



FIRSTSOURCE SOLUTIONS LIMITED
Q4FY26 EARNINGS CONFERENCE CALL
MAY 06, 2026

MANAGEMENT:

MR. RITESH IDNANI,
MD & CEO

MR. DINESH JAIN
CFO

Moderator:

Ladies and gentlemen, good day and welcome to Firstsource Solutions Limited Q4 FY26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

On this call, we have Mr. Ritesh Idnani, MD and CEO, and Mr. Dinesh Jain, CFO, to provide an overview on company's performance followed by Q&A. Please note that some of the matters that will be discussed on this call, including the company's business outlook, are forward-looking and as such are subject to known and unknown risk. These uncertainties and risks are included but not limited to what company has mentioned in its prospectus filed with SEBI and subsequent annual report that are available on its website.

I now hand the conference over to Mr. Ritesh Idnani. Thank you and over to you, sir.

Ritesh Idnani:

Thank you. Hello everybody, good morning, good afternoon, and good evening depending on where you are. Thank you for joining us today to discuss our financial results for the fourth quarter and full year of FY26. This year is especially meaningful as Firstsource crossed a billion dollars in revenue, enters its 25th year, having started with answering calls and delivering service at scale, and now evolving into becoming a global intelligence partner that brings together deep domain expertise with agent-first, AI-enabled operations to help clients make better decisions and drive measurable outcomes.

We believe that this evolution is creating a compounding advantage and sets us up strongly for the next chapter. I would like to thank each one of our 36,205 Firstsourcers around the world for their relentless commitment to delivering value to our clients.

Quarterly and yearly performance

Let me start with the discussion on our Q4 performance. Q4 marks the eighth straight quarter of double-digit YoY revenue growth. Our revenue grew by 19.5% YoY and came in at INR25.8 billion. In US dollar terms, the growth was 13.2% YoY and 3.2% QoQ to \$283 million. In constant currency terms, our revenue grew 11.6% YoY and 3% QoQ.

These numbers are inclusive of the TeleMedik acquisition, which we integrated during the quarter and that contributed 1.3% to our YoY growth in constant currency terms. EBIT margin for the quarter was 12.2%, up 100 basis points and 30 basis points on a year-on-year and quarter-on-quarter respectively. It's also the sixth straight quarter of margin expansion. Our net profit was INR2.1 billion and the diluted EPS for the quarter was INR2.91.

For the full year, our revenues came in at INR95.6 billion, which grew by 19.7% in rupee terms and 14.6% in dollar terms. Our constant currency revenue growth was 13.6%. Our EBIT margin for FY26 was 11.7%, within our guided range of 11.5% to 12%. Our PAT for FY26 stood at INR6.7 billion, a growth of 13.5% over last year on a reported basis.

Deal Wins

Coming to the business highlights. Let me start with our deal wins and other client-related metrics. In Q4, we signed four large deals. As you're aware, we consider a deal with ACV of over \$5 million as a large deal. Overall, we won 17 large deals in FY26. Our ACV intake for FY26 remains healthy. I am encouraged by the strength of our wins, both in number and scale. This reflects our ability to bring together deep industry and functional expertise, a strong technology ecosystem partnership, and an AI-first automation approach that's delivering clear and tangible outcomes for our clients: better customer experience, faster decisioning, and a lower cost to serve.

For instance, we won business from a leading pension and benefits administrator on a multi-year digital transformation starting with the front office modernization to improve customer experience and agent productivity, and then expanding into the back office to

drive operational efficiency and scalability. The program is building a connected intelligent operating model enabled through deep domain-led transformation, systems integration, and agentic operations.

What's different this year is the nature of our demand. Clients aren't just running efficiency programs; they're redesigning their operating models for AI, combining data modernization, cloud, workflow orchestration, and AI to move from manual execution to assisted and increasingly automated operations. We're also seeing more programs shift from pilots to scaled rollouts with governance, security, and ROI measurement built in. I would like to emphasize that several of our wins are transformative and ramp up in phases, unlike traditional steady-state work. So, while they strengthen long-term growth visibility, revenue conversion is typically spread over a longer period as transformation and enablement milestones are completed.

Let me now highlight a few other notable wins during Q4.

- We won a large deal from a global leader in financial technology solutions in the US to redesign and transform their customer experience.
- In Australia, we won a large engagement with a leading regional water utilities service to help them across their value chain.
- We secured additional business and were chosen as the global operations outsourcing partner by a leading UK-based MVNO to manage their entire account servicing, billing, and customer support across multiple markets globally.
- We won business also from a premium UK retail brand for customer experience.
- We expanded our relationship with one of the leading mortgage lenders and servicers in the US across their entire value chain.

During the quarter, we added 11 new logos, which includes six strategic logos. As you're aware, we define a strategic logo as one where we see the potential of at least \$5 million in annual revenue, and we run a structured program to handhold and monitor such relationships to grow them at an accelerated pace. In FY26, we added 47 new clients, including 24 strategic clients, doubling our strategic additions compared to FY25. In fact, over the past eight quarters, we've converted around 50% of these strategic wins into relationships exceeding \$5 million in annual revenue.

Vertical commentary

Let me start with **Banking and Financial Services**. In Q4FY26, our BFS vertical grew 9% YoY and 5% sequentially in constant currency terms. We added six new logos during the quarter.

