Sales Note
5th June 2026

Updater Services Ltd

Multi-Engine Growth

CMP: INR 187

Rating: BUY

Target Price: INR 380

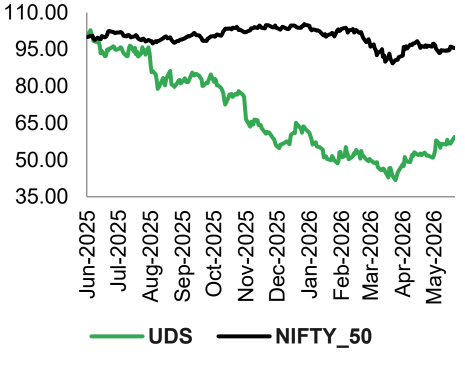
Stock Info	
BSE	543996
NSE	UDS
Bloomberg	UDS:IN
Reuters	UPDA.NS
Sector	Services
Face Value (INR)	10
Mkt Cap (INR Mn)	12,610
52w H/L (INR)	322/125
Avg yearly Vol (in 000')	272.10

Shareholding Pattern %
(As on Mar, 2026)

Promoters	59.09%
Public & Others	40.91%

Stock Performance (%)	1m	6m	12m
UDS	+25.9	+14.6	-36.7
Nifty 50	-2.8	-10.8	-5.6

UDS Vs Nifty 50



Abhishek Jain
abhishek.jain@arihantcapital.com
022 67114851

Ronak Osthwal
Ronak.Osthwal@arihantcapital.com
022 67114865

Updater Services Limited (UDS) is, publicly listed integrated business services platform founded in 1990 and listed on in 2023. The company operates through two segments: Integrated Facility Management (IFM) and Business Support Services (BSS) offering a wide range of services including soft services, engineering, catering, airport ground handling, sales enablement, background verification, and audit & assurance under one platform. The company serves a large and well-diversified client base across sectors such as Industrial, BFSI, IT/ITeS, Healthcare, Hospitality, and Retail, with a pan-India presence and additional international footprint through its BSS subsidiaries in South-East Asia, South Korea, and Europe. It holds the distinction of being India's second-largest outsourced IFM player by market share and benefits from strong structural tailwinds including increasing outsourcing preference, workforce formalisation under new Labour Codes, and a continued shift from unorganised to organised service providers.

BSS Reset Creating Earnings Optionality: The BSS segment delivered flat revenue growth in FY26, masking underlying restructuring across key businesses. Denave showed early turnaround signals with Q4 revenue growth of 15% and EBITDA growth of ~70%, supported by better service mix and higher-margin logos. Athena stabilized customer attrition while improving diversification outside BFSI, and Matrix added large enterprise clients despite sector-specific weakness. With organizational simplification, direct leadership oversight and AI-led automation initiatives underway, BSS margins recovering from current levels could become a disproportionate earnings contributor given its structurally higher profitability profile.

Margin Recovery Opportunity From Contract Maturity: FY26 margins were impacted by conscious participation in larger contracts, Three Discrete non-recurring expenses and temporary business mix changes rather than structural deterioration. Adjusted EBITDA margin declined to 5.9% from 7.3%, while IFM margins moderated to 5.2%; however, management commentary suggests newer contracts are expected to mature and normalize profitability over time. Increasing contribution from specialized services such as MEP, energy management and technical AMC work should improve revenue quality. Even partial normalization toward historical margin bands could create meaningful earnings operating leverage given the company's scale and manpower base exceeding 75,000 employees.

Technology-Led Platform Strengthening Revenue Quality - AI and Digital Infrastructure as Durable Competitive Differentiation: UDS is transitioning from a manpower-led outsourcing player toward a technology-enabled integrated services platform. Across businesses, investments in AI-led workflow automation, outcome-based contracts and proprietary platforms are beginning to improve service mix and productivity. Denave's AI-enabled sales platform and Agentic AI capabilities, Athena's automation initiatives and technology deployment across IFM operations are aimed at enhancing operating efficiency while reducing manpower intensity. This transition should support better contract profitability, stronger client retention and greater share of wallet from enterprise customers, particularly as clients increasingly prefer measurable outcome-linked engagements over traditional input-based contracts.

Structural Formalisation Driving IFM Scale-Up: UDS appears well positioned to benefit from the structural shift toward organized service providers following implementation of new labour codes, which increase compliance requirements, social security obligations and digital record keeping. The company's compliance-first positioning, pan-India delivery network and integrated offering create entry barriers versus unorganized competitors. The Labour Code implementation, GCC proliferation into Tier-2 cities, PLI-driven industrial manufacturing expansion, and the secular increase in outsourcing penetration are four independent, compounding tailwinds. At 2.8% organised market share, UDS has enormous headroom to grow disproportionately as the informal sector loses its price arbitrage advantage. With 30 new logos added during FY26 and multiple wins already secured entering FY27, volume-led growth visibility remains favourable.

