

13th August 2020

To:

**National Stock Exchange of
India Limited (Scrip Code: FSL)**
Exchange Plaza,
Plot no. C/1, G Block,
Bandra-Kurla Complex
Bandra (East),
Mumbai - 400 051

**BSE Limited (Scrip Code:
532809)**
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

Dear Madam/ Sir,

Sub: Post intimation of Analyst/ Institutional Investor Call

Pursuant to Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, we are enclosing herewith a copy of the presentation regarding conference call held with the analysts and investors, on the financial results of the Company for the quarter ended 30th June 2020.

This is for your information and record.

Thanking you,

For **Firstsource Solutions Limited**


Pooja Nambiar
Company Secretary & Compliance Officer

Encl.: A/a

FIRSTSOURCE SOLUTIONS LTD.,

Paradigm B, 5th Floor, Mindspace, New Link Road, Malad (W), Mumbai - 400 064, India.
Tel: +91 22 6666 0888 | Fax: +91 22 6666 0887 | Web: www.firstsource.com



Q1 FY2021 EARNINGS UPDATE

Partnering with World's Leading Brands



Disclaimer

Certain statements in this presentation concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in BPO services including those factors which may affect our cost advantage, wage increases, our ability to attract and retain highly skilled professional, time and cost overruns on client contracts, client concentration, our ability to manage ramp-ups and growth, our ability to manage our international operations, reduced demand in our key focus verticals, disruptions in telecom infrastructure and technology, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, performance of our subsidiaries, withdrawal of government fiscal incentives, political instability, legal restrictions on raising capital and acquiring companies outside India, unauthorized use of our intellectual property and general economic conditions affecting our industry. Firstsource may, from time to time, make additional written and oral forward-looking statements, including our reports to shareholders. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company.





STRONG START TO THE YEAR

- Revenue growth of 1.6% in constant currency YoY
- Solid sales momentum; 10 New logos added in the quarter

DISRUPTIONS FROM COVID-19 LARGELY MITIGATED

- New Operating model → At-Home + At-Office, working well
- Recalibrated client demand largely met
- Short/ medium term uncertainties continue to drive volume volatility
- Good progress on the 8 workstreams setup to industrialize our work at home operations and re-architect our distributed operating model

OPERATIONS ORG. STRENGTHENED TO DRIVE A UNIFIED BEST-IN-CLASS DELIVERY

- Global Chief Operating Officer – Prashanth Nandella joined in June 2020



BUSINESS MOMENTUM IS STRONG

- Banking & Financial Services benefiting from the macro-environment tailwinds; Low interest rates and Govt. stimulus driving significant revenue growth
- Healthcare experiencing volume compression with elective treatments being delayed; both hospital visits and claims volume impacted. Volumes expected to revive in late Q2/ Q3
- Communications Media & Tech (CMT) and Utilities experiencing volume recovery after steep declines
- Platform based services being scaled up in chosen segments

FY2021 WILL BE A GROWTH YEAR DESPITE THE HEADWINDS

- Revenue expected to grow between 6-10% in constant currency
- Operating Margin expected to be in range of 11.0-11.5%

Summary of Performance During the Quarter



REVENUES

₹ 10,622 Million
(US\$ 140.7 Million)

YoY growth of 8.4%
Constant Currency growth of 1.6%



OPERATING MARGIN

₹ 1,170 Million
(Margin 11.0%)

YoY Margin contraction of 141 bps



PROFIT AFTER TAX

₹ 887 Million
(Margin 8.3%)

