

A black and white photograph of a business meeting. A person in a suit is pointing at a clipboard with financial charts, including a bar chart and pie charts. Another person is visible in the background, looking at a laptop. The scene is set in a modern office environment.

INVESTOR PRESENTATION

Q2FY24

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.

Firstsource: Who we are?



Established in **2001**
Public listing in 2007



Part of RP-Sanjiv Goenka Group
Since 2012



Domain driven BPM services company
leveraging a 'Digital First, Digital Now' approach to solve key customer problems



Leaders in chosen segments
across Banking & Financial Services, Healthcare, Communications, Media & Technology



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 18.7 years



23,953* Firstsourcers
across US, UK, India, Philippines and Mexico
*As on 30th Sept. 2023



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

We work with the **leading global enterprises...**



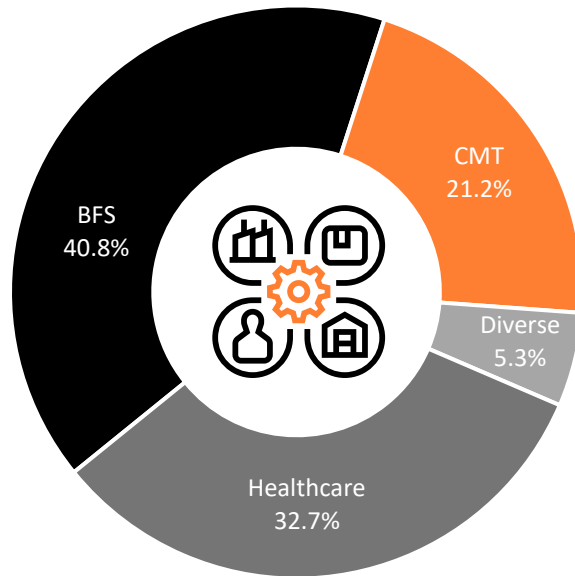
Banking & Financial Services

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



Healthcare

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



Communications Media & Technology

- ▶ Streaming Services
- ▶ Cable TV
- ▶ Broadband & Telephony
- ▶ Consumer Tech
- ▶ E-Commerce



Diversified Industries

- ▶ Utilities
- ▶ Government Entities

7 of Top 15

Mortgage Servicers in the US

5 of Top 15

Mortgage Lenders in the US

5 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

2 of Top 3

Consumer-tech companies in the US

2 of Top 3

Utility companies in the UK

And are **market leaders** in our focus domains



Customer Experience (CX)

- ☑ Omnichannel engagement
- ☑ Active user personalization
- ☑ Intelligent automation
- ☑ Virtual Copilot



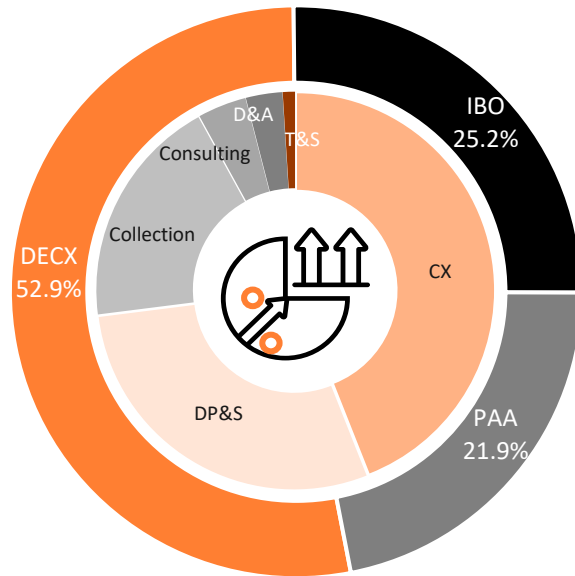
Consulting

- ☑ Technology solutions
- ☑ CX strategy and design
- ☑ Process optimization
- ☑ Metrics & measurement



Domain-led Platforms/Solutions (DP&S)

- ☑ *Sympraxis* – Digital intake operations
- ☑ *Firstsource Healthcare Cloud* – Revenue cycle management



Collections

- ☑ White-labeled digital collections
- ☑ First-party & 3rd party collections
- ☑ Legal collections
- ☑ Compliance & risk management



Data & Analytics (D&A)*

- ☑ Data annotation and labeling
- ☑ Predictive analytics
- ☑ Managed services
- ☑ AI-enabled services



Trust & Safety (T&S)*

- ☑ Audit of policies/queue structures
- ☑ Workflow optimization
- ☑ Real-time content monitoring
- ☑ Predictive analytics



Market Leader
Star Performer
Healthcare Payer Operations
Peak Matrix Assessment | 2023



Major Contender
RCM Operations
Peak Matrix Assessment | 2023



Major Contender
Star Performer
Banking Operations
Peak Matrix Assessment | 2023



Leader Quadrant
Customer Experience Services
Provider Lens | Europe | 2023



Leader
Mortgage and Loan Services
NEAT Vendor Analysis | 2022

* Emerging services

DECX: Digitally Empowered Customer Experience | IBO: Intelligent Back Office | PAA: Platforms, Automation & Analytics

Source: The Everest Group, ISG, Nelson Hall

We have **realigned** our strategic priorities...



And are **focused** on execution

Our recent deal wins



10-year renewal of contract as the **primary outsourcing partner** by the Top client, one of **Europe's leading media and entertainment companies**



Selection by **Education Testing Services**, one of the largest education assessment organizations in the world, to provide student support and technology services



Chosen by a **prominent US reverse mortgage company** to provide a comprehensive set of operational and tech services



New business for digital intake and digital customer engagement services with **one of the largest managed health care and insurance companies in the US**



Expanded footprint share in **one of the Top5 healthcare insurance providers in the US** with incremental business for digital intake and data management services

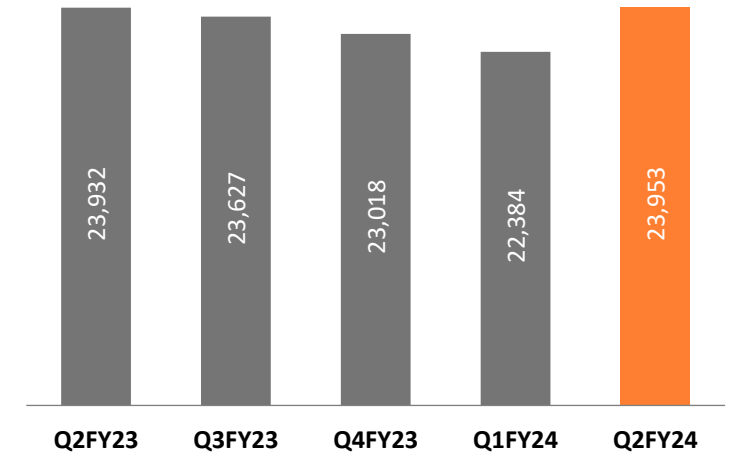


Additional business from **one of the largest telecom and media companies globally**, to provide core customer support and RPA implementation at its UK operations