Demand remains centered on regulatory compliance, financial and economic crimes, customer experience, and cost efficiency, and we are seeing strong pull for our AI and automation-led, outcome-oriented transformation offerings across risk, controls, and operations, both across the front office and back office.

On execution, I would highlight two updates. First, as you may recall, in Q2, we had announced a large collections deal in the UK with one of our long-standing clients. Given the regulated nature of this deal, it required approvals from the regulatory authorities in the UK, which we earlier anticipated to get in early Q4. However, that process took time and we have now received the approvals and the operations are also up and running as we speak.

Second, a leading US payments and financial services institution is partnering with us to modernize their operations on the collections side across first-party, third-party, and legal using our digital platform. This embeds 25 plus years of deep domain expertise with a built-in compliance and risk harness and is model-agnostic across AI partners so that the client does not carry the technology risk. This is not a chatbot. It's a governed autonomous collector with outcome accountability through a platform fee plus per interaction pricing, where higher value per interaction can drive greater volume allocation, supporting a K-shaped growth dynamic.

Within financial services, we've also seen significant growth across the mid-sized banks and fintechs as they look to modernize platforms and embed AI across onboarding, servicing, and collections. We're also partnering more closely with these clients as they accelerate platform modernization, embed AI across their customer journeys, and enhance their digital experience. Our Q4 exit deal pipeline in financial services was amongst the strongest in recent quarters, giving us confidence in sustaining growth momentum in this vertical.

In **Healthcare**, revenues grew 16% YoY and 10% sequentially in constant currency terms. We added one new logo during the quarter. Healthcare continues to be a core growth pillar and a key area of strategic differentiation for Firstsource with a well-diversified presence across both the provider and the payer segments that give us an end-to-end view of the healthcare value chain.

As we highlighted last quarter, we strengthened our operating model with dedicated segment-focused leadership and improved portfolio quality through targeted rationalization actions. In Q4, both payer and provider performance remained resilient.

On the payer side, we saw some short-term timing shifts as Medicare Advantage plans recalibrated select program rollouts in a tighter regulatory environment, primarily with rates remaining flat, but this was more about pacing than demand, and the focus on measurable outcome-led efficiency programs remains intact.

On the provider side, we continue to scale the right opportunities with a deliberate technology-first approach, bringing together access, integrity, and denials into a metrics-led operating model, while taking on the ongoing technology refresh burden so health systems can stay current without repeated replatforming, supporting sustained momentum and medium-term margin expansion.

Coming to the **communications, media and technology (CMT)** vertical, revenues grew 3% YoY but degrew 4% on a QoQ basis. We had a soft quarter here in Q4 largely driven by the inherent volatility in this segment, particularly the timing of work packets and program transitions in large consumer tech engagements. That said, the underlying demand drivers here continue to remain intact, particularly as the consumer tech companies continue to enhance and increase their capex spend, and we think we can end up being beneficiaries of the same.

We continue to see strong client interest in AI enablement and non-traditional tech-led solutions, particularly around the AI training data side that support the integration of the same into their product ecosystems, and we're exiting the quarter with a well-balanced pipeline across telecom, EdTech, media, and technology clients, which gives us confidence in a return to a healthier growth trajectory as transitions complete and volumes normalize.

Lastly, coming to our **diverse** portfolio that grew 23% YoY but degrew 8% quarter-on-quarter in constant currency terms. We added four new logos during the quarter. Q4 performance reflected a dip in retail following the seasonal peak in Q3. However, we added two key household retail clients in Q4 amongst our client portfolio. In utilities, we continue to see steady underlying demand supported by a healthy pipeline and we remain optimistic on conversion over the coming quarters. One of our acquisitions, Pastdue Credit, we continue to strengthen our position in the UK utilities ecosystem and this also enhances our cross-sell opportunities across customer operations and collections. Overall, we exited the quarter with a well-qualified and healthy deal pipeline across both utilities and retail, giving us confidence in improved momentum as seasonal effects normalize and new wins ramp up.

Geographical commentary

From a geography standpoint, **North America** delivered 4% sequential growth and 14% YoY growth in constant currency terms. We continue to see broad-based momentum across our three core verticals in the region and expect this to sustain over the coming quarters.

In parallel, we are also incubating new growth opportunities in North America by setting up our sales presence in Canada and by replicating capabilities where we have demonstrated strength in the UK market in the utilities and retail side and extending the same to the US. The TeleMedik acquisition which we updated you on last quarter also gives us a delivery presence in Puerto Rico, a fully US-compliant lower-cost location that we see as an advantage for both healthcare work and non-healthcare clients increasingly nearshoring there.

Europe grew 4% YoY and flat QoQ in constant currency terms. We continue to deepen relationships and gain share of wallet in the region. As we have highlighted in the past, we've seen an accelerated move towards offshore and nearshore delivery over the past few quarters with several of our clients. While this may continue in the near term, we believe our proactive steps to make the business more resilient by both broadening our geographic and vertical presence are yielding results.

Also, our pitch for transformational programs and nearshore delivery from South Africa has been resonating strongly with clients. As I mentioned, we have received regulatory approval with one of our long-standing banking clients in the UK market for collections, which positions us very well to expand our footprint there. Overall, we won two large deals in Q4 and our pipeline continues to build well; in fact, it's up about 60% over the last four quarters, supporting our view of a gradually improving growth trajectory in Europe despite a soft macro environment.

In **Australia**, we continue to win additional business with existing clients while building a pipeline in new logos. One of the new logos in Q4 was from this market.

