

### Solid Quarter; Continue to view the outlook favorably

- ECLX's CC revenue grew 3.3% QoQ (DE: 2.5%; \$ growth was 4.1%), driven by broad-based momentum across verticals. OPM declined by 12bps QoQ to 19.6% (DE:18.9%) as higher offshoring of revenues (up 4.9% on USD basis) offset the impact of wage hikes (-250bps) and the operationalization of a new delivery center (-20bps).
- Mgmt. is confident in growth continuity led by a robust pipeline & no significant changes in roll-offs, and expects sustained deal win momentum. FY26 EBITDA margin guidance of 24%-28% unchanged and is expected to improve sequentially hereon.
- Based on ECLX's steady revenue growth, ACV momentum & positive management commentary, we slightly increase \$ Rev estimates by 0.7%/0.8%, while EPS remains unchanged for FY26/27E. With growth accelerating, we see it poised for re-rating; thus, we maintain our rating to 'BUY' with TP to Rs. 4,500, valuing at 30x FY27E EPS.

### Steady Deal wins/Pipeline Positions Company for Growth

ACV stood at \$32mn in Q1, in line with its quarterly run rate (TTM ACV now at \$143mn up 43% YoY). Although larger deal sizes extend conversion cycles & some volatility fluctuations on a sequential basis, management remains confident of exceeding FY25 record ACV of ~\$137mn. This is supported by a robust pipeline and no major change in roll-off impacts, indicating a healthy funnel for future opportunities.

### Verticals Round-Up: Positive Across Most Segments

Growth in USD terms was broad-based across verticals as **BFSI** (21% YoY) posted a strong performance, supported by robust client results despite market volatility. **Hi-Tech and Manufacturing** (15% YoY) delivered solid growth, supported by a positive near-term outlook. **CMT** (13% QoQ) gained traction through new logo additions and increased cross-sell of CX services. **Fashion & Luxury** (2%) remained impacted by persistent softness and end customer demand in US/China. The outlook for the segment remains weak (unchanged from the prior quarter). Emerging vertical grew 47% YoY on a small base and now reached annualised run rate of \$25mn.

### EBITDA Guidance unchanged at 24-28%

ECLX reaffirmed its wide FY26 EBITDA margin guidance of 24-28% (implies 22-26% on a reported basis). Management maintains a cautiously optimistic stance, while expressing confidence in delivering sequential growth in Q2 and also expects EBITDA Mgmt (Q1 23.6%) to improve sequentially hereon.

#### Key Data

Nifty	25,062
Equity / FV	Rs 483mn / Rs 2
Market Cap	Rs 179bn
	USD 2.1bn
52-Week High/Low	Rs 3,877/ 2,326
Avg. Volume (no)	85,391
Bloom Code	ECLX IN

	Current	Previous
Rating	Buy	Buy
Target Price	4,500	4,200

#### Change in Estimates

(Rs.bn)	Current FY26E	Current FY27E	Chg (%) /bps FY26E	Chg (%) /bps FY27E
Revenue	39	44	0.3	0.6
EBITDA	9	11	0.1	0.6
EBITDA (%)	24.2	24.4	(4)	2
APAT	6	7	(0.2)	(0.1)
EPS (Rs)	130.0	150.0	0.0	0.1

#### Valuation (x)

	FY25A	FY26E	FY27E
P/E	32.4	28.1	24.4
EV/EBITDA	21.5	17.9	15.1
ROE (%)	23.8	23.8	21.9
RoACE (%)	25.9	25.9	23.6

#### Q1FY26 Result (Rs Mn)

Particulars	Q1FY26	YoY (%)	QoQ (%)
Revenue	9,346	19.5	4.0
Total Expense	7,140	16.0	5.0
EBITDA	2,205	32.6	0.9
Depreciation	369	16.6	(9.9)
EBIT	1,836	36.3	3.4
Other Income	141	(32.5)	(55.8)
Interest	97	25.6	(10.1)
EBT	1,881	27.1	(5.4)
Tax	465	29.7	0.6
RPAT	1,417	26.9	(6.9)
APAT	1,417	26.9	(6.9)
		(bps)	(bps)
Gross Margin	37.6	125	(210)
EBITDA (%)	23.6	232	(74)
NPM (%)	15.2	89	(178)
Tax Rate (%)	24.7	48	146
EBIT (%)	19.6	242	(12)

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**Exhibit 1: Quarterly performance versus estimates**

Particulars (Rs mn)	Actual	Estimates		% Variation		Comment
		Dolat	Consensus	Dolat	Consensus	
USD Revenue	109.2	108.5	108.8	0.6	0.3	Beat, led by growth, robust offshoring traction
INR Revenue	9,346	9,244	9,331	1.1	0.2	
EBIT	1,836	1,747	1,715	5.1	7.1	Offshore leverage led the beat
EBIT, margin	19.6	18.9	18.4	75 bps	127 bps	
PAT	1,417	1,405	1,339	0.9	5.8	In-line

Source: Company, Dolat Capital

**Estimates**

**FY26E/FY27E:** Factoring in solid Q1 performance, steady ACV momentum and positive vertical commentary, we have raised our USD revenue growth estimates (0.7%/0.8%). Since there was minimal impact on current margins as it absorbed pressure from wage hikes & new delivery centers, we improve our OPM estimates by 29bps/6bps. Overall, EPS has been unchanged.