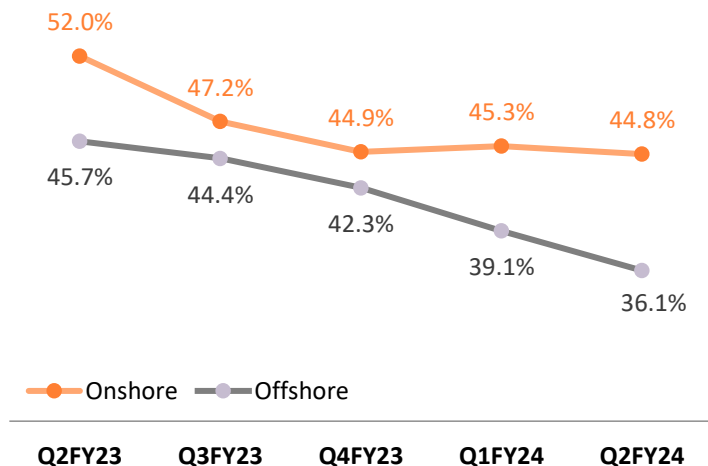


Working with **two of the largest consumer tech companies globally** on training their proprietary AI tool leveraging its AI Ops framework

Total headcount

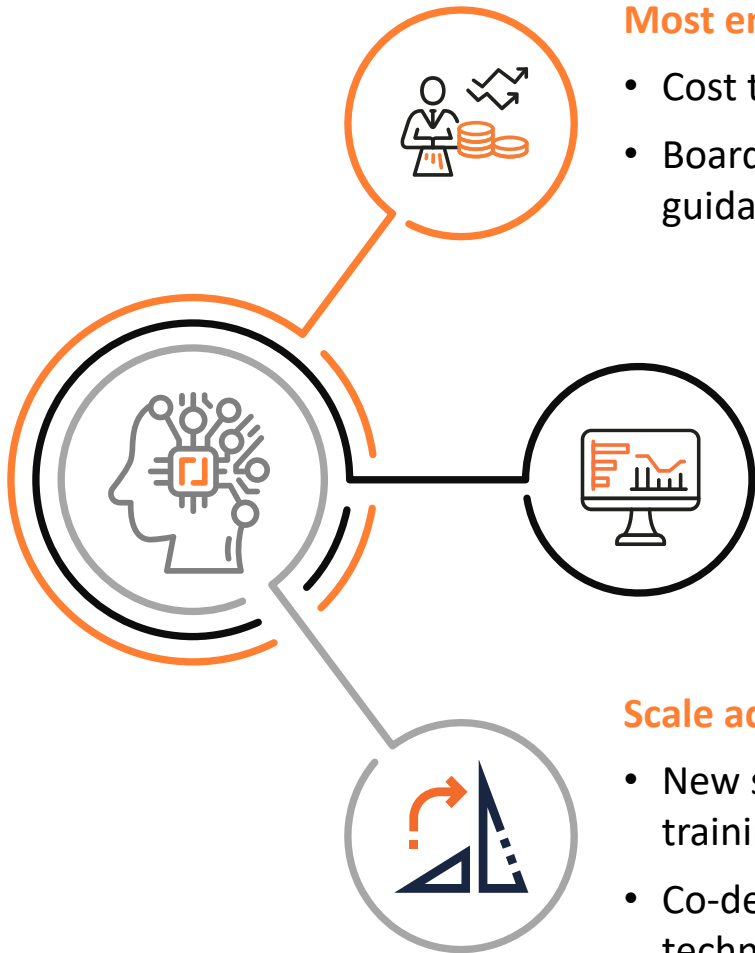


Attrition*



*For employees in employment for more than 180 days

We expect **Gen AI** to open new revenue streams...



Most enterprises are still early in their adoption cycle

- Cost to compute/cost to infer is still high
- Board mandates driving demand for advice and guidance

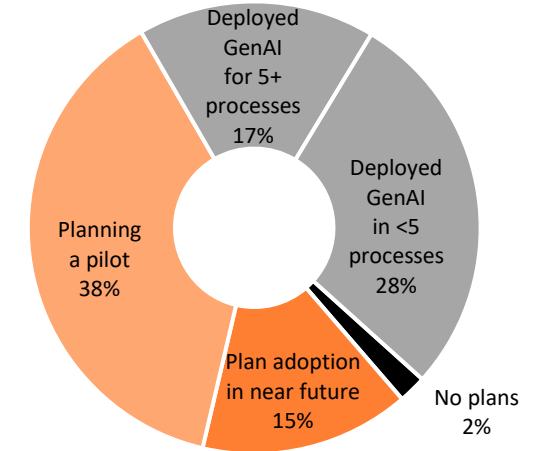
Focus is on improving data quality/PoCs

- Selective Investments in proprietary LLMs
- Higher outsourcing for functions with high volumes + standard underlying data

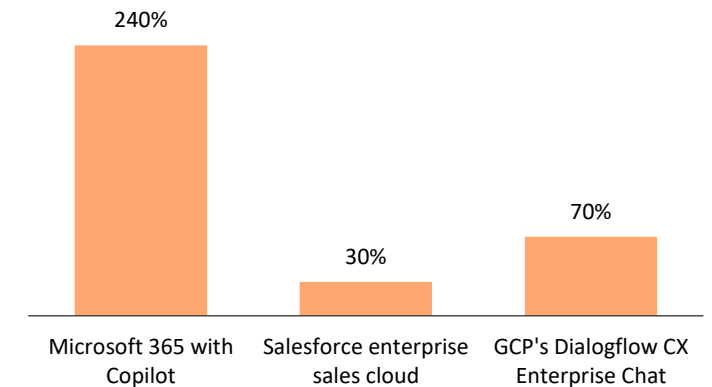
Scale adoption to open new market opportunities

- New services around data labelling/annotation and training of proprietary LLMs
- Co-develop domain/function-specific LLMs along with technology companies

