HOLD
TP: Rs 379 | ⮝ 7%

FIRSTSOURCE SOLUTIONS | IT Services | 29 April 2025

FY26 growth guidance strongest among peers, thus far- Top pick in Tier-2.

- **4QFY25 came in at the upper end of guidance. 15.6% YoY CC revenue organic growth in FY25 – top quadrant performance**
- **Guides for 9-12% CC organic revenue growth in FY26 - among the strongest thus far in its peer group. Based on current visibility**
- **Broadly maintain estimates. Raise target PE multiple to account for likely industry leading growth. Maintain HOLD on valuations**

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4QFY25 revenue growth at 2.1% CC terms came in a tad weaker than what we anticipated (3%). However, unlike in the case of many of its peers where 4QFY25 revenue was impacted by postponement of demand or ramp downs by clients the revenue for FirstSource came in at the upper end of the guidance that it had given.

By delivering a revenue of US$250mn in 4QFY25 FSOL delivered on its aspiration of US$1bn of revenue run rate four quarters in advance.

The 12 to 15% constant currency revenue growth guidance for FY26 was quite robust in the context of cautious commentary from most of its peers in the Indian IT/ITES industry post 4QFY25. This guidance includes 300bps from M&A.

The guidance range indicates a CQGR of 2.7% to 3.75% at both ends of the range, respectively. This does appear ambitious in the current macroeconomic context, but it should also be understood that BPM is non- discretionary and Ritesh Idnani, the current FirstSource CEO had beefed up sales, tech and delivery capabilities both organically and inorganically over the last six quarters. FirstSource said that this guidance was based entirely on the visibility that it has currently and does not include either an improvement or deterioration of macro from current levels.

FirstSource delivered 14 large deals in FY25 of which five came in 4Q and three each came in the first 3 quarters. A large deal in the context of Firstsource is a deal having an ACV greater than US$5 million. It says it has been winning these large deals on the back of deep domain expertise and automation & AI skills. The guidance that it has given is also based on a growth in ACV for FY25 by 60% and the deal pipeline at the end of 4QFY25 being 30% higher than it was 12 months back.

The company reiterated its EBIT margin guidance of 50 to 75 basis points improvement YoY from here on until it reaches the 14 to 15% number that most of its peers are at within the BPM segment.

Key changes

Target	Rating
▲	◄ ►

Ticker/Price	FSOL IN/Rs 355
Market cap	US$ 2.9bn
Free float	45%
3M ADV	US$ 13.3mn
52wk high/low	Rs 422/Rs 176
Promoter/FPI/DII	54%/11%/21%

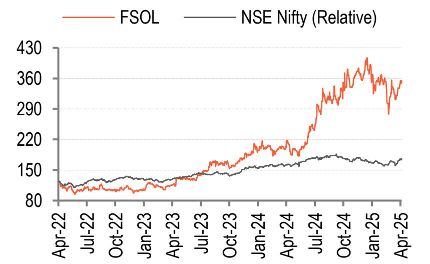
Source: NSE | Price as of 28 Apr 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	79,803	93,299	111,175
EBITDA (Rs mn)	12,077	16,415	20,876
Adj. net profit (Rs mn)	5,857	7,904	10,232
Adj. EPS (Rs)	8.4	11.5	14.8
Consensus EPS (Rs)	8.4	11.5	14.8
Adj. ROAE (%)	15.0	18.4	21.4
Adj. P/E (x)	42.1	30.9	23.9
EV/EBITDA (x)	20.2	14.9	11.8
Adj. EPS growth (%)	14.9	36.0	29.4

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

- FY26 growth is going to be driven by all verticals but Healthcare is expected to deliver outsized growth while financial services is expected to be steady
- At US$1bn revenue run rate FirstSource believes that it is getting the best of both worlds in the sense that it is neither too small to be not invited to deals nor is it too large to be weighed down by legacy projects. It can act as disruptor to larger incumbents.
- We broadly maintain our estimates for FY26/FY27.
- We have raised Target PE multiple on the company. We are now valuing it at 25.6x FY27 EPS. This Target PE multiple is at a 20% premium to the target PE multiple we have accorded to our benchmark TCS. We have raised the PE premium from 10% to 20% to account for the likely stronger revenue performance in a weaker macro set up that we are witnessing today. However, the ~30x 12 month forward multiple compels us to retain our HOLD rating on the stock. It is among our top picks in the Tier-2 coverage universe.

Key Points from the quarter and the earnings call

4QFY25

- Revenue stood at US$250mn. CC revenue growth was 2.1% QoQ and 25% YoY
  - The company achieved an annualized revenue run rate of US$1 bn, surpassing the aspirational goal set for 4QFY26 by four quarters
- EBIT margin was 11.2%, showing an increase of 10 bps QoQ and 20 bps YoY
- BFS vertical saw 5% QoQ growth and 12% YoY growth in CC terms.
- The healthcare vertical saw modest sequential growth but grew 28% YoY in FY25
- The CMT vertical grew 6% QoQ and 12% YoY in CC terms
- Retail and utilities saw a 9% QoQ decline in CC terms, mainly due to seasonal softness.
- In North America, revenue grew 3% QoQ and 30% YoY in constant currency. Growth is expected to remain broad-based across the core verticals.
- Europe saw a 3% QoQ decline, mainly due to softness in the UK retail business, but the company secured significant incremental business from two UK clients to be executed out of South Africa.
- Australia performed well with strong growth
- Headcount at the end of FY25 stood at 34,651, with 507 net hires in 4Q
- TTM attrition was 29.8% in 4Q
- 5 large deals were signed, bringing the total for FY25 to 14 large deals
- New seating capacities were added in Hyderabad, Bangalore, Philippines, and Australia during 4QFY25

- CapEx for FY25 was more than double that of FY24, with over 7,000 seats added in FY25 compared to over 2,000 seats in FY24. The company plans to continue investing in capacity expansion in FY26

FY25

- Revenue stood at US$944mn, showing YoY CC revenue growth of 22.6%, exceeding the high end of the guided range (21.8%–22.3%). This includes 700bps from inorganic elements.
- EBIT margin, excluding one-offs, was 11.1%, within the guided range of 11%–11.5%.

