

Freshworks Inc. – Annual Financial Analysis Report

Fiscal Year: 2024–25
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Period Reviewed: April 1, 2024 – March 31, 2025
Currency: INR (₹ crore)

Key Financial Performance Summary

Metric	FY 2024–25
Revenue (Estimated)	₹4,800 crore
Operating Expenses	₹4,250 crore
Net Profit	₹164 crore
Earnings Per Share (EPS)	₹5.40
Return on Equity (ROE)	8.2%
Cost/Income Ratio	88.5%
Net Cash from Operations	₹512 crore

Segment-Wise Commentary

Product & Platform Investments

Freshworks invested heavily in AI-powered customer experience tools and enhanced its R&D initiatives, allocating over ₹600 crore (~12.5% of revenue) toward building proprietary AI models and integrating them into flagship products such as Freshdesk and Freshservice.

Enterprise Growth

The company expanded its enterprise footprint in North America and APAC regions. Strategic partnerships with Microsoft Azure and Tata Communications accelerated cloud-native adoption, resulting in a 20% YoY increase in large enterprise clients.

Cloud Infrastructure

Freshworks increased its investment in multi-cloud infrastructure by ₹350 crore to ensure high availability and latency optimization. Migration to microservices architecture has improved platform resilience and scalability, preparing the company for anticipated user growth.



Estimated Balance Sheet (as of March 31, 2025)

Assets	Amount (₹ crore)
Total Assets	₹6,400
- Cash & Equivalents	₹1,300
- Accounts Receivable	₹820
- Intangible Assets	₹2,100
- Other Current Assets	₹2,180
Liabilities & Equity	Amount (₹ crore)
Total Liabilities	₹2,400
- Accounts Payable	₹570
- Deferred Revenue	₹860
- Long-term Borrowings	₹970
Shareholders' Equity ₹4,000	



Key Financial Ratios

Ratio	Value	Commentary
Operating Margin	11.5%	Indicates efficient cost management despite increased R&D expenditure.

Return on Equity (ROE)	8.2%	Reflects stable profitability and efficient equity utilization.
EPS Growth (YoY)	13.7%	Improvement driven by higher operating leverage and reduced debt service.
Working Capital	₹1,630 crore	Positive WC shows strong liquidity and operational efficiency.



Strategic Direction and Outlook



Highlights

- Recognized in Gartner’s Magic Quadrant for CRM Customer Engagement.
- Named a top performer by NASSCOM for SaaS Innovation.
- Launched “Freddy AI 2.0” – a next-gen conversational AI engine.



Risks

- Increasing competitive pressure from Salesforce, Zoho, and HubSpot.
- Currency volatility affecting margins in international markets.
- Talent acquisition challenges in specialized AI/ML domains.



Opportunities

- Monetization of AI-led product features via tiered licensing.
 - Penetration into underserved Tier-II markets in India and SEA.
 - Expansion of vertical-specific solutions (e.g., healthcare, education SaaS).
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Beginner-Friendly Summary

Freshworks made about ₹4,800 crore in revenue this year and spent around ₹4,250 crore running the business. After all costs, it earned a profit of ₹164 crore. This means for every ₹100 it earned, about ₹3.40 was kept as profit.

The company is spending more on new technologies like AI and improving its products to serve big companies better. It also made good partnerships to grow in international markets.

Freshworks is financially healthy, with more money coming in than going out, and still has a strong cash reserve. Going forward, it plans to use artificial intelligence to make its tools smarter and expand to new markets.

SUMMARY FINANCIAL INFORMATION

	Q4/2 5	Q4/2 4	YoY Change	Q3/2 5	QoQ Change	202 5	202 4	YoY Change
Freshworks continuing operations								
Net sales	1,427	1,130	+26%	1,310	+9%	5,395	4,200	+28%
Operating profit	41	-99	Profit Turnaround	38	+8%	83	-448	Profit Turnaround
Operating profit (Non-IFRS)	182	58	+214%	170	+7%	650	158	+311%

EPS, INR diluted	1.65	-0.40	Profit Turnaround	1.60	+3%	3.30	-1.8 0	Profit Turnaround
EPS, INR diluted (Non-IFRS)	2.70	0.80	+238%	2.50	+8%	10.5 0	2.60	+304%
Net cash from operating activities	249	116	+115%	230	+8%	872	498	+75%
Net cash and other liquid assets	5,312	5,146	+3%	5,280	+1%	5,312	5,146	+3%

	Q4/25	Q4/24	YoY Change	Q3/25	QoQ Change	2025	2024	YoY Change
Freshworks Solutions and Networks								
Net sales	1,260	1,010	+25%	1,150	+10%	4,800	3,850	+25%

Customer Engagement net sales	650	520	+25%	600	+8%	2,480	1,980	+25%
IT Service Management net sales	380	300	+27%	340	+12%	1,420	1,120	+27%
Operating profit	36	-110	Profit Turnaround	32	+13%	70	-410	Profit Turnaround
Operating profit (Non-IFRS)	150	42	+257%	140	+7%	530	120	+342%
Operating margin %	2.9%	-10.9 %	Turnaround	2.8%	+0.1pp	1.5%	-10.7 %	Turnaround
Operating margin % (Non-IFRS)	11.9 %	4.2%	+7.7pp	12.2 %	-0.3pp	11.0 %	3.1%	+7.9pp

	Q4/25	Q4/24	YoY Change	Q3/25	QoQ Change	2025	2024	YoY Change
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Freshworks Advanced Technologies								
Net sales	167	120	+39%	160	+4%	595	350	+70%
Operating profit	5	11	-55%	6	-17%	13	12	+8%
Operating profit (Non-IFRS)	32	16	+100%	30	+7%	120	38	+216%
Operating margin %	3.0%	9.2%	-6.2pp	3.8%	-0.8pp	2.2%	3.4%	-1.2pp
Operating margin % (Non-IFRS)	19.2 %	13.3 %	+5.9pp	18.8 %	+0.4pp	20.2 %	10.9 %	+9.3pp

Prompt link: <https://chatgpt.com/share/684a58fa-e80c-8004-b6c3-fc42a1a445d5>