**Exhibit 1: Change in Estimates**

Particulars (Rs. mn)	FY24A	FY25A	FY26E			FY27E		
	Actual	Actual	Old	New	Chg.(%)	Old	New	Chg.(%)
USD Revenue	353.9	397.7	452.4	455.3	0.7	506.8	511.1	0.8
YoY growth (%)	6.4	12.4	13.7	14.5	75 bps	12.0	12.2	21 bps
INR Revenue	29,256	33,659	38,904	39,027	0.3	43,966	44,211	0.6
YoY growth (%)	10.5	15.0	15.6	15.9	37 bps	13.0	13.3	27 bps
EBIT	6,491	6,669	7,769	7,907	1.8	9,000	9,078	0.9
EBIT margin (%)	22.2	19.8	20.0	20.3	29 bps	20.5	20.5	6 bps
PAT	5,115	5,411	6,221	6,210	(0.2)	7,172	7,165	(0.1)
EPS (Rs)	104.6	113.1	130.1	129.9	(0.1)	150.0	150.1	0.1

Source: Dolat Capital Company

**What to expect next Quarter**

We expect USD revenue growth of 3.3% QoQ & OPM expansion of 80bps for Q2FY26 on the back of positive management commentary & decent, broad-based vertical performance in Q1.

**Exhibit 2: What to expect next Quarter**

(Rs Mn)	Q2FY26E	Q1FY26	QoQ (%)	Q2FY25	YoY (%)
USD Revenue	112.8	109.2	3.3	98.8	14.2
INR Revenue	9,673	9,346	3.5	8,318	16.3
EBIT	1,978	1,836	7.7	1,829	8.2
PAT	1,560	1,417	10.1	1,402	11.3
EPS (Rs. Abs)	32.6	29.6	10.1	29.2	12.0
EBIT Margin (%)	20.5	19.6	80 bps	22.0	(153 bps)

Source: Dolat Capital, Company

### Exhibit 3: Key Assumptions in our estimates

Assumptions Table	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E
CC Revenue growth (%)	36.0	17.0	6.3	12.5	13.8	12.2
USD Revenue growth (%)	35.2	16.9	6.4	12.4	14.5	12.2
USD/INR	75.9	79.6	82.7	84.6	85.7	86.5
INR Revenue growth (%)	38.1	22.6	10.5	15.0	15.9	13.3
EBIT Margins (%)	25.8	23.0	22.2	19.8	20.3	20.5
EPS growth (%)	51.9	17.5	7.7	8.1	15.1	15.5

Source: Company, Dolat Capital

### Exhibit 4: Key Revenue Matrix

YoY Growth	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
CC Growth	4.4	5.4	5.7	5.9	11.3	12.0	11.7	12.5	16.4
USD Growth	5.5	6.2	6.4	7.3	11.2	12.8	11.3	14.1	17.0
INR Growth	10.8	11.0	9.6	10.6	14.2	15.2	13.4	17.2	19.5