FY26 Outlook

- The company expects revenue growth in the range of 12% to 15% in CC terms and expects EBIT margin to fall within the 11.25% to 12% range
- For FY26, 3% of the guidance is attributed to inorganic growth
  - In FY25, 7% of the growth was driven by inorganic factors
- Regarding growth outlook for FY26, the company expects all industry segments to experience healthy growth. While all sectors will contribute to growth, healthcare is expected to provide significant momentum. Financial services and CMT are projected to continue growing steadily. The utility sector is also expected to grow

Other Points

- Several large deals, including the BPaaS deal, have a staggered ramp-up, and their conversion into revenue will happen over an extended period.
- The company has seen strong deal momentum with consistent large deal wins across all four quarters of FY25. The ACV of FY25 deal wins increased by over 60% YoY. The deal pipeline at the end of 4QFY25 was up by more than 30% compared to 4QFY24.
- There has been no deceleration in the pipeline over the past month; deal flow and opportunities remain stable. Client discussions continue actively, with the company maintaining close engagement to align with strategic priorities despite a volatile macro environment.
- Traditional BPM services are less impacted by discretionary spend cuts compared to IT services, so they are relatively more resilient. Clients are increasingly focused on AI-driven transformation, and these conversations are ongoing and considered essential for future relevance. FSOL is monitoring the situation while continuing to proactively engage clients with transformation and efficiency solutions.
- FSOL gained almost 0.5% market share over the last four quarters compared to a basket of 15 of its closest global publicly traded peers, based on trailing four-quarter reported revenues
- Because of its optimal size FSOL is not constrained by excessive bureaucracy or legacy operations, allowing it to proactively capitalize on AI-driven advancements and emerging industry shifts

- The decrease in margins within the CMT vertical is attributed to the cost of growth, such as the initial ramp-up phase for new logo signings and other factors that need to stabilize to reach a steady state. The company does not view this as a long-term concern and expects margins to improve over time
- The company has closed several large deals, including BPaaS deals, this quarter. As with many large deals, there are some upfront investments involved. However, despite these initial costs, the company expects the margin profile of these deals to be in line with the overall company expectations
- To achieve the guided margin band for FY26, FSOL is focusing on a comprehensive set of margin improvement levers. These include optimizing offshore mix, leveraging automation, AI, and process excellence within existing accounts, and improving workforce management. Additionally, the company is addressing low-margin accounts, rationalizing talent costs, enhancing pricing strategies, reducing attrition, and cutting unnecessary facility costs
- Healthcare Provider Business: The provider segment, though softer recently, presents long-term opportunities due to a $200 billion addressable market. Penetration in the provider space remains low (~20%), and the company is well-positioned with end-to-end Revenue Cycle Management capabilities and a tech-led, AI-enabled approach. Growth is expected from both physician groups and hospital systems, driven by consolidation and efficiency-focused demand
- Historically, the company used to have stronger second halves and relatively softer first halves. The current strategy focuses on building a resilient, steadily growing business that demonstrates consistent performance each quarter rather than depending on half-yearly seasonality. Retail seasonality (typically impacting 4Q due to post-holiday softness) is expected to continue, but the company is working to manage such variations through diversification across verticals and geographies
- While offshore revenue has significantly increased, margin expansion hasn't been fully visible due to deliberate reinvestments into the business

View on the Indian IT Services sector: We reinitiated coverage on the Indian IT Services with an Underweight stance through a report on 1 January 2025 (**Slow is the (new/old) normal**).and reiterated that view with an update on 12th March 2025 (**FY26 unlikely to be better than FY25**)

While both earnings (less so) and PE multiple (more so) have corrected since 1 Jan 2025, we suspect that there are further cuts possible for both FY26 and FY27 earnings under the current macro conditions which we believe could last longer than companies' sanguine commentary.

We believe the industry's structural USD organic revenue growth from here on will be lower than the ~7% CAGR seen during FY15-FY20, possibly ~5% CAGR over FY25-FY30 in constant currency (CC) terms.

Multiple speed breakers post FY25 drive our Underweight stance

Trump policies raise uncertainty. The tariffs, the conditional tax breaks, the immigration push back, DOGE, etc, all point to uncertainty in the coming days which may delay decision making by customers and lead to lower spending.

Higher for longer interest rate environment: One of the reasons for optimism around the Indian IT Services sector in late 2024 has been the view that the US would achieve a soft landing in 2025 (which we define as 0.5-1.5% real GDP growth) and that Fed Funds rate would be gradually lowered from the peak of 5.25-5.5%, driven by lower inflation. This, the market felt, was the apt environment for a broader pick up in discretionary spending beyond that of North American BFSI sector, especially after two muted years when the constant refrain from vendors for the weak growth was of 'macro uncertainty'.

Lately, based on inflation prints and fears of a higher fiscal deficit (due to economic slowdown concerns, not enough gains from DOGE,etc) US 10-year yields rose. There are fears that sustained high interest rates could reduce IT outsourcing demand, particularly in sectors like BFSI and Telecom, and dampen US demand in areas like housing, autos and retail.

Since Trump 2.0 took office and the fact that it is putting into effect a lot of structural repair, the market seems to believe that while growth would slow there would not be a commensurate decline in Inflation. This stagflationary set up and the uncertainty induced by the back and forth on tariff pronouncements, we believe, will lead to slower decision making and spending by US/global corporations on IT. The tariff spat with China is particularly concerning. Discretionary spending which was beginning to look up may go back into a shell again.

Covid-induced pull forward of demand requires a multi-year unwind. We think there were excesses during the compressed transformation phase which are yet to be fully unwound.

Gen AI – value compressive in the near term: Gen AI has significantly boosted revenue in semiconductors, data centres, and hyper scalers, but IT services have seen limited benefits. ROI remains a top concern arising from heavy investments in surrounding services.

Massive hyper scaler AI capex should accentuate re-alignment in IT spend: Software players, including hyper scalers, are increasing capex on AI-related data centres. This will drive higher pricing, forcing enterprises to allocate more IT spend to cloud/SaaS.

Higher competition: Indian Tier-1 companies now face higher competition from Accenture (especially as it loses business due to DOGE), Tier-2 players, and Cognizant, likely slowing their growth compared to FY15-FY20. This is besides the fact that by FY25, Tier-1 revenue will reach US$ 85bn, double that in FY15. Due to the higher base now, growth may not be as rapid.

Weak TCV: The weaker TCV for most players in 9MFY25 (YoY) and lack of any mega deal announcements in recent quarters points to a brewing growth problem for FY26. Many of the large companies like TCS, INFO and HCLT will also grapple with large contributions to incremental revenue by a limited set of large clients in FY25 or the need to set off large pass-through items.

How we are valuing companies: We are using PE methodology and using TCS as our industry benchmark. The target PE used for TCS now is 21.3x, which is the average PE multiple of TCS over the last 10 years less 0.5SD. We have changed this from 24.6x (which is the average PE multiple of TCS over the last five years less 1SD). The changed methodology reflects the changed outlook on growth in FY26. Through our choice of the benchmark Target PE multiple, we seek to capture the probability of downside risks to consensus growth expectations for FY26/FY27, especially due to Trump 2.0 proposals.

