

### Growth momentum continues; Guidance / Outlook upbeat

- FSOL reported rev. at \$259mn (DE: \$257mn), up 1.6% QoQ in CC terms (CC gains of ~200bps on reported Revenue). OPM came in at 11.3%, up 6bps QoQ (DE: 11.5%).
- For FY26, the company raised the lower end of CC Rev. guidance by 100bps to 13%-15%, excl. PDC (acq. in July, pending reg. approval), while OPM guidance retained at 11.25%-12%. It also reiterated consistent 50-75bps OPM expansion over the next 3-4 years each to align with industry peers.
- Management commentary remained positive across most verticals, with an upward revision to lower end of guidance, reinforcing confidence in sustained execution despite macroeconomic uncertainties. We have scaled growth, but lowered our FY26E/FY27E EPS estimates by 1.1%/1.4% given slower than expected OPM gains. Present valuations capture most positives, thereby we maintain our 'Reduce' rating with TP of Rs.360 (valuing at 28x FY27E EPS).

### Healthcare & CMT lead Q1; BFSI muted due to externalities

BFSI was flat QoQ in CC terms, due to softness in the U.S mortgage market (elevated interest rates). FSOL added 2 new logos & strengthened sales teams in N America, along with partnering with mid-sized banks and fintech players for investments in platform modernization. **Healthcare** grew 2.3% QoQ in CC, adding 8 new logos. While the sector saw regulatory & cost headwinds, client decision making and deal ramp-ups are on track, and FSOL is confident of accelerating growth (Payer led). **CMT** grew 6% QoQ CC, adding 7 new logos in Q1, with sustained strong client engagement and a well-balanced pipeline of traditional media and new-age tech companies.

### Notable deal wins & client additions support Revenue guidance

Q1FY26 saw 4 large deal wins (ACV of \$5mn+), and new logo additions stood at 17 for Q1, with 9 strategic logos (\$5mn+ Rev. potential). Management also shared that compared to 5 quarters back, average deal size was up by 40%. Supported by a continued strong pipeline, revenue conversion/execution visibility, FSOL upped the lower end of Rev. guidance by 100bps to guide 13-15% CC growth for FY26 (excl. PDC acquisition).

### Margin guidance intact, but cost headwinds to weigh

Q1FY26 saw OPM of 11.3%, and FSOL reiterated OPM guidance of 11.25%-12% for FY26. Margin levers include Improving Onsite:Offshore (Offshore up 340bps QoQ to 41.2% of Rev), rationalized backfilling of attrition (at 28.9%, a new low) and pyramid optimization. However, with wage hikes in Q2 (Junior), Q3 (mid & senior), and partner expansion fees (royalties/commissions), operating leverage benefits would be limited.

#### Key Data

Nifty	24,855
Equity / FV	Rs 6,970mn / Rs 10
Market Cap	Rs 230bn
	USD 2.6bn
52-Week High/Low	Rs 422/ 269
Avg. Volume (no)	1,560,910
Bloom Code	FSOL IN

	Current	Previous
Rating	Reduce	Reduce
Target Price	360	370

#### Change in Estimates

(Rs.bn)	Current FY26E	Current FY27E	Chg (%) /bps FY26E	Chg (%) /bps FY27E
Revenue	94	107	0.9	1.3
EBITDA	15	17	1.9	1.1
EBITDA (%)	15.8	15.5	16	(2)
APAT	7	9	(1.1)	(1.4)
EPS (Rs)	10.8	13.0	(1.1)	(1.4)

#### Valuation (x)

	FY25A	FY26E	FY27E
P/E	38.8	31.0	25.7
EV/EBITDA	20.2	16.3	14.3
ROE (%)	15.2	17.3	18.7
RoACE (%)	14.8	16.0	17.2

#### Q1FY26 Result (Rs Mn)

Particulars	Q1FY26	YoY (%)	QoQ (%)
Revenue	22,177	23.8	2.6
Total Expense	18,706	23.0	2.3
EBITDA	3,471	28.6	4.3
Depreciation	972	33.5	7.3
EBIT	2,498	26.8	3.1
Other Income	68	271.8	222.3
Interest	434	37.5	1.9
EBT	2,132	27.5	5.7
Tax	439	37.2	7.0
RPAT	1,693	25.2	5.4
APAT	1,693	25.2	5.4

	(bps)	(bps)
Gross Margin	40.4	336
EBITDA (%)	15.7	58
NPM (%)	7.6	8
Tax Rate (%)	20.6	145
EBIT (%)	11.3	27

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## Exhibit 1: Quarterly performance versus estimates

