Pick of the Week

MPS Ltd

Powering Experiential Learning with Technologies

July 05, 2026

MPS Ltd.

Reco BUY

Industry	Consulting & Printing
LTP (July 03, 2026)	Rs. 1896.10
Entry Range	**Rs. 1880-1930**
Add on Dips	**Rs. 1705-1740**
Base Case Target	**Rs. 2080**
Bull Case Target	**Rs. 2250**
Time Horizon	**4 Quarters**

Stock Info

BSE Code	532440
NSE Code	MPSLTD
Bloomberg	MPS IN
CMP July 03, 2026	1896.1
Equity Capital (Rs Cr)	17.1
Face Value (Rs)	10.0
Equity Share O/S (Cr)	1.71
Market Cap (Rs Cr)	3,243.3
Book Value (Rs)	348.6
Avg. 52 Wk Volumes	27,775
52 Week High	2979.0
52 Week Low	1340.0

Share Holding Pattern % (March'26)

Promoters	68.3
Institutions	3.4
Non-Institutions	27.3
Total	100.0

One Year Price Chart

* Refer at the end for explanation on Risk Ratings

Fundamental Research Analyst

Abdul Karim

abdul.karim@hdfcsec.com

'Bridging Content and Technology to Drive Sustainable Success'

Our Take

- MPS is a premier learning and platform solutions provider operating at the intersection of content, technology, and artificial intelligence. The company's ability to integrate deep content expertise with advanced platform engineering and AI-driven capabilities allows it to scale rapidly, deepen strategic partnerships, and solidify its role as a preferred partner in the global learning and knowledge ecosystem.
- MPS has recently entered a new phase of growth, focused on unlocking synergies across its diverse portfolio of acquisitions. The journey toward Vision 2027 is centred on achieving significant scale through a dual-pronged approach: a market-oriented strategy to drive organic growth and an enhanced acquisition playbook. This evolution marks a shift from acquiring turnaround assets to investing in high-growth, high-quality businesses at competitive valuations, ensuring sustainable value creation for the long term.
- MPS's financial profile remains healthy, marked by stable earnings, sizeable net worth, and strong liquidity with large cash reserves and a healthy capital structure. The company has achieved substantial and sustained growth in revenue and profit. We expect that the company could report revenue growth at a CAGR of 16.3% over FY26 to FY28E. Its margins could sustain at 30.5%-31% in FY27E- FY28E
- ***Investors can buy in the Rs 1880-1930 band and add on dips in the Rs 1705-1740 band (13x FY28E EPS). We believe the base case fair value of the stock is Rs 2080 (15.75x FY28E EPS) and the bull case fair value of the stock is Rs 2250 (17x FY28E EPS) over the next 4 quarters.***

Deep domain expertise with advanced platform engineering and AI-driven capabilities

MPS operates in domains like research, medical, education, and enterprise learning with an advanced capability in eLearning solutions that deploy cutting-edge technologies. The company's unique ability to integrate deep content expertise with advanced platform engineering and AI-driven capabilities allows it to scale rapidly, deepen strategic partnerships, and solidify its role as a preferred partner in the global learning and knowledge ecosystem. MPS with a global delivery model and deep technical expertise and the ability to future-proof customers with innovation could help to strengthen the clientele going forward.

Strong track record of M&A activity to accelerate growth and expand its presence

MPS has actively expanded its portfolio in the educational, digital learning, and healthcare knowledge sectors through strategic acquisitions. Recently, MPS North America LLC acquired a 100% stake in the AI and healthcare technology firm Unbound Medicine for approx. $15.18 Mn. MPS has transitioned from acquiring turnaround assets to investing in scalable and profitable businesses and accelerating through technology, data, and customer synergies. MPS is in active discussions with two acquisitions, which is in advanced stages. The company's M&A approach remains focused on capability expansion, platform strengthening, and customer relevance, rather than merely acquiring for scale alone.

The acquisition of Unbound Medicine to strengthen its presence in Medical and nursing ecosystem

MPS' acquisition of Unbound Medicine is marking its entry into the healthcare and medical information technology segment and it could strengthen its presence in Education solutions in the medical and nursing ecosystem. Unbound Medicine contributed Rs ~12 crore revenue in Q1FY26, it is 19.6% in the Education segment revenue with a consolidation period of 50 days. This acquisition is expected to contribute ~Rs 85-95 Crore in revenue on an annualized basis. This acquisition could bring a subscription-led revenue, model, strong renewal characteristics, and a broad institutional customer base.

MPS expects to report EBITDA at Rs 300 crore in FY27E

MPS expects to comfortably cross Rs 300 crore in EBITDA in FY27E, implying ~21% EBITDA CAGR (FY24–FY27), built bottom-up by segment operating plans, the company also suggests 30–35% EBITDA margin (citing competitive sensitivity), and notes margins typically expand with scale. However, we are conservative on margins and anticipate at the lower end of the range, specifically a 30.7% EBITDA margin for FY27E and 30.8% for FY28E.