Tier- 2 valuation reflects growth gap with Tier-1

The Tier-2 set have been taking away market share from the Tier-1 set due to better execution and due to their smaller size. And unlike in the past cycles, they have performed better than the Tier-1 largely due to better management teams.

However, the current PE premium to Tier-1s is excessive as we believe that to deliver on the high consensus revenue growth expectations, they may be taking on more cost take-out projects which are likely to impact their margins adversely.

Fig 1 – Quarterly results: Comparison of actuals with estimates

Y/E Mar (Rsmn)	4QFY24	3QFY25	4QFY25	YoY(%)	QoQ (%)	4QFY25E	Deviation (%)
Net Sales (USD mn)	**201**	**249**	**250**	**24.4**	**0.4**	**255**	**(1.9)**
Net Sales	**16,705**	**21,024**	**21,615**	**29.4**	**2.8**	**22,052**	**(2.0)**
Cost of Sales	14,201	17,847	18,286	28.8	2.5	18,702	(2.2)
% of Sales	85.0	84.9	84.6			84.8	
EBITDA Margin	2,504	3,177	3,328	32.9	4.8	3,349	(0.6)
% of Sales	15.0	15.1	15.4			15.2	
Depreciation	673	844	906	34.6	7.3	832	9.0
EBIT	**1,831**	**2,333**	**2,422**	**32.3**	**3.8**	**2,518**	**(3.8)**
EBIT Margin (%)	**11.0**	**11.1**	**11.2**			**11.4**	
Interest Expenses	312	375	391	25.3	4.3	365	7.3
Other Income	75	(39)	(14)	(118.7)	(64.1)	53	(126.6)
Exceptional Items			0			0	
PBT	1,594	1,919	2,017	26.5	5.1	2,206	(8.6)
Provision for Tax	258	404	410	59.0	1.6	444	(7.6)
Effective Tax Rate	16.2	21.1	20.3			20.1	
PAT (Reported)	**1,336**	**1,515**	**1,607**	**20.3**	**6.1**	**1,762**	**(8.8)**
NPM (%)	**8.0**	**7.2**	**7.4**			**8.0**	**(6.9)**

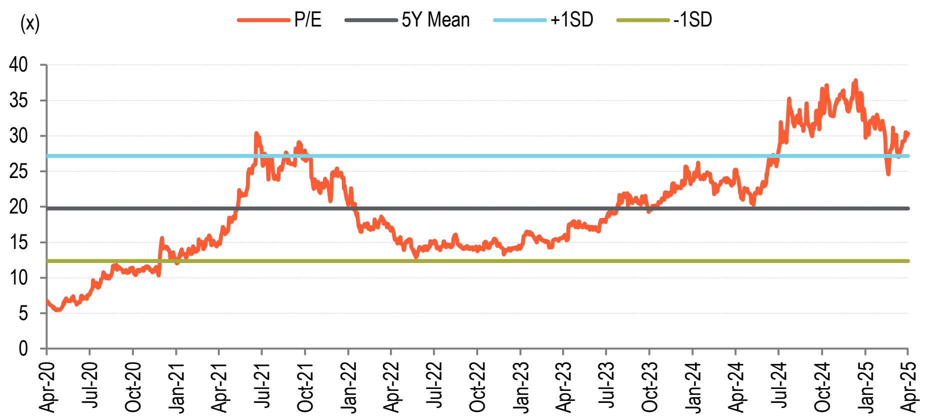
Source: Company, BOBCAPS Research

Fig 2 – Revised Estimates

	New		Old		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
INR/USD	87.3	89.3	87.3	89.3	-	-
USD Revenue (USD mn)	1,069	1,245	1,069	1,245	0.0	0.0
USD Revenue Growth (%)	13.3	16.5	12.8	16.5		
Revenue (Rsmn)	93,299	111,175	93,292	111,151	0.0	0.0
EBIT (Rsmn)	11,233	14,033	11,232	14,011	0.0	0.2
EBIT Margin (%)	12.0	12.6	12.0	12.6		
PAT (Rsmn)	7,904	10,232	8,049	10,481	(1.8)	(2.4)
FDEPS (Rs)	11.5	14.8	11.7	15.2	(2.1)	(2.6)

