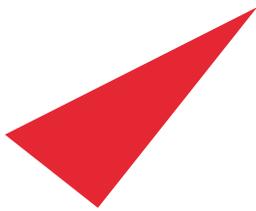


Pick of the Week

Updater Services Limited

Jun 09, 2025



Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Commercial Services	Rs 305.6	Buy in Rs 303-310 band and add on dips to Rs 279.5	Rs 342.5	Rs 377	2-3 quarters

HDFC Scrip Code	UDSLTDEQNR
BSE Code	543996
NSE Code	UDS
Bloomberg	UDS: IN
CMP Jun 06, 2025	305.6
Equity Capital (Rs Cr)	66.9
Face Value (Rs)	10
Equity Share O/S (Cr)	6.69
Market Cap (Rs Cr)	2044
Book Value (Rs)	143
Avg. 52 Wk Volumes	4,64,300
52 Week High	438
52 Week Low	256

Share holding Pattern % (Mar, 2025)	
Promoters	58.9
Institutions	18.1
Non Institutions	23.0
Total	100.0



* Refer at the end for explanation on Risk Ratings

Fundamental Research Analyst

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Our Take:

Updater Services (UDS) is one of the leading business service providers in India, with a presence in the Integrated Facilities Management (IFM) and Business Support Services (BSS) segments, including sales enablement, recruitment, and sales audits. We see the company benefiting from the long-term trend of outsourcing non-core business operations for greater efficiency and service quality. IFM segment, and an inorganic growth engine in the high-margin BSS vertical, to help deliver strong earnings growth.

UDS has developed a unique strategy for growth through both organic and inorganic routes. The company has expanded its services portfolio over the years by venturing into higher-margin businesses through multiple acquisitions and integrating the companies seamlessly. UDS has witnessed strong growth over the years. It is the second-largest player in the highly fragmented domestic Soft Services market with a share of ~3%; whereas for Hard Services, UDS is the fourth-largest player with ~1% market share. UDS is well-positioned for sustained margin improvements and enhanced pricing power as the BSS vertical continues to ramp up. The acquisitions are well integrated, which opens opportunities for cross-sell. The share of profits from BSS has increased significantly over the last two years. Further improvement would lift up both margin and earnings quality.

UDS has evolved from a leadership position in a single offering to being a leader across multiple verticals; with margin accretive acquisitions. The company is well placed to benefit from industry tailwinds, as its improvement in efficiency further enhances cash generation. Its use of technology and resultant quality service is visible in the > 90% retention ratio of clients over a period of five years. Operating margin is expected to remain broadly stable, with 20-30bps YoY expansion from operating leverage.

IFM industry is expected to grow at ~11% CAGR to Rs 67,000 crore by 2029 and this would help large players like UDS. BSS growth is underpinned by India's economic momentum, GCC/PLI schemes, and employment generation incentives. The company is flexing multiple levers for margin improvement, such as: 1) Subsidiaries (offering BSS), enhancing their technological capabilities; 2) strengthening the business development initiatives across all businesses; and (3) undertaking cross-selling initiatives. Athena and Denave (part of BSS) are expected to make a positive contribution to the overall business and are projected to surpass the margin expansion of the consolidated business over FY25-27E.

Valuation & Recommendation:

UDS has evolved from a leadership position in a single offering to being a leader across multiple verticals, with margin accretive acquisitions. Company is well placed to benefit from industry tailwinds; its stellar record with multiple marquee clients already act as a network effect for growth. Its use of technology and resultant quality service are visible in a retention ratio of over 90% of clients over a period of five years. UDS has been growing strongly, led by both organic and Inorganic routes, with lucrative acquisitions in the BSS segment. We are positive on the company given an asset-light business model with presence across various business segment where the opportunity size is huge. It is a unique integrated business model with a strong long- term growth visibility.

We expect BSS business to register a revenue and EBITDA CAGR of 12% and 18%, respectively, over FY25-27E, aided by potential expansion in distinct service lines and strategic investments aimed at driving incremental and profitable growth. UDS has healthy cash rich Balance sheet with cash & equivalents of ~Rs 268 crore (13% of market cap). Considering the steady revenue and earnings growth potential, UDS' valuation looks inexpensive at 13.5x FY27E earnings. We estimate a 11%/16%/13.3% CAGR in revenue, EBITDA, and PAT over FY25-27E. Steady improvement in EBIDTA margin to drive healthy growth in net profit in the medium term. Management has maintained its thrust on improving cash flows and strengthening the balance sheet. We feel investors can buy the stock in the band of Rs 303-310 and add more on dips to Rs 279.5 (12.25x FY27E EPS) for base case fair value of Rs 342.5 (15x FY27E EPS) and bull case fair value of Rs 377 (16.5x FY27E EPS) over the next 2-3 quarters.

