# REDUCE Firstsource Solutions

## In-line performance; retains guidance for FY27

**Information Technology** | Result Update | **August 07, 2026**

**CMP (Rs): 294 | TP (Rs): 270**

**Firstsource (FSOL) posted a largely in-line operating 1Q show. Revenue grew 1.8% qoq to $288mn (2.2% CC), a tad below our estimate. EBITM expanded by 20bps qoq to 12.4%, slightly above our estimate. FSOL signed 4 large deals (each with ACV of >$5mn) and added 12 new logos in 1Q (including 3 strategic logos). Management retained its FY27 CC revenue growth guidance of 10-13% (implying CQGR of 1.7-3.5% in 2Q-4Q) and EBITM of 12.25-12.75% (targeting 14-15% in next 2-3Y). Despite a 1-1.5% hit from a large healthcare BPaaS deal being terminated, FSOL retained its revenue guidance backed by strong deal intake (largest ACV win in 1Q in last 4 quarters; >1/3rd of deal-wins from healthcare in 1Q), healthy pipeline (>$1bn), new logo wins momentum. We cut FY27E EPS by ~5% while raising FY28/29E EPS by ~3%, factoring in the 1Q performance. We revise up our TP by ~8% to Rs270 from Rs250, based on 16x Jun-28E EPS; however, we downgrade the stock to REDUCE from Add, given the limited near-term upside following the 18%/21% return in the last 1M/3M.**

### Results summary

Revenue grew 1.8% qoq to $288mn (2.2% CC), a tad below our estimate of $290mn. EBITM expanded by 20bps qoq to 12.4%, slightly above our estimate of 12.3%. Reported PAT was Rs1.7bn (Emkay: Rs2.3bn). This was mainly due to a Rs717mn exceptional item, comprising BPaaS contract termination provision, indemnification of regulatory penalty to a customer on non-fulfilment of contractual performance, and fair value adjustment on contingent consideration payable for Ascensos (acquisition). Headcount rose 1.9% qoq to 36,875. What we like: Strong growth in CMT/EMEA, healthy deal pipeline. What we do not like: Weak Healthcare, poor cash conversion (OCF/EBITDA: ~22%).

### Strong growth trajectory in CMT, BFS, and EMEA

Revenue growth was led by CMT (9% qoq in CC terms) and BFS (5%), partially offset by Healthcare (-2%), while growth at Diverse Industries was flat. Among geographies, growth in North America (NA) was flat sequentially (CC), while that in EMEA grew 6%.

### Earnings call KTAs

1) BFS added 5 new logos given strong demand across collection (elevated US consumer debt) and mortgage (AI-led cost optimization/transformation). Exit pipeline is healthy. 2) Healthcare added 4 new logos, aided by continued AI adoption in payer and provider operations. It remains key growth pillar, though Medicare Advantage programs saw near-term hit of CMS pricing adjustments and program recalibration. A mid-market healthcare client terminated a BPaaS contract (1-1.5% hit), though management indicated that client relationship continues and that it remains a strategic logo (>$5mnpa revenue). 3) CMT added 2 new logos, with growth remaining inherently volatile in consumer tech due to the timing of work packets and program transitions. Telecom and cable clients are exploring AI-led improvements across customer service, agent productivity, and service assurance. 4) Diversified industries added one new logo, with stable demand in utilities and retail focus on CX, personalization, and cost optimization. 5) North America delivered broad-based growth, supported by Canada expansion and replication of UK capabilities in the US. 6) Transformational deals have longer ramp-up timelines, leading to slower near-term revenue conversion but enhancing long-term growth visibility.

### Firstsource Solutions: Financial Snapshot (Consolidated)

| Y/E Mar (Rs mn) | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| Revenue | 79,803 | 95,564 | 111,395 | 122,444 | 135,819 |
| EBITDA | 12,076 | 15,562 | 18,843 | 21,019 | 23,587 |
| Adj. PAT | 5,856 | 7,727 | 9,550 | 11,207 | 12,989 |
| Adj. EPS (Rs) | 8.4 | 11.1 | 13.7 | 16.1 | 18.6 |
| EBITDA margin (%) | 15.1 | 16.3 | 16.9 | 17.2 | 17.4 |
| EBITDA growth (%) | 26.3 | 28.9 | 21.1 | 11.6 | 12.2 |
| Adj. EPS growth (%) | 13.8 | 31.9 | 23.6 | 17.4 | 15.9 |
| RoE (%) | 15.0 | 18.2 | 20.7 | 21.8 | 22.5 |
| RoIC (%) | 14.1 | 15.4 | 17.3 | 19.0 | 20.6 |
| P/E (x) | 34.5 | 30.4 | 22.8 | 18.3 | 15.8 |
| EV/EBITDA (x) | 18.0 | 14.2 | 11.6 | 10.2 | 9.0 |
| P/B (x) | 5.0 | 4.7 | 4.2 | 3.8 | 3.4 |
| FCFF yield (%) | 2.2 | 4.9 | 4.7 | 5.4 | 6.5 |