People

With that, let me turn to the people front. On the people front, our strategy this quarter reflects the shift towards an agentic operating model where value is defined by the intelligence we operate, not the headcount we deploy. As that shift takes hold, we believe the right way to measure our business is no longer headcount alone. It's the value we generate per employee. The headline is straightforward: over the last two years, our revenue per employee has gone up by 12%. Our revenue growth over the last two years has been materially faster than our headcount growth and we expect that gap to widen as agentic operations scale.

We closed FY26 with a headcount of 36,205 Firstsourcers, a net increase of 1,554 employees over last year. Offshore and nearshore hiring remained a strategic lever in FY26, accounting for close to 80% of gross additions, preserving deep domain expertise while supporting cost and outcome economics.

Anchoring this transition is the *global employee value proposition (EVP)* we launched in FY26: Brilliant People, Bold Tech, Uncommon Careers. In fact, we want to make sure that people who are currently in Firstsource as well as new associates find the opportunity at Firstsource to do the best work of their lives. Our blueprint for a truly AI-first organization, built on high-quality talent, technology at the core of value creation, and differentiated skill-based career pathways -- that blueprint is already showing up in the numbers.

Attrition improved to 29.7%, down almost 6 percentage points over the last eight quarters, a clear signal of rising workforce stability. We further strengthened our people operations backbone through faster and scaled HR platforms across geographies. Externally, we were also recognized in the Corporate Equality Index, the Workplace Equality Index, and with the ATD BEST Award, validating the people side of our journey to deliver intelligence at operate.

Awards/recognitions and sustainability

And last but not least, on the awards, recognitions, and sustainability side, Firstsource continues to earn strong recognition from leading industry analysts for delivering strong client value and driving innovation through technology-led solutions across our focus markets.

During Q4, Everest Group recognized us as a leader in its Healthcare Payer Intelligent Operations PEAK Matrix of 2026, underscoring our ability to combine deep domain expertise with automation and AI-led execution. We were also recognized as a leader in the overall market segment of NelsonHall's Healthcare Payer Agility and Innovation NEAT evaluation for 2026. In addition, we were also named amongst the frontier firms in Microsoft's Frontier Firms of India and Southeast Asia, highlighting our continued progress in building technology-forward, future-ready solutions at scale. ISG also featured Firstsource in its Booming 15 list based on the annual value of commercial contracts awarded over the last 12 months, now for the sixth consecutive quarter.

I'm proud to share that Firstsource also participated this year in CDP and EcoVadis, where we were awarded with the climate and water rating of 'B' each and supplier engagement at A. EcoVadis received a bronze badge with a 70 on 100 rating where we were in the top 81st percentile. These recognitions reflect not just external validation, but the collective commitment of our teams to drive sustainable and responsible growth.

I will now turn over the call to Dinesh to give a detailed color on the quarterly financials. I'll come back to talk about our progress on the strategic priorities as well as our outlook for FY27. Over to you, Dinesh.

Dinesh Jain:

Thank you, Ritesh, and hello everyone. Let me start by taking you through our **quarterly financial performance**.

Revenue for Q4FY26 came in at INR 25.8 billion or US\$283 million. This implies a year-on-year growth of 19.5% in rupee terms and 13.2% in dollar terms. In constant currency, this translates to year-on-year growth of 11.6%.

We reported operating profit of INR3.1 billion in Q4FY26, up 29.8% over Q4FY25, and translates to EBIT margin of 12.2%, up 30 bps sequentially. As Ritesh earlier mentioned, this is the sixth straight quarter of sequential margin expansion and translates to a 100bps improvement in the last four quarters. This is above our stated objective of 50 to 75 bps margin expansion every year.

Profit after tax came in at INR 2.1 billion or 7.9% of the revenue for the quarter. Our profit after tax grew 27.7% year-on-year and 1.5% quarter-on-quarter, adjusted for exceptional items in Q3FY26. DSO stood at 66 days in Q4 versus 67 days in Q3.

I will now turn to our **annual performance** of FY26.

For fiscal year FY26, our revenue stood at INR95.6 billion or US\$1,082 million, which is over the \$1 billion mark. This implies a year-on-year growth of 19.7% in the rupee terms and 13.6% in constant currency terms. Our operating profit was INR11.2 billion, up 27.4% over FY25, and translates to EBIT margin of 11.7%, within the 11.5% to 12% range we have guided previously.

Normalized profit after tax for FY26 stood at INR7.6 billion, which translates to year-on-year growth of 27%, adjusted for exceptional items. Our reported PAT stood at INR6.7 billion.

The tax rate was 21.2% for Q4 and for FY26 the effective tax rate was 20.6%, within the previously guided range of 19% to 21%. We expect to be in the 20% to 22% range in the FY '27.

Our cash balance including investment stood at INR3.1 billion at the end of the Q4 FY26. This is after the dividend payout of INR3.8 billion during the quarter.

Our net debt stood at INR16.3 billion as of 31st March 2026 versus the INR13.2 billion as of 31st March 2025. ROCE for the FY26 is 17.7% versus the 15.6% for FY25.

Our hedge book as of 31st March 2026 was as follows: we had average coverage of GBP54.5 million for the next 12 months with an average rate of 117 to the pound, and coverage of \$107.8 million worth of dollar with an average rate of 91.5.

With that, I will hand over back to Ritesh to discuss strategic priorities and outlook for FY27. Ritesh, over to you.

