

FSOL's FY25 annual report provided progress made on the growth strategy encompassing the 'One Firstsource' framework, with focus on seven strategic levers, including organizational structure simplification and expanding multi-tower relationships with cross-selling/up-selling in potential growth accounts. Consistent execution of this framework, coupled with initial traction in the UnBPO approach, instills confidence in the management to sustain revenue growth momentum. The management targets expanding the margin by 50-75bps annually. FSOL has given FY26 revenue growth guidance of 12-15% (incl ~3% inorganic contribution), and EBITM guidance of 11.25-12%. Other key takeaways from the AR: i) net debt grew over 2x in FY25, ii) OCF/EBITDA conversion weakened to 58%, iii) dividend payout is stable at 47%, iv) steady progress across client buckets and added 43 new logos (BFSI: 18; Healthcare: 16; CMT: 8, Diverse: 1), including 12 strategic logos, v) won 14 large deals, including 5 from new logos; combined ACV of deal wins in FY25 was up 60% YoY and the exit deal pipeline was 30% higher on YoY basis, vi) launched relAI, a suite of Gen AI-led offerings, solutions, and platforms, to drive digital transformation of clients. We retain REDUCE, given the rich valuations, with TP of Rs370 at 25x Jun-27E EPS.

Unwinding FY25

The management defined FY25 as a year of: i) industry dominance (gained almost 0.5% of market share against the group of 15 closest global listed peers, based on TTM revenue); ii) bold thinking (UnBPO approach improved visibility); iii) pivot to AI (launched relAI, a suite of AI-led offerings, solutions, and platforms, to drive digital transformation of clients in a responsible manner); iv) expanding footprint (expanded operations in Australia with an onshore delivery center and a dedicated AI Innovation Lab in Melbourne; the Ascensos acquisition expanded its delivery footprint to South Africa, Romania, and Trinidad and Tobago, with capabilities to provide customer support in 11 languages); and v) being prudent while investing for growth (flattish EBITM in FY25).

Reinventing the operating model through UnBPO

FSOL launched its bold new approach UnBPO – a transformative shift away from traditional outsourcing models. With the UnBPO approach, the company is moving beyond labor arbitrage to technology arbitrage – using AI, automation, and expert talent to get the right work done by the right resource, faster and smarter. UnBPO is a company's blueprint for the future of work. The key tenets of UnBPO: i) Traditional commercial models must give way to non-linear, outcome-driven frameworks — where service behaves like software. ii) Cost arbitrage is baseline. The edge now lies in technology-led leverage, where deep domain expertise, AI integration, and hyper-specialization drive differentiation and sustained advantage...(contd)...

Firstsource Solutions: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	63,362	79,803	94,943	108,532	121,039
EBITDA	9,564	12,076	14,830	17,953	20,265
Adj. PAT	5,147	5,856	7,536	9,720	11,428
Adj. EPS (Rs)	7.4	8.4	10.8	13.9	16.4
EBITDA margin (%)	15.1	15.1	15.6	16.5	16.7
EBITDA growth (%)	15.7	26.3	22.8	21.1	12.9
Adj. EPS growth (%)	0.2	13.8	28.7	29.0	17.6
RoE (%)	14.6	15.0	17.5	20.4	21.4
RoIC (%)	13.6	14.1	15.5	18.4	20.0
P/E (x)	47.9	41.5	32.7	25.4	21.6
EV/EBITDA (x)	26.3	20.8	16.9	14.0	12.4
P/B (x)	6.7	6.0	5.5	4.9	4.4
FCFF yield (%)	2.2	1.9	3.4	3.7	4.6

Source: Company, Emkay Research

Target Price – 12M	Jun-26
Change in TP (%)	-
Current Reco.	REDUCE
Previous Reco.	REDUCE
Upside/(Downside) (%)	4.5

Stock Data	FSOL IN
52-week High (Rs)	423
52-week Low (Rs)	227
Shares outstanding (mn)	697.0
Market-cap (Rs bn)	247
Market-cap (USD mn)	2,876
Net-debt, FY26E (Rs mn)	11,340.5
ADTV-3M (mn shares)	3
ADTV-3M (Rs mn)	686.1
ADTV-3M (USD mn)	8.0
Free float (%)	45.2
Nifty-50	25,149.8
INR/USD	85.8

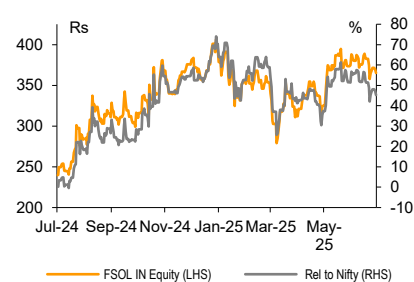
Shareholding, Mar-25

Promoters (%)	53.7
FPIs/MFs (%)	10.1/22.9

Price Performance

(%)	1M	3M	12M
Absolute	(8.5)	10.3	47.4
Rel. to Nifty	(8.5)	0.1	42.5

1-Year share price trend (Rs)



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...(contd)... iii) AI Centers of Excellence and smart partnerships will define future delivery models. Location debt must be replaced by strategic orchestration of talent, tools, and alliances. iv) The workforce is being reshaped by whom the company hires, how it assigns work, and what skills matter. Hierarchies must give way to fluid roles, personalized skilling, and collaborative impact. In alignment with the UnBPO principle of 'Inch Wide, Mile Deep', the company has identified problem areas and developed solutions with its deep domain knowledge, eg a) for ISA (Individual Savings Account) transfers, it has developed a prototype leveraging Agentic AI; b) in the Economic Crime space, it has begun with process intelligence initiatives to map operational pain points and identify opportunities where AI can significantly reduce false positives in alert disposition; c) in Edtech, understanding test-taker personas and user journeys to build AI first solutions for support and adjacent areas such as remote proctoring and test analysis; d) speech analytics and automated QA to help Utility companies better understand customer sentiment, give prudent response to new products and tariffs, identify vulnerability and challenges with the ability to pay, and reduce field service costs through self-service enablement.