*Source: Company, Emkay Research*

| Target Price – 12M | Jun-27 |
|---|---|
| **Change in TP (%)** | **8.0** |
| Current Reco. | REDUCE |
| Previous Reco. | ADD |
| Upside/(Downside) (%) | (8.2) |

| **Stock Data** | **FSOL IN** |
|---|---|
| 52-week High (Rs) | 382 |
| 52-week Low (Rs) | 201 |
| Shares outstanding (mn) | 697.2 |
| Market-cap (Rs bn) | 205 |
| Market-cap (USD mn) | 2,152 |
| Net-debt, FY27E (Rs mn) | 13,333.0 |
| ADTV-3M (mn shares) | 4.3 |
| ADTV-3M (Rs mn) | 1,378.9 |
| ADTV-3M (USD mn) | 14.5 |
| Free float (%) | 45.2 |
| Nifty-50 | 24,636.0 |
| INR/USD | 95.2 |

| **Shareholding,Jun-26** | |
|---|---|
| Promoters (%) | 53.7 |
| FPIs/MFs (%) | 8.4/25.4 |

**Price Performance**

| (%) | 1M | 3M | 12M |
|---|---|---|---|
| Absolute | 17.9 | 20.8 | (16.3) |
| Rel. to Nifty | 16.9 | 19.3 | (16.6) |

**1-Year share price trend (Rs)**

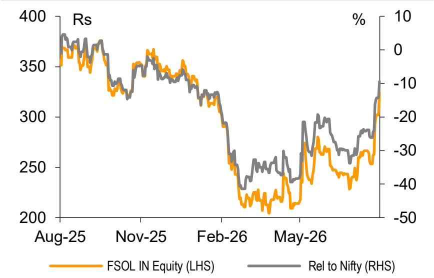


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**Exhibit 1: FSOL – Quarterly snapshot**

| Particular (Rs mn) | 1QFY27 | 4QFY26 | qoq (%) | 1QFY26 | yoy (%) |
|---|---|---|---|---|---|
| Net sales ($ mn) | 288.0 | 283.0 | 1.8 | 259.0 | 11.2 |
| Net sales | 27,249 | 25,835 | 5.5 | 22,177 | 22.9 |
| Operating expenses | 22,736 | 21,530 | 5.6 | 18,706 | 21.5 |
| EBITDA | 4513 | 4304 | 4.9 | 3471 | 30.0 |
| - Margin (%) | 16.6 | 16.7 | -10 | 15.7 | 90 |
| Depreciation | 1146 | 1161 | | 972 | |
| EBIT | 3367 | 3143 | 7.1 | 2498 | 34.8 |
| - Margin (%) | 12.4 | 12.2 | 20 | 11.3 | 110 |
| Other income (net) | -456 | -537 | | -366 | |
| Exceptional items | 563 | 0 | | 0 | |
| PBT | 2347 | 2606 | -9.9 | 2132 | 10.1 |
| Tax provided | 688 | 554 | | 439 | |
| PAT | 1659 | 2052 | | 1693 | |
| Non-controlling interest | 0 | 0 | | 0 | |
| Reported net profit | 1,659 | 2,052 | -19.2 | 1,693 | -2.0 |
| Emkay net profit | 2,222 | 2,052 | 8.3 | 1,693 | 31.2 |
| Reported EPS (Rs) | 2.4 | 2.9 | (19.2) | 2.4 | (2.0) |