Particulars (Rs mn)	Actual	Estimates		% Variation		Comment
		Dolat	Consensus	Dolat	Consensus	
USD Revenue	259	257	256	1.0	1.0	Miss on CC basis; US\$/INR Rev in-line from ~200bps CC gain
INR Revenue	22,177	21,854	22,146	1.5	0.1	
%EBIT	2,498	2,513	2,511	(0.6)	(0.5)	Mild OPM miss from higher D&A
EBIT, margin	11.3	11.5	11.3	(20)	(10.0)	
PAT	1,693	1,687	1,725	0.4	(1.8)	PAT was broadly in-line

Source: Company, Dolat Capital

## Change in Estimates

**For FY26E/FY27E** – Q1 Revenue was a miss on CC terms, but largely in-line on USD terms, led by net cross-currency gains. Raising the lower band of Revenue guidance, confidence in execution and acquisition of PDC has led to us to raise the Revenue estimates by 1%/1.6% (assumed integration from Q3 onwards). OPM estimates to see a mild downtick as adverse mix (Payer biz driving growth) and greater partnership-led business (to see higher commission expense) to limit operating leverage gains from Revenue. Hence, OPM estm lowered by 10bps/20bps. Noting greater net interest outgo from PDC acquisition, overall, earnings have been lowered by 1.1%/1.4%.

## Exhibit 2: Change in Estimates

Particulars (Rs. mn)	FY24A	FY25A	FY26E			FY27E		
	Actual	Actual	Old	New	Chg.(%)	Old	New	Chg.(%)
USD Revenue	765	944	1,084	1,095	1.0	1,215	1,234	1.6
YoY growth,	1.8	23.4	14.8	16.0		12.0	12.7	
INR Revenue	63,362	79,803	93,322	94,125	0.9	105,593	106,946	1.3
YoY growth,	5.2	25.9	16.9	17.9		13.1	13.6	
EBIT	6,962	8,806	10,842	10,845	0.0	12,610	12,560	(0.4)
EBIT Margin,	11.0	11.0	11.6	11.5	(10 bps)	11.9	11.7	(20 bps)
Net Profit	5,147	5,857	7,534	7,453	(1.1)	9,120	8,989	(1.4)
EPS (Rs)	7.5	8.5	10.9	10.8	(1.1)	13.2	13.0	(1.4)

Source: Dolat Capital, Company

## What to expect next quarter

Noting upped guidance at lower end to 13-15% CC growth for FY26, and healthy near term visibility, expect Revenue growth of 3.6% QoQ in USD. OPM to expand by 48bps, led by operating leverage.

## Exhibit 3: What to expect next Quarter

Particulars (Rs Mn)	Q2FY26E	Q1FY26	Q2FY25	QoQ (%)	YoY (%)
USD Revenue	268	259	230	3.6	16.7
INR Revenue	23,096	22,177	19,254	4.1	20.0
EBIT	2,714	2,498	2,081	8.6	30.4
PAT	1,874	1,693	1,382	10.6	35.6
EPS (Rs)	2.7	2.4	2.0	10.6	35.5
EBIT Margin (%)	11.8	11.3	10.8	48 bps	94 bps

Source: Company, Dolat Capital

#### Exhibit 4: Key Revenue Assumptions

Key Assumptions	FY23A	FY24A	FY25A	FY26E	FY27E
CC growth (%)	(1.7)	0.9	22.6	14.0	12.7
USD revenue growth (%)	(5.6)	1.8	23.4	16.0	12.7
INR revenue growth (%)	1.7	5.2	25.9	17.9	13.6
EBIT margin (%)	9.4	11.0	11.0	11.5	11.7
EPS growth (%)	(4.9)	(0.6)	13.8	25.1	20.6
USD/INR	79.7	82.8	84.5	85.9	86.5

Source: Company, Dolat Capital

#### Exhibit 5: Key Revenue Growth Matrix

YoY Growth	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
CC Growth	(1.6)	(1.9)	2.8	4.5	14.8	22.7	27.7	25.0	19.2
USD Growth	(2.6)	(0.5)	4.8	5.8	15.6	23.7	29.9	24.4	20.5
INR Growth	5.1	4.6	6.1	7.2	16.8	25.4	30.9	29.9	24.5

