

BUY

TP: Rs 299 | ▲ 23%

FIRSTSOURCE SOLUTIONS

| IT Services

| 07 May 2026

Full stack intelligence operator – aspiring for a new positioning

- 4Q revenue fell short of estimates due to client specific issues. In the rapidly evolving services landscape, FSOL creates a new category
- TAM has expanded and thoughts are clear. But execution is key. Peers have not articulated AI pivot as well, but all are attempting the same
- Pare EPS estimates on lower revenue, higher interest cost and tax rate. Maintain target PE multiple (20% premium to TCS') and maintain BUY

4Q falls short materially: While FOSL stated that 3% QoQ CC revenue growth was in line with internal expectations, it fell short of our 5.5% estimate. There have been client and sector specific issues (details inside) that drove the weaker than expected organic growth which came in at 1.7% versus our expectation of 4%

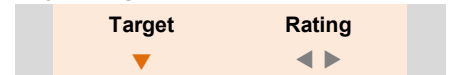
Trying to pivot from UnBPO to 'Full stack Intelligent operator'. Current size and low margins give it headroom: This pivot expands TAM significantly (7x) but would require it to move away significantly from its current 'Digital operations player' positioning. This pivot requires it to take a bigger role of a consultant, IT implementer, operations and transformation partner all rolled into one. Its size and current margin structure gives FSOL the leeway to attempt this dramatic pivot. Key is execution. This would require significant beefing up of capabilities on consulting and IT implementation which it will have to achieve as it drives a 50-75bps margin expansion annually. But with EBIT at 12-13% there is leeway.

Will be a challenger in many contracts and has less of legacy business to defend: We believe there is a lot to do in building capabilities on the consulting and IT services implementation side in the coming days which we believe it will attempt both organically and through tuck in M&A. Believe it can use the lack of legacy business on the IT services side and Advanced AI capabilities to its advantage. Clients seem receptive to new propositions from vendors.

Trimming EPS estimates on lower revenue, higher interest expense and tax rate. Maintain Target PE multiple and BUY rating: We have lowered EPS estimates (by 4-7%) for FY27-FY29 on ~2% lower USD revenue, slightly higher interest expense and 100bps higher tax rate. We maintain our premium to TCS Target PE multiple of 20% but reduce Target price to Rs299 (from 323 earlier). It is among our top picks in Tier-2 space, and we believe recent PE multiple contraction presents a good entry point (for ~30% EPS CAGR during FY26-FY29). A significant part of our positive view is a bet on the CEO, Ritesh Idnani, executing the intelligence operator pivot successfully.

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Key changes



| | |
|------------------|----------------|
| Ticker/Price | FSOL IN/Rs 243 |
| Market cap | US\$ 1.8bn |
| Free float | 45% |
| 3M ADV | US\$ 8.9mn |
| 52wk high/low | Rs 404/Rs 202 |
| Promoter/FPI/DII | 54%/9%/25% |

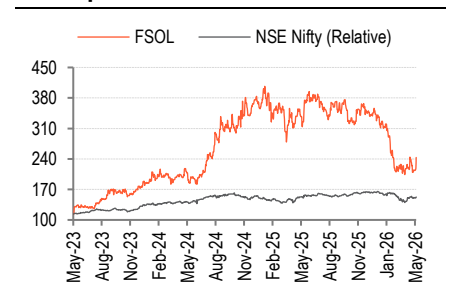
Source: NSE | Price as of 6 May 2026

Key financials

| Y/E 31 Mar | FY26A | FY27E | FY28E |
|-------------------------|--------|---------|---------|
| Total revenue (Rs mn) | 95,564 | 113,917 | 129,292 |
| EBITDA (Rs mn) | 15,562 | 19,058 | 22,035 |
| Adj. net profit (Rs mn) | 7,726 | 9,500 | 11,416 |
| Adj. EPS (Rs) | 9.6 | 13.5 | 16.2 |
| Consensus EPS (Rs) | 9.6 | 13.2 | 15.5 |
| Adj. ROAE (%) | 18.2 | 20.6 | 22.3 |
| Adj. P/E (x) | 25.5 | 18.1 | 15.0 |
| EV/EBITDA (x) | 10.8 | 8.9 | 7.8 |
| Adj. EPS growth (%) | 13.4 | 40.9 | 20.2 |

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Key Points from the quarter and the earnings call

4QFY26

- Revenue stood at US\$283 mn, growing 3% QoQ (against our estimate of 5.5%) and 11.6% YoY in CC terms
 - TeleMedik acquisition contributed 1.3% to YoY CC revenue growth
- 4QFY26 performance was broadly in line with management expectations. Two factors impacted 4QFY26 growth versus expectations
 - Implementation of a key UK collections deal shifted into 1Q FY27 as regulatory approvals took longer than anticipated. Regulatory approvals for the UK collections deal have now been received, and the deal is substantially ramped up
 - In January 2026, Medicare Advantage plans entered a tighter regulatory environment leading some payers to pause ramp-up of planned programs. Healthcare payer revenue saw a short-term timing impact in 4QFY26 due to delayed program ramp-ups
 - Management stated that neither the UK collections delay nor payer-side healthcare slowdown is structural. Management expects payer programs to resume as regulatory clarity improves. Excluding these timing impacts, underlying business momentum remained strong
- EBIT Margin stood at 12.2% (against our estimate of 12.5%), growing 30 bps QoQ and 100 bps YoY
- Signed four large deals in 4QFY26. Large deals are defined as those that have annual revenue of >US\$5mn.

Vertical Commentary

- BFS vertical revenue grew 9% YoY and 5% QoQ in CC terms during 4QFY26
 - Demand in BFS remained centered around regulatory compliance, financial and economic crime management, customer experience, and cost efficiency
 - Strong demand observed for AI and automation-led transformation offerings across risk, controls, and operations spanning front-office and back-office functions
 - Financial services segment also witnessed significant growth from midsize banks and fintechs focused on platform modernization and AI integration across onboarding, servicing, and collections
 - 4QFY26 exit pipeline in financial services described as among the strongest in recent quarters. Management expressed confidence in sustaining growth momentum in BFS
- Healthcare vertical revenue grew 16% YoY and 10% QoQ in CC terms during 4QFY26

- Management identified healthcare as a core growth pillar
- Both payer and provider segments remained resilient in 4QFY26
- Payer segment experienced short-term timing shifts as Medicare Advantage plans recalibrated program rollouts amid tighter regulatory conditions and flat rates. Management indicated payer-side issue related more to pacing than demand weakness
- CMT vertical revenue grew 3% YoY but declined 4% QoQ in CC terms during 4QFY26
 - Weakness in CMT attributed to volatility linked to timing of work packets and program transitions within large consumer technology engagements
 - Strong client interest observed in AI enablement and non-traditional technology-led solutions, particularly AI training data services supporting AI integration into client ecosystems
 - Company exited 4QFY26 with a balanced pipeline across telecom, edtech, media, and technology clients
- Diversified portfolio revenue grew 23% YoY but declined 8% QoQ in CC terms during 4QFY26
 - Retail business witnessed post-seasonal decline following Q3 peak demand
 - Utilities segment continued witnessing healthy demand supported by a strong pipeline
 - Management highlighted healthy deal pipeline across utilities and retail segments and expects improved momentum as seasonality normalizes and new deal ramp-ups begin

Geographical Commentary

- North America delivered 14% YoY and 4% QoQ CC revenue growth
 - Management highlighted broad-based momentum across all three core verticals and expects momentum to sustain over coming quarters
 - Company establishing sales presence in Canada to incubate new growth opportunities
 - TeleMedik acquisition provides delivery presence in Puerto Rico, positioned as a fully US-compliant lower-cost delivery location. Management sees Puerto Rico as advantageous for healthcare and non-healthcare nearshoring demand
- Europe revenue grew 4% YoY and remained flat QoQ in CC terms
 - Management indicated efforts to diversify geography and vertical exposure are improving resilience. South Africa nearshore delivery capability and transformational program offerings gaining client traction
 - Regulatory approval for UK banking collections program positions company for further footprint expansion in the UK

- Management expects gradual improvement in Europe growth trajectory despite weak macro conditions
- Australia business continued winning incremental business from existing clients while building new logo pipeline
- Total headcount of 36,205 employees, net headcount reduction of 484 QoQ and net headcount addition of 1,554 YoY

FY26

- Revenue stood at US\$ 1,082 mn, growing 13.6% YoY in CC terms
 - Crossed the US\$1bn revenue milestone
 - Pastdue Credit and TeleMedik contributed ~1.5% to FY26 CC growth. Organic CC growth stood at ~12.1%.
- EBIT Margin stood at 11.7%, expanding 70 bps YoY. This is in line with the 50-75bps expansion that the company has been guiding for on an annual basis.
- Total large deals signed during FY26 stood at 17