*Source: Company, Emkay Research*

**Exhibit 2: Actuals vs estimates**

| (Rs mn) | Actual | Estimate | | Variation | | Comment |
|---|---|---|---|---|---|---|
| | | Emkay | Consensus | Emkay | Consensus | |
| Revenue ($ mn) | 288 | 290 | 291 | -0.6% | -0.9% | Revenue was a tad lower than our estimates. |
| Revenue | 27,249 | 27,232 | 27,325 | 0.1% | -0.3% | |
| EBIT | 3,367 | 3,345 | 3,379 | 0.7% | -0.4% | |
| *EBIT margin* | 12.4% | 12.3% | 12.4% | 10 bps | 0 bps | Margins came slightly above our expectations. |
| PAT | 1,659 | 2,255 | 2,272 | -26.4% | -27.0% | Reported profit missed estimates due to exceptional item. |

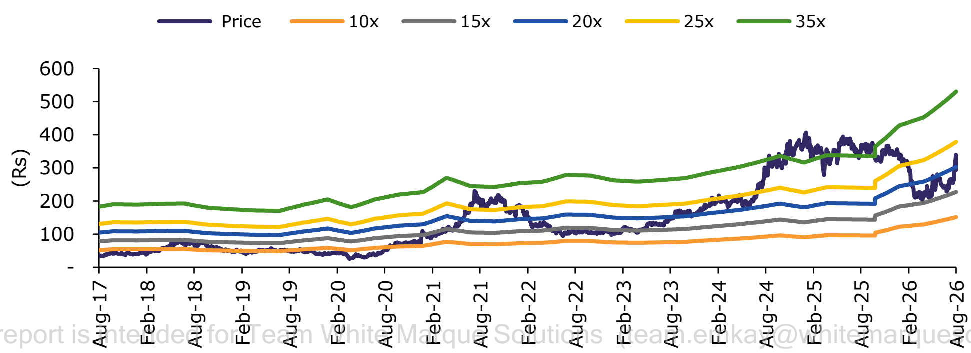
*Source: Company, Bloomberg, Emkay Research*

**Exhibit 3: Changes in estimates**

| (Rs mn) | FY26E | | | FY27E | | | FY28E | | |
|---|---|---|---|---|---|---|---|---|---|
| | Old | New | Change | Old | New | Change | Old | New | Change |
| Revenue ($ mn) | 1,195 | 1,195 | 0.0% | 1,303 | 1,309 | 0.5% | 1,420 | 1,433 | 0.9% |
| *$ revenue, yoy growth* | 10.5% | 10.5% | | 9.0% | 9.5% | | 9.0% | 9.5% | |
| Revenue | 111,250 | 111,395 | 0.1% | 121,870 | 122,444 | 0.5% | 134,545 | 135,819 | 0.9% |
| *Revenue, yoy growth* | 16.4% | 16.6% | | 9.5% | 9.9% | | 10.4% | 10.9% | |
| EBIT | 13,870 | 13,991 | 0.9% | 15,589 | 15,870 | 1.8% | 17,491 | 17,914 | 2.4% |
| *EBIT margin* | 12.5% | 12.6% | | 12.8% | 13.0% | | 13.0% | 13.2% | |
| PAT | 9,496 | 8,987 | -5.4% | 10,985 | 11,207 | 2.0% | 12,642 | 12,989 | 2.7% |
| EPS (Rs) | 13.6 | 12.9 | -5.4% | 15.8 | 16.1 | 2.0% | 18.1 | 18.6 | 2.7% |

