Sales Note
30th June 2026

Quess Corp Ltd

Diversify, Formalize, Compound

CMP: INR 268

Rating: Accumulate

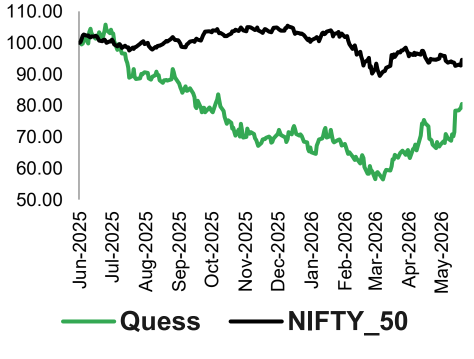
Target Price: INR 357

Stock Info	
BSE	539978
NSE	QUESS
Bloomberg	QUESS:IN
Reuters	QUEC.NS
Sector	Services
Face Value (INR)	10
Mkt Cap (INR Mn)	37,320
52w H/L (INR)	321/166
Avg yearly Vol (in 000')	554.5

Shareholding Pattern % *(As on Mar, 2026)*	
Promoters	56.83%
Public & Others	43.17%

Stock Performance (%)	1m	6m	12m
Quesscorp	+21.3	+15.9	-18.2
Nifty 50	+1.6	-7.9	-3.5

Quesscorp Vs Nifty 50



Abhishek Jain
abhishek.jain@arihantcapital.com
022 67114851

Ronak Osthwal
Ronak.Osthwal@arihantcapital.com
022 67114865

Quess Corp is India's largest domestic staffing player, recognised as one of the largest staffing company in India and ranked 37th globally, that underwent a strategic demerger in April 2024 to emerge as a focused pure-play workforce solutions company. The company operates across three segments General Staffing serving sectors like BFSI, Manufacturing and Retail, Professional Staffing anchored heavily around Global Capability Centres and digital technology roles, and an Overseas Business spanning 8 countries across APAC and the Middle East collectively serving over 2,200+ clients with approximately ~480,000+ associates on its rolls. Over the past several years, Quess has executed a deliberate business mix transformation, scaling its higher-margin Professional Staffing and Overseas segments which together now contribute approximately half of total operating profitability despite being a small fraction of revenues. India's ongoing Labour Code implementation, the first major reset of labour laws in nearly 80 years, is structurally advantageous for Quess given its scale, compliance infrastructure and governance capabilities relative to unorganized competitors.

General Staffing: Scale Leadership with Embedded Optionality for Accelerated Recovery: General Staffing, contributing 86% of revenues and ~50% of operating profitability, faced a rare convergence of one-time headwinds in FY26 including GST 2.0 billing disruptions, Labor Code renegotiations, and macro-driven demand pauses that are largely behind the company. Despite this, the segment added 26,000 net associates and signed 281 new contracts, with open mandates exceeding 35,000 at quarter-end. With installed sourcing capacity of ~50,000/quarter versus recent delivery of 37,000–38,000, the segment is significantly under-utilized, setting up a strong recovery. Management targets 10%+ like-for-like headcount growth in FY27, with additional upside from vertical diversification into higher-margin construction and manufacturing sectors.

Professional Staffing: A Structurally Re-engineered, High-Margin Compounder: Quess has deliberately repositioned its Professional Staffing segment away from commoditized, entry-level IT staffing toward high-value, GCC-led engagements, with 7–10+ years of experience talent now forming the core of deployments. GCC clients now account for ~71% of headcount and ~67% of revenue, insulating the segment from traditional IT services demand volatility and enabling premium billing. This transformation has driven EBITDA margins to 12%+ approximately double that of listed peers with FY26 segment EBITDA growing 43% year-on-year. With 61 new logos added in FY26 (90%+ GCC) and management guiding 10–11% headcount and 12–13% revenue growth for FY27, the segment is a durable, high-quality compounder.

Overseas Business: A Maturing, Diversified International Profit Engine: Quess's Overseas Business spans APAC (Singapore, Malaysia, Philippines, Vietnam, Sri Lanka) and the Middle East, delivering consistent revenue and margin improvement across all corridors. The Middle East, operating for nearly 8 years across essential services, recorded a record quarter in FY26 with 27% revenue growth, 40% EBITDA growth, and ~11% EBITDA margin despite geopolitical headwinds. Malaysia delivered 83% revenue growth and Philippines 49% growth, both benefiting from regional workforce formalization trends. The blended EBITDA margin is trending in the 6.0–6.5% range, with zero gross debt providing capacity for further international investment without compromising capital discipline.

Massive TAM with Secular Tailwinds Yet to Fully Materialise: India's formal staffing market is projected to grow from USD 19 billion (2022) to USD 49 billion by 2030, implying a ~13% CAGR driven by four powerful structural forces. First, India is expected to add ~7.85 million non-farm jobs annually through 2030, a demographic Quess is uniquely equipped to serve having enabled 3 million+ jobs since its IPO. Second, economic formalization is expanding demand for compliant staffing across manufacturing, infrastructure, and retail. Third, flexi-staffing is growing at 12.6% CAGR, with Quess holding a dominant ~26% market share among ISF members. Fourth, India's GCC boom continues to accelerate demand for Quess's high-skill Professional Staffing vertical, increasingly from APAC-origin multinationals.

Structural Margin Expansion with a Clear Upward Trajectory: Quess crossed and sustained the 2% consolidated EBITDA margin threshold in FY26 its highest post-demerger exiting Q4 at 2.2%, driven by structural mix shift toward high-margin Professional Staffing (~12% EBITDA margin) and Overseas (~6% blended margin), which now collectively contribute ~50% of operating profitability despite only ~14% of revenue. Management has guided a medium-term target of 2.5% consolidated EBITDA margin, achievable through compounding mix effect as higher-margin segments grow faster than General Staffing. With zero gross debt, disciplined fixed-cost management, and an EBITDA-to-operating cash flow conversion of ~80%, earnings quality remains strong and further margin expansion is structurally supported.