Source: Company, Dolat Capital

#### Exhibit 6: Quarterly Trend (Rs mn)

Particulars	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY	QoQ	FY24	FY25	YoY
<b>USD Revenue</b>	<b>215</b>	<b>230</b>	<b>249</b>	<b>250</b>	<b>259</b>	<b>20.5</b>	<b>3.6</b>	<b>564</b>	<b>944</b>	<b>23.4</b>
<b>INR Revenue</b>	<b>17,911</b>	<b>19,254</b>	<b>21,024</b>	<b>21,615</b>	<b>22,177</b>	<b>23.8</b>	<b>2.6</b>	<b>46,658</b>	<b>79,803</b>	<b>25.9</b>
Operating Exp	15,212	16,381	17,847	18,286	18,706	23.0	2.3	39,597	67,727	25.9
Employee Ex	11,268	12,104	13,070	13,515	13,207	17.2	(2.3)	28,531	49,958	27.8
as % of sales	62.9	62.9	62.2	62.5	59.6	(336 bps)	(297 bps)	61.1	62.6	91 bps
Other Expenses	3,944	4,277	4,777	4,771	5,499	39.4	15.2	11,066	17,769	20.8
as % of sales	22.0	22.2	22.7	22.1	24.8	277 bps	272 bps	23.7	22.3	(95 bps)
<b>EBITDA</b>	<b>2,699</b>	<b>2,873</b>	<b>3,177</b>	<b>3,328</b>	<b>3,471</b>	<b>28.6</b>	<b>4.3</b>	<b>7,061</b>	<b>12,076</b>	<b>26.3</b>
Depreciation	729	792	844	906	972	33.5	7.3	1,929	3,270	25.7
<b>EBIT</b>	<b>1,970</b>	<b>2,081</b>	<b>2,333</b>	<b>2,422</b>	<b>2,498</b>	<b>26.8</b>	<b>3.1</b>	<b>5,132</b>	<b>8,806</b>	<b>26.5</b>
Net interest	(316)	(343)	(393)	(426)	(434)	37.5	1.9	(769)	(1,479)	43.0
Other Income	18	(27)	(21)	21	68	271.8	222.3	340	(8)	(102)
<b>PBT</b>	<b>1,673</b>	<b>1,710</b>	<b>2,007</b>	<b>2,017</b>	<b>2,132</b>	<b>27.5</b>	<b>5.7</b>	<b>4,704</b>	<b>7,407</b>	<b>17.6</b>
Total Tax	320	328	403	410	439	37.2	7.0	892	1,462	27.2
<b>Reported PAT</b>	<b>1,353</b>	<b>1,382</b>	<b>1,604</b>	<b>1,607</b>	<b>1,693</b>	<b>25.2</b>	<b>5.4</b>	<b>3,812</b>	<b>5,945</b>	<b>15.5</b>
Actual PAT	1,353	1,382	1,604	1,607	1,693	25.2	5.4	3,812	5,945	15.5
Actual EPS	1.9	2.0	2.3	2.3	2.4	25.0	5.3	5.4	8.4	14.9
<b>Margins (%)</b>						<b>(bps)</b>				<b>(bps)</b>
EBIDTA	15.1	14.9	15.1	15.4	15.7	58 bps	25 bps	15.1	15.1	4 bps
EBIT	11.0	10.8	11.1	11.2	11.3	27 bps	6 bps	11.0	11.0	5 bps
PBT	9.3	8.9	9.5	9.3	9.6	28 bps	28 bps	10.1	9.3	(66 bps)
PAT	7.6	7.2	7.6	7.4	7.6	8 bps	20 bps	8.2	7.4	(67 bps)
Eff. Tax rate	19.1	19.2	20.1	20.3	20.6	145 bps	25 bps	19.0	19.7	148 bps

Source: Company, Dolat Capital

## Earning Call KTAs

- **Revenue:** Firstsource reported revenue of \$259mn, up 1.6% QoQ in CC terms (DE 2% CC), while \$ Rev. growth of 3.6%, implying a high F/X tailwinds of ~200bps. INR Rev. stood at Rs. 22.2bn and grew by 2.6% QoQ and 23.8% YoY. Growth was led by the CMT vertical, which grew 6% QoQ in CC terms, followed by the Healthcare vertical, which grew 2.3% QoQ in CC terms. BFSI vertical and Others (Retail & Utilities) vertical saw flat growth and a decline of 3% respectively.
- **EBIT Margin:** FSL reported OPM of 11.3%, up 6bps QoQ. Management stated that it had planned wage hikes for juniors in Q2 and mid and senior employees in Q3. Employee cost was down 2.3% QoQ, while Other expenses rose by 15.2% QoQ. Key reason for the rise in other expenses was due to higher partner costs. In the past, for its \$50mn BPaaS deal, FSOL had partnered with 8 vendors, resulting in some effort shift from employee cost towards Other expenses. Since Sept-2023 (Mr. Ritesh Idnani's appointment), FSOL has partnered with 50 strategic partners, including hyperscalers as well as innovative startups.
- **BFSI (33% of Revenues):** BFS was flat QoQ in CC terms but grew 7% YoY in CC terms. Q1 was muted largely due to softness in U.S mortgage market (elevated interest rates). However, FSOL added 2 new logos in Q1 and strengthened sales & solution teams in North America to deepen presence in existing clients to lower macro dependence, along with partnering with mid-sized banks and fintech players for investments in platform modernization. Another reason for muted performance was due to continued macro pressure in Europe, but FSOL is confident of the strong pipeline going forward in this vertical. Segment OPM, however, improved by 227bps QoQ to 20.7%.
- **Healthcare (33% of Revenues):** Healthcare grew 2.3%/13.5% QoQ/YoY in CC, adding 8 new logos in Q1. All 4 large deals in Q1 (above \$5mn), were attributed to Healthcare vertical. While the sector is seeing regulatory and cost headwinds, client decision-making has been steady, and deal ramp-ups are on track. Segment OPM lowered by 403bps QoQ to 18.2% as the mix of Payer within the healthcare sub-segment continues to rise (typically lower margin Vs Provider).
- **CMT (22% of Revenues):** The CMT segment reported 6%/18% QoQ/YoY growth in CC terms. CMT has become one of the fastest-growing areas, driven by significant traction from leading consumer tech brands. Segment OPM was up 109bps, at 10.8%. Both traditional and newer, non-traditional solutions contributed to this growth. Pipeline is healthy, with a balanced mix of traditional media and communications players, as well as digital-first and new-age tech companies. 2 logos were added in Q4, further expanding the client base. Segment OPM was up 109bps and stood at 10.8%.
- **Diverse (12% of Revenues):** Diverse portfolio experienced a 3% QoQ decline in CC terms, primarily driven by seasonal softness in the UK's utility sector. Segment OPM dipped 88bps to 8.9%. Due to macroeconomic softness and regulatory changes in the UK, many clients are re-structuring their operations, while also accelerating their shifts towards offshore and nearshore delivery locations over the last few quarters. FSOL believes that a large part of the transition is done and expects better growth and normalization from Q2 onwards.
- **Guidance:** FSOL raised the lower band of FY26 guidance to 13%-15% (from 12%-15% earlier). This guidance excludes PDC acquisition (mentioned below). Management expressed optimism on current deal wins and revenue visibility to