Demand Environment

- Management indicated current client demand is increasingly centered around redesigning operating models for AI through data modernization, cloud, workflow orchestration, and AI integration
- Management highlighted increased transition from pilot AI programs toward scaled rollouts with governance, security, and ROI measurement built in
- Several deal wins characterized as transformative with phased ramp-ups rather than traditional steady-state execution. Revenue conversion from transformational programs is spread over a longer duration as transformation and enablement milestones are completed

FY27 guidance

- FY27 CC revenue growth guidance set at 10%-13%. Acquisition contribution to FY27 growth expected at ~2%-2.5%
- FY27 EBIT margin guidance set at 12.25%-12.75%
- Management stated lower end of FY27 growth guidance reflects current line of sight and visibility, while higher end depends on pipeline conversion, deal wins, and ramp-ups
- Management does not expect FY27 growth to be backended and expects growth to be relatively evenly spread across all four quarters

Other Points:

- “Intelligence that operates” positioned as a new category combining deep domain expertise with AI-led operations, evolving from the earlier “UnBPO” strategy. Clients are increasingly seeking a single partner capable of advising, implementing,

operating, and continuously transforming workflows in one continuous motion rather than working through multiple vendors.

- Management stated most market participants either provide AI tools without operational accountability or layer AI onto traditional labor delivery models, while “intelligence that operates” bridges the gap between AI capability and operating model reality. The model combines operating model design, agentic systems, and operational execution under one contract with revenue linked to outcomes
- Traditional BPM services remain less linked to discretionary spending than traditional IT services, resulting in higher annuity and recurring revenue visibility. Recent AI advancements are structurally expanding the company’s addressable market. Expanded opportunity set driven by participation in engagements beyond traditional deep-domain BPM work
- Faster adaptation and industry-specific value propositions enabling share gains from competitors.
- Management believes GenAI-led TAM expansion remains in early stages with scope for further acceleration. Large-scale automation in regulated industries cannot happen overnight due to data readiness challenges.
- Traditional diversified firms operate through separate pillars such as IT services, systems integration, BPM, and consulting, while clients increasingly prefer integrated delivery models. Clients increasingly seeking one single continuous motion, with “intelligence that operates” positioned as the next phase of UnBPO built around integrated end-to-end execution
 - Management believes company size, agility, and nimbleness enables faster assembly of teams focused on solving client problems rather than thinking about internal boundaries. Deep domain expertise in regulated workflows is described as the backbone of the model
 - Management believes the strategy will help the company to compete effectively against diversified IT services players
- Management expressed confidence in margin expansion driven by automation and AI, increased offshoring and nearshoring, workflow reimagination, and transition toward an AI-native organization
- Management stated margin guidance remains achievable despite ongoing investments. Efficiency gains from automation and AI help fund incremental investments

We have an Underweight stance on Indian IT Services

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 our view with updates on 12th March 2025 (**FY26 unlikely to be better than FY25**), 10th July 2025 (**Uncertainty stays and 'eating the tariff' may impact even FY27**) and 12 January 2026 (**A fourth slow year?**).

While both earnings and PE multiples have corrected since 1 Jan 2025, the industry's structural organic revenue growth from here on will be much lower vs ~7% CAGR seen during FY15-FY20; possibly ~3-5% CAGR over FY25-FY30 in constant currency (CC) terms. We also believe that release of advanced AI models will cause significant disruption to the industry rendering the sector to be a 'value trap'. We wrote about this in our 17 February 2026 report (**Existential threat, value trap or Temporary blip**) and through our 6 April 2026 report (**Narrative of FY27 being modestly better, set for its first test**).

Multiple speed breakers drive our Underweight stance

Trump policies raise uncertainty: While tariffs drove uncertainty in 2025, Trump's multiple proposals to address affordability crisis in the US ahead of the mid-terms in Nov'26 will be the key monitorable in 2026 (eg: freezing credit card interest rate at 10%, controlling prices of products and services, cash payments to citizens, buying of US\$200bn MBSs, etc.). There will be winners/ losers due to this in USA Inc and that could reflect in the IT spending outcomes.

Higher for longer interest rate environment: Lately, based on inflation prints and fears of a higher fiscal deficit, US 10Y yields have remained firm. There are fears of sustained high interest rates potentially reducing IT outsourcing demand; particularly in BFSI and Telecom, and dampen US demand in areas like housing, autos and retail.

Gen AI and GCCs are going to disrupt growth: We believe that AI/Gen AI will lead to compression of revenue for the industry in the next 24-36 months, as companies self-cannibalize to hold on to their existing clients. Rapid growth of the GCCs is a threat to outsourcing. While there seems to be collaboration between outsourcers and their clients in setting up these GCCs, there will be growth discontinuity when the business is insourced at some point.

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 and move it away from the ones with lower bargaining power – global IT Services players.

Higher competition: Indian Tier-1 companies now face higher competition from Accenture, Tier-2 players and Cognizant, likely slowing their growth vs FY15-FY20. This is besides the fact that by FY25, Tier-1 revenue has reached US\$ 85bn, double that in FY15. Due to the higher base now, growth may not be as rapid.

How we are valuing companies: We are using PE methodology, as also TCS, as our industry benchmark. Target PE for TCS is 16.8x, which is the average PE multiple of TCS over the last 10 years less 1.5SD. We have been giving subjective premium/discount to the benchmark target PE to arrive at target PE multiples for the rest of our coverage.

Our target PE multiples are lower than those used by consensus/competitors. Through our choice of the benchmark target PE multiple, we seek to capture the mortality and relevance risk that players face in this era of advanced AI models.

Tier- 2 valuation reflects growth gap with Tier-1

Tier-2 set has been taking away market share from the Tier-1 set, due to better execution as well as their smaller size. And, unlike previous cycles, they have performed better than the Tier-1 set, largely on better management teams.

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

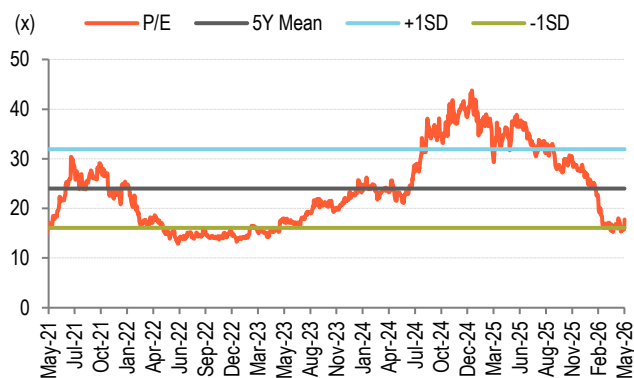
Also, some of the Tier-2s have been underperforming on the growth front, being discretionary project-oriented businesses struggling to pivot to a cost-take-out-driven demand environment.

Fig 1 – Quarterly results: Comparison of actuals with estimates

| Y/E Mar (Rsmn) | 4QFY25 | 3QFY26 | 4QFY26 | YoY (%) | QoQ (%) | 4QFY26E | Deviation (%) |
|------------------------|--------------|--------------|--------------|-------------|------------|--------------|---------------|
| Net Sales (USD mn) | 250 | 274 | 283 | 13.2 | 3.3 | 290 | (2.4) |
| Net Sales | 21,615 | 24,430 | 25,835 | 19.5 | 5.7 | 26,542 | (2.7) |
| Cost of Sales | 18,286 | 20,404 | 21,530 | 17.7 | 5.5 | 22,070 | (2.4) |
| % of Sales | 84.6 | 83.5 | 83.3 | | | 83.2 | |
| EBITDA Margin | 3,328 | 4,026 | 4,305 | 29.3 | 6.9 | 4,472 | (3.7) |
| % of Sales | 15.4 | 16.5 | 16.7 | | | 16.8 | |
| Depreciation | 906 | 1,112 | 1,161 | 28.1 | 4.4 | 1,156 | 0.4 |
| EBIT | 2,422 | 2,914 | 3,144 | 29.8 | 7.9 | 3,316 | (5.2) |
| EBIT Margin (%) | 11.2 | 11.9 | 12.2 | | | 12.5 | |
| Interest Expenses | 391 | 433 | 520 | 33.0 | 20.3 | 508 | 2.5 |
| Other Income | -14 | 36 | -17 | 22.0 | (147.2) | 47 | (136.0) |
| Exceptional Items | | | | | | | |
| PBT | 2,017 | 2,518 | 2,606 | 29.2 | 3.5 | 2,856 | (8.7) |
| Provision for Tax | 410 | 521 | 554 | 34.9 | 6.4 | 585 | (5.4) |
| Effective Tax Rate | 20.3 | 20.7 | 21.2 | | | 20.5 | |
| Adjusted PAT | 1,607 | 1,997 | 2,053 | 27.8 | 2.8 | 2,270 | (9.6) |
| Margin (%) | 7.4 | 8.2 | 7.9 | | | 8.6 | (7.1) |
| Exceptional Items | 0 | 794 | 0 | | | - | |
| PAT (Reported) | 1,607 | 1,203 | 2,053 | | | 2,270 | (9.6) |
| Margin (%) | 7.4 | 4.9 | 7.9 | | | 8.6 | |