Steadfast execution on seven strategic initiatives to sustain growth momentum

The company has made steady progress on its growth strategy under the 'One Firstsource' framework across seven key initiatives:

- **Simplify organizational and realign leadership:** Strengthened its leadership across critical functions, with 50% expansion in the sales team in FY25. Leadership realignment also included enhancements in solution design, technology, and delivery.
- **Embed technology across the value chain:** Launched relAI, a suite of GenAI-powered offerings aimed at responsible, full-cycle transformation. It is also investing in developing a domain-specific language model for mortgage services, to significantly reduce loan processing timelines.
- **Institutionalize cross-sell and upsell:** Number of clients contributing over USD1mn, USD5mn, and USD10mn in annual revenue rose by 13, five, and two, respectively, in FY25, indicating the successful institutionalization of cross-sell and upsell strategies.
- **Expand capabilities:** The company has realigned the portfolio around high-growth adjacencies. The Collections business has expanded into fintech, BNPL, and personal finance, and the company has begun cross-selling collections into the non-BFS verticals such as healthcare and utilities. The Ascensos acquisition enhanced the company's nearshore delivery capabilities, multilingual support, and retail vertical strength. In addition, the company has expanded its presence to Australia.
- **Amplify the Firstsource brand:** Invested in brand building among analysts, clients, and prospects. Its newly formed Advisory Board, comprising senior industry veterans, has been instrumental in amplifying its voice in the market.
- **Elevate employee experience:** Launched initiatives to enhance hiring, training, and internal mobility. It also launched FirstALUM, a platform to engage alumni network and unlock new opportunities for collaboration.
- **Drive margin expansion:** It identified 37 margin levers – from offshoring to delivery consolidation; it has also set a medium-term target of improving margins by 50-75bps annually, with an ambition toward achieving mid-teen profitability.

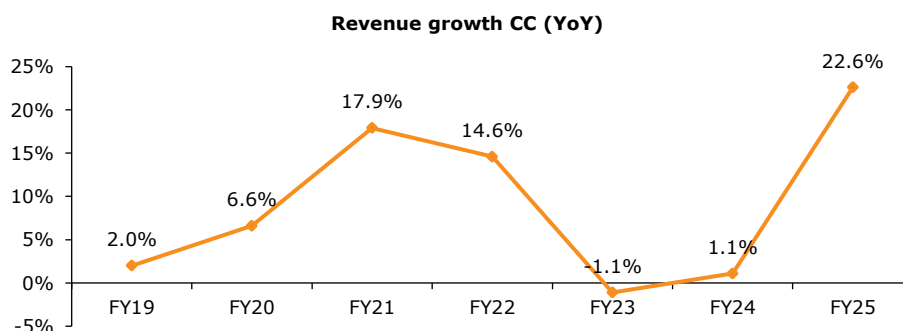
Revenue growth accelerated in FY25 partly aided by M&As

FSOL's growth strategy encompassing the 'One Firstsource' framework with focus on seven strategic levers has started yielding early results, as reflected in the revenue growth acceleration, deal intake and deal pipeline, progress across client buckets, and quality of the 'new logos' addition. FSOL delivered strong revenue growth in FY25 on the back of broad-based growth across the CMT, Healthcare, BFS, and Diverse industries. M&As (Ascensos, QBSS, AccunAI) contributed ~7% to revenue growth. Improved growth momentum has helped the company gain almost 0.5% market share over the last four quarters as against the basket of 15 of its closest global publicly traded peers, based on trailing 4 quarters reported revenue. BFS added 18 new logos in FY25, and its revenue grew 7% CC YoY. The company introduced new services offerings around financial crimes and compliance and expanded into building the societies market in the UK. Healthcare added 16 new logos in FY25, and its revenue grew 30% YoY. The QBSS acquisition strengthened its revenue cycle management (RCM) portfolio. CMT added 8 new logos in FY25, and its revenue grew 16% CC

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YoY. Diverse industries added 1 new logo in FY25 and their revenue grew 118%. FSOL added the Retail vertical to its portfolio through the Ascensos acquisition in FY25. The Ascensos acquisition in turn added 5% of revenue in FY25. Overall, the company added 43 new logos in FY25 which included 12 strategic logos (defined as potential for at least a >USD5mn relationship). It won 14 large deals ('large' defined as a deal with ACV of over USD5mn) in FY25, including five from new logos. The combined ACV of deal wins in FY25 was up >60% YoY, and the FY25 exit deal pipeline was higher by >30% YoY.