Enterprise GenAI adoption cycle*

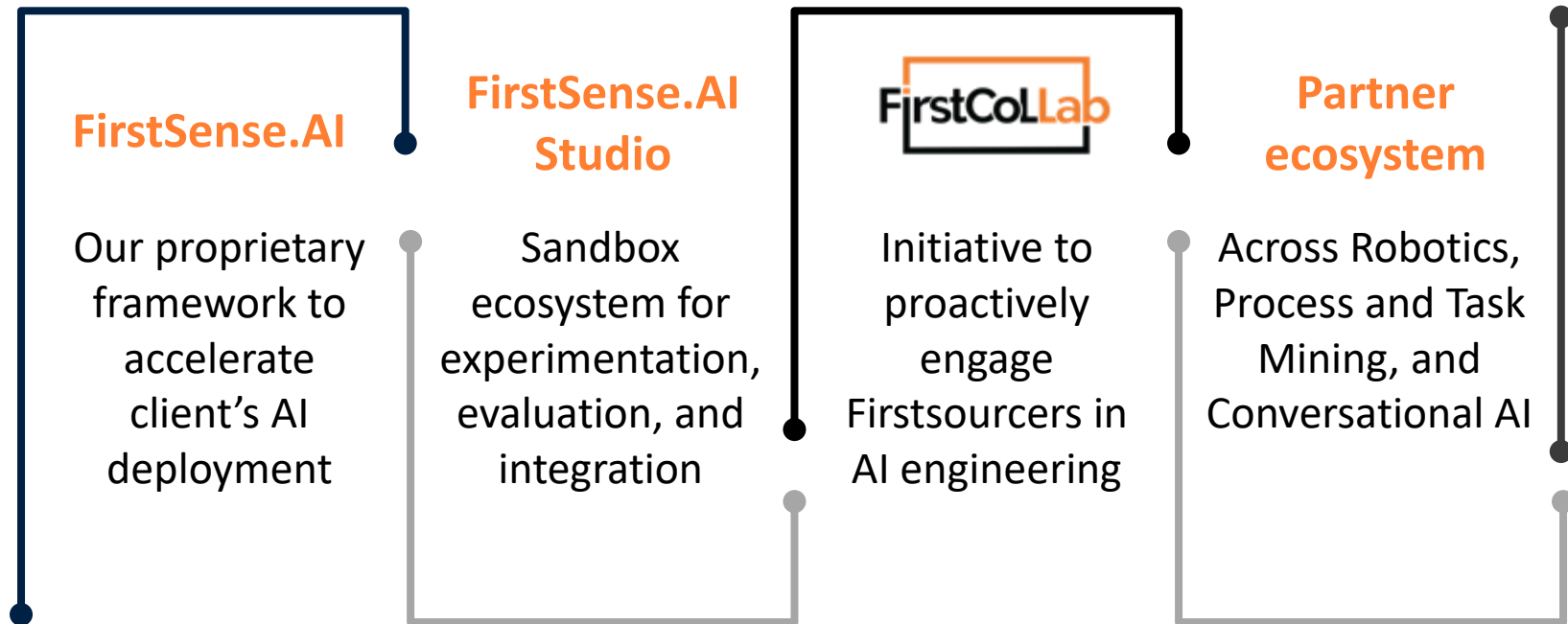


Incremental cost of GenAI#



*Based on a survey 53 enterprises, Aug 2023
 #additional price over standard enterprise plans
 Source: The Everest Group

And we are **building capabilities** to address the opportunity



Library of **100+ use cases** spanning across industries

Completed **25+ POCs**; **5** advancing to production pilots*

First **batch of trainees** on prompt engineering

*As on 30th Sept. 2023

We are socially **conscious**



Environment

65%

Increase in renewable energy consumption vs FY22 (India)

24%

Renewable energy mix (India)

100%

Waste disposed to responsible waste handler

4

Offices are Green Building Certified

77%

Reduction in Scope 1 emission compared to the previous year



Social

46%

of the total workforce comprise of women

Recognized as a **Level 3** Disability Confident Leader in the UK

15,298

CSR – Hours of Volunteering

INR 68.4 Mn

Spent directly through our CSR Initiatives Impacting **65,500+ Lives**

70%

Of our new suppliers were screened on E&S criteria

Zero

Cases of discrimination reported



Governance

50%

of the Board consist of Independent Directors

10%

of the Independent Directors of the Board are Women

54%

Promoter shareholding

Zero

Political contributions

Zero

Cases of insider trading

Zero

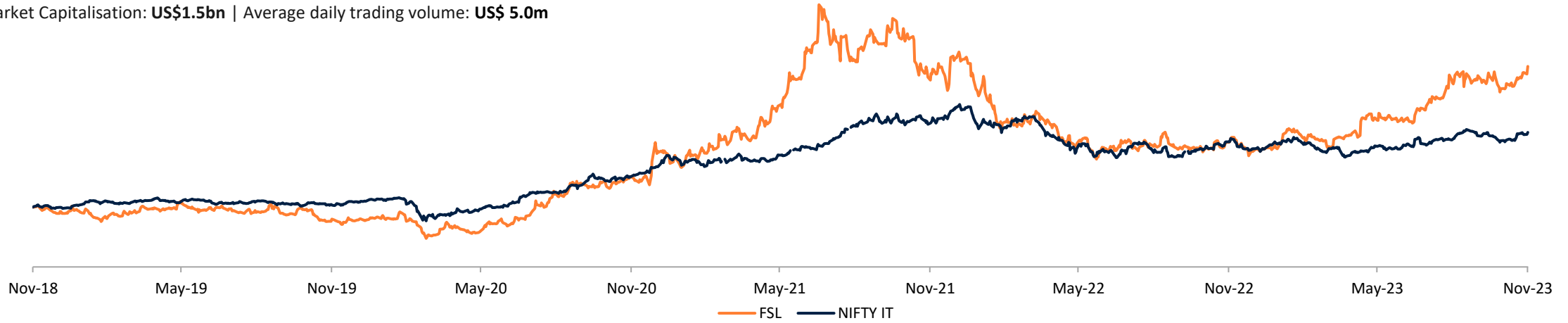
Fines and penalties related to unethical business practices



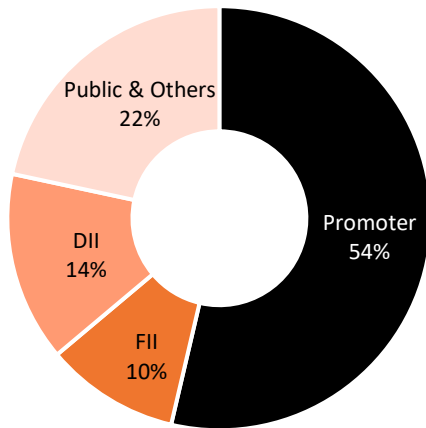
And **focused** on shareholder value creation

5 Years Stock Performance

NSE: **FSL** | BSE: **532809** | Reuters: **FISO.BO** | Bloomberg: **FSOL:IN**
 Market Capitalisation: **US\$1.5bn** | Average daily trading volume: **US\$ 5.0m**