YoY Margin contraction 96 bps



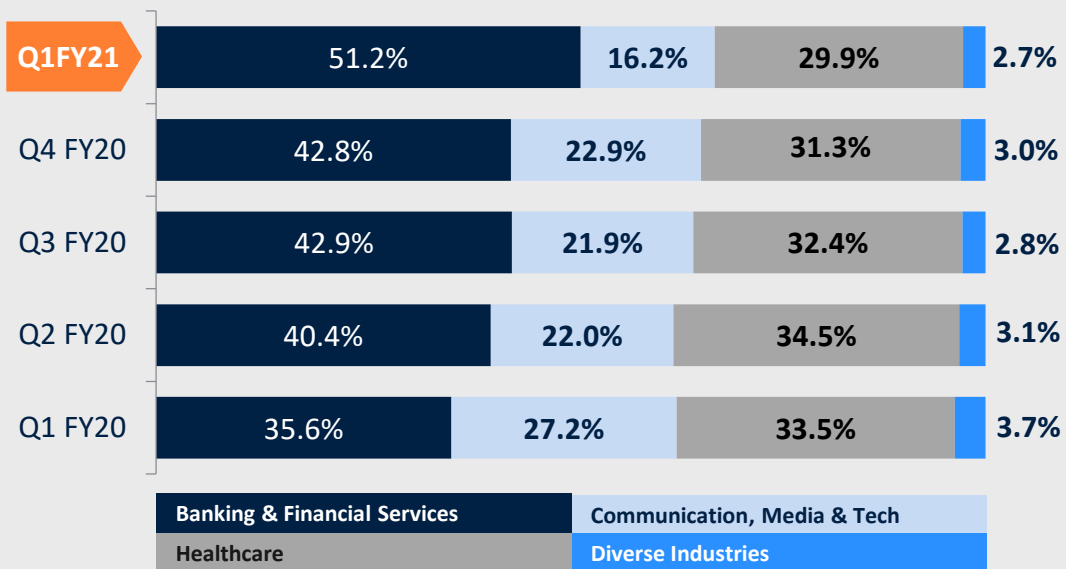
EARNINGS PER SHARE (DILUTED)

₹ 1.27
per share

Q1FY'20 at ₹ 1.32 per share

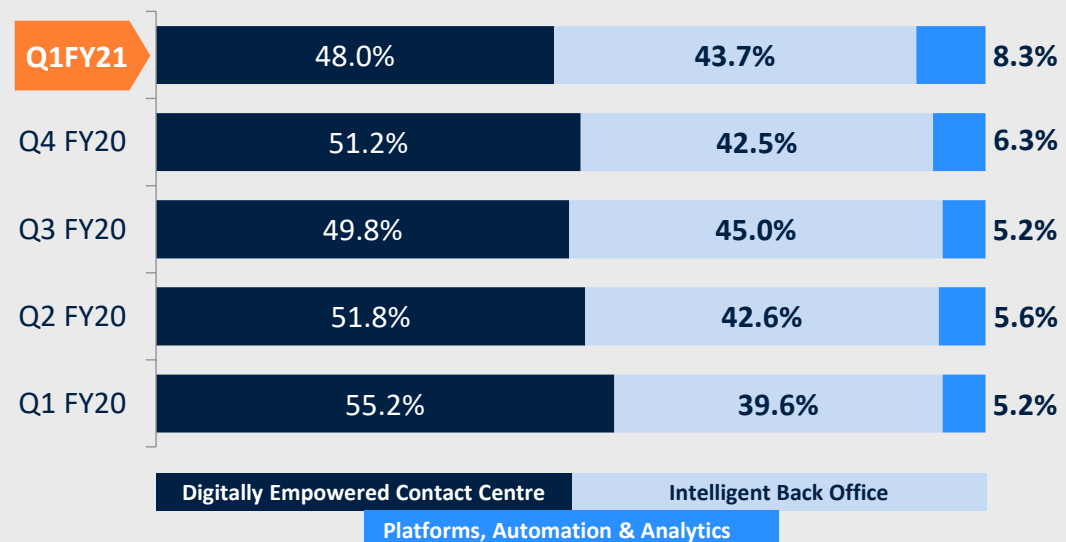
Revenue Splits

VERTICALS



- Strong growth momentum in BFS across US and UK; macro tailwinds coupled with sales wins driving growth
- Communications, Media & Tech decline attributed to volume compression due to COVID-19; volume starting to recover
- Volume compression in Healthcare as elective treatments delayed; expected to pick-up in the next few quarters
- Diverse Industries largely stable