Outlook: Quess Corp is at an inflection point, with FY26 acting as a transitional trough rather than a structural deterioration transitory headwinds from GST 2.0 disruptions, Labor Code renegotiations, and macro demand pauses in General Staffing are largely resolved, setting up a meaningful earnings re-acceleration in FY27 and beyond. The company's deliberate pivot toward high-margin, GCC-led Professional Staffing (12%+ EBITDA margins, 43% YoY EBITDA growth in FY26) and an increasingly profitable Overseas Business (Middle East at 11% EBITDA margin, record quarter in FY26) continues to improve consolidated margin quality, with management guiding toward a 2.5% blended EBITDA margin over the medium term from 2.2% today. On a structural basis, Quess is uniquely positioned to capture India's formalization dividend a USD 49 billion staffing TAM by 2030, ~26% flexi-staffing market share, and 50,000/quarter sourcing capacity with a zero-gross-debt balance sheet an. **We have a Accumulate rating on the stock with the target price of INR 357 calculated based on 9x EVEBITDA for FY29E.**

Valuation Summary:						
Year-end March (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E	FY30E
Net Sales	1,49,672	1,53,052	1,68,836	1,89,726	2,13,245	2,39,728
EBITDA	2,623	3,124	3,720	4,441	5,206	6,005
PAT	459	2,222	2,844	3,292	3,977	4,690
EPS (INR)	3.08	14.88	19.04	22.05	26.63	31.41
EBITDA Margin (%)	1.75%	2.04%	2.20%	2.34%	2.44%	2.51%
EV/EBITDA	13.64	11.68	9.39	7.68	6.31	5.31
P/E (x)	86.97	18.01	14.07	12.16	10.06	8.53
ROE %	4.23%	19.02%	21.41%	21.94%	23.27%	24.31%
Debt/Equity (x)	0.10	0.11	0.10	0.10	0.10	0.09

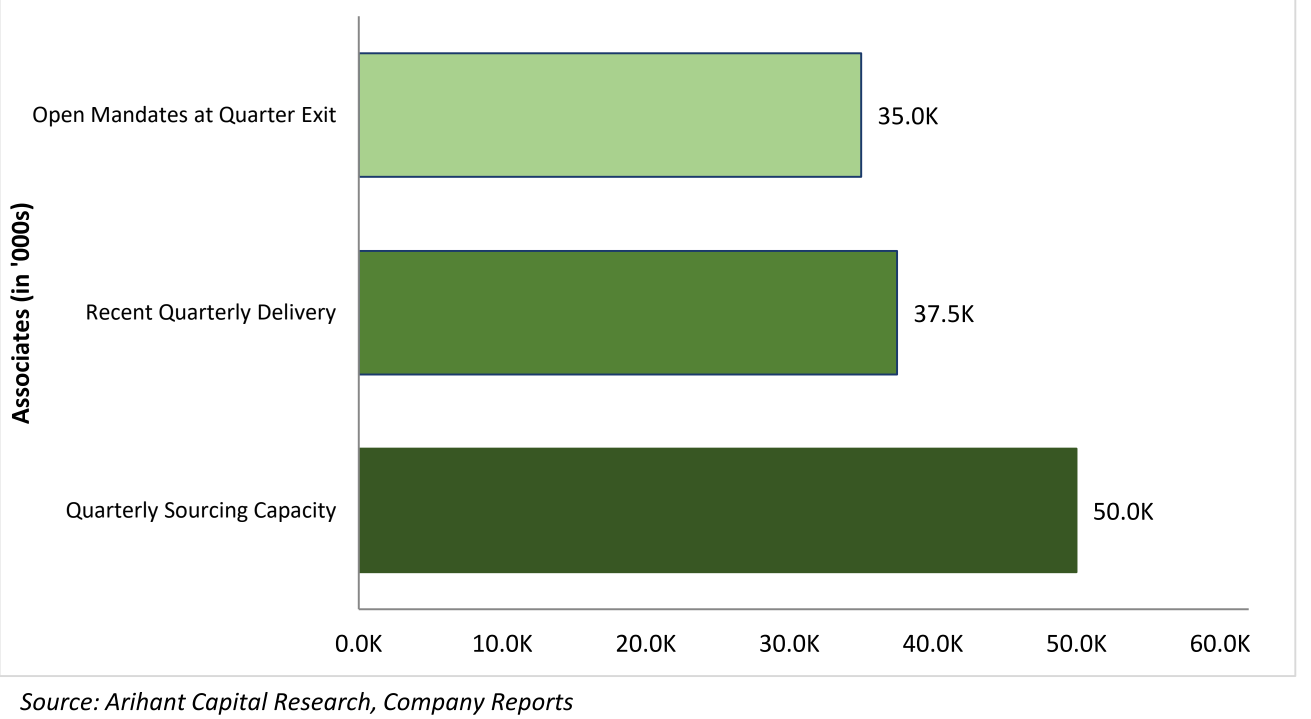
General Staffing: Scale Leadership with Embedded Optionality for Accelerated Recovery

The General Staffing business accounts for 86% of consolidated revenues and approximately 50% of consolidated operating profitability represents a significant volume and cash-generation pillar that deserves to be evaluated on its own merits, particularly for the embedded optionality it carries as India's macro environment stabilizes. It is critically important to understand that FY26 General Staffing performance was materially impacted by a convergence of one-time and transitory structural events that are unlikely to recur simultaneously creating a meaningful base effect that sets up for a strong recovery in FY27.

The FY26 General Staffing year was characterized by at least three significant structural headwinds operating concurrently. First, the GST 2.0 reforms in the second quarter created billing complexity and transition-period demand paralysis among clients as they reconfigured their procurement structures. Second, the Labor Code implementation while structurally positive for formalization over the medium term created short-term headwinds as clients engaged in extended negotiations over revised rate structures, billing terms, and compliance requirements. This was particularly pronounced in Q3 when the billing impact of gratuity reclassification under the new Labor Code introduced accounting distortions that made sequential comparisons misleading. Third, the global macro environment and state election cycles in Q4 created demand uncertainty and hiring moratoriums among large enterprise clients, particularly in BFSI where regulatory restrictions from the previous year created a high base to grow off from.

Despite this adverse operating environment, the General Staffing team added 26,000 net associates during FY26 approximately 50% of the team's installed sourcing capacity of 45,000-50,000 per year. Crucially, 7,000 of this gross addition was further reduced by the conscious decision to exit a milestone-based project that did not meet the company's financial return thresholds. This exit roughly 1.3% of revenues or approximately INR 2 Bn was a proactive value-over-volume decision, not a demand-side failure. Adjusting for this discontinued project, the organic headcount trajectory shows genuine customer acquisition momentum: the sales team added 281 new contracts during FY26 and continues to demonstrate the capacity to add 275-300 new client logos annually. Open mandates at quarter exit stood above 35,000, indicating a healthy forward demand pipeline.

Exhibit: Quaterly Sourcing Capacity and Delivery Rates



Source: Arihant Capital Research, Company Reports

As FY27 begins, several of the headwinds that constrained FY26 are either fading or resolved. Labor Code-related client negotiations are expected to reach full resolution by Q1-Q2 FY27, unlocking revised pricing terms that should improve billing realization per associate. The GST transition effects are largely normalized. The state election cycle is behind the company. And the BFSI regulatory headwind that caused a 37,000-associate decline in Q4 FY25 has fully anniversaried making the year-on-year comparisons significantly more favorable. The management is targeting a return to 10%+ like-for-like headcount growth in FY27, underpinned by the installed sourcing capacity of approximately 50,000 per quarter (against which recent quarters have only delivered 37,000-38,000) and the organic conversion of 35,000+ open mandates.