Strategic Priorities

Ritesh Idnani:

Thank you, Dinesh. Before I close, I want to spend a few minutes on something that several of you have been asking about: how to think about Firstsource over the next three to five years and what makes our positioning distinctive in a market that's changing very rapidly. And why is that important? Because we believe that we are creating a category in this industry that does not yet exist. We're calling it Intelligence that operates.

Let me explain the evolution. One year ago, we introduced UnBPO. It captured a real shift: clients had moved beyond cost arbitrage and were asking for outcomes, with technology doing more of the work. UnBPO was the right diagnosis for the moment and it took us a long way, but it was also about who we are not. We were saying that the industry itself is not dead, but the traditional ways of working in the industry were outdated. The moment we are now is actually different. AI agents have become capable enough to execute work, not just advise on it. The interesting question is no longer whether AI can do the task -- it usually can.

The harder question is whether AI can be trusted to operate it with context, with domain judgment, within the policy and compliance boundaries that real industries demand, and with somebody willing to underwrite the result. That is a much narrower problem and it is the problem that we are built to solve.

Most of the market today sits in one of two camps. On one side, technology platforms that sell agents and tools but leave the operating model, the change management and the accountability to the client or to a downstream integrator. On the other side, services firms that bolt AI onto a labour delivery model. Neither bridges the gap between AI capability and operating model reality. **Intelligence that operates**, is that bridge.

It is deep domain expertise encoded into AI that doesn't just advise or automate; it operates end-to-end with accountability and gets smarter with every engagement. We design the operating model, we build the agentic systems. And we run them under one roof, under one contract with our revenue tied to the outcomes we underwrite. The way we deliver this for clients is **Kairos**. Kairos is a Greek word between the promise and reality.

And the provider who's able to bridge the gap between the promise and the reality. A useful analogy to think about this: AI agents are like surgeons. A surgeon is only as good as the operating room around them -- the instruments, the protocols, the support systems, the team. We bring the operating room. Kairos is 25 years of domain expertise encoded as executable know-how, governance guardrails and continuous learning loops. It turns general-purpose AIs into systems that can run regulated high-stakes operations. It's portable and composable. Built to run in our clients' own technology environments across whatever agents and models they choose. Why does this matter commercially? Because the value moves. As we shift from labour-price delivery to outcomes-linked delivery. The unit of value stops being the seat and starts being the result.

It's also why we are increasingly comfortable underwriting outcomes in our commercial constructs and why our pipeline of transformative wins continues to grow. Clients want a partner who will design it, build it and run it in one single continuous motion, not three different vendors stitched together.

Case in point, a leading US financial services institution recently launched governed AI agents to streamline their collections process with Firstsource designing, implementing and operating their agentic operations end-to-end.

This is the chapter we are now writing. We believe Intelligence that operates, puts Firstsource in a category of one, and the long-term opportunity for our clients and our shareholders is to compound that advantage every year. I'm pleased with the progress we are making on our agenda to leverage the current fault lines created by technology as well as the macroeconomic shift to broad-base our client footprint and curate new growth engines.

Let me help you with a few more data points. We closed FY26 with 150 clients with over a million dollars revenue from a run-rate standpoint, an addition of 34 clients over Q4 of FY25. During this period, our \$10 million as well as our \$5 million plus clients increased by 2 and 12 respectively. Over the last eight quarters, the revenue share of top five and top 10 clients has come down by 8% and 12% respectively.

Importantly, this has happened even as our top five clients continue to grow at industry growth rates despite a significant onshore to nearshore delivery in at least a couple of them. So the broad-basing of growth that you see is a result of focused account management, which is driving a faster growth in our non-top five, top 10 accounts in many cases through large deals. We're also winning a higher number of large deals and doing so more consistently. We now have a dedicated team to bring more focus to our efforts and ensure we are covering all the aspects that go into a large deal pursuit. This has helped us report at least four large deals in each of the past five quarters. Importantly, despite the strong closure, our deal pipeline has stayed above a billion dollars and in fact is at its highest ever level.

Let me give you some additional insights. We won 17 large deals in FY26 versus 14 wins in the entire FY25 and more than double the number of wins in FY24. Also, we added 24 strategic clients in FY26, doubling our additions compared to FY25. Not just that, while previously our large deals almost always came from existing clients, seven of the large deals this year came from new logos versus five in FY25.

This underlines the strength of our differentiated solutions, attractiveness of our commercial construct, and a growing client acceptance of us as a disruptor. This gives me confidence that we are on the right trajectory to deliver sustainable, profitable and industry-leading growth. And with that, let me turn to our outlook for FY27.

We're entering the year with strong momentum, a healthy deal pipeline, a record large deal intake exiting FY26, and the early commercial traction of Intelligence that operates. Against that backdrop on revenue we are guiding to constant currency growth for FY27 to be in the 10% to 13% range, and we are guiding for EBIT margin band of 12.25% to 12.75% for FY27. We believe this places us comfortably in the top decile of growth in the industry globally.

This concludes our opening remarks and we can now open the floor for questions. Operator, over to you.

Moderator:

We take a first question from the line of Vibhor Singhal from Nuvama Equities.