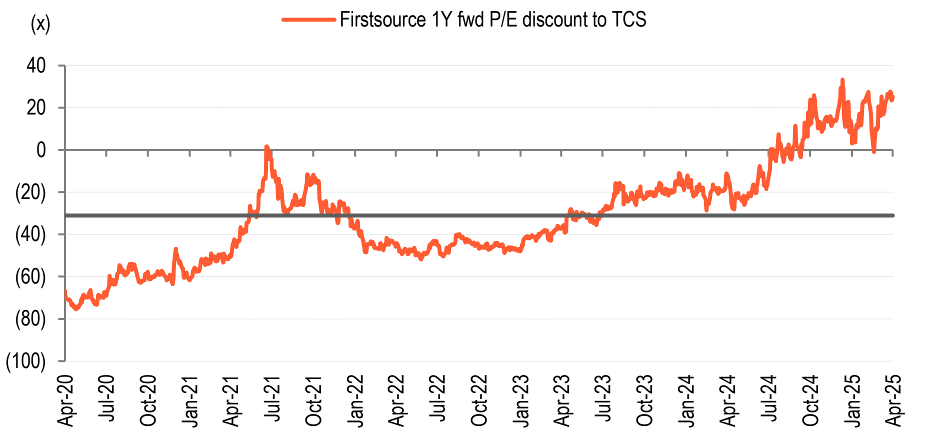
Source: Company, BOBCAPS Research

Fig 3 – 5 Year PE trend



Source: Company, BOBCAPS Research

Fig 4 – Premium/ Discount to TCS



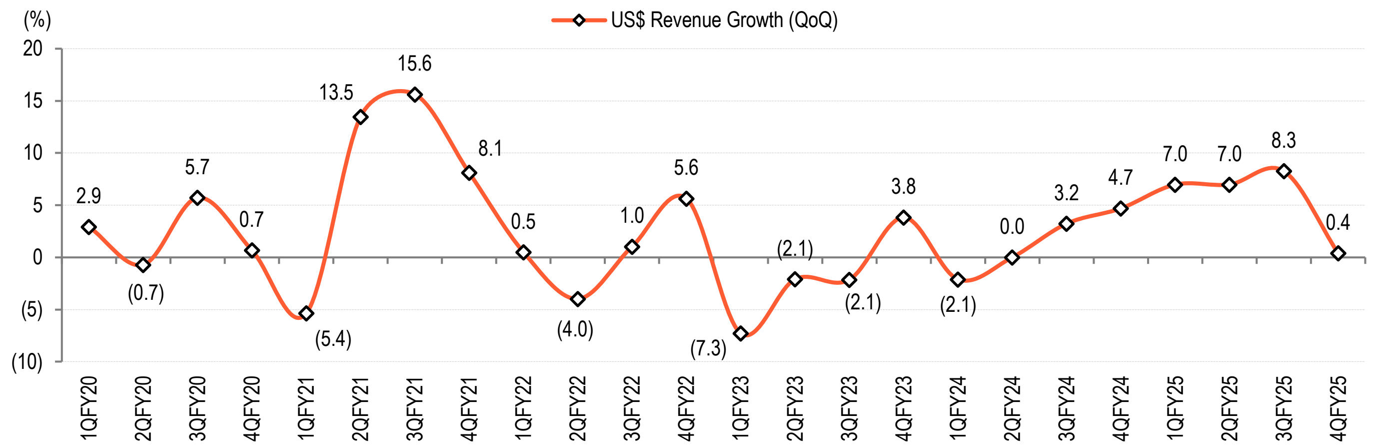
Source: Company, BOBCAPS Research

Fig 5 – P&L at a glance

(YE March) Rs mn	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Average INR/USD			**69.2**	**70.0**	**73.5**	**73.8**	**79.7**	**82.8**	**84.5**	**87.3**	**89.3**
Net Sales (USD mn)			**547**	**578**	**686**	**795**	**751**	**765**	**944**	**1,069**	**1,245**
-Growth (%)				**5.7**	**18.7**	**15.9**	**(5.5)**	**1.9**	**23.4**	**13.3**	**16.5**
Net Sales	35,556	35,353	38,262	40,987	50,779	59,212	60,222	63,363	79,803	93,299	111,175
-Growth (%)		(0.6)	8.2	7.1	23.9	16.6	1.7	5.2	25.9	16.9	19.2
Cost of Sales & Services	31,176	30,763	32,908	34,698	42,790	49,614	51,958	53,797	67,727	76,884	90,299
EBITDA Margin	4,380	4,590	5,354	6,289	7,989	9,598	8,264	9,566	12,077	16,415	20,876
% of sales	12.3	13.0	14.0	15.3	15.7	16.2	13.7	15.1	15.1	17.6	18.8
Depreciation	590	659	745	1,852	2,064	2,495	2,631	2,603	3,271	5,182	6,842
EBIT	**3790**	**3931**	**4609**	**4437**	**5925**	**7103**	**5633**	**6963**	**8806**	**11233**	**14033**
EBIT Margin (%)	**10.7**	**11.1**	**12.0**	**10.8**	**11.7**	**12.0**	**9.4**	**11.0**	**11.0**	**12.0**	**12.6**
Interest Expense	421	338	225	513	496	604	732	1,034	1,383	1,694	1,694
Other income (net)	(1)	(11)	(26)	17	(13)	(30)	1,251	368	(104)	384	505
PBT	3,369	3,581	4,358	3,941	5,416	6,469	6,152	6,297	7,319	9,922	12,844
-PBT margin (%)	9.5	10.1	11.4	9.6	10.7	10.9	10.2	9.9	9.2	10.6	11.6
Provision for tax	577	314	581	544	701	1,097	1,015	1,150	1,462	2,018	2,612
Effective tax rate (%)	17.1	8.8	13.3	13.8	16.2	17.0	16.5	18.3	19.7	20.3	20.3
Net profit	**2,792**	**3,267**	**3,777**	**3,397**	**4,715**	**5,372**	**5,137**	**5,147**	**5,857**	**7,904**	**10,232**
-Growth (%)		**17.0**	**15.6**	**(10.1)**	**38.8**	**13.9**	**(4.4)**	**0.2**	**13.8**	**35.0**	**29.4**
-Net profit margin (%)	**7.9**	**9.2**	**9.9**	**8.3**	**9.3**	**9.1**	**8.5**	**8.1**	**7.3**	**8.5**	**9.2**