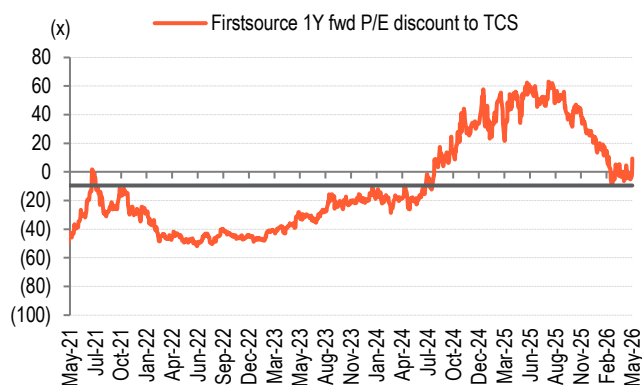
Source: Company, BOBCAPS Research

Fig 2 – 5 Year PE trend



Source: Bloomberg, BOBCAPS Research

Fig 3 – Premium/ Discount to TCS



Source: Bloomberg, BOBCAPS Research

Fig 4 – Revised Estimates

| | New | | | Old | | | Change (%) | | |
|------------------------|---------|---------|---------|---------|---------|---------|------------|-------|-------|
| | FY27E | FY28E | FY29E | FY27E | FY28E | FY29E | FY27E | FY28E | FY29E |
| INR/USD | 94 | 95 | 96 | 94 | 95 | 96 | - | - | - |
| USD Revenue (USD mn) | 1,213 | 1,363 | 1,537 | 1,239 | 1,392 | 1,570 | (2.1) | (2.1) | (2.1) |
| USD Revenue Growth (%) | 12.2 | 12.3 | 12.8 | 13.9 | 12.3 | 12.8 | | | |
| Revenue (Rsmn) | 113,917 | 129,292 | 147,390 | 116,360 | 132,065 | 150,551 | (2.1) | (2.1) | (2.1) |
| EBIT (Rsmn) | 14,165 | 16,498 | 20,053 | 14,254 | 17,172 | 20,423 | (0.6) | (3.9) | (1.8) |
| EBIT Margin (%) | 12.4 | 12.8 | 13.6 | 12.3 | 13.0 | 13.6 | | | |
| PAT (Rsmn) | 9,500 | 11,416 | 14,367 | 9,928 | 12,297 | 14,983 | (4.3) | (7.2) | (4.1) |
| FDEPS (Rs) | 13.5 | 16.2 | 20.4 | 14.1 | 17.5 | 21.3 | (4.6) | (7.4) | (4.4) |

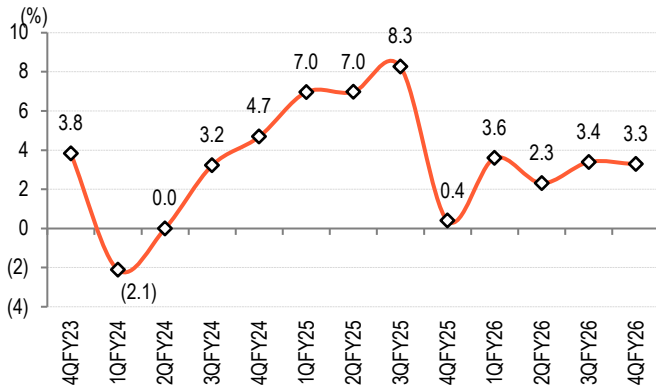
Source: BOBCAPS Research

Fig 5 – P&L at a glance

| (YE March) Rs mn | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 | FY27E | FY28E | FY29E |
|--------------------------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Average INR/USD | | | 69.2 | 70.0 | 73.5 | 73.8 | 79.7 | 82.8 | 84.5 | 89.1 | 93.9 | 94.9 | 95.9 |
| Net Sales (USD mn) | | | 547 | 578 | 686 | 795 | 751 | 765 | 944 | 1,081 | 1,213 | 1,363 | 1,537 |
| -Growth (%) | | | | 5.7 | 18.7 | 15.9 | (5.5) | 1.9 | 23.4 | 14.5 | 12.2 | 12.3 | 12.8 |
| Net Sales | 35,556 | 35,353 | 38,262 | 40,987 | 50,779 | 59,212 | 60,222 | 63,363 | 79,803 | 95,564 | 113,917 | 129,292 | 147,390 |
| -Growth (%) | | (0.6) | 8.2 | 7.1 | 23.9 | 16.6 | 1.7 | 5.2 | 25.9 | 19.7 | 19.2 | 13.5 | 14.0 |
| Employee Expenses | 23834 | 23955 | 25572 | 27736 | 34673 | 39468 | 38675 | 39088 | 49957 | 55903 | 66317 | 75990 | 87197 |
| Gross Margin | 11722 | 11398 | 12690 | 13251 | 16106 | 19744 | 21547 | 24275 | 29846 | 39661 | 47600 | 53302 | 60193 |
| % of sales | 33.0 | 32.2 | 33.2 | 32.3 | 31.7 | 33.3 | 35.8 | 38.3 | 37.4 | 41.5 | 41.8 | 41.2 | 40.8 |
| Employee expense (% of sales) | 67.0 | 67.8 | 66.8 | 67.7 | 68.3 | 66.7 | 64.2 | 61.7 | 62.6 | 58.5 | 58.2 | 58.8 | 59.2 |
| Operating expenses | 7,342 | 6,809 | 7,336 | 6,962 | 8,117 | 10,146 | 13,283 | 14,709 | 17,769 | 24,099 | 28,542 | 31,267 | 33,960 |
| Operating expense (% of sales) | 20.6 | 19.3 | 19.2 | 17.0 | 16.0 | 17.1 | 22.1 | 23.2 | 22.3 | 25.2 | 25.1 | 24.2 | 23.0 |
| EBITDA Margin | 4,380 | 4,590 | 5,354 | 6,289 | 7,989 | 9,598 | 8,264 | 9,566 | 12,077 | 15,562 | 19,058 | 22,035 | 26,232 |
| % of sales | 12.3 | 13.0 | 14.0 | 15.3 | 15.7 | 16.2 | 13.7 | 15.1 | 15.1 | 16.3 | 16.7 | 17.0 | 17.8 |
| Depreciation | 590 | 659 | 745 | 1,852 | 2,064 | 2,495 | 2,631 | 2,603 | 3,271 | 4,341 | 4,893 | 5,536 | 6,179 |
| EBIT | 3790 | 3931 | 4609 | 4437 | 5925 | 7103 | 5633 | 6963 | 8806 | 11221 | 14165 | 16498 | 20053 |
| EBIT Margin (%) | 10.7 | 11.1 | 12.0 | 10.8 | 11.7 | 12.0 | 9.4 | 11.0 | 11.0 | 11.7 | 12.4 | 12.8 | 13.6 |
| Interest Expense | 421 | 338 | 225 | 513 | 496 | 604 | 732 | 1,034 | 1,383 | 1,814 | 2,436 | 2,436 | 2,436 |
| Other income (net) | (1) | (11) | (26) | 17 | (13) | (30) | 1,251 | 368 | (104) | 74 | 332 | 432 | 624 |
| PBT | 3,369 | 3,581 | 4,358 | 3,941 | 5,416 | 6,469 | 6,152 | 6,297 | 7,319 | 9,481 | 12,061 | 14,495 | 18,241 |
| -PBT margin (%) | 9.5 | 10.1 | 11.4 | 9.6 | 10.7 | 10.9 | 10.2 | 9.9 | 9.2 | 9.9 | 10.6 | 11.2 | 12.4 |
| Provision for tax | 577 | 314 | 581 | 544 | 701 | 1,097 | 1,015 | 1,150 | 1,462 | 1,754 | 2,562 | 3,079 | 3,874 |
| Effective tax rate (%) | 17.1 | 8.8 | 13.3 | 13.8 | 16.2 | 17.0 | 16.5 | 18.3 | 19.7 | 20.6 | 21.2 | 21.2 | 21.2 |
| Net profit | 2,792 | 3,267 | 3,777 | 3,397 | 4,715 | 5,372 | 5,137 | 5,147 | 5,857 | 7,726 | 9,500 | 11,416 | 14,367 |
| -Growth (%) | | 17.0 | 15.6 | (10.1) | 38.8 | 13.9 | (4.4) | 0.2 | 13.8 | 31.9 | 22.9 | 20.2 | 25.8 |
| -Net profit margin (%) | 7.9 | 9.2 | 9.9 | 8.3 | 9.3 | 9.1 | 8.5 | 8.1 | 7.3 | 8.1 | 8.3 | 8.8 | 9.7 |