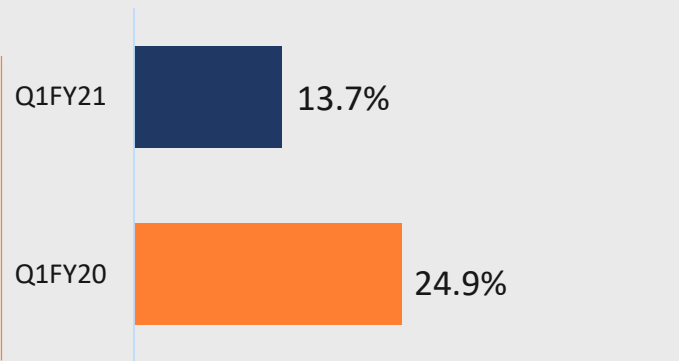
SERVICE LINES



- Good progress on Platform based services across Healthcare and BFS
- Growth in Intelligent Back-office driven by strong Mortgage business growth
- Digitally Empowered Contact Centre decline attributed to volume compression due to COVID-19

Client Concentration

Top Client



18.5 years

Total Tenure

Top 5 Clients



13.4 years

Average Tenure



5 of Top 10
Mortgage servicers
in the US



3 of Top 6
Retail banks in the UK



4 of Top 10
Lenders in the US



650+
Hospitals in the US



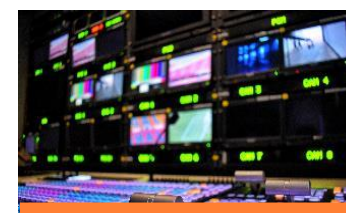
5 of Top 10
Health insurance/ managed
care companies in the US



1 of Top 3
Utility companies
in the UK



3 of Top 5
Credit card issuers
in the US



1 of Top 2
Broadcasting and media
companies in the UK



2 of Top 6
Telecom and broadcasting
companies in the US



Annexure

Financial Performance (Quarterly)

In ₹ million	Q1 FY 2019	Q2 FY 2019	Q3 FY 2019	Q4 FY 2019	Q1 FY 2020	Q2 FY 2020	Q3 FY 2020	Q4 FY2020	Q1 FY 2021
Income from services	9,060	9,442	9,723	9,642	9,669	9,715	10,446	10,673	10,537
Other operating Income	131	105	129	30	129	134	89	132	85
Revenue from operations	9,191	9,547	9,852	9,672	9,798	9,849	10,535	10,804	10,622
Revenue from operations (USD Mn)	\$ 137	\$ 136	\$ 137	\$ 137	\$ 141	\$ 140	\$ 148	\$ 149	\$ 141
<i>QoQ Growth % - Constant Currency</i>	<i>1.1%</i>	<i>1.8%</i>	<i>0.9%</i>	<i>0.7%</i>	<i>2.0%</i>	<i>1.1%</i>	<i>4.7%</i>	<i>0.6%</i>	<i>-4.3%</i>
<i>YoY Growth % - Constant Currency</i>	<i>-0.1%</i>	<i>3.2%</i>	<i>3.5%</i>	<i>3.8%</i>	<i>5.2%</i>	<i>4.5%</i>	<i>8.3%</i>	<i>8.2%</i>	<i>1.6%</i>
Personnel Expense	6,210	6,453	6,565	6,344	6,611	6,722	7,053	7,350	7,128
Operating Expense	1,700	1,766	1,927	1,943	1,530	1,803	1,816	1,813	1,826
Operating EBITDA	1,281	1,328	1,361	1,384	1,657	1,325	1,666	1,641	1,668
<i>Operating EBITDA %</i>	<i>13.9%</i>	<i>13.9%</i>	<i>13.8%</i>	<i>14.3%</i>	<i>16.9%</i>	<i>13.4%</i>	<i>15.8%</i>	<i>15.2%</i>	<i>15.7%</i>
Depreciation / amortization	180	184	191	190	439	455	484	474	498
Operating Margin	1,101	1,144	1,170	1,195	1,217	870	1,182	1,168	1,170
<i>Operating Margin %</i>	<i>12.0%</i>	<i>12.0%</i>	<i>11.9%</i>	<i>12.4%</i>	<i>12.4%</i>	<i>8.8%</i>	<i>11.2%</i>	<i>10.8%</i>	<i>11.0%</i>
Other Income / (expense)	10	-8	-3	-25	-34	65	2	-16	-7
Interest Income / (expense), net	-56	-52	-60	-57	-115	-129	-148	-121	-128
PBT	1,055	1,084	1,107	1,112	1,069	806	1,036	1,031	1,035
<i>PBT %</i>	<i>11.5%</i>	<i>11.4%</i>	<i>11.2%</i>	<i>11.5%</i>	<i>10.9%</i>	<i>8.2%</i>	<i>9.8%</i>	<i>9.5%</i>	<i>9.7%</i>
Taxes and Minority Interest	169	156	126	130	157	132	140	115	148
PAT	886	928	981	982	912	674	895	916	887
<i>PAT %</i>	<i>9.6%</i>	<i>9.7%</i>	<i>10.0%</i>	<i>10.2%</i>	<i>9.3%</i>	<i>6.8%</i>	<i>8.5%</i>	<i>8.5%</i>	<i>8.3%</i>
Diluted EPS (₹ /Share)	1.28	1.33	1.41	1.42	1.32	0.97	1.29	1.31	1.27

