

7th February 2024

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: Intimation of Analyst/ Institutional Investor Call

We are enclosing herewith a copy of the presentation regarding conference call to be held on Wednesday, 7th February 2024 at 4.30 PM IST with the analysts and investors, on the financial results of the Company for the quarter & nine months ended 31st December 2023.

This is for your information and record.

Thanking you,

For **Firstsource Solutions Limited**

Pooja Nambiar
Company Secretary

Encl.: A/a

Firstsource Solutions Ltd.

5th Floor, Paradigm 'B' Wing, Mindspace, Link Road, Malad (West), Mumbai - 400 064 India.
Tel: +91 (22) 6666 0888 | Fax: +91 (22) 6666 08887 | Web: www.firstsource.com

(CIN: L64202MH2001PLC134147)

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Q3FY24



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 professionals, 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.

About Us



Established in **2001**



Revenues of **INR 60.2 Billion**
(US\$750 Million) in FY2023



25,947* Firstsourcers

across US, UK, India, Philippines and Mexico
*As on 31st Dec. 2023



Leaders in chosen segments

across Banking & Financial Services, Healthcare,
Communications, Media & Technology and Diversified Industries



Domain driven BPM services company

leveraging a 'Digital First, Digital Now' approach to solve key customer problems



150+ global clients including

18 Fortune 500 companies and 3 FTSE 100 companies



Deep partnerships with clients

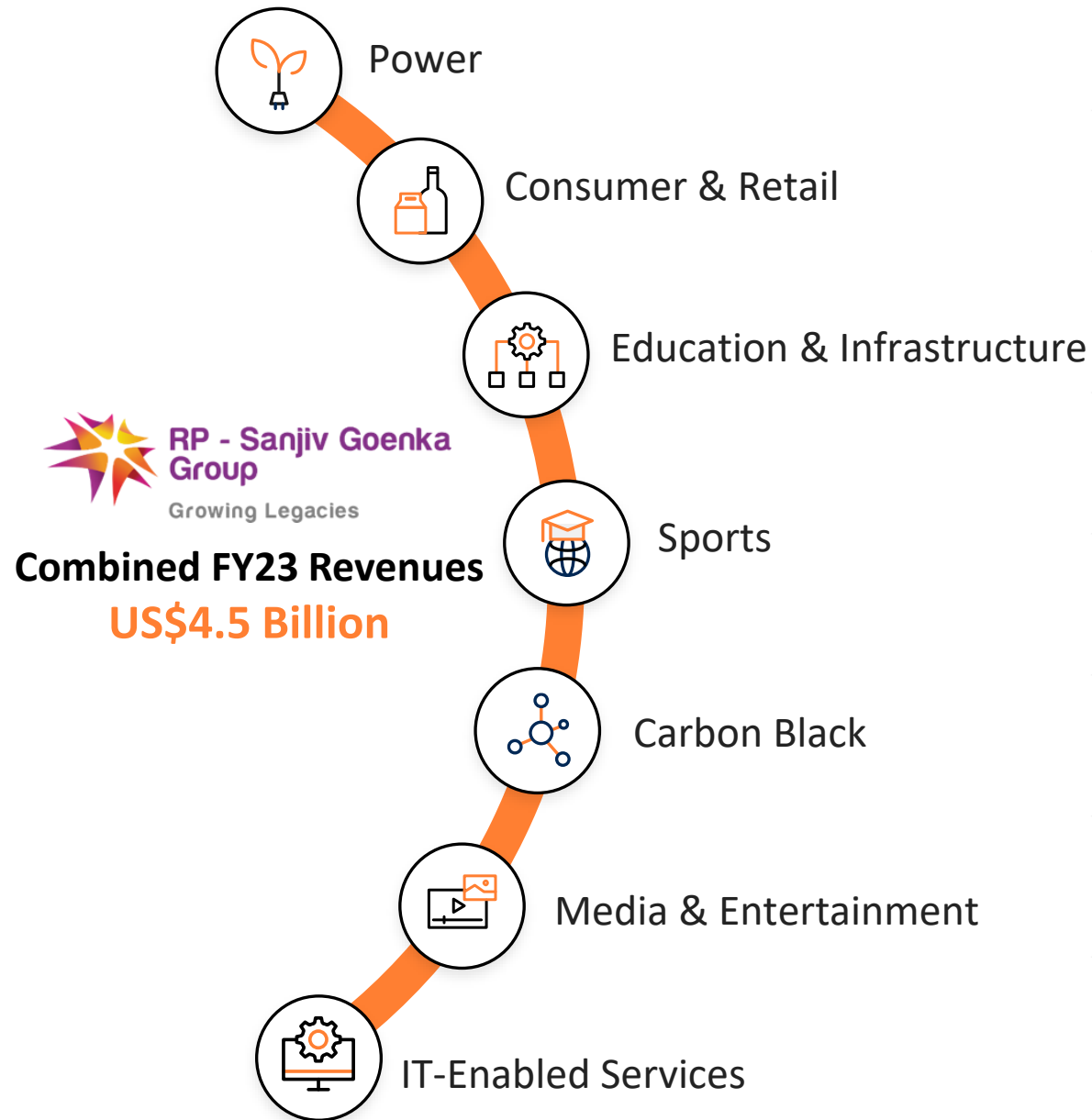
Average tenure of top 5 clients is over 17.7 years



Publicly Traded on Indian Stock Exchanges

NSE: FSL | BSE: 532809 | Reuters: FISO.BO | Bloomberg: FSOL:IN

Part of RP-Sanjiv Goenka Group





Banking & Financial Services

- Asset Finance
- Credit Cards
- Mortgages
- Retail & SME Banking
- FinTech



Communications Media & Technology

- Streaming Services
- Cable TV, Broadband and Telephony
- Consumer Tech
- E-Commerce
- Shared Economy