The structural evolution of General Staffing is also being shaped by vertical diversification. The business is actively expanding into construction and infrastructure-linked employment driven by India's continued infrastructure spending push as well as manufacturing, which benefits from the global supply chain re-routing and PLI-scheme-driven capacity additions. These verticals yield higher margins than the traditional CRT and BFSI segments, gradually improving the intra-segment margin trajectory. The verticalization investment made in FY26 in terms of hiring vertical specialists, building technology for sector-specific compliance management, and establishing dedicated sector delivery teams is expected to generate incremental revenue in FY27 and beyond. DSO management within the segment remains a competitive strength, with the 76% Collect & Pay ratio and the 15-day average AR DSO providing a structurally advantaged working capital position relative to industry norms.

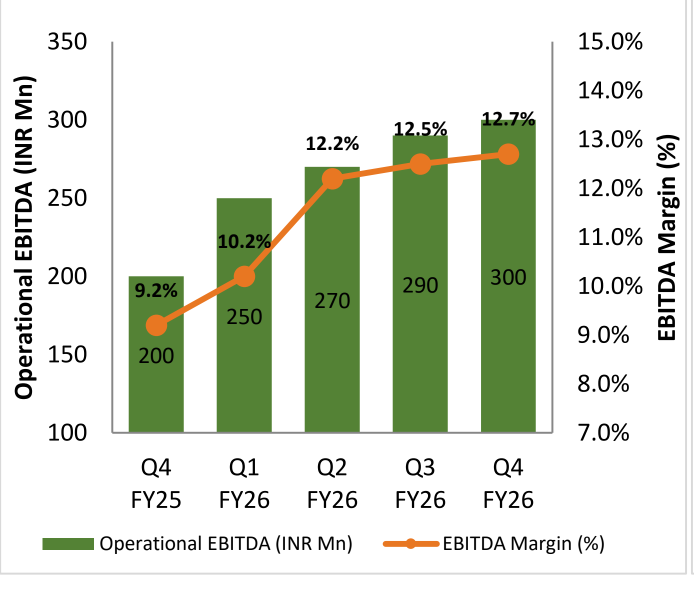
Professional Staffing: A Structurally Re-engineered, High-Margin Compounder

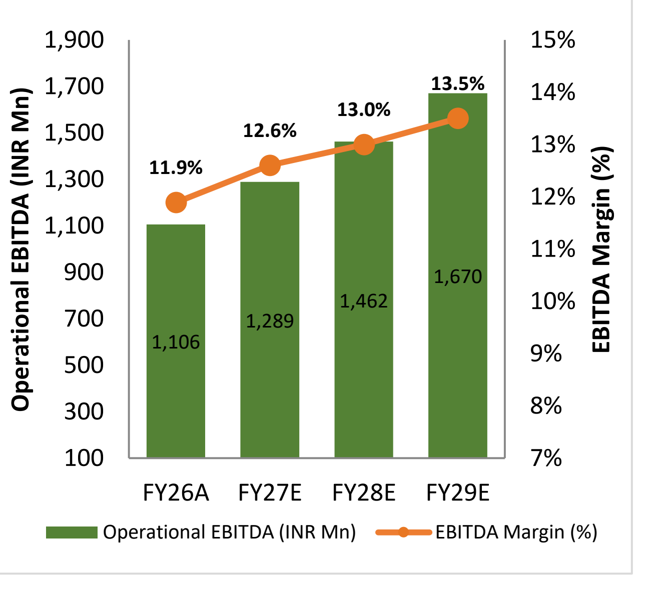
Quess Corp's Professional Staffing segment stands as one of the most compelling structural turnaround stories in the Indian staffing industry. Over the past five years, the management has executed a deliberate and deeply considered repositioning of the business moving away from commoditised, low-margin, entry-level technology staffing toward a high-value, experience-driven, niche-skills portfolio anchored by Global Capability Centres (GCCs). This pivot is not a cyclical accident; it is the product of sustained strategic execution by the leadership team.

The transformation has been multi-dimensional. First, the company consciously exited the 0–3 years of experience bracket the most commoditised and lowest-yield stratum of IT contract staffing and pivoted toward deploying talent with 7–10+ years of experience. Second, the client segmentation was restructured from a predominantly IT services-led model toward a GCC-first orientation. GCCs represent a fundamentally different demand construct: they require deep-skill, specialized talent, often in emerging technology domains such as artificial intelligence, data engineering, cloud infrastructure, cybersecurity, and product-based roles. These are not price-elastic mandates; they are expertise-defined requirements where Quess's verticalized delivery model creates real differentiation.

Today, GCC-led engagements account for approximately 71% of Professional Staffing headcount and 67% of segment revenue a dramatic shift from where the business stood five years ago. This concentration toward GCCs insulates the business from demand volatility in the traditional IT services sector. Unlike IT services companies that hire heavily at the entry level for project-based contracts, GCCs are building permanent centres of excellence in India and require consistently available, readily deployable, senior talent precisely the positioning Quess has built. The remaining book consists of IT-within-enterprise customers at approximately 20% and IT services at roughly 9-10%, creating a well-diversified client structure.

Exhibit: Professional Staffing EBITDA and EBITDA Margins





Source: Arihant Capital Research, Company Reports

From a financial performance standpoint, the segment has now crossed the landmark 12%+ EBITDA margin threshold a level that management is confident in sustaining in the 11-12% range over the medium term. This margin profile is approximately double that of comparable listed peers in the professional staffing space, which is a direct reflection of the GCC-mix advantage combined with Quess's technology-embedded delivery, specialized sourcing capabilities, and portfolio rationalization. The FY26 EBITDA growth of 43% year-on-year at the segment level represents one of the strongest profit growth trajectories in the company's history, driven not by revenue volume but by quality of revenue. Revenue per head has improved significantly, operating leverage from fixed delivery costs has compressed, and low-yield engagements have been strategically exited.

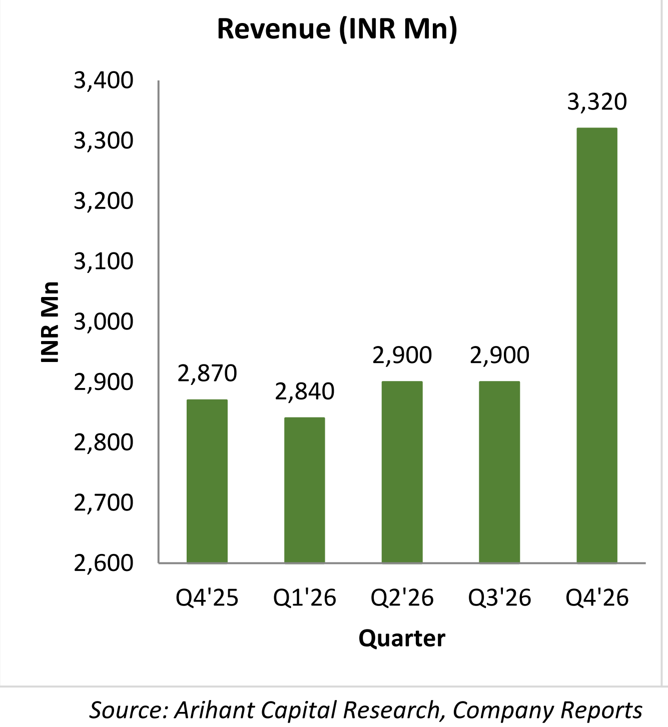
Looking ahead, the growth outlook remains constructive. The segment added 61 new logos during FY26, with over 90% being GCC customers and more than 50% of these have already gone active, with deployment underway. The pipeline for new GCC formations in India continues to be robust, with growing APAC-origin GCC demand supplementing the traditionally US/Europe-driven mandates. The management has guided for 10-11% headcount growth and 12-13% revenue growth in FY27, implying continued compounding at the segment level.