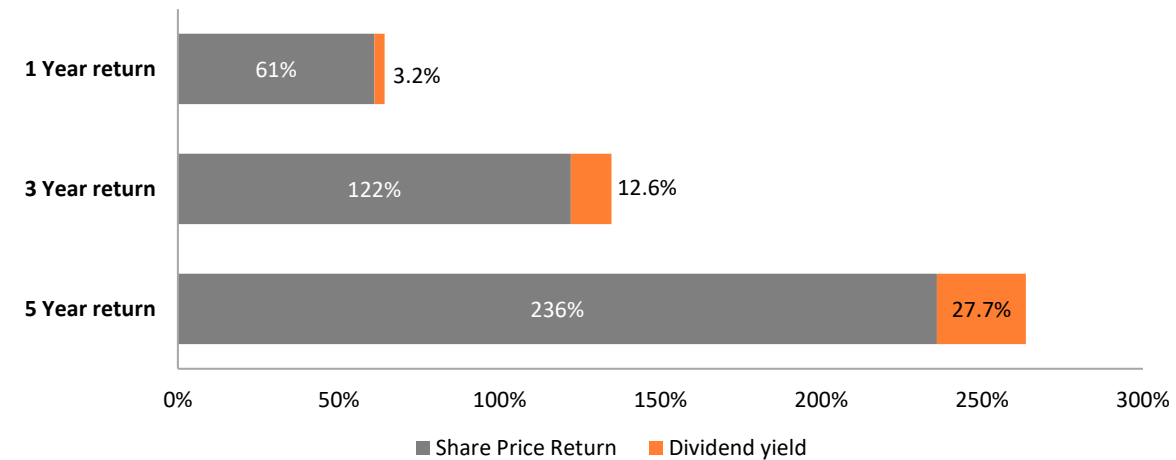
Shareholding Pattern*



Key institutional shareholders

- HDFC Mutual Fund
- ICICI Prudential Mutual Fund
- Vanguard Group
- LSV Asset Management
- Tata Mutual Fund
- BlackRock
- SBI Mutual Fund
- Steinberg India
- Dimensional Fund
- Kotak Mutual Fund

Total Shareholder Return




*As on 30th Sept. 2023
 All stock price data based on closing prices as of 29th Nov. 2023; Average daily trading volume is average for the last six months

Leadership team




Ritesh Idnani
—
MD & CEO



Dinesh Jain
—
Chief Financial Officer



Prashanth Nandella
—
Chief Operating Officer



Venkatgiri Vandali
—
Head - Healthcare



Rajiv Malhotra
—
Head - Europe



Sameer Ahluwalia
—
Head - BFS




Arjun Mitra
—
Head - Collections



Ashish Chawla
—
Head- IDEA, EdTech &
Digital Media



Sundara Sukavanam
—
Chief Digital Officer



Aftab Javed
—
Chief Human Resources
Officer

In summary...

We see potential to grow at an accelerated pace over the medium term...

- ⦿ Discontinuities caused by macro and technology shifts are creating market opportunities
- ⦿ Our 'market positioning' gives us an advantage

...Helped by our unique differentiators...

- ⦿ Roster of long-standing relationships with quality clients with large spend
- ⦿ Recognized market leadership in our chosen domains

...And driven by the One Firstsource playbook...

