



Birlasoft Ltd.

IT SECTOR

INTRODUCTION



OBJECTIVE

To identify a mid-cap stock with high growth potential and financial stability based on Union Budget allocations.

SCOPE

Focus on Sector Analysis, company introduction, competitor analysis, and fundamental ratios.

SECTOR ANALYSIS

WHY IT SECTOR?

- Economic Impact
- Stock Market Performance
- Financial Performance
- Global Reach
- Dividends and Share Buybacks
- Investor Sentiment and Trends

KEY AREAS RECEIVING SUBSTANTIAL BUDGET ALLOCATIONS

- Research and Development (R&D)
- Cybersecurity
- Cloud Computing and Infrastructure
- Digital Transformation
- Artificial Intelligence (AI)
- Machine Learning
- Marketing and Sales

SIGNIFICANCE OF IT SECTOR WITH UNION BUDGET

○ GDP GROWTH

The IT sector significantly contributes to the GDP of many countries, including India. Budget allocations that support IT infrastructure and digital initiatives directly influence economic growth.

○ EMPLOYMENT

The sector is a major employer, generating millions of jobs. Budgetary support for skill development and education in IT helps bridge the talent gap and reduce unemployment.

○ STARTUP ECOSYSTEM

Financial support and incentives for startups in the IT sector encourage innovation and entrepreneurship, leading to the development of new technologies and business models.

○ FINANCIAL INCLUSION

Budgetary support for digital payments infrastructure promotes financial inclusion and the growth of fintech. This drives demand for IT services related to digital banking and payment gateways.

○ TRADE POLICIES

Favorable trade policies and budget allocations for international marketing and partnerships help IT companies expand their global footprint.

COMPANY INTRODUCTION

The chosen midcap stock is birlasoft with a market capital of ₹ 17,002 Cr. the ticker symbol is:

NSE : BSOFT

BSE : 532400

COMPANY PROFILE

Birlasoft is engaged in Computer programming, consultancy, and related activities. It provides software development and IT consulting to its customers predominantly in Banking, Financial Services, and Insurance, Life Sciences and Services, Energy Resources and Utilities, and Manufacturing. It is part of The CK Birla Group, Birlasoft, comprising over 10,000 plus professionals.



- Company is almost debt free.
- Company has delivered good profit growth of 18.5% CAGR over last 5 years
- Company has been maintaining a healthy dividend payout of 24.6%

COMPETITOR ANALYSIS

COMPETITORS:

- **Tata Consultancy Services (TCS)** : TCS is one of the world's largest IT services and consulting companies, renowned for its comprehensive service offerings across industries such as banking, finance, retail, telecommunications, and healthcare.
- **INFOSYS** : Infosys is a global leader in next-generation digital services and consulting. The company is known for its strong focus on innovation, sustainable business practices, and deep client relationships.
- **WIPRO** : Wipro is a leading global information technology, consulting, and business process services company. It offers a wide range of services including cloud computing, cybersecurity, and AI-driven solutions.
- **MPHASIS** : A global IT services and solutions provider, Mphasis specializes in delivering next-generation technology solutions and digital transformation services.
- **MINDTREE** : Mindtree is a global technology consulting and services company, helping enterprises marry scale with agility to achieve competitive advantage. It specializes in IT services such as application development, data analytics, and digital transformation.

MARKET POSITION OF BIRLASOFT

Birlasoft, positions itself as a value-driven organization that focuses on digital transformation, cost efficiency, and automation programs for its clients. Here are some key highlights about Birlasoft:

REVENUE AND PROFITABILITY:

- In FY 2024, Birlasoft reported a revenue of 5,278 crore and a profit after tax (PAT) of 637 crore .
- The company has consistently worked towards enhancing its financial performance.

MARKET RECOGNITION:

- Birlasoft has been recognized by Gartner, Inc. as a "Niche Player" in the 2020 Magic Quadrant for Oracle Cloud Applications Services, Worldwide .
- While it may not be the largest player, its strategic positioning and focus on specific areas contribute to its market presence.

CLIENT CONCENTRATION:

- Birlasoft's top 20 clients contribute significantly to its revenue, with the top 5 clients accounting for 32.8% of the total revenue .

FINANCIAL METRICS:

- Net worth increased from 12,448 crore in FY 2023 to 17034 crore in FY 2024.
- EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) was 939.73 crore in FY 2024

RECENT STOCK PERFORMANCE:

- As of May 21, 2024, Birlasoft's stock price on the National Stock Exchange (NSE) was ₹596.30
- Over the past six months, Birlasoft shares have risen around 20 %.

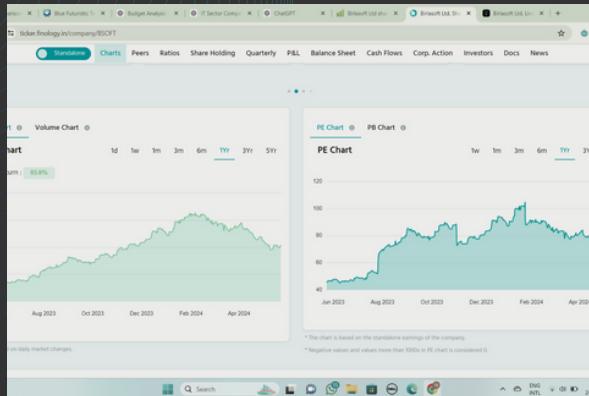
TRENDS AGAINST COMPETITORS

PEER COMPARISON (FY 2024)