Financial Performance (Yearly)

In ₹ million	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Income from services	31,617	34,569	34,315	37,867	40,502
Other operating Income	556	987	1,038	396	484
Revenue from operations	32,173	35,556	35,352	38,263	40,986
Revenue from operations (USD Mn)	\$ 491	\$ 530	\$ 548	\$ 548	\$ 578
<i>YoY Growth % - Constant Currency</i>	<i>2.0%</i>	<i>12.9%</i>	<i>2.8%</i>	<i>2.0%</i>	<i>6.6%</i>
Personnel Expense	21,727	23,834	23,955	25,573	27,735
Operating Expense	6,545	7,342	6,809	7,336	6,962
Operating EBITDA	3,901	4,380	4,589	5,355	6,289
<i>Operating EBITDA %</i>	<i>12.1%</i>	<i>12.3%</i>	<i>13.0%</i>	<i>14.0%</i>	<i>15.3%</i>
Depreciation / amortization	609	590	659	744	1,852
Operating Margin	3,292	3,790	3,930	4,610	4,437
<i>Operating Margin %</i>	<i>10.2%</i>	<i>10.7%</i>	<i>11.1%</i>	<i>12.0%</i>	<i>10.8%</i>
Other Income / (expense)	77	-21	-11	-26	17
Interest Income / (expense), net	-507	-400	-338	-225	-512
PBT	2,862	3,369	3,580	4,359	3,942
<i>PBT %</i>	<i>8.9%</i>	<i>9.5%</i>	<i>10.1%</i>	<i>11.4%</i>	<i>9.6%</i>
Taxes and Minority Interest	257	569	315	581	545
PAT	2,605	2,800	3,265	3,778	3,397
<i>PAT %</i>	<i>8.1%</i>	<i>7.9%</i>	<i>9.2%</i>	<i>9.9%</i>	<i>8.3%</i>
Diluted EPS (₹ /Share)	3.72	4.08	4.73	5.45	4.89