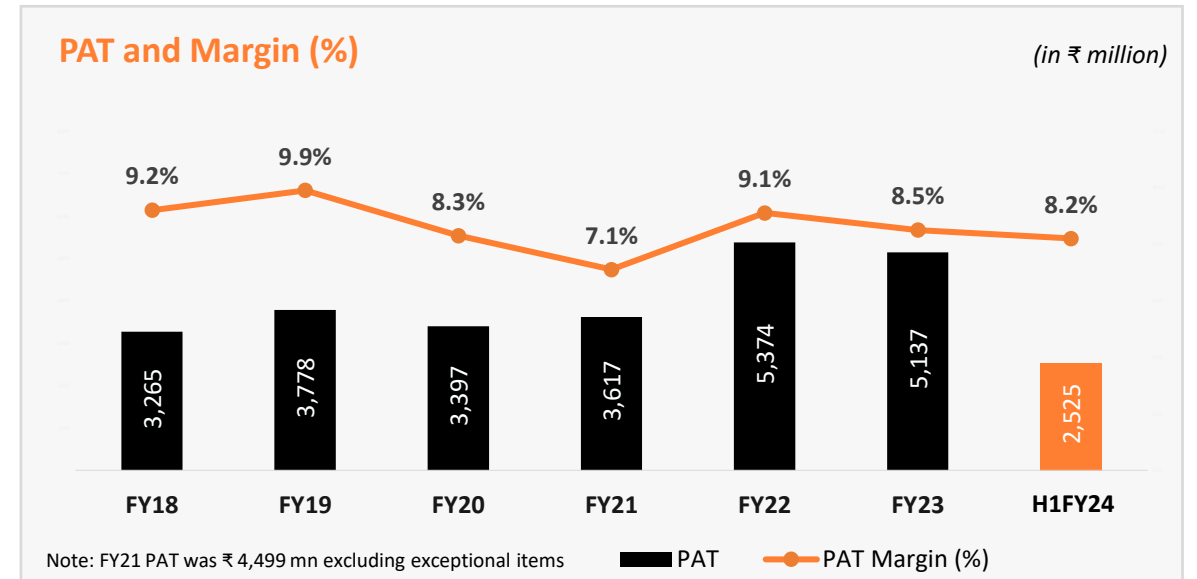
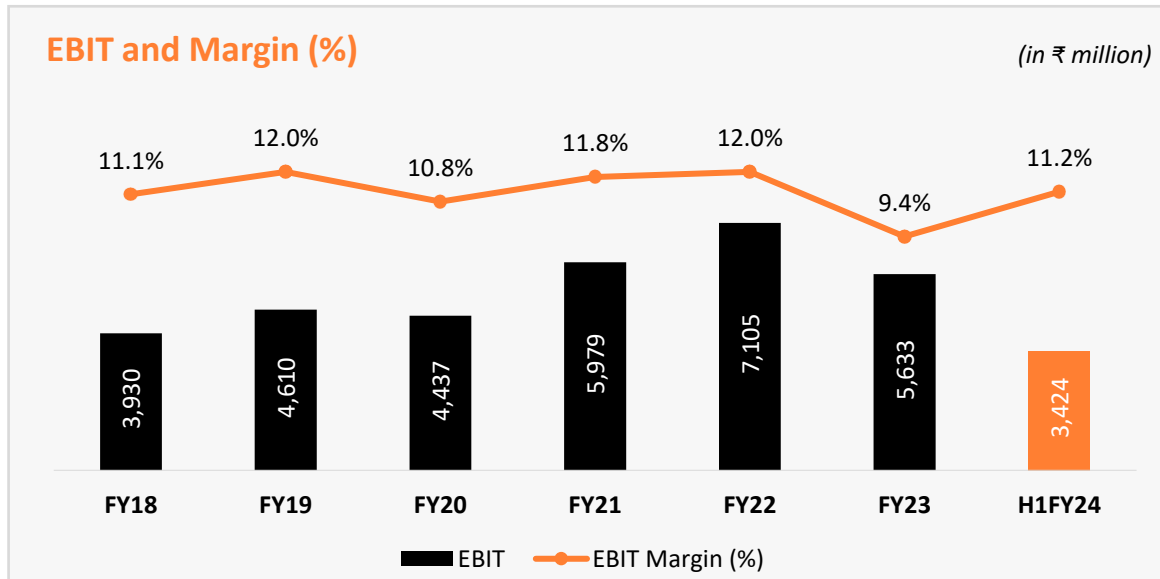
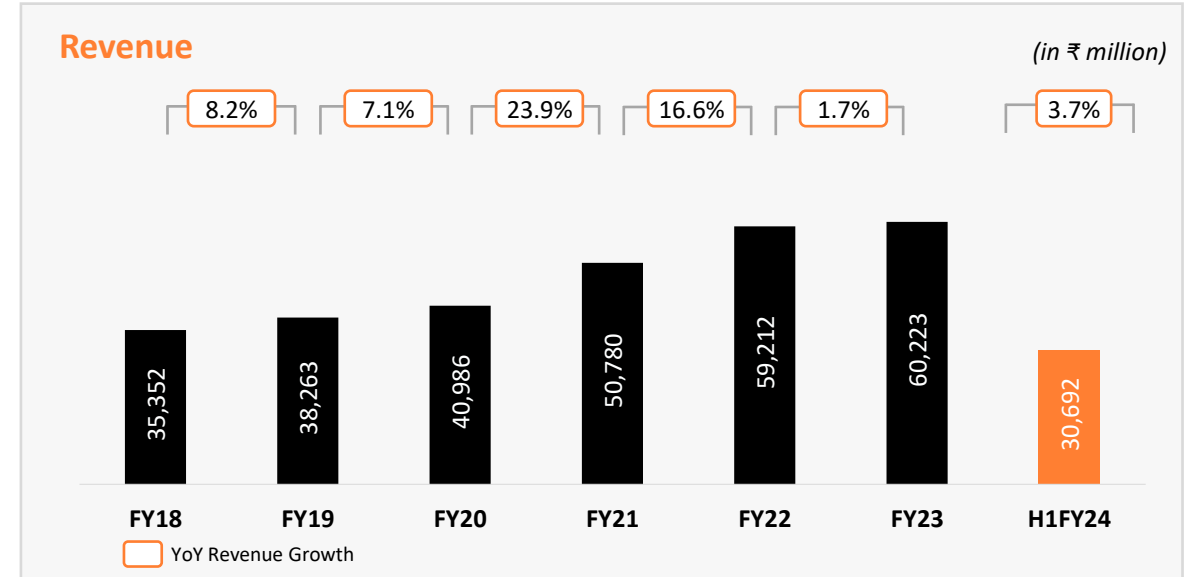
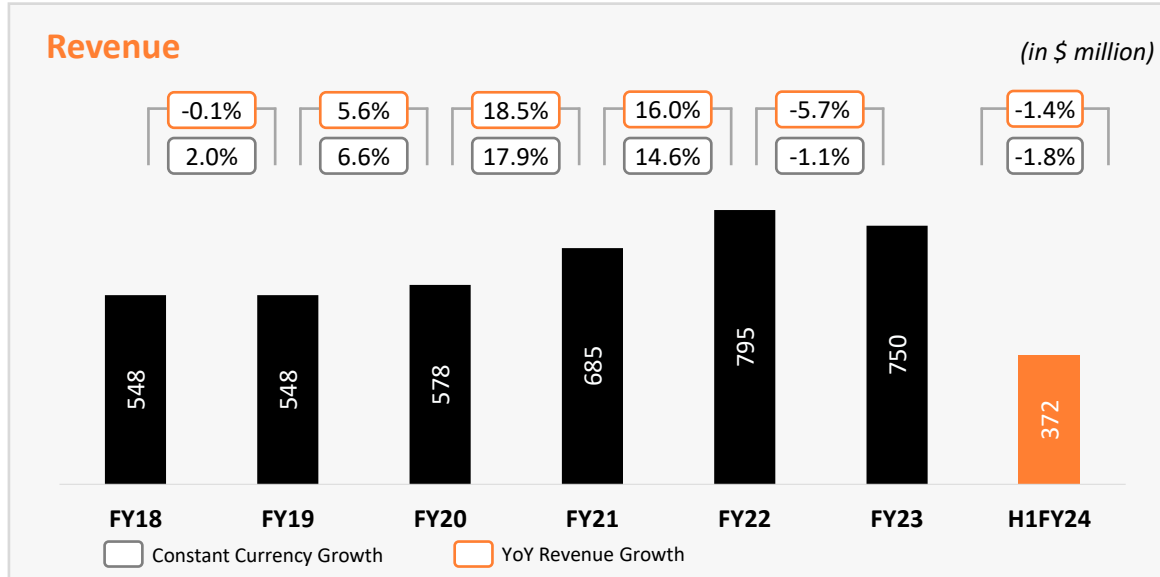
- ⦿ Focus on account mining and expanding capabilities
- ⦿ Speed-to-market, clear accountability and improved market visibility are key imperatives

...Even as we remain focused on execution in the near term

- ⦿ Q2FY24 deal wins highest in the last four quarters/second highest in the last 3 years
- ⦿ Healthy pipeline replenishment despite the strong deal wins