Outlook: FY27 outlook appears more constructive with early indicators suggesting recovery momentum across both IFM and BSS businesses. Demand conditions remain supported by labour formalization, manufacturing investments, GCC expansion, commercial real estate growth and rising outsourcing intensity. Margin trajectory should improve sequentially as new IFM contracts mature, BSS restructuring benefits flow through and technology-led efficiencies gain scale. Key growth drivers include specialized IFM services, AI-led service offerings, customer diversification and wallet share expansion across existing accounts. Key monitorables remain pace of BSS recovery, execution of margin normalization, customer concentration in certain verticals and sustained working capital discipline. While earnings visibility remains dependent on execution, the combination of structural industry tailwinds, net cash balance sheet and improving business quality supports stronger medium-term momentum. **We have a Buy Rating on the stock with a Target Price of INR 380.**

Valuation Summary:

Year-end March (INR Mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net Sales	24,444	27,361	29,395	32,740	37,100	42,158
EBITDA	1,355	1,797	1,661	1,948	2,300	2,740
PAT	666	1,190	828	1,239	1,576	1,984
EPS (INR)	10.12	17.73	12.34	18.18	23.13	29.13
EBITDA Margin (%)	5.54%	6.57%	5.65%	5.95%	6.20%	6.50%
EV/EBITDA	8.56	6.06	5.87	4.39	3.09	2.02
P/E (x)	18.48	10.54	15.15	10.28	8.08	6.42
ROE %	11.12%	13.24%	8.28%	11.07%	12.51%	13.90%
Debt/Equity (x)	0.13	0.11	0.04	0.04	0.03	0.03

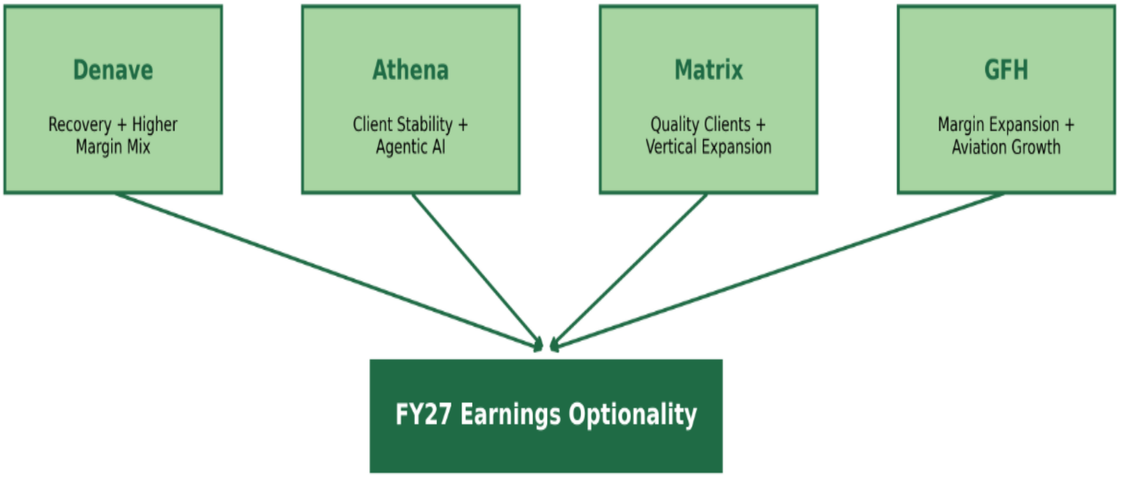
BSS Reset Creating Earnings Optionality:

The Business Support Services segment of Updater Services, comprising Denave, Athena, Matrix, Avon Solutions, and Global Flight Handling, has navigated its most challenging operating period since UDS began assembling the platform through acquisitions. FY26 was, by the management's own characterisation, a year of pause and reset a phrase that carries specific strategic meaning in the context of what has actually been executed. Each of the three principal BSS companies has undergone a substantive reworking of its operating structure, team composition, client portfolio, and process architecture during this period. The financial output of these resets flat-to-declining revenues at the segment level obscures the qualitative progress that creates the foundation for the earnings recovery that institutional investors should be positioning for.

Denave, the largest BSS entity by revenue, grew 11% for the full year and delivered 15% revenue growth and approximately 70% EBITDA growth in Q4 FY26 alone a sequential acceleration that directly contradicts the narrative of a business in structural decline. The acceleration in Q4 was driven by meaningful recovery in the technology client segment, the maturation of new logo relationships signed during FY26, and the early commercial contribution of AI-led demand generation capabilities. Forty-nine new logos were onboarded across the year, with the combined new and expansion business from existing enterprise customers growing 21% year-on-year. Critically, the new business signed during FY26 was done so at higher margins and with a more favourable service mix meaning the backlog entering FY27 carries structurally better economics than the backlog it replaces.

Athena's trajectory, while more painful from a revenue standpoint, has reached an important operational inflection. Customer losses the root cause of the revenue decline ceased entirely in FY26. No new clients were lost during the year, and four significant new logos were added across real estate, consumer durables, and BFSI. The stabilisation of the client base, combined with the structural margin resilience demonstrated in the face of revenue contraction, signals that Athena's operating model is fundamentally sound and that the revenue recovery is now a matter of timeline rather than structural viability. The addition of two commercial Agentic AI contracts in Q4 FY26 introduces a new, higher-value revenue stream that did not exist in the prior year's baseline.