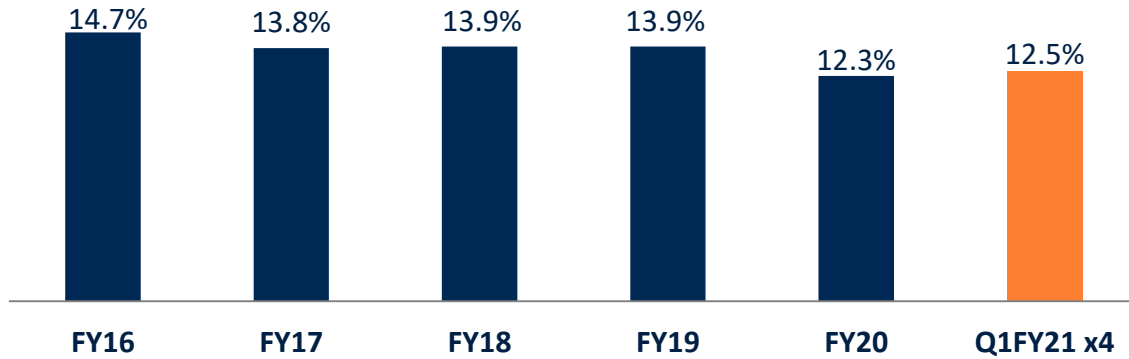
Balance Sheet and Cash Flow Statement

₹ million	As at 30-Jun-20	As at 31-Mar-20
Equity And Liabilities		
Share Capital	6,940	6,938
Reserves & Surplus	21,375	20,716
Non - Controlling Interest	6	6
Borrowings	7,505	8,369
Other Non - Current Liabilities	4,747	4,874
Current liabilities	5,179	4,967
Total	45,753	45,871
Assets		
Goodwill on Consolidation	22,278	22,324
Fixed Assets	6,123	6,385
Cash and Cash Equivalents	1,704	1,907
Current Investments	341	0
Trade Receivables (Billed + Unbilled)	7,290	7,615
Other Non - Current Assets	6,214	6,119
Other Current Assets	1,802	1,521
Total	45,753	45,871

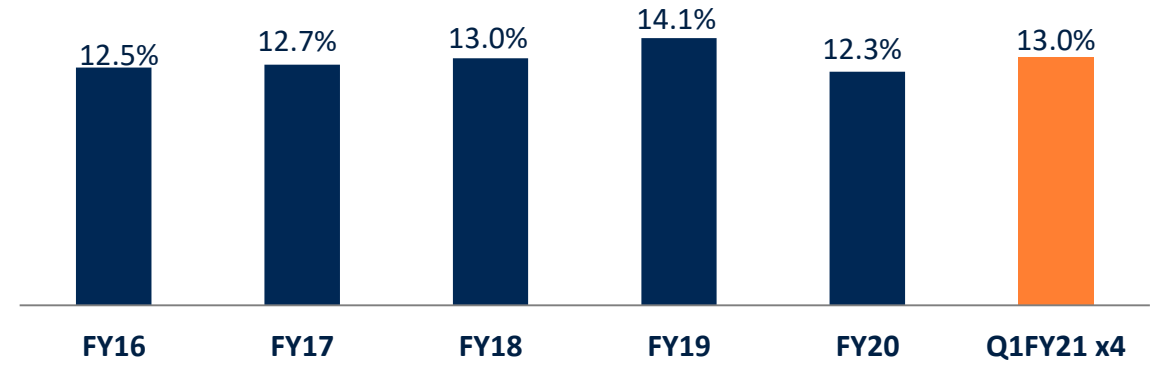
₹ million	Quarter ended 30-Jun-20
Cash Flow from Operating Activities	
Operating Margin	1,170
Adj: Non Cash and Other Income / (Expense)	691
Operating Cash before Working Capital	1,860
Add: Working Capital Changes	242
Less: Income Taxes Paid	(91)
Net Cash used in Operating Activities	2,012
Cash Flow from Investing Activities	
Capital Expenditure	(201)
(Investments)/ Proceeds from Current Investments	(333)
Earmarked Balances with Banks (Dividend Escrow)	(15)
Net Cash used in Investing Activities	(550)
Cash Flow from Financing Activities	
Net Increase / (Decrease) in Borrowings	(858)
Payment of Lease Liabilities	(280)
Increase in Shareholder's Funds	4
Purchase of treasury shares (Employee Stock Option Trust)	(411)
Net Interest Paid	(135)
Net Cash used in Financing Activities	(1,680)
Net Increase / (Decrease) in Cash and Cash Equivalents	(218)
Opening Cash and Cash Equivalents	1,907
Earmarked Balances with Banks	15
Foreign Exchange (Gain) on Translating Cash and Cash Equivalents	(0)
Closing Cash and Cash Equivalents	1,704
Cash and Cash Equivalents Including Current Investments	2,045