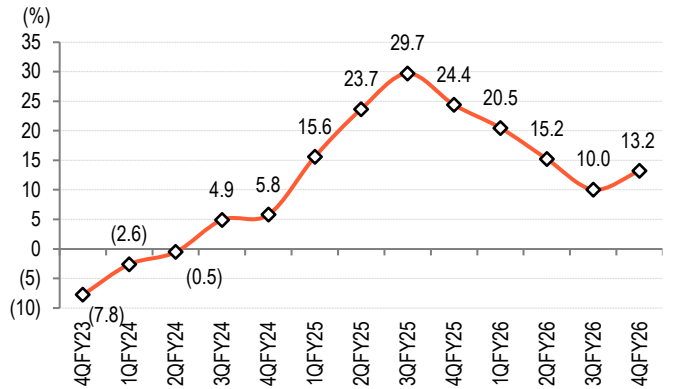
Source: Company, BOBCAPS Research

Fig 6 – US\$ Revenue Growth (QoQ)



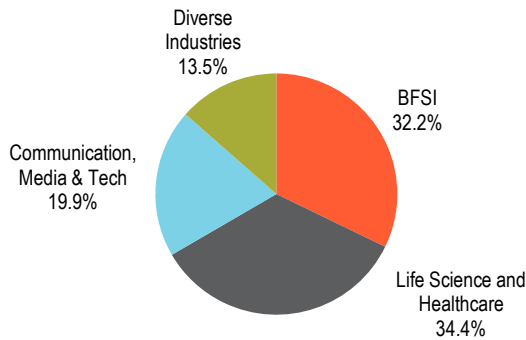
Source: Company, BOBCAPS Research

Fig 7 – US\$ Revenue Growth (YoY)



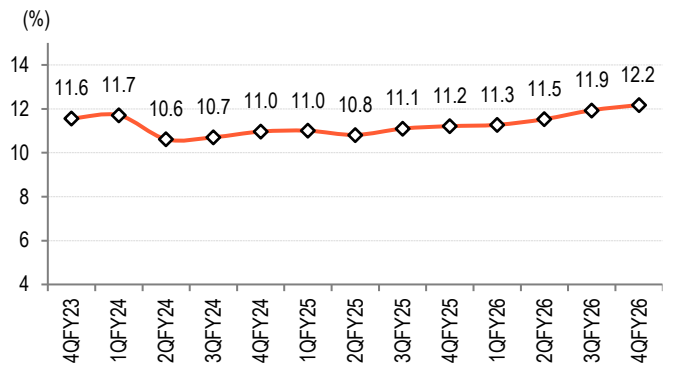
Source: Company, BOBCAPS Research

Fig 8 – 4QFY26 Vertical Revenue Mix



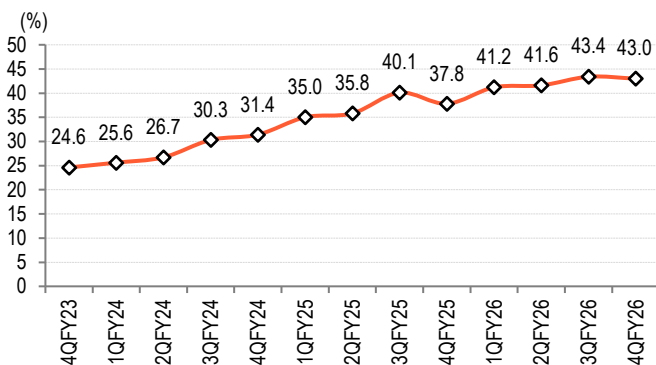
Source: Company, BOBCAPS Research

Fig 9 – EBIT Margin trend



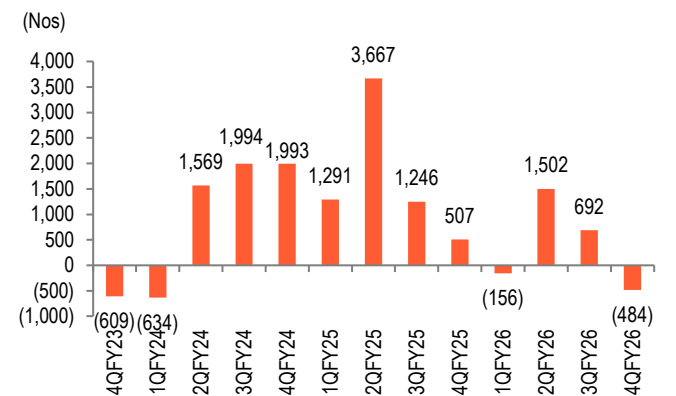
Source: Company, BOBCAPS Research

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



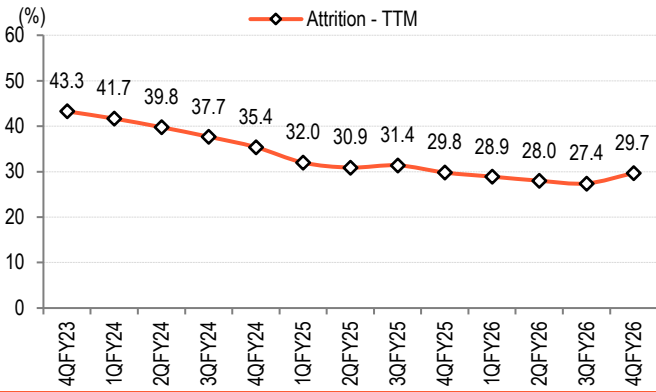
Source: Company, BOBCAPS Research

Fig 11 – Net Employee Addition (QoQ)



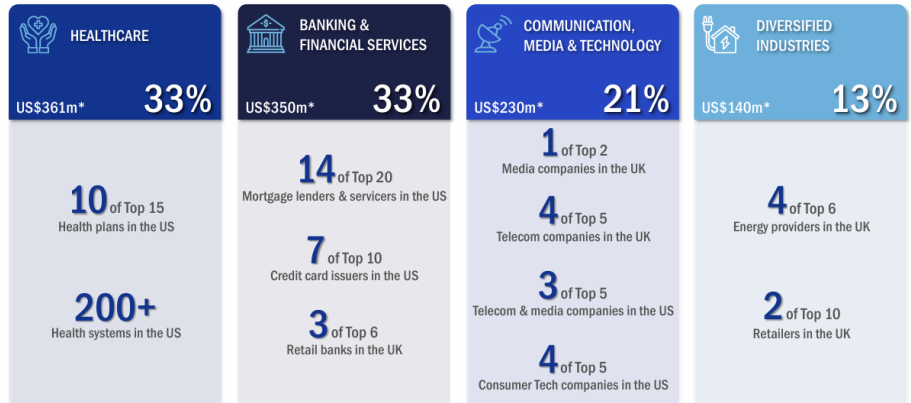
Source: Company, BOBCAPS Research

Fig 12 – TTM Attrition



Source: Company, BOBCAPS Research

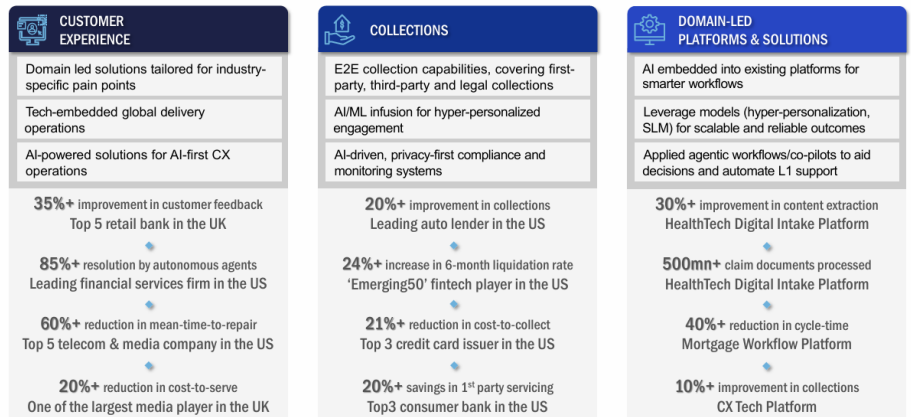
Fig 13 – FSOL’s core strengths: Deep domain expertise as a key differentiator