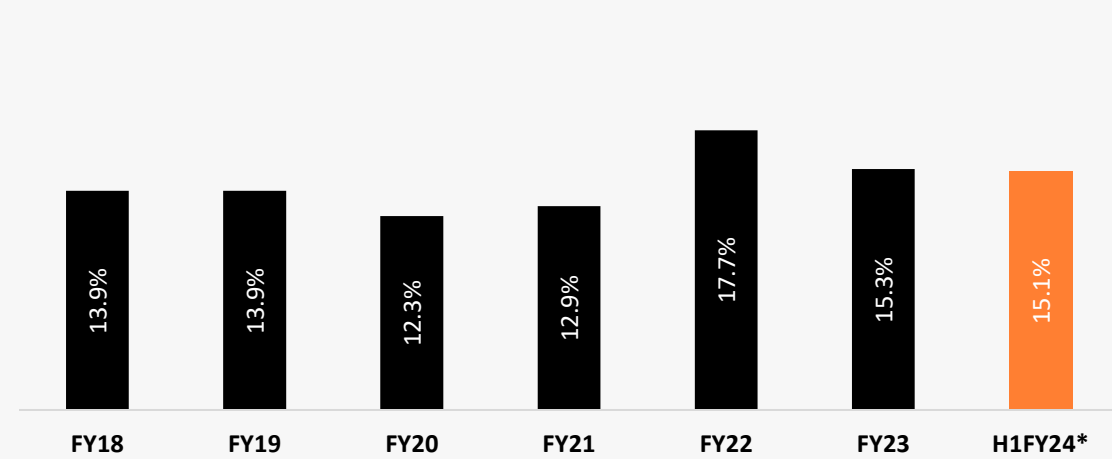
Factsheet

Financial performance snapshot



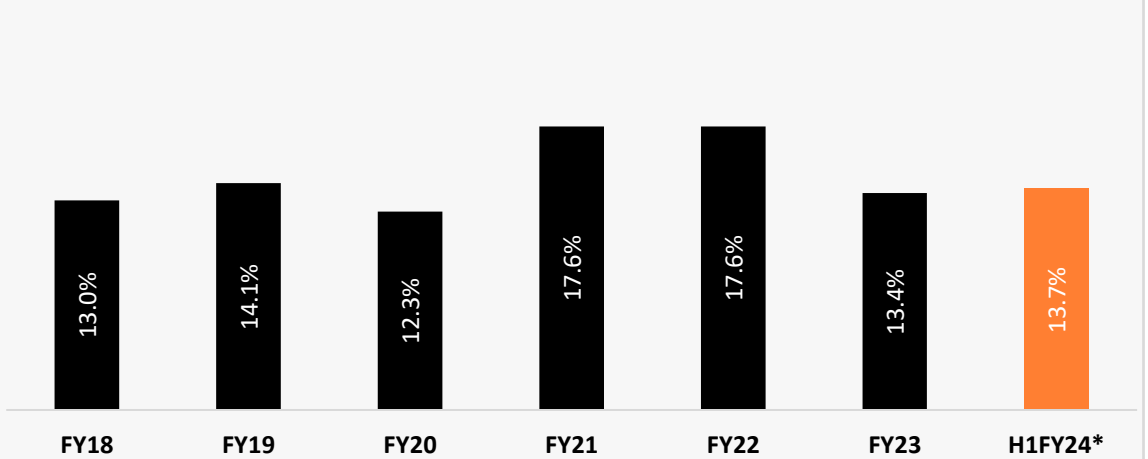
Key performance indicators

Return on Equity (%)



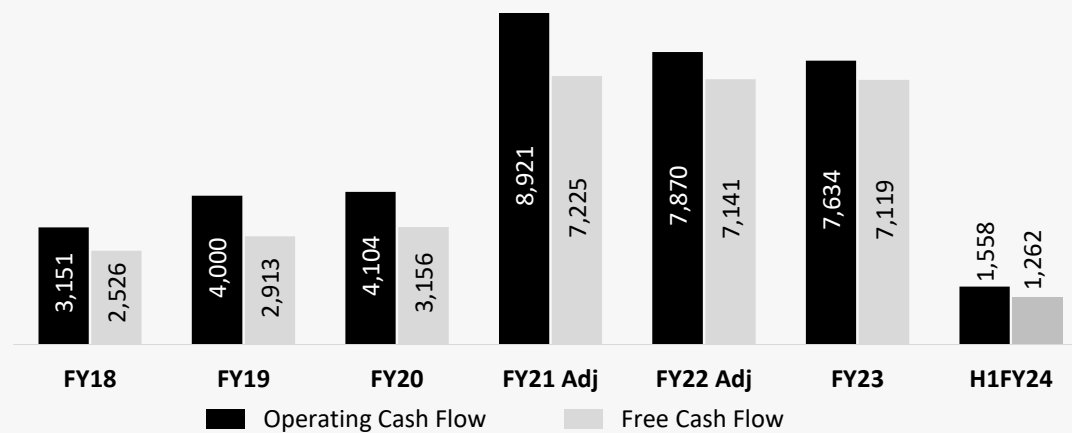
Note: FY21 ROE was 16.1% excluding exceptional items

Return on Capital Employed (%)



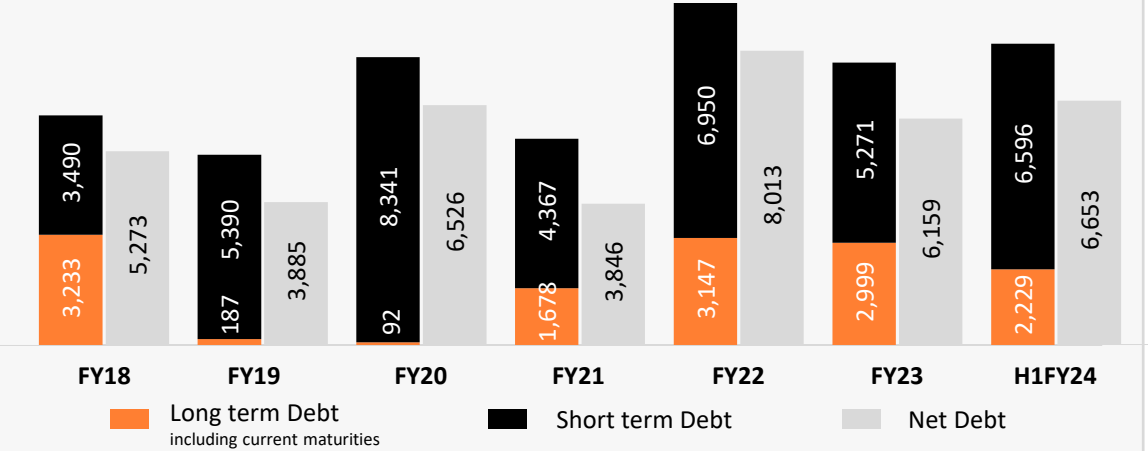
Cash Flow

(in ₹ million)



Debt Position

(in ₹ million)



*On trailing twelve months (TTM) basis

Summary of Performance for the Quarter ended September 30, 2023

REVENUE

₹ 15,400 Million
(US\$ 186 Million)

YoY growth of 3.5%
Constant Currency YoY
decline of 1.9%



EBIT

₹ 1,634 Million
(Margin 10.6%)

YoY growth of 30.3%
YoY Margin expansion of 220 bps
(including one-time charges)



PROFIT AFTER TAX

₹ 1,265 Million
(Margin 8.2%)

YoY decline of 2.2%
YoY Margin contraction of 50 bps



EARNINGS PER SHARE (Diluted)

₹ 1.80
per share

Q1FY24 at 1.80 per share
Q2FY23 at ₹ 1.84 per share



Summary of Performance for the Half year ended September 30, 2023

REVENUE

₹ 30,692 Million
(US\$ 372 Million)

YoY growth of 3.7%
Constant Currency YoY
decline of 1.8%



EBIT

₹ 3,424 Million
(Margin 11.2%)

YoY growth of 41.2%
YoY Margin expansion of 300 bps
(including one-time charges)



PROFIT AFTER TAX

₹ 2,525 Million
(Margin 8.2%)

YoY growth of 17.7%
YoY Margin expansion of 100 bps



EARNINGS PER SHARE (Diluted)

