

A black and white photograph of a business meeting. A person in a suit is holding a clipboard with a pen, pointing at a document that contains various charts and graphs. A laptop is visible in the foreground on the left. The background is slightly blurred, showing other people and office furniture.

INVESTOR PRESENTATION

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.

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 17.7 years

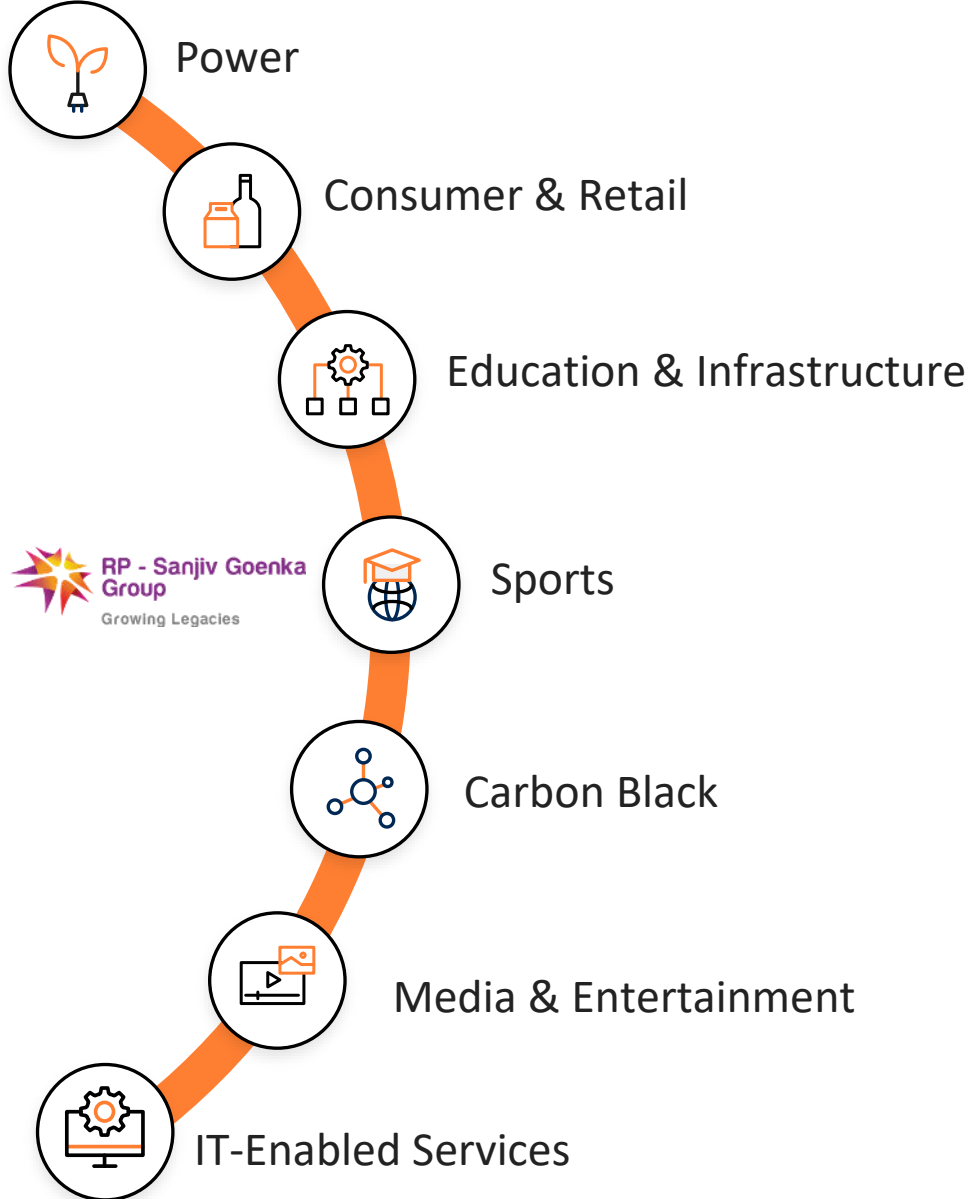


25,947* Firstsourcers
across US, UK, India, Philippines and Mexico
*As on 31st Dec. 2023



