

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%

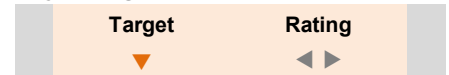
Trying to pivot from UnBPO to 'Full stack Intelligent operator'. Current size and low margins give it headroom: This pivot expands TAM significantly (7x) but would require it to move away significantly from its current 'Digital operations player' positioning. This pivot requires it to take a bigger role 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 ~23% 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.

Girish Pai
 Research Analyst
 Lopa Notaria, CFA
 Research Associate
 research@bobcaps.in

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%

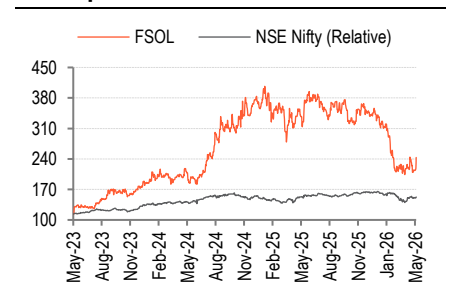
Source: NSE | Price as of 6 May 2026

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.

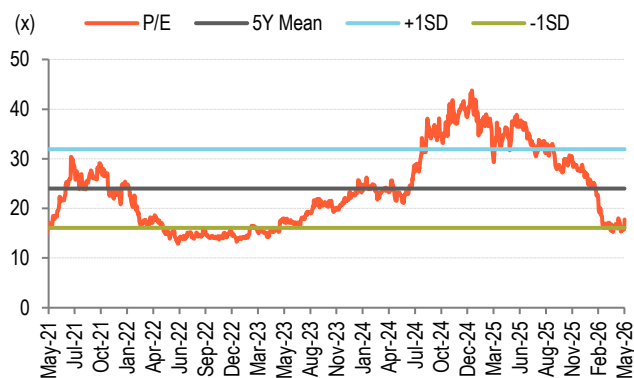
Also, some of the Tier-2s have been underperforming on the growth front, being discretionary project-oriented businesses struggling to pivot to a cost-take-out-driven demand environment.

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	

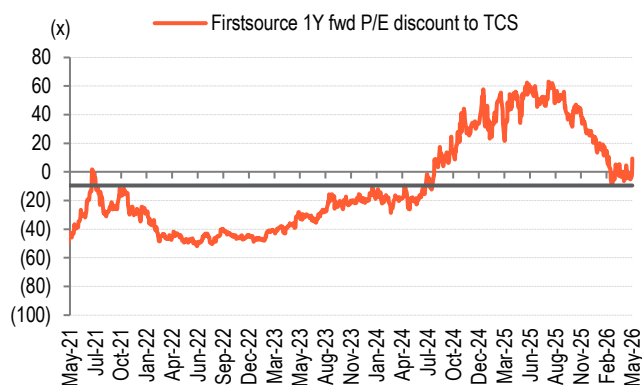
Source: Company, BOBCAPS Research

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)