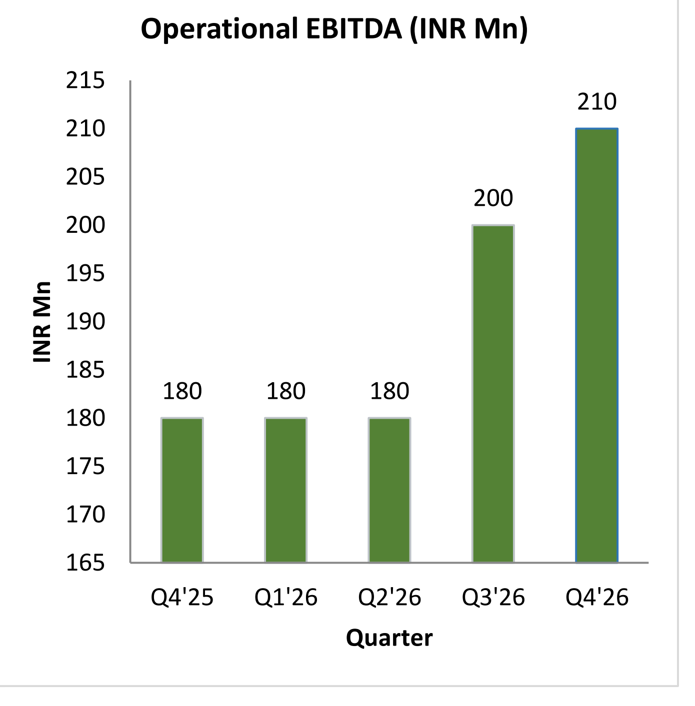
Overseas Business: A Maturing, Diversified International Profit Engine

Quess's Overseas Business has undergone a quiet but significant transformation over the past several years, evolving from a narrowly concentrated, geographically limited operation into a genuinely diversified international franchise that is now delivering consistent profitability improvement. The segment spans the Asia-Pacific region including Singapore, Malaysia, Philippines, Vietnam, and Sri Lanka as well as the Middle East, collectively constituting a business that generated meaningful revenue growth alongside sustained margin expansion. What makes the international portfolio increasingly attractive from an institutional investor perspective is the combination of geographic diversification, vertical spread across essential services, and a demonstrated ability to add new customers at scale across multiple corridors simultaneously.

The Middle East geography deserves particular attention. Quess has been operating in this region for nearly eight years and has deliberately structured its exposure toward essential-services sectors including technology, insurance, telecommunications, e-commerce and logistics, banking, and retail. This is not an accident of convenience; it is a result of a conscious portfolio construction strategy designed to reduce concentration risk to any single customer, sector, or macro environment. The proof of this thesis came through during the heightened geopolitical uncertainty that characterized the most recent quarter Quess recorded a record quarter in the Middle East on revenue, EBITDA, and collections despite the external environment. The collection rate exceeded 170%, and all three operating targets revenue, EBITDA, and margin were crossed ahead of plan. The Middle East closed FY26 at approximately 11% EBITDA margin with revenue and EBITDA growing at 27% and 40% respectively, making it among the highest-margin sub-geographies in the international portfolio.

Exhibit: Overseas Revenue and Operational EBITDA Over past few quaters

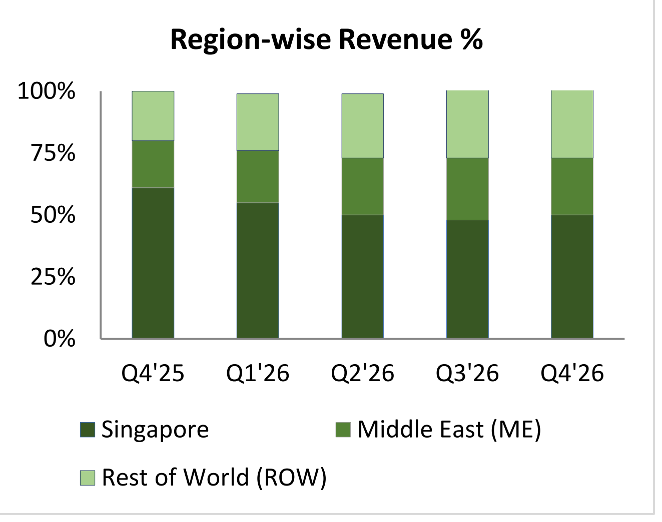


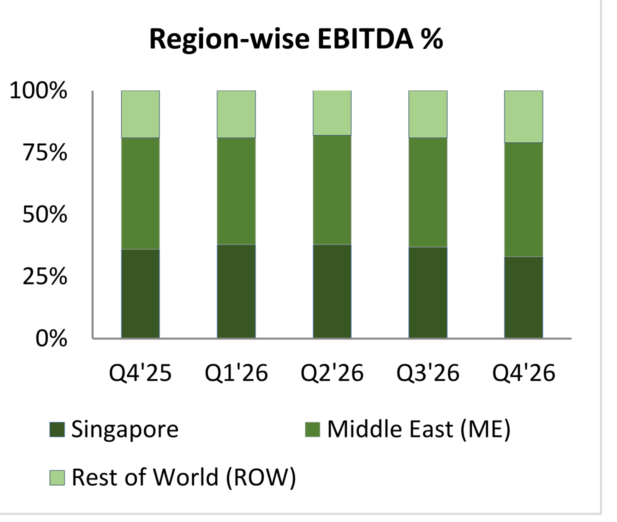


Source: Arihant Capital Research, Company Reports

Malaysia and Philippines represent the emerging growth engines of the overseas portfolio. Malaysia delivered an extraordinary 83% revenue growth in FY26, scaling its headcount to approximately 900 associates with an EBITDA margin of 4.3% a trajectory that, if sustained, points to a rapidly improving contribution as the business crosses scale thresholds. The

Exhibit: Region-wise Revenue and EBITDA





Source: Arihant Capital Research, Company Reports

Philippines posted 49% revenue growth at approximately 10% EBITDA margin and crossed the 700 headcount milestone. Both markets are benefiting from structural workforce formalization trends in Southeast Asia, growing multinational corporate presence, and Quess's aggressive customer acquisition the segment added 125 new logos during FY26 alone. Singapore, which had faced headwinds over the preceding six quarters, has now stabilized and is building a meaningful General Staffing business alongside its existing portfolio, having added 68 new contracts and 491 local headcounts during FY26 taking total Singapore headcount to over 1,026 associates.