Exhibit: BSS Reset Creating Earning Optionality



Source: Arihant Capital Research, Company Reports

Matrix, the employee background verification and audit and assurance platform, has absorbed the EBGC headwind from IT hiring softness with remarkable resilience at the overall EBITDA level. The Audit and Assurance sub-vertical grew 5.8% for the year and management added twelve large clients across FMCG, retail, quick commerce, and manufacturing including four Sensex-listed companies. These additions represent a quality upgrade in the Audit and Assurance client roster that will compound positively as those relationships expand in scope and tenure. The reorganisation of Matrix around customer and industry verticals, with a dedicated sales and marketing team being built, creates the commercial infrastructure necessary for accelerated growth.

Global Flight Handling delivered one of the most significant operational improvements in the UDS group portfolio during FY26. EBITDA margins doubled from 3% to 6% as all 23 airports reached revenue-generating status, airline partnership coverage expanded, and airport-level operating efficiencies compounded. The Global School of Aviation, which has expanded to a second campus in Pune, represents an adjacent, higher-margin revenue stream tied to India's secular aviation growth story. Management is also developing aviation security training as an incremental business line, diversifying Global Flight Handling from a pure ground services concession business into a broader aviation services platform.

The key earnings optionality insight is this: the adjusted BSS EBITDA margin for Q4 FY26 reached approximately 11%, up meaningfully from the depressed Q1-Q3 levels. If this Q4 run rate is indicative of the underlying business quality and the management's Q1 FY27 signals confirm continued positive momentum then the annualised BSS EBITDA at Q4 margins would represent a material earnings uplift versus the full-year FY26 average. The forward earnings power of the BSS segment, with Denave recovering, Athena stabilising, Global Flight Handling compounding, and Matrix beginning a new growth cycle, is substantially higher.

Margin Recovery Opportunity From Contract Maturity - Operating Leverage Will Surface as Front-Loaded Costs Normalise:

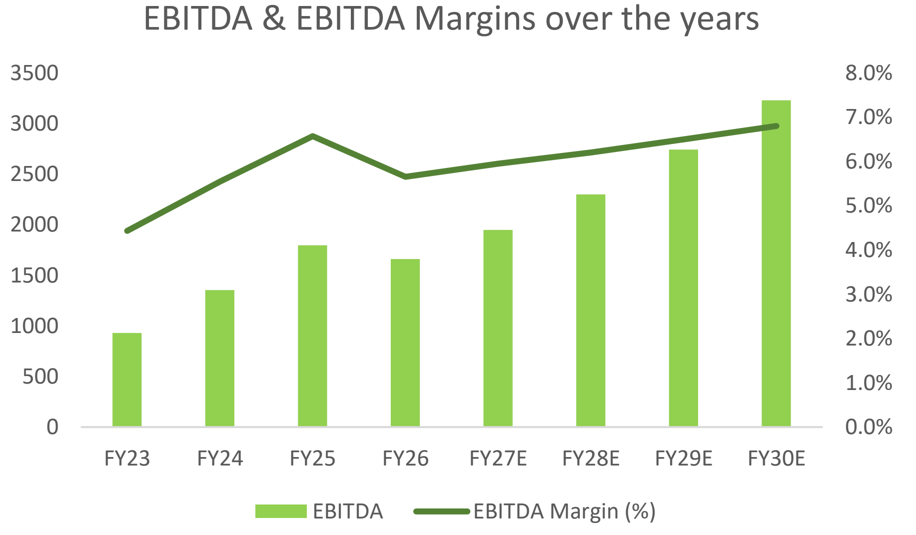
One of the most important analytical distinctions reported in FY26 financials is the separation of structural margin from cyclical and one-time margin drag. The adjusted EBITDA margin for FY26, at 5.9%, was suppressed by an identifiable and non-recurring set of cost items that will not repeat in FY27 and beyond. Understanding the bridge between reported FY26 margins and normalised forward margins is central to appreciating the earnings recovery that the business is structurally positioned to deliver.

The largest one-time impact was the Avon provision of approximately INR 230 Mn, taken in two tranches over Q2 and Q3 of FY26, relating to receivables from the logistics and freight brokerage business that has since been wound down. This provision has been fully absorbed, legal recovery proceedings are underway, and management has unequivocally stated it does not expect this to recur. The Avon core business mailroom management and integrated support services grew 9% during FY26 with stable client relationships and improving operational performance. Avon Solutions, the non-transport entity, also grew 11%, confirming that the credit loss was isolated to a specific new business venture rather than indicative of any systemic issue in the core operating model.

The second significant one-time headwind was the wage code liability provision of approximately INR 50 Mn at the group level and INR 40 Mn at the UDS standalone level. The implementation of the new Labour Codes from November 2025 required a one-time catch-up provision for social security and wage liability recalibration across a workforce of 75,000+ employees. This is a done item it will not recur in FY27. The management team's decision to be aggressive and conservative in provisioning these wage code liabilities taking the full charge upfront rather than spreading it reflects the governance philosophy of the incoming CFO, and means the FY27 payroll cost base starts clean.