*US\$ revenue and % revenue contribution on TTM basis

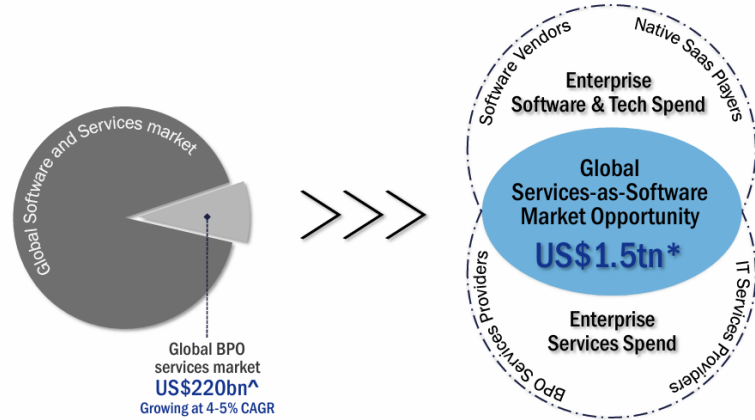
Source: Company, BOBCAPS Research

Fig 14 – FSOL’s services provided



Source: Company, BOBCAPS Research

Fig 15 – FSOL TAM - ~7x larger— services-as-software



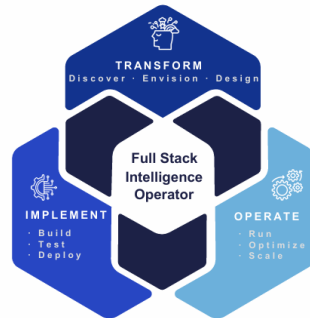
*Source: Gartner Research
*By 2035; Source: HIS Research

Source: Company, BOBCAPS Research

Fig 16 – How FSOL would want Clients to see it: The Full-Stack Intelligence Operator

Not a strategist. Not an integrator. Not an outsourcer.

A new kind of partner — one that does all three, as one continuous motion.



DEFINITION

A partner that **redesigns** your operating model, **builds** the AI-native systems, and **operates** them in production — with intelligence that compounds with every decision.

- **Underwrites the outcome.** Skin in the game on commercials, not just inputs.
- **Owens the full motion.** Strategy, build, run — one contract.
- **Compounds intelligence.** The system learns every time it operates.
- **Governs autonomy.** Trust earned per skill — never assumed.

Source: Company, BOBCAPS Research

Fig 17 – FSOL's medium-term aspirations



Source: Company, BOBCAPS Research

Fig 18 – Quarterly Snapshot

| Year to 31 March | 4QFY23 | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 | 3QFY26 | 4QFY26 |
|--------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| INR/USD | 81.9 | 82.1 | 82.9 | 83.1 | 83.0 | 83.4 | 83.8 | 84.4 | 86.5 | 86.5 | 87.3 | 90.1 | 92.3 |
| Revenue (in USDmn) | 190 | 186 | 186 | 192 | 201 | 215 | 230 | 249 | 250 | 259 | 265 | 274 | 283 |
| (Rs mn) | | | | | | | | | | | | | |
| Revenue | 15,568 | 15,292 | 15,400 | 15,966 | 16,705 | 17,911 | 19,254 | 21,024 | 21,615 | 22,177 | 23,122 | 24,430 | 25,835 |
| Gross Margin | 5,878 | 6,055 | 6,000 | 6,073 | 6,147 | 6,643 | 7,150 | 7,953 | 8,100 | 8,970 | 9,504 | 10,119 | 11,069 |
| EBITDA | 2,441 | 2,402 | 2,288 | 2,372 | 2,504 | 2,699 | 2,873 | 3,177 | 3,328 | 3,471 | 3,760 | 4,026 | 4,305 |
| EBIT | 1,799 | 1,789 | 1,634 | 1,709 | 1,831 | 1,970 | 2,081 | 2,333 | 2,422 | 2,498 | 2,665 | 2,914 | 3,144 |
| Other income | 105 | 6 | 153 | 134 | 75 | (11) | (40) | (39) | (14) | 68 | (13) | 36 | (17) |
| PBT | 1,719 | 1,552 | 1,543 | 1,608 | 1,594 | 1,673 | 1,711 | 2,007 | 2,017 | 2,132 | 2,243 | 1,516 | 2,606 |
| Tax | 306 | 293 | 278 | 321 | 258 | 320 | 328 | 404 | 410 | 439 | 448 | 313 | 554 |
| PAT | 1,413 | 1,259 | 1,265 | 1,287 | 1,336 | 1,353 | 1,383 | 1,603 | 1,607 | 1,693 | 1,795 | 1,203 | 2,053 |
| Number of shares | 699.5 | 699.4 | 702.8 | 699.2 | 703.2 | 704.7 | 705.6 | 706.0 | 704.8 | 705.5 | 706.7 | 703.4 | 705.5 |
| EPS | 2.0 | 1.8 | 1.8 | 1.8 | 1.9 | 1.9 | 2.0 | 2.3 | 2.3 | 2.4 | 2.5 | 1.7 | 2.9 |
| YoY Growth | | | | | | | | | | | | | |
| USD Revenue | (7.8) | (2.6) | (0.5) | 4.9 | 5.8 | 15.6 | 23.7 | 29.7 | 24.4 | 20.5 | 15.2 | 10.0 | 13.2 |
| INR Revenues | 0.8 | 3.9 | 3.5 | 6.1 | 7.3 | 17.1 | 25.0 | 31.7 | 29.4 | 23.8 | 20.1 | 16.2 | 19.5 |
| EBITDA | (0.3) | 32.7 | 19.4 | 13.1 | 2.6 | 12.4 | 25.6 | 33.9 | 32.9 | 28.6 | 30.9 | 26.7 | 29.3 |
| EBIT | 2.7 | 52.8 | 30.3 | 21.3 | 1.8 | 10.1 | 27.4 | 36.5 | 32.3 | 26.8 | 28.0 | 24.9 | 29.8 |
| Net profit | 6.7 | 47.9 | (2.2) | (18.5) | (5.4) | 7.5 | 9.3 | 24.6 | 20.3 | 25.2 | 29.8 | (24.9) | 27.8 |
| QoQ Growth | | | | | | | | | | | | | |
| USD Revenues | 3.83 | (2.11) | - | 3.23 | 4.69 | 6.97 | 6.98 | 8.26 | 0.40 | 3.60 | 2.32 | 3.40 | 3.28 |
| INR Revenues | 3.4 | (1.8) | 0.7 | 3.7 | 4.6 | 7.2 | 7.5 | 9.2 | 2.8 | 2.6 | 4.3 | 5.7 | 5.7 |
| EBITDA | 16.5 | (1.6) | (4.7) | 3.7 | 5.6 | 7.8 | 6.4 | 10.6 | 4.8 | 4.3 | 8.3 | 7.1 | 6.9 |
| EBIT | 27.7 | (0.6) | (8.7) | 4.6 | 7.2 | 7.6 | 5.6 | 12.1 | 3.8 | 3.1 | 6.7 | 9.4 | 7.9 |
| Net profit | (10.5) | (10.9) | 0.5 | 1.7 | 3.8 | 1.3 | 2.2 | 15.9 | 0.3 | 5.4 | 6.0 | (33.0) | 70.7 |
| Margins (%) | | | | | | | | | | | | | |
| Gross Margin | 37.8 | 39.6 | 39.0 | 38.0 | 36.8 | 37.1 | 37.1 | 37.8 | 37.5 | 40.4 | 41.1 | 41.4 | 42.8 |
| EBITDA | 15.7 | 15.7 | 14.9 | 14.9 | 15.0 | 15.1 | 14.9 | 15.1 | 15.4 | 15.7 | 16.3 | 16.5 | 16.7 |
| EBIT | 11.6 | 11.7 | 10.6 | 10.7 | 11.0 | 11.0 | 10.8 | 11.1 | 11.2 | 11.3 | 11.5 | 11.9 | 12.2 |
| PAT | 9.1 | 8.2 | 8.2 | 8.1 | 8.0 | 7.6 | 7.2 | 7.6 | 7.4 | 7.6 | 7.8 | 4.9 | 7.9 |
| SGA | 22.1 | 23.9 | 24.1 | 23.2 | 21.8 | 22.0 | 22.2 | 22.7 | 22.1 | 24.8 | 24.8 | 24.9 | 26.2 |