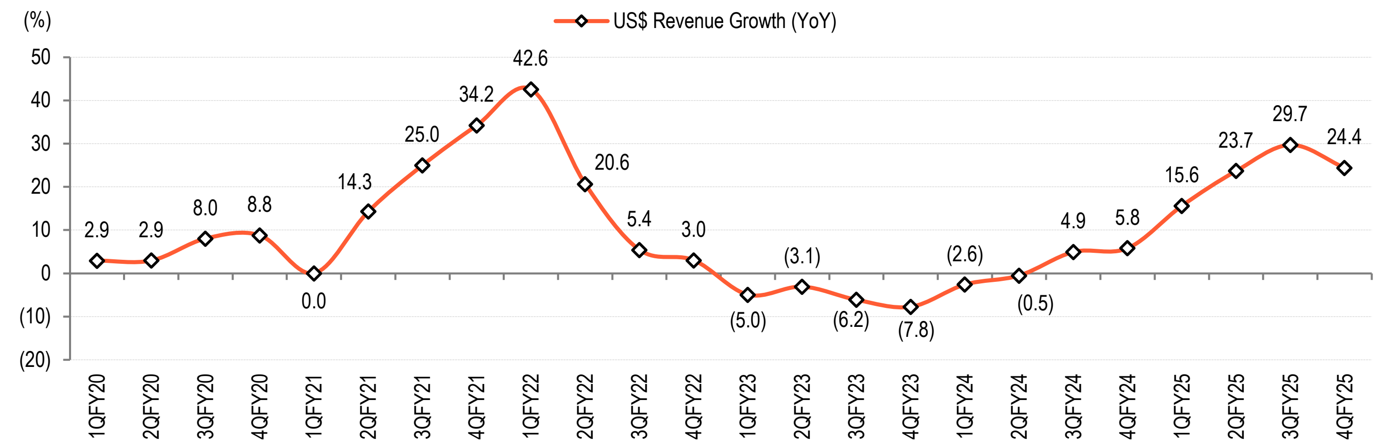
Source: Company, BOBCAPS Research

Fig 6 – QoQ US$ Revenue Growth



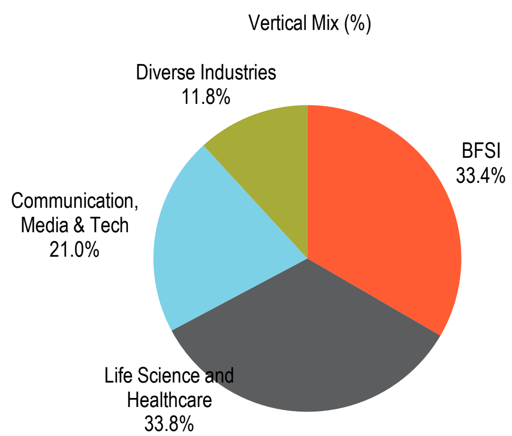
Source: Company, BOBCAPS Research

Fig 7 – YoY US$ Revenue Growth



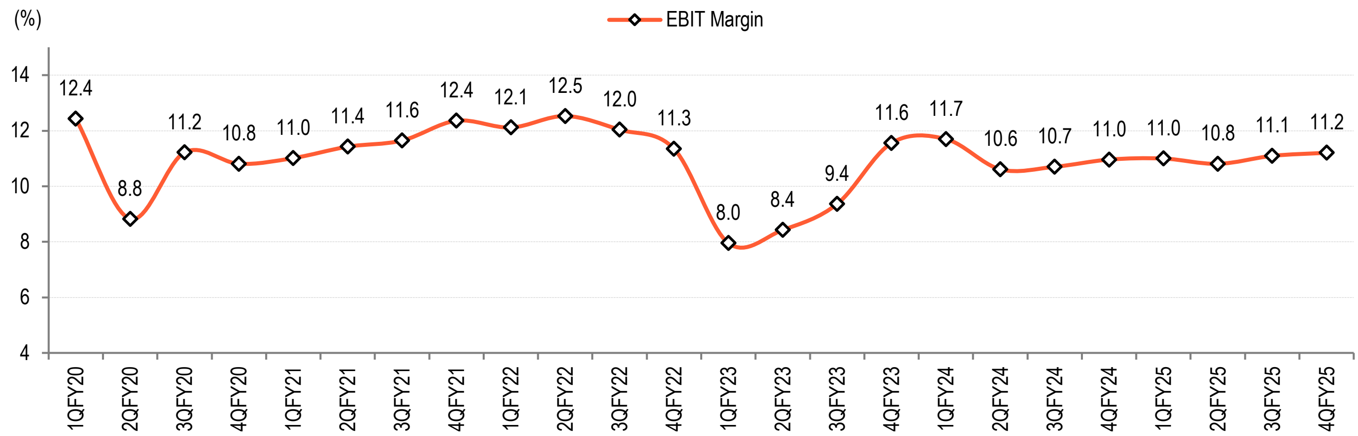
Source: Company, BOBCAPS Research

Fig 8 – 4QFY25 Vertical Revenue Mix



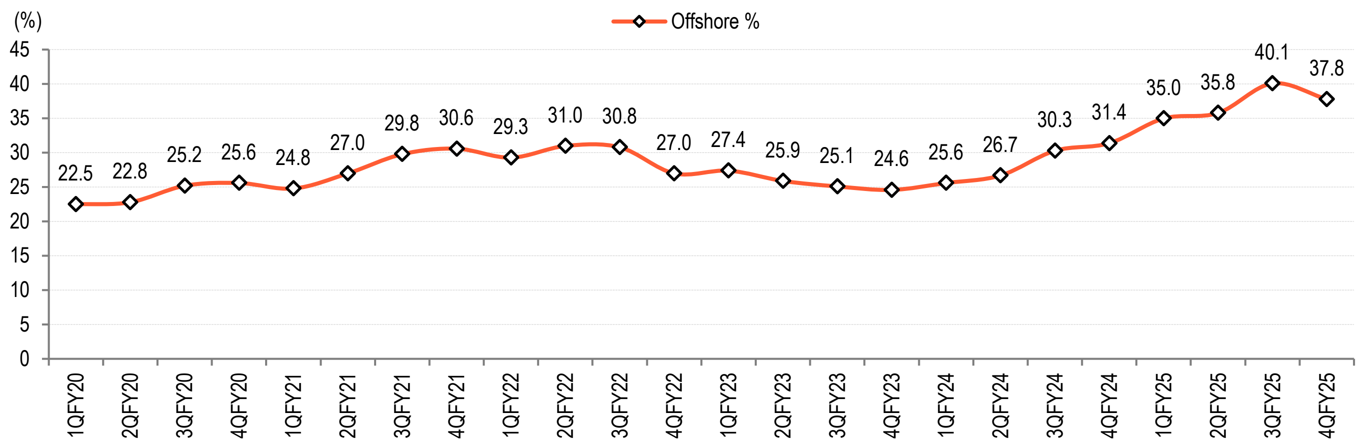
Source: Company, BOBCAPS Research

Fig 9 – EBIT Margin trend



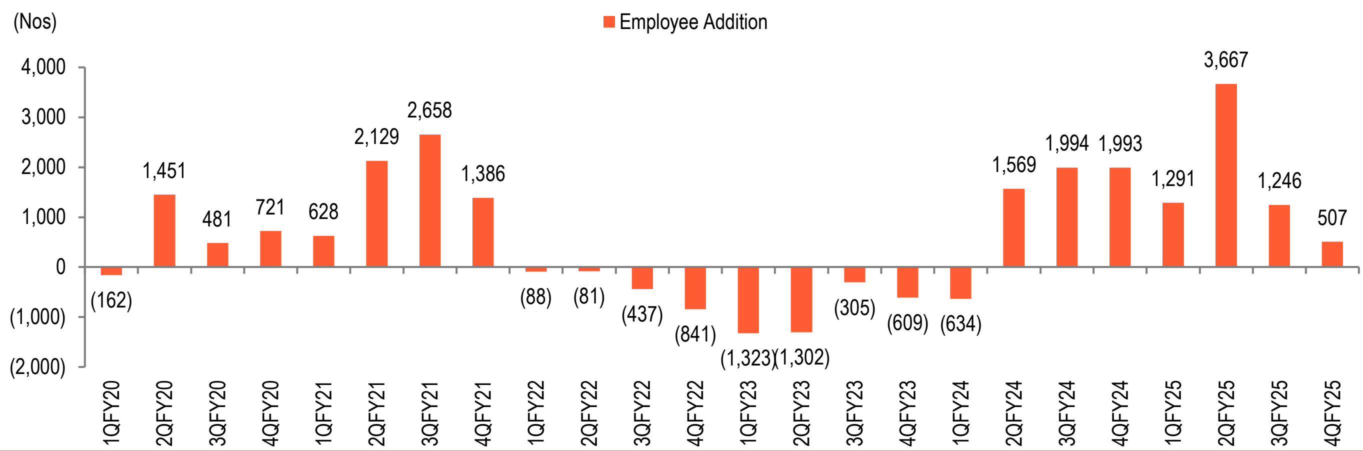
Source: Company, BOBCAPS Research

Fig 10 – Revenue by Delivery – Offshore trend (%)