6 of Top 15

Mortgage Servicers in the US

5 of Top 15

Mortgage Lenders in the US

6 of Top 10

Credit card issuers in the US

2 of Top 6

Retail Banks in the UK

1,000+

Hospitals in the US

7 of Top 10

Health insurance/managed care providers in the US

1 of Top 2

Broadcasting and media companies in the UK

2 of Top 5

Telecom and broadcasting companies in the US

3 of Top 5

Consumer-tech companies in the US

2 of Top 4

Utilities companies in the UK



Healthcare

- Hospital Providers
- Health Plans
- Healthcare Services
- Medical Devices

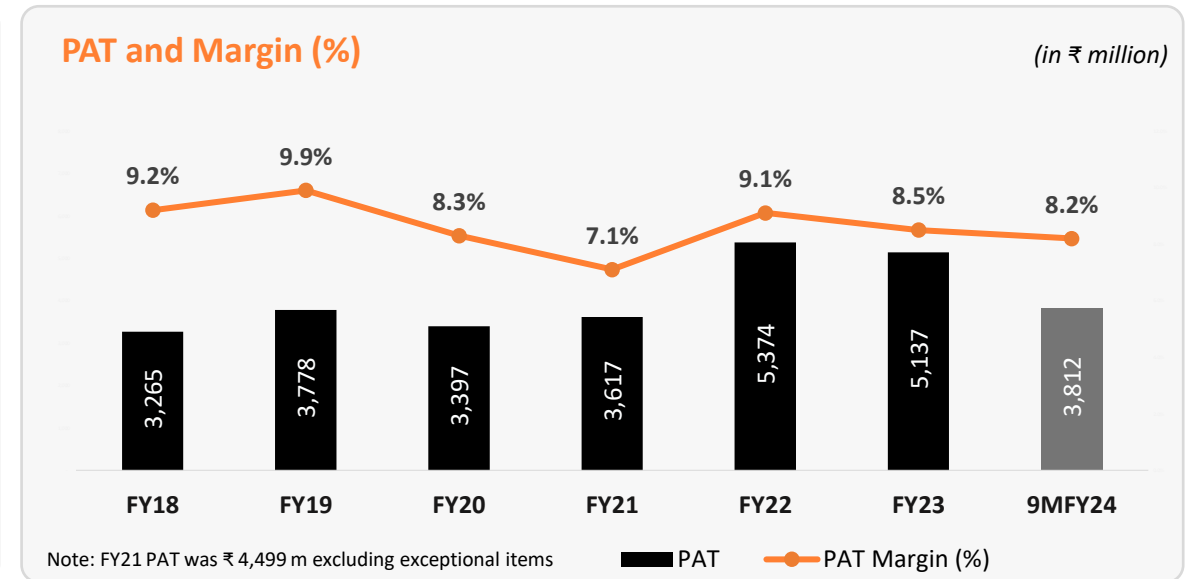
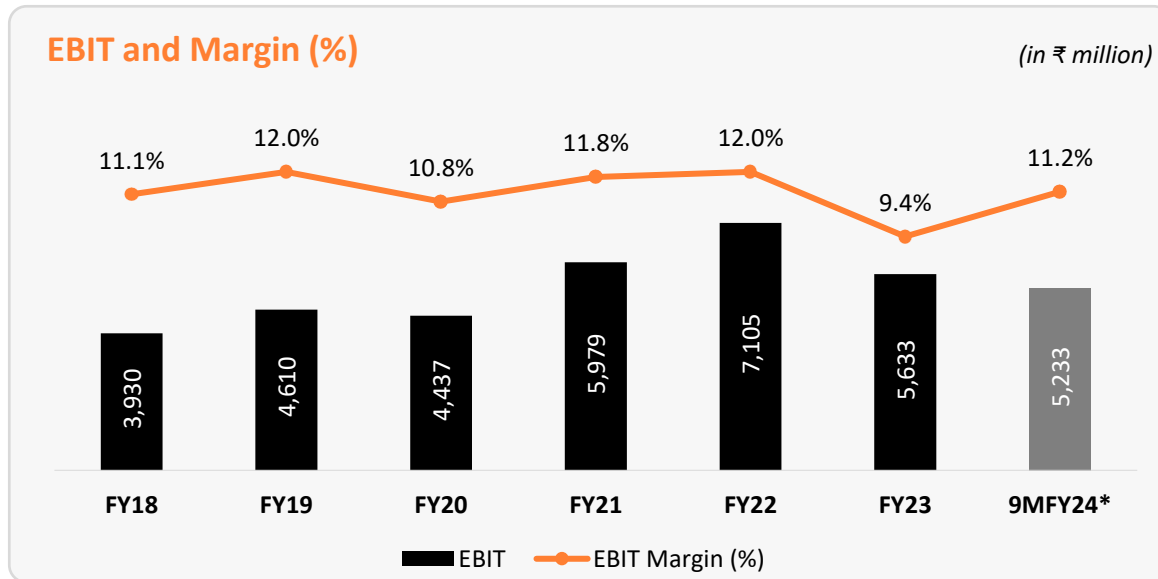
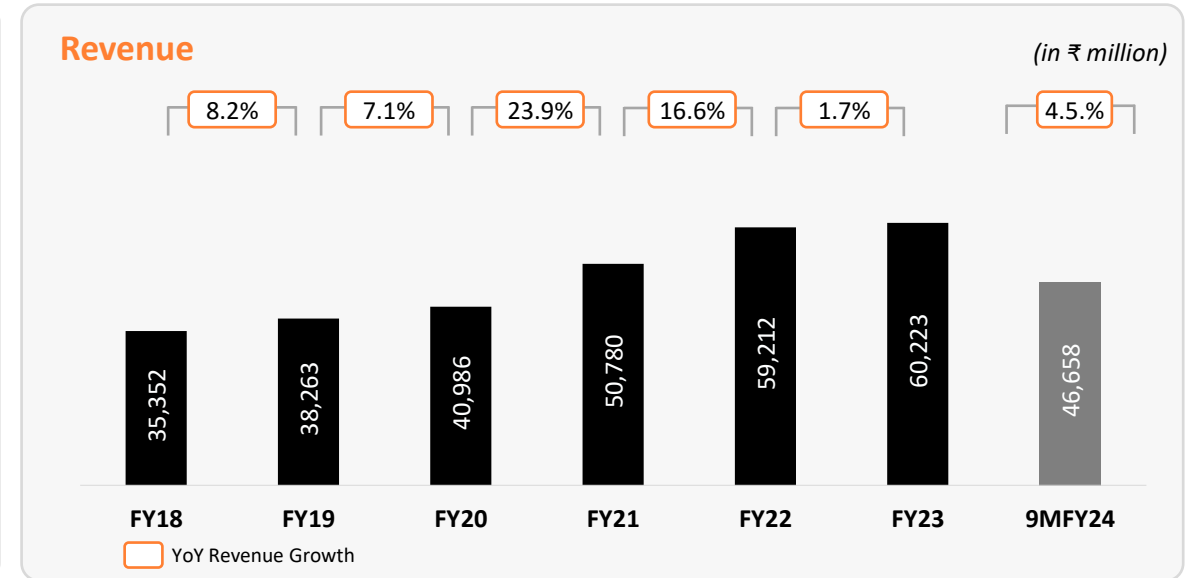
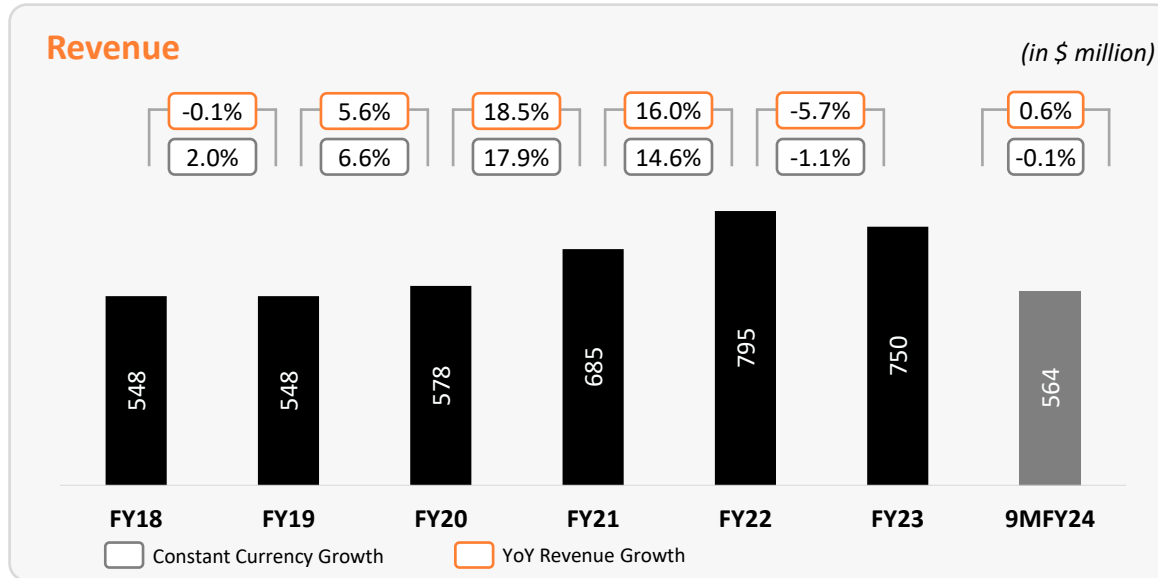


