

# Familiarisation Programme for Independent Directors





# Contents

- 01 | Overview
- 02 | Financial Summary
- 03 | Business Outlook

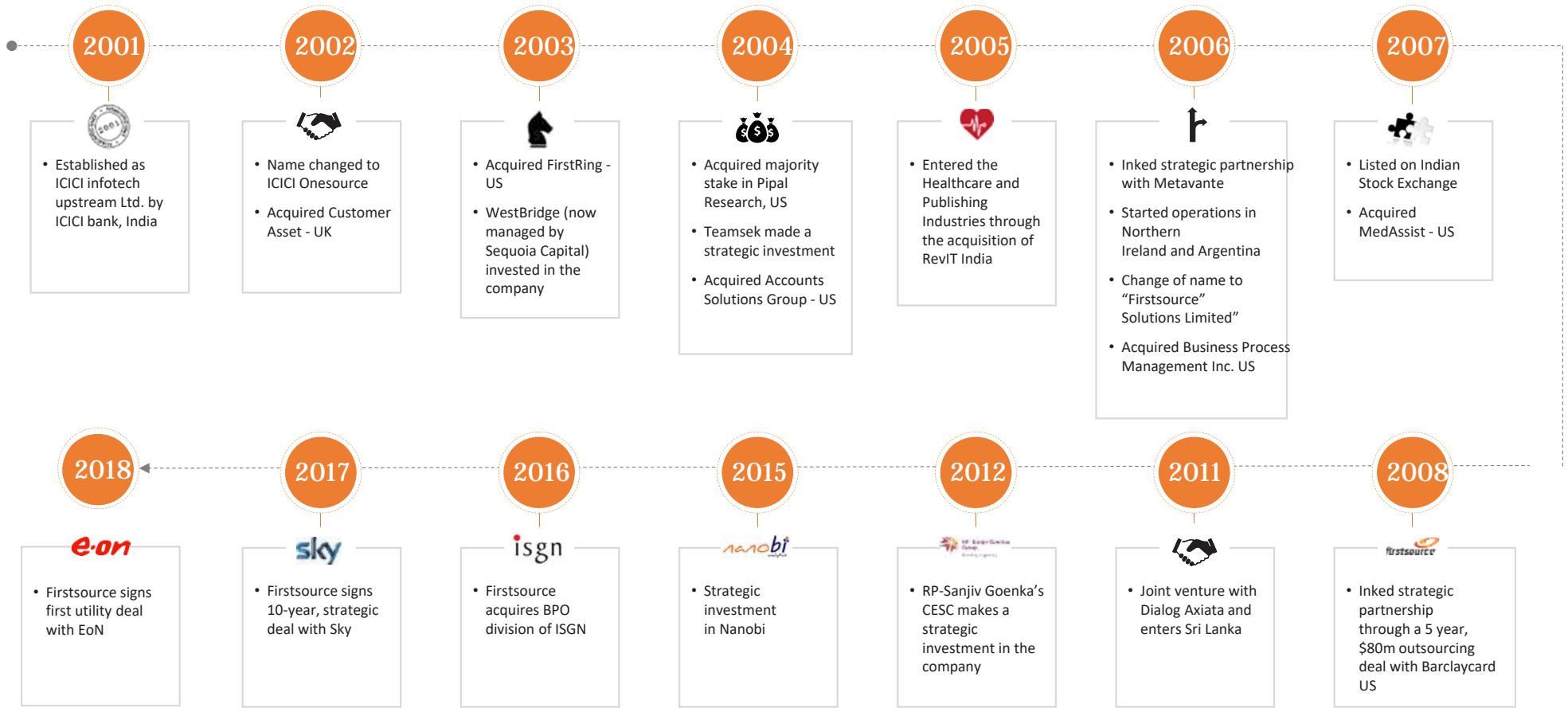
# An Overview



- Leading Scale Player**
  - Part of the RP-Sanjiv Goenka Group, Firstsource Solutions Limited is a leading provider of customised Business Process Management (BPM) services
- Founded**
  - In December 2001 by ICICI Ltd.
- Major Shareholders**
  - CESC Ventures Ltd (54.0%), Public and Others (46.0%)
- Service Offerings**
  - Full range of business process management services across the customer life cycle delivered through transaction processing, CRM, collections, receivables mgmt. and mortgage processing.
- Clients**
  - Healthcare: 5 of the top 10 Health insurance / managed care companies in the US and over 650+ hospitals in the US
  - Telecom & Media: 1 of the top 2 broadcasting and media companies in the UK, 2 of the top 6 telecom and broadcasting companies in the US and a leading Mobile Virtual Network Operator (MVNO) in the UK
  - BFSI: 1 of the top 3 motors and household lenders in the UK, 2 of the top auto brands in the US, 3 of the top 6 retail banks in the UK, 3 of the top 5 credit card issuers in the US, 4 of the top 10 lenders in the US and 5 of the top 10 mortgage servicers in the US
  - Utilities: 1 of the top 3 utility companies in the UK



# History & Milestones



# Corporate management - senior leadership



**Vipul Khanna**

Managing Director &  
Chief Executive Officer



**Venkataraman K. R.**

President & Chief Executive  
Officer, Healthcare



**Arjun Mitra**

President, Collections &  
Customer Management (US)



**Erik Anderson**

President & Chief Executive  
Officer, ISGN Solutions



**Sean Canning**

Chief Operational Officer,  