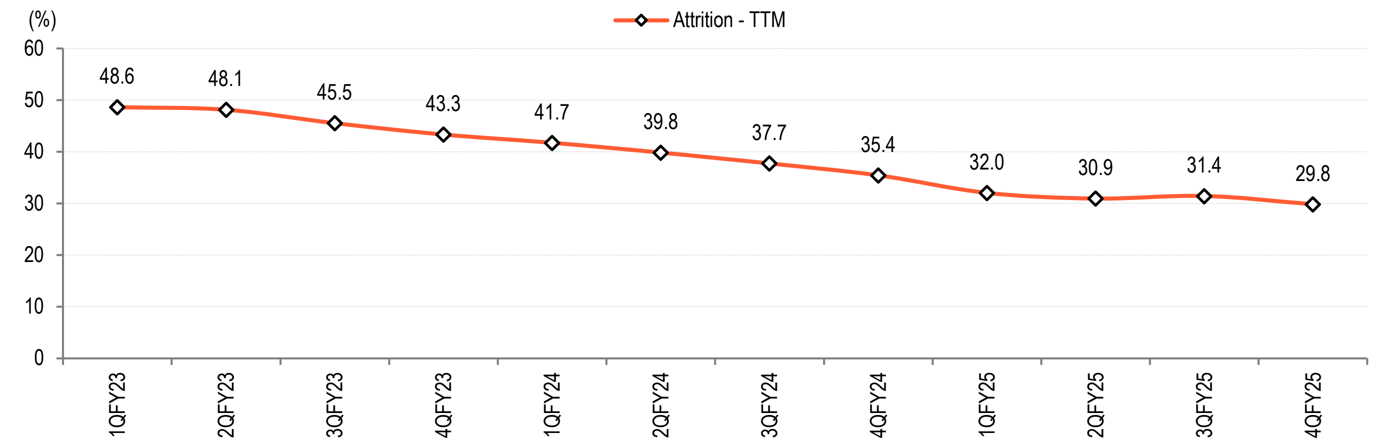
Source: Company, BOBCAPS Research

Fig 11 – Net Employee Addition(QoQ)



Source: Company, BOBCAPS Research

Fig 12 – TTM Attrition



Source: Company, BOBCAPS Research

Fig 13 – Quarterly Snapshot

Year to 31 March	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
INR/USD	76.0	78.8	82.1	81.9	82.1	82.9	83.1	83.0	83.4	83.8	84.4	86.5
Revenue (in USDmn)	**191**	**187**	**183**	**190**	**186**	**186**	**192**	**201**	**215**	**230**	**249**	**250**
(Rsmn)												
Revenue	14,723	14,882	15,049	15,568	15,292	15,400	15,966	16,705	17,911	19,254	21,024	21,615
EBITDA	1,810	1,917	2,096	2,441	2,402	2,288	2,372	2,504	2,699	2,873	3,177	3,328
EBIT	1,171	1,254	1,409	1,799	1,789	1,634	1,709	1,831	1,970	2,081	2,333	2,422
Other income	54	482	610	105	6	153	134	75	(11)	(40)	(39)	(14)
PBT	1,048	1,549	1,836	1,719	1,552	1,543	1,608	1,594	1,673	1,711	2,007	2,017
Tax	197	255	257	306	293	278	321	258	320	328	404	410
PAT	851	1,294	1,579	1,413	1,259	1,265	1,287	1,336	1,353	1,383	1,603	1,607
Number of shares	703.3	703.3	701.8	699.5	699.4	702.8	699.2	703.2	704.7	705.6	706.0	704.8
EPS	1.2	1.8	2.3	2.0	1.8	1.8	1.8	1.9	1.9	2.0	2.3	2.3
YoY Growth (%)												
USD Revenue	(5.0)	(3.1)	(6.2)	(7.8)	(2.6)	(0.5)	4.9	5.8	15.6	23.7	29.7	24.4
INR Revenues	(0.8)	4.2	2.8	0.8	3.9	3.5	6.1	7.3	17.1	25.0	31.7	29.4
EBITDA	(24.0)	(19.7)	(11.9)	(0.3)	32.7	19.4	13.1	2.6	12.4	25.6	33.9	32.9
EBIT	(34.9)	(29.9)	(20.0)	2.7	52.8	30.3	21.3	1.8	10.1	27.4	36.5	32.3
Net profit	(36.7)	(4.1)	16.5	6.7	47.9	(2.2)	(18.5)	(5.4)	7.5	9.3	24.6	20.3
QoQ Growth (%)												
USD Revenues	(7.28)	(2.1)	(2.1)	3.83	(2.11)	-	3.23	4.69	6.97	6.98	8.26	0.40
INR Revenues	(4.6)	1.1	1.1	3.4	(1.8)	0.7	3.7	4.6	7.2	7.5	9.2	2.8
EBITDA	(26.1)	5.9	9.3	16.5	(1.6)	(4.7)	3.7	5.6	7.8	6.4	10.6	4.8
EBIT	(33.2)	7.1	12.4	27.7	(0.6)	(8.7)	4.6	7.2	7.6	5.6	12.1	3.8
Net profit	(35.7)	52.1	22.0	(10.5)	(10.9)	0.5	1.7	3.8	1.3	2.2	15.9	0.3
Margins (%)												
EBITDA	12.3	12.9	13.9	15.7	15.7	14.9	14.9	15.0	15.1	14.9	15.1	15.4
EBIT	8.0	8.4	9.4	11.6	11.7	10.6	10.7	11.0	11.0	10.8	11.1	11.2
PAT	5.8	8.7	10.5	9.1	8.2	8.2	8.1	8.0	7.6	7.2	7.6	7.4
SGA	4.3	4.5	4.6	4.1	4.0	4.2	4.2	4.0	4.1	4.1	4.0	4.2