The blended EBITDA margin for the Overseas segment is trending in the 6.0-6.5% range, with management targeting a sustained "+6%" blended margin profile going forward. Importantly, the margin mix is underpinned by double-digit margins from Middle East and Philippines. As these newer markets scale, the operating leverage should naturally improve blended margins. The management has also noted that it is actively exploring new international corridors particularly for GCC-origin staffing demand from the APAC region which could layer incremental high-margin revenue streams onto the existing international infrastructure.

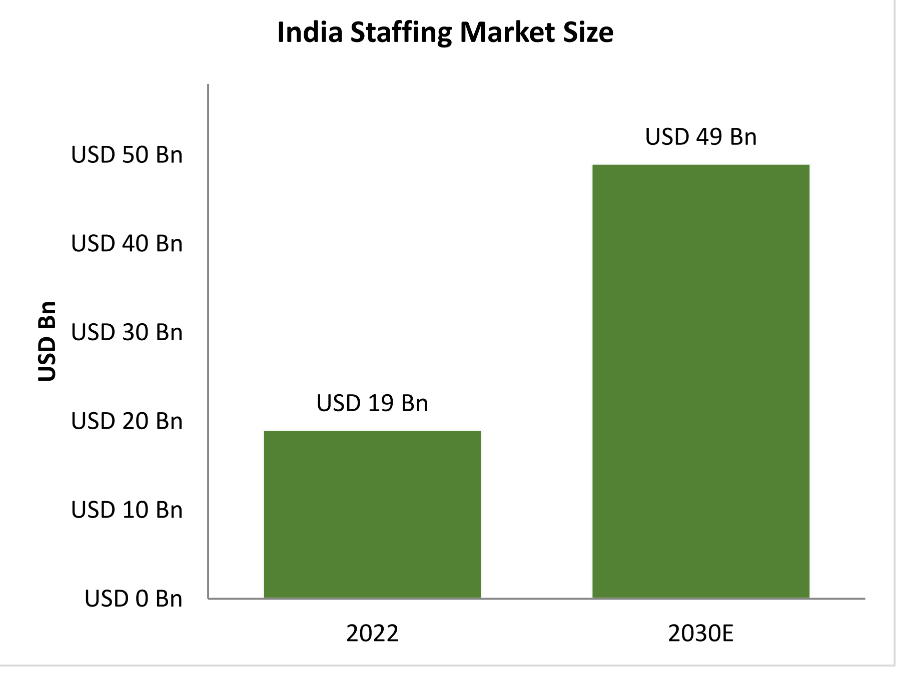
From a risk-adjusted return perspective, the Overseas Business offers an increasingly attractive proposition. The segment's DSO metrics remain well-managed, with average AR days at 40 and UBR days at 25 reflecting disciplined collections across geographies. The portfolio diversification across 8 countries, across essential services, and across a client base where approximately 50% of client concentration sits with the top 10% of clients reduces the single-country, single-customer concentration risk that typically characterizes international staffing operations. As the segment continues to scale, the fixed-cost leverage should further compress the cost base as a percentage of revenue, driving sustainable margin expansion above the current blended levels. With zero gross debt on the balance sheet and strong free cash flow generation domestically, Quess has the capacity to support further international growth investment without compromising capital discipline.

Massive TAM with Secular Tailwinds Yet to Fully Materialise

One of the most underappreciated aspects of Quess's long-term investment case is the sheer scale of the addressable opportunity that remains untapped in the Indian staffing market. India's formal staffing and recruitment services market was valued at approximately USD 19 billion in 2022 and is projected to reach USD 49 billion by 2030 implying a compounded annual growth rate of approximately 13%. This growth is not a speculative extrapolation; it is underpinned by four independently powerful structural forces that are simultaneously reinforcing each other and creating a secular, durable demand environment for organized staffing players of Quess's calibre and scale.

The first and perhaps most fundamental tailwind is the transition of the Indian workforce from agricultural employment to non-farm, formal employment. India is projected to add approximately 7.85 million non-farm jobs annually through 2030 a flow of first-time formal workers entering the organized economy who will require structured employment, compliance management, and skills-matched placement. Quess has already demonstrated its ability to serve this demographic at scale, having enabled over 3 million+ jobs since its IPO in 2016, including over 1.1 million first-time workers. The company sources candidates from 700+ districts across India and has the infrastructure including 30+ offices, 1,200+ recruiters, and 479,000+ active associates to absorb accelerating demand from this structural labour market shift without proportionate infrastructure additions.

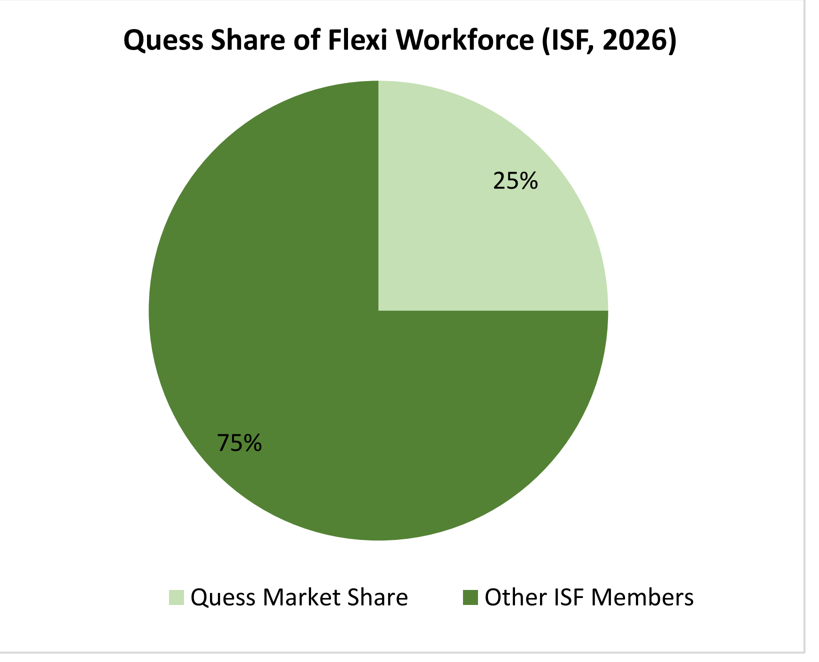
Exhibit: India Staffing Market Size



Source: Arihant Capital Research, Company Reports

The second tailwind is the formalization of India's historically informal economy. As businesses formalize, the demand for compliant, organized staffing solutions grows commensurately. This is particularly relevant for sectors like manufacturing, infrastructure, construction, and retail all of which are growing verticals for Quess within its General Staffing business.