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

Part of RP-Sanjiv Goenka Group



RP - Sanjiv Goenka Group
Growing Legacies



Combined Revenues
US\$4.5 Billion*

Asset Base
US\$6 Billion*

Shareholders
1 Million+*

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



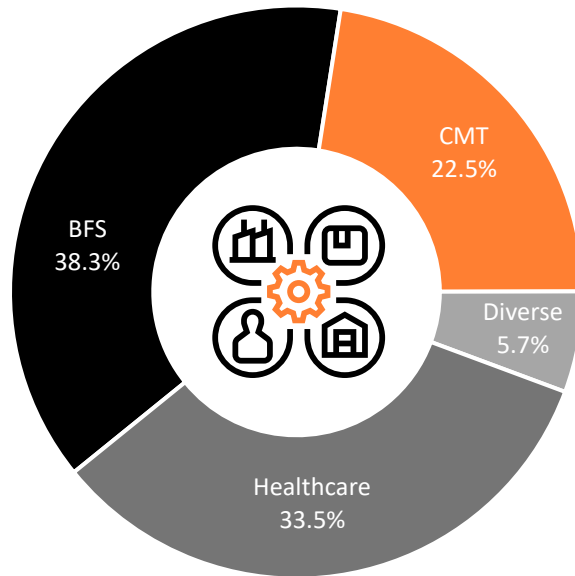
Banking & Financial Services

- ▶ 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

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

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



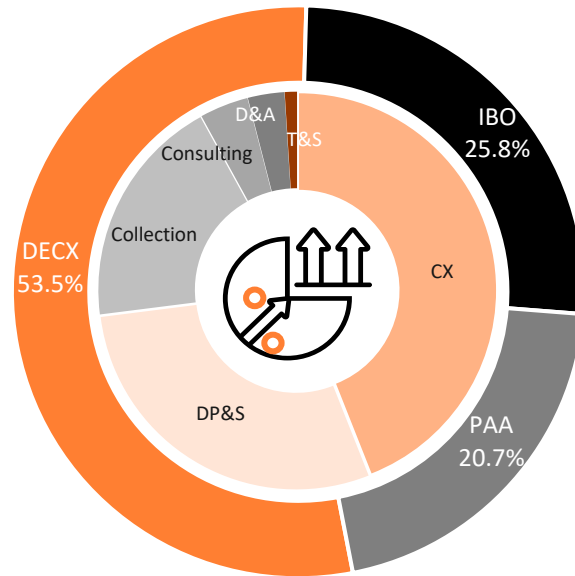
Consulting

- ☑ 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**



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 telecom and media companies globally**, to provide core customer support and RPA implementation at its UK operations

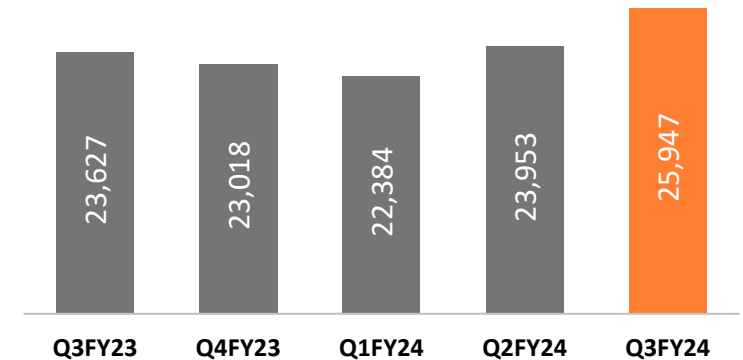


Working with **two of the largest consumer tech companies globally** on training their proprietary AI tool leveraging its AI Ops framework

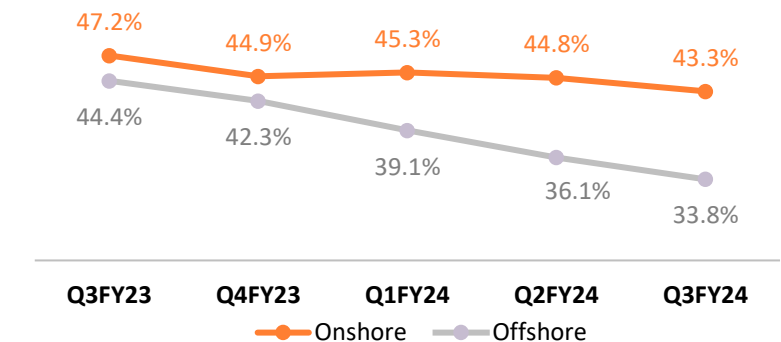


Additional business from one of the **largest utilities companies in the UK**, to provide core customer support