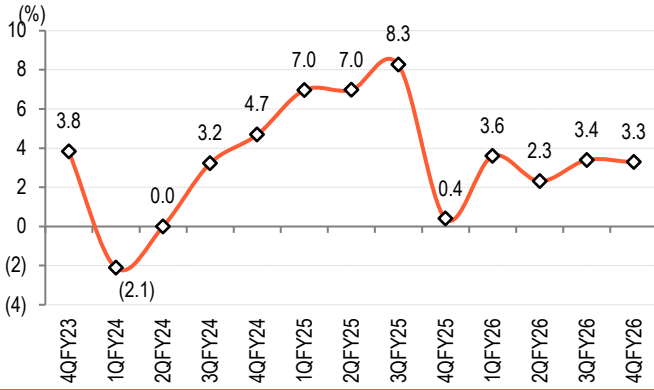
Source: BOBCAPS Research

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

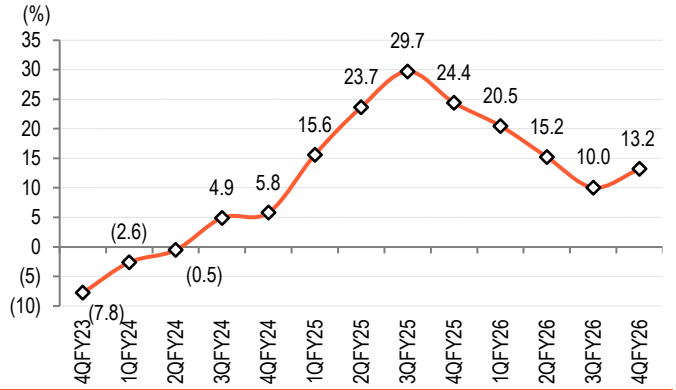
Source: Company, BOBCAPS Research

Fig 6 – US\$ Revenue Growth (QoQ)



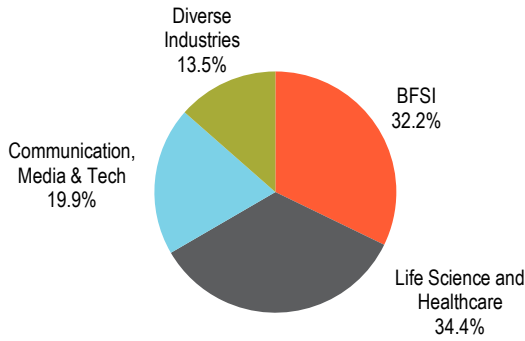
Source: Company, BOBCAPS Research

Fig 7 – US\$ Revenue Growth (YoY)