Exhibit 1: Revenue grew 22.6% CC in FY25; M&As contributed ~7% of growth

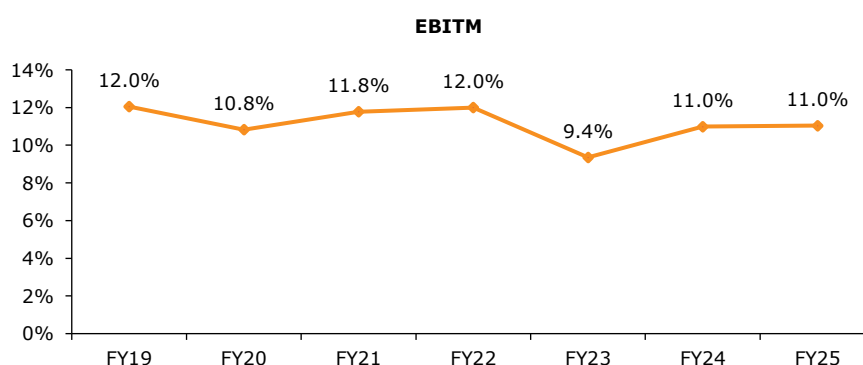


Source: Company, Emkay Research

EBITM was flat in FY25; we expect 50-75bps margin expansion annually over the medium term

The company strengthened its sales, solution design, technology, and delivery capabilities with senior hires in FY25. Despite stepped-up investments, EBITM was flattish in FY25 on the back of strong execution and cost discipline. It expanded operations in Australia with an onshore delivery center and a dedicated AI Innovation Lab in Melbourne. The Ascensos acquisition expanded the delivery footprint to South Africa, Romania, and Trinidad and Tobago, with capabilities to provide customer support in 11 languages. The company identified 37 margin levers — from offshoring to delivery consolidation — and has set a medium-term target of improving margin by 50-75bps annually, aiming toward mid-teen profitability.

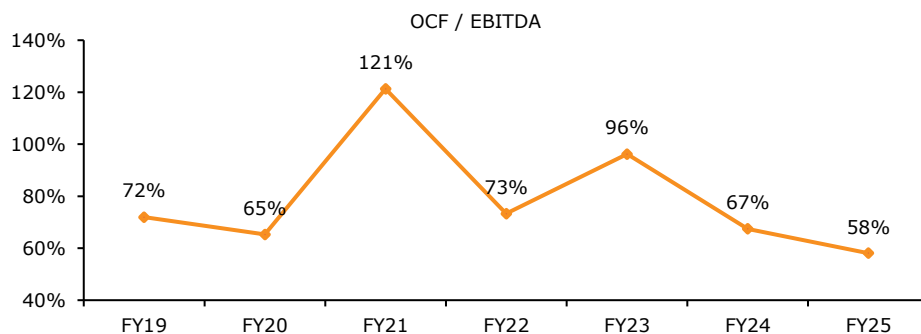
Exhibit 2: EBITM flat in FY25; expect 50-75bps annual improvement over the medium term



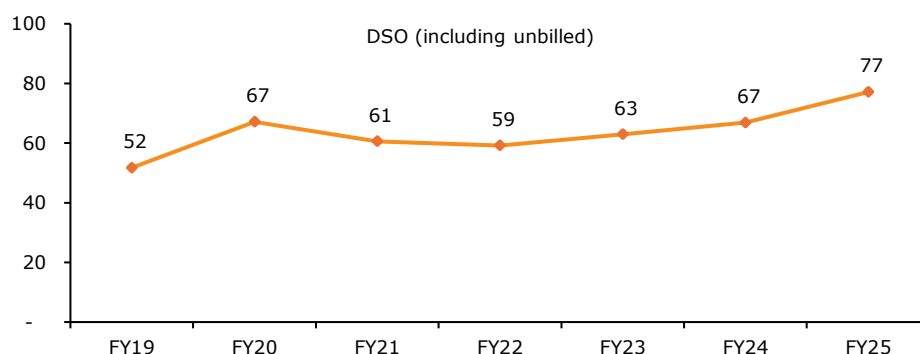
Source: Company, Emkay Research

Cash conversion weakened in FY25

The company reported OCF/EBITDA of 58% in FY25 – the weakest in the last 8 years. DSO (including unbilled) inched up by ~10days in FY25 to 77days; however, the impact was partly negated by increase in trade payable and current liabilities (prepaid expenses, employee benefit payable).

Exhibit 3: OCF/EBITDA trend over the past 7 years, with conversion being weakest in FY25