Total headcount

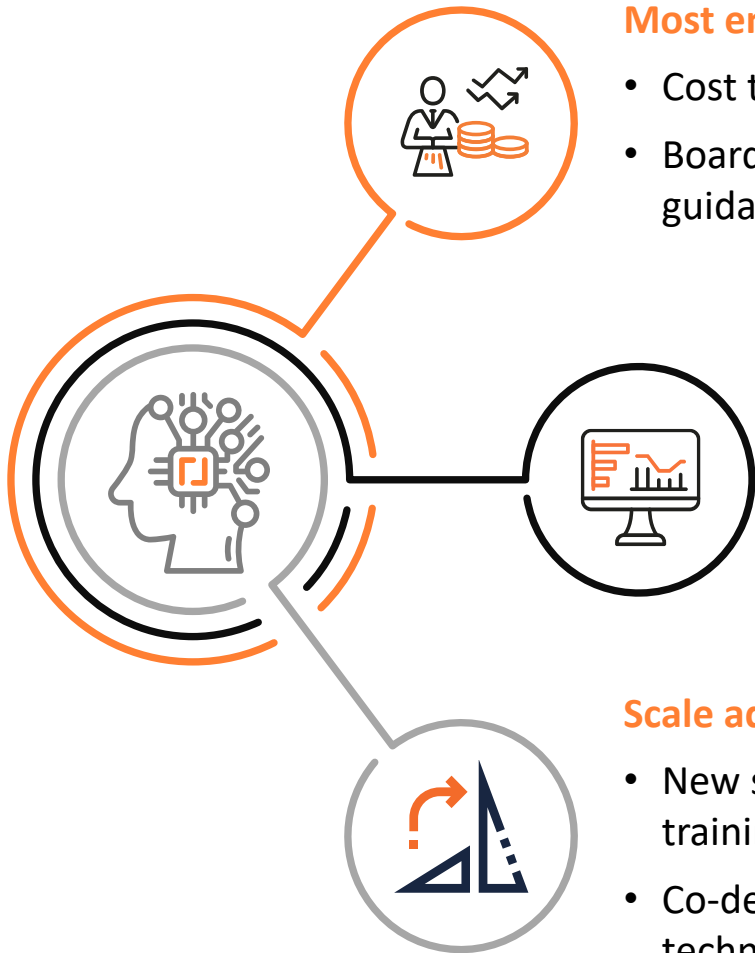


Attrition*



*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

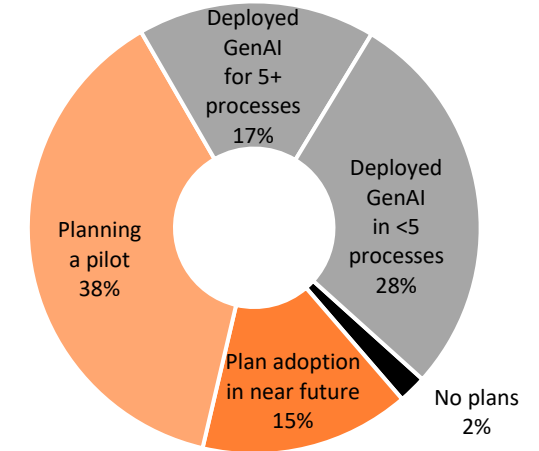
Focus is on improving data quality/PoCs

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

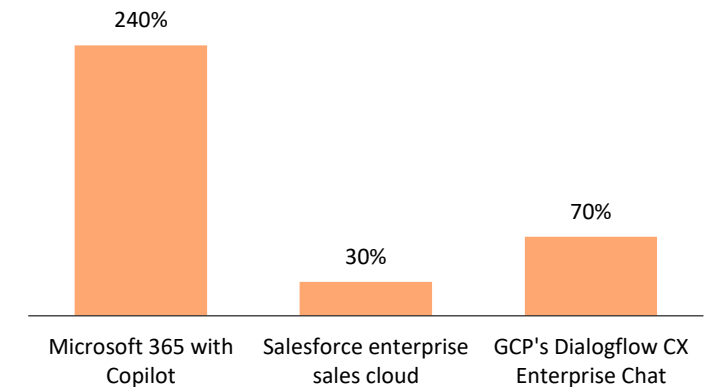
Scale adoption to open new market opportunities