Strong performance in Q4FY26

- *MPS reported strong performance in Q4FY26, revenue grew 12.4% QoQ and 12.7% YoY in INR terms.*
- *EBITDA rose 34.4% QoQ and 32.9% YoY to Rs 67.5 crore, supported by strong revenue growth. EBITDA margin expanded sharply by 540 bps QoQ and 210 bps YoY to 32.9%.*
- *The company reported adj.net profit at Rs 47 crore vs. Rs 40.8 crore in Q3FY26 and Rs 42.6 crore in Q4FY25.*

Financial Summary

Particulars (Rs Cr)	Q4FY26	Q4FY25	YoY-%	Q3FY26	QoQ-%	FY23	FY24	FY25	FY26P	FY27E	FY28E
Total Operating Income	205.2	182.1	12.7	182.5	12.4	501.1	545.3	726.9	768.4	903.8	1,040.5
EBITDA	67.5	56.0	20.5	50.2	34.5	156.8	169.9	210.9	235.9	277.0	320.0
APAT	46.8	42.6	9.9	40.8	14.7	109.2	118.8	148.9	173.2	194.1	226.5
Diluted EPS (Rs)	27.3	24.9	9.9	23.8	14.7	63.8	69.4	84.5	97.9	113.5	132.4
RoE-%						27.5	26.8	30.8	31.2	31.3	33.2
P/E (x)						29.7	27.3	22.4	19.4	16.7	14.3
EV/EBITDA (x)						19.6	18.3	14.9	13.5	11.1	9.5

(Source: Company, HDFC sec)

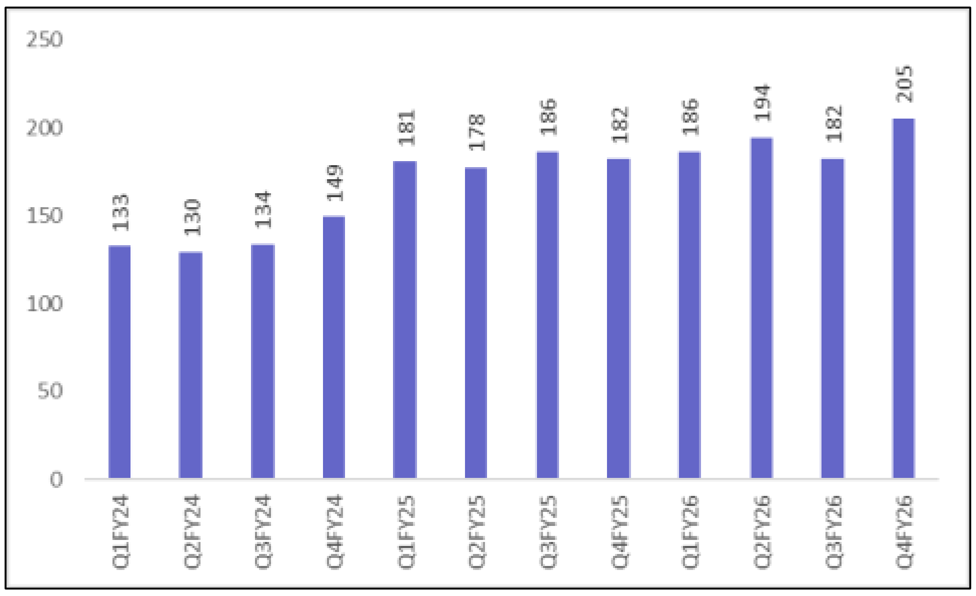
Valuation & Recommendation:

We expect the company to deliver revenue/EBITDA and PAT CAGR of 16.4%/16.5% and 16.3% over FY26-28E. Strong cash rich B/S, robust return ratios, strong margin profile and healthy growth outlook support our positive view on the stock.

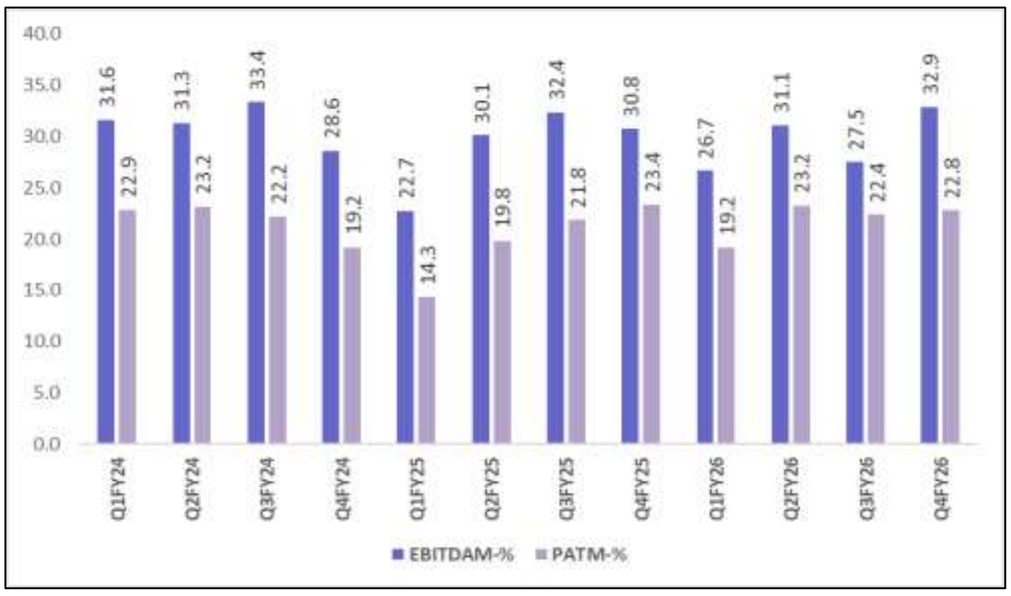
Investors can buy in the Rs 1880-1930 band and add on dips in the Rs 1705-1740 band (13x FY28E EPS). We believe the base case fair value of the stock is Rs 2080 (15.75x FY28E EPS) and the bull case fair value of the stock is Rs 2250 (17x FY28E EPS) over the next 4 quarters.