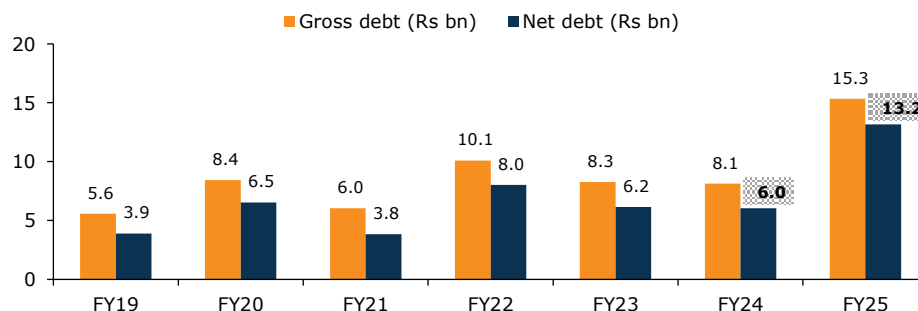
Source: Company, Emkay Research

Exhibit 4: DSO inched up by 10 days in FY25

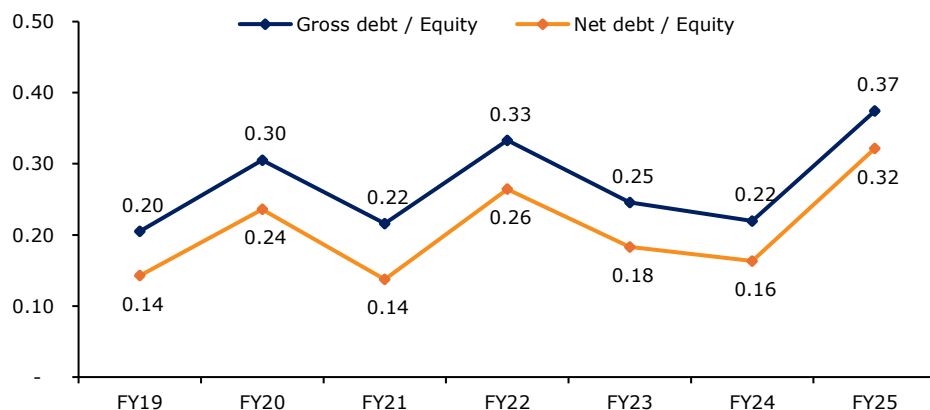
Source: Company, Emkay Research

Net debt jumped over 2x in FY25

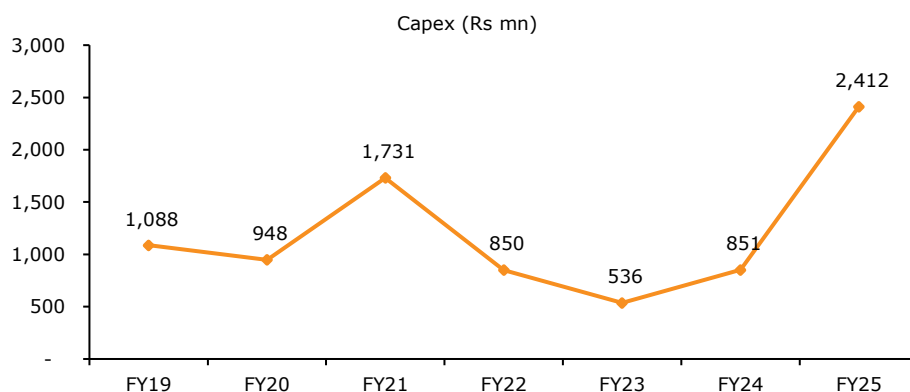
FSOL's net debt increased by ~Rs7bn in FY25 owing to M&As, weak cash conversion (OCF/EBITDA at ~58%), higher capex for capacity expansion to support growth, and steady dividend payout. FSOL has acquired i) Quintessence Business Solutions & Services Private (QBSS) for a cash purchase consideration of up to USD39.25mn, including contingent consideration of USD13.35mn payable over the next two years, ii) Ascensos for a purchase consideration of GBP42mn, including contingent consideration of GBP9.45mn payable over the next two years, iii) AccunAI for a purchase consideration of Rs80.25mn.

Exhibit 5: Net debt spiked over 2x in FY25 owing to M&A

Source: Company, Emkay Research

Exhibit 6: Gross debt-to-equity and net debt-to-equity inched up in FY25

Source: Company, Emkay Research

Exhibit 7: Surge in capex in FY25 owing to capacity expansion

Source: Company, Emkay Research

Other key takeaways

- FSOL is working with over 52 health plans — changing the game by building Digital Twins for back-office processes, creating claims propensity models, transforming training through Instructional Design Copilots, and deploying Agentic workflows at scale.
- FSOL won its largest deal in Healthcare from one of the mid-market health plans in North America (new logo). This is a five-year BPaaS deal with an ACV of well over USD50mn in steady state. This deal is transformative in nature and has a staggered revenue ramp up curve.
- The company added two new logos in strategically important areas – building societies and pension administration in the UK BFS sector. FSOL partnered with Nationwide Building Society—the world's largest building society, to optimize its TCO, modernize operations, and build a sustainable, future-ready service model. The scope of transformation covered three major service lines—Banking and Savings Operations, Economic Crime Prevention, and Chat—spanning 16 core processes and 99 sub-processes, supported by a web of 72 tools and applications.
- The Collections business expanded into fintech, BNPL, and personal finance, and the company began cross-selling collections into non-BFS verticals such as Healthcare and Utilities.
- It won a USD200mn TCV contract with one of the largest energy supply companies in the UK, following a competitive rebid process. Expanded scope of work covers front office, back office, SME operations, debt collections, smart meter health, and complex complaint management.

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- The company has 51 global operation centers as on 31-Mar-25. Sixteen of the company's operation centers are in India – Chennai (4), Mumbai (4), Coimbatore (3), Bangalore (1), and 1 each in Trichy, Pondicherry, Hyderabad, and Vijayawada; with 17 of its centers are in the North America, 13 in the EMEA, 4 in the Philippines and 1 in Australia.

Deep dive into selected subsidiaries

Sourcepoint Inc is a US-based subsidiary of FSOL, specializing in mortgage BPO services. In recent years, Sourcepoint has faced a notable decline in financial performance, primarily due to the severe downturn in the US mortgage market. This contraction was driven by aggressive interest rate hikes and broader economic headwinds, which led to a sharp drop in mortgage origination and refinancing volumes. As a result, Sourcepoint experienced lower transaction volumes, revenue declines, and increased cost pressures, resulting in net losses.

American Recovery Service Incorporated operates as a legal collections network providing debt recovery services for major financial institutions in the US. ARSI has shown some recovery in operating performance in FY25 (Exhibit 8).

Exhibit 8: Operating performance of select subsidiaries

Particulars	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Subsidiary							
Sourcepoint Inc							
Revenue (USD mn)	37.6	85.1	188.8	203.0	71.2	49.9	45.0
YoY growth		126%	122%	7%	-65%	-30%	-10%
EBITDA (USD mn)	-2.0	0.3	0.2	3.2	-8.7	-3.1	-2.4
EBITDAM	-5.2%	0.4%	0.1%	1.6%	-12.3%	-6.3%	-5.2%
American Recovery Service Incorporated							
Revenue (USD mn)				24.2	64.3	56.3	63.4
YoY growth					165%	-12%	13%
EBITDA (USD mn)				1.7	6.0	5.6	7.4
EBITDAM				7.0%	9.3%	9.9%	11.7%

Source: Company, Emkay Research

ESOP Program

In FY24, FSOL granted 4.5mn stock options to MD & CEO Ritesh Idnani, under the ESOP 2019 Plan, following shareholder approval in Oct-23. These options, offered at the face value of Rs10/share, are performance-based and aim to align the CEO's interests with long-term shareholder value (Exhibit 9/10).