- 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*

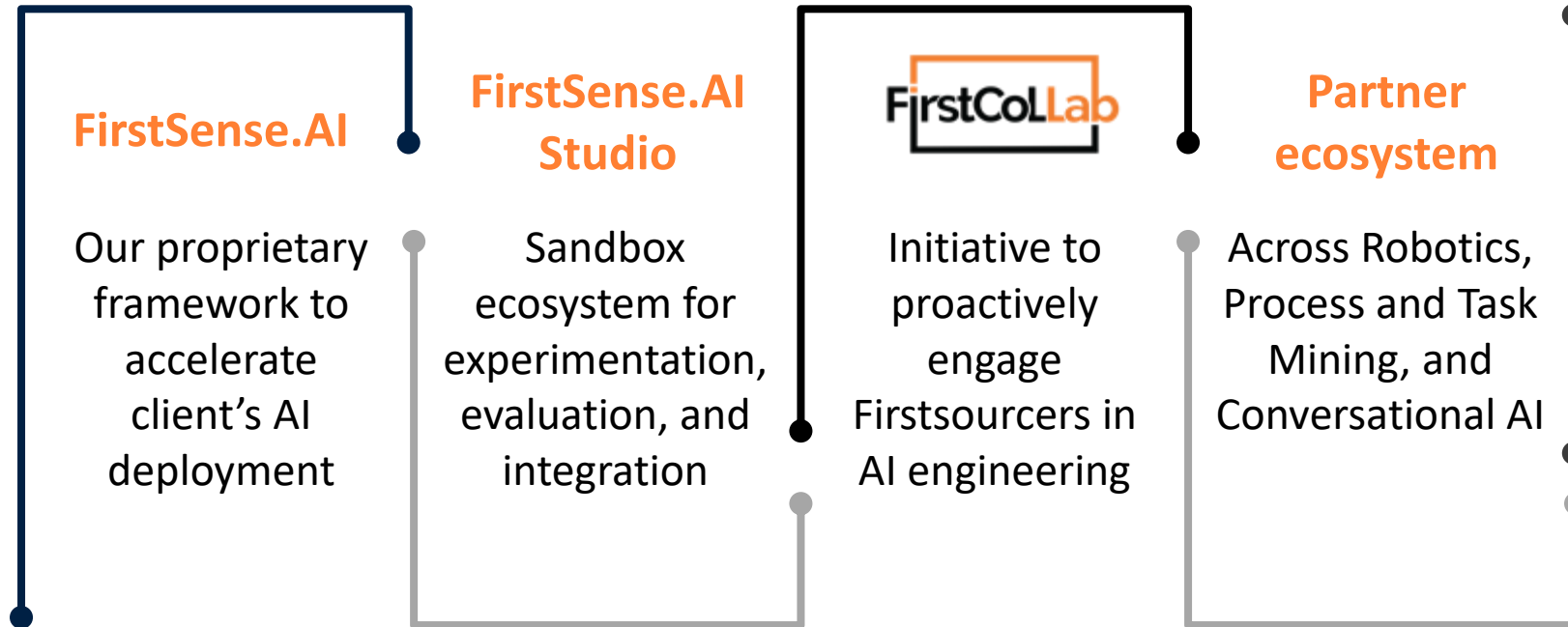


Incremental cost of GenAI#



*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 **130+ use cases** spanning across industries

Completed **35+ POCs; 5+ co-pilots** in production*

First **batch of trainees** on prompt engineering

*As on 31st Dec. 2023

We are socially **conscious**

Firstsource Solutions Limited
Professional Services

Sustainability Yearbook Member

S&P Global Corporate Sustainability
Assessment (CSA) Score 2023

S&P Global CSA Score 2023: 32/100
Score date: February 7, 2024
The S&P Global Corporate Sustainability Assessment (CSA) Score is the S&P Global ESG Score without the inclusion of any modelling approaches. Position and scores are industry specific and reflect exclusion screening criteria. Learn more at <https://www.spglobal.com/esg/csa/yearbook/methodology/>



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](https://www.spglobal.com/esg/scores)