Diversified Industries

- Utilities
- Government Entities



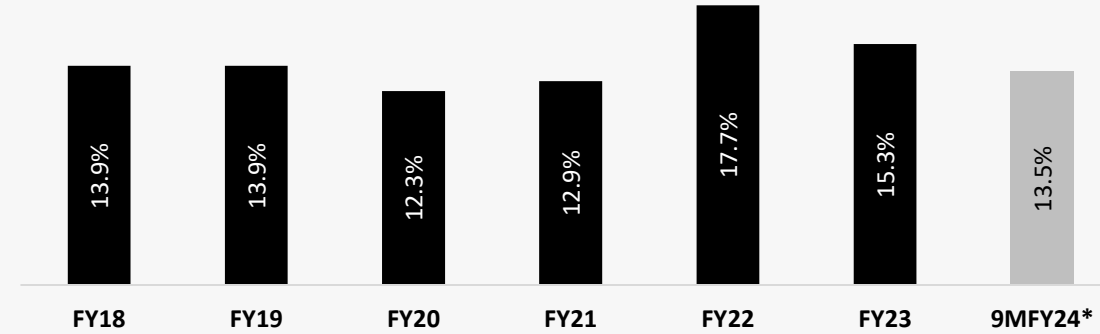
Financial Performance Snapshot



*Normalised for one-time charges in Q2FY24

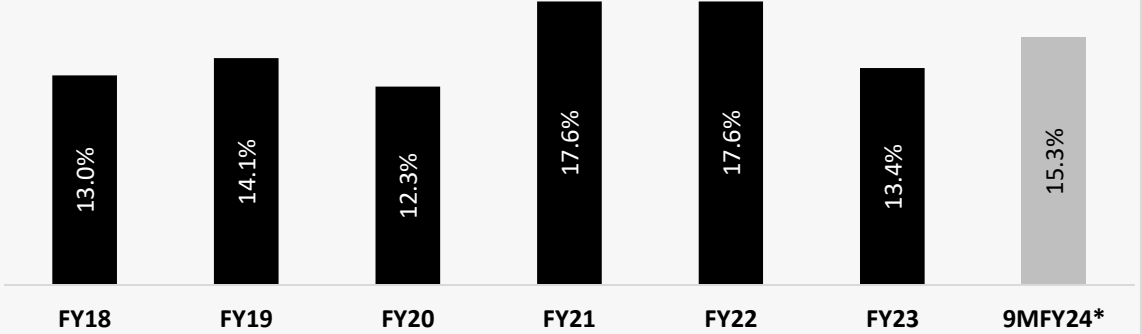
Key Performance Indicators

Return on Equity (%)