Exhibit 9: Grants to MD and CEO Ritesh Idnani under the ESOP 2019 plan (no additional grants allotted in FY25)

No stock options	Vesting Date	Vesting Conditions
4,500,000	15-May-28	Continued employment and increase in the company's revenue CAGR and EBIT*

Source: Company, Emkay Research (* Performance period may be further defined in consultation with the Nomination & Remuneration Committee)

Exhibit 10: Total ESOP allotment over the past 5 years

Particulars	FY20	FY21	FY22	FY23	FY24	FY25
ESOP (Rs mn)	29	209	320	228	31	716
Revenue (Rs mn)	40,986	50,780	59,212	60,223	63,362	79,803
ESOP expense as a% of revenue	0.1%	0.4%	0.5%	0.4%	0.0%	0.9%

Source: Company, Emkay Research

Exhibit 11: Senior Management appointment during FY24-25

Senior Management Professional	Designation	Effective Date
Hasit Trivedi	Chief Digital and AI Officer	3-May-24
Sohit Brahmawar	President – Chief Operating Officer	10-Jun-24
Shamita Mukherjee	Chief Human Resources Officer	5-May-25

Source: Company, Emkay Research

Exhibit 12: Acquisitions by FSOL in FY25

Acquired Entity	Date of Acquisition	Consideration	Revenue rate at the time of acquisition	EV/Sales	Business Focus/Vertical	Strategic Fit
Ascensos (UK)	23-Sep-24	USD 56mn	USD 85mn	0.7	Retail, E-commerce, Multilingual BPM	Expand retail vertical, add iconic UK brands, enhance multilingual and expand nearshore delivery presence
QBSS	3-May-24	USD 39mn	USD 15mn	2.7	Healthcare RCM	Strengthen and expand healthcare revenue cycle management (RCM) portfolio
AccunAI India Services Pvt	7-Feb-25	USD 1mn	USD 0.25mn	3.8	AI Developments	Accelerate AI strategy, support reAI and Agentic AI Studio development

Source: Company, Emkay Research

Exhibit 13: RoE decomposition via the DuPont framework

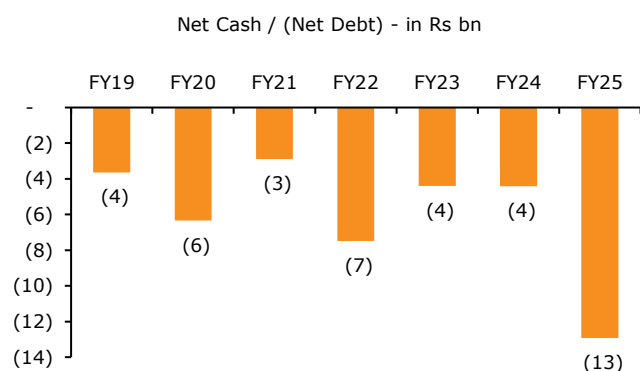
	FY19	FY20	FY21	FY22	FY23	FY24	FY25	Comments
Net Profit Margin (%)	9.9	8.3	9.4	9.1	8.5	8.1	7.3	Decline in net profit margin indicates drop in profitability, primarily driven by increased interest costs (downward trend over the years)
Asset Turnover Ratio (x)	1.3	1.2	1.4	1.5	1.4	1.4	1.5	Uptick in asset turnover reflects improvement in organic revenue growth
Equity Multiplier (x)	1.2	1.3	1.3	1.3	1.3	1.2	1.3	Equity multiplier increased marginally, indicating uptick in leverage (has been stable over the years)
RoE (%)	14.9	12.4	17.1	18.4	16.1	14.6	15.0	

Source: Company, Emkay Research

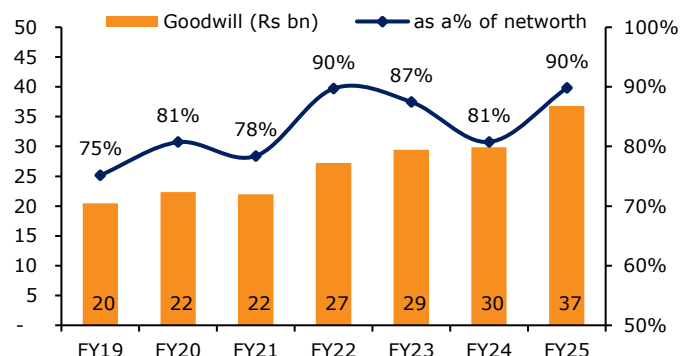
Exhibit 14: Changes in estimates

(Rs mn)	FY26E			FY27E			FY28E		
	Old	New	Change	Old	New	Change	Old	New	Change
Revenue (USD mn)	1,102	1,102	0.0%	1,238	1,238	0.0%	1,374	1,374	0.0%
USD revenue - YoY growth	16.8%	16.8%		12.3%	12.3%		11.0%	11.0%	
Revenue	94,943	94,943	0.0%	108,532	108,532	0.0%	121,039	121,039	0.0%
Revenue - YoY growth	19.0%	19.0%		14.3%	14.3%		11.5%	11.5%	
EBIT	10,972	11,000	0.3%	13,592	13,586	0.0%	15,465	15,528	0.4%
EBIT margin	11.6%	11.6%		12.5%	12.5%		12.8%	12.8%	
PAT	7,603	7,536	-0.9%	9,881	9,720	-1.6%	11,629	11,428	-1.7%
EPS (Rs)	10.9	10.8	-0.9%	14.2	13.9	-1.6%	16.7	16.4	-1.7%