help deliver Revenue guidance, assuming no further macro deterioration. OPM guidance was retained at 11.25% to 12% for FY26.

- **PDC Acquisition:** On 19<sup>th</sup> July, 2025, FSL announced the acquisition of U.K based PDC Ltd, for a consideration of GBP 22mn, incl. upfront and earnouts (~Rs. 2,552mn). Pastdue Credit Solutions Limited (PDC) is a UK based collections agency engaged in the business of providing white-label, early arrears and debt collections & recovery services. The acquisition will help FSL expand into UK debt collection services market. Target entity reported Rev/Operating profit of GBP 16.9mn/3.4mn for CY'24, respectively, growing at a 2-year CAGR of 17%/34% respectively. Transaction is valued at an attractive 1.3x/6.5x of CY'24 Rev. PDC's annual filing suggests a guidance of 25% Rev. growth for CY25. The transaction is most likely to close by Q2 and may see revenue consolidation starting Q3.

#### Exhibit 7: Vertical Trend for Q1FY26

Vertical	Amount (INR mn)	Mix (%)	QoQ (%)	YoY (%)	Incremental Revenue (INR mn)	% Contribution of Incremental Revenue	Segmental Margin (%)
BFSI	7,225	33	(0.1)	11.4	(10)	(2)	20.7
CMT	4,970	22	9.0	25.0	410	77	10.8
Healthcare	7,418	33	1.2	16.4	88	17	18.2
Others	2,596	12	1.7	158.2	43	8	8.9
<b>Total</b>	<b>22,209</b>	<b>100</b>	<b>2.5</b>	<b>24.5</b>	<b>532</b>	<b>100</b>	<b>15.5</b>

Source: Company, Dolat Capital

#### Exhibit 8: Geography Trend for Q1FY26

Geography	Amount (INR mn)	Mix (%)	QoQ (%)	YoY (%)	Incremental Revenue (INR mn)	% Contribution of Incremental Revenue
US & Canada	15,258	69	4.0	25.4	582	109
UK	6,685	30	(2.1)	14.0	(143)	(27)
Rest of world	267	1	53.7	N.M	93	18
<b>Total</b>	<b>22,209</b>	<b>100</b>	<b>2.5</b>	<b>24.5</b>	<b>532</b>	<b>100</b>

Source: Company, Dolat Capital

#### Exhibit 9: Client Trend for Q1FY26

Client	Amount (INR mn)	Mix (%)	QoQ (%)	YoY (%)	Incremental Revenue (INR mn)	% Contribution of Incremental Revenue
Top 5 Clients	6,574	30	3.5	6.5	222	42
Non-Top 5 Clients	15,635	70	2.0	34.0	309	58
<b>Total</b>	<b>22,209</b>	<b>100</b>	<b>2.5</b>	<b>24.5</b>	<b>532</b>	<b>100</b>