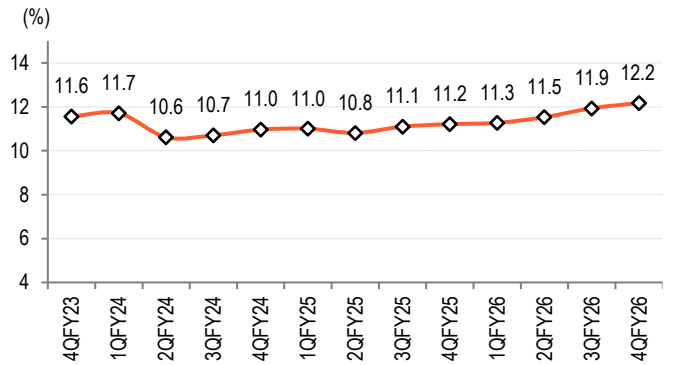
Source: Company, BOBCAPS Research

Fig 8 – 4QFY26 Vertical Revenue Mix



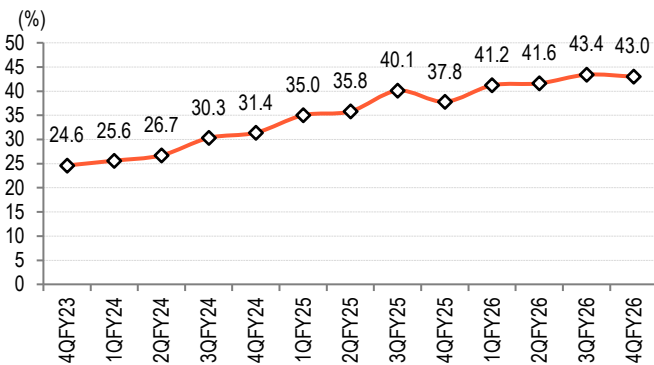
Source: Company, BOBCAPS Research

Fig 9 – EBIT Margin trend



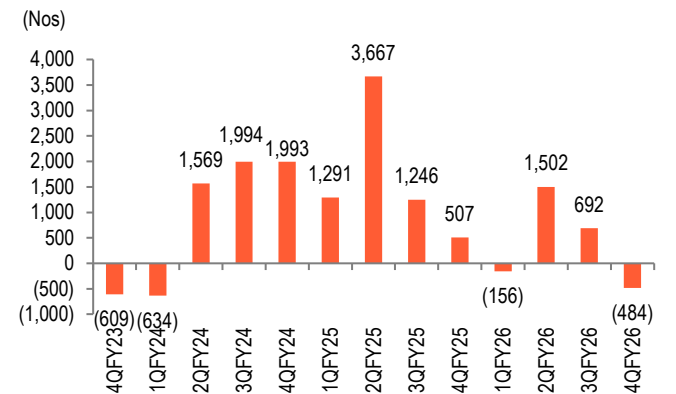
Source: Company, BOBCAPS Research

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



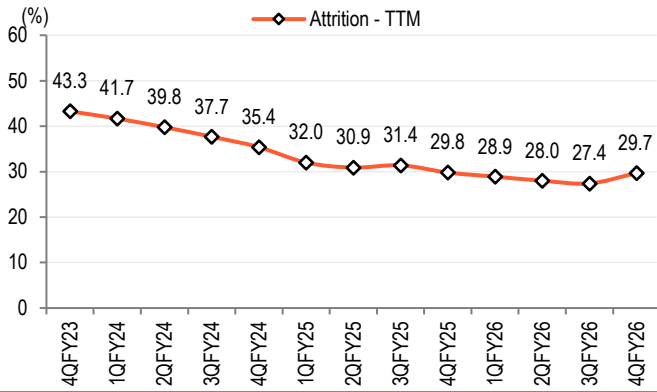
Source: Company, BOBCAPS Research

Fig 11 – Net Employee Addition (QoQ)



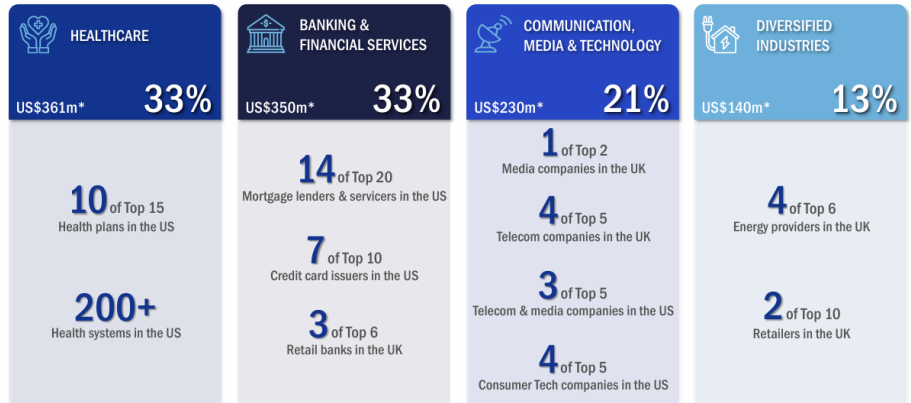
Source: Company, BOBCAPS Research

Fig 12 – TTM Attrition



Source: Company, BOBCAPS Research

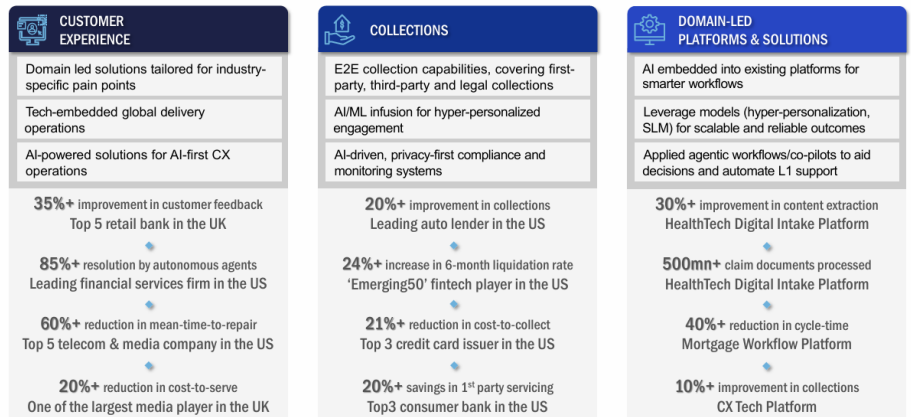
Fig 13 – FSOL’s core strengths: Deep domain expertise as a key differentiator