Source: Company, Dolat Capital

### Exhibit 5: Quarterly and YTD Trend

Particulars (Rs mn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	QoQ (%)	YoY (%)	FY24	FY25	YoY (%)
USD Revenue	93.3	98.8	100.7	104.9	109.2	4.1	17.0	353.9	397.7	12.4
INR Revenue	7,819	8,318	8,538	8,983	9,346	4.0	19.5	29,256	33,659	15.0
Operating Expense	5,981	5,968	6,245	6,570	6,942	5.7	16.1	20,849	24,764	18.8
Cost of revenues	4,979	5,028	5,233	5,419	5,834	7.7	17.2	17,384	20,658	18.8
as % of sales	63.7	60.4	61.3	60.3	62.4	210 bps (125 bps)		59.4	61.4	195 bps
Other expenses	1,002	940	1,013	1,151	1,109	(3.7)	10.6	3,465	4,106	18.5
as % of sales	12.8	11.3	11.9	12.8	11.9	(95 bps) (96 bps)		19.9	19.9	(6 bps)
EBITDA	1,664	2,157	2,075	2,186	2,205	0.9	32.6	7,748	8,081	4.3
Depreciation	317	328	358	410	369	(9.9)	16.6	1,258	1,412	12.3
EBIT	1,347	1,829	1,717	1,776	1,836	3.4	36.3	6,491	6,669	2.7
Net Other Income	132	50	123	211	44	(79.1)	(67)	422	516	22.4
PBT	1,479	1,879	1,840	1,988	1,881	(5.4)	27.1	6,894	7,185	4.2
Total Tax	359	484	468	462	465	0.6	29.7	1,776	1,773	(0.2)
PAT before MI	1,120	1,395	1,372	1,525	1,416	(7.2)	26.3	5,118	5,413	5.8
Minority Interest	4	(7)	1	4	(1)	(136.2)	(129.6)	2.8	1.7	(38.9)
PAT after MI	1,116	1,402	1,371	1,522	1,417	(6.9)	26.9	5,115	5,411	5.8
Reported EPS	22.7	29.2	28.6	31.8	29.6	(6.8)	30.5	104.4	112.2	7.5
<b>Margins (%)</b>						<b>(bps)</b>	<b>(bps)</b>			<b>bps</b>
EBITDA	21.3	25.9	24.3	24.3	23.6	(74 bps)	232 bps	26.5	24.0	(248 bps)
EBIT	17.2	22.0	20.1	19.8	19.6	(12 bps)	242 bps	22.2	19.8	(237 bps)
PBT	18.9	22.6	21.6	22.1	20.1	(200 bps)	121 bps	23.6	21.3	(222 bps)
PAT	14.3	16.9	16.1	16.9	15.2	(178 bps)	89 bps	17.5	16.1	(141 bps)
Effective Tax rate	24.2	25.7	25.4	23.3	24.7	146 bps	48 bps	25.8	24.7	(109 bps)

Source: Company, Dolat Capital

## Earnings Call KTAs

- **Revenue:** Revenue grew by 3.3% QoQ in CC terms (4.1% in \$ terms – implying cross currency impact of 80bps), driven by Emerging & Hi-Tech, which grew 7.7% & 6.6% QoQ respectively, while the more sizeable segments of CMT & BFSI both supported with ~2.8% QoQ growth. Geographical growth was led by Europe (15% of rev), growing +11.4% QoQ (CC basis must be much lower), North America (78% of rev) +4.8% QoQ growth, while RoW (6% of rev) declined 17% QoQ.
- **Margins:** OPM stood at 19.6% (down 12bps QoQ and 242bps YoY) v/s 19.8% in Q4FY25. The sequential decline was attributed to annual wage hikes (-250bps) and new delivery centers (-20bps) getting operational, which was offset by higher offshoring (grew by 4.9% QoQ).
- **Segment-wise commentary:** Growth was broad-based across all verticals. BFSI (43% of rev; up 21% YoY) showed decent performance with clients reporting robust results amid high market volatility, driven by KYC opportunities and a mix of tech, data, and operations work. Hi-Tech (16% of rev; up 15% YoY) growth was strong & the outlook continues to be positive, while CMT (25% of rev; up 12.6% YoY) showed good traction in new logo wins and cross-selling of CX services. Fashion & Luxury (9% of rev; up 2% YoY) saw some pressure due to US market underperformance, China weakness, and euro appreciation, with no change in the vertical's sluggish outlook similar to the previous quarter. Emerging vertical (6% of rev; grew 47% YoY) grew healthy, reaching annualised run rate of \$25mn.
- **ACV (New deals):** ACV for Q1 stood at \$32.3mn (-33.5% QoQ). ACV looks soft QoQ due to a strong base (life-time high) but remains healthy on a normalized run-rate. LTM ACV stood at \$142.8mn (up 43.2% YoY) with revenue coverage of 0.35x (flat QoQ). The company expects full-year ACV to exceed the previous year's ~\$137mn mark. Pipeline remains robust with larger deal sizes taking longer to convert, as the Co. expresses confidence in delivering sequential growth in Q2.
- **Onshore/Offshore concentration:** Onshore revenue stood at 20% (up 1.1% QoQ) and Offshore revenue stood at 80% (up 4.9% QoQ) – boosting profitability during the quarter. This mix would likely remain steady as the company does not expect any significant changes over the upcoming quarters.
- **Key Clients:** Top 10 clients (63% mix) grew by 2.3% QoQ while non-top 10 growth (37% mix) was strong at 7.3% QoQ. Emerging clients' YoY growth outpaced top 10 accounts, driven by larger average deal sizes, enhanced cross-selling capabilities, and expansion of service offerings to existing clients.
- **Hiring:** Attrition (LTM) stood at 17.6% (Q4FY25: 24.3%, Q1FY25: 22.7%). Employee headcount stood at 20,385, up by ~1k employees sequentially (an 8-consecutive quarter of additions), indicating strong demand visibility. Utilization was at 67.4% vs 67.9% QoQ.
- **AI progress:** Company is leveraging GenAI to drive productivity and client value, having trained 40% of its workforce through a tie-up with the Technical University of Munich. It is also enabling its tech team with GitHub Copilot to target 25% efficiency gains (although it would be able to retain the gains wherever it is working on its own system Vs clients' systems). GenAI is being integrated into proprietary tools like Compliance Manager to enhance operational effectiveness and customer outcomes. The company sees AI as a strategic lever, backed by its deep domain, tech, and process expertise.