Customer Management



**Siddharth Parashar**

Chief Revenue Officer,  
Customer Management



**Dinesh Jain**

President &  
Chief Financial Officer



**Soma Pandey**

President & Chief Human  
Resources Officer



**Arun Tyagi**

Finance Controller & Head  
Operational Excellence CoE



**Rajlakshmi Raghavan**

Head, Marketing &  
Corporate Communications

# What we do

## We work across...



## To help our clients...



Drive transformation



Improve customer experience



Maximise revenues



Optimise costs



# Our global footprint

4 countries

36 centres

18,000+ people

## USA

17 centres / 3,650 Employees

- Amherst
- Colorado Springs
- Eugene
- Fort Scott
- Louisville
- Rockford
- Salt Lake City
- Kingston
- Medassist Ops Hubs (7)
- Palm Bay, FL
- Rocky Hill, CT

## UK

7 centres / 4,985 Employees

- Belfast
- Cardiff(2)
- Londonderry
- Middlesbrough
- Derby
- Warrington

## India

10 centres / 9,305 Employees

- Chennai (2)
- Mumbai (2)
- Bangalore (2)
- Trichy
- Puducherry
- Indore
- Vijayawada

## Philippines

2 centres / 610 Employees

- Manila
- Cebu

As on 30<sup>th</sup> June, 2019

# Partnering with the world's leading brands



## Healthcare



## Telecoms & Media



## BFSI

\* Partial client list



## Other industries





## Service Offerings

### Healthcare Provider

- Eligibility & enrollment
- Accounts receivables management
- Denial management (analytics/resolution/prevention)
- Hospital business office management

### Healthcare Payer

- Document processing (digital mailroom / Correspondence processing)
- Intelligent data capture
- Claims adjudication, adjustments and call tracking
- Provider data management
- Member enrollment, premium billing & eligibility services
- Member and provider contact center services
- Telehealth tech support