Story in Charts

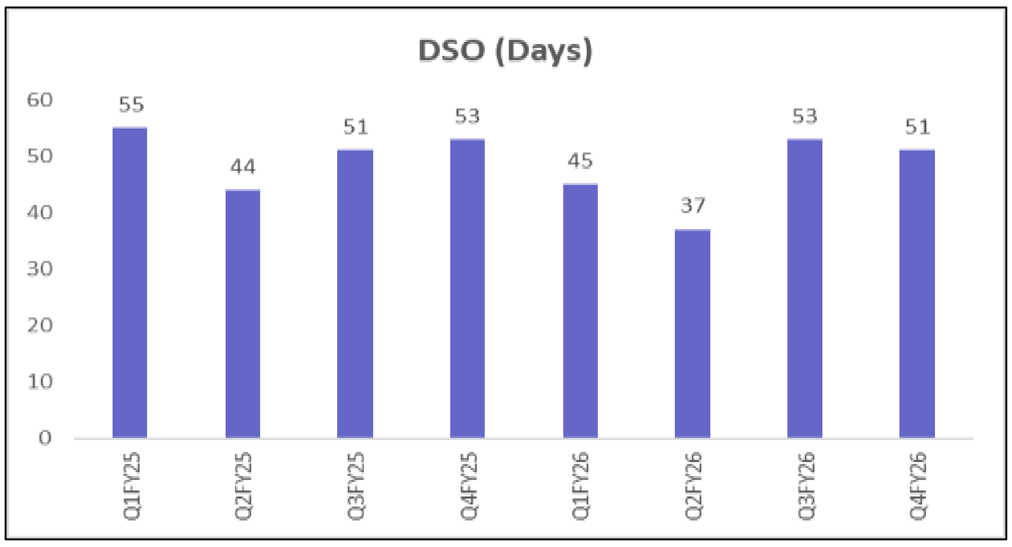
Revenue (INR-Cr): on the way to achieving its Vision FY28E



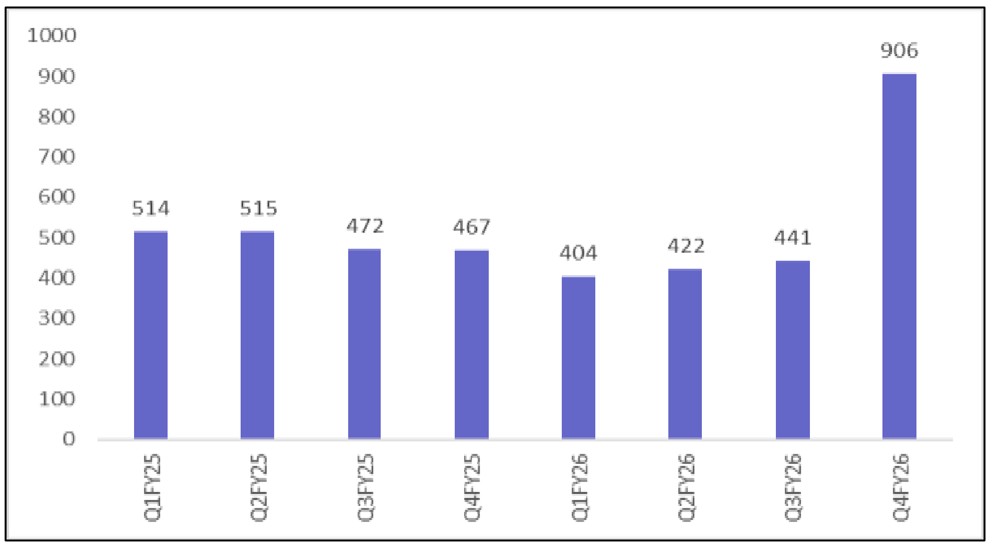
Margins: Targets to maintain in the band of 30-35% for FY27E



Debtors Sales Outstanding (Days)



No. of clients billed



(Source: Company, HDFC sec)

Key Drivers

Established player in Content Solution and Platform Solution, strong geographical footprint with robust clientele

B2B learning and platform solutions company, presence in 15+ countries, by 3251+ professionals