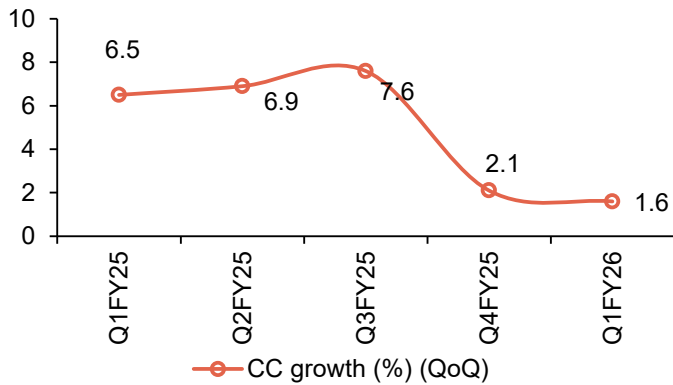
Source: Company, Dolat Capital

### Valuation

The company is leveraging AI and tech for growth, launching various initiatives. It also secured several large deals, showcasing its ability to land transformative partnerships and drive growth. We believe a strong deal pipeline would provide continuity to this. Management has expressed confidence in all its segments – BFS, CMT, Healthcare and diverse segments. However, valuations capture most of the upside and near-term positives. We currently value FSOL at 28x FY27E Earnings of Rs. 13.0 with a TP of Rs. 360 per share and maintain '**Reduce**' rating on the stock.