- **New Delivery Centre's Operations:** Lima operations went live in Q1 FY26, while Cairo operations are scheduled to go live in Q2. These new delivery centers will be leveraged to grow the footprint with both existing (within CMT vertical) and new clients, though they initially impact margins until they reach adequate scale.
- **Guidance/Outlook:** Management remains cautiously optimistic, confident of sequential growth in Q2 while maintaining full year EBITDA margin guidance of 24-28%. They expect full-year ACV to be higher than FY25 but refrain from providing specific revenue growth guidance due to macroeconomic uncertainties.

#### Exhibit 6: Client Growth Trend

Client	Amount (\$ mn)	Mix (%)	QoQ (%)	YoY (%)	Incremental Revenue (\$ mn)	% Contribution of Incremental Revenue
Top 5 Clients	50.8	46.5	3.8	19.7	1.8	42.9
Top 6-10 Clients	18.2	16.6	(0.6)	17.4	(0.1)	(2.5)
Top 10 Clients	69.0	63.2	2.6	19.1	1.7	40.5
Non-Top 10	40.2	36.8	6.8	13.7	2.6	59.5
<b>Total</b>	<b>109.2</b>	<b>100.0</b>	<b>4.1</b>	<b>17.0</b>	<b>4.3</b>	<b>100</b>

Source: Company, Dolat Capital

#### Exhibit 7: Geo Growth Trend

Client	Amount (\$ mn)	Mix (%)	QoQ (%)	YoY (%)	Incremental Revenue (\$ mn)	% Contribution of Incremental Revenue
North America	86.1	78.9	4.8	23.1	3.9	91.3
Europe	16.5	15.1	11.9	1.0	1.8	40.7
Rest of the World	6.6	6.1	(17.2)	(6.3)	(1.4)	(32.0)
<b>Total</b>	<b>109.2</b>	<b>100.0</b>	<b>4.1</b>	<b>17.0</b>	<b>4.3</b>	<b>100</b>

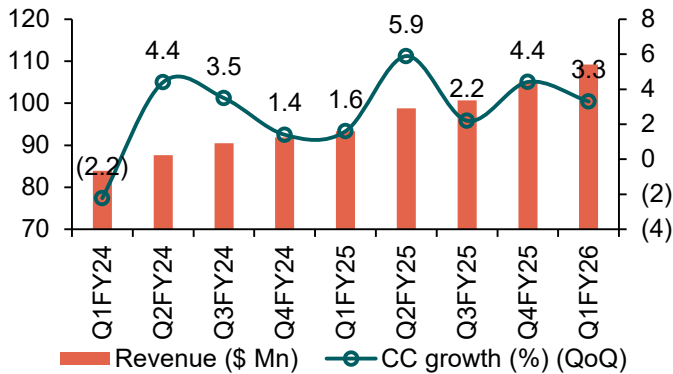
Source: Company, Dolat Capital

### Outlook and Valuations

We believe ECLX will sustain a decent (early teens) growth momentum over the next couple of years with a steady margin profile. The stock is currently trading at 24x FY27E, and we believe an improved growth/earnings profile would potentially drive up re-rating of the stock; thus, we expect it to trade at 30x on FY27E earnings. Accordingly, **we retain our 'BUY' rating and revise our TP to Rs. 4,500.**