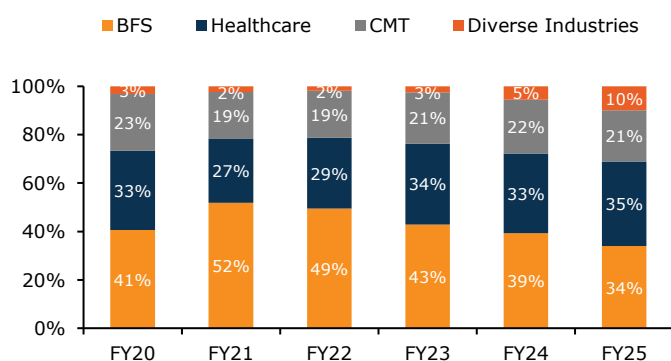
Source: Company, Emkay Research

Exhibit 15: Net debt profile for FSOL

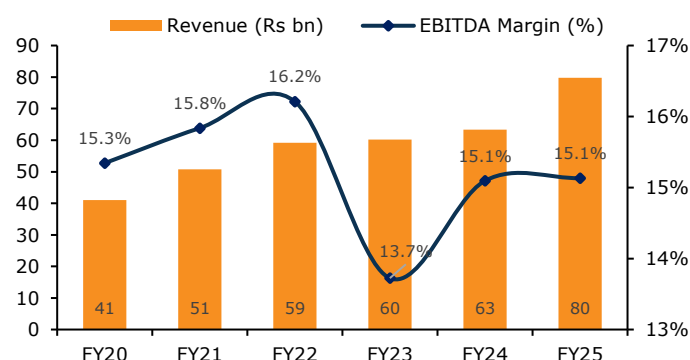
Source: Company, Emkay Research

Exhibit 16: FSOL's goodwill is both substantial and rising, underlining its acquisition-led growth strategy

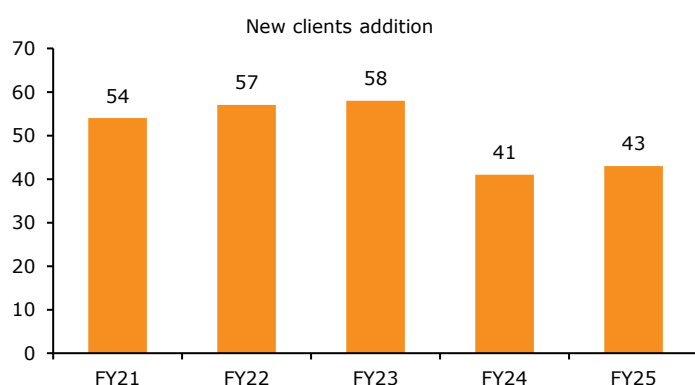
Source: Company, Emkay Research

Exhibit 17: Vertical-wise evolving revenue mix of FSOL

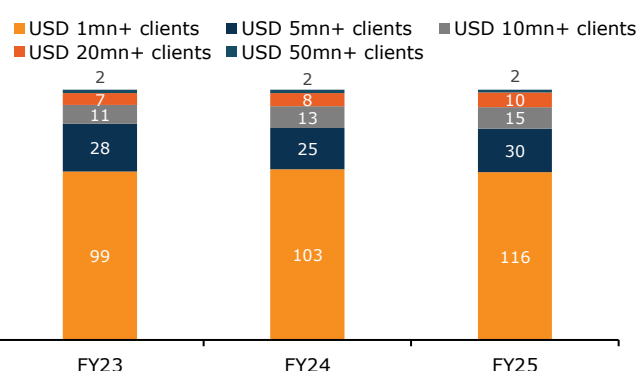
Source: Company, Emkay Research

Exhibit 18: Revenue growth and developing EBITDA margin profile

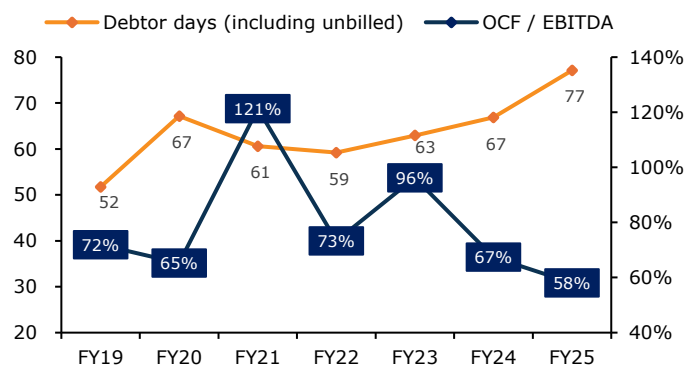
Source: Company, Emkay Research

Exhibit 19: New client addition remains healthy, with increased focus on quality

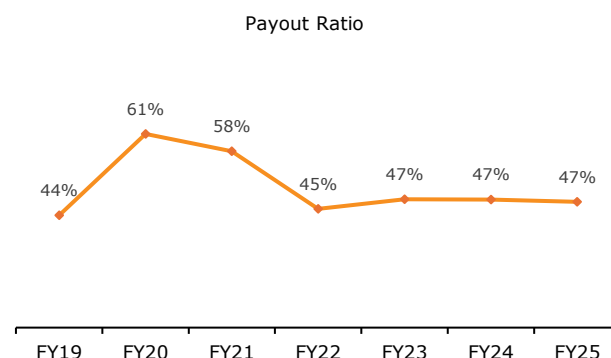
Source: Company, Emkay Research

Exhibit 20: Client mining across the distributed buckets

Source: Company, Emkay Research

Exhibit 21: Cashflow efficiency weakens as receivables build up

Source: Company, Emkay Research

Exhibit 22: Payout has been consistent over the past 3 years

Source: Company, Emkay Research

Exhibit 23: Key investments, acquisitions, partnerships, and launches in FY25**FY25 - RECAP****Q3FY25****ACQUISITION OF AccunAI**