- MPS is a B2B learning and platform solutions company powering education, and research for corporates. The company provides comprehensive content solutions, from creation to delivery across all media, that help drive the competitiveness and differentiation of educational, academic, scientific, technical, medical, and professional publishers. Its key offerings include content authoring, development, learning design, and digital transformation.
- The company also provides a complete range of configurable platform solutions across the entire content lifecycle, mainly delivered as SaaS. Its key offerings are Submission, peer review, workflow, hosting, and identity management, etc.
- The company is present in 15 countries, key markets being North America, Europe, the Middle East, India, and APAC. The company has 3,251+ professionals across seven delivery centres in India, four offices in Europe, and six client-servicing offices in the US.
- MPS has ~1000 customers (billed), generates 45% of revenues from the top 5 customers, 59% from the top 10 customers and 67% from the top 15 customers.
- MPS has unlocked a new growth trajectory due to the combined effect of lower attention spans, rapid growth in digital consumption, and the recent advances in AI/ML. The company has developed & commercialised multiple revenue-linked AI offerings, such as DigiCore Pro, Research Integrity Check, AJE Digital, Unbound Intelligence, and Bridge AI in recent years.

Acquired 11 companies in last 11 - 12 years and evolved into a diversified, AI-first, global knowledge solutions company

Record acquisitions to drive capability expansion and market access

- MPS has actively expanded its portfolio in the educational, digital learning, and healthcare knowledge sectors through strategic acquisitions. The company has acquired 11 companies in the last 11 - 12 years and evolved into a diversified, AI-first, global knowledge solutions company. The company acquired Content Solutions: Elements LLC (2013), EPS (2014), and TSI Evolve (2015). Platform Solutions: Mag+(2016), THINK (2017), High Wire Press (2020), eLearning Solutions: Tata Interactive Systems India, Switzerland, and Germany (2018).
- Acquisitions over the last year: In Oct-2025, MPS Interactive Systems Ltd ("MPSi"), a material subsidiary of MPS Ltd, has completed the acquisition of the remaining shareholding in the Liberate Group of Companies—Liberate Learning Pty Ltd, App-eLearn Pty Ltd, and Liberate eLearning Pty Ltd, in accordance with the valuation methodology as agreed under the transaction documents. Following this transaction, MPSi holds 100% of the issued and paid-up share capital of all entities forming part of the Liberate Group, which have accordingly become its wholly owned subsidiaries.
- In Feb 2026, MPS, through its wholly owned subsidiary MPS North America LLC, acquired Unbound Medicine. The acquisition combines Unbound's AI-powered clinical decision-support and healthcare education platform with MPS' global technology infrastructure, platform engineering capabilities, and learning solutions network.

Past acquisitions across the segments

Research Solutions	Education Solutions	Corporate Learning
Content, eLearning, and Platform solutions for focused on scholarly and STM market inherited from Macmillan ownership of MPS (2012).	Content, platform, and eLearning solutions business servicing education clientele inherited from Macmillan ownership of MPS (2012).	Acquisition of Tata Interactive Systems Limited in 2018.
Acquisition of THINK Subscription in 2017 from Digital River.	Acquisitions of Element (2013), EPS (2014), and TSI Evolve (2015).	Acquisition of Tata Interactive Systems AG in 2018.
Acquisition of HighWire Press from AKKR and Stanford University in 2020.	Acquisition of Magplus from Bonnier Corporation in 2016.	Acquisition of EI Design (2022)
Acquisition of AJE from Springer Nature completed in Feb 2024.	Acquisition of TOPSIM GmBH from Tata Industries in 2018.	Acquisition of Liberate Learning (2023).

- MPS has transitioned from acquiring turnaround assets to investing in scalable and profitable businesses and accelerating through technology, data, and customer synergies. MPS is in active discussions with two acquisitions, which is in advanced stages. The company is on the way to achieving the Vision FY28E aspirational revenue target of ~Rs 1500 crore, supported by organic & inorganic growth. This goal remains intact and in sight.

Acquisition of Unbound Medicine is expected to contribute ~Rs 85 - 95 crore annualised revenue in FY27E

Acquisition of Unbound Medicine is an entry into the healthcare and medical IT segment, a high-growth and knowledge-intensive vertical

- MPS North America LLC, USA, a wholly owned material subsidiary of MPS Ltd, has acquired a 100% stake in Unbound Medicine, Inc., a United States-based healthcare technology and medical information company. The cost of acquisition was USD 16.50 million (subject to customary adjustments), payable by MPS NA LLC in cash.
- Unbound Medicine is a premier, mobile-first, and AI-enabled healthcare learning and clinical decision-support platform. It serves over 480 institutional customers, including leading medical schools, hospital systems, and professional healthcare associations across the United States and Canada. The business operates on a subscription-led model characterised by ~97% gross retention, providing a stable and resilient recurring revenue base.
- Unbound Medicine contributed ~20% in the segment revenue with a consolidation period of 50 days. This acquisition is expected to contribute ~Rs 85-95 crore in annualised revenue in FY27E.