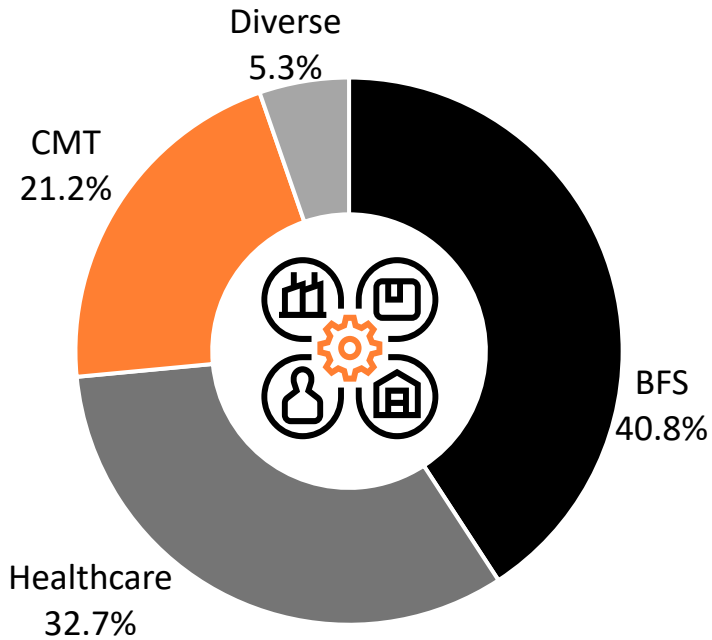
₹ 3.60
per share

H1FY23 at 3.05 per share
TTM EPS at ₹ 7.87 per share

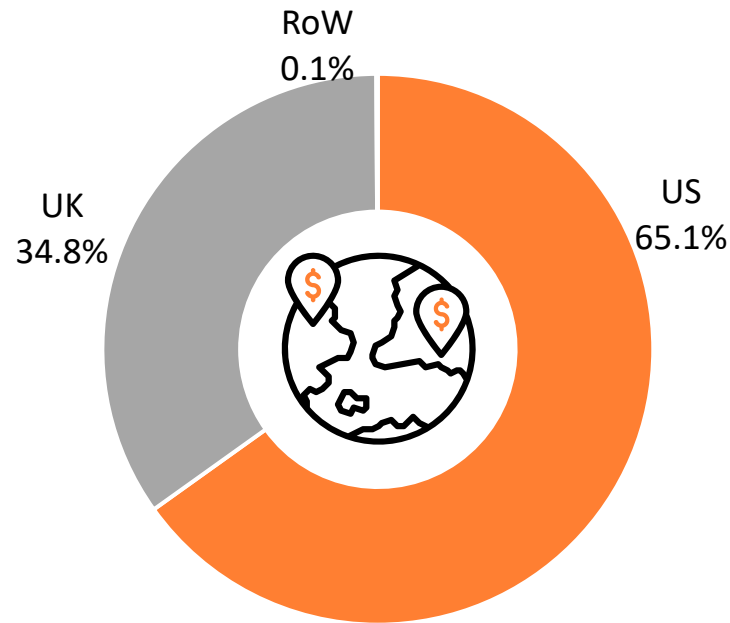


Revenue split | Q2FY24

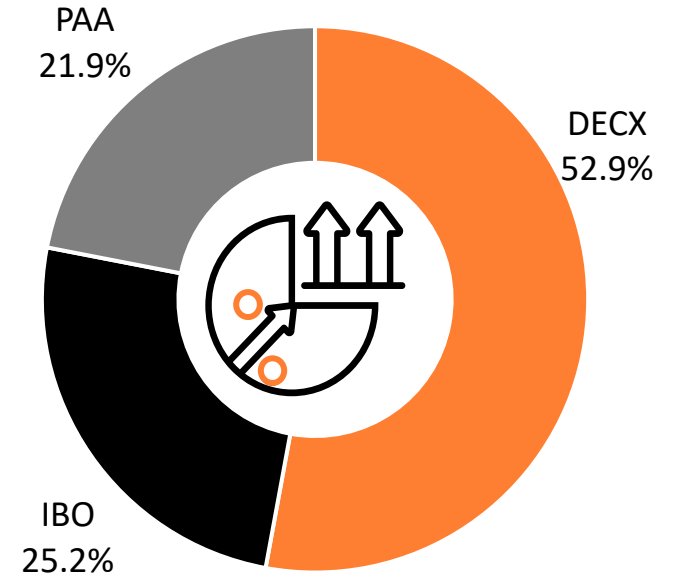
Revenue split by verticals



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)

FY24 business outlook

0-2%
constant currency
revenue growth



11-11.5%
EBIT margin

Profit & loss statement

In ₹ million	Q1FY23	Q2FY23	Q3FY23	Q4FY23	FY23	Q1FY24	Q2FY24	QoQ	YoY
Income from services	14,524	14,735	15,033	15,566	59,859	15,267	15,417	1.0%	4.6%
Other operating Income	199	147	16	2	364	25	(17)	(169.1%)	(111.9%)
Revenue from operations	14,724	14,882	15,049	15,568	60,223	15,292	15,400	0.7%	3.5%
Revenue from operations (USD Mn)	\$ 191	\$ 187	\$ 183	\$ 190	\$ 750	\$ 186	\$ 186	0.1%	(0.2%)
<i>QoQ Growth % - Constant Currency</i>	<i>(5.1%)</i>	<i>0.2%</i>	<i>(0.9%)</i>	<i>2.5%</i>	-	<i>(3.0%)</i>	<i>(0.1%)</i>	-	-
<i>YoY Growth % - Constant Currency</i>	<i>(2.7%)</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>	-	-
Personnel Expense	9,597	9,527	9,861	9,690	38,675	9,237	9,400	1.8%	(1.3%)
Operating Expense	3,316	3,438	3,092	3,437	13,283	3,653	3,712*	1.6%	8.0%
EBITDA	1,810	1,917	2,097	2,441	8,265	2,402	2,288	(4.7%)	19.3%
<i>EBITDA Margin</i>	<i>12.3%</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>(85) bps</i>	<i>197 bps</i>
Depreciation / amortization	639	663	687	642	2,632	613	654	6.7%	(1.4%)
EBIT	1,171	1,254	1,409	1,799	5,633	1,789	1,634	(8.7%)	30.3%
<i>EBIT Margin</i>	<i>8.0%</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>(109) bps</i>	<i>220 bps</i>
Other Income / (expense)	54	482 [#]	610 [#]	105 [#]	1,251 [#]	6	153	2279.1%	(68.3%)
Interest Income / (expense), net	(177)	(187)	(183)	(185)	(732)	(243)	(244)	0.4%	30.5%
Profit Before Taxes	1,048	1,549	1,837	1,719	6,152	1,553	1,543	(0.6%)	(0.4%)
Taxes and Minority Interest	197	255	257	306	1,015	293	278	(5.1%)	8.9%
Profit After Tax	851	1,294	1,579	1,413	5,137	1,260	1,265	0.4%	(2.2%)
<i>Net Margin</i>	<i>5.8%</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>(2) bps</i>	<i>(50) bps</i>
Diluted EPS (₹ /Share)	1.21	1.84	2.25	2.02	7.32	1.80	1.80	-	(2.2%)