Vibhor Singhal:

Yes, hi. Thanks for taking my question. So, Ritesh, a couple of questions from my side. One is, if we look at the overall industry at this point of time, I think last three, four months, I think we've seen a lot of narrative being set by the AI model builders around the basically cannibalization of revenue and the business model of system integrators coming into question. We of course have continued to maintain that, and you clarified it in a very detailed manner as to who's going to underwrite the outcome and how. Specifically, for the BPO industry, the concerns have been quite paramount that BPO industry is at the forefront of this disruption. Our numbers of course say the completely different story; we've had a very good growth this year, we're guiding for a strong growth next year.

Now, could you basically help us understand where does the dichotomy lie? I mean, not just us, most of the I think BPO companies are reporting good growth. So is this growth coming despite the basically cannibalization of revenue due to the GenAI platforms, or the GenAI platforms which are being let's say implemented by the enterprise clients are not yielding the results as we've also heard a lot of stories about very few projects making past the POC stage? Or is it that we are gaining market share from the larger clients? What is the mix that is basically leading us to this kind of a growth despite the negative narrative around it?

Ritesh Idnani:

Thank you Vibhor for that question. Look, let me start by saying that, we've seen this macro duality for some time. The degree keeps shifting every few months and

sometimes every few weeks. One thing to bear in mind is that the traditional business process services are not as linked to discretionary spend as the traditional IT services side; that's one part of it. A substantial part of the business therefore ends up being annuity and recurring, giving a greater visibility if you will.

What I will say is that in some sense the recent developments and the pace of advancement on the AI side, if nothing else, has structurally expanded the addressable market for players such as ourselves. And one of the things I talked about is what we have been seeing over the last few months where we are perceived as a consulting partner who doesn't just advise but also implements, doesn't just implement but also runs, and doesn't just run but also transforms. That's the core of what "Intelligence that operates" represents, that we're able to do this in one single continuous motion. And I think when we're doing that, what it does is it expands the surface area of what is available for us in terms of the TAM itself, because we're getting called in for deals that maybe three years back, if we were perceived as a deep domain BPM player in regulated markets, today I think we're seeing a lot of opportunities that cut across different areas itself, and that expansion of surface area is certainly something that I think clients appreciate because they want one single continuous motion towards underwriting the business outcomes. So I think that's one part of it.

I think the second part of it is related to the opportunity to expand share and take share from competitors itself, and I certainly we're seeing opportunities out there where the ability to play on offense -- and that has been a consistent theme that we've been saying now for at least ever since I've been at Firstsource, that look, when you end up having technology and macro shifts, it creates a dichotomy in terms of how different players operate. And certainly challenger brands such as ourselves have the opportunity to play on offense and adapt sooner, and that in turn allows you to take share away from other players in the marketplace on the back of very specific value propositions targeted towards the industries in which we have domain depth etc. And I think that combination is certainly yielding results as well.

And I think third is in certain, some of the markets in which we operate, the degree of insourced that might have existed in the past, people are probably willing to look at many more options and as long as you're willing to go to them with a compelling proposition and a creative commercial construct, I think those are certainly again allowing them to evaluate different opportunities and maybe give us a sizable part of the pie as well.

So, I think it's a combination of all these three: the value proposition, the share shift that we can impact, and the expansion from potentially what might be an insourced portfolio to a larger share of the pie.

Vibhor Singhal:

Got it. And on the first point you mentioned about that expansion of TAM, would you believe that given that we are in the initial stages of the GenAI cycle, the TAM expansion also would be in initial stages and the TAM expansion will continue and perhaps maybe accelerate in the coming years?

Ritesh Idnani:

We certainly think, Vibhor, the opportunity exists and here's why. I mean, if you talk to folks in Silicon Valley, I think they will assume that everything can be automated overnight. And that's what sometimes paints the scenario that hey, what does this mean for the industry and you've seen this with data that's reported that the industry is continuing to hold its own, certainly for some players in the market in terms of growth and so on and so forth.

But a lot of it is because when you get under the hood of client operations, particularly go to a large bank, go to a large telco, go to a large health plan and I'm just giving you three distinct sectors which are regulated in nature, data quality is not where it needs to be. So you can't just go overnight and automate their operations or even have agentic operations run autonomously etc. So, there's a significant amount of scaffolding work that needs to happen to ensure that the operation is ready for prime time. The determination of which processes are legible for even an agentic operation requires work. The determination of what kind of security guardrails need to be in place is an

opportunity. The determination of where should the process overrides be with a human in the loop is an intentional exercise.

All of these are the scaffolding that needs to be put in place to ensure that you can actually truly get to the end state itself. And our view is that that's creating, expanding surface area in terms of the places where we can play.

Vibhor Singhal:

Got it. Thanks for that very detailed explanation, Ritesh. Just one bookkeeping question for Dinesh sir. Sir, our debt on the books has more than doubled over the last two years to almost INR 1,600 crores right now. Of course, this is based on the acquisitions primarily due to the acquisitions that we've done. What is the outlook on this number?

Do we expect this number to remain stable hereon and then maybe the internal cash flow generation to lower this debt in the coming years? Or do you believe we are not going to shy away from any more acquisition opportunities and we would be okay with this debt going further up as well?

Dinesh Jain:

I think debt should not be viewed from that angle. You've seen that our main mode is the cash flow we generate normally, we pay 40% to 50% to the shareholder, 50% mainly utilized for acquisition or a growth purposes. So I think that will continue to remain and so debt level will continue to go down.

Last year the debt had increased by around INR700 crores, while the current year the debt increase is INR 200 crores. So it has been come down, we have actually repaid. So, the additional buildup is through the acquisition, but the cash flow is very healthy.