Source: Company, BOBCAPS Research

Fig 19 – Segmental Analysis

| INR mn | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 | 3QFY26 | 4QFY26 |
|-----------------------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Segment Revenue | | | | | | | | | |
| Banking and Financial Services | 6,230.2 | 6,485.4 | 6,641.6 | 6,757.8 | 7,234.5 | 7,224.9 | 7,678.9 | 7,811.4 | 8,413.1 |
| Healthcare | 5,498.3 | 6,372.5 | 7,025.2 | 7,096.0 | 7,330.2 | 7,418.4 | 7,766.2 | 7,925.1 | 8,981.0 |
| Communication, Media and Technology | 3,931.1 | 3,975.3 | 4,117.1 | 4,245.3 | 4,560.0 | 4,970.0 | 5,017.9 | 5,237.2 | 5,212.1 |
| Diverse Industries | 1,033.2 | 1,005.5 | 1,542.3 | 2,779.4 | 2,553.0 | 2,596.0 | 2,684.0 | 3,700.8 | 3,524.3 |
| Total | 16,692.9 | 17,838.7 | 19,326.1 | 20,878.5 | 21,677.7 | 22,209.3 | 23,147.0 | 24,674.5 | 26,130.5 |
| QoQ Revenue Growth % | | | | | | | | | |
| Banking and Financial Services | 2.1 | 4.1 | 2.4 | 1.7 | 7.1 | (0.1) | 6.3 | 1.7 | 7.7 |
| Healthcare | 2.7 | 15.9 | 10.2 | 1.0 | 3.3 | 1.2 | 4.7 | 2.0 | 13.3 |
| Communication, Media and Technology | 9.6 | 1.1 | 3.6 | 3.1 | 7.4 | 9.0 | 1.0 | 4.4 | (0.5) |
| Diverse Industries | 13.8 | (2.7) | 53.4 | 80.2 | (8.1) | 1.7 | 3.4 | 37.9 | (4.8) |
| Total | 4.7 | 6.9 | 8.3 | 8.0 | 3.8 | 2.5 | 4.2 | 6.6 | 5.9 |
| YoY Revenue Growth % | | | | | | | | | |
| Banking and Financial Services | (0.7) | 4.0 | 5.6 | 10.7 | 16.1 | 11.4 | 15.6 | 15.6 | 16.3 |
| Healthcare | 6.3 | 28.0 | 39.2 | 32.6 | 33.3 | 16.4 | 10.5 | 11.7 | 22.5 |
| Communication, Media and Technology | 13.3 | 19.6 | 25.8 | 18.4 | 16.0 | 25.0 | 21.9 | 23.4 | 14.3 |
| Diverse Industries | 59.9 | 37.2 | 91.1 | 206.0 | 147.1 | 158.2 | 74.0 | 33.1 | 38.0 |
| Total | 7.2 | 16.8 | 25.4 | 30.9 | 29.9 | 24.5 | 19.8 | 18.2 | 20.5 |
| Segment results before tax and finance costs | | | | | | | | | |
| Banking and Financial Services | 946.7 | 962.1 | 1,013.0 | 1,170.4 | 1,336.8 | 1,499.0 | 1,469.6 | 1,409.1 | 1,717.2 |
| Healthcare | 535.4 | 733.5 | 863.9 | 1,089.4 | 1,014.6 | 905.7 | 1,037.2 | 1,076.0 | 1,262.1 |
| Communication, Media and Technology | 806.1 | 700.5 | 726.8 | 700.3 | 712.0 | 801.5 | 897.1 | 1,063.6 | 1,092.3 |
| Diverse Industries | 226.7 | 214.6 | 175.2 | 277.3 | 251.0 | 232.3 | 282.5 | 472.5 | 371.5 |
| Total | 2,514.9 | 2,610.6 | 2,779.0 | 3,237.5 | 3,314.3 | 3,438.5 | 3,686.4 | 4,021.2 | 4,443.1 |
| Margin % | | | | | | | | | |
| Banking and Financial Services | 15.2 | 14.8 | 15.3 | 17.3 | 18.5 | 20.7 | 19.1 | 18.0 | 20.4 |
| Healthcare | 9.7 | 11.5 | 12.3 | 15.4 | 13.8 | 12.2 | 13.4 | 13.6 | 14.1 |
| Communication, Media and Technology | 20.5 | 17.6 | 17.7 | 16.5 | 15.6 | 16.1 | 17.9 | 20.3 | 21.0 |
| Diverse Industries | 21.9 | 21.3 | 11.4 | 10.0 | 9.8 | 8.9 | 10.5 | 12.8 | 10.5 |
| Total | 15.1 | 14.6 | 14.4 | 15.5 | 15.3 | 15.5 | 15.9 | 16.3 | 17.0 |

Source: Company, BOBCAPS Research

Fig 20 – Key Metrics

| | 4QFY23 | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 | 3QFY26 | 4QFY26 |
|----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| P and L (Rs mn) | | | | | | | | | | | | | |
| Revenue | 15,568 | 15,292 | 15,400 | 15,966 | 16,705 | 17,911 | 19,254 | 21,024 | 21,615 | 22,177 | 23,122 | 24,430 | 25,835 |
| EBITDA | 2,441 | 2,402 | 2,288 | 2,372 | 2,504 | 2,699 | 2,873 | 3,177 | 3,328 | 3,471 | 3,760 | 4,026 | 4,305 |
| EBIT | 1,799 | 1,789 | 1,634 | 1,709 | 1,831 | 1,970 | 2,081 | 2,333 | 2,422 | 2,498 | 2,665 | 2,914 | 3,144 |
| PAT | 1,413 | 1,259 | 1,265 | 1,287 | 1,336 | 1,353 | 1,383 | 1,603 | 1,607 | 1,693 | 1,795 | 1,203 | 2,053 |
| Vertical Mix (%) | | | | | | | | | | | | | |
| BFSI | 40.3 | 40.8 | 40.8 | 38.3 | 37.3 | 36.4 | 34.4 | 32.4 | 33.4 | 32.5 | 33.2 | 31.7 | 32.2 |
| Life Science and Healthcare | 33.2 | 32.6 | 32.7 | 33.5 | 32.9 | 35.7 | 36.3 | 34.0 | 33.8 | 33.4 | 33.5 | 32.1 | 34.4 |
| Communication, Media & Tech | 22.3 | 21.8 | 21.2 | 22.5 | 23.6 | 22.3 | 21.3 | 20.3 | 21.0 | 22.4 | 21.7 | 21.2 | 19.9 |
| Diverse Industries | 4.2 | 4.8 | 5.3 | 5.7 | 6.2 | 5.6 | 8.0 | 13.3 | 11.8 | 11.7 | 11.6 | 15.0 | 13.5 |
| Geographic Mix (%) | | | | | | | | | | | | | |
| North America | 63.3 | 63.5 | 65.1 | 65.4 | 65.0 | 68.2 | 68.5 | 66.3 | 67.7 | 68.7 | 69.4 | 67.2 | 68.0 |
| Europe, Middle East and Africa | 36.3 | 36.4 | 34.8 | 34.5 | 34.9 | 31.8 | 31.4 | 33.6 | 31.5 | 30.1 | 29.4 | 31.7 | 30.6 |
| ROW | 0.4 | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 | 0.1 | 0.1 | 0.8 | 1.2 | 1.2 | 1.1 | 1.4 |
| Delivery (%) | | | | | | | | | | | | | |
| Offshore | 24.6 | 25.6 | 26.7 | 30.3 | 31.4 | 35 | 35.8 | 40.1 | 37.8 | 41.2 | 41.6 | 43.4 | 43 |
| Onsite | 75.4 | 74.4 | 73.3 | 69.7 | 68.6 | 65 | 64.2 | 59.9 | 62.2 | 58.8 | 58.4 | 56.6 | 57 |
| Clients Concentration (%) | | | | | | | | | | | | | |
| Top 10 Client | | | | | | 51.5 | 48.6 | 43.5 | 43.7 | 42.6 | 42.3 | 40.7 | 39.9 |
| Top 5 Client | 37.4 | 37.2 | 35 | 35.8 | 36.7 | 34.6 | 32.5 | 29.2 | 29.3 | 29.6 | 28.9 | 28.1 | 28 |
| Employee Number | 23,018 | 22,384 | 23,953 | 25,947 | 27,940 | 29,231 | 32,898 | 34,144 | 34,651 | 34,495 | 35,997 | 36,689 | 36,205 |
| Net Addition | (609) | (634) | 1,569 | 1,994 | 1,993 | 1,291 | 3,667 | 1,246 | 507 | (156) | 1,502 | 692 | (484) |
| (US\$ mn) | | | | | | | | | | | | | |
| Revenue | 190 | 186 | 186 | 192 | 201 | 215 | 230 | 249 | 250 | 259 | 265 | 274 | 283 |
| EBIT | 22 | 22 | 20 | 21 | 22 | 24 | 25 | 28 | 28 | 29 | 31 | 32 | 34 |
| PAT | 17 | 15 | 15 | 15 | 16 | 16 | 17 | 19 | 19 | 20 | 21 | 13 | 22 |
| Productivity Metrics | | | | | | | | | | | | | |
| Per Capita (Annualised) | | | | | | | | | | | | | |
| Revenue | 33,018 | 33,238 | 31,061 | 29,599 | 28,776 | 29,421 | 27,965 | 29,171 | 28,859 | 30,033 | 29,447 | 29,873 | 31,266 |
| EBIT | 3,816 | 3,895 | 3,292 | 3,171 | 3,156 | 3,231 | 3,020 | 3,238 | 3,232 | 3,349 | 3,390 | 3,528 | 3,762 |
| PAT | 2,997 | 2,741 | 2,549 | 2,388 | 2,303 | 2,219 | 2,007 | 2,224 | 2,144 | 2,270 | 2,284 | 1,456 | 2,456 |