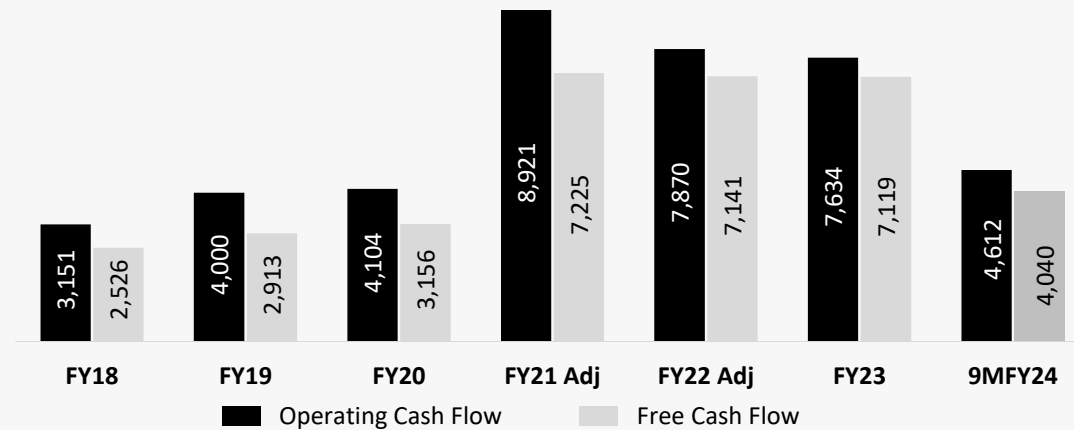
Note: FY21 ROE was 16.1% excluding exceptional items

Return on Capital Employed (%)



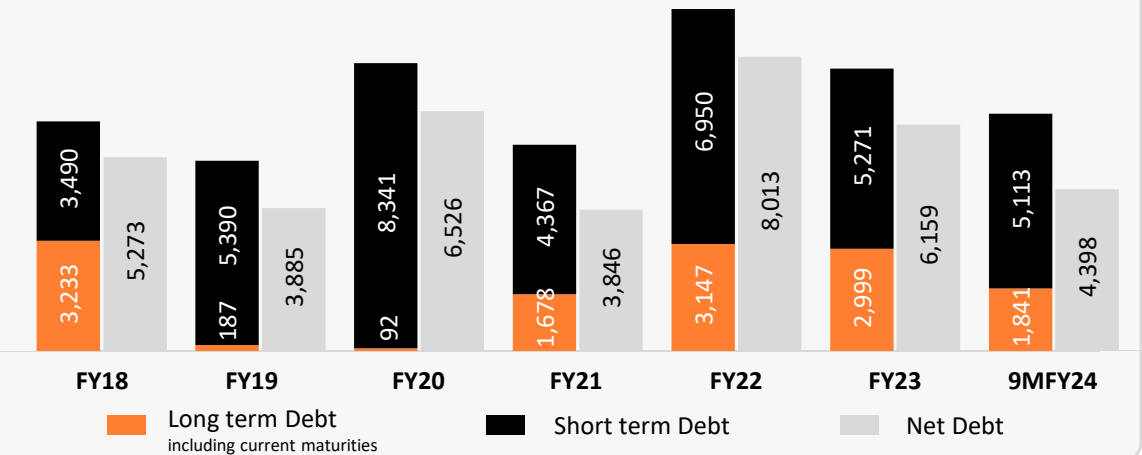
Cash Flow

(in ₹ million)



Debt Position

(in ₹ million)