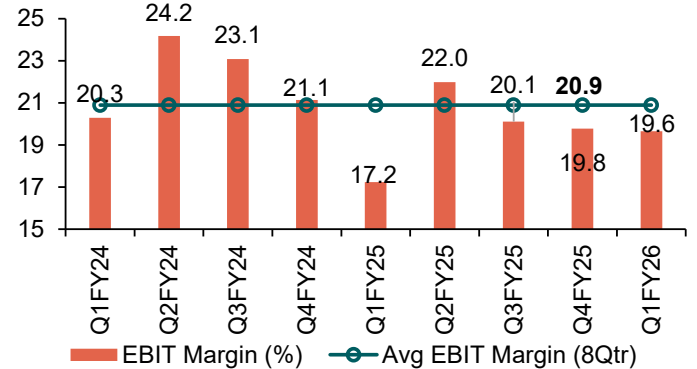
## Story in Charts

**Exhibit 8: Rev. grew 3.3% QoQ in CC terms**



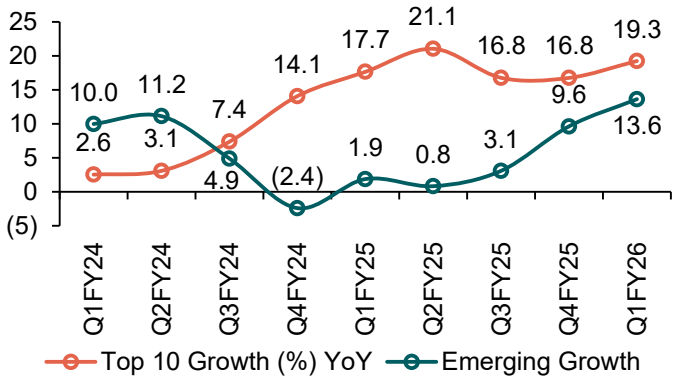
Source: Company, Dolat Capital

**Exhibit 9: OPM at 19.6% (below 8 qtr avg.)**



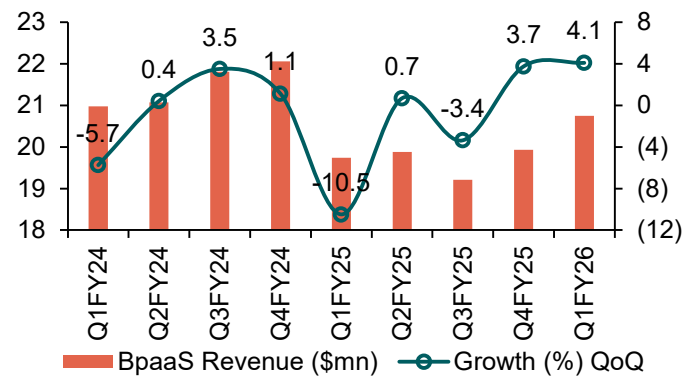
Source: Company, Dolat Capital

**Exhibit 10: Top 10 growth 19.3% YoY.**



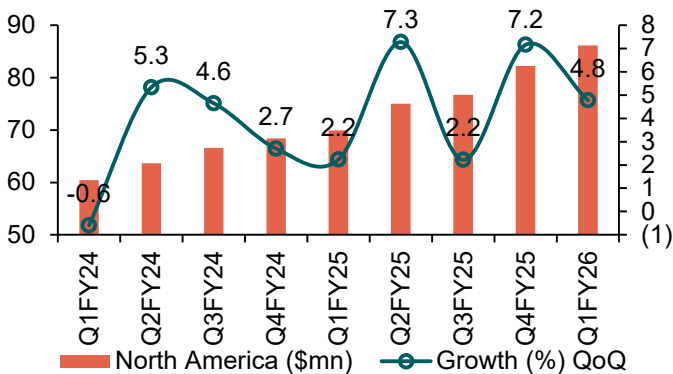
Source: Company, Dolat Capital

**Exhibit 11: BPaaS revenue grew by 4.1% QoQ.**



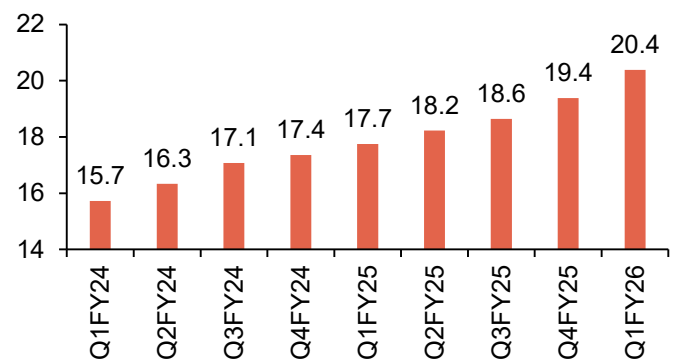
Source: Company, Dolat Capital

**Exhibit 12: North America grew at 4.8% QoQ**



Source: Company, Dolat Capital

**Exhibit 13: Headcount up for 8<sup>th</sup> consecutive qtr**



Source: Company, Dolat Capital



**Exhibit 14: Operating Metrics**

Particulars	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
USD Revenue	83.9	87.6	90.5	91.9	93.3	98.8	100.7	104.9	109.2
USD Growth (QoQ)	(2.0)	4.4	3.3	1.5	1.5	5.7	1.9	4.2	4.1
CC Growth (QoQ)	(2.2)	4.4	3.5	1.4	1.6	5.9	2.2	4.4	3.3
<b>Region Mix (%)</b>									
North America	72	73	74	74	75	76	76	78	79
Europe	20	19	18	18	17	16	16	14	15
Rest of the World	8	9	9	8	8	8	8	8	6
<b>Region Growth (YoY)</b>									
North America	8.6	7.5	10.3	12.5	15.7	17.9	15.1	20.1	23.1
Europe	(4.0)	(0.1)	(5.5)	(5.9)	(2.9)	(1.7)	1.5	(8.7)	1.0
Rest of the World	4.2	11.1	2.0	(4.1)	5.3	1.1	(1.7)	8.3	(6.3)
<b>Client Amount (\$mn)</b>									
Top 5 Clients	39	41	42	45	46	47	45	47	47
Top 6-10 Clients	19	18	17	17	17	17	17	17	17
Top 10 Clients	59	59	59	63	62	63	62	64	63
Non Top 10	41	41	41	37	38	37	38	36	37
<b>Client Growth (YoY)</b>									
Top 5 Clients	(1.4)	2.1	12.5	22.3	28.2	29.6	18.2	17.2	19.7
Top 6-10 Clients	11.9	5.4	(3.5)	(3.0)	(3.6)	1.9	13.4	15.9	17.4
Top 10 Clients	2.6	3.1	7.4	14.1	17.8	21.0	16.8	16.8	19.1
Non Top 10	10.0	11.1	4.9	(2.4)	1.8	0.8	3.2	9.7	13.7
<b>Client Bucket (abs)</b>									
US\$ 500k-1mm Clients	39	39	38	41	37	36	36	37	42
US\$ 1mm-3mm Clients	24	22	21	23	22	24	23	24	24
US\$ 3mm-5mm Clients	4	4	7	4	6	5	5	4	5
US\$ 5mm-10mm Clients	5	5	3	4	4	4	4	5	5
US\$ 10mm++ Clients	9	9	10	10	9	9	9	9	9
<b>Client Bucket Shift</b>									
US\$ 500k-1mm Clients	7	12	7	9	(2)	(3)	(2)	(4)	5