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

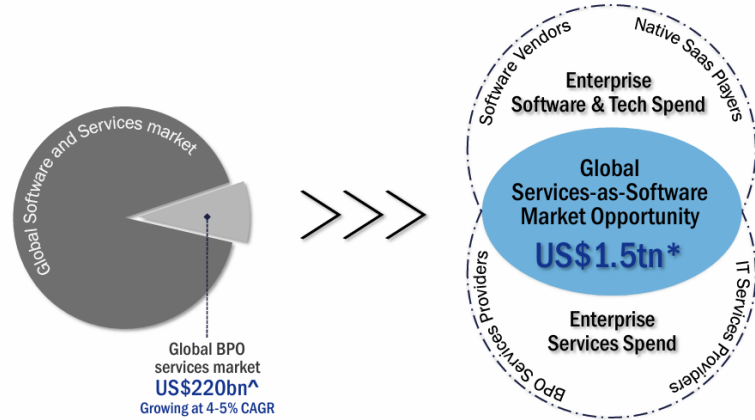
Source: Company, BOBCAPS Research

Fig 14 – FSOL’s services provided



Source: Company, BOBCAPS Research

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



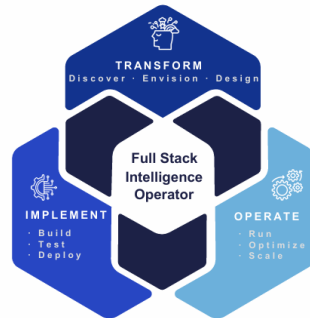
[^]Source: Gartner Research
^{*}By 2035; Source: HIS Research

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.
- **Owns 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

NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA (“US”) OR IN OR INTO ANY OTHER JURISDICTION IF SUCH AN ACTION IS PROHIBITED BY APPLICABLE LAW.

Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**
 Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**
 SEBI Research Analyst Registration No: **INH000000040 (Perpetual)**
 SEBI Stock Broker Registration No: **INZ000159332**
 SEBI Depository Participant Registration No: **IN-DP-728-2022**
 SEBI Merchant Banker Registration No: **INM000009926**
 Phone: +91-22-61389300
 Name of the Compliance Officer: Mr. Sameer Khobrekar
 Email ID: Compliance@bobcaps.in; Phone no.: +91-22-61389358
 For any queries or grievances, you may contact the Grievance Officer.
 Name of the Grievance Officer: Mr. Manoj Pawar
 Email ID: head-customer@bobcaps.in; Phone no: 0+91-22-69417333

Brand Name: **BOBCAPS**
 Website: <https://www.bobcaps.in/>
 CIN: **U65999MH1996GOI098009**



Investments in securities market are subject to market risks. Read all the related documents carefully before investing.
 Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

