

FIRSTSOURCE SOLUTIONS LTD.

ISIN: INE684F01012

BSE:532809

NSE:FSL

CMP: Rs.179.90

TUE, 9th NOV '21

OVERVIEW

- Firstsource Solutions Ltd is engaged in the business of providing customer management services like contact centres, transaction processing, and debt collection services.
- The company's business segment includes Banking and Financial Services, Healthcare, Communication, Media and Technology, and Diverse Industries.
- It generates maximum revenue from the Banking and Financial Services segment.

STRENGTHS

- Firstsource Solutions Ltd has a good quarterly growth in the recent results- 254.3% returns for Nifty 500 over 4.5 years.
- The company has high TTM EPS Growth - 413.9% returns for Nifty 500 over 5.4 years.
- Strong cash generating ability from core business - Improving Cash Flow from operation for last 2 years.
- The Company has Zero Promoter Pledge.

OPPORTUNITY

- The company has a Rising Delivery Percentage Compared to Previous Day
- The company has a High Momentum Scores (Technical Scores greater than 50) - 319.5% returns for Nifty 500 over 5.1 years
- The company has a Highest Recovery from 52 Week Low

BUSINESS STRATEGY

- The company's Customer forums and social media are becoming some of the most effective tools for monitoring brand sentiment, and the influence they may have on broader audiences is enormous.
- Despite the rise of digital and self-serve customer management, 65% of non-face-to-face consumer contact still happens over the phone, and 15% over email.
- Those on the frontline, speaking with customers on the phone or via webchat and social media, should avoid focusing on time spent 'handling' a customer and instead focus on finding a solution or answer to a query - no matter how long it takes.

FUTURE PROSPECTS

- Firstsource Solutions' earnings over the next few years are expected to increase by 48%, indicating a highly optimistic future ahead. This should lead to more robust cash flows, feeding into a higher share value.
- The positive outlook is encouraging for the company, which means it's worth diving deeper into other factors such as the strength of its balance sheet, in order to take advantage of the next price drop.

SUMMARY OF FINANCIALS

- Revenue / turnover of FIRSTSOURCE SOLUTIONS LIMITED is Over INR 500 crs
- Net worth of the company has increased by 5.18%
- EBITDA of the company has increased by 74.49 %
- Total assets of the company has increased by 102.43 %
- Liabilities of the company has increased by 5.46 %

Growth Rates (Compound Annual)	1 Yr	3 Yr	5 Yr	10yr
Revenue %	24.3	13.6	9.4	9.4
Operating Income %	34.1	15.6	13.0	12.5
Earnings/Share %	4.9	2.7	6.6	5.8
Dividends %	-33.3	-	-	-
Book Value/Share %	0.9	5.5	8.8	2.0
Stock Total Return	181.3	54.0	43.8	34.4
Market +/-	141.5	38.0	33.0	25.8

Valuation Analysis	Current	5Yr Avg	Ind	Mkt
Price/Earnings	35.5	-	33.0	15.2
Forward P/E	-	-	-	-
Price/Cash Flow	14.8	-	209	9.9
Price/Free Cash Flow	18.0	-	265	-
Dividend Yield %	1.5	-	1.3	2.8
Price/Book	5.0	-	9.1	2.1
Price/Sales	2.7	-	5.2	-

Profitability Analysis	Current	5Yr Avg	Ind.	Mkt.
Return on Equity %	-	14.0	26.4	15.4
Return on Asset %	-	8.9	17.6	-
Gross Margin %	32.2	32.5	36.9	-
Operating Margin %	12.8	12.0	21.4	-
Net Margin %	7.5	8.6	15.8	21.4
Inventory Turns	-	-	82.6	-
Fixed Asset Turns	-	27.0	8.7	-

Financial Position (INR)	03-20(Mil.)	03-21 (Mil.)
Cash	2,022	1,413
Inventories	—	—
Receivables	—	—
Current Assets	11,043	12,313
Fixed Assets	5,881	7,486
Intangibles	22,827	22,490
Total Assets	45,871	48,297
Payables	3,067	5,834
Short-Term Debt	8,406	5,199
Current Liabilities	13,309	14,016
Long-Term Debt	28	846
Total Liabilities	18,211	20,299
Total Equity	27,654	27,993

Source: Company filings & Analyst research