Investing in the future:
People. Platforms. Purpose. **ESG**

Firstsource ESG Report FY 2022-23

Read our FY23 ESG report

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

Score of **62** on the CSA metric as well as on the ESG metric in the **first year** of participation

Included in the S&P Global Sustainability Yearbook 2024, **one of only three Indian IT & ITES companies** listed

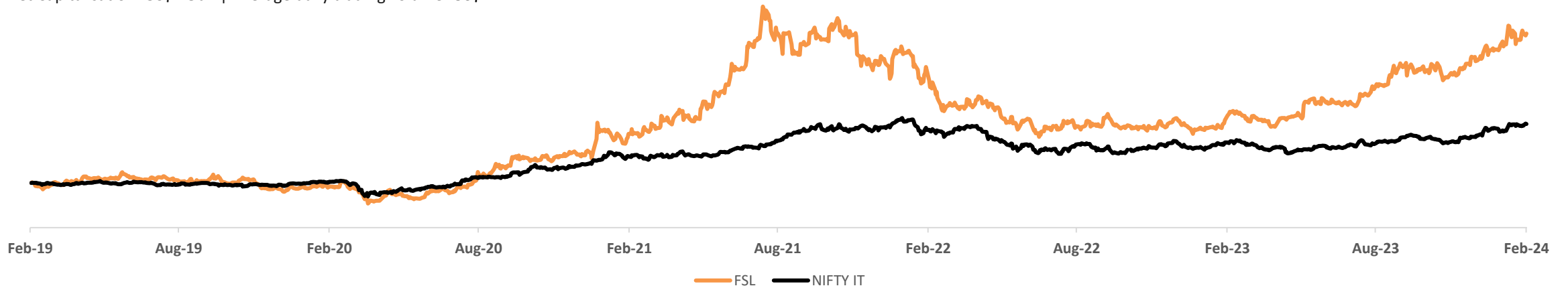
Environment	Social	Governance
<p>65% Increase in consumption of RE vs FY22 (India)</p>	<p>46% of the total workforce comprise of women</p>	<p>50% of the Board are Independent Directors</p>
<p>24% Renewable energy mix (India)</p>	<p>Level 3 Disability Confident Leader in the UK</p>	<p>10% of Independent Directors are Women</p>
<p>4 Offices are Green Building Certified</p>	<p>15,298 CSR – Hours of Volunteering</p>	<p>54% Promoter shareholding</p>
<p>100% Waste disposed to waste handler</p>	<p>INR 68.4 Mn Spent directly through our CSR Initiatives</p>	<p>Zero Political contributions</p>
<p>77% Reduction in Scope 1 emission vs. FY22</p>	<p>70% New suppliers screened on E&S KPI</p>	<p>Zero Cases of insider trading</p>

RE: Renewable Energy

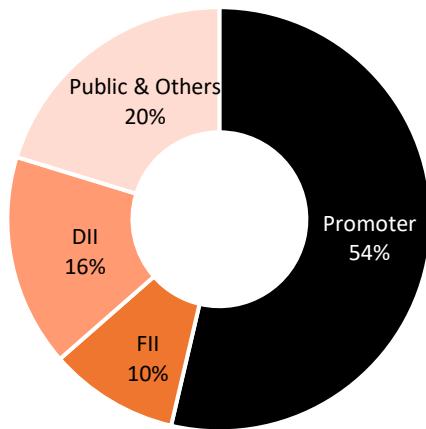
And **focused** on shareholder value creation

5 Years Stock Performance

NSE: **FSL** | BSE: **532809** | Reuters: **FISO.BO** | Bloomberg: **FSOL:IN**
 Market Capitalisation: **US\$1.8bn** | Average daily trading volume: **US\$ 7mn**