The third margin drag was structural but transitional: front-loading of costs on several large IFM contracts, particularly a significant Delhi-based client onboarded in Q2 FY26, where contract ramp-up requires deployment of supervisory headcount, equipment, and onboarding costs ahead of billing commencement. This timing mismatch between cost incurrence and revenue recognition is a well-understood characteristic of large IFM contract economics. As these contracts mature through their first full operating year, the ramp-up costs roll off, billing normalises, and the per-contract EBITDA contribution improves substantially.

Exhibit: EBITDA and Margins Trajectory



Source: Arihant Capital Research, Company Reports

Looking at IFM segment EBITDA margins, the reported 5.2% for FY26 should be viewed against the backdrop of specific sub-businesses that are at different stages of their margin maturity curve. Washroom Hygiene Concepts a high-value, recurring consumables-linked service operates at a structurally superior margin profile of approximately 37-38% and remains stable. Fusion Foods, the industrial catering business, improved its margin from 6% to approximately 8% during FY26. Global Flight Handling moved from 3% to 6%. These improvements across sub-entities within IFM demonstrate that the portfolio-level margin expansion thesis is real and measurable, and that the blended IFM margin suppression is concentrated in the core soft services business where new contract ramp-up costs have been the primary drag.

The forward margin trajectory for the IFM business benefits from several compounding tailwinds. First, the management's deliberate strategy to balance larger, lower-margin anchor contracts with smaller, higher-margin specialised contracts is beginning to shift the portfolio mix toward better unit economics. Second, the expansion into energy management, MEP services, and technical AMC work all higher-margin categories provides incremental margin accretion as these service lines scale within existing client accounts. Third, technology-led interventions including IoT-enabled asset monitoring, automated workforce scheduling, and digital compliance tracking reduce supervisory headcount requirements and improve billing accuracy. The cumulative impact of these margin initiatives conservatively modelled suggests IFM EBITDA margins should expand toward 5.5-6% in FY27 and approach 6.5-7% by FY29, representing a meaningful improvement on the FY26 base without any revenue acceleration assumptions

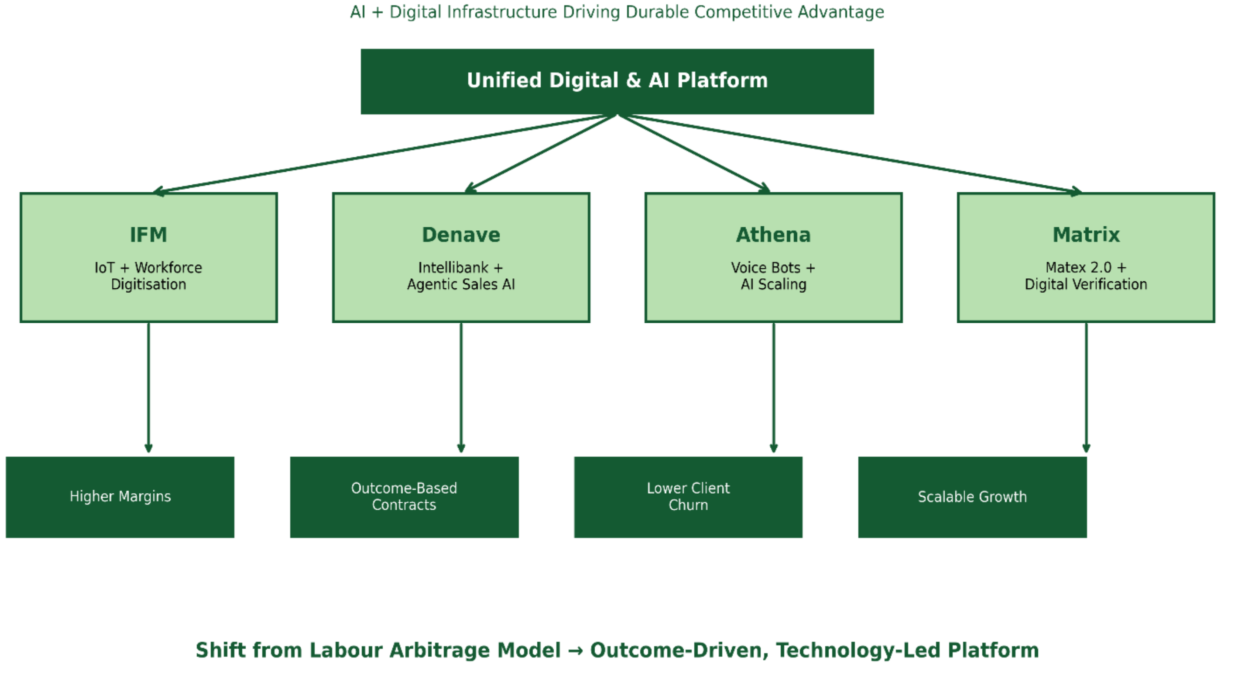
Technology-Led Platform Strengthening Revenue Quality - AI and Digital Infrastructure as Durable Competitive Differentiation:

The single most important strategic transformation underway at Updater Services is the systematic digitisation and AI integration of its service delivery platform across both the IFM and BSS segments. This transformation, accelerated meaningfully in FY26, is not merely a cost-efficiency initiative; it is a fundamental repositioning of the UDS value proposition from a labour arbitrage model toward an outcome-delivery model that commands structurally higher contract economics, lower client churn, and defensible competitive positioning against both organised peers and the unorganised sector.