Financial Summary:

Particulars (Rs cr)	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY22	FY23	FY24	FY25P	FY26E	FY27E
Total Revenue	709	632	12.2	695	2.0	1,484	2,099	2,444	2,736	3,051	3,368
EBITDA	36	40	-11.5	46	-22.9	78	93	134	167	193	223
Depreciation	11	12	-8.1	12	-6.4	17	37	54	47	52	59
Other Income	17	6	197.7	6	192.4	14	13	24	36	31	35
Interest Cost	2	3	-35.5	2	0.0	5	15	19	10	9	8
Tax	5	6	-23.8	7	-28.1	14	20	18	26	31	39
PAT	34	26	33.2	31	11.3	57	36	68	119	132	153
EPS (Rs)						10.8	6.8	10.2	17.8	19.7	22.8
RoE (%)						18.3	9.9	11.1	13.2	12.9	13.3
P/E (x)						28.4	45.6	30.3	17.3	15.6	13.5
EV/EBITDA (x)						26.5	22.4	15.5	12.5	10.8	9.3

(Source: Company, HDFC sec)

Q4FY25 result update

Revenue for the quarter grew 12.2% YoY at Rs 709cr. EBITDA margin slipped 140bps YoY at 5%. Net profit increased 33.2% YoY at Rs 34cr. Other Income surged 198% YoY at Rs 16.6cr.

Integrated Facility Management (IFM) experienced acceleration in the quarter compared to 9MFY25, but fell short of management's target due to a focus on high-margin contracts. IFM margin (incl. other income) contracted 40bps YoY to 6.6%. The Business Support Services (BSS) segment's revenue growth slowed to 17% in FY25, down from 33% in FY24, due to weakness in Sales Enablement. Management expects near-term growth pressure in Denave and Athena due to AI disruption and loss of a large client.

For FY25, total revenue increased 11.9% YoY at Rs 2,736 crore. EBITDA margin improved 60bps YoY at 6.1%. Lower finance cost, higher other income and strong operational performance led to 79.5% surge in profitability. Other Income was up 51% YoY at Rs 35.7cr.

IFM business reported 10% growth to Rs 1818cr while BSS revenue increased 17% YoY at Rs 954cr.

In FY25, the Impairment loss was Rs 13.15 crore, as compared to Rs 6.96 crore in FY24.

Other expenses as % of revenue stood at ~16% as compared to 13-14% in FY23.

In Q4FY25, other income included Rs 4.7 crore gain on convertible debenture getting converted into equity at higher valuations.

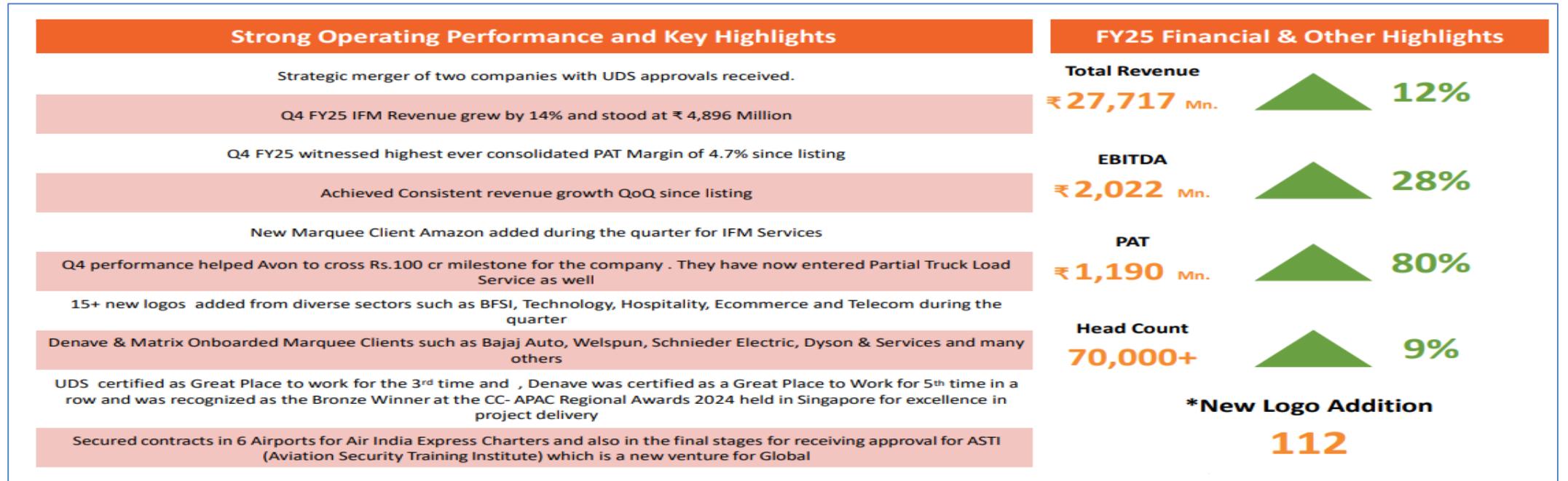
UDS has a 3% market share in Soft Services in India. Total Headcount stood at around 70,000 as of March-2025. Company added 112 new logos during the year.

Conference call highlights

- UDS aspires to grow IFM at 3 times the GDP and BSS at 15% (organic) and margin by ~30 basis points per annum; the drivers would be rapid growth in the IT/ITeS verticals, manufacturing, e-commerce logistics, and higher outsourcing.
- It has exited most of the low-margin contracts and is focusing on higher-margin contracts
- Sales Enablement (Denave and Athena) saw weakness due to market disruption led by AI, loss of a large client and another client scaling down operations in India
- Matrix is focusing on complex inventory management for brands, Avon forayed into partial truck load service and GFHS started offering training services.
- UDS is looking for margin-accretive and asset-light M&A in the BSS space.
- UDS also focuses on operational efficiency improvements. It has added Amazon as a client in its IFM business.
- BSS: Management sees 15% organic revenue growth in FY26 with improved margin. UDS expects 15% organic revenue growth in FY26 for the BSS segment. Sales Enablement, EBGC, Audit & Assurance to be key growth drivers.
- Denave signed 63 new customers during FY25, out of which, 10-11 have the potential to be large accounts. There has been market disruption due to AI. It has invested in a platform (called Intellibank) to mitigate the risk from AI. Denave is offering account-level

intelligence to improve conversions and automating outreach.