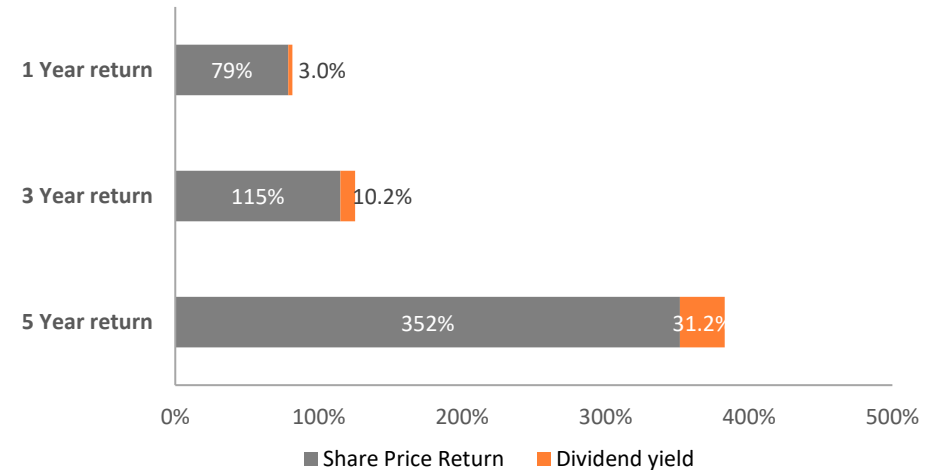
Shareholding Pattern*



Key institutional shareholders

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

Total Shareholder Return




*As on 31st Dec. 2023

All stock price data based on closing prices as of 6th Feb. 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



Vivek Sharma
—
Head – Comm, Media & Tech, Banking & Fin. Services 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

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...