In the IFM segment, technology deployment spans several dimensions that are progressively changing the economics of service delivery. Biometric attendance and workforce management systems eliminate buddy-punching, reduce payroll leakage, and provide real-time visibility into workforce utilisation across thousands of sites simultaneously. IoT-enabled predictive maintenance for mechanical, electrical, and plumbing assets allows UDS to shift clients from reactive maintenance contracts where the client bears breakdown risk to proactive uptime-guaranteed contracts that justify premium pricing and create measurable client value. Energy management platforms that monitor and optimise consumption across large commercial and industrial facilities generate documented cost savings for clients that serve as quantifiable evidence of UDS's integrated value proposition versus commodity FM providers.

The IFM market is evolving, as the management has noted, away from single-service, input-based contracts toward integrated, outcome-linked engagements tied to uptime guarantees, energy efficiency targets, and asset performance metrics. This shift is structurally advantageous for technology-enabled platforms like UDS and structurally disadvantageous for pure-labour IFM providers who cannot demonstrate or deliver measurable outcomes. Clients who transition to outcome-linked contracts tend to have significantly higher switching costs they would need to replace not just a service provider but an entire performance management and reporting infrastructure which compounds client retention and supports contract renewal at improving economics.

Exhibit: Technology-Led Platform Strengthening Revenue Quality



Source: Arihant Capital Research, Company Reports

In the BSS segment, technology investment is even more central to the competitive differentiation strategy. Denave's Intellibank platform represents the most advanced proprietary asset in the group a GenAI sales intelligence engine that integrates account data, campaign intelligence, automated lead scoring, and CRM workflows into a unified client-facing interface. The platform's evolution from a supporting tool to an agentic capability where AI autonomously executes stages of the demand generation lifecycle is a qualitative leap that changes the labour input required to deliver a unit of sales outcome.

Athena's Agentic AI voice bot, which completed proof-of-concept validation and secured two commercial contracts during Q4 FY26, introduces a fundamentally different revenue model for a business that has historically been constrained by physical seat capacity. The traditional BPO billing model per seat, per month caps revenue growth to headcount addition. An AI-augmented model where voice bots handle high-volume, scripted outreach while human agents manage complex, high-value interactions can scale revenue without proportional seat growth, improving margins and removing a physical ceiling on capacity. The early-stage nature of these contracts POC to commercial in one year suggests the technology roadmap is credible and client appetite is real.

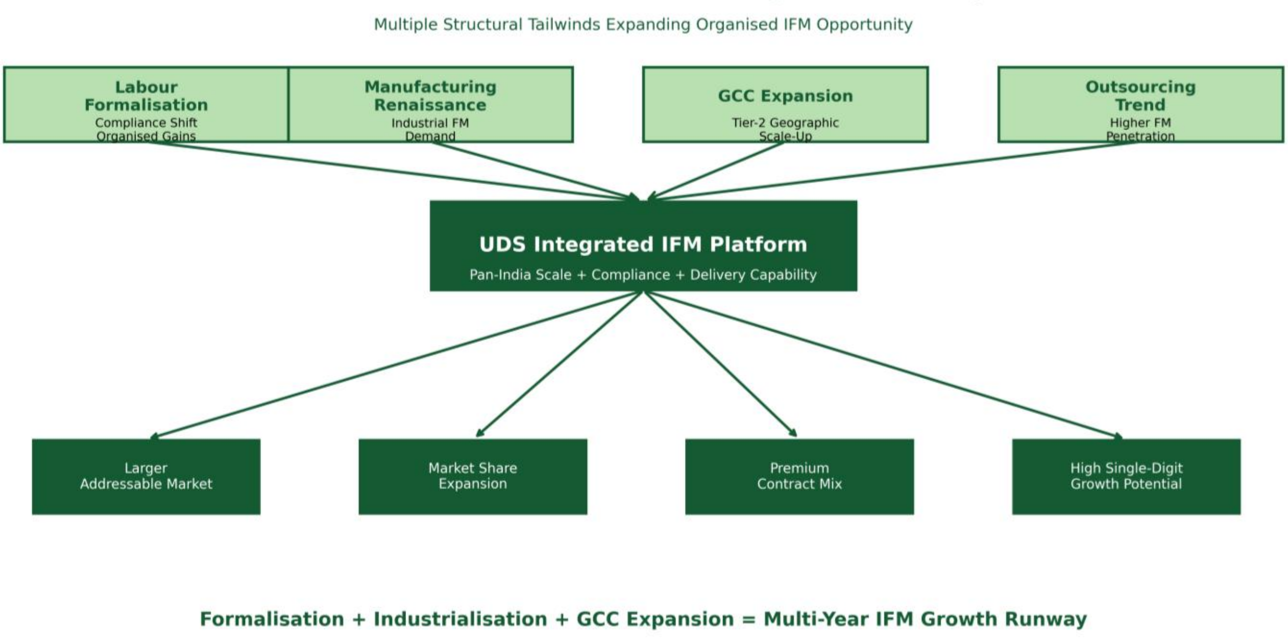
Matrix's Matex 2.0 proprietary BGV platform, operational since Q3 FY25, is a competitive differentiator in the background verification market that is transitioning from paper-intensive manual processes to real-time digital verification flows. The platform's ability to improve turnaround times a primary client selection criterion in BGV and reduce per-verification costs creates a scalable business model that improves margins as volume grows without requiring proportional headcount addition. The future technology platform being developed for the EBGC business, suggests Matrix is building the digital infrastructure for its next phase of competitive positioning ahead of what management expects to be an IT hiring recovery cycle.