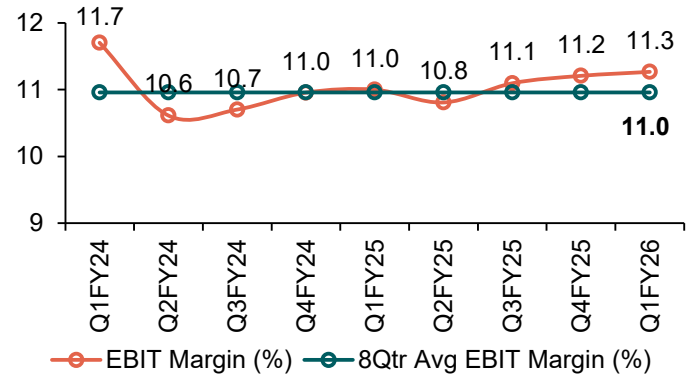
## Story in Charts

**Exhibit 10: Rev grew by 1.6% QoQ in CC terms**



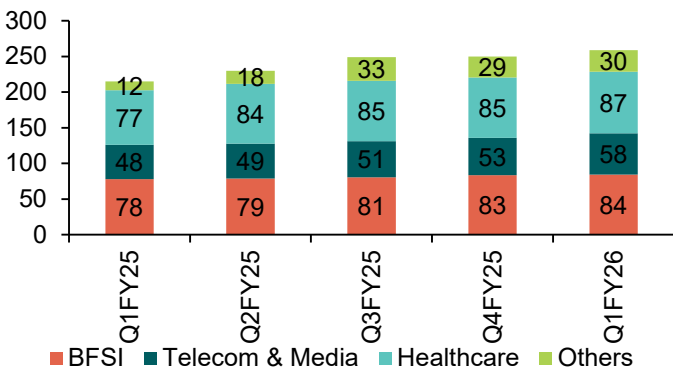
Source: Company, Dolat Capital

**Exhibit 11: OPM saw uptick of 6bps QoQ**



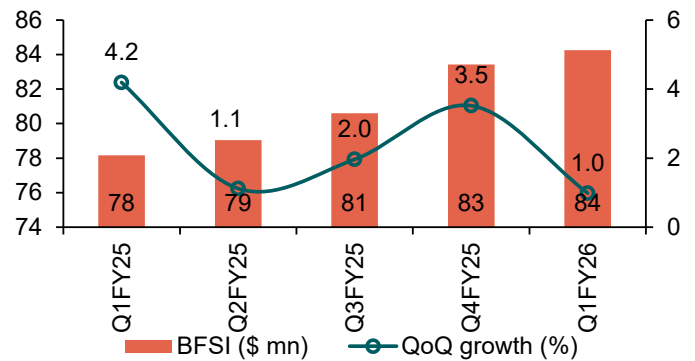
Source: Company, Dolat Capital

**Exhibit 12: Vertical-wise revenue breakup**



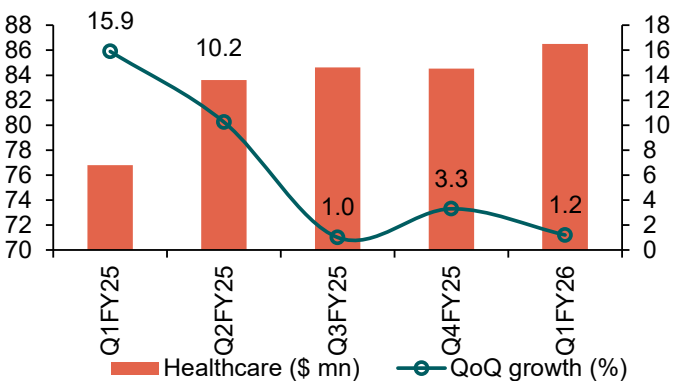
Source: Company, Dolat Capital

**Exhibit 13: BFS vertical largely flat QoQ**



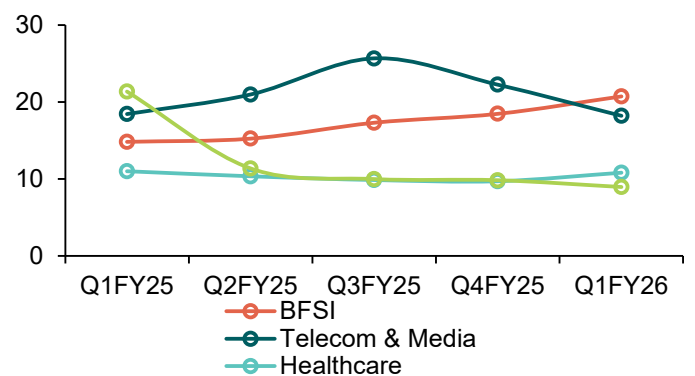
Source: Company, Dolat Capital

**Exhibit 14: Healthcare vertical grew 1.2% QoQ**



Source: Company, Dolat Capital

**Exhibit 15: Segment wise EBIT margins trend**



Source: Company, Dolat Capital

## Exhibit 16: Operating Metrics 1

Operating Metrics	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
\$ Revenue	186	186	192	201	215	230	249	250	259
CC growth (%) (YoY)	(1.6)	(1.9)	2.8	4.5	14.8	22.7	27.7	25.0	19.2
CC growth (%) (QoQ)	(3.0)	(0.1)	3.4	4.2	6.5	6.9	7.6	2.1	1.6
<b>Geographical Amount</b>									
US & Canada	118	121	125	131	146	158	165	169	178
UK	68	65	66	70	68	72	84	79	78
Rest of world	0	0	0	0	0	0	0	2	3
<b>Geographical YoY Growth</b>									
US & Canada	(2.4)	1.4	6.9	10.1	25.5	31.9	32.7	35.3	25.4
UK	17.8	10.6	6.0	1.7	0.9	11.6	26.5	12.3	14.0
Rest of world	(93.5)	(93.4)	(89.5)	(73.6)	(100.0)	23.7	29.9	N.M	N.M
<b>Vertical Amount</b>									
BFSI	76	76	73	75	78	79	81	83	84
Telecom & Media	40	39	43	47	48	49	51	53	58
Healthcare	61	61	64	66	76	84	85	85	87
Others	9	10	11	12	12	18	33	29	30
<b>Vertical YoY Growth</b>									
BFSI	(7.3)	(1.6)	(2.5)	(0.7)	4.0	5.6	10.7	16.1	11.4
Telecom & Media	13.6	10.6	9.1	13.3	19.6	25.8	18.4	16.0	25.0
Healthcare	6.7	(0.8)	4.2	6.3	28.0	39.2	32.6	33.3	16.4
Others	256.6	170.9	160.2	59.9	37.2	91.1	206.0	147.1	158.2
<b>Delivery Type Amount</b>									
Off-Shore	48	50	58	63	75	82	100	95	107
On-Shore	138	136	134	138	139	148	149	156	152
<b>Delivery Type YoY Growth</b>									
Off-Shore	(9.0)	2.5	26.5	35.0	58.0	65.8	71.9	49.7	41.8
On-Shore	(0.2)	(1.6)	(2.5)	(3.8)	0.9	8.3	11.6	12.8	9.0
<b>Client Amount</b>									
Top client	27	24	26	30	NA	NA	NA	NA	NA
Top 2-5 client	42	41	42	44	NA	NA	NA	NA	NA
Top 5 client	69	65	69	74	74	75	73	73	77
Non-Top 5 clients	117	121	123	127	140	155	176	177	182
<b>Client YoY Growth</b>									
Top client	1.0	(10.8)	(8.0)	3.8	NA	NA	NA	NA	NA
Top 2-5 client	12.1	7.5	3.3	6.3	NA	NA	NA	NA	NA
Top 5 client	7.4	0.1	(1.4)	5.2	8.7	16.4	6.8	3.7	6.5
Non-Top 5 clients	3.8	7.3	10.7	8.4	21.7	30.2	44.4	45.0	34.0

Source: Company, Dolat Capital

## Exhibit 17: Operating Metrics 2

Employee Data	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Total Employees	22,384	23,953	25,947	27,940	29,231	32,898	34,144	34,651	34,495
<b>Breakup</b>									
India	12,457	14,437	16,269	17,987	NA	NA	NA	NA	NA
Outside India	9,927	9,516	9,678	9,953	NA	NA	NA	NA	NA
Attrition (Overall)	41.7	39.8	37.7	35.4	31.8	30.6	31.4	29.8	28.9