Unbound Offers

- **uCentral** – an integrated medical education platform delivering authoritative content and reference tools;
- **Nursing Central** – a mobile-first learning solution for nursing education combining textbooks, drug guides, and clinical tools;
- **uPub** – a digital publishing platform enabling institutions and associations to create and distribute content; and
- **Assist™** – an AI-powered assistant providing personalised, scenario-based learning and point-of-care clinical decision support.
- **Individual & App-Based Offerings** - A portfolio of 60+ mobile and web applications delivering subscription-based and one-time-purchase clinical and educational content to medical, nursing, and pharmacy students and practitioners.

- **Custom & White-Labeled Platforms**: Bespoke solutions for medical societies, publishers, and healthcare systems, including branded portals, proprietary content delivery, and workflow integration.

Synergies:

- **Market Expansion**: MPS enters the high-value healthcare and life sciences sectors, broadening its domain expertise and strengthening its Research and Education portfolio.
- **Comprehensive Service Portfolio:** The combination creates a holistic, platform-led ecosystem—integrating digital content, institutional learning tools, and AI-powered clinical decision support.
- **Cross-Selling Opportunities:** Both companies will leverage each other's client bases; MPS will introduce Unbound to its global customers, while Unbound's 480+ institutional clients gain access to MPS's broader suite of solutions.
- **AI Innovation**: Unbound's AI platforms (such as Assist™) will be scaled using MPS Labs, focusing on enhancing multilingual capabilities and accelerating the development of domain-specific AI tools.
- **Operational Synergy:** Unbound will utilise MPS's global infrastructure and engineering resources to improve operational efficiency and significantly speed up product development.
- **Stable Financial Growth:** The acquisition brings a high-quality, predictable revenue stream, characterised by an impressive ~97% gross retention rate, supporting MPS's goal of increasing recurring revenue.
- The acquisition is marking its entry into a high-growth and knowledge-intensive vertical, the healthcare and medical information technology segment. MPS' core strengths in digital publishing, learning platforms, and technology-enabled content solutions is expected to support long-term value creation through revenue diversification, cross-selling opportunities, AI-driven innovation, and a deeper presence in the North American market, which remains a key strategic geography for the company.

Total Serviceable Addressable Market (SAM) of US$ 16 bn is a share gain opportunity for MPS

- MPS is competing an addressable market of US$ 16n led by three segments, Research, Education, and Corporate Learning. The company's current revenue size (combined) stood at US$ 85 Mn, it is 0.53% share. Therefore, MPS could see a huge opportunity in share gain and generating revenue going forward.

Huge opportunity in an addressable market of US$ 16n led by three segments, Research, Education, and Corporate Learning.

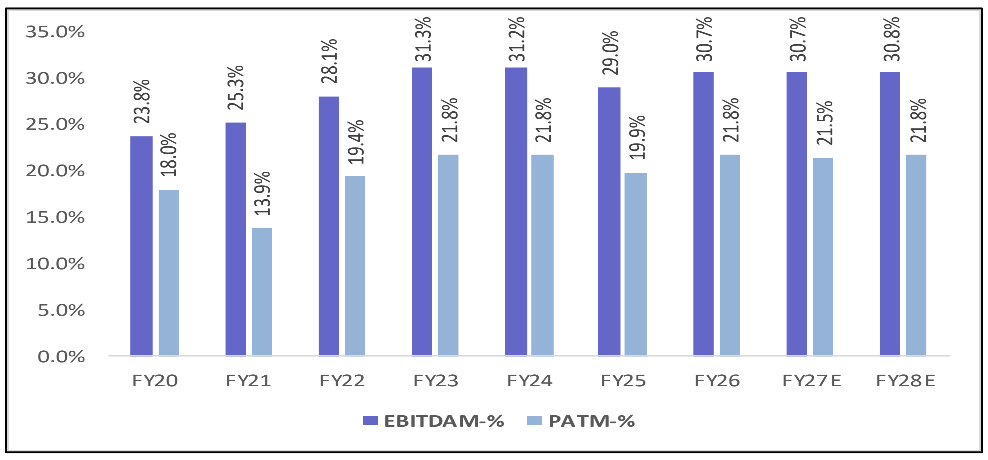
	Research	Education	Corporate Learning
SAM BOTTOMS-UP	~$3 billion	~$5 billion	~$8 billion
MPS Share Today % OF SPEND	~7–9%	<0.5%	<0.2%
Scope of Work WHERE MPS PLAYS	Research Integrity AI-first production ecosystem Predictive scaling & dissemination	Adaptive learning AI-powered intelligence platforms Personalized learning journeys	AI roleplays Managed learning services Immersive learning (VR, AR, XR)
Growth Pocket WHERE THE SHARE COMES FROM	OA growth in compressed timelines and AI-assisted research integrity	International expansion and forward integration	AI consolidation moving spend towards scaled providers
Who Compete	Funding institutions, researchers, societies, university preses, scholarly publishers, associations, and libraries	K-12, Higher Ed, healthcare institutions, and hospital systems	Enterprise L&D, governments, and education institutions

Expects stable margins going forward

- MPS EBITDA margin expanded sharply by 540 bps QoQ and 210 bps YoY to 32.9% and net profit margin was at 22.8% in Q4FY26 vs. 22.4% in Q3FY26 and 23.4% in Q4FY25. The company's EBITDA margin in FY26 rose 170bps YoY to 30.7% supported by operating leverage. FY26 Education EBITDA Rs 82 crore; margin 39.2%; EBITDA growth +42.6% reported / +38.6% organic.