*Source: Company, Emkay Research*

**Exhibit 4: FSOL – One-year forward PER**






*Source: Company, Emkay Research*

### Exhibit 5: FSOL – Key operating metrics

| Metric | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 | 3QFY26 | 4QFY26 | 1QFY27 | $ mn | qoq chg | yoy chg |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue ($ mn)** | 215.0 | 230.0 | 249.0 | 250.0 | 259.0 | 265.0 | 274.0 | 283.0 | 288.0 | | | |
| **Revenue, by Industry (%)** | | | | | | | | | | | | |
| Banking and Financial Services | 36.4 | 34.4 | 32.4 | 33.4 | 32.5 | 33.2 | 31.7 | 32.2 | 33.2 | 95.6 | 4.9% | 13.6% |
| Communications, Media, and Tech | 22.3 | 21.3 | 20.3 | 21.0 | 22.4 | 21.7 | 21.2 | 19.9 | 20.6 | 59.3 | 5.3% | 2.3% |
| Healthcare | 35.7 | 36.3 | 34.0 | 33.8 | 33.4 | 33.5 | 32.1 | 34.4 | 33.0 | 95.0 | -2.4% | 9.9% |
| Diverse Industries | 5.6 | 8.0 | 13.3 | 11.8 | 11.7 | 11.6 | 15.0 | 13.5 | 13.2 | 38.0 | -0.5% | 25.5% |
| **Revenue, by Geography (%)** | | | | | | | | | | | | |
| North America | 68.2 | 68.5 | 66.3 | 67.7 | 68.7 | 69.4 | 67.2 | 68.0 | 66.4 | 191.2 | -1% | 7% |
| EMEA | 31.8 | 31.4 | 33.4 | 31.5 | 30.1 | 29.4 | 31.7 | 30.6 | 31.7 | 91.3 | 5% | 17% |
| Rest of World | - | 0.1 | 0.3 | 0.8 | 1.2 | 1.2 | 1.1 | 1.4 | 1.9 | 5.5 | 38% | 76% |
| **Revenue, by Delivery Location (%)** | | | | | | | | | | | | |
| Offshore & Nearshore | 35.0 | 35.8 | 40.1 | 37.8 | 41.2 | 41.6 | 43.4 | 43.0 | 43.5 | 125.3 | 3% | 17% |
| Onshore | 65.0 | 64.2 | 59.9 | 62.2 | 58.8 | 58.4 | 56.6 | 57.0 | 56.5 | 162.7 | 1% | 7% |
| **Revenue, by Currency (%)** | | | | | | | | | | | | |
| USD | 67.9 | 68.2 | 64.9 | 65.7 | 67.9 | 68.5 | 66.1 | 67.4 | 67.4 | 194.1 | 2% | 10% |
| GBP | 31.4 | 30.9 | 34.2 | 32.7 | 30.1 | 29.2 | 31.9 | 30.3 | 30.3 | 87.3 | 2% | 12% |
| Others | 0.7 | 0.9 | 0.9 | 1.6 | 2.0 | 2.3 | 2.0 | 2.3 | 2.3 | 6.6 | 2% | 28% |
| **Client concentration (%)** | | | | | | | | | | | | |
| Top 5 customers | 34.6 | 32.5 | 29.2 | 29.3 | 29.6 | 28.9 | 28.1 | 28.0 | 27.4 | 78.9 | 0% | 3% |
| Top 10 customers | 51.5 | 48.6 | 43.5 | 43.7 | 42.6 | 42.3 | 40.7 | 39.9 | 39.2 | 112.9 | 0% | 2% |
| **Client distribution** | | | | | | | | | | | | |
| US$1mn+ clients | 100 | 105 | 107 | 116 | 141 | 142 | 141 | 150 | 145 | | | |
| US$5mn+ clients | 25 | 26 | 28 | 30 | 38 | 39 | 41 | 42 | 45 | | | |
| US$10mn+ clients | 13 | 13 | 14 | 15 | 17 | 17 | 18 | 17 | 20 | | | |
| US$20mn+ clients | 9 | 11 | 10 | 10 | 11 | 9 | 9 | 9 | 10 | | | |
| US$50mn+ clients | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | | | |
| **Employees** | | | | | | | | | | | | |
| Total employees (period-end) | 29,231 | 32,898 | 34,144 | 34,651 | 34,495 | 35,997 | 36,689 | 36,205 | 36,875 | | | |
| Net addition | 1,291 | 3,667 | 1,246 | 507 | (156) | 1,502 | 692 | (484) | 670 | | | |
| Attrition - TTM (%) | 32.0 | 30.9 | 31.4 | 29.8 | 28.9 | 28.0 | 27.4 | 29.7 | 33.1 | | | |
| **Capital Expenditure (Rs mn)** | 538 | 875 | 159 | 664 | 239 | 264 | 413 | 408 | 480 | | | |
| **Debt position (Rs mn)** | | | | | | | | | | | | |
| Long-term debt | 3,147 | 4,031 | 3,743 | 3,419 | 3,430 | 3,552 | 1,798 | 1,897 | - | | | |
| Short-term debt | 8,686 | 10,281 | 8,959 | 11,908 | 10,908 | 10,217 | 13,874 | 17,478 | 20,163 | | | |
| **Total debt** | **11,833** | **14,312** | **12,702** | **15,327** | **14,338** | **13,769** | **15,672** | **19,375** | **20,163** | | | |
| Net debt | 9,684 | 12,018 | 10,182 | 13,169 | 11,225 | 10,820 | 11,656 | 16,287 | 17,147 | | | |
| Cash | 2,149 | 2,294 | 2,520 | 2,158 | 3,113 | 2,949 | 4,016 | 3,088 | 3,016 | | | |