- Athena saw a client moving operations in-house, two others merging and another client scaling down Indian operations. While this impacted FY25 performance adversely, most of the impact is behind the company. There are green shoots of an improvement in pipeline. Athena is collaborating with clients to embed AI into their processes.
- Matrix saw healthy growth for the audit and assurance business. It added Haldiram's, Bajaj Auto, Glenmark Pharma etc.
- Employee Background Checking (EBGC) business has been impacted by weak IT hiring but the company has rolled out a platform that will improve lead times and offer better data security. Q4 performance helped Avon to cross Rs 100 crore milestone. It has also forayed into Partial Truck Load Service.
- Global Flight Handling Services (GFHS) achieved EBITDA break-even during FY25. The company is operating in 23 airports. It is also working with Air India Express. UDS is also offering training services. ASTI (Airport Security Training Institute) was incorporated and has started training operations in Chennai.
- Denave and Matrix on boarded Marquee Clients such as Bajaj Auto, Welspun, Schneider Electric, and many others.
- IFM/BSS segments had 56k/14.5k employees as of end-FY25. The company is focusing on increasing cross-sales between the IFM and BSS segments to enhance synergies.
- Revenue split stood at 66:34 between IFM and BSS.
- In IFM, the company completed contract rationalization and is now focused on streamlining operations. The aspiration is to grow at 3x the GDP growth rate, supported by expansion of co-working spaces, and growth in automotive factories.
- The key strategic focus is on securing RoCE and margin-accretive contracts. The company added 77 logos during FY25.
- In BSS, Technology investments impacted margins in FY25; the company is now targeting high-value contracts to offset the same.
- FY25 was a challenging year as global clients rationalized their spending.
- This segment is now operating under tighter and more focused leadership. Company added 35 new client logos in FY25.
- Denave: 85% of revenue comes from clients with 7+ years of relationship. Focus areas include: 1) Platform-based service – Intellibank, aimed at improving client conversion 2) outreach programs to stimulate demand.
- Audit and Assurance services: This represents a huge opportunity as the segment remains largely unorganized.
- Employee Background Verification Services: It is likely to deliver better margin once hiring momentum returns. The company has seen subdued hiring in IT and BFSI.
- Avon: Business performance improved due to a better contract mix, leading to higher margin. The vision is to become a leading and cost-effective logistics partner.
- IFM industry is expected to grow at 11% CAGR to Rs 67,000 crore by 2029. Key drivers would be IT/ITES expansion, co-working, GCCs, Make in India, e-commerce, automation, and outsourcing trend.
- In the IFM segment, top-10 clients contribution stood at 35% of its sales while for top-50 at 67% for FY25.
- In the BSS segment, top-10 clients contribution stood at 70% of its sales while for top-50 at ~90% for FY25.



(Source: Company, HDFC sec)

Key Triggers

Diversified business verticals

UDS is a leading, focused, and integrated business services platform in India offering IFM services and BSS to its clients, with a nationwide presence. UDS was incorporated in 1990 by its founder and current Chairman & MD, Mr. Raghunandana Tangirala, as a facility management business in Chennai, Tamil Nadu. The company has grown over the years through both organic growth and acquisitions. It is now among the largest players in IFM services segment in India and has the widest range of services in the industry, making it a unique and differentiated player in the market. During FY22, FY23, FY24 and FY25, IFM segment accounted for 81%, 72%, 67% and 65% of the company's consolidated revenue, respectively, and 72%, 50%, and 44% of EBITDA. BSS, on the other hand, offers differentiated and vertical business services such as sales enablement (Denave), BFSI BPO (Athena), audit & assurance, and employee background verification check services (Matrix). During FY22, FY23, FY24 and FY25, the BSS segment accounted for 19%, 28%, 33% and 34.5% of its consolidated revenue from operations, respectively. Further, the segment has contributed significantly to EBIT due to its higher profitability.

UDS started as a facility management (IFM) company over three decades ago. Then gradually, the company expanded its service offerings; before accelerating the pace in the business services segment (BSS). The latter was done via acquisitions, which are now well integrated. Resilience in IFM business is proved via sustained profitability in a highly competitive industry. UDS commands leadership positions in multiple offerings; and leveraging technology has been a key reason for this success. UDS has a 3% market share in Soft Services in India. Total Headcount stood at around 70,000 as on March-2025. Company added 112 new logos during FY25.

Integrated Facility Management (IFM)

UDS service offerings can be broadly split into IFM and BSS. Within each, there are several verticals. The core IFM vertical is developed over the last three decades, whereas certain small sections in the IFM piece and the entire BSS piece is acquired. IFM vertical includes multiple services, out of which soft services remain the core offering. This market remains a very fragmented one; with the largest half a dozen companies accounting for less than 20% of the market. Everything else shouldn't be assumed as informal – rather it's a mix of small, regional formal players and a very long tail of informal operators. This is fast converging to formalised players gaining scale and overall exodus of informal players. Additionally, the IFM market has also been moving fast towards outsourcing, and the trend is likely to continue.