## Channel Competence

Phone



Email



Webchat



## Operations Footprint





# Telecoms & Media

## What We Do

Segments	Service Offerings
<ul style="list-style-type: none"> <li>Broadband/high speed internet (ISP)</li> <li>Wireless/mobile</li> <li>Cable and satellite TV (Pay TV)</li> <li>Wire line/fixed</li> </ul>	<ul style="list-style-type: none"> <li>Business transformation &amp; cost optimisation</li> <li>Omnichannel CX management</li> <li>Customer acquisition; servicing &amp; account management; retention; upsell; win back</li> <li>Route to market sales support</li> <li>Provisioning &amp; customer on-boarding</li> <li>Customer analytics &amp; insights</li> <li>Social media, forum &amp; community management</li> <li>Tier 1 &amp; 2 technical support</li> <li>Complaints management</li> <li>Billing &amp; payment processing</li> <li>Debt Collections and receivables management</li> <li>Field Engineer Support</li> </ul>

## Channel Competence

Phone	Email	Webchat	Social	Surveys	Mobile

## Operations Footprint

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# Banking, Financial Services & Insurance



## What We Do

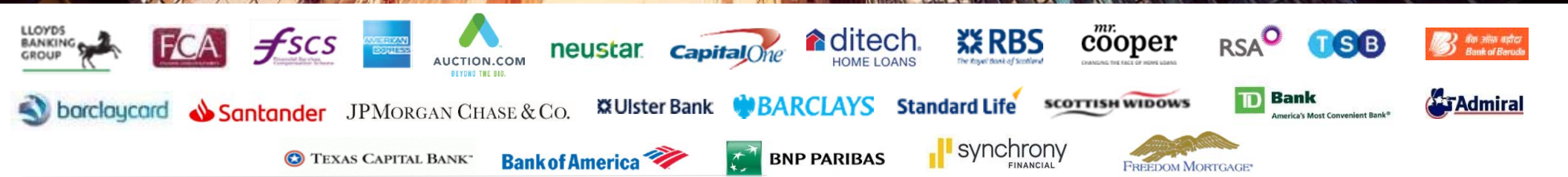
Segments	Service Offerings
<ul style="list-style-type: none"> <li>• Asset finance</li> <li>• Commercial Banking</li> <li>• Credit cards</li> <li>• Insurance</li> <li>• Mortgages</li> <li>• Retail banking</li> </ul>	<ul style="list-style-type: none"> <li>• Business transformation &amp; cost optimisation</li> <li>• Omnichannel CX management</li> <li>• Customer acquisition; servicing; retention; fulfilment</li> <li>• Customer analytics &amp; insights</li> <li>• End-to-end complaints &amp; remediation management</li> <li>• Mortgage origination &amp; servicing</li> <li>• Underwriting</li> <li>• Claims management</li> <li>• Credit management &amp; collections</li> <li>• Loan processing &amp; reconciliation</li> <li>• Billing &amp; payment processing</li> <li>• Invoice finance operations</li> </ul>

## Channel Competence

Phone	Email	Webchat	Social	Surveys	Mobile

## Operations Footprint

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# Utilities & other industries




## What We Do

Vertical Markets	Service Offerings
<ul style="list-style-type: none"><li>• Retail</li><li>• Travel</li><li>• Utilities</li></ul>	<ul style="list-style-type: none"><li>• Customer acquisition</li><li>• Credit management</li><li>• Customer service, retention &amp; fulfilment</li><li>• Complaints management</li><li>• Account servicing</li><li>• Research and analytics</li><li>• Customer service/tech support/ billing/retention</li></ul>

## Channel Competence

Phone	Email	Webchat	Social	Surveys	Mobile
					

## Operations Footprint

		
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# History of Firstsource Solutions Limited

- Firstsource Solutions Limited (“the Company”) was incorporated on December 6, 2001 under the Companies Act, 1956 by the name ICICI Infotech Upstream Limited. Subsequently, the Company’s name was changed to ICICI OneSource Limited on April 2, 2002 and later changed to Firstsource Solutions Limited on November 21, 2006.
- The registered office of the Company is located at 5th Floor, Paradigm ‘B’ Wing, Mindspace, Link Road, Malad (West), Mumbai - 400 064, India.
- The Company is engaged in the business of providing business process outsourcing (BPO) services across banking and financial services, telecommunications, media and healthcare industries.