Leadership Team



Ritesh Idnani

—
MD & CEO



Dinesh Jain

—
Chief Financial Officer



Prashanth Nandella

—
Chief Operating Officer



Vivek Sharma

—
Head
Commn., Media & Tech.,
Banking & Fin. Services
and Emerging Geos



Venkatgiri Vandali

—
Head
Healthcare & Lifesciences



Rajiv Malhotra

—
Head
Europe, Middle East &
Africa



Arjun Mitra

—
Head
Collections



Ashish Chawla

—
Head
CX and Consulting



Sundara Sukavanam

—
Chief Digital Officer



Aftab Javed

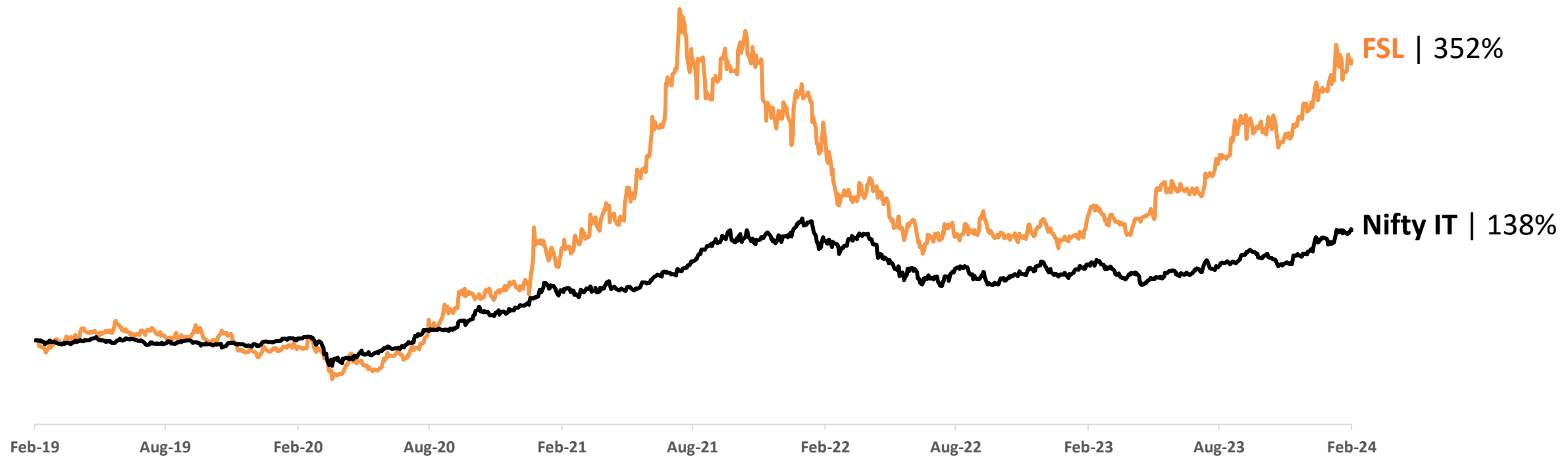
—
Chief Human Resources
Officer



Aniket Maindarker

—
Chief Marketing Officer

Total Shareholders Return



Total Shareholders Return (including dividends) of 383% in past 5 years



Performance Highlights | Q3FY24

Summary of Performance for the Quarter ended December 31, 2023



REVENUE

₹ 15,966 Million
(US\$ 192 Million)

YoY growth of 6.1%
Constant Currency YoY growth of 2.8%



EBIT

₹ 1,709 Million
(Margin 10.7%)

YoY growth of 21.2%
YoY Margin expansion of 134 bps



PROFIT AFTER TAX

₹ 1,287 Million
(Margin 8.1%)

YoY growth of 18.5%*
YoY Margin expansion of 76 bps*
(excluding exceptional other income)



EARNINGS PER SHARE

(Diluted)

₹ 1.84
per share

Q2FY24 at 1.80 per share
Q3FY23 at ₹ 2.25 per share

*excluding other income on account of changes in the fair value of the liabilities for purchase of non-controlling interest and contingent considerations

Summary of Performance for the Nine Months ended December 31, 2023



REVENUE

₹ 46,658 Million
(US\$ 564 Million)

YoY growth of 4.5%
Constant Currency YoY decline of 0.1%



EBIT

₹ 5,132 Million
(Margin 11.0%)

YoY growth of 36.5%#
YoY Margin expansion of 263 bps#
(excluding one-time charges)



PROFIT AFTER TAX

₹ 3,812 Million
(Margin 8.2%)

YoY growth of 41.9%*
YoY Margin expansion of 198 bps*
(excluding exceptional other income)



EARNINGS PER SHARE

(Diluted)

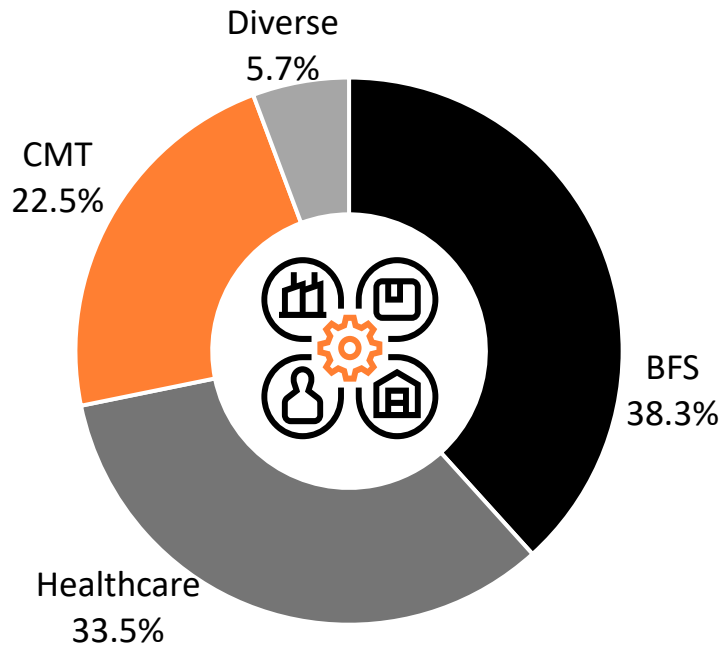
₹ 5.43
per share

9MFY23 at 5.31 per share
TTM EPS at ₹ 7.46 per share

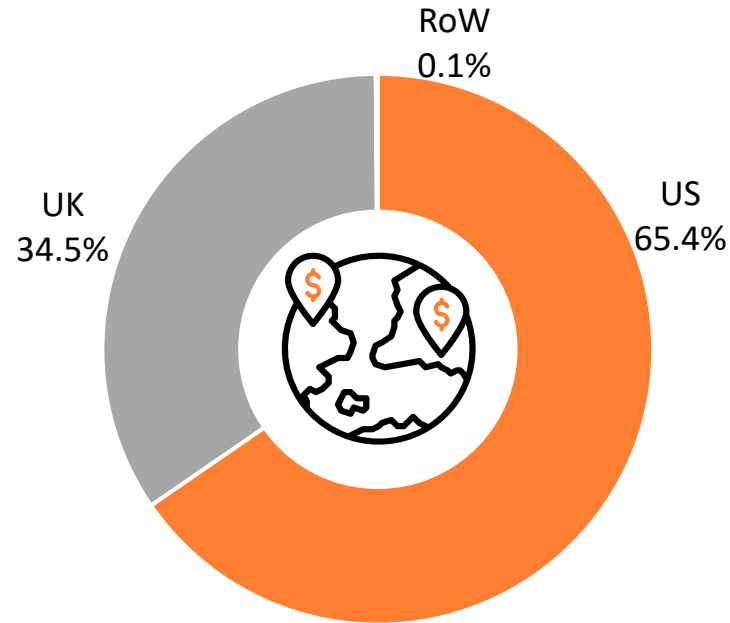
excluding on-time charges related to leadership changes in Q2FY24