Key Performance Indicators

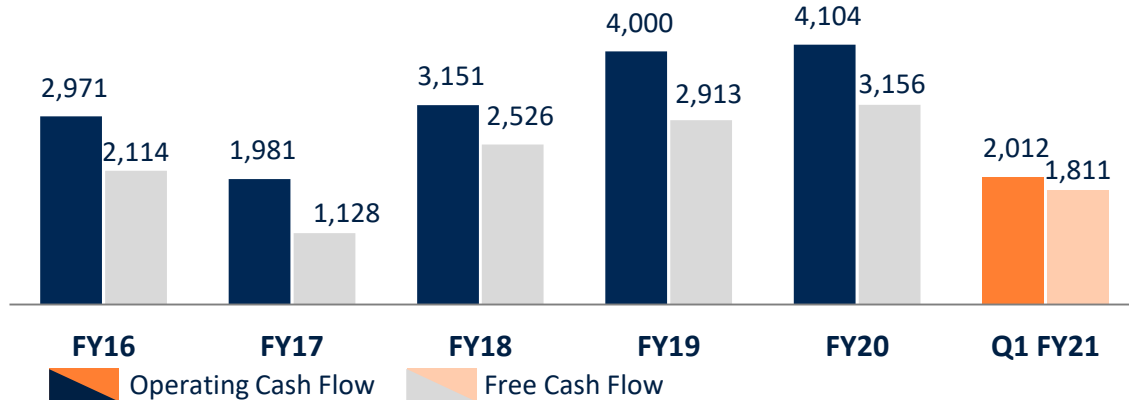
Return on Equity



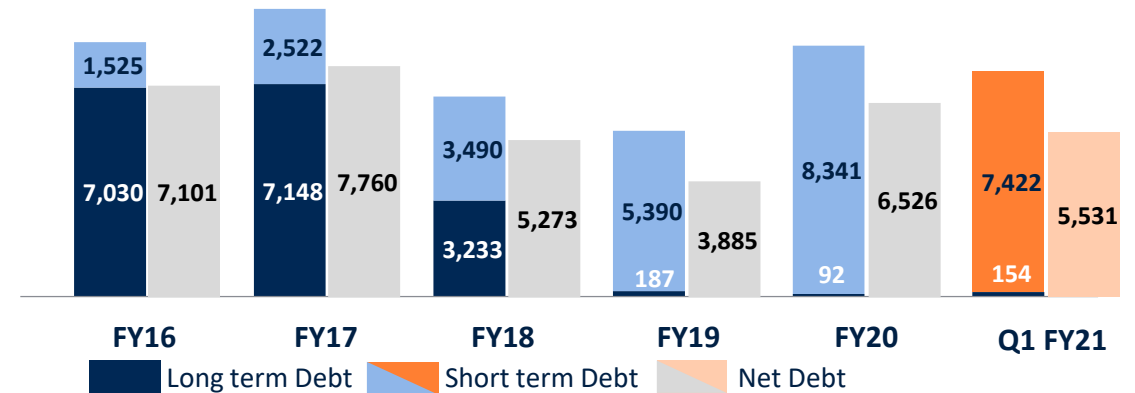
Return on Capital Employed



Cash Flow



Debt Position



Operating Metrics

	Particulars	Q1 FY 2019	Q2 FY 2019	Q3 FY 2019	Q4 FY 2019	Q1 FY 2020	Q2 FY 2020	Q3 FY 2020	Q4 FY2020	Q1 FY 2021
Revenue by Vertical	Banking & Financial Services	34.7%	35.7%	34.6%	36.1%	35.6%	40.4%	42.9%	42.8%	51.2%
	Communications Media & Tech	28.5%	27.6%	28.5%	27.5%	27.2%	22.0%	21.9%	22.9%	16.2%
	Healthcare	35.3%	34.8%	34.1%	33.2%	33.5%	34.5%	32.4%	31.3%	29.9%
	Diverse Industries	1.5%	1.9%	2.8%	3.2%	3.7%	3.1%	2.8%	3.0%	2.7%
Revenue by Service Lines	Digitally Empowered Contact Centre					55.2%	51.8%	49.8%	51.2%	48.0%
	Intelligent Back Office					39.6%	42.6%	45.0%	42.5%	43.7%
	Platforms, Automation & Analytics					5.2%	5.6%	5.2%	6.3%	8.3%
Revenue by Geography	US	54.1%	55.1%	55.2%	55.3%	57.0%	61.6%	63.3%	63.2%	69.1%
	UK	44.7%	43.8%	43.8%	43.6%	41.6%	36.9%	35.3%	35.3%	29.7%
	Rest of World	1.2%	1.1%	1.0%	1.1%	1.4%	1.5%	1.4%	1.5%	1.2%
Revenue by Delivery	Offshore	23.1%	19.9%	18.1%	18.5%	22.5%	22.8%	25.2%	25.6%	24.8%
