



5th May 2017

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 and year ended 31st March 2017.

This is for your information and records.

Thanking you,

For **Firstsource Solutions Limited**


Pooja Nambiar
Company Secretary & Compliance Officer

Firstsource Solutions Limited

Q4 and FY2017 Earnings Update

May 05, 2017

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.

Agenda

01 | Performance Highlights

02 | Financial Performance

03 | Business Outlook



Q4 FY2017 Highlights

Q4 FY2017 Performance Analysis

- **Operating revenue**

- Q4 FY17 Revenues at INR 892.3 crore compared to INR 885.4 crore in Q3 FY17 and INR 869.4 crore in Q4 FY16
- Y-o-Y growth of 2.6% in INR terms and growth of 8.2% in constant currency terms
- Q-o-Q growth of 0.8% in INR terms and growth of 1.4% in constant currency terms

- **Operating EBIT**

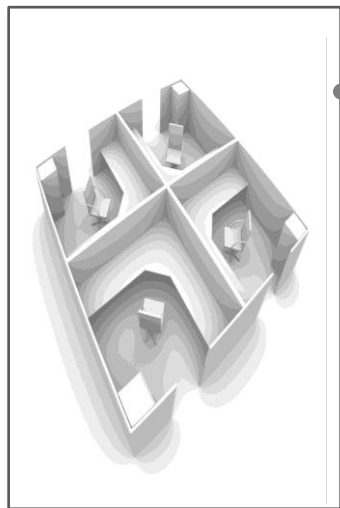
- Q4 FY17 operating EBIT at INR 88.0 crore compared to INR 91.6 crore in Q3 FY17 and INR 97.8 crore in Q4 FY16
- Y-o-Y de-growth of 10.0%, margin contraction by 138 bps from 11.24% to 9.86%
- Q-o-Q de-growth of 4.0%, margin contraction by 49 bps from 10.35% to 9.86%

- **PAT**

- Q4 FY17 PAT at INR 65.4 crore compared to INR 70.0 crore in Q3 FY17 and INR 77.5 crore in Q4 FY16
- Y-o-Y de-growth of 15.7%, margin contraction by 159 bps, from 8.92% to 7.33%
- Q-o-Q de-growth of 6.6%, margin contraction of 58 bps from 7.91% to 7.33%



Other Highlights (1/2)



Employee Strength, Seat Capacity And Utilization

- **25,871 employees as on March 31, 2017; Seat capacity of 22,880 seats worldwide**
 - 15,446 employees in India and 10,425 employees based outside India, net reduction of 121 employees in Q4 FY17
 - 48 delivery centers as on March 31, 2017, same as on December 31, 2016
 - Seat fill factor at 78.9% as on March 31, 2017, compared to 74.5% as on December 31, 2016



Attrition

- **Offshore (India and Philippines)** – 42.2% compared to 37.5% in Q3 FY17
- **Onshore (US and Europe)** – 40.7% compared to 38.2% in Q3 FY17
- **Domestic (India and Sri Lanka)** – 81.1% compared to 76.4% in Q3 FY17

Other Highlights (2/2)



Cash and Debt Position

- **Cash and cash equivalents** of INR 191 crore as of March 31, 2017 as compared to INR 129.3 crore in previous quarter
 - Repayment of seventh principal installment of \$ 11.25 million on December 31, 2016
 - Capex spend in Q4 FY17 of INR 20.2 crore
- **Net Long Term Debt** of \$ 80.7 million as of March 31, 2017



Foreign Exchange Hedges

- **Outstanding FX hedges at \$43 million for USD and £47 million for GBP**
 - **Next 12 months:** 49% coverage for USD at INR 71.9 levels, 93% coverage for GBP at INR 110.1 levels, 2% coverage for USD at PHP 48.3
 - **Next 12 – 24 months:** 23% coverage for USD rates at INR 74.3 levels and 46% coverage for GBP at INR 102.3 levels
 - **Next 24 – 36 months:** 13% coverage for GBP at INR 102.9 levels

FY2017 Highlights

FY2017 Performance Analysis

- **Operating revenue**
 - FY17 Revenues at INR 3,555.6 crore compared to INR 3,217.3 crore in FY16
 - Y-o-Y growth of 10.5% in INR terms and growth of 12.9% in constant currency terms
- **Operating EBIT**
 - FY17 operating EBIT at INR 379.0 crore compared to INR 329.2 crore in FY16
 - Y-o-Y growth of 15.1%, margin expansion by 43 bps from 10.23% to 10.66%
- **PAT**
 - FY17 PAT at 280.0 crore compared to INR 260.5 crore in FY16
 - Y-o-Y growth of 7.5%, margin contraction by 22 bps, from 8.10% to 7.88%