# Board of Directors of Firstsource Solutions Limited



<u>Name of the Director</u>	<u>Category</u>
Mr. Sanjiv Goenka, Chairman	NI- NED
Mr. Vipul Khanna, Managing Director & CEO	ED
Ms. Grace Koshie	I-NED
Mr. V. K. Sharma	I-NED
Mr. Pradip Roy	I-NED
Mr. Pratip Chaudhuri	I-NED
Mr. Sunil Mitra	I-NED
Mr. Charles Richard Vernon Stagg	I-NED
Mr. Subrata Talukdar	NI-NED
Mr. Pradip Kumar Khaitan	NI-NED
Mr. Shashwat Goenka	NI-NED

*I-NED: Independent - Non Executive Director; NI-NED: Non-Independent – Non Executive Director; ED: Executive Director*



# Board Committees and their functions (1/5)

## Audit Committee

- Name of the Member
- Ms. Grace Koshie, Chairperson
- Mr. Pradip Roy
- Mr. Sunil Mitra
- Mr. Subrata Talukdar

### This Committee has now the following powers, role and terms of reference

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, reappointment, terms of appointment and, if required, the replacement or removal of the statutory auditors, and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other non-audit services rendered by the statutory auditors.
4. Reviewing, with the management, the quarterly/ annual standalone and consolidated financial statements and auditors' report thereon, before submission to the Board for approval.
5. To mandatory review the following information:
  - i. Management discussion and analysis of financial condition and results of operations
  - ii. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management
  - iii. Management letters/ letters of internal control weaknesses issued by the statutory auditors
  - iv. Internal audit reports relating to internal control weaknesses.
6. To review the functioning of the Whistle Blower/ Vigil mechanism.
7. To review the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding Rs. 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

# Board Committees and their functions (2/5)

## Nomination and Remuneration Committee

- Name of the Member
- Mr. Pradip Roy, Chairman
- Mr. Pratip Chaudhuri
- Mr. Subrata Talukdar

### This Committee has now the following powers, role and terms of reference

1. To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
2. To formulate the criteria for evaluation of Independent Directors and the Board and to carry out the evaluation of every Director's performance.
3. To recommend/ approve remuneration of Executive Directors and any increase therein from time to time, within the limit approved by the members of the Company.
4. To decide the overall compensation structure/ policy for the employees, senior management and Directors of the Company including ratio of fixed and performance pay, Performance parameters etc.
5. To approve rating of Company's performance for the purpose of payment of annual bonus/ performance incentive to employees and Executive Director(s) of the Company.
6. To recommend amendment to Employees Stock Option Scheme of the Company or to recommend any such new Scheme for approval of members of the Company.
7. To approve grant of stock options to Directors and employees of the Company.
8. To recommend to the Board, all remuneration, in whatever form, payable to senior management.

# Board Committees and their functions (3/5)

## Stakeholders Relationship Committee

- Name of the Member
- Mr. Subrata Talukdar, Chairman
- Mr. Vipul Khanna
- Mr. Pradip Roy

### This Committee has now the following powers, role and terms of reference

1. The Committee specifically look into the various aspects of interest of shareholders, debenture holders and other security holders.
2. To resolve the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
3. To review of measures taken for effective exercise of voting rights by shareholders.
4. To review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
5. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.



# Board Committees and their functions (4/5)

## Corporate Social Responsibility Committee

- Name of the Member
- Mr. Shashwat Goenka , Chairman
- Mr. Vipul Khanna
- Mr. Pradip Roy
- Mr. Subrata Talukdar

*The Board had constituted Corporate Social Responsibility Committee on May 2, 2014 in terms of section 135 of the Companies Act, 2013.*

### This Committee has now the following powers, role and terms of reference

1. To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
2. To recommend the amount of expenditure to be incurred on the activities referred in clause (a) above and
3. To monitor the Corporate Social Responsibility Policy of the Company from time to time.