Source: Company, BOBCAPS Research

Fig 21 – QoQ and YoY growth of various parameters

| (in US\$) | 4QFY23 | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 | 3QFY26 | 4QFY26 |
|--------------------------------|--------|--------|--------|--------|--------|---------|--------|--------|--------|--------|--------|--------|--------|
| QoQ Growth (%) | | | | | | | | | | | | | |
| Revenue | 3.8 | -2.1 | 0.0 | 3.2 | 4.7 | 7.0 | 7.0 | 8.3 | 0.4 | 3.6 | 2.3 | 3.4 | 3.3 |
| Geographical Data | | | | | | | | | | | | | |
| North America | 1.3 | (1.8) | 2.5 | 3.7 | 4.0 | 12.2 | 7.4 | 4.8 | 2.5 | 5.1 | 3.4 | 0.1 | 4.5 |
| Europe, Middle East and Africa | 10.5 | (1.8) | (4.4) | 2.3 | 5.9 | (2.5) | 5.6 | 15.8 | (5.9) | (1.0) | (0.1) | 11.5 | (0.3) |
| ROW | (58.5) | (75.5) | 0.0 | 3.2 | 4.7 | NA | NA | 8.3 | 703.2 | 55.4 | 2.3 | (5.2) | 31.5 |
| Verticals | | | | | | | | | | | | | |
| BFSI | 0.1 | (0.9) | 0.0 | (3.1) | 2.0 | 4.4 | 1.1 | 2.0 | 3.5 | 0.8 | 4.5 | (1.3) | 4.9 |
| Life Science and Healthcare | 0.8 | (3.9) | 0.3 | 5.8 | 2.8 | 16.1 | 8.8 | 1.4 | (0.2) | 2.4 | 2.6 | (0.9) | 10.7 |
| Communication, Media & Tech | 7.2 | (4.3) | (2.8) | 9.6 | 9.8 | 1.1 | 2.2 | 3.2 | 3.9 | 10.5 | (0.9) | 1.0 | (3.0) |
| Diverse Industries | 81.7 | 11.9 | 10.4 | 11.0 | 13.9 | (3.4) | 52.8 | 80.0 | (10.9) | 2.7 | 1.4 | 33.7 | (7.0) |
| Delivery | | | | | | | | | | | | | |
| Offshore | 1.8 | 1.9 | 4.3 | 17.1 | 8.5 | 19.2 | 9.4 | 21.3 | (5.4) | 12.9 | 3.3 | 7.9 | 2.3 |
| Onshore | 4.5 | (3.4) | (1.5) | (1.8) | 3.0 | 1.4 | 5.7 | 1.0 | 4.3 | (2.1) | 1.6 | 0.2 | 4.0 |
| YoY Growth (%) | | | | | | | | | | | | | |
| Revenue | (7.8) | (2.6) | (0.5) | 4.9 | 5.8 | 15.6 | 23.7 | 29.7 | 24.4 | 20.5 | 15.2 | 10.0 | 13.2 |
| Geographical Data | | | | | | | | | | | | | |
| North America | (17.4) | (9.6) | (3.6) | 5.7 | 8.6 | 24.1 | 30.1 | 31.5 | 29.5 | 21.3 | 16.7 | 11.5 | 13.7 |
| Europe, Middle East and Africa | 21.7 | 17.8 | 10.6 | 6.1 | 1.7 | 1.0 | 11.6 | 26.3 | 12.3 | 14.0 | 7.9 | 3.8 | 10.0 |
| ROW | (79.5) | (93.5) | (93.4) | (89.5) | (73.6) | (100.0) | 23.7 | 29.7 | 895.0 | NA | 1282.6 | 1110.4 | 98.1 |
| Verticals | | | | | | | | | | | | | |
| BFSI | (24.1) | (14.2) | (6.5) | (3.9) | (2.1) | 3.1 | 4.3 | 9.7 | 11.4 | 7.6 | 11.2 | 7.7 | 9.1 |
| Life Science and Healthcare | 1.1 | (1.1) | (5.7) | 2.8 | 4.8 | 26.6 | 37.3 | 31.6 | 27.8 | 12.7 | 6.3 | 3.9 | 15.2 |
| Communication, Media & Tech | 8.3 | 5.1 | 4.4 | 9.3 | 12.0 | 18.2 | 24.2 | 17.0 | 10.7 | 21.0 | 17.4 | 14.9 | 7.3 |
| Diverse Industries | 127.9 | 233.9 | 177.5 | 149.2 | 56.2 | 34.9 | 86.7 | 202.6 | 136.7 | 151.7 | 67.1 | 24.1 | 29.5 |
| Delivery | | | | | | | | | | | | | |
| Offshore | (16.0) | (9.0) | 2.5 | 26.7 | 35.0 | 58.0 | 65.8 | 71.6 | 49.7 | 41.8 | 33.9 | 19.1 | 28.8 |
| Onshore | (5) | (0) | (2) | (2) | (4) | 1 | 8 | 11 | 13 | 9 | 5 | 4 | 4 |

Source: Company, BOBCAPS Research

Financials

Income Statement

| Y/E 31 Mar (Rs mn) | FY25A | FY26A | FY27E | FY28E | FY29E |
|----------------------------|---------------|---------------|----------------|----------------|----------------|
| Total revenue | 79,803 | 95,564 | 113,917 | 129,292 | 147,390 |
| EBITDA | 12,077 | 15,562 | 19,058 | 22,035 | 26,232 |
| Depreciation | 3,271 | 4,341 | 4,893 | 5,536 | 6,179 |
| EBIT | 8,806 | 11,221 | 14,165 | 16,498 | 20,053 |
| Net interest inc./(exp.) | (1,383) | (1,814) | (2,436) | (2,436) | (2,436) |
| Other inc./(exp.) | (104) | 74 | 332 | 432 | 624 |
| Exceptional items | 0 | 0 | 0 | 0 | 0 |
| EBT | 7,319 | 9,481 | 12,061 | 14,495 | 18,241 |
| Income taxes | 1,462 | 1,754 | 2,562 | 3,079 | 3,874 |
| Extraordinary items | 0 | 0 | 0 | 0 | 0 |
| Min. int./Inc. from assoc. | 0 | 0 | 0 | 0 | 0 |
| Reported net profit | 5,857 | 7,726 | 9,500 | 11,416 | 14,367 |
| Adjustments | 0 | 0 | 0 | 0 | 0 |
| Adjusted net profit | 5,857 | 7,726 | 9,500 | 11,416 | 14,367 |