The large categories of services provided by UDS in the IFM space can be categorised into IFM (Hard services + Soft services + PSS + Engineering), warehouse management, catering and feminine hygiene care solutions. Of these, catering and washroom and feminine hygiene solutions were acquired.

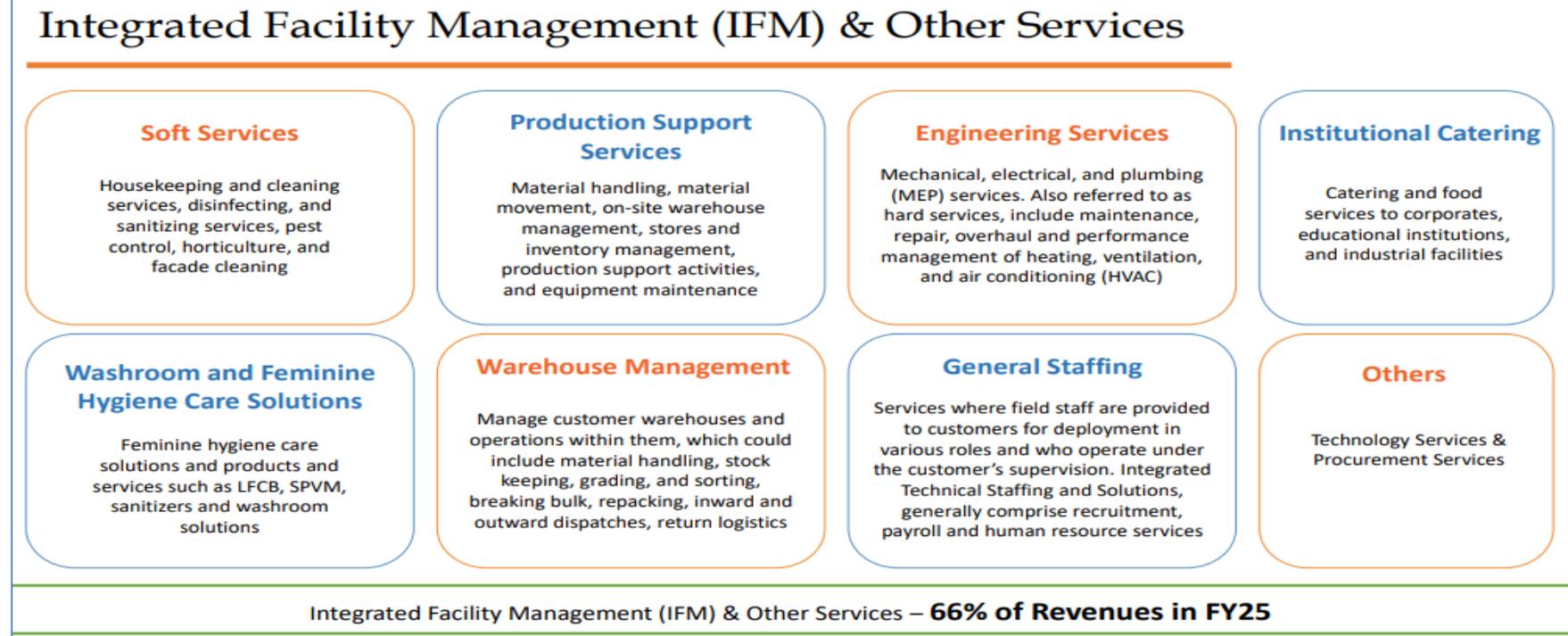
Soft Services: These include services such as housekeeping and cleaning services, disinfecting and sanitizing services, pest control, horticulture, and facade cleaning.

Production Support Services: Production Support Services (PSS) are solutions offered to manufacturing facilities, encompassing material handling, material movement, on-site warehouse management, stores and inventory management, production support activities, and equipment maintenance.

Engineering Services: These mainly comprise services related to mechanical, electrical, and plumbing Washroom and Feminine Hygiene Care

Solutions: These include feminine hygiene care solutions and products & services such as air fresheners, sanitizers, and washroom solutions.

In the IFM segment, top-10 clients contribution stood at 35% of its sales while for top-50 at 67% for FY25. UDS has long standing relationships with customers having a 90%+ retention over last 5-years.



(Source: Company, HDFC sec)

Business Support Services (BSS)