Source: Company, Dolat Capital

## Financial Performance

### Profit and Loss Account

(Rs Mn)	FY24A	FY25A	FY26E	FY27E
<b>Revenue</b>	<b>63,362</b>	<b>79,803</b>	<b>94,125</b>	<b>106,946</b>
<b>Total Expense</b>	<b>53,798</b>	<b>67,727</b>	<b>79,299</b>	<b>90,324</b>
COGS	39,089	49,958	56,332	65,035
Employees Cost	0	0	0	0
Other expenses	14,710	17,769	22,967	25,289
<b>EBIDTA</b>	<b>9,564</b>	<b>12,076</b>	<b>14,826</b>	<b>16,621</b>
Depreciation	2,602	3,270	3,981	4,061
<b>EBIT</b>	<b>6,962</b>	<b>8,806</b>	<b>10,845</b>	<b>12,560</b>
Interest	1,034	1,479	1,648	1,470
Other Income	368	(8)	188	288
Exc. / E.O. items	0	88	0	0
<b>EBT</b>	<b>6,297</b>	<b>7,407</b>	<b>9,386</b>	<b>11,378</b>
Tax	1,150	1,462	1,933	2,389
<b>Minority Interest</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Profit/Loss share of associates	0	0	0	0
RPAT	5,147	5,945	7,453	8,989
Adjustments	0	(88)	0	0
<b>APAT</b>	<b>5,147</b>	<b>5,857</b>	<b>7,453</b>	<b>8,989</b>

### Balance Sheet

(Rs Mn)	FY24A	FY25A	FY26E	FY27E
<b>Sources of Funds</b>				
Equity Capital	6,970	6,970	6,970	6,970
Minority Interest	4	4	4	4
Reserves & Surplus	30,034	34,006	38,350	43,882
<b>Net Worth</b>	<b>37,004</b>	<b>40,976</b>	<b>45,319</b>	<b>50,852</b>
Total Debt	8,081	15,327	14,077	13,477
Net Deferred Tax Liability	(1,450)	(1,090)	(1,090)	(1,105)
<b>Total Capital Employed</b>	<b>43,639</b>	<b>55,218</b>	<b>58,311</b>	<b>63,229</b>

### Applications of Funds

Net Block	<b>38,530</b>	<b>49,936</b>	<b>51,205</b>	<b>51,643</b>
CWIP	171	491	491	491
Investments	415	731	751	901
<b>Current Assets, Loans &amp; Advances</b>	<b>18,745</b>	<b>25,330</b>	<b>28,345</b>	<b>33,939</b>
Current Investments	0	0	0	0
Inventories	0	0	0	0
Receivables	8,607	11,677	13,152	14,650
Cash and Bank Balances	1,884	1,670	2,162	5,415
Loans and Advances	0	0	0	0
Other Current Assets	8,254	11,983	13,031	13,874
<b>Less: Current Liabilities &amp; Provisions</b>	<b>14,223</b>	<b>21,270</b>	<b>22,481</b>	<b>23,746</b>
Payables	3,056	3,976	4,345	4,702
Other Current Liabilities	11,167	17,294	18,136	19,044
<i>sub total</i>				
Net Current Assets	4,522	4,060	5,864	10,193
<b>Total Assets</b>	<b>43,638</b>	<b>55,218</b>	<b>58,311</b>	<b>63,229</b>

E – Estimates

### Important Ratios

Particulars	FY24A	FY25A	FY26E	FY27E
<b>(A) Margins (%)</b>				
Gross Profit Margin	38.3	37.4	40.2	39.2
EBIDTA Margin	15.1	15.1	15.8	15.5
EBIT Margin	11.0	11.0	11.5	11.7
Tax rate	18.3	19.7	20.6	21.0
Net Profit Margin	8.1	7.4	7.9	8.4
<b>(B) As Percentage of Net Sales (%)</b>				
COGS	61.7	62.6	59.8	60.8
Employee	0.0	0.0	0.0	0.0
Other	23.2	22.3	24.4	23.6
<b>(C) Measure of Financial Status</b>				
Gross Debt / Equity	0.2	0.4	0.3	0.3
Interest Coverage	6.7	6.0	6.6	8.5
Inventory days	0	0	0	0
Debtors days	50	53	51	50
Average Cost of Debt	12.6	12.6	11.2	10.7
Payable days	18	18	17	16
Working Capital days	15	11	14	16
FA T/O	1.6	1.6	1.8	2.1
<b>(D) Measures of Investment</b>				
AEPS (Rs)	7.5	8.6	10.8	13.0
CEPS (Rs)	11.3	13.2	16.5	18.9
DPS (Rs)	3.5	4.0	4.5	5.0
Dividend Payout (%)	46.8	46.4	41.7	38.4
BVPS (Rs)	53.8	59.4	65.6	73.6
RoANW (%)	14.6	15.2	17.3	18.7
RoACE (%)	14.7	14.8	16.0	17.2
RoAIC (%)	17.3	18.5	19.8	22.0
<b>(E) Valuation Ratios</b>				
CMP (Rs)	334	334	334	334
Mcap (Rs Mn)	229,698	229,698	229,698	229,698
EV	235,895	243,355	241,613	237,761
MCap/ Sales	3.6	2.9	2.4	2.1
EV/Sales	3.7	3.0	2.6	2.2
P/E	44.7	38.8	31.0	25.7
EV/EBITDA	24.7	20.2	16.3	14.3
P/BV	6.2	5.6	5.1	4.5
Dividend Yield (%)	1.0	1.2	1.3	1.5
<b>(F) Growth Rate (%)</b>				
Revenue	5.2	25.9	17.9	13.6
EBITDA	15.7	26.3	22.8	12.1
EBIT	23.6	26.5	23.2	15.8
PBT	2.4	17.6	26.7	21.2
APAT	0.2	13.8	27.3	20.6
EPS	(0.6)	15.2	25.1	20.6