Structural Formalisation Driving IFM Scale-Up:

The Indian Integrated Facilities Management market is at a rare structural inflection point where multiple independent macro tailwinds are converging simultaneously to create a demand environment that is both larger in absolute scale and higher in quality than anything the industry has experienced previously. For UDS, as the second-largest organised IFM platform with three-and-a-half decades of institutional heritage and a pan-India delivery capability, the timing of this inflection could not be more favourable.

The formalisation of India's labour market accelerated by the implementation of four consolidated Labour Codes from November 2025 is the foundational driver of market structure change. Prior to this regulatory shift, the IFM market's 65-70% share held by unorganised providers was sustained primarily by price advantage derived from non-compliance: underpayment of PF and ESI, underreporting of contract headcount, avoidance of minimum wage obligations, and circumvention of gratuity provisioning. The new framework closes these avenues for regulatory arbitrage systematically requiring digital record-keeping, mandatory social security coverage for gig and contractual workers, tighter industrial relations oversight, and enterprise-level accountability for vendor compliance. The compliance cost convergence between organised and unorganised providers effectively neutralises the primary competitive advantage of the informal sector.

Exhibit: Structural Formalisation Driving IFM Scale up



Source: Arihant Capital Research, Company Reports

The consequence for UDS is a structural expansion of the addressable market for organised IFM. The Indian outsourced FM market is projected by Mordor Intelligence to grow from approximately INR 414.7 Bn at current levels to INR 670 Bn by FY29, implying an 11% CAGR. Within this growth, the organised sector's share is expected to expand from the current 30-35% to potentially 45-50% over the same period as regulatory enforcement intensifies. The combination of overall market growth and market share shift from unorganised to organised players creates a compounding opportunity for UDS that is substantially larger than either factor in isolation. At 2.8% current market share within the organised segment, UDS has ample headroom for growth without requiring displacement of peer organised players.

India's manufacturing renaissance, catalysed by Production Linked Incentive schemes across fourteen sectors and accelerating foreign direct investment in semiconductor, electronics, pharmaceutical, and electric vehicle manufacturing, is creating a new category of IFM demand industrial FM for large-format, technically complex manufacturing environments. Industrial FM is characterised by higher technical complexity, stricter safety compliance requirements, production support services integration, and a client profile (MNC manufacturers) that strongly prefers organised, compliance-certified partners. UDS's production support capabilities materials handling, warehouse management, on-site inventory management position it distinctly within this industrial IFM category, which is growing significantly faster than the broader FM market.

The rapid proliferation of Global Capability Centres into Tier-2 cities creates a geographic demand expansion that plays directly to UDS's nationwide service delivery infrastructure. Cities such as Coimbatore, Nagpur, Vizag, Jaipur, Vadodara, and Kochi are witnessing first-generation GCC setups that onboard IFM providers from the greenfield stage, typically seeking pan-India partners who can scale with them as their footprint expands beyond the initial city. UDS's presence in 28 states and union territories a footprint that took three decades to build and cannot be replicated quickly means it is often the only compliant, integrated IFM option available to a GCC seeking a single national vendor relationship.

Beyond the immediate drivers, the secular outsourcing penetration trend in India's corporate sector is perhaps the most enduring structural tailwind for organised IFM. Indian companies have historically maintained large in-house facilities teams, particularly in manufacturing and public sector environments. The post-pandemic reconfiguration of real estate footprints, the cost pressure on corporate overheads, and the increasing recognition of facilities management as a specialised discipline rather than a generic administrative function are all accelerating the decision to outsource. Management's target of delivering high single-digit IFM revenue growth for FY27 against a backdrop of industry peers reporting under-6% growth reflects UDS's disproportionate capture of this structural tailwind through its compliance credentials, integrated service portfolio, and established GCC client relationships.

Peer Comparision:

Company	FY26 Revenue	EBITDA Margin	PAT Margin	P/E (FY26)	EV/ EBITDA
Updater Services (UDS)	INR 2,940 Cr	~5.65%	~2.8%	~14.7x	~5.8x
Quess Corp (QUESS)	INR 15,305 Cr	2.04%	1.5%	~15.9x	~10.3x
SIS Group (SIS)	INR 15,982 Cr	~4.5%	~2.4%	~16.4x	~8.22x
TeamLease Services	INR 11,859 Cr	~1.53%	~1.57%	~16x	~9.43x
Man Group (Global FM)	Not disclosed	6.5–7%	~4.5%	15–17x	9–11x
Sodexo (Global FM)	Not disclosed	5.5–6%	~3.5%	17–19x	9–10x

- UDS is valued at 14.7x P/E and ~5.8x EV/EBITDA (FY26 actuals) a discount to domestic peers: Quess at ~15.9x P/E, SIS at ~16.4x, and TeamLease at ~16x. The discount is partially explained by UDS's FY26 PAT compression (down from INR 118 Cr in FY25 to INR 82.8 Cr) driven by the one-off Avon logistics provision (~INR 23 Cr) and higher employee cost inflation.