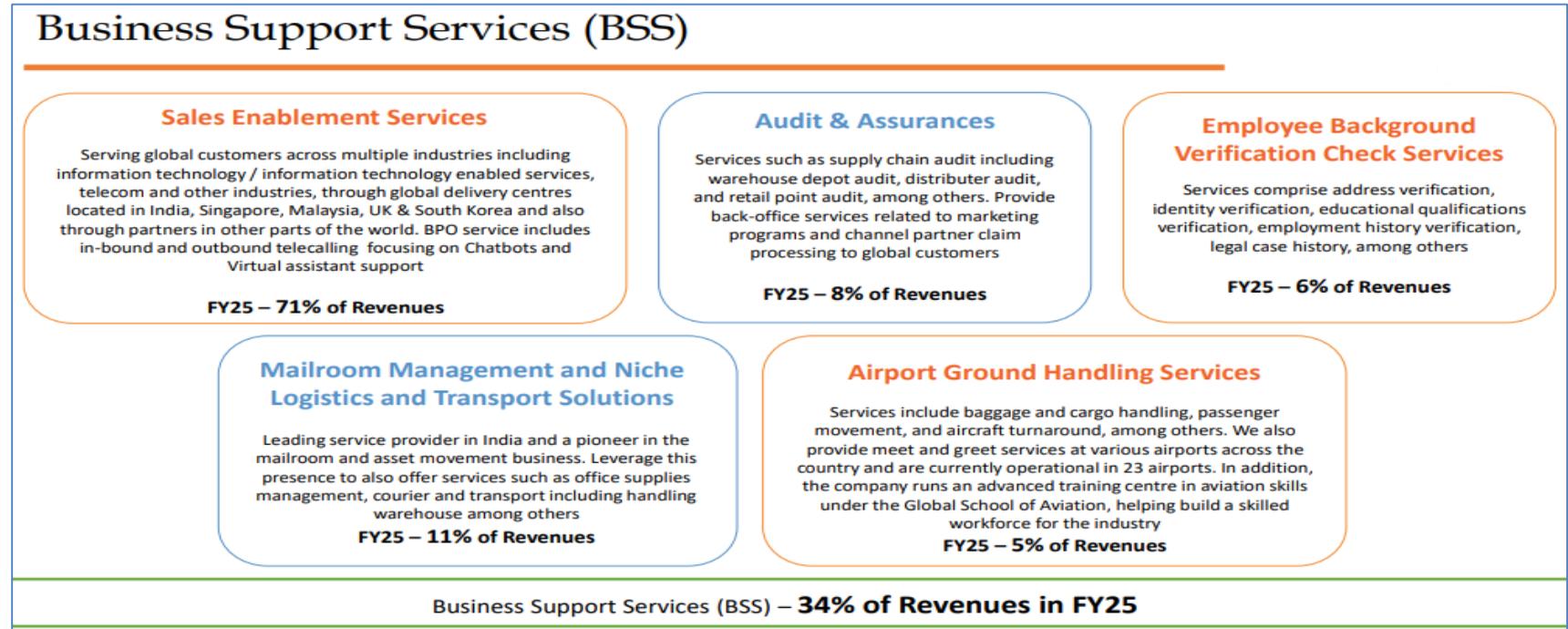
Sales Enablement Services: Focused on serving global customers across multiple industries, including information technology/information technology-enabled services (IT/ITeS), telecom, and other industries. Services include demand generation, lead management, inside sales, database management services, digital marketing, sales and retail analytics, customer outreach, field force management, field marketing services, and outbound telesales.

Employee Background Verification Check Services: These services comprise address verification, identity verification, educational qualifications verification, employment history verification, legal case history.

Audits and Assurance Services: It provides services such as supply chain audits, including warehouse depot audit, distributor audit, and retail point audit, etc.

Airport Ground Handling Services: These services encompass baggage and cargo handling, passenger movement, aircraft turnaround, and other related activities.

Mailroom Management and Niche Logistics Solutions: These services are mainly provided through its subsidiary, Avon, which is a leading service provider in India and a pioneer in the mailroom and asset movement business.



(Source: Company, HDFC sec)

Acquisitions led growth in BSS segment

Besides growing organically through IFM, UDS has undertaken multiple strategic investments over the years to acquire and integrate businesses that complement its BSS portfolio, thereby enabling the creation of a larger business services platform. The fragmented market, growing importance of compliance, and strong industry growth (~15% CAGR over FY24-27E) are providing a broad runway to drive profitable and sustainable outcome for BSS. UDS is drawing more focus and attention in growing this high-margin business (BSS), while leveraging subsidiaries that offer full-stack tech capabilities and have presence in multiple business lines. The company's strategy has been to acquire and integrate businesses that are complementary, thereby creating a bigger business services platform. In the BSS segment, top-10 clients contribution stood at 70% of its sales while for top-50 at ~90% for FY25.

Sales Enablement Services Segment Analysis

This segment is the largest segment within BSS, which contributed ~70% of BSS revenue in FY25. This is emerging as a critical service, as it enables the sales team to go through an effective process to achieve better results. Another significant growth enabler is offshoring from the USA, Europe, and other global countries. The relatively lower labour costs and ability to handle complex tasks, et, make India an attractive destination for outsourcing these services.

These services are mainly provided through its subsidiaries, Denave and Athena. Denave is a sales enablement B2B company focused on serving global customers across multiple industries (IT/ITeS, Telecom & others). Denave is the largest player in this segment, with a market share of ~10% in India. Athena is a B2C outbound tele-sales BPO, focused on the BFSI segment in India. These acquisitions have been undertaken to diversify and broaden its service mix, and also to deliver incremental profitable growth. Both Athena and Denave are marginally accretive to the consolidated business and are expected to outpace it in the medium to long term.

Audit and Assurance Service

Matrix Business Services is a leading Audit and Assurance company for dealer and distributor audits as well as retail audits. Its strong branch presence and field associate reach have driven the company to achieve the top spot in India. It provides services to the FMCG and consumer durable companies to ensure the integrity and performance of their distribution, channel, and retail management operations. Additionally, it caters to supply chain audits, including warehouse depot audit, distributor audit, and retail point audit, et al. with back-office services related to marketing programs and channel partner claim processing for global customers. Employee background verification services encompass address verification, identity verification, verification of educational qualifications, employment history verification, and legal case history, among other services. These services are offered through its subsidiary, Matrix, which is the third largest company in India in the segment with a share of ~6%. Its customers include TCS, Reckitt Benckiser, Kotak Bank, P&G etc.