Balance Sheet

| Y/E 31 Mar (Rs mn) | FY25A | FY26A | FY27E | FY28E | FY29E |
|---------------------------------|---------------|---------------|---------------|----------------|----------------|
| Accounts payables | 3,976 | 5,579 | 6,420 | 7,338 | 8,346 |
| Other current liabilities | 20,311 | 29,206 | 29,206 | 29,206 | 29,206 |
| Provisions | 241 | 1,140 | 1,140 | 1,140 | 1,140 |
| Debt funds | 3,419 | 1,897 | 897 | (103) | (1,103) |
| Other liabilities | 10,299 | 11,534 | 11,534 | 11,534 | 11,534 |
| Equity capital | 6,970 | 6,970 | 6,970 | 6,970 | 6,970 |
| Reserves & surplus | 34,006 | 36,875 | 41,536 | 47,078 | 54,187 |
| Shareholders' fund | 40,976 | 43,845 | 48,506 | 54,047 | 61,157 |
| Total liab. and equities | 79,222 | 93,200 | 97,702 | 103,161 | 110,278 |
| Cash and cash eq. | 1,670 | 2,693 | 3,584 | 5,186 | 8,109 |
| Accounts receivables | 16,860 | 20,786 | 23,919 | 27,337 | 31,091 |
| Inventories | 0 | 0 | 0 | 0 | 0 |
| Other current assets | 3,710 | 4,144 | 4,144 | 4,144 | 4,144 |
| Investments | 115 | 658 | 658 | 658 | 658 |
| Net fixed assets | 2,763 | 3,103 | 3,581 | 4,020 | 4,459 |
| CWIP | 491 | 299 | 299 | 299 | 299 |
| Intangible assets | 47,173 | 52,565 | 52,565 | 52,565 | 52,565 |
| Deferred tax assets, net | 3,449 | 4,806 | 4,806 | 4,806 | 4,806 |
| Other assets | 2,991 | 4,146 | 4,146 | 4,146 | 4,146 |
| Total assets | 79,222 | 93,200 | 97,702 | 103,161 | 110,278 |

Cash Flows

| Y/E 31 Mar (Rs mn) | FY25A | FY26A | FY27E | FY28E | FY29E |
|------------------------------------|----------------|----------------|----------------|----------------|-----------------|
| Cash flow from operations | 8,805 | 14,711 | 14,536 | 16,888 | 20,236 |
| Capital expenditures | (1,790) | (1,410) | (1,029) | (1,082) | (1,082) |
| Change in investments | (315) | (429) | 0 | 0 | 0 |
| Other investing cash flows | 0 | 0 | 0 | 0 | 0 |
| Cash flow from investing | (2,105) | (1,839) | (1,029) | (1,082) | (1,082) |
| Equities issued/Others | 0 | 0 | 0 | 0 | 0 |
| Debt raised/repaid | 7,204 | 4,048 | (1,000) | (1,000) | (1,000) |
| Interest expenses | (1,383) | (1,814) | (2,436) | (2,436) | (2,436) |
| Dividends paid | (2,751) | (3,802) | (4,839) | (5,875) | (7,258) |
| Other financing cash flows | 0 | 0 | 0 | 0 | 0 |
| Cash flow from financing | 3,070 | (1,569) | (8,274) | (9,311) | (10,694) |
| Chg in cash & cash eq. | (214) | 1,023 | 892 | 1,601 | 2,923 |
| Closing cash & cash eq. | 1,670 | 2,693 | 3,584 | 5,186 | 8,109 |

Per Share

| Y/E 31 Mar (Rs) | FY25A | FY26A | FY27E | FY28E | FY29E |
|----------------------|-------|-------|-------|-------|-------|
| Reported EPS | 8.6 | 9.8 | 13.7 | 16.5 | 20.8 |
| Adjusted EPS | 8.4 | 9.6 | 13.5 | 16.2 | 20.4 |
| Dividend per share | 4.0 | 5.5 | 7.0 | 8.5 | 10.5 |
| Book value per share | 59.7 | 63.4 | 70.2 | 78.2 | 88.5 |

Valuations Ratios

| Y/E 31 Mar (x) | FY25A | FY26A | FY27E | FY28E | FY29E |
|----------------|-------|-------|-------|-------|-------|
| EV/Sales | 2.1 | 1.8 | 1.5 | 1.3 | 1.2 |
| EV/EBITDA | 13.9 | 10.8 | 8.9 | 7.8 | 6.7 |
| Adjusted P/E | 28.9 | 25.5 | 18.1 | 15.0 | 12.0 |
| P/BV | 4.1 | 3.8 | 3.5 | 3.1 | 2.8 |

DuPont Analysis

| Y/E 31 Mar (%) | FY25A | FY26A | FY27E | FY28E | FY29E |
|------------------------------|-------|-------|-------|-------|-------|
| Tax burden (Net profit/PBT) | 80.3 | 79.4 | 78.8 | 78.8 | 78.8 |
| Interest burden (PBT/EBIT) | 84.1 | 75.7 | 85.1 | 87.9 | 91.0 |
| EBIT margin (EBIT/Revenue) | 11.0 | 11.7 | 12.4 | 12.8 | 13.6 |
| Asset turnover (Rev./Avg TA) | 114.0 | 110.8 | 119.3 | 128.7 | 138.1 |
| Leverage (Avg TA/Avg Equity) | 1.7 | 2.0 | 2.0 | 1.9 | 1.7 |
| Adjusted ROAE | 14.5 | 15.4 | 19.6 | 21.1 | 23.5 |

Ratio Analysis

| Y/E 31 Mar | FY25A | FY26A | FY27E | FY28E | FY29E |
|----------------------------------------------|-------|-------|-------|-------|-------|
| YoY growth (%) | | | | | |
| Revenue | 25.9 | 19.7 | 19.2 | 13.5 | 14.0 |
| EBITDA | 26.3 | 28.9 | 22.5 | 15.6 | 19.0 |
| Adjusted EPS | 14.9 | 13.4 | 40.9 | 20.2 | 25.8 |
| Profitability & Return ratios (%) | | | | | |
| EBITDA margin | 15.1 | 16.3 | 16.7 | 17.0 | 17.8 |
| EBIT margin | 11.0 | 11.7 | 12.4 | 12.8 | 13.6 |
| Adjusted profit margin | 7.3 | 8.1 | 8.3 | 8.8 | 9.7 |
| Adjusted ROAE | 15.0 | 18.2 | 20.6 | 22.3 | 24.9 |
| ROCE | 10.6 | 10.9 | 12.5 | 13.9 | 16.0 |
| Working capital days (days) | | | | | |
| Receivables | 77 | 79 | 77 | 77 | 77 |
| Inventory | NA | NA | NA | NA | NA |
| Payables | 18 | 21 | 20 | 20 | 20 |
| Ratios (x) | | | | | |
| Gross asset turnover | 28.9 | 30.8 | 31.8 | 32.2 | 33.1 |
| Current ratio | 0.9 | 0.8 | 0.9 | 1.0 | 1.2 |
| Net interest coverage ratio | NA | NA | NA | NA | NA |
| Adjusted debt/equity | 0.0 | 0.0 | (0.1) | (0.1) | (0.2) |

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

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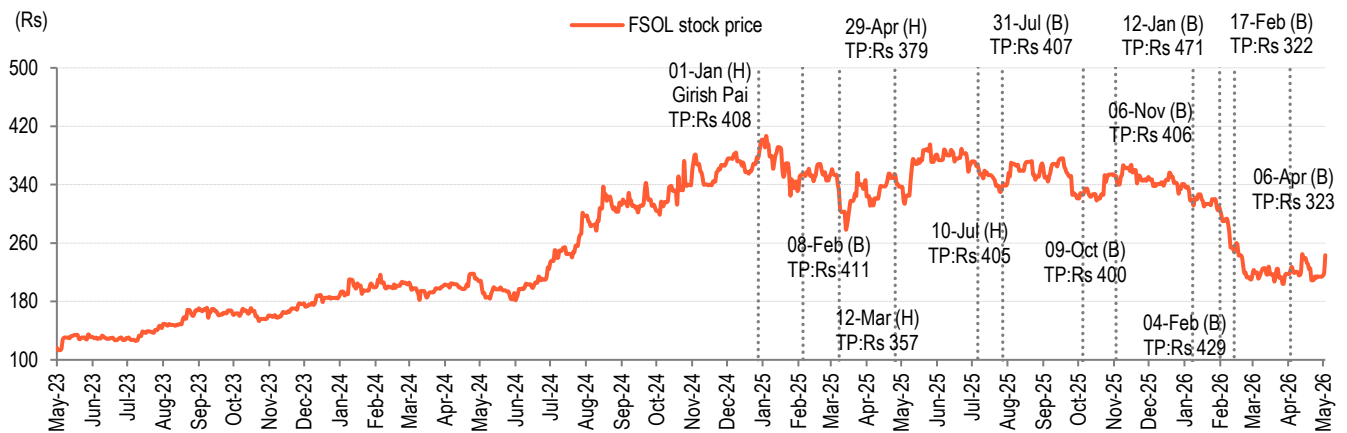
Recommendation scale: Recommendations and Absolute returns (%) over 12 months

- BUY** – Expected return >+15%
- HOLD** – Expected return from -6% to +15%
- SELL** – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): FIRSTSOURCE SOLUTIONS (FSOL IN)



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