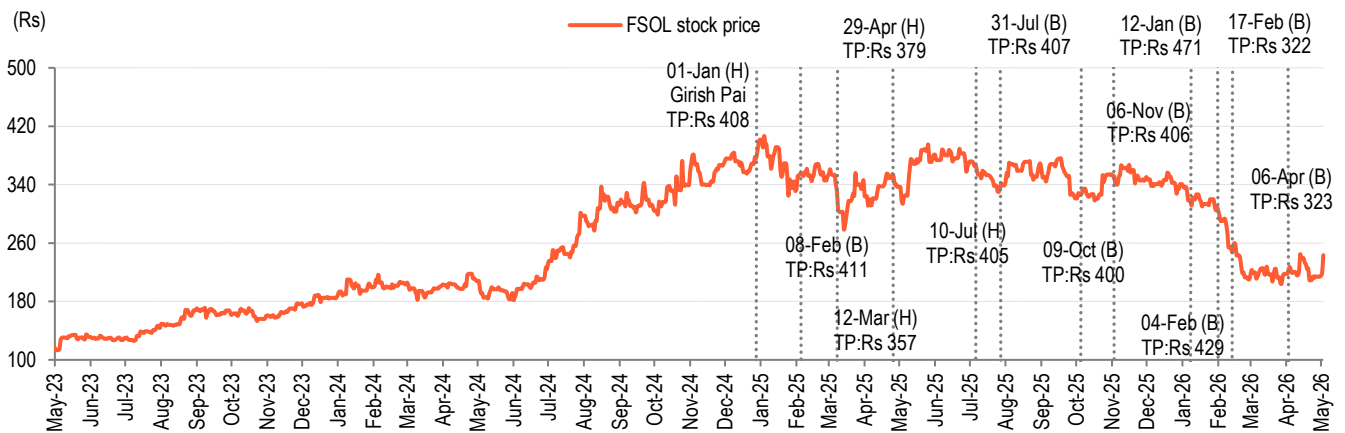
Recommendation scale: Recommendations and Absolute returns (%) over 12 months

- 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)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

Analyst certification

The research analyst(s) authoring this report hereby certifies that (1) all of the views expressed in this research report accurately reflect his/her personal views about the subject company or companies and its or their securities, and (2) no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of BOB Capital Markets Limited (BOBCAPS).

General disclaimers

BOBCAPS is engaged in the business of Stock Broking and Investment Banking. BOBCAPS is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Category I Merchant Banker. BOBCAPS is a wholly owned subsidiary of Bank of Baroda which has its various subsidiaries engaged in the businesses of stock broking, lending, asset management, life insurance, health insurance and wealth management, among others.

BOBCAPS's activities have neither been suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. BOBCAPS has not been debarred from doing business by any stock exchange or SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against BOBCAPS affecting its equity research analysis activities.

BOBCAPS prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, BOBCAPS prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction. We are not soliciting any action based on this material. It is for the general information of BOBCAPS's clients. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. BOBCAPS research reports follow rules laid down by Securities and Exchange Board of India and individuals employed as research analysts are separate from other employees who are performing sales trading, dealing, corporate finance advisory or any other activity that may affect the independence of its research reports.

The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. BOBCAPS does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment in certain transactions — including those involving futures, options, and other derivatives as well as non-investment-grade securities — that give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavour to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have “long” or “short” positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein and may from time to time add to or dispose of any such securities (or investment). We and our affiliates may assume an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis, and may also perform or seek to perform investment banking or advisory services for or relating to these companies and may also be represented in the supervisory board or any other committee of these companies.

For the purpose of calculating whether BOBCAPS and its affiliates hold, beneficially own, or control, including the right to vote for directors, one per cent or more of the equity shares of the subject company, the holdings of the issuer of the research report is also included.

BOBCAPS and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, effectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the Risk disclosure document before entering into any derivative transactions.

No part of this material may be (1) copied, photocopied, or duplicated in any form by any means or (2) redistributed without BOBCAPS's prior written consent.

Company-specific disclosures under SEBI (Research Analysts) Regulations, 2014

The research analyst(s) or his/her relatives do not have any material conflict of interest at the time of publication of this research report.

BOBCAPS or its research analyst(s) or his/her relatives do not have any financial interest in the subject company. BOBCAPS or its research analyst(s) or his/her relatives do not have actual/beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

The research analyst(s) has not received any compensation from the subject company or third party in the past 12 months in connection with research report/activities. Compensation of the research analyst(s) is not based on any specific merchant banking, investment banking or brokerage service transactions.

BOBCAPS or its research analyst(s) is not engaged in any market making activities for the subject company.

The research analyst(s) has not served as an officer, director or employee of the subject company.

BOBCAPS or its associates may have material conflict of interest at the time of publication of this research report.