I think we want to just ensure that we have a right billing and right receivables and we continue to be utilize the cash flow from an overall basis, not just thinking about repaying debt or not thinking about growth or any other investment.

Vibhor Singhal:

Got it. So, the debt is not at any alarming level in our opinion and there would still be some buffer if we want to acquire to make any more acquisitions, right?

Dinesh Jain:

Yes.

Vibhor Singhal:

Got it. Great sir. Thanks so much for taking my questions and wish you all the best.

Moderator:

Thank you. Next question is from the line of Girish Pai from BOB Capital Markets.

Girish Pai:

Yes. Thanks for the opportunity. I just had few questions on the fourth quarter and the guidance you've given for FY27. So, fourth quarter you had a 3% Q-o-Q growth in CC terms. I think of which some 130 basis points came from TeleMedik if I heard you right. So, was this quarter softer than what you thought when the quarter started? And if that were to be the case, what drove this softness?

Ritesh Idnani:

Thank you, Girish, for that question. Look, Q4 was broadly in line with our expectations at the start of the quarter with two exceptions, and I called that out in our opening comments itself. The first shortfall was on account of the implementation of a key UK collections deal that shifted to the current quarter that we are in, Q1 of FY27, because regulatory approvals took much longer than we anticipated itself. And, what I will say is that we have since received the approval and the deal is now pretty much ramped up as we speak.

And the second is in January 2026, Medicare Advantage plans entered a tighter regulatory environment. In response, some of the payers suspended the ramp-up of planned programs that were already underway while they reassess the implications. So it's a short-term timing impact on the healthcare payer revenue in Q4.

But neither of this in our minds is structural. The UK deal as I said is now live, the payer programs are expected to resume, if anything else it actually puts even more pressure on them as regulatory clarity emerges. And excluding these timing effects, I think the underlying business momentum continues to remain strong.

Girish Pai:

Okay. My second question is with regard to the yearly growth that you clocked in FY26, which is 13.6 on CC basis. How much of this was contributed by inorganic? And for FY27 this 10% to 13%, is there any inorganic component to it? So the inorganic components for both FY26 and FY27.

Ritesh Idnani: Yes, so if you take FY26, Pastdue Credit and TeleMedik contributed about 1.5% to the FY26 growth. Excluding this, it's about 12.1% for FY26. And the bulk of our growth still continues to be organic driven by deal wins, account mining, and new logo additions. And as we get into FY27, we anticipate that the contribution of the two acquisitions that we made will probably be in the range of about 2% to 2.5% going into FY27.

Girish Pai: Okay. A couple of questions on your full-stack intelligent operator strategy that you have. You come from a place where you have been very strong on the operations side, the pillar on the operations side, whereas implementation strategy are probably stronger for some of the diversified IT services companies.

So what exactly is the right to win for us? While I get the strategy and looks very interesting, but when you're competing against some of the diversified IT services companies, how would you stack up there because they probably come from owning or being part of the two, three other pillars in a much more material fashion than you are?

Ritesh Idnani: Actually, I'm glad you asked the question, Girish, because the answer is actually in exactly the way you've framed the question. The framing that you had was a lot of the diversified players have pillars. The pillars is the problem. Because the way a lot of organizations have built up, right, over the years, somebody is an IT services player, somebody is a systems integrator, somebody is a BPO, somebody is a consulting firm.

And the problem is in that definition because it's inside out. It's the way firms have architected themselves; it's not necessarily the way clients buy. And that opportunity is playing out even more so right now from a visibility standpoint. So today what clients are looking for is that one single continuous motion.

And when we launched Intelligence that operates as the next phase of UnBPO, our intent was to say that clients today want one single continuous motion. They want a partner who can not just advise, but actually implement. That implementation could be on the technology side, it could be around modernizing what they might have, it might be around cleaning up their data, so on and so forth. But don't just implement it for us, also run the operations. And don't just run the operations, help continue to transform it. And by the way, do that in one single continuous motion without the pillars, without the silos that have historically plagued full-service firms.

The reason why we feel very good about it is because I think our size, our agility and nimbleness allows us to put the right team to solve the customer problem, and we start with the customer problem first to ensure that we're assembling the right set of folks rather than thinking about internal boundaries, which is typically the way, full-service firms might have been.

So we think we, you know, this is creating an opportunity for us to expand our surface area. It's solving a problem for the customers. And more importantly, right, it builds on our domain depth. So what's the backbone of this? Our backbone of this is our deep domain understanding of regulated workflows, and that knowledge coupled with what I just articulated allows us to go out there and underwrite an outcome.

And by the way, when we do it the first time, we gather information of how we did it, which then becomes a compounding advantage when we do the same process for a second client and a third client and a fourth client because you're building on that knowledge along the way itself. That's what the process harness that we have created as part of the Intelligence that operates is an integral building block itself. So we think it's -- it sets us up well, it expands our surface area and allows us to compete very effectively.

Moderator: Thank you. Next question is from the line of Dipesh Mehta from Emkay Global.

Dipesh Mehta: Yes, thank you for the opportunity. A couple of questions.

First, about just want to understand investment required to deliver on the strategy about intelligence that operate. How we intend to balance investment versus let's say our margin aspiration? And if you can give some sense about area of investment because you might require different kind of talent compared to let's say traditional hiring. So broad thought process around it?