We expect EBITDA/PAT margin at 30.7%/21.5% and 30.8%/21.8% for FY27E and FY28E, respectively

Margins Trajectory (%)



- MPS expects to comfortably cross Rs 300 crore in EBITDA in FY27E, implying ~21% EBITDA CAGR (FY24–FY27), built bottom-up by segment operating plans, the company also suggests 30–35% (citing competitive sensitivity), and notes margins typically expand with scale. However, we are conservative on margins and anticipate results at the lower end of the range, specifically a 30.7% EBITDA margin for FY27E and 30.8% for FY28E.

Strong fundamentals

Robust financials led by a debt-free balance sheet, cost control measures and return ratio

- MPS's financial profile remains healthy, marked by stable earnings, sizeable net worth, and strong liquidity with large cash reserves, a healthy capital structure and coverage metrics. The company has achieved substantial and sustained growth in revenue and profit.
- The company reported revenue growth at a 15% CAGR, EBITDA growth at a 20% CAGR, and net profit growth at a 19% CAGR over FY20-FY26. Its revenue grew by ~6% YoY to Rs 768 crore in INR terms in FY26.
- We expect that the revenue could grow by 16.3% CAGR over the FY26 to FY28E. Its margins could sustain at 30.5-31% over FY26-FY28E.
- MPS enjoys a healthy capital structure and a negligible debt status, which will continue to remain so due to no major debt-funded expansion plans over the medium term. The debt-to-equity ratio decreased due to debt repayment.
- Its strong cash and liquidity positions are maintained, Cash and equivalents of approximately Rs 119 crore as on March 31, 2026.
- MPS has been frequent in paying dividends and offering buy-back offers to shareholders. For FY26, the company is not paying a final dividend due to capital deployed into Unbound, an "hyperactive" M&A pipeline, and deployment opportunities exceeding cash on hand. We expect dividends per share of Rs 85 and Rs 90 for FY27E and FY28E, respectively.
- Because of cost rationalisation efforts and a reduction in employee costs, the company could see growth in profitability as well as better return ratios in the future. We expect RoE at 31.4 % and 33.4% for FY27E and FY28E, respectively.

Risks & Concerns

- Indian rupee appreciation against the USD and Euro, pricing pressure, retention of the skilled headcounts, strict immigration norms and rise in visa costs are key concerns.
- MPS derived 50% of its revenue from the U.S and 33% from the UK & Europe in FY26, making it vulnerable to regulatory, economic, and outsourcing trends in that market. Any geopolitical risk or economic uncertainty could impact its business. Regulatory and economic pressures further complicate the landscape.
- MPS could face pricing pressure due to rapid progress in foundational AI models in commoditised content and e-learning services
- MPS has client concentration risk, Top-5 clients contributed ~47%, top-10 clients contributed ~60%, and top-15 clients ~67%, in FY26, any cancelation of deal could impact its revenue.
- Revenue contribution across the category is volatile quarter after quarter. However, the company has longstanding relationships with its clientele.
- MPS faces intense competition from tier-1 IT players and well-established tier-2 players, which limits its pricing/bargaining power with customers. Additionally, the trading nature of its low-margin distribution business can drag its profits.
- MPS debtor sales outstanding stood at more than 50 days; delay in payment and failure to receive the dues from clients could impact its liquidity.
- Talent shortages, high industry attrition, and upskilling gaps could impact its operational efficiency and profitability.
- Rapid technological advancements could disrupt existing processes if we fail to deliver integrated, high-performance solutions.
- Growing concerns around data privacy, compliance, and a shift toward in-house models may reduce outsourcing adoption.

Company Description

MPS is a leading global provider of platforms, content, and learning solutions for the digital world. MPS is now a global partner to the world's leading enterprises, learning companies, publishers, libraries, and content aggregators. After a change of majority stake in 2011-12 and with an entrepreneurial mindset, MPS developed significant momentum as a result of consistent reinvestment in the business and seven successful acquisitions in the same number of years.

MPS was established as an Indian subsidiary of Macmillan (Holdings) Limited in 1970. It's more than 3,200 professionals powering MPS across seven delivery centres in India, four offices in Europe, and six client-servicing offices in the US.

With offices strategically located in Australia, China, Germany, India, Singapore, Switzerland, and the USA, MPS is uniquely positioned to serve its clients worldwide. By leveraging its global expertise and local insights, the company ensures that its solutions are not only innovative but also culturally relevant and impactful.