Exhibit: Quess Share



Source: Arihant Capital Research, Company Reports

The third driver is the secular shift toward flexible or flexi-staffing as a preferred employment model among Indian corporates. The Indian flexi-staffing industry, which Quess dominates with an approximately 26% market share among Indian Staffing Federation members, is growing at a CAGR of 12.6% and is projected to reach 9.16 million workers by FY27. Flexi-staffing offers corporates the twin benefits of cost flexibility and compliance abstraction both of which have become even more important in an environment where labour codes are being implemented and the cost of non-compliance has risen. As more corporate India particularly in manufacturing, BFSI, infrastructure, and e-commerce shifts toward organized flexi-staffing, Quess's installed capacity, client relationships, and technology stack position it as the natural primary beneficiary of incremental flexi-staffing demand.

The fourth tailwind is the rapid growth of India's technology and knowledge economy which powers the Professional Staffing segment. India has established itself as the premier global destination for GCC formation, with hundreds of multinational corporations operating and expanding their Global Capability Centres across Bengaluru, Hyderabad, Pune, Chennai, and increasingly tier-2 cities. The GCC talent ecosystem requires specialized staffing partners who can source, screen, and deploy senior technology talent at scale a role that Quess's Professional Staffing vertical is uniquely positioned to fulfil. The pipeline of new GCC formations continues to be strong, and GCC demand is increasingly coming from APAC-origin multinationals, supplementing the traditional US/Europe-driven demand base and extending the runway of this growth engine.

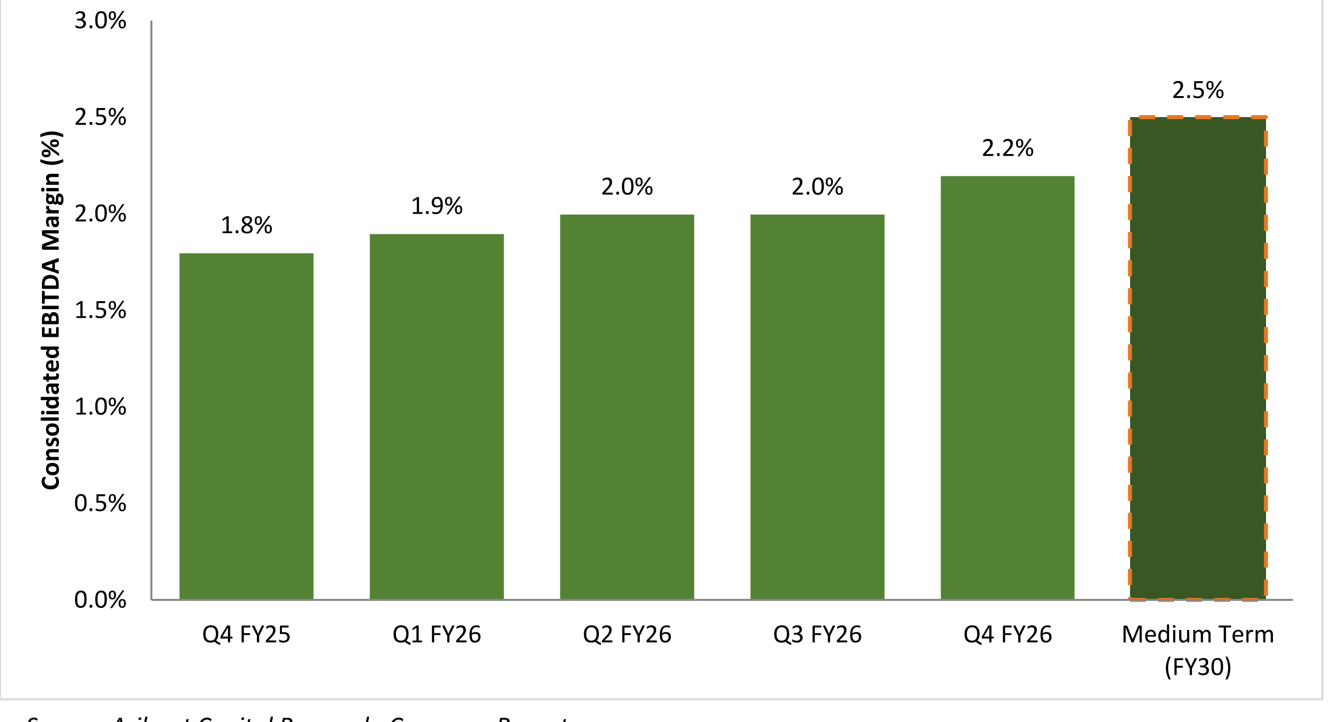
Combined with the company's operational infrastructure, recruitment capacity of 50,000 per quarter, and technology-enabled platform, Quess is well-positioned to capture incremental market share as industry tailwinds materialize at a faster pace.

Structural Margin Expansion with a Clear Upward Trajectory

Quess Corp's margin evolution over the past two fiscal years is not a product of cyclical tailwinds or one-time accounting benefits it is the result of a deliberate, multi-pronged strategy to transform the quality and composition of the company's earnings base. FY26 was the first full fiscal year in which the company crossed and sustained the 2% EBITDA margin threshold at the consolidated level a milestone that management had publicly committed to, and one that serves as the new baseline from which further expansion is targeted. The exit quarter at 2.2% EBITDA margin the highest in the company's post-demerger history provides visibility into the trajectory ahead.

The margin expansion story at Quess operates on a structural, self-reinforcing core lever, supplemented by an additional one-time tailwind. The primary driver is the portfolio mix shift: high-margin businesses Professional Staffing at approximately 12% EBITDA margin and Overseas Business at approximately 6% blended margin now collectively contribute approximately 50% of total operating profitability, despite accounting for only roughly 14% of consolidated revenue. This revenue-to-profitability disparity illustrates the inherent margin dilution effect of the high-revenue but low-margin General Staffing segment, and simultaneously highlights the enormous margin expansion potential as Professional Staffing and Overseas continue to grow faster than the General Staffing base. Management has guided for Professional Staffing revenue growth of 12-13% and Overseas sustained above 6% margins both of which are accretive to consolidated margins.

Exhibit: Consolidated EBITDA Margins Trajectory



Source: Arihant Capital Research, Company Reports

The Collect & Pay model which currently stands at 76% of the General Staffing book reduces receivables risk and improves cash conversion. The management's vision for General Staffing is a combination of volume growth (targeting 45,000-50,000 net headcount additions per year at normalized capacity) alongside value migration toward higher-margin verticals such as construction and manufacturing.