	Onshore	76.9%	80.1%	81.9%	81.5%	77.5%	77.2%	74.8%	74.4%	75.2%
Top Clients Revenue	Top client %	24.7%	23.8%	24.9%	24.6%	24.9%	19.8%	19.5%	20.3%	13.7%
	Top 5 client %	42.7%	41.6%	41.2%	42.3%	41.2%	39.5%	42.1%	42.2%	39.9%
Other Metrics	Total employees (end of period)	18,759	18,369	18,595	18,712	18,550	20,001	20,482	21,203	21,831
	• Employees in India	8,664	8,583	8,621	8,968	9,305	10,493	10,982	11,450	11,684
	• Employees outside India	10,095	9,786	9,974	9,744	9,245	9,508	9,500	9,753	10,147
	Net Addition	56	(390)	226	117	(162)	1,451	481	721	628
	Offshore Attrition	51.7%	44.8%	39.3%	41.5%	45.3%	40.0%	36.0%	33.5%	15.1%
	Onshore Attrition	48.7%	54.9%	45.8%	42.9%	46.8%	54.6%	45.8%	41.9%	30.2%

Forex Hedges

Outstanding FX hedges at \$50.9 million for USD and £65.4 million for GBP

	GBP-INR		USD INR		GBP-PHP	
Period	Hedged	Average Rate	Hedged	Average Rate	Hedged	Average Rate
0-12 Months	£27.06	102.18	\$50.91	76.69	£1.00	68.17
13-24 Months	£22.61	109.14				
More than 24 Months	£14.70	118.27				

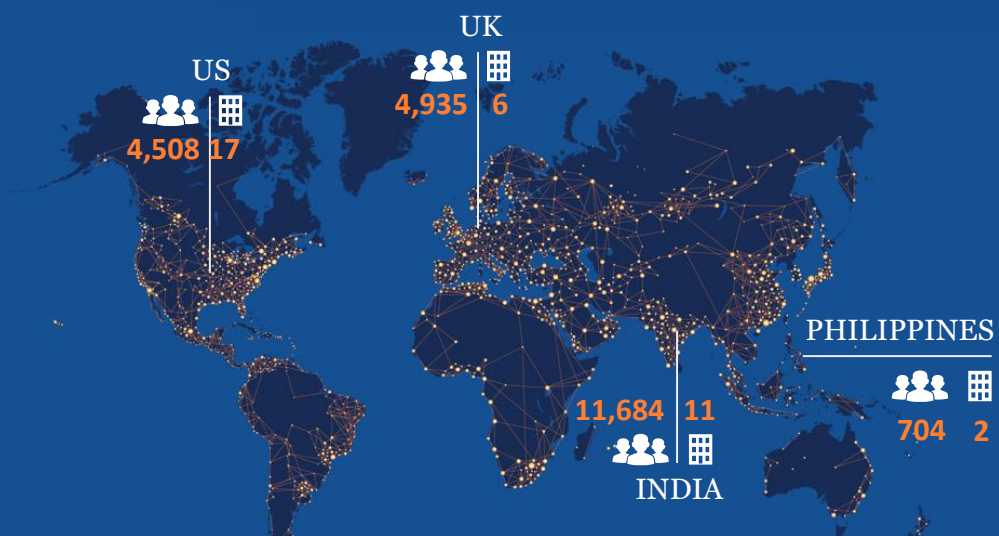
Prior Period Reports

(Hyperlinks)