Source: Company, BOBCAPS Research

Fig 14 – Key Metrics

	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
P and L (Rs mn)												
Revenue	14,723	14,882	15,049	15,568	15,292	15,400	15,966	16,705	17,911	19,254	21,024	21,615
EBITDA	1,810	1,917	2,096	2,441	2,402	2,288	2,372	2,504	2,699	2,873	3,177	3,328
EBIT	1,171	1,254	1,409	1,799	1,789	1,634	1,709	1,831	1,970	2,081	2,333	2,422
PAT	851	1,294	1,579	1,413	1,259	1,265	1,287	1,336	1,353	1,383	1,603	1,607
Vertical Mix (%)												
BFSI	46.3	43.4	41.8	40.3	40.8	40.8	38.3	37.3	36.4	34.4	32.4	33.4
Life Science and Healthcare	32.1	34.5	34.2	33.2	32.6	32.7	33.5	32.9	35.7	36.3	34.0	33.8
Communication, Media & Tech	20.2	20.2	21.6	22.3	21.8	21.2	22.5	23.6	22.3	21.3	20.3	21.0
Diverse Industries	1.4	1.9	2.4	4.2	4.8	5.3	5.7	6.2	5.6	8.0	13.3	11.8
Geographic Mix (%)												
North America	68.4	67.2	64.9	63.3	63.5	65.1	65.4	65.0	68.2	68.5	66.3	67.7
Europe, Middle East and Africa	30.1	31.3	34.1	36.3	36.4	34.8	34.5	34.9	31.8	31.4	33.6	31.5
ROW	1.5	1.5	1.0	0.4	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.8
Delivery (%)												
Offshore	27.4	25.9	25.1	24.6	25.6	26.7	30.3	31.4	35	35.8	40.1	37.8
Onsite	72.6	74.1	74.9	75.4	74.4	73.3	69.7	68.6	65	64.2	59.9	62.2
Clients Concentration (%)												
Top 10 Client									51.5	48.6	43.5	43.7
Top 5 Client	36.4	36.6	38.5	37.4	37.2	35	35.8	36.7	34.6	32.5	29.2	29.3
Employee Number	25,234	23,932	23,627	23,018	22,384	23,953	25,947	27,940	29,231	32,898	34,144	34,651
Net Addition	(1,323)	(1,302)	(305)	(609)	(634)	1,569	1,994	1,993	1,291	3,667	1,246	507
(US$ mn)												
Revenue	191	187	183	190	186	186	192	201	215	230	249	250
EBIT	15	16	17	22	22	20	21	22	24	25	28	28
PAT	11	16	19	17	15	15	15	16	16	17	19	19
Productivity Metrics												
Per Capita (Annualised)												
Revenue	30,277	31,255	30,982	33,018	33,238	31,061	29,599	28,776	29,421	27,965	29,171	28,859
EBIT	2,441	2,660	2,904	3,816	3,895	3,292	3,171	3,156	3,231	3,020	3,238	3,232
PAT	1,774	2,745	3,254	2,997	2,741	2,549	2,388	2,303	2,219	2,007	2,224	2,144

Source: Company, BOBCAPS Research

Fig 15 – QoQ and YoY growth across various parameters

(in US$)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
QoQ Growth (%)												
Revenue	(7.3)	(2.1)	(2.1)	3.8	(2.1)	0.0	3.2	4.7	7.0	7.0	8.3	0.4
Geographical Data												
North America	(10.3)	(3.8)	(5.5)	1.3	(1.8)	2.5	3.7	4.0	12.2	7.4	4.8	2.5
Europe, Middle East and Africa	1.5	1.8	6.6	10.5	(1.8)	(4.4)	2.3	5.9	(2.5)	5.6	15.8	(5.9)
ROW	(22.7)	(2.1)	(34.8)	(58.5)	(75.5)	0.0	3.2	4.7	NA	NA	8.3	703.2
Verticals												
BFSI	(12.4)	(8.2)	(5.7)	0.1	(0.9)	0.0	(3.1)	2.0	4.4	1.1	2.0	3.5
Life Science and Healthcare	(1.8)	5.2	(3.0)	0.8	(3.9)	0.3	5.8	2.8	16.1	8.8	1.4	(0.2)
Communication, Media & Tech	(1.4)	(2.1)	4.6	7.2	(4.3)	(2.8)	9.6	9.8	1.1	2.2	3.2	3.9
Diverse Industries	(23.6)	32.9	23.6	81.7	11.9	10.4	11.0	13.9	(3.4)	52.8	80.0	(10.9)
Delivery												
Offshore	(5.9)	(7.5)	(5.2)	1.8	1.9	4.3	17.1	8.5	19.2	9.4	21.3	(5.4)
Onshore	(7.8)	(0.1)	(1.1)	4.5	(3.4)	(1.5)	(1.8)	3.0	1.4	5.7	1.0	4.3
YoY Growth (%)												
Revenue	(5.0)	(3.1)	(6.2)	(7.8)	(2.6)	(0.5)	4.9	5.8	15.6	23.7	29.7	24.4
Geographical Data												
North America	(3.9)	(4.8)	(12.7)	(17.4)	(9.6)	(3.6)	5.7	8.6	24.1	30.1	31.5	29.5
Europe, Middle East and Africa	(8.0)	0.8	12.3	21.7	17.8	10.6	6.1	1.7	1.0	11.6	26.3	12.3
ROW	9.6	(3.1)	(44.8)	(79.5)	(93.5)	(93.4)	(89.5)	(73.6)	NA	23.7	29.7	895.0
Verticals												
BFSI	(14.9)	(14.0)	(18.8)	(24.1)	(14.2)	(6.5)	(3.9)	(2.1)	3.1	4.3	9.7	11.4
Life Science and Healthcare	14.2	12.9	5.9	1.1	(1.1)	(5.7)	2.8	4.8	26.6	37.3	31.6	27.8
Communication, Media & Tech	(2.1)	0.4	3.4	8.3	5.1	4.4	9.3	12.0	18.2	24.2	17.0	10.7
Diverse Industries	(33.5)	(8.0)	25.1	127.9	233.9	177.5	149.2	56.2	34.9	86.7	202.6	136.7
Delivery												
Offshore	(11.1)	(19.0)	(23.5)	(16.0)	(9.0)	2.5	26.7	35.0	58.0	65.8	71.6	49.7
Onshore	(2)	4	2	(5)	(0)	(2)	(2)	(4)	1	8	11	13