Agenda

01 | Performance Highlights

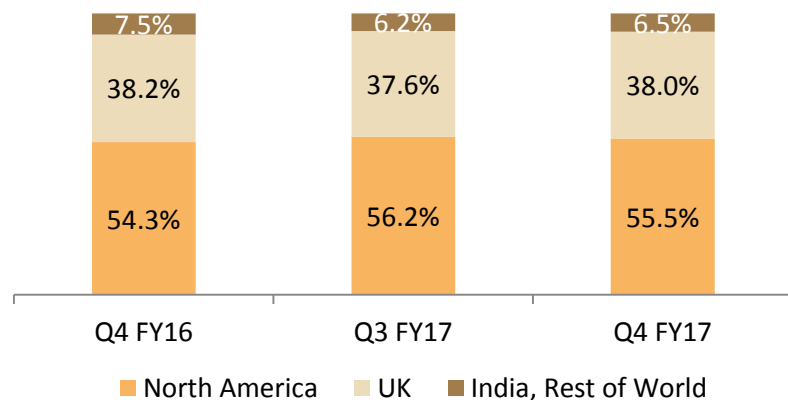
02 | **Financial Performance**

03 | Business Outlook

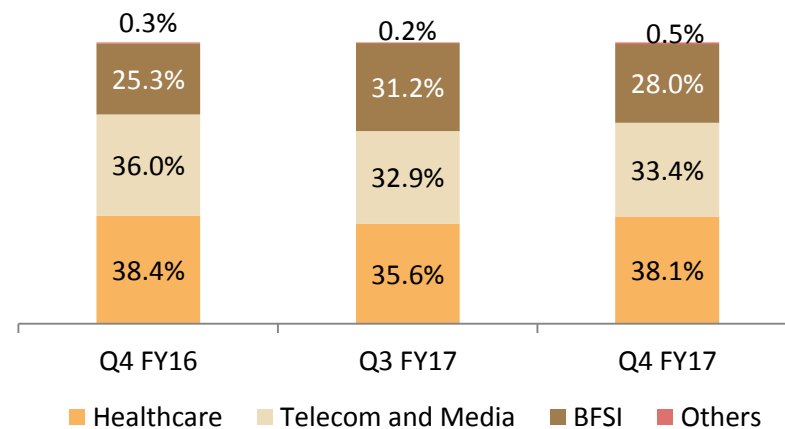


Q4 FY2017 Revenue Snapshot

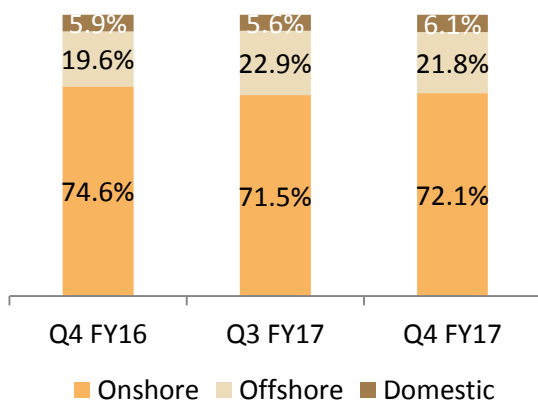
Revenue By Geography



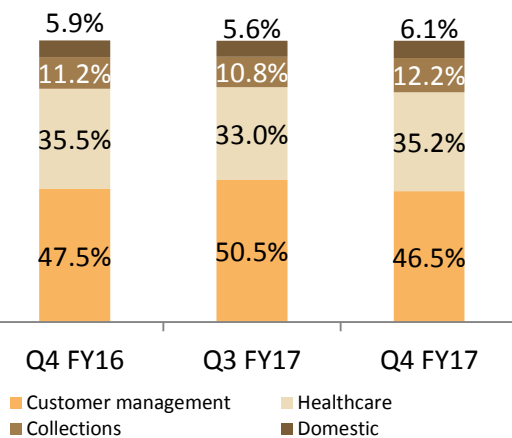
Revenue By Verticals



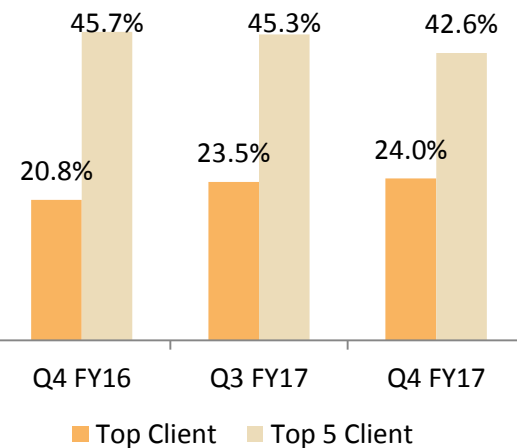
Revenue By Delivery



Revenue By Segment

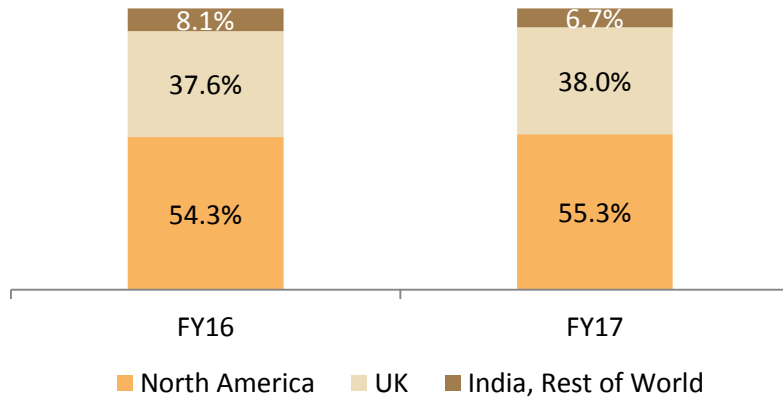


Revenue By Client Concentration

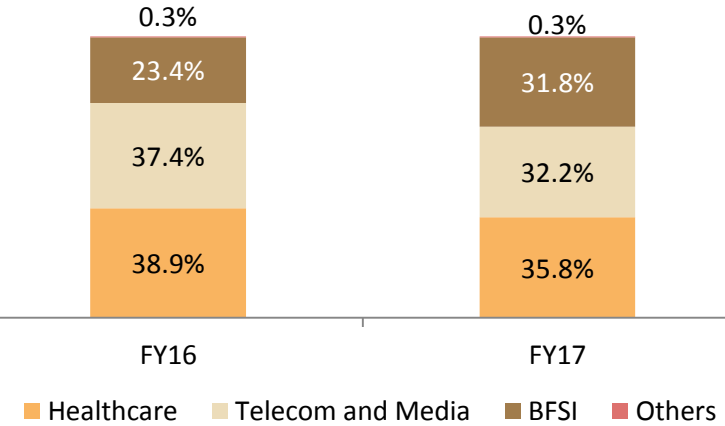


FY2017 Revenue Snapshot