Second question is about the considering our portfolio and composition of revenue. What kind of additional deflation or headwind you expect because of AI-led productivity expectation in existing business?

Third question is about the FY27 growth guidance. How you expect growth to play out because I think a couple of point you highlighted in your prepared remark about some of the deal which will take time to ramp up and all those things. Between H1, H2, how the growth trajectory play out?

And last question is about FY26 versus FY27 organic growth if I look at it. You indicated about 1.5% M&A contribution in FY26, which in a way implies your 12% kind of organic growth in FY26, which is likely to moderate to around 9% kind of organic growth on midpoint considering 2.5% if I take as a number.

So, seems to be slightly moderating where you have some advantage now in terms of some of the deal which were delayed likely to now start ramping up plus momentum is with you 1 billion plus pipeline. So if you can give thought process around it? Thank you.

Ritesh Idnani:

Thank you, Dipesh, for that comprehensive list of questions. I'm just going to make sure that I -- you had two questions on the growth guidance and one on the margin versus the investments required. There was one question that I missed. Could you just -- which I think was the second question that you had.

Dipesh Mehta:

H1 versus H2 in terms of the some of the deal will take time to ramp up kind of narrative.

Ritesh Idnani:

So let me start with the margin versus investment. I'm going to go back in time. And one of the things that if you recall when I joined in, you know, in the middle of FY24 and we had provided at that point in time how this is going to play out from a guidance standpoint and what was our thesis. We said, we'd hit a billion-dollar run rate by Q4 of FY26, we actually crossed that in Q4 of FY25. We said margins would be flat in FY25 and then we'd see 50 to 75 basis points of margin improvement every year for the next few years for the next 3 years, so that we think a 14% to 15% EBIT band is the range at which we would like to operate. We were flat on margins while continuing to make investments in go-to-market and technology in FY25. In FY26, if you look at the margin EBIT expansion, it's been roughly about 74 basis points, so we're pretty much in the higher end of the range that was there. And if you look at our guidance for this fiscal, we continue with our guidance for FY27 is higher than the Q4 exit EBIT, which was at 12.2, the lower end is at 12.25.

We feel comfortable with what we have seen in terms of the opportunities. And those opportunities are coming either on account of automation and AI, they're coming because of greater offshoring and nearshoring, they're coming because of reimagining of workflows on account of how we are trying to alter our ways of working itself to become truly an AI-native organization itself, and that gives us comfort on the margins.

But at the same time, as you rightly called out, as we are doing some of these efficiency saves, we're also attracting different sets of folks into the organization. So, for instance, we have people who are at the intersection of domain plus AI. We have people who are forward-deployed engineers. We have folks who are builders. And what they allow us to do is to unlock value, solve for the last-mile problem that typically exists with customers or even for our own internal operations to ensure that we can operationalize the AI itself.

So we have a new cohort of people which are different than what the erstwhile Firstsource organization might have had, and we continue to build on that. That being said, we do believe that our ability to deliver the margin guidance that we have continues to remain unchanged while we make these investments. So, in some sense, there are efficiency saves which also are allowing us to fund these investments that are coming into play. So that's as far as the first question is concerned.

Let me talk a little bit about the growth guidance because the last three questions that you had were all related to growth itself. I mean, when we provided growth, and again we've been consistent on this all altogether, what we have at a point in time is always

line of sight or visibility to the lower end of the guidance. And then we end up having obviously pipeline and where we expect different ramps and so on and so forth to allow us to bridge the gap and get to the higher end of the guidance. And that's our visibility at this point in time.

Obviously, that continues to evolve as deal wins happen, as pipeline goes up and other variables come into play and so on and so forth. But at this point in time, as we start the year, we feel comfortable with that lower end 10% guidance that we have provided for the full year, and which as you know is at the top decile of growth guidance that is there globally today across sector, whether it's IT, BPO, so on and so forth.

The third point that is there related to the split between H1 and H2, what we don't expect this to be back-ended, but rather almost spread out across the four quarters itself, so you should see this evenly playing out.

Dipesh Mehta: Understand. And can you provide some sense about the organic growth deceleration which in a way implies in the guidance?

Ritesh Idnani: Yes, so as I -- I think, I responded to this question a little while back, but we are accounting for roughly about a 2% inorganic growth to the 10% to 13% range.

Dipesh Mehta: No, I understand. Why I ask is if I look, let's say, we guided 14.5 to 15.5 at the end of Q3, we are roughly a percentage lower. Now when we are guiding 10 to 13%, in a way it require roughly 2% to 3% CQGR for next four quarter. Just trying to understand acquisition contribution wise now largely we have captured most of the thing.

So, considering this two, three thing, 2% to 3% is a very healthy growth CQGR what we are building in next year. So just try to understand what are the additional comforting factor which you have built and which if you can give some sense about those?

Ritesh Idnani: So, if you look at the variables that are coming into play, and let me just reiterate the comment on Q4. As I mentioned, Q4 was broadly in line with our expectations barring those two exceptions. One was the implementation of the key UK collections client which needed regulatory approvals and those regulatory approvals got shifted by a quarter. That deal is already live as we speak.

And then what we saw was a timing challenge with some of the Medicare Advantage plans itself, but those things also we expect are sorted through, both of which actually are creating tailwinds as we get into the business itself. So that's comment one. So it's not that the revenue is gone, but rather it's deferred or delayed by a quarter itself, if you will.