- UDS delivered a blended FY26 EBITDA margin of ~5.65% (Q4 operating margin rebounding), comfortably ahead of Quess (2.04%) and TeamLease (1.53%). SIS is the closest comparable at ~4.5%. This margin superiority reflects UDS's higher-value IFM and BSS mix vs. the pure general staffing orientation of Quess/TeamLease. Convergence with global IFM peers (Sodexo: 5.5–6%; Man Group: 6.5–7%) confirms UDS's IFM margins are not a structural weakness they reflect scale stage, not business quality.

- India's new Labour Codes, now being progressively rolled out, mandate formalised wages and uniform social security favouring fully compliant organised players. UDS, as a AA-rated, listed, PAN-India operator with 76,000+ employees and full statutory compliance, stands to benefit more than smaller unorganised competitors who will face cost catch-up. Management specifically called out Labour Code formalisation as a structural tailwind during the Q3 FY26 earnings call. SIS made a similar observation; both are better positioned than Quess and TeamLease, whose general staffing headcounts face higher direct regulatory exposure.

Income statement (INR Mn)

Income statement (INR Mn)	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E	FY30E
Revenue from operations	20,989	24,444	27,361	29,395	32,740	37,100	42,158	47,488
Net Sales	**20,989**	**24,444**	**27,361**	**29,395**	**32,740**	**37,100**	**42,158**	**47,488**
YoY (%)	41.53%	16.46%	11.93%	7.43%	11.38%	13.32%	13.64%	12.64%
Adjusted COGS	**3470**	**1,020**	**911**	**946**	**1,179**	**1,336**	**1,518**	**1,710**
YoY (%)	157.04%	-70.61%	-10.69%	3.84%	24.59%	13.32%	13.64%	12.64%
Personnel/ Employee benefit expenses	13,800	18,080	20,403	22,948	25,144	28,270	31,914	35,854
YoY (%)	29.21%	31.01%	12.85%	12.47%	9.57%	12.43%	12.89%	12.35%
Other Expenses	*2,789*	3,989	4,250	3,840	4,469	5,194	5,986	6,696
YoY (%)	38.76%	43.03%	6.54%	-9.65%	16.38%	16.22%	15.26%	11.85%
Total Expenditure	**20,059**	**23,089**	**25,564**	**27,734**	**30,792**	**34,799**	**39,418**	**44,259**
YoY (%)	42.87%	15.11%	10.72%	8.49%	11.03%	13.01%	13.27%	12.28%
EBITDA	**930**	**1,355**	**1,797**	**1,661**	**1,948**	**2,300**	**2,740**	**3,229**
YoY (%)	17.72%	45.70%	32.62%	-7.57%	17.28%	18.08%	19.13%	17.84%
EBITDA Margin (%)	*4.43%*	5.54%	6.57%	5.65%	5.95%	6.20%	6.50%	6.80%
Depreciation	370	540	471	467	462	438	419	406
EBIT	**560**	**815**	**1,326**	**1,194**	**1,486**	**1,863**	**2,321**	**2,824**
EBIT Margin (%)	2.67%	3.33%	4.85%	4.06%	4.54%	5.02%	5.51%	5.95%
Interest Expenses	150	193	104	67	39	37	36	37
Non-operating/ Other income	130	230	357	207	183	248	325	412
Profit before impairment & exceptionals	**540**	**852**	**1,579**	**1,334**	**1,630**	**2,073**	**2,611**	**3,198**
Impairment, FV change & exceptional items	**0**	**0**	**132**	**373**	**0**	**0**	**0**	**0**
PBT	**540**	**852**	**1,447**	**961**	**1,630**	**2,073**	**2,611**	**3,198**
Tax-Total	194	186	257	133	391	498	627	768
Adj. Net Profit	**346**	**666**	**1,190**	**828**	**1,239**	**1,576**	**1,984**	**2,431**
Reported Profit	**346**	**666**	**1,190**	**828**	**1,239**	**1,576**	**1,984**	**2,431**
PAT Margin	1.71%	2.78%	4.35%	2.82%	3.73%	4.18%	4.64%	5.04%
Shares o/s/ paid up equity sh capital								
Adj EPS	**5.34**	**10.12**	**17.73**	**12.34**	**18.18**	**23.13**	**29.13**	**35.68**

Source: Arihant Capital Research, Company Reports

Balance Sheet (INR Mn)

