QoQ in CC and contributes ~66% of revenue.
- The UK and Europe rose ~1.3% QoQ in CC, while South Africa grew ~6.7% QoQ CC.
- YoY growth was ~2.5% for the US, ~0.3% for UK and Europe and ~2.2% for South Africa.
- Management is not expanding into new geographies or verticals, citing enough headroom in existing markets.
- Headcount crossed ~12,000, with a net addition of ~978, up ~8.6% QoQ and ~73% higher than the previous quarter.
- Hiring was a mix of freshers and laterals, skewed towards graduates in the second half of the quarter.
- Voluntary attrition declined ~30 bps QoQ to ~9.3%, below 10% for the seventh straight quarter.
- AI-native freshers are expected to command ~2.5x the pay of regular freshers post-conversion, hired through an internship route.
- AI-native freshers form ~30% of fresher hiring so far, and the mix is set to rise.
- Management shifted from POCs to proof of value, with 80%+ conversion to production versus 20-25% industry POC success.
- ~92% of employees are progressing on the AI competency ladder, and ~59% of projects have adopted AI-led delivery.
- The company has launched 50+ AI offerings across service lines and 50+ industry-specific solutions.
- Recent wins include agentic AI for a wealth management firm and a governance platform cataloguing 106 AI use cases for a US retailer.
- The Zensar.AI platform is used as an accelerator with IP retained and no license sales planned.
- AI revenue is not disclosed due to definitional ambiguity, with AI-influenced order book used as the tracking metric.
- Cash and investments stood at ~USD 297m after a ~USD 30m dividend payout, with ETR at ~24.5%.
- Diluted EPS was ~INR 8.3, up ~3.6% QoQ.
- Capex of ~INR 2.5b in 1HFY27 relates to AI tools for training and platform building, with no salary capitalization.
- These are amortized over ~5-5.5 years, and the current D&A can be treated as the normalized run rate.
- Client concentration eased, with the top 5 clients at ~25% and top 10 at ~38.5% of revenue.
- Management sees larger peers' mid-market push as an execution challenge given sales-force retraining and lower productivity.

Margin performance and outlook

- EBITDA margin expanded ~120 bps QoQ to ~15.8%, while PAT margin contracted ~20 bps to ~12%.
- The QoQ walk was aided by volume and utilization (~130 bps), lower ESOP cost (~130 bps) and FX (~40 bps).
- Offsets included non-recurrence of the Q1 management bonus reversal (~130 bps) and higher AMC and software costs with lower offshore mix (~50 bps).

- Wage hikes are split across 3Q and 4Q with an impact of ~150-200bp, to be absorbed through internal levers.
- Management maintains its mid-teens margin guidance, retaining headroom to invest and grow.
- Utilization improved ~250bp QoQ to ~87.6%, and further upside from here looks limited.

Exhibit 1: Banking grew 7.1% QoQ in CC

Verticals	Revenue contribution (%)	Growth QoQ (CC)
Hi-Tech	15.2	(2.2)
Manufacturing	24.7	2.9
Banking	50.4	7.1
Healthcare	9.8	2.4

Source: Company, MOFSL

Exhibit 2: North America grew 4.5% QoQ in CC

Geographies	Revenue contribution (%)	Growth QoQ (CC)
North America	66.4	4.5
Europe	20.9	1.3
Africa	12.8	6.7

Source: Company, MOFSL

Valuation and view

- ZENT's 2Q performance indicates **improving breadth in revenue growth**, with HLS and MCS returning to sequential growth alongside continued momentum in BFSI. We expect **BFSI to remain the key growth driver through FY27**, supported by the ramp-up of the USD210m mega-deal, while the lower TMT revenue share **should limit the drag from continued weakness** in the vertical.
- While the demand environment remains measured, the growth outlook is constructive, supported by the mega-deal ramp-up and **improving performance across verticals**. Margins are likely to remain range-**bound within the mid-teen guidance**, given wage hikes and continued investments, partly offset by operating efficiencies. We maintain our estimates and reiterate our **BUY** rating, with a revised TP of **INR630**, based on 16x FY28E EPS (earlier 15x).