Business Overview

Content Solutions	Platforms	Learning Solutions
Publishing Solutions	**Content Workflow and Production**	eLearning Solutions
Content Authoring and Development	DigiCore	Experience Center Design
Digital Transformation	MPSTrak	Experiential Learning Design
Accessibility Solutions	**Content Management, Hosting, and Delivery**	Consulting Services
Marketing and Customer Support	mag+	Learning Platforms
	THINK365	
	ScholarStor	
	Usage Analytics	
	ScholarlyStats	
	MPSInsight	
	Custom Development and Support	

	Content Solutions	Platform Solutions	eLearning Solutions
Overview	Scope includes content authoring, development, production, editorial, design, creative, rights and permissions, accessibility, transformation, and digital enhancement. Delivered as fullservice or asset-based development across varied channels and media formats	Complete range of configurable platform solutions throughout the entire content lifecycle, primarily delivered as SaaS. Products include DigiCorePro, Insight Vizor, Impact Vizor, Sigma, Scolaris, THINK365, RightsHub, and Magplus	Developing and delivering high-impact and comprehensive learning and performance support solutions that provide a high engagement quotient and enhance learners' performance
Proportion of Revenue	53%	29%	18%
Key Acquisitions	2013 – Elements LLC 2014 – EPS 2015 – TSI Evolve 2024 – AJE USA & China	2016 – Mag+ 2017 – THINK 2020 – HighWire Press 2024 – AJE USA & China	2018 – TIS India, Switzerland, and Germany 2022 – EI Design 2023 – Liberate Learning
Value Proposition	Speed and efficiency	Innovation and agility	Differentiation and global delivery

Operating Metrics

Revenue Mix-Segment wise

%	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Research	63.30	62.6	61	58.4	61.5	63.3	58.3
Education	19.5	21.4	25.3	27.7	27.2	24.3	29.3
Corporate Learning	17.2	16	13.7	13.9	11.3	12.4	12.4

Revenue Mix-Geography wise, Clients detail

%	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26
North America	45	45	45	49	51	49	48	52
UK/Europe	29	30	25	31	29	34	35	33
Rest of the World	26	25	30	20	20	17	17	15
DSO (Days)	55	44	51	53	45	37	53	51
No. of clients billed	514	515	472	467	404	422	441	906
Top 5 contribution	32	31	36	41	45	41	46	45
Top 10 contribution	44	41	49	55	59	51	59	59
Top 15 contribution	54	47	58	63	66	56	67	67

Financial Statements

Income Statements

Particulars (in Rs Cr)	FY23	FY24	FY25	FY26P	FY27E	FY28E
Net Revenues	**501.1**	**545.3**	**726.9**	**768.4**	**903.8**	**1040.5**
Growth (%)	**11.6**	**8.8**	**33.3**	**5.7**	**17.6**	**15.1**
Operating Expenses	344.3	375.4	516.0	532.5	626.8	720.6
EBITDA	**156.8**	**169.9**	**210.9**	**235.9**	**277.0**	**320.0**
Growth (%)	**24.1**	**8.4**	**24.1**	**11.8**	**17.5**	**15.5**
EBITDA Margin (%)	**31.3**	**31.2**	**29.0**	**30.7**	**30.7**	**30.8**
Depreciation	19.5	20.0	27.4	27.8	29.7	28.6
EBIT	**137.3**	**149.9**	**183.5**	**208.1**	**247.3**	**291.3**
Other Income	10.8	12.2	18.4	23.2	13.6	13.0
Interest expenses	1.1	0.9	0.8	2.0	0.4	0.4
PBT	**146.9**	**161.3**	**201.1**	**229.3**	**260.5**	**304.0**
Tax	37.7	42.5	52.2	56.1	66.4	77.5
RPAT	**109.2**	**118.8**	**148.9**	**173.2**	**194.1**	**226.5**
Adj PAT	**109.2**	**118.8**	**144.5**	**167.5**	**194.1**	**226.5**
Growth (%)	25.3	8.8	21.7	15.9	15.9	16.7
EPS	63.8	69.4	84.5	97.9	113.5	132.4

(Source: Company, HDFC sec)

Balance Sheet

Particulars (in Rs Cr) - As at March	FY23	FY24	FY25	FY26P	FY27E	FY28E
SOURCE OF FUNDS						
Share Capital	17.1	17.1	17.1	17.1	17.1	17.1
Reserves	410.0	442.7	461.3	579.2	627.9	700.4
Shareholders' Funds	**427.2**	**459.8**	**478.4**	**596.3**	**645.0**	**717.5**
Long Term Debt	4.2	0.0	2.9	44.1	49.1	54.1
Net Deferred Taxes	22.3	39.5	35.2	44.4	46.7	49.0
Long Term Provisions & Others	0.5	28.8	20.2	7.1	7.8	8.6
Total Source of Funds	**454.2**	**528.2**	**536.8**	**692.0**	**748.6**	**829.2**
APPLICATION OF FUNDS						
Net Block & Goodwill	180.3	389.1	345.8	539.9	484.4	510.0
Other Non-Current Assets	23.8	12.6	37.5	40.8	42.9	45.0
Total Non Current Assets	**204.1**	**401.7**	**383.3**	**580.7**	**527.2**	**555.0**
Trade Receivables	86.6	102.9	116.6	133.5	148.6	171.0
Cash & Equivalents	185.4	145.4	105.8	119.2	222.4	250.7
Other Current Assets	84.2	86.5	89.4	108.6	119.4	125.4
Total Current Assets	**356.1**	**334.8**	**311.7**	**361.2**	**490.4**	**547.1**
Short-Term Borrowings	3.4	4.5	0.8	16.6	18.6	4.1
Trade Payables	20.4	24.0	25.5	42.7	49.5	57.0
Other Current Liab & Provisions	82.3	179.9	132.1	190.7	201.0	211.8
Total Current Liabilities	**106.1**	**208.4**	**158.3**	**250.0**	**269.1**	**272.9**
Net Current Assets	250.1	126.4	153.5	111.3	221.3	274.2
Total Application of Funds	**454.2**	**528.2**	**536.8**	**692.0**	**748.6**	**829.2**