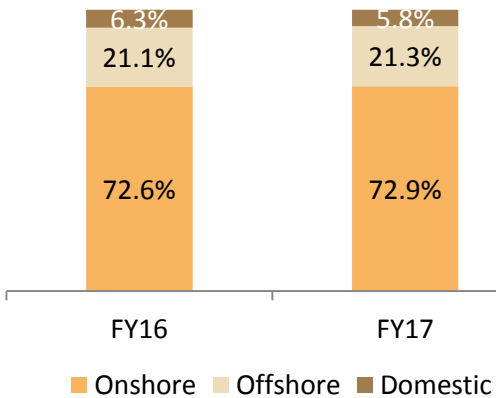
Revenue By Geography



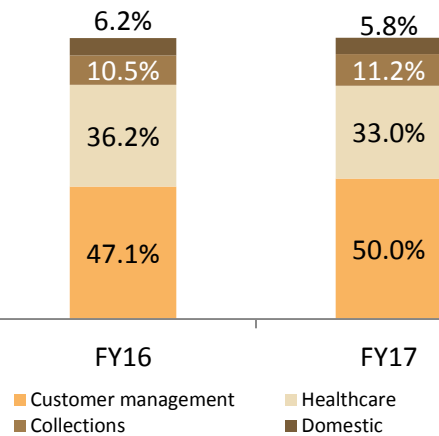
Revenue By Verticals



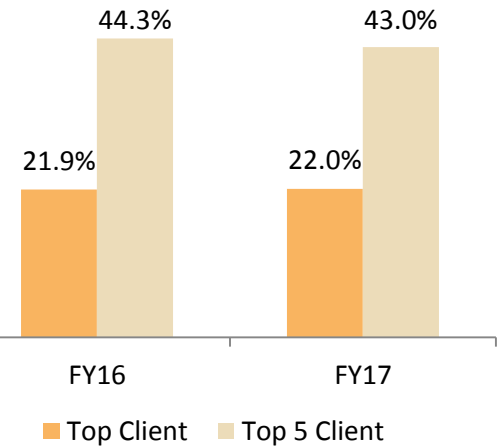
Revenue By Delivery



Revenue By Segment



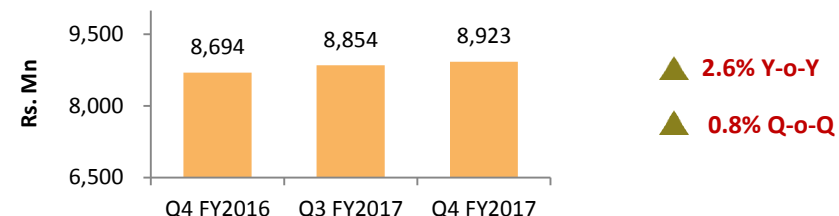
Revenue By Client Concentration



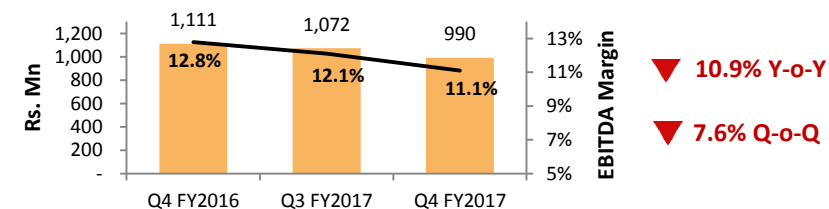
Financial Performance – Q4 FY2017

(IN INR Million)	Q4 FY 2016	Q3 FY 2017	Q4 FY 2017
Income from services	8,525	8,601	8,644
Other operating Income	169	253	279
Revenue from operations	8,694	8,854	8,923
Personnel and Operating Expense	7,583	7,782	7,933
Operating EBITDA	1,111	1,072	990
<i>Operating EBITDA %</i>	<i>12.8%</i>	<i>12.1%</i>	<i>11.1%</i>
Depreciation / amortization	134	156	110
Operating EBIT	978	916	880
<i>Operating EBIT %</i>	<i>11.2%</i>	<i>10.3%</i>	<i>9.9%</i>
Other Income / (expense)	16	8	(3)
Interest Income / (expense), net	(123)	(93)	(116)
PBT	870	831	761
<i>PBT (% of total income)</i>	<i>10.0%</i>	<i>9.4%</i>	<i>8.5%</i>
Taxes and Minority Interest	95	131	107
PAT	775	700	654
<i>PAT (% of total income)</i>	<i>8.9%</i>	<i>7.9%</i>	<i>7.3%</i>