Now going into FY27, what are the things that make us confident of the visibility that we end up seeing today? One is our deal pipeline is at its highest ever level today as we speak in the history of the company. Number two, if you look at the strategic logos that we have added through the course of the quarter itself, we've added about 24 strategic logos out of the 47 new clients that we added in the year. Those 24 strategic logos have opportunity to scale up.

And as we've said, a strategic logo for us is one which has the potential to give us at least \$5 million of annual business. So given that opportunity set that exists and given our track record, if you look at the last year, 50% of the strategic logos that we added in the previous 24 months we've already been able to convert that into \$5 million plus accounts.

We think we have a good track record of being able to deepen our footprint in these strategic logos itself. So that gives us the second data point that gives us comfort in terms of what we see as the opportunity itself. And third is within our existing accounts already across the portfolio, whether it's our top five, top 10 or the next rung below, you're seeing that in terms of the deepening of the client footprint that's happened.

I mean, just take one data point, right? Our \$5 million plus accounts in the last two years is up by 68%. Our \$1 million plus clients is up by 46%. Those are pretty remarkable statistics just given the fact that, I mean, if some of you may recall when I just joined, we talked about one of the central themes of One Firstsource is how can we deepen

our footprints and cross-sell, upsell was going to be a big part of that from a strategy standpoint. Two years out, that's what we've been executing on.

Ritesh Idnani: Thank you. And by the way, we're still scratching the surface on that. So, I think the market opportunity is still immense. Thank you, Dipesh, for the questions.

Moderator: The next question is from the line of Shradha Agrawal from Asian Market Securities.

Shradha Agrawal: Yes, hi. Congratulations, Ritesh, on a strong guidance. Two questions. First of all, this BPAS healthcare deal, has it ramped up to its peak potential or do we still have some revenue to be expected in the first half of 27?

Ritesh Idnani: So, we don't comment on specific deals itself, you know, in terms of where they are at or so on and so forth. But what's fair to assume is that all our large deal wins including the transformative ones are progressing as per expected timelines and, you know, we continue to remain confident in the long-term trajectory of all of these deals itself.

Shradha Agrawal: The reason I asked this is, Ritesh, because this quarter our growth was predominantly led by healthcare vertical which grew 10% to 11%. So was just checking whether this BPAAS deal ramp-up was a good contributor to growth?

Ritesh Idnani: I think it was broad-based across several of our clients, Shradha, in the healthcare space. Yes.

Shradha Agrawal: Got it. And secondly, in your presentation in your medium-term strategy, you've highlighted vertical expansion into retail and utilities in the US and geographical expansion in Middle East as key focus areas. So, are these something that you're looking at organically or you want to build up through acquisitions again?

Ritesh Idnani: Shradha, I think what we have is a ready base of deep domain knowledge in these two verticals from the work that we have done in the UK markets already. So, our view is that we can extend some of that into the US markets. In fact, as we speak in the last three months or so, we onboarded somebody to spearhead our business from a utility standpoint in the North American region. That's already starting to bear fruit in terms of the pipeline that we've been able to build up.

So, we continue to think that, you know, we can look at doing this organically. That being said, look, we're also opportunistic on some of these areas if it's going to give us a capability gap that we don't have or it's going to allow us to get distribution access. Those have been the two vectors that we've talked about as potentially opportunities to do tuck-ins that might be the case. So, it's not that we are averse to that, but at the same time, I think we have a strong solid foundation to build and extend to the North American region, particularly for the retail and the utilities side.

Shradha Agrawal: Got it. And just last question. I think you indicated that we had inorganic contribution of close to 150 bps in FY26, but I guess Ascensos also got incrementally consolidated for five months more in FY26. So, won't inorganic component be close to 450 bps for FY26?

Ritesh Idnani: You know, so you're right, Shradha. I think our organic growth was close to about 10% in constant currency terms if you exclude Ascensos, PDC, and TeleMedik. Yes.

Shradha Agrawal: Okay. Would it be slightly lower than that, Ritesh? I think sub-10%?

Ritesh Idnani: I think it's about 9.8% to 9.9%, somewhere in that zone.

Moderator: Thank you. We will take that as a last question. Thank you. I would now like to hand the conference over to Mr. Ritesh Idnani for closing comments.

Ritesh Idnani: Thank you all for joining the call and for your questions. I want to close with a few final points. Our sales engine continues to work well. We had four large deal wins in Q4, which is the fifth straight quarter of four or more large deal wins. Our deal pipeline at over a billion dollars continues to be and in fact is at its highest ever level in the history of the company. Our execution is on track.

As you can see, we're executing well on improving our margins and last year for us was the first full year of delivering to the promise of the 50 to 75 basis point margin expansion. EBIT margins, as you know, have increased by 100 basis points over the

last four quarters. Our cash conversion has been strong. Our OCF to EBITDA this year is 78% and our free cash flow to the PAT is 160%. Our long-term aspirations continue to remain intact.

As I mentioned earlier, we see our constant currency revenue growth for FY '27 in the 10% to 13% range, which places us in the top decile in the industry, and we remain laser-focused on taking our EBIT margin to 14% to 15% band in the next couple of years. That's all from our side and we look forward to interacting with you again in the next quarter call. Thank you all.

Moderator:

Thank you very much. On behalf of Firstsource Solutions Limited, that concludes this conference. Thank you all for joining us today and you may now disconnect your lines.