A further, one-time tailwind supporting the FY26 margin print is cost optimization and operating leverage at the corporate level. Depreciation and interest costs have been largely contained, the company carries zero gross debt, and fixed overhead growth has been disciplined. As revenues scale across all three business segments, the fixed-cost base is increasingly absorbed, driving a natural expansion in operating margins without requiring proportionate SG&A additions. The EBITDA-to-operating cash flow conversion ratio of approximately 80% is a testament to the quality of working capital management suggesting that reported EBITDA numbers are closely matched by actual cash generation, which is a critical differentiator for institutional investors evaluating earnings quality.

Looking forward, management has articulated a medium-term i.e FY30E margin trajectory of approximately 2.5% consolidated EBITDA margin. This would represent a further 20-40 basis point expansion from current levels a modest but achievable target when one considers the compounding mix effect: every incremental percentage point growth in Professional Staffing and Overseas revenues adds disproportionately to consolidated EBITDA given their superior margins. The 30 basis point full-year expansion achieved in FY26 (from 1.7% to 2.0%) with a 2.2% exit rate demonstrates that the mechanics of this margin expansion story are already operating in real time. As General Staffing headcount growth re-accelerates in FY27 with the structural headwinds of Labor Code implementation and GST-related transitions largely behind the company, margin dilution risk from volume mix is expected to be manageable.

Income statement (INR Mn)

Income statement (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E	FY30E
Gross Sales	1,49,672	1,53,052	1,68,836	1,89,726	2,13,245	2,39,728
Net Sales	1,49,672	1,53,052	1,68,836	1,89,726	2,13,245	2,39,728
YoY (%)		2.26%	10.31%	12.37%	12.40%	12.42%
Gross Exp	**1,46,384**	**1,49,366**	**1,64,470**	**1,84,559**	**2,07,225**	**2,32,819**
YoY (%)		2.04%	10.11%	12.21%	12.28%	12.35%
Unallocated Employee Cost	665	562	646	727	814	904
YoY (%)		-15.48%	15.00%	12.50%	12.00%	11.00%
Total Operating expenses	**665**	**562**	**646**	**727**	**814**	**904**
YoY (%)		-15.48%	15.00%	12.50%	12.00%	11.00%
EBITDA	**2,623**	**3,124**	**3,720**	**4,441**	**5,206**	**6,005**
YoY (%)		19.11%	19.07%	19.37%	17.25%	15.34%
EBITDA Margin (%)	1.75%	2.04%	2.20%	2.34%	2.44%	2.51%
Depreciation	412	418	425	430	440	450
% of Gross Block						
EBIT	**2,211**	**2,706**	**3,295**	**4,011**	**4,766**	**5,555**
EBIT Margin (%)	1.48%	1.77%	1.95%	2.11%	2.24%	2.32%
Interest Expenses	386	492	450	473	496	521
Non-operating/ Other income	236	165	280	80	100	120
Exceptional Items	1,643	81	0	0	0	0
PBT	**418**	**2,298**	**3,125**	**3,618**	**4,370**	**5,154**
Tax-Total	-41	76	281	326	393	464
Adj. Net Profit	**459**	**2,222**	**2,844**	**3,292**	**3,977**	**4,690**
Reported Profit	**459**	**2,222**	**2,844**	**3,292**	**3,977**	**4,690**
PAT Margin	0.31%	1.45%	1.68%	1.73%	1.86%	1.96%
Shares o/s/ paid up equity sh capital	148.92	149.33	149.33	149.33	149.33	149.33
Adj EPS	3.08	14.88	19.04	22.05	26.63	31.41
Dividend payment	10.00	11.00	12.00	13.00	14.00	15.00
Dividend payout (%)	324.52%	73.93%	63.01%	58.96%	52.57%	47.76%
Retained earnings	**-1,030**	**579**	**1,052**	**1,351**	**1,886**	**2,450**

Source: Arihant Capital Research, Company Reports

Balance Sheet (INR Mn)

Balance sheet (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E	FY30E
Sources of Funds						
Equity Share Capital	1,489	1,493	1,493	1,493	1,493	1,493
Reserves & Surplus/ Other Equity	9,371	10,189	11,788	13,513	15,594	17,803
Networth	**10,860**	**11,682**	**13,281**	**15,006**	**17,087**	**19,296**
Unsecured Loans/ Borrowings/ Lease Liabilities	1,129	1,245	1,369	1,506	1,657	1,823
Other Liabilities	16,130	17,464	19,999	21,862	24,149	26,337
Total Liabilities	**17,258**	**18,709**	**21,368**	**23,368**	**25,806**	**28,159**
Total Funds Employed	**28,118**	**30,391**	**34,649**	**38,374**	**42,893**	**47,456**
Application of Funds						
Net Fixed Assets	**1,045**	**1,242**	**1,321**	**1,396**	**1,464**	**1,525**
Capital WIP	-	17	18	20	22	24
Investments/ Notes/ Fair value measurement	-	512	512	512	512	512
Current assets	**18,962**	**20,002**	**23,975**	**27,373**	**31,543**	**35,729**
Debtors	15,295	15,822	17,936	20,155	22,654	25,467
Days						
Other Current Assets	809	829	912	1,025	1,152	1,295
Cash and Cash equivalent	2,669	2,069	3,761	4,722	6,148	7,243
Current Liabilities/Provisions	**14,106**	**14,477**	**16,619**	**18,064**	**19,878**	**21,531**
Creditors / Trade Payables	586	273	835	935	1,049	1,179
Days						
Net Current Assets	**4,856**	**5,526**	**7,356**	**9,309**	**11,665**	**14,198**
Total Asset	**28,118**	**30,391**	**34,649**	**38,374**	**42,893**	**47,456**
Total Capital Employed	**23,262**	**24,866**	**27,293**	**29,065**	**31,228**	**33,258**

Source: Arihant Capital Research, Company Reports

Cash Flow (INR Mn)

Cash Flow Statement (INR Mn)	FY26	FY27E	FY28E	FY29E	FY30E
Profit After tax	**2,222**	**2,844**	**3,292**	**3,977**	**4,690**
Adjustments: Add					
Depreciation and amortisation	418	425	430	440	450
Interest adjustment	492	450	473	496	521
Profit before Working Capital Change	**1,325**	1,647	2,174	2,722	3,301
Trade receivables	-528	-2,114	-2,219	-2,498	-2,813
Trade payables	-314	563	100	114	130
Other Liabilities and provisions	731	1,415	1,378	1,620	1,436
Other Assets	-110	-157	-216	-243	-274
Taxes	-593	24	-183	-75	-74
Net cash from operating activities	**511**	**1,378**	**1,034**	**1,639**	**1,705**
Net Sale/(Purchase) of tangible and intangible assets, Capital work in progress	-632	-505	-507	-510	-514
Net Sale/(Purchase) of investments	-512	-	-	-	-
Others	-241	240	33	37	38
Net cash (used) in investing activities	**-1,385**	**-265**	**-474**	**-472**	**-475**
Interest expense	-492	-450	-473	-496	-521
Other financing activities	765	1,029	873	755	386
Net cash (used) in financing activities	**273**	**579**	**401**	**259**	**-135**
Closing Balance	**2,069**	**3,761**	**4,722**	**6,148**	**7,243**
FCF	**-121**	**873**	**527**	**1,130**	**1,192**
Capex (% of sales)	0.42%	0.30%	0.26%	0.23%	0.21%