## Board Committees and their functions (5/5)

- **Investment Committee**

The Committee comprises of Mr. Shashwat Goenka, Chairman, Mr. Vipul Khanna, Mr. Pradip Roy and Mr. Subrata Talukdar. It reviews the investment decisions made by the Management, ensures adherence to the 'Investment Policy' of the Company and approves modifications to the Investment Policy as may be required from time to time.

- **Strategy Committee**

The Committee comprises of Mr. Shashwat Goenka, Chairman, Mr. Vipul Khanna and Mr. Subrata Talukdar. It deliberates on various strategic initiatives from time to time.

## Policies/ Code applicable to the Directors

- Code of conduct for Non-executive and Independent Directors Policy
- Firstsource Solutions Code of Conduct for Prevention of Insider Trading
- Code for Independent Directors
- Whistle Blower Policy
- Related Party transactions Policy



# Roles, responsibilities, duties and rights as a Directors (1/2)



## Role and functions

The independent directors shall:

- Help in bringing an independent judgement to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.
- Bring an objective view in the evaluation of the performance of board and management.
- Scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.
- Satisfy themselves on the integrity of financial information and that financial control and the systems of risk management are robust and defensible.
- Help in bringing an independent judgment to bear on
- Safeguard the interests of all stakeholders, particularly the minority shareholders.
- Balance the conflicting interest of the stakeholders.
- Determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management.
- Moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

# Roles, responsibilities, duties and rights as a Directors (2/2)



## Duties

The independent directors shall:

- Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- Seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- Strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- Participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- Strive to attend the general meetings of the company;
- Where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting.
- Keep themselves well informed about the company and the external environment in which it operates.
- Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board.
- Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company.
- Ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use.
- Report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy.
- Acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees.
- Not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

# Shareholding Pattern as on July 26, 2019

SN	Category	No. of Shareholders	%	No. of Shares	%
1.	CESC VENTURES LIMITED	1	0.00	373,976,673	53.96
2.	NATIONALISED BANKS	2	0.00	45,400	0.01
3.	OTHER BANKS	4	0.00	34,073,284	4.92
4.	FOREIGN INSTITUTIONAL INVESTORS(FIIS)	112	0.07	65,869,953	9.50
5.	FOREIGN COMPANIES/BANKS	4	0.00	2,681,675	0.39
6.	NON-RESIDENTS	2,058	1.23	7,637,809	1.10
7.	MUTUAL FUNDS	4	0.00	40,340,098	5.82
8.	BODIES CORPORATES	1,308	0.78	19,125,964	2.76
9.	NBFCS REGISTERED WITH RBI	11	0.01	105,021	0.02
10.	PROVIDENT FUND-PENSION FUND	1	0.00	226,000	0.03
11.	RESIDENT INDIANS	163,724	97.91	148,927,714	21.49
	<b>TOTAL</b>	<b>167,229</b>	<b>100.00</b>	<b>693,009,591</b>	<b>100.00</b>