FEB 2025 | Firstsource announced acquisition of Jaipur-based AccunAI to strengthen AI development services, especially for its technology clients. 🔗

**PARTNERSHIP WITH WEBID**

DEC 2024 | Firstsource and WebID Group, a leading digital identification provider, announced a partnership to deliver future-ready Trust & Safety solutions. 🔗

**Q2FY25****INVESTMENTS IN BUILDING LLM FOR MORTGAGE INDUSTRY**

OCT 2024 | Firstsource announced its investments in building a proprietary domain-centric large language model (LLM) specific to the mortgage process under the relAI suite. 🔗

**PARTNERSHIP WITH MICROSOFT AZURE**

SEP 2024 | Firstsource announced partnership with Microsoft to leverage Azure OpenAI for delivering digital transformation services to its global clients. 🔗

**ACQUISITION OF ASCENSOS**

SEP 2024 | Firstsource announced acquisition of Ascensos, a leading UK-headquartered customer experience outsourcing partner for retail and eCommerce businesses. 🔗

**Q1FY25****ACQUISITION OF QBSS**

MAY 2024 | Firstsource announced acquisition of India-based Quintessence Business Solutions & Services to expand its mid and back-office RCM capabilities. 🔗

**LAUNCH OF relAI SUITE OF AI SOLUTIONS**

JUL 2024 | Firstsource relAI delivers AI-driven solutions to accelerate digital transformation, bridging the technology gap and enhancing efficiency for businesses. 🔗



Source: Company, Emkay Research

Firstsource Solutions: Consolidated Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	63,362	79,803	94,943	108,532	121,039
Revenue growth (%)	5.2	25.9	19.0	14.3	11.5
EBITDA	9,564	12,076	14,830	17,953	20,265
EBITDA growth (%)	15.7	26.3	22.8	21.1	12.9
Depreciation & Amortization	2,602	3,270	3,830	4,367	4,737
EBIT	6,962	8,806	11,000	13,586	15,528
EBIT growth (%)	23.6	26.5	24.9	23.5	14.3
Other operating income	-	-	-	-	-
Other income	368	(9)	76	76	76
Financial expense	1,034	1,479	1,773	1,663	1,496
PBT	6,297	7,318	9,304	12,000	14,109
Extraordinary items	0	88	0	0	0
Taxes	1,150	1,462	1,768	2,280	2,681
Minority interest	-	-	0	0	0
Income from JV/Associates	-	-	-	-	-
Reported PAT	5,147	5,945	7,536	9,720	11,428
PAT growth (%)	0.2	15.5	26.8	29.0	17.6
Adjusted PAT	5,147	5,856	7,536	9,720	11,428
Diluted EPS (Rs)	7.4	8.4	10.8	13.9	16.4
Diluted EPS growth (%)	0.2	13.8	28.7	29.0	17.6
DPS (Rs)	3.5	4.0	5.0	6.5	7.5
Dividend payout (%)	46.7	46.4	46.2	46.6	45.7
EBITDA margin (%)	15.1	15.1	15.6	16.5	16.7
EBIT margin (%)	11.0	11.0	11.6	12.5	12.8
Effective tax rate (%)	18.3	20.0	19.0	19.0	19.0
NOPLAT (pre-IndAS)	5,691	7,047	8,910	11,005	12,578
Shares outstanding (mn)	697	697	697	697	697

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	6,970	6,970	6,970	6,970	6,970
Reserves & Surplus	30,034	34,006	38,058	43,247	49,447
Net worth	37,004	40,976	45,027	50,217	56,417
Minority interests	4	4	4	4	4
Non-current liab. & prov.	1,470	1,645	1,645	1,645	1,645
Total debt	6,715	15,327	13,814	12,625	9,644
Total liabilities & equity	52,402	68,318	71,491	75,491	78,710
Net tangible fixed assets	1,641	2,763	2,975	3,217	3,515
Net intangible assets	649	1,248	906	558	425
Net ROU assets	6,355	9,126	10,415	11,305	12,263
Capital WIP	171	491	170	170	170
Goodwill	29,885	36,799	36,799	36,799	36,799
Investments [JV/Associates]	-	-	-	-	-
Cash & equivalents	2,300	2,401	2,474	2,734	2,045
Current assets (ex-cash)	19,624	26,395	28,375	31,949	35,761
Current Liab. & Prov.	8,223	10,904	10,623	11,240	12,268
NWC (ex-cash)	11,401	15,490	17,751	20,708	23,493
Total assets	52,402	68,318	71,491	75,491	78,710
Net debt	4,415	12,926	11,340	9,891	7,599
Capital employed	52,402	68,318	71,491	75,491	78,710
Invested capital	43,576	56,300	58,432	61,282	64,232
BVPS (Rs)	53.1	58.8	64.6	72.0	80.9
Net Debt/Equity (x)	0.1	0.3	0.3	0.2	0.1
Net Debt/EBITDA (x)	0.5	1.1	0.8	0.6	0.4
Interest coverage (x)	7.1	5.9	6.2	8.2	10.4
RoCE (%)	17.4	17.6	19.2	22.5	24.2