*Source: Company, Emkay Research*

# Firstsource Solutions: Consolidated Financials and Valuations

## Profit & Loss

| Y/E Mar (Rs mn) | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| **Revenue** | **79,803** | **95,564** | **111,395** | **122,444** | **135,819** |
| Revenue growth (%) | 25.9 | 19.7 | 16.6 | 9.9 | 10.9 |
| **EBITDA** | **12,076** | **15,562** | **18,843** | **21,019** | **23,587** |
| EBITDA growth (%) | 26.3 | 28.9 | 21.1 | 11.6 | 12.2 |
| Depreciation & Amortization | 3,270 | 4,341 | 4,852 | 5,149 | 5,673 |
| **EBIT** | **8,806** | **11,221** | **13,991** | **15,870** | **17,914** |
| EBIT growth (%) | 26.5 | 27.4 | 24.7 | 13.4 | 12.9 |
| Other operating income | - | - | - | - | - |
| Other income | (9) | 75 | 114 | 70 | 70 |
| Financial expense | 1,479 | 1,815 | 1,919 | 1,754 | 1,542 |
| **PBT** | **7,318** | **9,481** | **12,185** | **14,186** | **16,441** |
| Extraordinary items | 88 | (982) | (563) | 0 | 0 |
| Taxes | 1,462 | 1,754 | 2,636 | 2,979 | 3,453 |
| Minority interest | - | - | - | 0 | 0 |
| Income from JV/Associates | - | - | - | - | - |
| **Reported PAT** | **5,945** | **6,744** | **8,987** | **11,207** | **12,989** |
| PAT growth (%) | 15.5 | 13.5 | 33.2 | 24.7 | 15.9 |
| **Adjusted PAT** | **5,856** | **7,727** | **9,550** | **11,207** | **12,989** |
| **Diluted EPS (Rs)** | **8.4** | **11.1** | **13.7** | **16.1** | **18.6** |
| Diluted EPS growth (%) | 13.8 | 31.9 | 23.6 | 17.4 | 15.9 |
| **DPS (Rs)** | **4.0** | **5.5** | **6.5** | **7.5** | **9.0** |
| **Dividend payout (%)** | **46.4** | **56.4** | **50.4** | **46.6** | **48.3** |
| EBITDA margin (%) | 15.1 | 16.3 | 16.9 | 17.2 | 17.4 |
| EBIT margin (%) | 11.0 | 11.7 | 12.6 | 13.0 | 13.2 |
| Effective tax rate (%) | 20.0 | 18.5 | 21.6 | 21.0 | 21.0 |
| **NOPLAT (pre-IndAS)** | **7,047** | **9,145** | **10,965** | **12,537** | **14,152** |
| Shares outstanding (mn) | 697 | 697 | 697 | 697 | 697 |

*Source: Company, Emkay Research*

## Balance Sheet

| Y/E Mar (Rs mn) | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| Share capital | 6,970 | 6,970 | 6,970 | 6,970 | 6,970 |
| Reserves & Surplus | 34,006 | 36,875 | 41,332 | 47,311 | 54,027 |
| **Net worth** | **40,976** | **43,845** | **48,301** | **54,281** | **60,997** |
| Minority interests | 4 | 4 | 4 | 4 | 4 |
| Non-current liab. & prov. | 1,645 | 1,886 | 1,886 | 1,886 | 1,886 |
| **Total debt** | **15,327** | **19,375** | **16,873** | **14,371** | **10,371** |
| **Total liabilities & equity** | **68,318** | **74,955** | **76,909** | **80,386** | **83,102** |
| Net tangible fixed assets | 2,763 | 3,103 | 3,353 | 3,566 | 3,635 |
| Net intangible assets | 1,248 | 1,351 | 837 | 952 | 562 |
| Net ROU assets | 9,126 | 8,558 | 8,792 | 8,735 | 8,852 |
| Capital WIP | 491 | 299 | 299 | 299 | 299 |
| Goodwill | 36,799 | 42,655 | 42,655 | 42,655 | 42,655 |
| Investments [JV/Associates] | - | - | - | - | - |
| **Cash & equivalents** | **2,401** | **3,852** | **3,540** | **3,952** | **3,929** |
| Current assets (ex-cash) | 26,395 | 33,381 | 36,269 | 39,236 | 42,827 |
| Current Liab. & Prov. | 10,904 | 18,246 | 18,836 | 19,009 | 19,658 |
| **NWC (ex-cash)** | **15,490** | **15,135** | **17,433** | **20,227** | **23,169** |
| **Total assets** | **68,318** | **74,955** | **76,909** | **80,386** | **83,102** |
| Net debt | 12,926 | 15,523 | 13,333 | 10,418 | 6,442 |
| Capital employed | 68,318 | 74,955 | 76,909 | 80,386 | 83,102 |
| **Invested capital** | **56,300** | **62,245** | **64,278** | **67,400** | **70,022** |
| BVPS (Rs) | 58.8 | 62.9 | 69.3 | 77.9 | 87.5 |
| Net Debt/Equity (x) | 0.3 | 0.4 | 0.3 | 0.2 | 0.1 |
| Net Debt/EBITDA (x) | 1.1 | 1.0 | 0.7 | 0.5 | 0.3 |
| Interest coverage (x) | 5.9 | 6.2 | 7.3 | 9.1 | 11.7 |
| **RoCE (%)** | **17.6** | **18.9** | **22.0** | **23.8** | **25.7** |