Denave

On October 27, 2021, the Group acquired 52% equity ownership in Denave India Private Limited (Denave) for a consideration of Rs 63 crore. Denave is primarily engaged in the business of providing sales enablement, support, and staffing services. The total value of purchase consideration of Rs 141.2 crore, includes Rs 78.2 crore on account of obligation to purchase the remaining equity shares (48%) in the future, pursuant to shareholder's agreement between the Group and the promoters of Denave.

Athena

On December 23, 2022, the Group acquired 57% equity ownership in Athena for a consideration of Rs 82 crore. Athena is in the business of providing business process outsourcing (BPO), which mainly offers services to Banks, NBFC, Insurance Companies, and Telecoms. This acquisition enhances the group's competencies in the business service space, especially in the sales enablement services, and drives

synergies between other portfolio companies of the group. The total value of purchase consideration of Rs 143.8 crore includes Rs 58.7 crore on account of obligation to purchase the remaining equity shares (43%) in the future, pursuant to Shareholder's Agreement between the Group and the promoters of Athena.

During Aug-2024, UDS announced that it has acquired 11.5% stake at Rs 16.34 crore and post-acquisition, Updater Services Limited would hold 73.5% in Athena.

Athena BPO Private Limited is engaged in the business of providing services of inbound call centre services, back-office support services, business process outsourcing and data processing services.

Athena BPO had registered revenue of Rs 147 crore and net profit of Rs 14.7 crore for FY24.

BSS service lines poised to deliver exponential growth

UDS is drawing more attention to growing its high-margin business (BSS), while leveraging subsidiaries that offer full-stack tech capabilities and have a presence in multiple business lines. The acquisitions of Denave and Athena have been undertaken to not only diversify and broaden its service mix but also to deliver incremental profitable growth. Both of these businesses are margin-accretive and are expected to achieve a revenue CAGR of ~20% over FY25-27E, respectively. Additionally, the service line was further enhanced by the acquisition of Matrix in 2020. This acquisition added Employee Background Verification and Audit & Assurance services to its portfolio, increasing its horizontal mix and capturing a 5.7% market share. The fragmented market, growing importance of compliance, and strong industry growth (15% CAGR over FY24-FY27E), are providing a broad runway to drive profitable and sustainable development for BSS. This is expected to drive 12.5% revenue CAGR over FY25-27E.

UDS Strategy

Retain, strengthen and grow the customer base: The company emphasises deepening relationships with customers through long-term, renewable contracts, creating a stable revenue model. A strong brand and high-quality service enable customer retention and cross-selling.

Grow market share in key segments: It aims to expand in key segments like commercial real estate and industrial facilities through customer-focused mining and business development. Its 70-member sales and marketing team drives new customer acquisitions and strengthens existing relationships.

Introduce new products and services: To expand its market share, the company will introduce new products and services targeting lucrative segments, leveraging India's economic growth and initiatives such as Make in India. It plans to achieve this through organic development, partnerships, acquisitions, and offerings in integrated facilities management and business support services, including BPO, infrastructure solutions, and specialised staffing.

Increasing high margin business to aid margin expansion

The facility management vertical brings with itself a certain pressure on pricing. BSS aids margin expansion not only by the mix change, but

also better pricing power. This pricing power sets the stage to benefit from operating leverage. The margin decline seen over the past two years is on account of losses in the ground handling business, the slowdown in the employee verification business and investments. UDS continued to invest and increase its shareholding in its investees. Additionally, the airport ground handling business needs a gestation period. These aspects shall enable return ratios to improve substantially over the medium term. UDS delivered healthy return ratios earlier, and now the business mix is even better.

IFM Industry Outlook

The IFM services have experienced significant growth, driven by increasing awareness, the expansion of outsourcing non-core business activities, and strong demand in the real estate sector. The commercial offices segment would remain a key contributor to market growth, experiencing higher demand from the IT/ITeS and BFSI segments.

The global facilities management (FM) market is undergoing a significant transformation driven by technological innovation, new business models, emerging value propositions, competitive disruption, and innovative service offerings.

Asia is the largest FM market and is highly diverse. While Australia, the most developed market in the region for both FM and IFM, has reached a certain degree of maturity, other markets such as China and India, are still in their infancy stages. These markets are expected to grow steadily and become more competitive over time. The low penetration of FM services markets in many of Asia's fast-growing economies indicates that immense potential exists for market participants to grow and develop as outsourcing becomes more commonplace in the next 10 years.

Given the current expansion and increased investments in the IT and BFSI segments, the demand for professional IFM services is on the rise. The IT sector is transitioning towards more personalised and customised services, utilising both hard and soft FM services. This shift is expected to increase consumption propensity and create opportunities for outsourcing.

BSS Services

The BSS is a set of ancillary services that facilitate companies streamline and enhance non-core business operations smoothly and effectively. These services include end-to-end supply chain audits, such as warehouse depot audits, distributor audits, retail point audits, market hygiene audits, and channel/trade claims processing, as well as schemes administration and trade programs. Business support services, when conducted internally, can be expensive and time-consuming if not handled efficiently. Organisations may lack the expertise and resources to effectively manage these services.

Sales Enablement Services was the largest segment within BSS as of FY25. Improvisation of internal business processes and the need for technology adoption are the major drivers of the Sales Enablement Services market in India. One of the customers' needs is to enhance the targeting and efficiency of their business development teams by providing them with qualified leads. Another major growth enabler is the offshoring of work from the US, Europe, and other countries worldwide.