US\$ 1mm-3mm Clients	3	(4)	(3)	(4)	(2)	2	2	1	2
US\$ 3mm-5mm Clients	2	2	4	0	2	1	(2)	0	(1)
US\$ 5mm-10mm Clients	(2)	(2)	(3)	(2)	(1)	(1)	1	1	1
US\$ 10mm++ Clients	2	2	2	2	0	0	(1)	(1)	0
<b>Emerging Revenue (\$mn)</b>									
0.5Mn	27.0	27.9	29.4	27.0	27.9	28.3	30.3	29.8	33.2
Others	7.7	7.8	53.7	7.3	7.5	7.8	7.7	7.8	7.0
<b>Total</b>	<b>34.7</b>	<b>35.8</b>	<b>83.1</b>	<b>34.3</b>	<b>35.4</b>	<b>36.1</b>	<b>38.0</b>	<b>37.6</b>	<b>40.2</b>
<b>Billing amount (\$mn)</b>									
BPaaS (Managed Services)	21.0	21.1	21.8	22.1	19.7	19.9	19.2	19.9	20.7
Onshore	15.2	17.1	17.6	17.8	19.1	20.1	21.3	21.9	22.1
Offshore	68.7	70.5	72.9	74.1	74.2	78.7	79.4	83.0	87.1
<b>Billing Growth YoY</b>									
BPaaS	5.5	6.5	2.5	(0.9)	(5.9)	(5.7)	(11.9)	(9.6)	5.1
Onshore Revenue	(8.4)	5.5	9.8	14.6	25.6	17.8	21.3	23.3	16.2
Offshore Revenue	9.2	6.4	5.6	5.8	8.0	11.6	8.9	11.9	17.3

Source: Company, Dolat Capital

## Exhibit 15: Operating Metrics 2

Particulars	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
<b>Vertical mix %</b>									
BFSI	N.A	N.A	N.A	N.A	41.8	43.8	43.7	43.7	43.2
CMT	N.A	N.A	N.A	N.A	26.4	26.1	25.2	25.7	25.4
Hi-Tech and M&D	N.A	N.A	N.A	N.A	16.8	16.7	16.2	16.1	16.5
Fashion & Luxury Retail	N.A	N.A	N.A	N.A	10.3	8.7	9.3	8.8	9.0
Emerging	N.A	N.A	N.A	N.A	4.7	4.8	5.5	5.7	5.9
<b>Delivery and Support Staff</b>	<b>15,606</b>	<b>16,215</b>	<b>16,952</b>	<b>17,231</b>	<b>17,628</b>	<b>18,104</b>	<b>18,514</b>	<b>19,267</b>	<b>20,261</b>
Base	13,143	13,791	14,496	14,690	14,921	14,861	15,260	15,925	16,865
Onshore Delivery	535	585	611	630	683	637	627	656	655
Support Services	870	862	843	862	902	907	923	941	995
Tech Services	1,058	977	1,002	1,049	1,122	1,699	1,704	1,745	1,746
Selling and Distribution (BD)	120	118	124	123	121	123	128	122	124
<b>Total Headcount</b>	<b>15,726</b>	<b>16,333</b>	<b>17,076</b>	<b>17,354</b>	<b>17,749</b>	<b>18,227</b>	<b>18,642</b>	<b>19,389</b>	<b>20,385</b>
Change (abs)	(401)	607	743	278	395	478	415	747	996
Attrition (%)	21	24	17	23	18	23	19	24	18
Change (bps)	(870)	280	(720)	610	(460)	470	(400)	547	(667)
DSO (days)	75	76	73	84	81	77	83	80	86
Change (abs)	(5)	1	(3)	11	(3)	(4)	6	(3)	6