*Source: Company, Emkay Research*

## Cash flows

| Y/E Mar (Rs mn) | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| PBT (ex-other income) | 7,407 | 8,498 | 11,622 | 14,186 | 16,441 |
| Others (non-cash items) | 5,767 | 8,621 | 4,738 | 5,079 | 5,603 |
| Taxes paid | (1,219) | (1,897) | (2,636) | (2,979) | (3,453) |
| Change in NWC | (4,944) | (3,082) | (1,680) | (2,194) | (2,942) |
| **Operating cash flow** | **7,011** | **12,140** | **12,045** | **14,092** | **15,650** |
| Capital expenditure | (2,236) | (1,324) | (1,820) | (2,420) | (1,970) |
| Acquisition of business | (5,099) | (3,156) | (534) | (600) | 0 |
| Interest & dividend income | 27 | 41 | 114 | 70 | 70 |
| **Investing cash flow** | **(7,468)** | **(4,524)** | **(2,239)** | **(2,950)** | **(1,900)** |
| Equity raised/(repaid) | 0 | 0 | - | 0 | 0 |
| Debt raised/(repaid) | 6,787 | 2,019 | (2,586) | (2,502) | (4,000) |
| Payment of lease liabilities | - | - | - | - | - |
| Interest paid | (1,579) | (1,788) | 0 | 0 | 0 |
| Dividend paid (incl tax) | (2,759) | (3,801) | (4,530) | (5,227) | (6,273) |
| Others | (2,223) | (3,097) | (3,000) | (3,000) | (3,500) |
| **Financing cash flow** | **226** | **(6,668)** | **(10,116)** | **(10,729)** | **(13,773)** |
| Net chg in Cash | (231) | 948 | (311) | 413 | (23) |
| OCF | 7,011 | 12,140 | 12,045 | 14,092 | 15,650 |
| Adj. OCF (w/o NWC chg.) | 11,955 | 15,222 | 13,725 | 16,286 | 18,592 |
| FCFF | 4,775 | 10,816 | 10,225 | 11,672 | 13,680 |
| FCFE | 3,323 | 9,042 | 8,419 | 9,988 | 12,207 |
| OCF/EBITDA (%) | 58.1 | 78.0 | 63.9 | 67.0 | 66.3 |
| FCFE/PAT (%) | 55.9 | 134.1 | 93.7 | 89.1 | 94.0 |
| **FCFF/NOPLAT (%)** | **67.8** | **118.3** | **93.3** | **93.1** | **96.7** |