Balance sheet

In ₹ million	As on 30-Sep-23	As on 31-Mar-23
ASSETS		
Non-Current Assets		
Fixed assets	2,454	2,789
Right-of-use assets	5,550	4,958
Goodwill on consolidation	29,758	29,450
Investment in associates	0	0
Financial Assets		
Investments	115	116
Other financial assets	739	488
Deferred tax assets	2,880	2,948
Income tax assets (net)	826	786
Other non-current assets	2,110	1,026
Total Non-Current Assets	44,431	42,561
Current Assets		
Financial assets		
Current investments	1,276	596
Trade receivables	11,468	10,385
Cash and cash equivalents	895	1,515
Other balances with bank	33	40
Other financial assets	123	40
Other current assets	1,795	1,507
Total Current Assets	15,589	14,082
TOTAL ASSETS	60,021	56,644

In ₹ million	As on 30-Sep-23	As on 31-Mar-23
EQUITY AND LIABILITIES		
Shareholder's Funds		
Equity share capital	6,970	6,970
Reserve and surplus	29,727	26,699
Non - controlling interest	4	4
Total Equity	36,700	33,672
Non-Current Liabilities		
Financial Liabilities		
Long-term borrowings	622	1,394
Lease liabilities	4,969	4,467
Other Financial Liabilities	0	181
Provisions	176	137
Deferred tax liabilities	1,385	1,196
Total Non-Current Liabilities	7,151	7,375
Current Liabilities		
Financial Liabilities		
Short-term and other borrowings	8,202	6,876
Trade payables	2,498	2,314
Lease liabilities	1,352	1,195
Other financial liabilities	2,184	3,556
Other current liabilities	1,241	829
Provisions	567	826
Provision for tax (net)	126	-
Total Current Liabilities	16,169	15,597
TOTAL LIABILITIES	60,021	56,644

Cash flow statement

In ₹ million	Half-Year ended Sept 30, 2023	Half-Year ended Sept 30, 2022
Cash Flow from Operating Activities		
Net profit before taxation and non controlling interest	3,096	2,597
Depreciation and amortization	1,266	1,302
Finance costs (For borrowing & lease liabilities)	514	386
Adjustment: Non-Cash Expense / (Other Income)	(264)	(1,638)
Add: Working Capital Changes	(2,759)	1,522
Less: Income Taxes Paid	(296)	(355)
<i>Net cash generated from / (used in) Operating Activities (A)</i>	<i>1,558</i>	<i>3,813</i>
Cash Flow from Investing Activities		
Capital Expenditure, net	(296)	(270)
Interest income received	1	1
(Increase)/Decrease in current investments	(654)	175
Earmarked balances with banks	7	44
<i>Net cash generated from / (used in) Investing Activities (B)</i>	<i>(942)</i>	<i>(50)</i>
Cash Flow from Financing Activities		
Net Change in Borrowings	555	(1,570)
Net Interest Paid	(571)	(389)
Payment of Lease Liabilities	(668)	(771)
Purchase of Treasury Shares, net	25	(173)
Purchase of non controlling interest in subsidiary	(583)	(276)
<i>Net cash generated from / (used in) Financing Activities (C)</i>	<i>(1,242)</i>	<i>(3,180)</i>
Net increase/ (decrease) in Cash and Cash Equivalents (A+B+C)	(626)	583
Cash and cash equivalents at the beginning of the period	1,515	828
Foreign exchange (loss) / gain on translating Cash and cash equivalents	6	3
<i>Closing Cash and Cash Equivalents</i>	<i>895</i>	<i>1,414</i>
Current Investments	1,276	1,032
Cash and Cash Equivalents including Investments	2,172	2,446

Operating metrics

	Particulars	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24
Revenue by Vertical	Banking & Financial Services	48.9%	48.3%	49.0%	46.3%	43.4%	41.8%	40.3%	40.8%	40.8%
	Healthcare	29.6%	30.3%	30.3%	32.1%	34.5%	34.2%	33.2%	32.6%	32.7%
	Communications Media & Tech	19.5%	19.6%	19.0%	20.2%	20.2%	21.6%	22.3%	21.8%	21.2%
	Diverse Industries	2.0%	1.8%	1.7%	1.4%	1.9%	2.4%	4.2%	4.8%	5.3%
Revenue by Service Lines	Digitally Empowered Customer Experience	46.8%	45.9%	44.4%	46.6%	47.7%	50.4%	52.6%	51.8%	52.9%
	Intelligent Back Office	45.6%	44.0%	36.5%	32.7%	30.9%	29.2%	27.0%	27.0%	25.2%
	Platforms, Automation & Analytics	7.6%	10.1%	19.1%	20.7%	21.4%	20.4%	20.4%	21.2%	21.9%
Revenue by Geography	US	68.4%	69.8%	70.7%	68.4%	67.2%	64.9%	63.3%	63.5%	65.1%
	UK	30.1%	28.5%	27.5%	30.1%	31.3%	34.1%	36.3%	36.4%	34.8%
	Rest of World	1.5%	1.7%	1.8%	1.5%	1.5%	1.0%	0.4%	0.1%	0.1%
Revenue by Delivery	Offshore	31.0%	30.8%	27.0%	27.4%	25.9%	25.1%	24.6%	25.6%	26.7%
	Onshore	69.0%	69.2%	73.0%	72.6%	74.1%	74.9%	75.4%	74.4%	73.3%
Top Clients Revenue	Top client %	15.8%	15.2%	14.8%	15.2%	14.9%	15.8%	15.4%	14.6%	12.7%
	Top 5 client %	41.2%	37.6%	35.9%	36.4%	36.6%	38.5%	37.4%	37.2%	35.0%
Other Metrics	Total employees (end of period)	27,835	27,398	26,557	25,234	23,932	23,627	23,018	22,384	23,953
	• Employees in India	16,976	16,826	16,045	14,769	13,431	12,489	12,395	12,457	14,437
	• Employees outside India	10,859	10,572	10,512	10,465	10,501	11,138	10,623	9,927	9,516
	Net Addition	(81)	(437)	(841)	(1,323)	(1,302)	(305)	(609)	(634)	1,569
	Offshore Attrition (180 days+)	36.2%	45.2%	45.9%	43.8%	45.7%	44.4%	42.3%	39.1%	36.1%
	Onshore Attrition (180 days+)	68.8%	59.5%	50.2%	56.9%	52.0%	47.2%	44.9%	45.3%	44.8%

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