ANNUAL REPORT					PUBLISHED RESULTS					INVESTOR PRESENTATIONS					PRESS RELEASE				
FY2020					FY2020	Q1	Q2	Q3	Q4	FY2020	Q1	Q2	Q3	Q4	FY2020	Q1	Q2	Q3	Q4
FY2019					FY2019	Q1	Q2	Q3	Q4	FY2019	Q1	Q2	Q3	Q4	FY2019	Q1	Q2	Q3	Q4
FY2018					FY2018	Q1	Q2	Q3	Q4	FY2018	Q1	Q2	Q3	Q4	FY2018	Q1	Q2	Q3	Q4

FACT SHEET					TRANSCRIPTS					SHAREHOLDING PATTERN				
FY2020	Q1	Q2	Q3	Q4	FY2020	Q1	Q2	Q3	Q4	FY2020	Q1	Q2	Q3	Q4
FY2019	Q1	Q2	Q3	Q4	FY2019	Q1	Q2	Q3	Q4	FY2019	Q1	Q2	Q3	Q4
FY2018	Q1	Q2	Q3	Q4	FY2018	Q1	Q2	Q3	Q4	FY2018	Q1	Q2	Q3	Q4

About Us



Our Global Footprint

- Established in **2001**
- Revenues of **INR 41.0 Billion**
(approximately \$578 Million) in FY2020
- 21,831 firstsourcers**
across US, UK, India and Philippines
- Leaders in chosen segments**
across Banking & Financial Services, Healthcare,
Communications, Media & Tech
- 100+ global clients including**
17 Fortune 500 companies and 9 FTSE 100 companies
- Publicly Traded on Indian Stock Exchanges**








NSE: FSL

BSE: 532809

Reuters: FISO.BO

Bloomberg: FSOL@IN

Part of RP-Sanjiv Goenka Group Since 2012

-  Power & Natural Resources
-  Retail & FMCG
-  Infrastructure
-  Education & Sports
-  Carbon Black
-  Media & Entertainment
-  IT & ITeS

 **RP - Sanjiv Goenka Group**
Growing Legacies

Combined Revenues of **\$3.7 Billion** in FY2019





Strong Domain Driven Operating Model

30%+ Revenues linked to Outcomes Delivered | 75%+ Onshore Delivery

Select Awards

 <p>Global Innovation Challenge</p> <p>2019: Top 3 for Automated Auditor built on proprietary platform Sympraxis</p>	 <p>KLAS: Software & Services Report</p> <p>2018: Ranked MedAssist #1 in the Eligibility Enrollment Services category</p>	 <p>Global Sourcing Association UK Awards</p> <p>2019: Technology-enabled Project with NowTV and Customer Experience Provider of the Year with giffgaff</p> <p>2017: BPO Contract of the Year – Sky – FSL partnership</p>	 <p>The UK Complaint Handling Awards</p> <p>2019: Best Complaint Handling in Financial Services</p> <p>2018: Overall Winner in 'Customer Insight Strategy' category</p> <p>2017: Best Personal Entertainment and Telecoms</p>	 <p>NASSCOM BPM Summit</p> <p>Positioned as a 'Leader' in NelsonHall's NEAT Evaluation both for 'Overall Mortgage & Loan Services' as well as 'Support for New Digital Business Models'</p>
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Industry Associations



Leadership Team



Vipul Khanna

MD and
Chief Executive Officer



Dinesh Jain

Finance



Venkat Raman

Healthcare Provider



Venkatgiri Vandali

Health Plans



Anshul Verma

Communications,
Media & Technology



Siddharth Parashar

Europe Business



Arjun Mitra

Collections



Auvese Pasha

Mortgages



Prashanth Nandella

Operations



Soma Pandey

Human Resources



Sundara Sukavanam

Digital Services



Rajlakshmi Raghavan

Marketing & Corporate
Communications

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Firstsource Solutions is a leading provider of customized Business Process Management (BPM) services. Firstsource specialises in helping customers stay ahead of the curve through transformational solutions in order to reimagine business processes and deliver increased efficiency, deeper insights and superior outcomes.

We are trusted brand custodians and long-term partners to 100+ leading brands with presence in the US, UK, Philippines and India. Our 'rightshore' delivery model offers solutions covering complete customer lifecycle across Healthcare, Telecommunications & Media and Banking, Financial Services & Insurance verticals.

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