Source: Company, Dolat Capital



## Financial Performance

### Profit and Loss Account

(Rs Mn)	FY24A	FY25A	FY26E	FY27E
<b>Revenue</b>	<b>29,256</b>	<b>33,659</b>	<b>39,027</b>	<b>44,211</b>
<b>Total Expense</b>	<b>21,508</b>	<b>25,578</b>	<b>29,574</b>	<b>33,419</b>
COGS	0	0	0	0
Employees Cost	17,384	20,658	24,003	27,010
Other expenses	4,124	4,920	5,571	6,409
<b>EBIDTA</b>	<b>7,748</b>	<b>8,081</b>	<b>9,453</b>	<b>10,792</b>
Depreciation	1,258	1,412	1,547	1,713
<b>EBIT</b>	<b>6,491</b>	<b>6,669</b>	<b>7,907</b>	<b>9,078</b>
Interest	234	349	393	399
Other Income	656	865	730	860
Exc. / E.O. items	19	0	0	0
<b>EBT</b>	<b>6,894</b>	<b>7,185</b>	<b>8,244</b>	<b>9,539</b>
Tax	1,776	1,773	2,039	2,371
Minority Interest	3	2	(5)	4
Profit/Loss share of associates	0	0	0	0
<b>RPAT</b>	<b>5,115</b>	<b>5,411</b>	<b>6,210</b>	<b>7,165</b>
Adjustments	(19)	0	0	0
<b>APAT</b>	<b>5,096</b>	<b>5,411</b>	<b>6,210</b>	<b>7,165</b>

### Balance Sheet

(Rs Mn)	FY24A	FY25A	FY26E	FY27E
<b>Sources of Funds</b>				
Equity Capital	482	470	483	483
Minority Interest	20	22	17	21
Reserves & Surplus	21,993	22,588	28,699	35,774
<b>Net Worth</b>	<b>22,475</b>	<b>23,058</b>	<b>29,183</b>	<b>36,258</b>
Total Debt	0	0	0	0
Net Deferred Tax Liability	(495)	(659)	(701)	(765)
<b>Total Capital Employed</b>	<b>21,999</b>	<b>22,420</b>	<b>28,498</b>	<b>35,513</b>

### Applications of Funds

Net Block	8,429	9,739	10,067	10,427
CWIP	8	2	2	2
Investments	7,462	5,095	5,595	6,095
<b>Current Assets, Loans &amp; Advances</b>	<b>12,800</b>	<b>15,894</b>	<b>22,259</b>	<b>29,419</b>
Current Investments	0	0	0	0
Inventories	0	0	0	0
Receivables	4,960	4,954	5,881	6,541
Cash and Bank Balances	3,540	5,417	9,871	15,606
Loans and Advances	0	0	0	0
Other Current Assets	4,300	5,523	6,507	7,273
<b>Less: Current Liabilities &amp; Provisions</b>	<b>6,699</b>	<b>8,310</b>	<b>9,424</b>	<b>10,430</b>
Payables	1,608	1,784	2,168	2,358
Other Current Liabilities	5,092	6,525	7,256	8,072
<i>sub total</i>				
Net Current Assets	6,101	7,585	12,835	18,989
<b>Total Assets</b>	<b>21,999</b>	<b>22,420</b>	<b>28,498</b>	<b>35,513</b>

E – Estimates

### Important Ratios

Particulars	FY24A	FY25A	FY26E	FY27E
<b>(A) Margins (%)</b>				
Gross Profit Margin	40.6	38.6	38.5	38.9
EBIDTA Margin	26.5	24.0	24.2	24.4
EBIT Margin	22.2	19.8	20.3	20.5
Tax rate	25.8	24.7	24.7	24.9
Net Profit Margin	17.5	16.1	15.9	16.2
<b>(B) As Percentage of Net Sales (%)</b>				
COGS	59.4	61.4	61.5	61.1
Employee	0.0	0.0	0.0	0.0
Other	14.1	14.6	14.3	14.5
<b>(C) Measure of Financial Status</b>				
Gross Debt / Equity	0.0	0.0	0.0	0.0
Interest Coverage	27.7	19.1	20.1	22.8
Inventory days	0	0	0	0
Debtors days	62	54	55	54
Payable days	20	19	20	19
Working Capital days	32	24	28	28
FA T/O	3.5	3.5	3.9	4.2
<b>(D) Measures of Investment</b>				
AEPS (Rs)	104.2	112.9	130.0	150.0
CEPS (Rs)	129.9	142.3	162.4	185.9
DPS (Rs)	2.0	1.0	2.0	2.0
Dividend Payout (%)	1.9	0.9	1.5	1.3
BVPS (Rs)	459.5	480.9	611.1	759.2
RoANW (%)	25.8	23.8	23.8	21.9
RoACE (%)	27.7	25.9	25.9	23.6
RoAIC (%)	41.8	37.6	44.4	47.1
<b>(E) Valuation Ratios</b>				
CMP (Rs)	3659	3659	3659	3659
Mcap (Rs Mn)	1,78,971	1,78,971	1,78,971	1,78,971
EV	1,75,432	1,73,554	1,69,101	1,63,366
MCap/ Sales	6.1	5.3	4.6	4.0
EV/Sales	6.0	5.2	4.3	3.7
P/E	35.1	32.4	28.1	24.4
EV/EBITDA	22.6	21.5	17.9	15.1
P/BV	8.0	7.6	6.0	4.8
Dividend Yield (%)	0.1	0.0	0.1	0.1
<b>(F) Growth Rate (%)</b>				
Revenue	10.5	15.0	15.9	13.3
EBITDA	7.3	4.3	17.0	14.2
EBIT	6.7	2.7	18.6	14.8
PBT	5.6	4.2	14.7	15.7
APAT	4.3	6.2	14.8	15.4
EPS	7.3	8.3	15.2	15.4