Source: Arihant Capital Research, Company Reports

Key Ratios

Key Ratios	FY25	FY26	FY27E	FY28E	FY29E	FY30E
Solvency Ratios						
Debt / Equity	0.10	0.11	0.10	0.10	0.10	0.09
Net Debt / Equity	-0.14	-0.07	-0.18	-0.21	-0.26	-0.28
Debt / EBITDA	0.43	0.40	0.37	0.34	0.32	0.30
Current Ratio	1.10	1.07	1.12	1.17	1.22	1.27
DuPont Analysis						
Sales/Assets	7.89	7.65	7.04	6.93	6.76	6.71
Assets/Equity	1.75	1.71	1.81	1.82	1.85	1.85
RoE	4.23%	19.02%	21.41%	21.94%	23.27%	24.31%
Per share ratios						
Reported EPS	3.08	14.88	19.04	22.05	26.63	31.41
Dividend per share	10.00	11.00	12.00	13.00	14.00	15.00
BV per share	72.92	78.23	88.94	100.49	114.43	129.22
Cash per Share	16.73	11.93	22.84	28.94	38.15	45.15
Revenue per Share	1005	1025	1131	1271	1428	1605
Profitability ratios						
Net Profit Margin (PAT/Net sales)	0.31%	1.45%	1.68%	1.73%	1.86%	1.96%
Gross Profit / Net Sales	2.20%	2.41%	2.59%	2.72%	2.82%	2.88%
EBITDA / Net Sales	1.75%	2.04%	2.20%	2.34%	2.44%	2.51%
EBIT / Net Sales	1.48%	1.77%	1.95%	2.11%	2.24%	2.32%
ROCE (%)	20.36%	23.16%	24.81%	26.73%	27.89%	28.79%
Activity ratios						
Debtors Days	37	37	36	37	37	37
Creditor Days	1	1	1	2	2	2
Leverage ratios						
Interest coverage	5.73	5.50	7.32	8.49	9.61	10.66
Debt / Asset	0.04	0.04	0.04	0.04	0.04	0.04
Valuation ratios						
EV / EBITDA	13.64	11.68	9.39	7.68	6.31	5.31
PE (x)	86.97	18.01	14.07	12.16	10.06	8.53

Source: Arihant Capital Research, Company Reports

Arihant Research Desk

Email: instresearch@arihantcapital.com

Tel. : 022-42254800

Head Office	Registered Office
#1011, Solitaire Corporate Park	
Building No. 10, 1st Floor	6 Lad Colony,
Andheri Ghatkopar Link Road	Y.N. Road,
Chakala, Andheri (E)	Indore - 452003, (M.P.)
Mumbai – 400093	Tel: (91-731) 4217100/101
Tel: (91-22) 42254800	CIN: L66120MP1992PLC007182

Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Research Analyst Registration No.	Contact	Website	Email Id
INH000002764	**SMS: 'Arihant' to 56677**	www.arihantcapital.com	instresearch@arihantcapital.com

Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800

Disclaimer: This disclosure statement is provided in compliance with the SEBI Research Analyst Regulations, 2014. Arihant Capital Markets Limited (ACML) is a registered stockbroker, merchant banker, and research analyst under SEBI, and is also a Point of Presence with the Pension Fund Regulatory and Development Authority (PFRDA). ACML is registered with SEBI with Research Analyst Registration Number INH000002764, Stock Broker Registration Number INZ000180939, and is a Trading Member with NSE, BSE, MCX, NCDEX, and a Depository Participant with CDSL and NSDL.

ACML and its associates may have business relationships, including investment banking, with companies covered by its Investment Research Department. The analysts of ACML, and their associates, are prohibited from holding a financial interest in securities or derivatives of companies they cover, though they may hold stock in the companies they analyze. The recommendations provided by ACML's research team are based on technical and derivative analysis and may differ from fundamental research reports.

ACML confirms that neither it nor its associates have a financial interest or material conflict concerning the companies covered in the research report at the time of publication. Furthermore, ACML, its analysts, and their relatives have no ownership greater than 1% in the subject companies as of the month prior to publication. ACML guarantees that the compensation for its research analysts is not influenced by specific securities or transactions.

ACML affirms that neither the analyst nor the company has served as an officer, director, employee, or engaged in market-making activities for any of the subject companies. Additionally, the research report does not reflect any conflict of interest and is not influenced by specific recommendations made. Neither ACML nor its analysts have received compensation for investment banking or brokerage services from the subject companies in the last 12 months.

The views expressed in this report are those of the analysts and are independent of the proprietary trading desk of ACML, which operates separately to maintain an unbiased stance. Analysts comply with SEBI Regulations when offering recommendations or opinions through public media. The report is intended for informational purposes only and is not an offer or solicitation for the purchase or sale of securities.

This report, which is confidential, may not be reproduced or shared without written consent from ACML. It is based on publicly available data believed to be reliable but has not been independently verified, and no guarantees are made about its accuracy. All opinions and information contained in the report are subject to change without notice.
ACML disclaims liability for any losses resulting from reliance on this report. The report does not constitute an offer to buy or sell securities, and ACML is not responsible for the risks involved in investments. ACML and its affiliates may have positions in the securities discussed or hold other financial interests in them.

The distribution of this report in certain jurisdictions may be restricted by law, and the report is not intended for distribution where it would violate local laws. Investors are advised to consider their financial position, risk tolerance, and investment objectives before engaging in transactions, particularly in high-risk financial products such as derivatives.

ACML reserves the right to modify this disclosure statement without prior notice. The report has been prepared using publicly available information and internally developed data, though ACML does not guarantee its completeness or accuracy. Historical price data for securities can be accessed via official exchanges like NSE or BSE.
ACML and its affiliates may conduct proprietary transactions or investment banking services for the companies mentioned in this report. In compliance with SEBI regulations, ACML maintains comprehensive records of research reports, recommendations, and the rationale for those recommendations, which are preserved for at least five years. An annual compliance audit is conducted by a member of the ICAI or ICSI to ensure adherence to applicable regulations. This report is issued in accordance with applicable SEBI regulations and does not guarantee future performance or returns.

Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800

Abhishek Jain
Head of Research
Abhishek.jain@arihantcapital.com

Abhishek Chhajed Jain
2026.07.01
'30'05+ 14:40:22