Source: Company, BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
Total revenue	**60,222**	**63,363**	**79,803**	**93,299**	**111,175**
EBITDA	8,264	9,566	12,077	16,415	20,876
Depreciation	2,631	2,603	3,271	5,182	6,842
EBIT	5,633	6,963	8,806	11,233	14,033
Net interest inc./(exp.)	(732)	(1,034)	(1,383)	(1,694)	(1,694)
Other inc./(exp.)	1,251	368	(104)	384	505
Exceptional items	0	0	0	0	0
EBT	6,152	6,297	7,319	9,922	12,844
Income taxes	1,015	1,150	1,462	2,018	2,612
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**5,137**	**5,147**	**5,857**	**7,904**	**10,232**
Adjustments	0	0	0	0	0
Adjusted net profit	**5,137**	**5,147**	**5,857**	**7,904**	**10,232**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
Accounts payables	2,314	3,056	3,976	4,520	5,385
Other current liabilities	13,282	13,353	20,311	20,311	20,311
Provisions	137	188	241	241	241
Debt funds	1,394	42	3,419	2,419	1,419
Other liabilities	5,848	7,188	10,299	10,299	10,299
Equity capital	6,970	6,970	6,970	6,970	6,970
Reserves & surplus	26,699	30,034	34,006	37,772	43,866
Shareholders' fund	33,668	37,004	40,976	44,742	50,836
Total liab. and equities	**56,644**	**60,830**	**79,222**	**82,533**	**88,492**
Cash and cash eq.	1,556	1,884	1,670	2,310	3,710
Accounts receivables	10,385	11,608	16,860	18,676	22,250
Inventories	0	0	0	0	0
Other current assets	2,142	1,881	3,710	3,710	3,710
Investments	116	115	115	115	115
Net fixed assets	1,739	1,641	2,763	3,618	4,603
CWIP	34	171	491	491	491
Intangible assets	35,423	36,889	47,173	47,173	47,173
Deferred tax assets, net	3,735	3,729	3,449	3,449	3,449
Other assets	1,514	2,911	2,991	2,991	2,991
Total assets	**56,644**	**60,830**	**79,222**	**82,533**	**88,492**

Cash Flows

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash flow from operations	**8,574**	**5,886**	**8,805**	**13,509**	**16,059**
Capital expenditures	409	126	(1,790)	(2,766)	(2,645)
Change in investments	589	296	(315)	0	0
Other investing cash flows	0	0	0	0	0
Cash flow from investing	**998**	**422**	**(2,105)**	**(2,766)**	**(2,645)**
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(1,827)	(147)	7,204	(1,000)	(1,000)
Interest expenses	(732)	(1,034)	(1,383)	(1,694)	(1,694)
Dividends paid	(2,456)	(2,393)	(2,751)	(4,138)	(4,138)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	**(5,015)**	**(3,574)**	**3,070**	**(6,832)**	**(6,832)**
Chg in cash & cash eq.	**657**	**329**	**(214)**	**640**	**1,400**
Closing cash & cash eq.	**1,556**	**1,884**	**1,670**	**2,310**	**3,710**

Per Share

Y/E 31 Mar (Rs)	FY23A	FY24A	FY25A	FY26E	FY27E
Reported EPS	7.3	7.5	8.6	11.5	14.8
Adjusted EPS	7.3	7.3	8.4	11.5	14.8
Dividend per share	3.5	3.5	4.0	6.0	6.0
Book value per share	48.1	53.7	59.7	64.9	73.7

Valuations Ratios

Y/E 31 Mar (x)	FY23A	FY24A	FY25A	FY26E	FY27E
EV/Sales	4.1	3.9	3.1	2.6	2.2
EV/EBITDA	29.7	25.6	20.2	14.9	11.8
Adjusted P/E	48.4	48.3	42.1	30.9	23.9
P/BV	7.4	6.6	5.9	5.5	4.8

DuPont Analysis

Y/E 31 Mar (%)	FY23A	FY24A	FY25A	FY26E	FY27E
Tax burden (Net profit/PBT)	83.5	81.7	80.3	79.7	79.7
Interest burden (PBT/EBIT)	109.2	90.4	84.1	88.3	91.5
EBIT margin (EBIT/Revenue)	9.4	11.0	11.0	12.0	12.6
Asset turnover (Rev./Avg TA)	105.9	107.9	114.0	115.4	130.0
Leverage (Avg TA/Avg Equity)	1.7	1.6	1.7	1.8	1.7
Adjusted ROAE	15.3	13.9	14.5	17.7	20.1

Ratio Analysis

Y/E 31 Mar	FY23A	FY24A	FY25A	FY26E	FY27E
YoY growth (%)					
Revenue	1.7	5.2	25.9	16.9	19.2
EBITDA	(13.9)	15.8	26.3	35.9	27.2
Adjusted EPS	(4.6)	0.3	14.9	36.0	29.4
Profitability & Return ratios (%)					
EBITDA margin	13.7	15.1	15.1	17.6	18.8
EBIT margin	9.4	11.0	11.0	12.0	12.6
Adjusted profit margin	8.5	8.1	7.3	8.5	9.2
Adjusted ROAE	16.1	14.6	15.0	18.4	21.4
ROCE	8.6	10.2	10.6	11.7	13.9
Working capital days (days)					
Receivables	63	67	77	73	73
Inventory	NA	NA	NA	NA	NA
Payables	14	17	18	17	17
Ratios (x)					
Gross asset turnover	34.6	38.6	28.9	25.8	24.2
Current ratio	0.9	0.9	0.9	1.0	1.2
Net interest coverage ratio	NA	NA	NA	NA	NA
Adjusted debt/equity	0.0	0.0	0.0	0.0	0.0

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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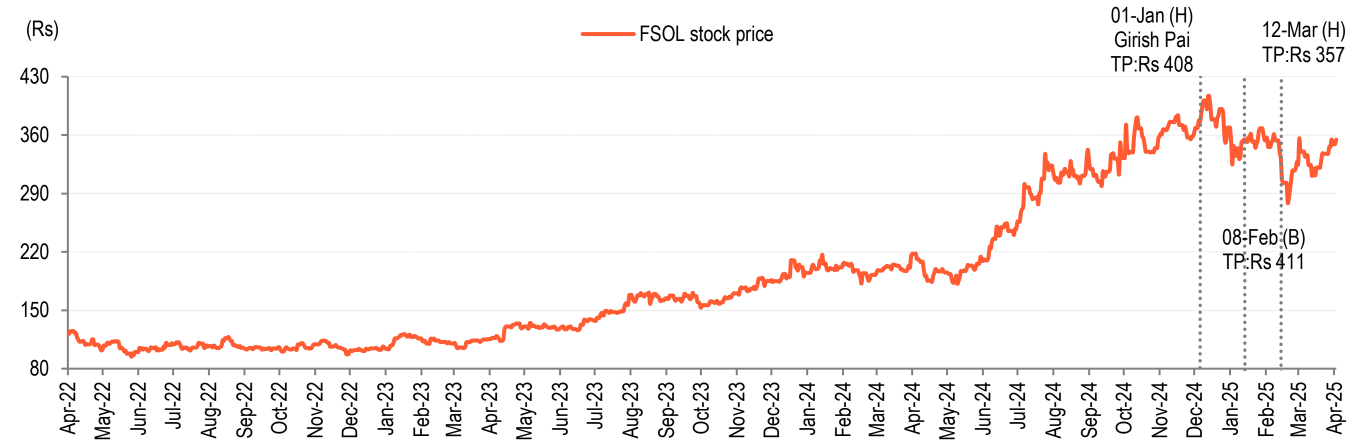

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