*excluding other income on account of changes in the fair value of the liabilities for purchase of non-controlling interest and contingent considerations

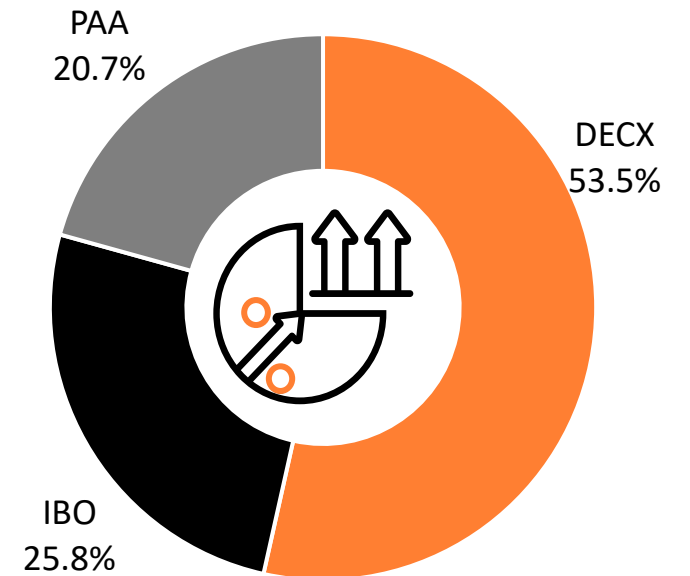
Revenue split by verticals



Revenue split by geography



Revenue split by service lines



Banking & Financial Services (BFS)	Healthcare
Communication, Media & Tech (CMT)	Diverse Industries

United States (US)	United Kingdom (UK)
Rest of World (RoW)	

Digitally Empowered Customer Experience (DECX)	
Intelligent Back Office (IBO)	Platforms, Automation & Analytics (PAA)

- Selected by one of the **Top five banks** in the UK, one of our long-standing clients, for a large transformational program
- Additional business from one of the **largest utilities companies** in the UK, an existing client, to provide core customer support
- Additional business from **one of the largest telecom and media companies** globally, an existing client, to provide account management services for its UK operations
- Expanded footprint in one of the **Top5 healthcare insurance providers** in the US for providing claims processing services
- Strengthened relationship with a **Fortune500 managed health care companies** in the US with additional business for customer support on Medicare, redetermination cases and claims processing
- Strengthened the multi-decade relationship with one of the **largest managed health care and insurance companies** in the US with additional business for providing clearinghouse support services
- Stitched a new service portfolio to deliver Health Risk Assessment for a **leading healthcare services provider** in the US by combining its capabilities in digital intake/outreach, visual IVR and outbound calling on multiple languages
- Expanded relationship with a **major health provider** in the US for offshore revenue cycle management (RCM) services
- Selected by a **leading online real-estate player** in the US to provide support for its property management services business
- Selected by a **leading auto finance company** in the US for digital collections

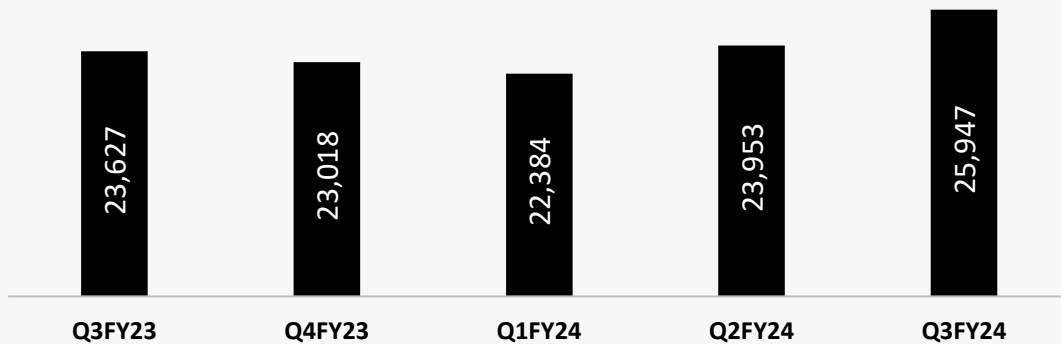
Gen AI – progress update

- Onboarded new technology partners for **FirstSense.AI**, our proprietary framework to accelerate client's AI deployment
- Expanded **Firstsense.AI Studio** sandbox ecosystem to new LLMs including GPT-4, Anthropic and AWS Cohere
- Launched **First Collab** project Nova - FSL AI Cognitive Search for HR and Facilities Program
- Library of **130+ use cases** spanning across industries
- Completed **35 POCs**
- Focusing on co-pilots; Library of **7+ plug & play use-case modules** and **5+ co-pilots** now available
- Implemented GenAI-based **personalized training** for new agents driving **50% increase** in speed to competency

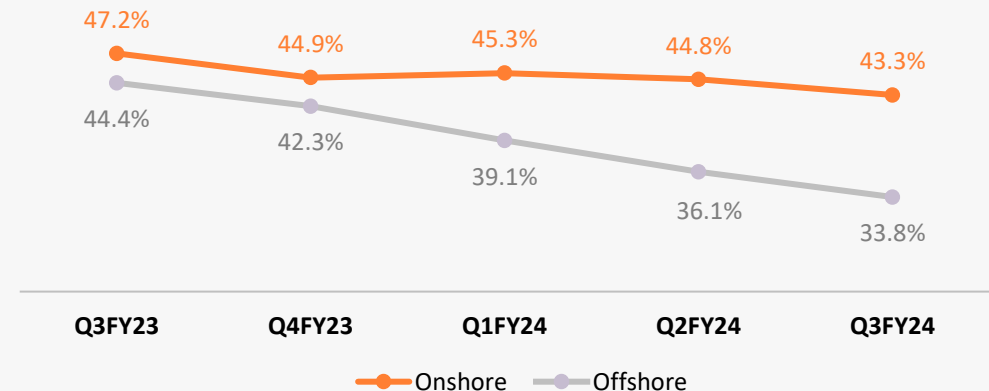
Employee base

- QoQ net headcount addition of **1,994**
 - India employee base higher by **1,832**; RoW higher by **162**
- YoY net headcount addition of **2,320**
 - India employee base higher by **3,780**; RoW lower by **1,460**
- TTM employee attrition[#] at **43.3%** for onshore and **33.8%** for offshore
- **45.4%** of employees are women