Key Risks

Customers are highly price sensitive, and this has resulted in an increasing preference for FM companies, which are non-compliant with regulations related to the Provident Fund (PF), Employees' State Insurance Scheme (ESIC), etc.

It faces significant employee-related regulatory risks, and any significant disputes with its employees and/or concerned regulators may adversely affect its business prospects, results of operations, and financial condition.

If UDS faces an increase in employee costs that it is unable to pass on to its customers, the company may not maintain its competitive advantage and its profitability could be impacted.

The market is highly competitive, with a large number of domestic and a few international companies. It is also noted that some big domestic companies with principal businesses in real estate are entering this market by forming subsidiaries, thereby intensifying competition.

If the company loses its key customer from its business segments, that may lead to lower revenue and profitability as well.

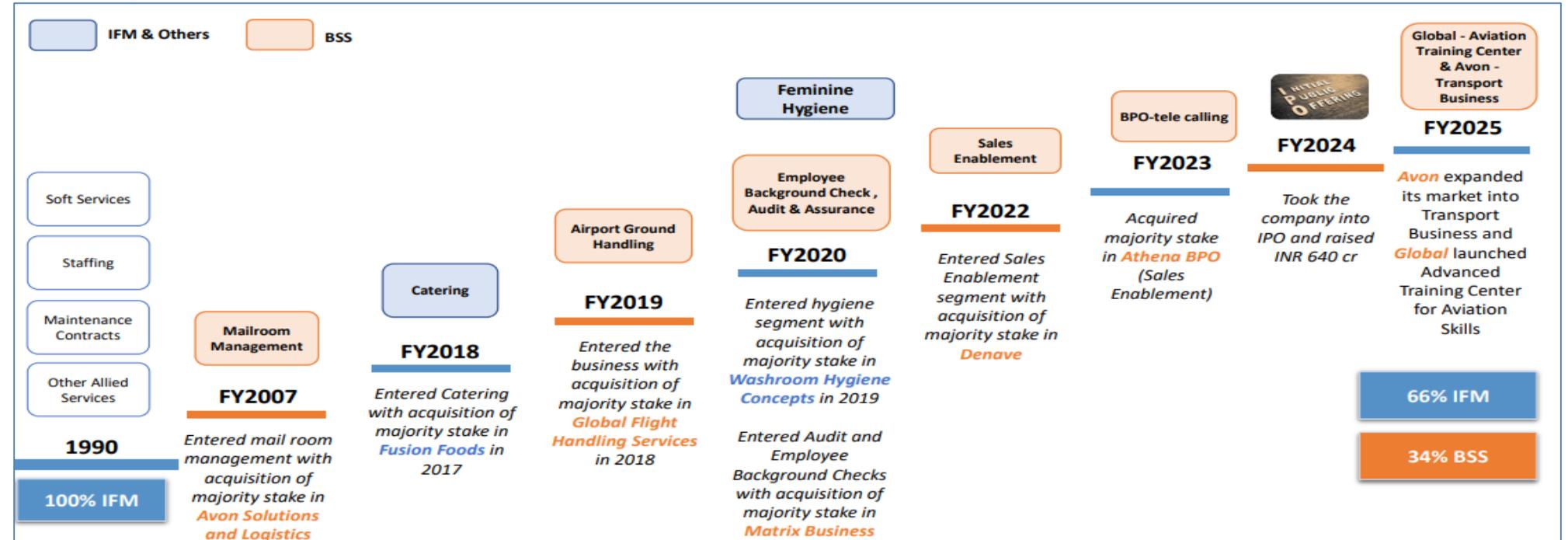
Company Background

Updater Group of Companies was set up in Chennai in 1985 by Mr. Raghunandana Tangirala. The flagship company of the Group, Updater Services Limited (UDS), is one of India's leading integrated facility management services providers and staffing solutions companies. Updater Services (UDS) is one of the leading business service providers in India, with a presence in Integrated Facilities Management (IFM) and other Business Support Services (BSS) segments, including sales enablement, Business Process Services (BPS), recruitment, and sales audits.

It is headquartered in Chennai and close to ~70,000 employees across 4,000+ locations, providing services. UDS offers a comprehensive range of services, including soft facility management (housekeeping, gardening) and hard facility management (electrical and mechanical maintenance, server management), to a diverse set of customers across various industries nationwide. Some of its subsidiaries offer solutions in the space of audit and assurances, mail room management, catering services, employee background verification services, sales enablement services, and ground handling services at airports.

The company had come out with an IPO in September 2023. It had offered shares at Rs 300 per share and raised Rs 640 crore through the same. It consisted of fresh issuance worth Rs 400 crore and Offer for sale (OFS) of Rs 240 crore. Post IPO, promoter holding fell from 80.6% to 58.47%. The promoter and group hold a 58.88% stake as of March 2025.