COMPANY	REVENUE (INR CR)	MARKET CAP (INR CR)	EBITDA (INR CR)	PROFIT (INR CR)	P/E RATIO	P/B RATIO	ROE (%)	ROCE (%)
BIRLASOFT	5,278	17,034.13	939.73	180	56.97	11.60	20.35	17.80
TCS	60,583	13,87,156	21661	12,434	30.22	30.21	50.73	64.3
INFOSYS	1,46,767	6,03,955	37831	7969	23.02	7.47	31.8	44.59
WIPRO	500	2,38,558	8271.20	2,694	26.16	4.13	14.5	17.2
MPHASIS	3,123.7	39887.55	2595.56	412.27	31.31	7.92	25.28	19.88
MINDTREE	10,520	56,643	662.90	326.5	30.331	29.94	25.0	32.1

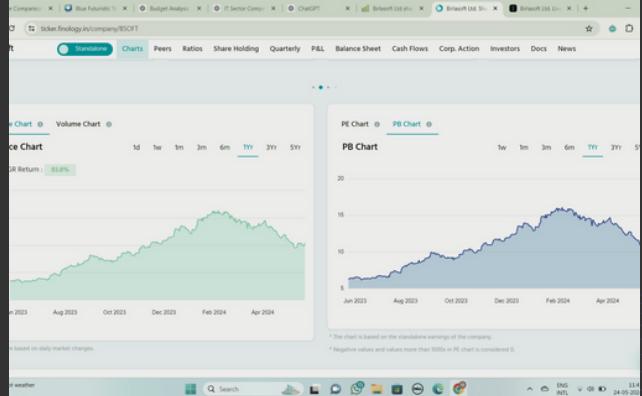
FUNDAMENTAL RATIOS

PE Chart



Current PE ratio is 56.97

PB Chart



Current PB ratio is 11.60

Investment Turnover Ratio

3.99

ROA%

10.40

FUNDAMENTAL RATIOS

ROCE %

17.80

ROE%

20.35

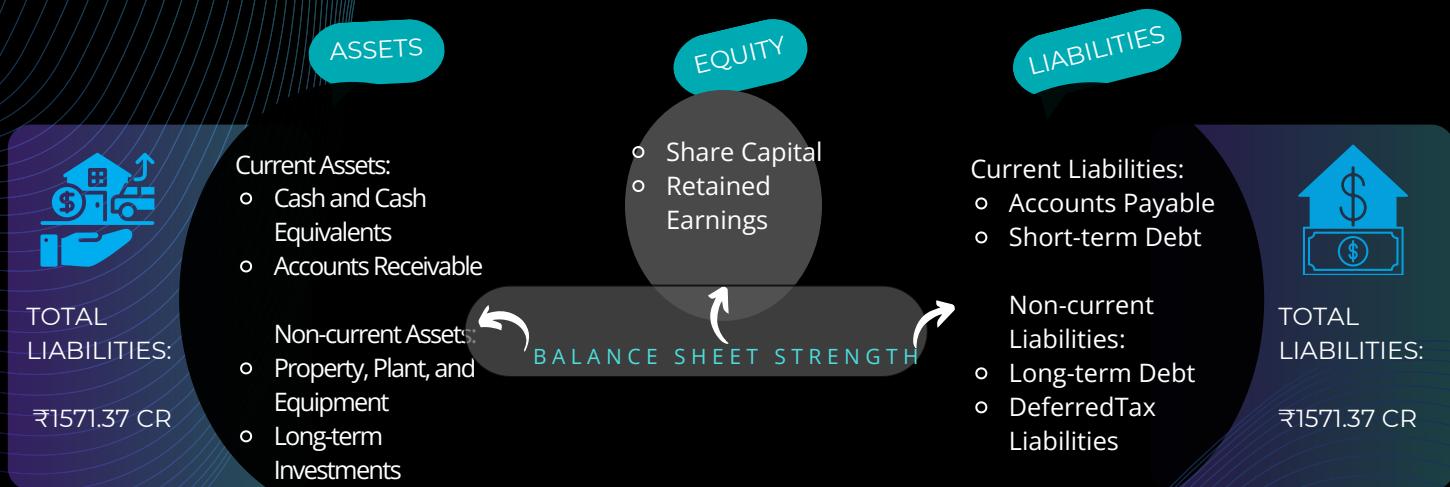
Profit Growth i



Sales Growth i



FINANCIAL HEALTH AND STABILITY



DEBT-TO EQUITY RATIO

Debt to equity ratio is 0:
Indicates minimal financial risk and solid financial health in the stock, which boosts investor confidence.

CASH FLOW ANALYSIS

- o Positive OCF and FCF: Indicates healthy cash generation from core operations and sufficient cash available after capital expenditures.
- o OCF to Sales Ratio: Shows effective conversion of sales into cash.
- o OCF to Net Income Ratio: Reflects robust cash flow relative to net income.

CONCLUSION

Birlasoft Ltd. is well-positioned in the competitive IT and software services sector, with a focus on digital transformation and enterprise solutions. The company demonstrates solid financial health as evidenced by its fundamental ratios, suggesting efficient operations and profitability. While it faces competition from larger players like Infosys, TCS, and Wipro, Birlasoft's niche focus and specialized service offerings allow it to carve out a distinct market position. Continued emphasis on innovation and strategic investments in emerging technologies will be crucial for sustaining growth and competitive advantage in this dynamic sector.



A black background featuring a central white horizontal line. On either side of this line are large, bold, cyan-colored letters spelling "THANK YOU". The letters are positioned between two sets of thin, light blue wavy lines that curve from the top left and bottom left towards the center, and from the top right and bottom right towards the center.

THANK YOU