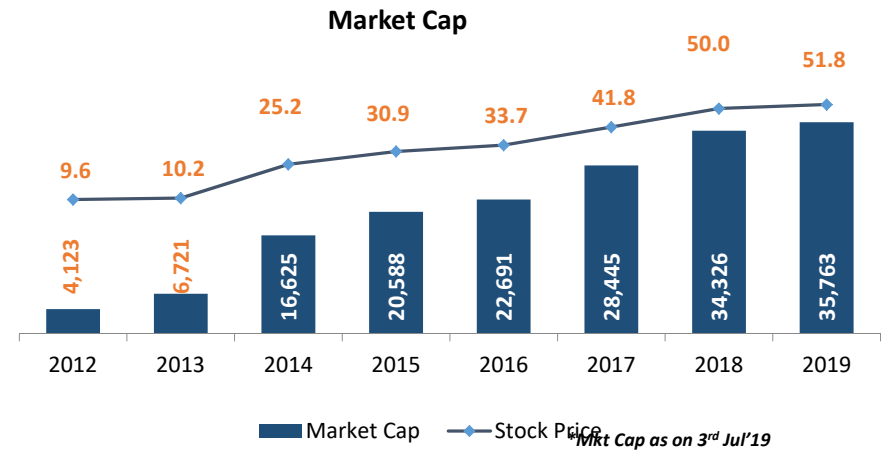
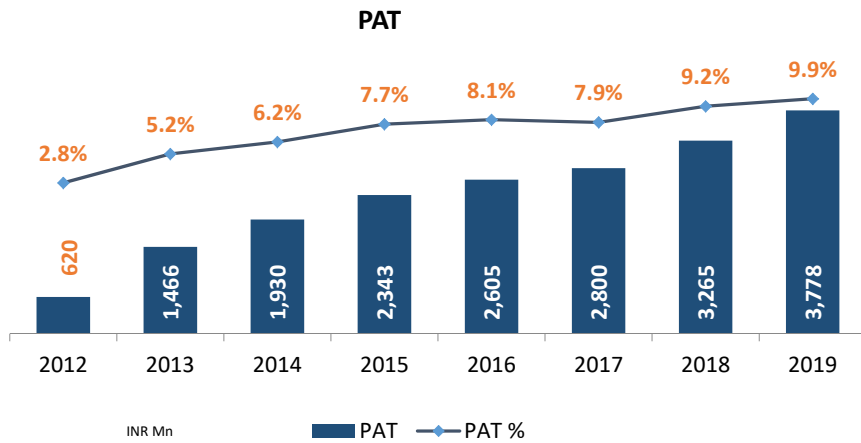
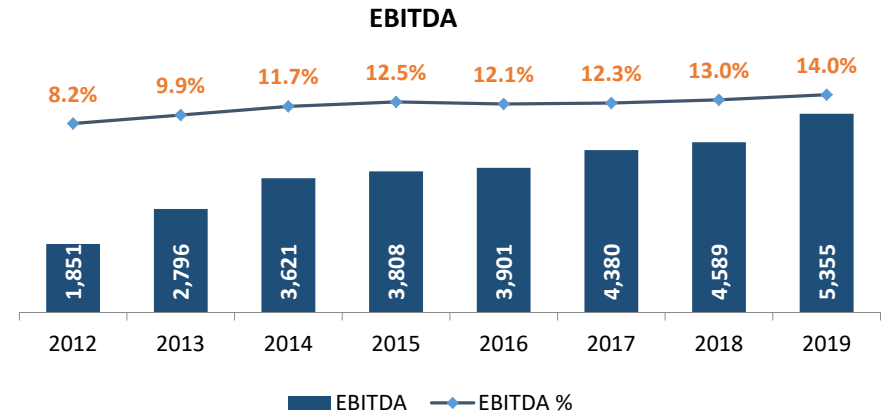
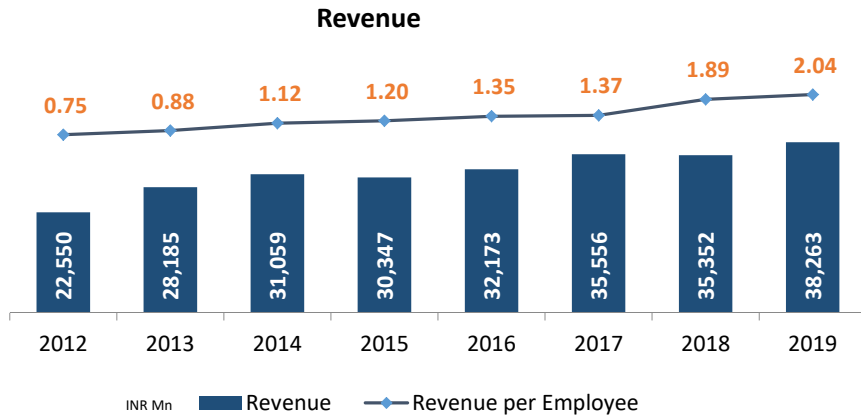