Exhibit 3: Summary of our revised estimates

	Revised		Earlier		Change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
INR/USD	95.2	96.0	95.3	96.0	-0.1%	0.0%
USD Revenue (m)	667	709	661	701	1.0%	1.3%
Growth (%)	3.7	6.3	2.7	6.0	100bps	30bps
Adj. EBIT margin (%)	13.4	14.5	13.4	14.6	10bps	0bps
Adj. PAT (INR m)	7,846	8,969	7,769	8,820	1.0%	1.7%
Adj. EPS	34.2	39.1	33.8	38.4	1.0%	1.7%

Source: Company, MOFSL

Exhibit 4: Operating metrics

	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
Geographic Mix - %									
USA	68	67	67	68	67	66	65	66	66
Europe	21	21	21	21	22	22	22	22	21
ROW	11	12	12	11	12	12	13	12	13
Revenue by delivery - %									
Onsite	50	50	49	47	46	46	46	47	47
Offshore	50	51	51	53	54	55	54	54	53
Client concentration - %									
Top 5	29	28	28	27	27	26	24	25	25
Top 6-10	14	14	13	14	14	14	14	14	14
Top 10	42	41	41	41	41	39	38	39	39
Top 11-20	16	16	15	16	17	17	18	18	18
Top 20	58	57	56	58	57	57	56	57	56
Number of million dollar clients									
1 million dollars +	86	87	84	82	84	85	83	89	86
5 million dollars +	32	34	33	32	32	31	32	32	34
10 million dollars +	15	14	14	16	15	15	15	19	18
20 million dollars +	4	5	6	6	6	6	6	6	7
Client metrics									
Number of active clients	158	158	166	166	171	176	178	177	181
Employee metrics									
Total headcount	10,240	10,517	10,702	10,620	10,550	10,732	10,779	11,342	12,320
Gross employees added during the period	693	975	873	728	831	988	968	1,451	1,973
Utilization	82.8	82.9	84.6	84.3	84.8	83.5	84.3	85.1	87.6
Attrition	10.1	10.0	9.9	9.8	9.8	9.5	9.8	9.6	9.3

Source: Company, MOFSL

Financials and valuations

Income Statement (INR m)

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Sales	**42,437**	**48,483**	**49,018**	**52,806**	**56,874**	**63,523**	**68,099**
Change (%)	15.7	14.2	1.1	7.7	7.7	11.7	7.2
Cost of Services	29,214	35,000	33,434	37,111	38,657	44,506	47,162
Gross Profit	**13,223**	**13,483**	**15,584**	**15,695**	**18,217**	**19,016**	**20,937**
SG&A Expenses	6,659	7,960	6,869	7,529	9,056	9,130	9,670
EBITDA	**6,564**	**5,523**	**8,715**	**8,166**	**9,161**	**9,886**	**11,267**
% of Net Sales	15.5	11.4	17.8	15.5	16.1	15.6	16.5
Depreciation	1,849	1,830	1,338	1,019	913	1,354	1,362
EBIT	**4,715**	**3,693**	**7,377**	**7,147**	**8,248**	**8,532**	**9,905**
% of Net Sales	11.1	7.6	15.0	13.5	14.5	13.4	14.5
Interest	354	278	209	173	121	133	136
Other Income	907	642	1,583	1,962	2,068	2,027	2,112
Forex	470	386	5	-359	270	12	0
PBT	**5,738**	**4,443**	**8,756**	**8,577**	**10,465**	**10,438**	**11,880**
Tax	1,525	1,166	2,107	2,079	2,531	2,592	2,911
Rate (%)	26.6	26.2	24.1	24.2	24.2	24.8	24.5
Minority Interest	53	0	0	0	0	0	0
Adjusted PAT	**4,160**	**3,277**	**6,649**	**6,498**	**7,934**	**7,846**	**8,969**
Change (%)	19.0	-21.2	102.9	-2.3	22.1	-1.1	14.3

E: MOFSL Estimates

Balance Sheet (INR m)