(Source: Company, HDFC sec)

Cash Flow Statement

Particulars (in Rs Cr)	FY23	FY24	FY25	FY26P	FY27E	FY28E
Reported PBT	146.9	161.3	201.1	229.3	260.5	304.0
Non-operating & EO items	0.3	-1.6	-13.6	-15.0	-13.6	-13.0
Interest Expenses	-2.1	-3.2	-0.1	0.8	0.4	0.4
Depreciation	19.5	20.0	27.4	27.8	29.7	28.6
Working Capital Change	-16.4	-17.0	-64.4	0.6	-8.7	-10.0
Tax Paid	-35.4	-41.5	-49.5	-46.7	-66.4	-77.5
OPERATING CASH FLOW (a)	**112.8**	**118.0**	**100.9**	**196.8**	**201.8**	**232.4**
Capex	-4.2	-6.8	-8.4	-8.4	-10.5	-10.0
Free Cash Flow	108.6	111.3	92.5	188.4	191.3	222.4
Investments	-21.5	-0.4	10.7	-0.1	-27.6	-29.0
Non-operating income	-39.0	32.3	-8.0	-124.3	-13.6	-13.0
INVESTING CASH FLOW (b)	**-64.7**	**25.1**	**-5.8**	**-132.9**	**-51.7**	**-52.0**
Debt Issuance / (Repaid)	-9.8	-7.9	-4.3	35.5	7.0	-9.5
Interest Expenses	-1.1	-0.6	-1.2	-0.6	-0.4	-0.4
FCFE	97.7	102.7	87.0	223.2	198.0	212.6
Share Capital Issuance	0.0	0.0	0.0	0.0	0.0	0.0
Dividend	-51.3	-85.8	-134.5	-86.7	-56.4	-145.4
Others	-7.9	0.9	-0.3	0.3	2.9	3.0
FINANCING CASH FLOW (c)	**-70.1**	**-93.4**	**-140.2**	**-51.5**	**-46.9**	**-152.2**
NET CASH FLOW (a+b+c)	**-22.0**	**49.8**	**-45.1**	**12.4**	**103.2**	**28.2**

(Source: Company, HDFC sec)

Key Ratios

Particulars	FY23	FY24	FY25	FY26P	FY27E	FY28E
Profitability Ratio (%)						
EBITDA Margin	31.3	31.2	29.0	30.7	30.7	30.8
EBIT Margin	27.4	27.5	25.2	27.1	27.4	28.0
APAT Margin	21.8	21.8	19.9	21.8	21.5	21.8
RoE	27.5	26.8	30.8	31.2	31.3	33.2
RoCE	34.1	34.9	41.9	35.2	36.6	39.2
Solvency Ratio (x)						
Net Debt/EBITDA	-1.1	-0.8	-0.5	-0.2	-0.6	-0.6
Net D/E	-0.4	-0.3	-0.2	-0.1	-0.2	-0.3
PER SHARE DATA (Rs)						
EPS	63.8	69.4	84.5	97.9	113.5	132.4
CEPS	75.2	81.1	100.5	114.1	130.8	149.1
Dividend	20.0	75.0	83.0	33.0	85.0	90.0
BV	249.7	268.8	279.7	348.6	377.1	419.5
Turnover Ratios (days)						
Debtor days	63	69	59	63	60	60
Creditors days	15	16	13	20	20	20
VALUATION (x)						
P/E	29.7	27.3	22.4	19.4	16.7	14.3
P/BV	7.6	7.1	6.8	5.4	5.0	4.5
EV/EBITDA	19.6	18.3	14.9	13.5	11.1	9.5
EV / Revenues	6.1	5.7	4.3	4.1	3.4	2.9
Dividend Yield (%)	1.1	4.0	4.4	1.7	4.5	4.7
Dividend Payout (%)	31.3	108.0	98.2	33.7	74.9	68.0

(Source: Company, HDFC sec)

HDFC Sec Prime Research Rating description

Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. This stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicality of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

Rating Criteria

Buy - > 15%+ return potential
Add - +5% to +15% return potential
Reduce - -10% to +5% return potential
Sell - >10% downside return potential

ABDUL KARIM

Digitally signed by ABDUL KARIM
Date: 2026.07.05 12:57:36 +05'30'

Disclosure:

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HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066

Compliance Officer: Murli V Karkera Email: complianceofficer@hdfcsec.com Phone: (022) 3045 3600

For grievance redressal contact Customer Care Team Email: customercare@hdfcsec.com Phone: (022) 3901 9400

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