# Contents

- 01 | Overview
- 02 | Financial Summary
- 03 | Business Outlook

# Financial Performance



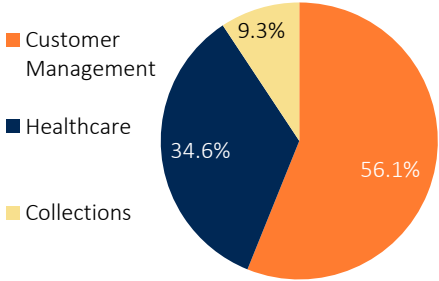
# Revenue distribution



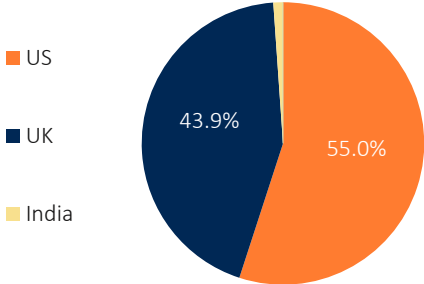
## Revenues FY 2019

INR – 38,263 Mn

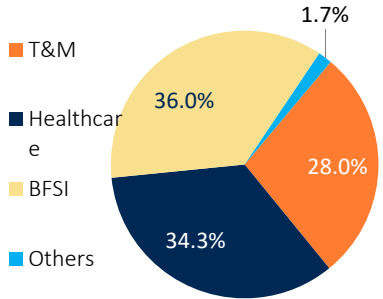
Revenue distribution by segments



Revenue distribution by geography



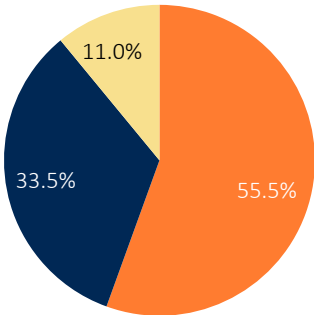
Revenue distribution by industry



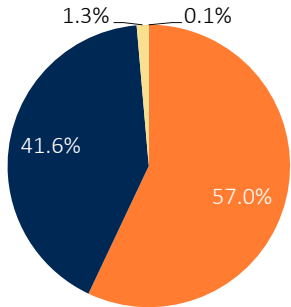
## Revenues Q1 FY 2020

INR – 9,798 Mn

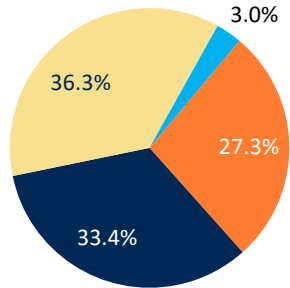
Revenue distribution by segments



Revenue distribution by geography



Revenue distribution by industry





# Q1 FY2020 Executive Summary

**Revenues: Q1FY'20 Revenues at ₹ 9,798 million, Q4 FY'19 at ₹ 9,672 million, Q1FY'19 at ₹ 9,191 million**

- Y-o-Y growth of 6.6% in Rupee terms; growth of 5.2% in constant currency
- Q-o-Q growth of 1.3% in Rupee terms; growth of 2.0% in constant currency

**Normalized EBITDA: Q1FY'20 EBITDA of ₹ 1,373 million, or 14.0% of Revenues**

- Q-o-Q lower by ₹ 11 million or 0.8% de-growth; Margin reduction of 0.3%
- Y-o-Y higher by ₹ 92 million or 7.2% growth; Margin expansion of 0.1%
- Adjusted for Ind AS-116 EBITDA of ₹ 1,657 million, or 16.9% of Revenues