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Share Capital	452	453	453	454	453	453	453
Reserves	26,417	29,309	35,166	40,243	46,738	51,167	56,485
Net Worth	**26,869**	**29,762**	**35,619**	**40,697**	**47,191**	**51,620**	**56,938**
Loans	0	0	0	0	0	0	0
Other liabilities	3,544	2,866	2,319	2,210	2,144	2,144	2,144
Capital Employed	**30,413**	**32,628**	**37,938**	**42,907**	**49,335**	**53,764**	**59,082**
Net Block	**12,858**	**11,735**	**10,393**	**11,709**	**13,986**	**13,432**	**12,871**
Other LT Assets	3,226	6,291	10,144	6,874	6,346	6,519	6,638
Curr. Assets	**22,628**	**23,184**	**25,941**	**33,146**	**40,503**	**46,784**	**53,427**
Current Investments	5,141	7,045	9,315	17,265	21,746	23,746	25,746
Inventories	0	0	0	0	0	0	0
Debtors	7,967	7,298	7,320	7,901	9,242	10,442	11,194
Cash & Bank Balance	5,054	4,744	4,432	2,708	4,163	6,618	10,078
Other Current Assets	4,466	4,097	4,874	5,272	5,352	5,978	6,408
Current Liab. & Prov	**8,299**	**8,582**	**8,540**	**8,822**	**11,500**	**12,971**	**13,853**
Trade payables	3,164	2,772	3,095	3,437	3,674	4,230	4,482
Other liabilities	5,135	5,810	5,445	5,385	7,826	8,741	9,371
Net Current Assets	**14,329**	**14,602**	**17,401**	**24,324**	**29,003**	**33,813**	**39,574**
Application of Funds	**30,413**	**32,628**	**37,938**	**42,907**	**49,335**	**53,765**	**59,082**

Financials and valuations

Ratios							
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
EPS	**18.3**	**14.4**	**29.1**	**28.4**	**34.5**	**34.2**	**39.1**
Cash EPS	26.5	22.4	35.0	32.8	38.5	40.1	45.0
Book Value	119.0	131.5	157.3	179.4	207.8	226.6	249.5
DPS	5.0	5.0	9.0	13.0	15.0	15.0	16.0
Payout %	27.3	34.8	30.9	45.8	43.4	43.9	41.0
Valuation (x)							
P/E	29.3	37.4	18.4	18.9	15.5	15.7	13.7
Cash P/E	20.3	24.0	15.4	16.3	13.9	13.4	11.9
EV/EBITDA	16.9	19.9	12.4	12.5	10.5	9.3	7.7
EV/Sales	2.6	2.3	2.2	1.9	1.7	1.4	1.3
Price/Book Value	4.5	4.1	3.4	3.0	2.6	2.4	2.2
Dividend Yield (%)	0.9	0.9	1.7	2.4	2.8	2.8	3.0
Profitability Ratios (%)							
RoE	16.4	11.6	20.3	17.0	18.1	15.9	16.5
RoCE	12.0	8.6	15.9	13.4	13.6	12.4	13.3
Turnover Ratios							
Debtors (Days)	69	55	55	55	59	60	60
Fixed Asset Turnover (x)	3.5	3.9	4.4	4.8	4.4	4.6	5.2

E: MOFSL Estimates

Cash Flow Statement							(INR m)
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
CF from Operations	5,774	5,030	6,901	6,201	8,180	7,294	8,355
Cash for Working Capital	-2,427	2,113	-480	-551	-472	-528	-420
Net Operating CF	**3,347**	**7,143**	**6,421**	**5,650**	**7,708**	**6,766**	**7,935**
Net Purchase of FA	-373	-334	-151	-353	-521	-800	-800
Free Cash Flow	**2,974**	**6,809**	**6,270**	**5,297**	**7,187**	**5,966**	**7,135**
Net Purchase of Invest.	400	-4,941	-4,600	-4,445	-1,885	39	112
Net Cash from Invest.	**27**	**-5,275**	**-4,751**	**-4,798**	**-2,406**	**-761**	**-688**
Proc. from equity issues	32	4	1	2	-564	0	0
Proceeds from LTB/STB	-1,260	-1,058	-726	-606	-403	-133	-136
Dividend Payments	-881	-1,132	-1,246	-2,041	-3,043	-3,417	-3,651
Cash Flow from Fin.	**-2,109**	**-2,186**	**-1,971**	**-2,645**	**-4,010**	**-3,550**	**-3,788**
Exchange difference	14	8	-11	69	163	0	0
Net Cash Flow	**1,279**	**-310**	**-312**	**-1,724**	**1,455**	**2,455**	**3,460**
Opening Cash Bal.	**3,775**	**5,054**	**4,744**	**4,432**	**2,708**	**4,163**	**6,618**
Add: Net Cash	1,279	-310	-312	-1,724	1,455	2,455	3,460
Closing Cash Bal.	**5,054**	**4,744**	**4,432**	**2,708**	**4,163**	**6,618**	**10,078**

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NOTES

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Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

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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

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