Total headcount



Attrition



[#]For employees in employment for more than 180 days

*RoW: Rest Of the World

Select Recognition

Firstsource ranked in the top 96th percentile on the Dow Jones Sustainability Index

Firstsource Solutions Limited
Professional Services

S&P Global CSA Score 2023

A key component of the S&P Global ESG Score

62 / 100

As of January 29, 2024.

The S&P Global Corporate Sustainability Accessibility (CSA) Score is the S&P Global ESG Score without the inclusion of any modelling approaches. Company scores can be compared to their peers in the same industry. Learn more at spglobal.com/esg/scores

S&P Global



Score of **62** on the CSA metric as well as on the ESG metric

This is our **first year** of participation

Industry leading score on Human Capital Development

Firstsource also scored high on **Privacy Protection** and **Business Ethics**

Score Breakdown

■ Firstsource Solutions Ltd. ■ Industry Max ■ Industry Mean

Environmental



Social



Governance & Economic



[Read our FY23 ESG report](#)



FY24 business outlook

0.5-1.5%
constant currency
revenue growth



11-11.5%
EBIT margin
(normalized for one-time charges)

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Factsheet

Profit & Loss Statement

Consolidated IndAS financials

In ₹ million	Q2FY23	Q3FY23	Q4FY23	FY23	Q1FY24	Q2FY24	Q3FY24	QoQ	YoY
Income from services	14,735	15,033	15,566	59,859	15,267	15,417	15,948	3.4%	6.1%
Other operating Income	147	16	2	364	25	(17)	17.6	(201.3%)	10.7%
Revenue from operations	14,882	15,049	15,568	60,223	15,292	15,400	15,966	3.7%	6.1%
Revenue from operations (USD Mn)	\$ 187	\$ 183	\$ 190	\$ 750	\$ 186	\$ 186	\$ 192	3.0%	4.8%
<i>QoQ Growth % - Constant Currency</i>	<i>0.2%</i>	<i>(0.9%)</i>	<i>2.5%</i>	<i>-</i>	<i>(3.0%)</i>	<i>(0.1%)</i>	<i>3.4%</i>		
<i>YoY Growth % - Constant Currency</i>	<i>1.8%</i>	<i>(0.3%)</i>	<i>(2.8%)</i>	<i>(1.1%)</i>	<i>(1.6%)</i>	<i>(1.9%)</i>	<i>2.8%</i>		
Personnel Expense	9,527	9,861	9,690	38,675	9,237	9,400	9,893	5.2%	0.3%
Operating Expense	3,438	3,092	3,437	13,283	3,653	3,712*	3,701	(0.3%)	19.7%
EBITDA	1,917	2,097	2,441	8,265	2,402	2,288	2,371	3.6%	13.1%
<i>EBITDA Margin</i>	<i>12.9%</i>	<i>13.9%</i>	<i>15.7%</i>	<i>13.7%</i>	<i>15.7%</i>	<i>14.9%</i>	<i>14.9%</i>	<i>0 bps</i>	<i>92 bps</i>
Depreciation / amortization	663	687	642	2,632	613	654	663	1.4%	(3.6%)
EBIT	1,254	1,409	1,799	5,633	1,789	1,634*	1,709	4.6%	21.2%
<i>EBIT Margin</i>	<i>8.4%</i>	<i>9.4%</i>	<i>11.6%</i>	<i>9.4%</i>	<i>11.7%</i>	<i>10.6%</i>	<i>10.7%</i>	<i>9 bps</i>	<i>134 bps</i>
Other Income / (expense)	482 [#]	610 [#]	105 [#]	1,251 [#]	6	153 [#]	134 [#]	(11.8%)	(78.0%)
Interest Income / (expense), net	(187)	(183)	(185)	(732)	(243)	(244)	(235)	(3.5%)	28.6%
Profit Before Taxes	1,549	1,837	1,719	6,152	1,553	1,543	1,608	4.2%	(12.5%)
Taxes and Minority Interest	255	257	306	1,015	293	278	321	15.3%	24.5%
Profit After Tax	1,294	1,579	1,413	5,137	1,260	1,265	1,287	1.8%	(18.5%)
<i>Net Margin</i>	<i>8.7%</i>	<i>10.5%</i>	<i>9.1%</i>	<i>8.5%</i>	<i>8.2%</i>	<i>8.2%</i>	<i>8.1%</i>	<i>(15) bps</i>	<i>(243) Bps</i>
Diluted EPS (₹ /Share)	1.84	2.25	2.02	7.32	1.80	1.80	1.84	2.2%	(18.2%)

[#]including other income on account of changes in the fair value of the liabilities for purchase of non-controlling interest and contingent considerations

*Q2FY24: include one-time charges

Balance Sheet

Consolidated IndAS financials

In ₹ million	As on 31-Dec-23	As on 31-Mar-23
ASSETS		
Non-Current Assets		
Fixed assets	2,461	2,789
Right-of-use assets	5,726	4,958
Goodwill on consolidation	29,817	29,450
Investment in associates	0	0
Financial Assets		
Investments	115	116
Other financial assets	603	488
Deferred tax assets	2,944	2,948
Income tax assets (net)	820	786
Other non-current assets	2,156	1,026
Total Non-Current Assets	44,642	42,561
Current Assets		
Financial assets		
Current investments	491	596
Trade receivables	11,399	10,385
Cash and cash equivalents	2,065	1,515
Other balances with bank	33	40
Other financial assets	57	40
Other current assets	1,583	1,507
Total Current Assets	15,629	14,082
TOTAL ASSETS	60,271	56,644