E – Estimates

## Cash Flow

Particulars	FY24A	FY25A	FY26E	FY27E
<b>Profit before tax</b>	<b>6,893</b>	<b>7,185</b>	<b>8,244</b>	<b>9,539</b>
Depreciation & w.o.	1,483	1,412	1,547	1,713
Net Interest Exp	31	98	(337)	(461)
Direct taxes paid	(1,723)	(1,640)	(2,039)	(2,371)
Change in Working Capital	(1,281)	(821)	(839)	(483)
Non Cash	(143)	312	0	0
<b>(A) CF from Operating Activities</b>	<b>5,259</b>	<b>6,546</b>	<b>6,576</b>	<b>7,938</b>
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(674)	(1,215)	(1,874)	(2,074)
<b>Free Cash Flow</b>	<b>4,585</b>	<b>5,331</b>	<b>4,702</b>	<b>5,864</b>
(Inc.)/ Dec. in Investments	(1,153)	1,126	(500)	(500)
Other	(3,052)	1,394	337	461
<b>(B) CF from Investing Activities</b>	<b>(4,879)</b>	<b>1,305</b>	<b>(2,037)</b>	<b>(2,113)</b>
Issue of Equity/ Preference	0	0	9	4
Inc./(Dec.) in Debt	(703)	(711)	0	0
Interest exp net	0	0	0	0
Dividend Paid (Incl. Tax)	(48)	(47)	(94)	(94)
Other	(308)	(623)	0	0
<b>(C) CF from Financing</b>	<b>(1,065)</b>	<b>(6,096)</b>	<b>(85)</b>	<b>(90)</b>
Net Change in Cash	(641)	1,877	4,454	5,735
<b>Opening Cash balances</b>	<b>4,180</b>	<b>3,540</b>	<b>5,417</b>	<b>9,870</b>
<b>Closing Cash balances</b>	<b>3,540</b>	<b>5,417</b>	<b>9,870</b>	<b>15,605</b>

E – Estimates

## Notes

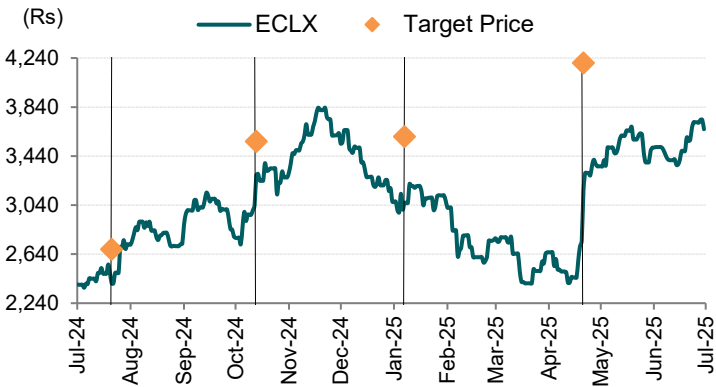
Stock Info and Rating History

Price Performance

Particulars	1M	3M	12M
Absolute (%)	4	38	53
Rel to NIFTY (%)	5	34	50

Shareholding Pattern

Particulars	Dec'24	Mar'25	Jun'25
Promoters	53.8	53.8	53.8
MF/Banks/FIs	24.2	25.1	26.0
FIIIs	10.3	10.1	10.2
Public / Others	11.7	11.0	10.0



Month	Rating	TP (Rs.)	Price (Rs.)
Aug-24	Accumulate	2,680	2,402
Nov-24	Accumulate	3,560	3,285
Jan-25	Accumulate	3,600	3,058
May-25	Buy	4,200	3,156

\*Price as on recommendation date

Notes

### Dolat Rating Matrix

Total Return Expectation (12 Months)

<b>Buy</b>	<b>&gt; 20%</b>
<b>Accumulate</b>	<b>10 to 20%</b>
<b>Reduce</b>	<b>0 to 10%</b>
<b>Sell</b>	<b>&lt; 0%</b>

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