BOBCAPS's associates may have financial interest in the subject company. BOBCAPS's associates may hold actual / beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS or its associates may have managed or co-managed a public offering of securities for the subject company or may have been mandated by the subject company for any other assignment in the past 12 months.

BOBCAPS may have received compensation from the subject company in the past 12 months. BOBCAPS may from time to time solicit or perform investment banking services for the subject company. BOBCAPS or its associates may have received compensation from the subject company in the past 12 months for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. BOBCAPS or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

Other disclaimers

BOBCAPS and MAYBANK (as defined below) make no representation or warranty, express or implied, as to the accuracy or completeness of any information obtained from third parties and expressly disclaim the merchantability, suitability, quality and fitness of this report. The information in this report has not been independently verified, is provided on an “as is” basis, should not be relied on by you in connection with any contract or commitment, and should not be used as a substitute for enquiries, procedures and advice which ought to be undertaken by you. This report also does not constitute an offer or solicitation to buy or sell any securities referred to herein and you should not construe this report as investment advice. All opinions and estimates contained in this report constitute BOBCAPS's judgment as of the date of this report and are subject to change without notice, and there is no obligation on BOBCAPS or MAYBANK to update this report upon issuance. This report and the information contained herein may not be reproduced, redistributed, disseminated or copied by any means without the prior consent of BOBCAPS and MAYBANK.

To the full extent permitted by law neither BOBCAPS, MAYBANK nor any of their respective affiliates, nor any other person, accepts any liability howsoever arising, whether in contract, tort, negligence, strict liability or any other basis, including without limitation, direct or indirect, special, incidental, consequential or punitive damages arising from any use of this report or the information contained herein. By accepting this report, you agree and undertake to fully indemnify and hold harmless BOBCAPS and MAYBANK from and against claims, charges, actions, proceedings, losses, liabilities, damages, expenses and demands (collectively, the “Losses”) which BOBCAPS and/or MAYBANK may incur or suffer in any jurisdiction including but not limited to those Losses incurred by BOBCAPS and/or MAYBANK as a result of any proceedings or actions brought against them by any regulators and/or authorities, and which in any case are directly or indirectly occasioned by or result from or are attributable to anything done or omitted in relation to or arising from or in connection with this report.

Distribution into the United Kingdom (“UK”):

This research report will only be distributed in the United Kingdom, in accordance with the applicable laws and regulations of the UK, by Maybank Securities (London) Ltd (“MSL”) who is authorised and regulated by the Financial Conduct Authority (“FCA”) in the United Kingdom (MSL and its affiliates are collectively referred to as “MAYBANK”). BOBCAPS is not authorized to directly distribute this research report in the UK.

This report has not been prepared by BOBCAPS in accordance with the UK's legal and regulatory requirements.

This research report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of MAYBANK as selected by MAYBANK solely at its discretion; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended from time to time (the “Order”), or (c) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc. as mentioned in the stated Article) of the Order; (all such persons together being referred to as “relevant persons”).

This research report is directed only at relevant persons and must not be acted on or relied on by any persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

The relevant person as recipient of this research report is not permitted to reproduce, change, remove, pass on, distribute or disseminate the data or make it available to third parties without the written permission of BOBCAPS or MAYBANK. Any decision taken by the relevant person(s) pursuant to the research report shall be solely at their costs and consequences and BOBCAPS and MAYBANK shall not have any liability of whatsoever nature in this regard.

No distribution into the US:

This report will not be distributed in the US and no US person may rely on this communication.

Other jurisdictions:

This report has been prepared in accordance with SEBI (Research Analysts) Regulations and not in accordance with local regulatory requirements of any other jurisdiction. In any other jurisdictions, this report is only for distribution (subject to applicable legal or regulatory restrictions) to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions by Maybank Securities Pte Ltd. (Singapore) and / or by any broker-dealer affiliate or such other affiliate as determined by Malayan Banking Berhad.

If the recipient of this report is not as specified above, then it should not act upon this report and return the same to the sender.

By accepting this report, you agree to be bound by the foregoing limitations.