*Source: Company, Emkay Research*

## Valuations and key Ratios

| Y/E Mar | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| P/E (x) | 34.5 | 30.4 | 22.8 | 18.3 | 15.8 |
| EV/CE(x) | 3.9 | 3.5 | 3.3 | 3.1 | 3.0 |
| P/B (x) | 5.0 | 4.7 | 4.2 | 3.8 | 3.4 |
| EV/Sales (x) | 2.7 | 2.3 | 2.0 | 1.8 | 1.6 |
| EV/EBITDA (x) | 18.0 | 14.2 | 11.6 | 10.2 | 9.0 |
| EV/EBIT(x) | 24.7 | 19.6 | 15.6 | 13.6 | 11.8 |
| EV/IC (x) | 3.9 | 3.5 | 3.4 | 3.2 | 3.0 |
| FCFF yield (%) | 2.2 | 4.9 | 4.7 | 5.4 | 6.5 |
| FCFE yield (%) | 1.6 | 4.4 | 4.1 | 4.9 | 6.0 |
| Dividend yield (%) | 1.3 | 1.9 | 2.2 | 2.6 | 3.1 |
| **DuPont-RoE split** | | | | | |
| Net profit margin (%) | 7.3 | 8.1 | 8.6 | 9.2 | 9.6 |
| Total asset turnover (x) | 1.5 | 1.5 | 1.7 | 1.8 | 1.9 |
| Assets/Equity (x) | 1.3 | 1.5 | 1.5 | 1.4 | 1.3 |
| **RoE (%)** | **15.0** | **18.2** | **20.7** | **21.8** | **22.5** |
| **DuPont-RoIC** | | | | | |
| NOPLAT margin (%) | 8.8 | 9.6 | 9.8 | 10.2 | 10.4 |
| IC turnover (x) | 1.6 | 1.6 | 1.8 | 1.9 | 2.0 |
| **RoIC (%)** | **14.1** | **15.4** | **17.3** | **19.0** | **20.6** |
| **Operating metrics** | | | | | |
| Core NWC days | 70.8 | 57.8 | 57.1 | 60.3 | 62.3 |
| **Total NWC days** | **70.8** | **57.8** | **57.1** | **60.3** | **62.3** |
| Fixed asset turnover | 1.8 | 1.8 | 1.9 | 2.0 | 2.2 |
| Opex-to-revenue (%) | 84.9 | 83.7 | 83.1 | 82.8 | 82.6 |

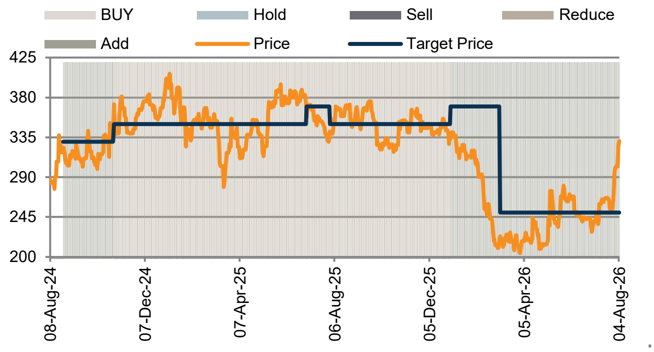
*Source: Company, Emkay Research*

### RECOMMENDATION HISTORY - DETAILS

| Date | Closing Price (Rs) | TP (Rs) | Rating | Analyst |
|---|---|---|---|---|
| 25-Jul-26 | 254 | 250 | Add | Dipeshkumar Mehta |
| 01-Jul-26 | 230 | 250 | Add | Dipeshkumar Mehta |
| 07-May-26 | 235 | 250 | Add | Dipeshkumar Mehta |
| 31-Mar-26 | 204 | 250 | Add | Dipeshkumar Mehta |
| 05-Mar-26 | 223 | 250 | Add | Dipeshkumar Mehta |
| 18-Feb-26 | 260 | 370 | Add | Dipeshkumar Mehta |
| 04-Feb-26 | 305 | 370 | Add | Dipeshkumar Mehta |
| 01-Jan-26 | 334 | 370 | Add | Dipeshkumar Mehta |
| 05-Nov-25 | 353 | 350 | Reduce | Dipeshkumar Mehta |
| 01-Oct-25 | 326 | 350 | Reduce | Dipeshkumar Mehta |
| 08-Sep-25 | 344 | 350 | Reduce | Dipeshkumar Mehta |
| 31-Jul-25 | 342 | 350 | Reduce | Dipeshkumar Mehta |
| 20-Jul-25 | 353 | 370 | Reduce | Dipeshkumar Mehta |
| 14-Jul-25 | 349 | 370 | Reduce | Dipeshkumar Mehta |
| 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 |

*Source: Company, Emkay Research*

### RECOMMENDATION HISTORY - TREND




*Source: Company, Bloomberg, Emkay Research*

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|---|---|
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| **SELL** | >15% downside |

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