UDS Journey



(Source: Company, HDFC sec)

Financials (Consolidated)

Income Statement

(Rs Cr)	FY23	FY24	FY25P	FY26E	FY27E
Net Revenue	2099	2444	2736	3051	3368
Growth (%)	41.5	16.5	11.9	11.5	10.4
Operating Expenses	2006	2310	2569	2858	3145
EBITDA	93	134	167	193	223
Growth (%)	18.6	44.6	24.3	15.6	16.0
EBITDA Margin (%)	4.4	5.5	6.1	6.3	6.6
Depreciation	37	54	47	52	59
EBIT	56	80	119	140	164
Other Income	13	24	36	31	35
Interest expenses	15	19	10	9	8
PBT	54	84	145	162	191
Tax	20	18	26	31	39
RPAT	36	68	119	132	153
Growth (%)	-37.5	89.9	74.9	10.9	15.8
EPS	6.8	10.2	17.8	19.7	22.8

Balance Sheet

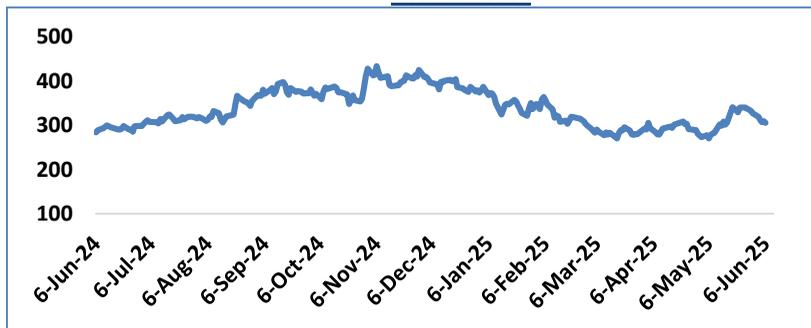
As at March	FY23	FY24	FY25P	FY26E	FY27E
SOURCE OF FUNDS					
Share Capital	53.0	66.9	66.9	66.9	66.9
Reserves	328	773	891	1013	1151
Shareholders' Funds	381	840	958	1080	1218
Net Deferred Taxes	-88	-113	-135	-135	-135
Long Term Provisions & Others	196	114	122	130	144
Minority Interest	7	6	6	6	6
Total Source of Funds	514	847	952	1081	1233
APPLICATION OF FUNDS					
Net Block	101	117	115	110	119
Intangible Assets	258	250	244	244	244
Non Current Investments	28	28	33	38	45
Long Term Loans & Advances	25	29	36	40	46
Total Non Current Assets	411	424	427	431	453
Current Investments	4	2	35	49	78
Inventories	7	7	8	14	18
Trade Receivables	428	504	608	685	758
Short term Loans & Advances	67	49	45	51	58
Cash & Equivalents	165	151	233	301	366
Other Current Assets	31	274	87	96	113
Total Current Assets	703	986	1016	1197	1392
Short-Term Borrowings	159	53	48	55	66
Trade Payables	79	79	89	103	111
Other Current Liab & Provisions	328	391	321	350	388
Short-Term Provisions	33	40	33	39	47
Total Current Liabilities	599	563	491	548	612
Net Current Assets	103	423	524	649	780
Total Application of Funds	514	847	952	1081	1233

(Source: Company, HDFC sec)

Cash Flow Statement

(Rs Cr)	FY23	FY24	FY25P	FY26E	FY27E
Reported PBT	54	84	145	162	191
Non-operating & EO items	-13	-24	-36	-31	-35
Interest Expenses	15	19	10	9	8
Depreciation	37	54	47	52	59
Working Capital Change	42	10	-69	-57	-66
Tax Paid	-20	-42	-47	-31	-39
OPERATING CASH FLOW (a)	115	103	51	104	119
Capex	-52	-39	-14	-48	-68
Free Cash Flow	63	64	37	56	51
Investments	-115	-342	-4	-9	-13
Non-operating income	13	24	36	31	35
INVESTING CASH FLOW (b)	-153	-356	19	-26	-46
Debt Issuance / (Repaid)	110	-170	-25	8	14
Interest Expenses	-15	-19	-10	-9	-8
FCFE	158	-125	2	55	57
Share Capital/IPO	2	413	0	0	0
Dividend	0	0	0	-9	-14
FINANCING CASH FLOW (c)	96	223	-35	-10	-8
NET CASH FLOW (a+b+c)	57	-31	35	68	65

Price chart



(Source: Company, HDFC sec)

Key Ratios

	FY23	FY24	FY25P	FY26E	FY27E
Profitability (%)					
EBITDA Margin	4.4	5.5	6.1	6.3	6.6
EBIT Margin	2.7	3.3	4.4	4.6	4.9
PAT Margin	1.7	2.7	4.4	4.3	4.5
RoE	9.9	11.1	13.2	12.9	13.3
RoCE	9.0	8.2	10.9	11.4	11.9
Solvency Ratio (x)					
Net Debt/EBITDA	0.1	-0.7	-1.3	-1.5	-1.7
D/E	0.46	0.1	0.1	0.1	0.1
Net D/E	0.0	-0.1	-0.2	-0.3	-0.3
PER SHARE DATA (Rs)					
EPS	6.8	10.2	17.8	19.7	22.8
CEPS	13.7	18.2	24.8	27.5	31.6
BV	72	125	143	161	182
Dividend	0.0	0.0	0.0	1.3	2.0
Turnover Ratios (days)					
Debtor days	74	75	81	82	82
Inventory days	1	1	1	2	2
Creditors days	47	58	62	64	63
VALUATION (x)					
P/E	45.6	30.3	17.3	15.6	13.5
P/BV	4.3	2.5	2.2	1.9	1.7
EV/EBITDA	22.4	15.5	12.5	10.8	9.3
EV / Revenue	1.0	0.8	0.8	0.7	0.6
Dividend Payout (%)	0.0	0.0	0.0	6.3	8.8

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. These 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 cyclicalities 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.

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