In ₹ million	As on 31-Dec-23	As on 31-Mar-23
EQUITY AND LIABILITIES		
Shareholder's Funds		
Equity share capital	6,970	6,970
Reserve and surplus	30,761	26,699
Non - controlling interest	4	4
Total Equity	37,734	33,672
Non-Current Liabilities		
Financial Liabilities		
Long-term borrowings	250	1,394
Lease liabilities	5,145	4,467
Other Financial Liabilities	168	181
Provisions	175	137
Deferred tax liabilities	1,448	1,196
Total Non-Current Liabilities	7,185	7,375
Current Liabilities		
Financial Liabilities		
Short-term and other borrowings	6,704	6,876
Trade payables	3,149	2,314
Lease liabilities	1,383	1,195
Other financial liabilities	2,195	3,556
Other current liabilities	1,257	829
Provisions	494	826
Provision for tax (net)	169	0
Total Current Liabilities	15,351	15,597
TOTAL LIABILITIES	60,271	56,644

Cash Flow Statement

Consolidated IndAS financials

In ₹ million	Nine Months ended Dec 31, 2023	Nine Months ended Dec 31, 2022
Cash Flow from Operating Activities		
Net profit before taxation and non controlling interest	4,704	4,433
Depreciation and amortization	1,929	1,989
Finance costs (For borrowing & lease liabilities)	769	583
Adjustment: Non-Cash Expense / (Other Income)	(441)	(2,283)
Add: Working Capital Changes	(1,853)	438
Less: Income Taxes Paid	(495)	(547)
Net cash generated from / (used in) Operating Activities (A)	4,612	4,613
Cash Flow from Investing Activities		
Capital Expenditure, net	(571)	(417)
Interest income received	2	1
(Increase)/Decrease in current investments	149	372
Earmarked balances with banks	7	42
Net cash generated from / (used in) Investing Activities (B)	(413)	(3)
Cash Flow from Financing Activities		
Net Change in Borrowings	(1,316)	(2,278)
Net Interest Paid	(799)	(567)
Payment of Lease Liabilities	(1,029)	(1,131)
Purchase of Treasury Shares, net	65	(151)
Purchase of non controlling interest in subsidiary	(583)	(276)
Net cash generated from / (used in) Financing Activities (C)	(3,661)	(4,404)
Net increase/ (decrease) in Cash and Cash Equivalents (A+B+C)	538	207
Cash and cash equivalents at the beginning of the period	1,515	828
Foreign exchange (loss) / gain on translating Cash and cash equivalents	12	14
Closing Cash and Cash Equivalents	2,065	1,050
Current Investments	491	849
Cash and Cash Equivalents including Investments	2,556	1,899

Operating Metrics

	Particulars	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
Revenue by Vertical	Banking & Financial Services	48.3%	49.0%	46.3%	43.4%	41.8%	40.3%	40.8%	40.8%	38.3%
	Healthcare	30.3%	30.3%	32.1%	34.5%	34.2%	33.2%	32.6%	32.7%	33.5%
	Communications Media & Tech	19.6%	19.0%	20.2%	20.2%	21.6%	22.3%	21.8%	21.2%	22.5%
	Diverse Industries	1.8%	1.7%	1.4%	1.9%	2.4%	4.2%	4.8%	5.3%	5.7%
Revenue by Service Lines	Digitally Empowered Customer Experience	45.9%	44.4%	46.6%	47.7%	50.4%	52.6%	51.8%	52.9%	53.5%
	Intelligent Back Office	44.0%	36.5%	32.7%	30.9%	29.2%	27.0%	27.0%	25.2%	25.8%
	Platforms, Automation & Analytics	10.1%	19.1%	20.7%	21.4%	20.4%	20.4%	21.2%	21.9%	20.7%
Revenue by Geography	US	69.8%	70.7%	68.4%	67.2%	64.9%	63.3%	63.5%	65.1%	65.4%
	UK	28.5%	27.5%	30.1%	31.3%	34.1%	36.3%	36.4%	34.8%	34.5%
	Rest of World	1.7%	1.8%	1.5%	1.5%	1.0%	0.4%	0.1%	0.1%	0.1%
Revenue by Delivery	Offshore	30.8%	27.0%	27.4%	25.9%	25.1%	24.6%	25.6%	26.7%	30.3%
	Onshore	69.2%	73.0%	72.6%	74.1%	74.9%	75.4%	74.4%	73.3%	69.7%
Top Clients Revenue	Top client %	15.2%	14.8%	15.2%	14.9%	15.8%	15.4%	14.6%	12.7%	13.7%
	Top 5 client %	37.6%	35.9%	36.4%	36.6%	38.5%	37.4%	37.2%	35.0%	35.8%
Other Metrics	Total employees (end of period)	27,398	26,557	25,234	23,932	23,627	23,018	22,384	23,953	25,947
	• Employees in India	16,826	16,045	14,769	13,431	12,489	12,395	12,457	14,437	16,269
	• Employees outside India	10,572	10,512	10,465	10,501	11,138	10,623	9,927	9,516	9,678
	Net Addition	(437)	(841)	(1,323)	(1,302)	(305)	(609)	(634)	1,569	1,994
	Offshore Attrition (180 days+)	45.2%	45.9%	43.8%	45.7%	44.4%	42.3%	39.1%	36.1%	33.8%
	Onshore Attrition (180 days+)	59.5%	50.2%	56.9%	52.0%	47.2%	44.9%	45.3%	44.8%	43.3%

Note: Attrition data till FY22 is on a quarterly annualized basis and on a Trailing Twelve Months (TTM) basis effective Q1FY23

THANK YOU

[Investor relations](#)