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBT (ex-other income)	6,297	7,407	9,304	12,000	14,109
Others (non-cash items)	3,273	5,767	3,753	4,291	4,661
Taxes paid	(718)	(1,219)	(1,768)	(2,280)	(2,681)
Change in NWC	(2,404)	(4,944)	(1,569)	(2,957)	(2,785)
Operating cash flow	6,448	7,011	9,720	11,054	13,304
Capital expenditure	(850)	(2,236)	(1,169)	(1,650)	(1,860)
Acquisition of business	0	(5,099)	0	0	0
Interest & dividend income	10	27	76	76	76
Investing cash flow	(483)	(7,468)	(1,076)	(1,574)	(1,784)
Equity raised/(repaid)	0	0	-	0	0
Debt raised/(repaid)	(291)	6,787	(1,570)	(1,189)	(2,981)
Payment of lease liabilities	-	-	-	-	-
Interest paid	(1,011)	(1,579)	0	0	0
Dividend paid (incl tax)	(2,406)	(2,759)	(3,485)	(4,530)	(5,227)
Others	(1,935)	(2,223)	(3,500)	(3,500)	(4,000)
Financing cash flow	(5,642)	226	(8,555)	(9,220)	(12,209)
Net chg in Cash	323	(231)	89	260	(689)
OCF	6,448	7,011	9,720	11,054	13,304
Adj. OCF (w/o NWC chg.)	8,852	11,955	11,290	14,010	16,089
FCFF	5,597	4,775	8,552	9,404	11,444
FCFE	4,574	3,323	6,855	7,817	10,024
OCF/EBITDA (%)	67.4	58.1	65.5	61.6	65.6
FCFE/PAT (%)	88.9	55.9	91.0	80.4	87.7
FCFF/NOPLAT (%)	98.4	67.8	96.0	85.4	91.0

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	47.9	41.5	32.7	25.4	21.6
EV/CE(x)	5.7	4.5	4.3	4.0	3.8
P/B (x)	6.7	6.0	5.5	4.9	4.4
EV/Sales (x)	4.0	3.1	2.6	2.3	2.1
EV/EBITDA (x)	26.3	20.8	16.9	14.0	12.4
EV/EBIT(x)	36.1	28.5	22.8	18.5	16.2
EV/IC (x)	5.8	4.5	4.3	4.1	3.9
FCFF yield (%)	2.2	1.9	3.4	3.7	4.6
FCFE yield (%)	1.9	1.3	2.8	3.2	4.1
Dividend yield (%)	1.0	1.1	1.4	1.8	2.1
DuPont-RoE split					
Net profit margin (%)	8.1	7.3	7.9	9.0	9.4
Total asset turnover (x)	1.4	1.5	1.6	1.7	1.9
Assets/Equity (x)	1.2	1.3	1.4	1.3	1.2
RoE (%)	14.6	15.0	17.5	20.4	21.4
DuPont-RoIC					
NOPLAT margin (%)	9.0	8.8	9.4	10.1	10.4
IC turnover (x)	1.5	1.6	1.7	1.8	1.9
RoIC (%)	13.6	14.1	15.5	18.4	20.0
Operating metrics					
Core NWC days	65.7	70.8	68.2	69.6	70.8
Total NWC days	65.7	70.8	68.2	69.6	70.8
Fixed asset turnover	1.6	1.8	1.9	2.1	2.3
Opex-to-revenue (%)	84.9	84.9	84.4	83.5	83.3

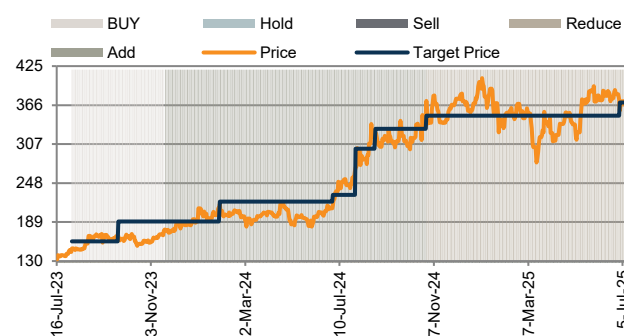
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
01-Jul-25	358	370	Reduce	Dipeshkumar Mehta
29-Apr-25	352	350	Reduce	Dipeshkumar Mehta
31-Mar-25	340	350	Reduce	Dipeshkumar Mehta
08-Feb-25	355	350	Reduce	Dipeshkumar Mehta
01-Jan-25	384	350	Reduce	Dipeshkumar Mehta
28-Oct-24	373	350	Reduce	Dipeshkumar Mehta
01-Oct-24	312	330	Add	Dipeshkumar Mehta
24-Sep-24	334	330	Add	Dipeshkumar Mehta
24-Aug-24	323	330	Add	Dipeshkumar Mehta
30-Jul-24	271	300	Add	Dipeshkumar Mehta
01-Jul-24	214	230	Add	Dipeshkumar Mehta
09-Jun-24	197	220	Add	Dipeshkumar Mehta
03-Jun-24	192	220	Add	Dipeshkumar Mehta
27-May-24	194	220	Add	Dipeshkumar Mehta
03-May-24	208	220	Add	Dipeshkumar Mehta
31-Mar-24	198	220	Add	Dipeshkumar Mehta
01-Mar-24	205	220	Add	Dipeshkumar Mehta
08-Feb-24	217	220	Add	Dipeshkumar Mehta
31-Dec-23	185	190	Add	Dipeshkumar Mehta
30-Nov-23	178	190	Add	Dipeshkumar Mehta

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Bloomberg, Company, Emkay Research

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ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	>15% downside

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