Balance sheet (INR Mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E
NON-CURRENT ASSETS								
Property, plant & equipment (incl. CWIP)	1,077	1,104	657	622	590	565	547	535
Right-of-use assets	1,005	1,030	485	401	379	363	352	344
Goodwill & other intangible assets	1,508	1,546	2,442	2,400	2,272	2,175	2,106	2,060
Investments (non-current)	40	60	79	79	79	79	79	79
Other non-current assets (deferred tax, deposits)	787	1,340	2,051	2,392	2,392	2,392	2,392	2,392
Total non-current assets	**4,417**	**5,080**	**5,715**	**5,894**	**5,712**	**5,575**	**5,476**	**5,410**
CURRENT ASSETS								
Trade receivables	4,255	5,023	6,082	6,026	6,709	7,603	8,640	9,732
Unbilled revenue & other financial assets	1,181	2,010	1,021	859	956	1,083	1,231	1,387
Cash, bank balances & liquid investments	1,500	2,000	2,682	3,244	4,422	5,839	7,404	9,339
Other current assets	656	1,117	376	374	416	471	535	603
Total current assets	**7,593**	**10,150**	**10,161**	**10,504**	**12,503**	**14,996**	**17,810**	**21,060**
TOTAL ASSETS	**12,010**	**15,230**	**15,876**	**16,398**	**18,215**	**20,571**	**23,286**	**26,471**
EQUITY								
Equity share capital	530	670	670	670	670	670	670	670
Other equity (reserves & surplus)	3,280	7,730	8,910	9,740	10,960	12,512	14,271	16,426
Equity attributable to owners	3,810	8,400	9,580	10,410	11,630	13,182	14,941	17,096
Non-controlling interests	50	60	70	80	99	122	152	188
Total equity	**3,860**	**8,460**	**9,650**	**10,490**	**11,729**	**13,304**	**15,093**	**17,284**
NON-CURRENT LIABILITIES								
Borrowings & lease liabilities (non-current)	1,540	735	714	315	294	280	280	294
Provisions & other non-current liabilities	1,075	956	776	795	884	1,002	1,138	1,282
Total non-current liabilities	**2,615**	**1,691**	**1,490**	**1,110**	**1,178**	**1,282**	**1,418**	**1,576**
CURRENT LIABILITIES								
Trade payables	1,649	1,898	2,101	2,280	2,531	2,860	3,240	3,638
Borrowings & lease liabilities (current)	660	315	306	135	126	120	120	126
Other current liabilities & provisions	3,226	2,867	2,329	2,384	2,652	3,005	3,415	3,847
Total current liabilities	**5,535**	**5,079**	**4,736**	**4,798**	**5,309**	**5,985**	**6,775**	**7,610**
TOTAL EQUITY & LIABILITIES	**12,010**	**15,230**	**15,876**	**16,398**	**18,215**	**20,571**	**23,286**	**26,471**

Source: Arihant Capital Research, Company Reports

Key Ratios

Key Ratios	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E	FY30E
PROFITABILITY & RETURNS								
EBITDA margin %	4.4%	5.5%	6.6%	5.7%	6.0%	6.2%	6.5%	6.8%
EBIT margin %	2.7%	3.3%	4.8%	4.1%	4.5%	5.0%	5.5%	5.9%
PAT margin %	1.7%	2.8%	4.3%	2.8%	3.7%	4.2%	4.6%	5.0%
Return on equity (ROE)	9.9%	11.1%	13.2%	8.3%	11.1%	12.5%	13.9%	14.9%
Return on capital employed (ROCE)	11.1%	10.5%	13.2%	11.1%	13.0%	14.5%	16.1%	17.2%
Return on invested capital (ROIC)	10.9%	10.4%	13.1%	11.7%	14.8%	18.4%	22.5%	26.6%
EFFICIENCY								
Debtor days (DSO)	74	75	81	75	75	75	75	75
Payable days	30	30	30	30	30	30	30	30
Net working capital days	21	51	41	32	32	32	32	33
Total asset turnover (x)	2.0	1.8	1.8	1.8	1.9	1.9	1.9	1.9
Fixed asset turnover (x)	7.4	6.7	7.5	8.4	9.8	11.7	13.8	16.0
LEVERAGE & COVERAGE								
Debt / equity (x)	0.58	0.13	0.11	0.04	0.04	0.03	0.03	0.02
Net debt / EBITDA (x)	0.75	-0.70	-0.92	-1.68	-2.05	-2.36	-2.56	-2.76
Interest coverage (x)	3.73	4.22	12.75	17.82	38.10	50.34	64.48	76.31
PER SHARE & VALUATION								
EPS (₹)	5.34	10.12	17.73	12.34	18.18	23.13	29.13	35.68
Book value per share (₹)	56.78	125.19	142.77	155.14	173.32	196.45	222.67	254.78
P / E (x)	35.05	18.48	10.54	15.15	10.28	8.08	6.42	5.24
P / B (x)	3.29	1.49	1.31	1.21	1.08	0.95	0.84	0.73
EV / EBITDA (x)	14.24	8.56	6.06	5.87	4.39	3.09	2.02	1.12
EV / Sales (x)	0.63	0.47	0.40	0.33	0.26	0.19	0.13	0.08

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 Andheri Ghatkopar Link Road Chakala, Andheri (E) Mumbai – 400093 Tel: (91-22) 42254800	6 Lad Colony, Y.N. Road, Indore - 452003, (M.P.) Tel: (91-731) 4217100/101 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

Digitally signed by Abhishek Chhajed Jain
Date: 2026.06.05 11:51:30 +05'30'