**Normalized EBIT: Q1FY'20 Operating EBIT of ₹ 1,175 million or 12.0% of Revenues**

- Q-o-Q lower by ₹ 20 million or 1.7% de-growth; Margin reduction of 0.4%
- Y-o-Y higher by ₹ 73 million or 6.7% growth; Margin flat YoY
- Adjusted for Ind AS-116, EBIT of ₹ 1,217 million or 12.4% of Revenues

**PAT: Q1FY'20 PAT of ₹ 912 million or 9.3% of Revenues**

- Q-o-Q lower by ₹ 71 million or 7.2% de-growth; Margin reduction of 0.9%
- Y-o-Y higher by ₹ 26 million or 2.9% growth; Margin reduction of 0.3%

**Cash & Cash equivalent as of June 30<sup>th</sup>, 2019 at ₹1,887 million vs. ₹ 1,691 million as of March 31<sup>st</sup>, 2019**

# Financial Performance



In ₹ million	Q1 FY 2020	Q4 FY 2019	Q1 FY 2019
Income from services	9,669	9,642	9,060
Other operating Income	129	30	131
Revenue from operations	9,798	9,672	9,191
Personnel and Operating Expense	8,141	8,288	7,910
Operating EBITDA	1,657	1,384	1,281
<i>Operating EBITDA %</i>	<i>16.9%</i>	<i>14.3%</i>	<i>13.9%</i>
Depreciation / amortization	439	190	180
Operating EBIT	1,217	1,195	1,101
<i>Operating EBIT %</i>	<i>12.4%</i>	<i>12.4%</i>	<i>12.0%</i>
Other Income / (expense)	(34)	(25)	10
Interest Income / (expense), net	(48)	(57)	(56)
Interest Expense, IND AS 116	(67)	-	-
PBT	1,069	1,112	1,055
<i>PBT (% of total income)</i>	<i>10.9%</i>	<i>11.5%</i>	<i>11.5%</i>
Taxes and Minority Interest	157	130	169
PAT	912	982	886
<i>PAT (% of total income)</i>	<i>9.3%</i>	<i>10.2%</i>	<i>9.6%</i>

In ₹ million	FY 2019	FY 2018
Income from services	37,867	34,315
Other operating Income	396	1,037
Revenue from operations	38,263	35,352
Personnel and Operating Expense	32,908	30,763
Operating EBITDA	5,355	4,589
<i>Operating EBITDA %</i>	<i>14.0%</i>	<i>13.0%</i>
Depreciation / amortization	744	659
Operating EBIT	4,610	3,930
<i>Operating EBIT %</i>	<i>12.0%</i>	<i>11.1%</i>
Other Income / (expense)	(26)	(11)
Interest Income / (expense), net	(225)	(338)
PBT	4,359	3,580
<i>PBT (% of total income)</i>	<i>11.4%</i>	<i>10.1%</i>
Taxes and Minority Interest	581	314
PAT	3,778	3,265
<i>PAT (% of total income)</i>	<i>9.9%</i>	<i>9.2%</i>



# Contents

- 01 | Overview
- 02 | Financial Summary
- 03 | Business Outlook



# Business Outlook



- Growth momentum continued driven by macro-tailwinds coupled with new business wins
  - BFSI (US & UK), Healthcare Provider and Utilities to drive growth
  - Surge in the refinance volumes in the Mortgage business driven by decline in interest rates in the US
  - Offshore business experiencing growth with US and UK customers
- Pipeline across businesses is robust; focus on long term digital led engagements
- Low unemployment rates in US and UK coupled with Brexit uncertainty continues to impact availability of talent
- Revenue growth guidance maintained at 7-9% in constant currency with margin expansion of 50-75 bps



## Helping customers stay ahead of the curve through transformational technologies and capabilities

Firstsource is a leading provider of customised Business Process Management (BPM) services. We specialise 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.

[www.firstsource.com](http://www.firstsource.com)