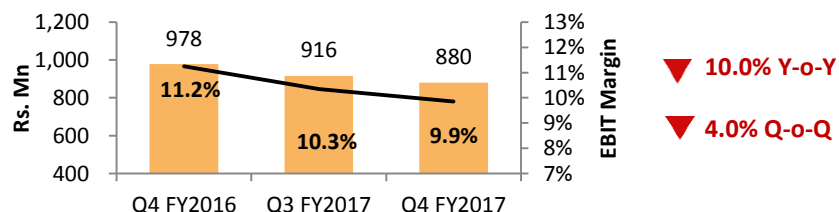
Revenue From Operations



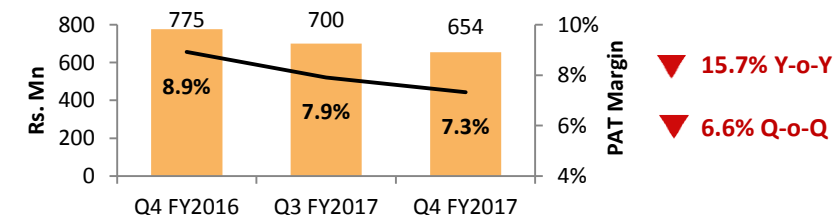
Operating EBITDA



Operating EBIT



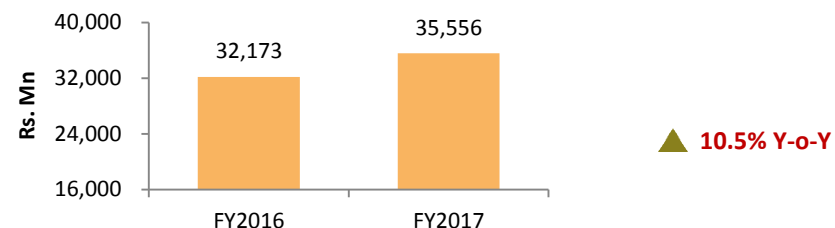
PAT



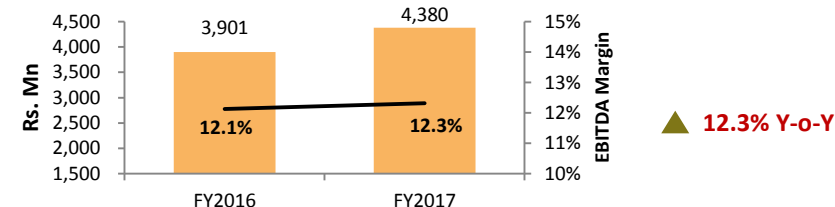
Financial Performance – FY2017

(IN INR Million)	FY2016	FY2017
Income from services	31,617	34,569
Other operating Income	556	987
Revenue from operations	32,173	35,556
Personnel and Operating Expense	28,272	31,176
Operating EBITDA	3,901	4,380
<i>Operating EBITDA %</i>	<i>12.1%</i>	<i>12.3%</i>
Depreciation / amortization	609	590
Operating EBIT	3,292	3,790
<i>Operating EBIT %</i>	<i>10.2%</i>	<i>10.7%</i>
Other Income / (expense)	77	(16)
Interest Income / (expense), net	(507)	437
PBT	2,862	3,367
<i>PBT (% of total income)</i>	<i>8.9%</i>	<i>9.5%</i>
Taxes and Minority Interest	257	569
PAT	2,605	2,800
<i>PAT (% of total income)</i>	<i>8.1%</i>	<i>7.9%</i>

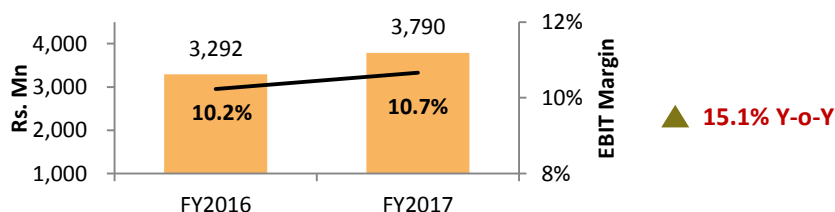
Revenue From Operations



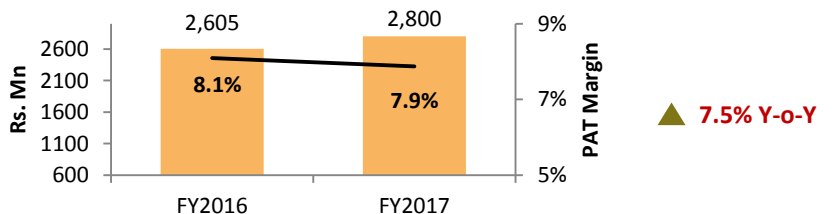
Operating EBITDA



Operating EBIT



PAT



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Business Outlook

- Macro environment continue to present headwinds in the months ahead
 - Volatility continues across major currencies, GBP continues to be under pressure
 - US 10 year yield continue to remain high, refinance US mortgage market adversely impacted
 - Decision making cycles seen to be stretching
 - Domestic business faces headwinds due to consolidation in the Indian telecom market and pressures on incumbent players due to aggressive marketing plans by Reliance Jio
 - Q1 performance will be muted due to currency and underperformance of the mortgage BU
- Sky transition completed as per plan
- FY18 constant currency revenue growth to be in line with industry growth rates. Rupee growth to be lower due to currency movements.
- Continue to repay debt, make prudent investments in new disruptive areas to provide value to clients

THANK YOU

Firstsource (NSE: FSL, BSE: 532809, Reuters: FISO.BO, Bloomberg: FSOL@IN) is a global provider of customised BPO (Business Process Outsourcing) services to the Banking & Financial Services, Insurance, Telecom, Media & Publishing and Healthcare sectors. Its clients include FTSE 100, Fortune 500 and Nifty 50 companies. Firstsource has a “rightshore” delivery model with operations in India, Ireland, US, UK, Philippines and Sri Lanka. (www.firstsource.com)