E – Estimates

## Cash Flow

Particulars	FY24A	FY25A	FY26E	FY27E
<b>Profit before tax</b>	<b>6,297</b>	<b>7,407</b>	<b>9,386</b>	<b>11,378</b>
Depreciation & w.o.	2,602	3,270	3,981	4,061
Net Interest Exp	962	1,364	1,648	1,470
Direct taxes paid	(718)	(1,219)	(1,933)	(2,389)
Change in Working Capital	(2,404)	(4,944)	(1,312)	(1,092)
Non Cash	0	0	0	0
<b>(A) CF from Operating Activities</b>	<b>6,448</b>	<b>7,011</b>	<b>11,770</b>	<b>13,428</b>
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(850)	(7,335)	(5,250)	(4,500)
<b>Free Cash Flow</b>	<b>5,598</b>	<b>4,775</b>	<b>6,520</b>	<b>8,928</b>
(Inc.)/ Dec. in Investments	261	(151)	(20)	(150)
Other	10	27	(1,648)	(1,470)
<b>(B) CF from Investing Activities</b>	<b>(580)</b>	<b>(7,459)</b>	<b>(6,918)</b>	<b>(6,120)</b>
Issue of Equity/ Preference	(1,551)	(362)	0	0
Inc./(Dec.) in Debt	(1,087)	4,028	(1,250)	(600)
Interest exp net	0	0	0	0
Dividend Paid (Incl. Tax)	(1,410)	(1,636)	(3,110)	(3,456)
Other	(1,594)	(1,804)	0	0
<b>(C) CF from Financing</b>	<b>(5,642)</b>	<b>226</b>	<b>(4,360)</b>	<b>(4,056)</b>
Net Change in Cash	226	(222)	492	3,252
<b>Opening Cash balances</b>	<b>1,515</b>	<b>1,781</b>	<b>1,542</b>	<b>2,034</b>
<b>Closing Cash balances</b>	<b>1,781</b>	<b>1,542</b>	<b>2,034</b>	<b>5,287</b>

E – Estimates

## Notes

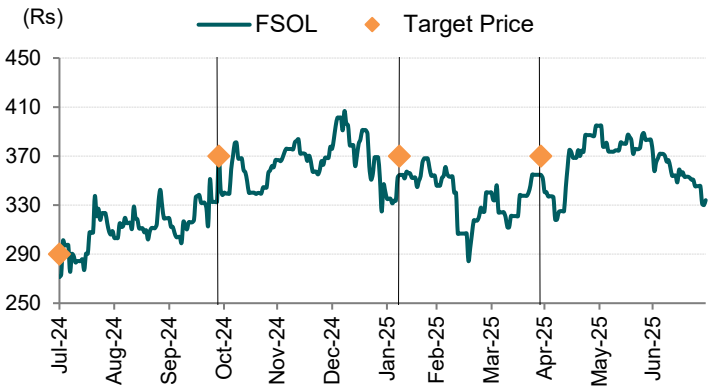
Stock Info and Rating History

Price Performance

Particulars	1M	3M	12M
Absolute (%)	(11)	(2)	23
Rel to NIFTY (%)	(8)	(4)	23

Shareholding Pattern

Particulars	Dec'24	Mar'25	Jun'25
Promoters	53.7	53.7	53.7
MF/Banks/FIs	22.9	22.9	22.9
FIIIs	11.0	10.1	10.1
Public / Others	12.4	13.4	13.4



Month	Rating	TP (Rs.)	Price (Rs.)
Jul-24	Accumulate	290	271
Oct-24	Reduce	370	373
Feb-25	Reduce	370	355
Apr-25	Reduce	370	355

\*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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