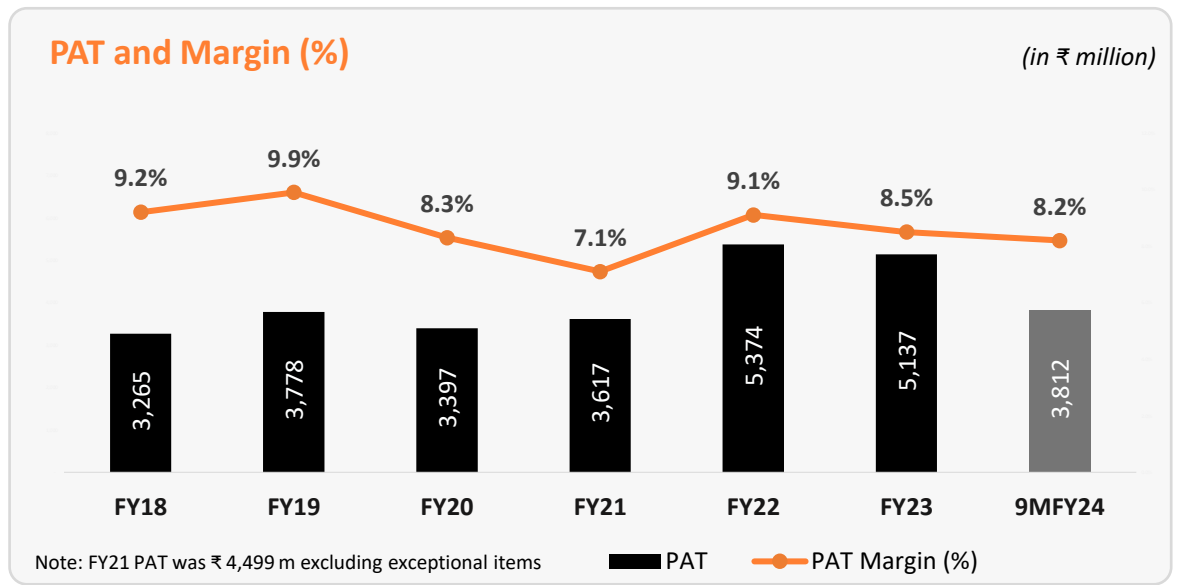
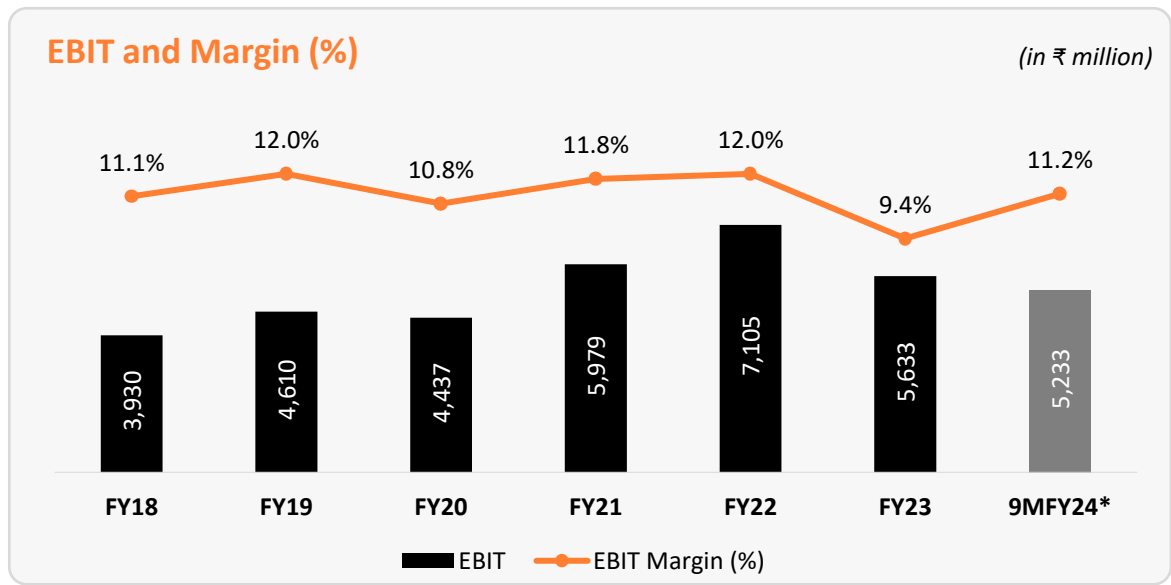
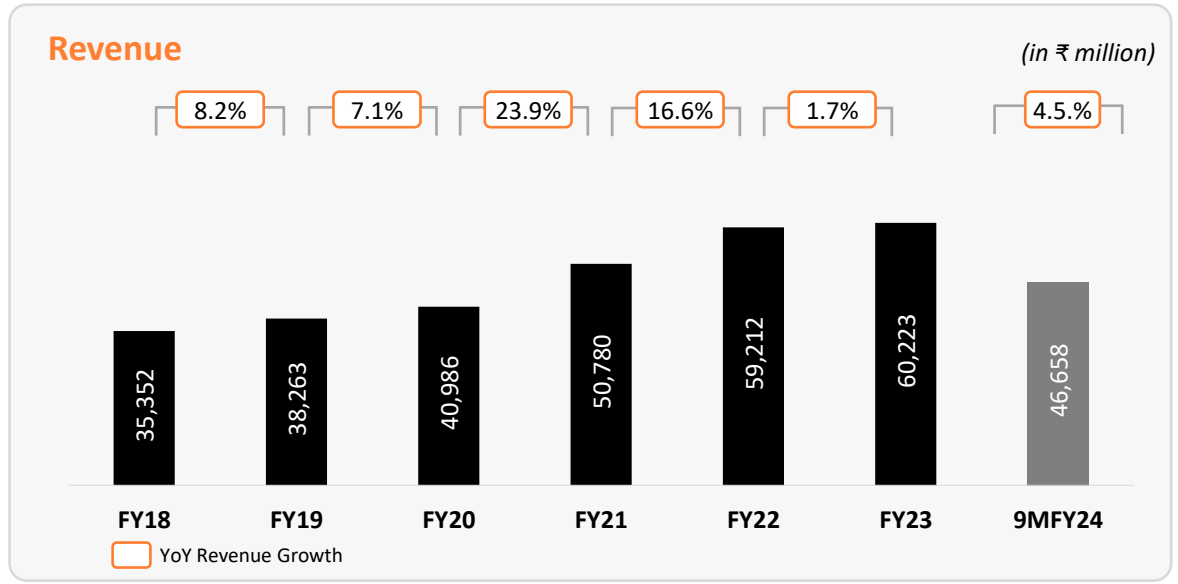
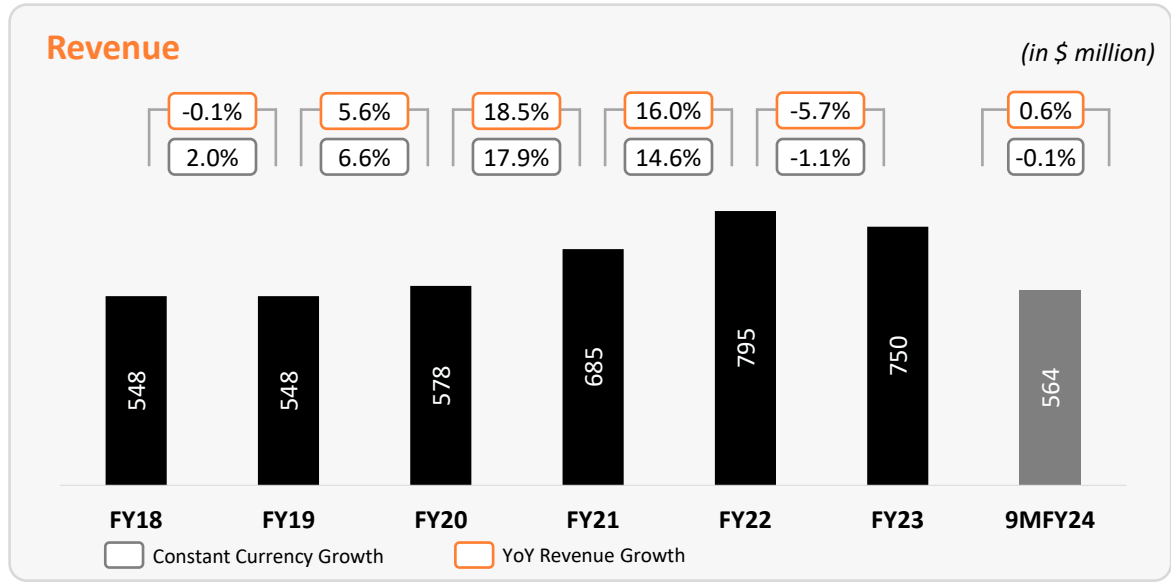
- ⦿ Focus on account mining and expanding capabilities
- ⦿ Speed-to-market, clear accountability and improved market visibility are key imperatives

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

- ⦿ Q3FY24 deal wins highest in the last three years
- ⦿ Highest ever exit deal pipeline (as of Q3FY24-end)

Factsheet

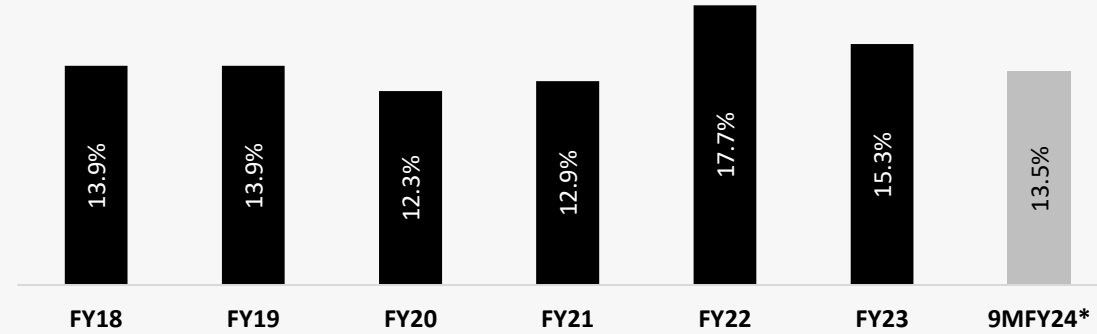
Financial performance snapshot



*Normalised for one-time charges in Q2FY24

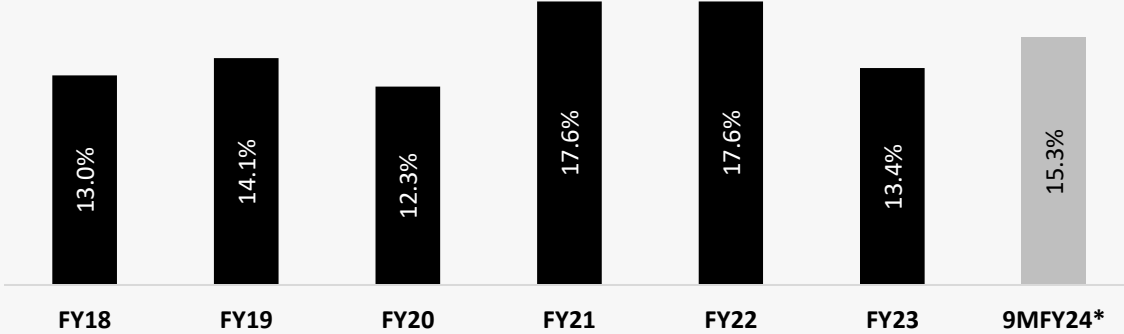
Key performance indicators

Return on Equity (%)



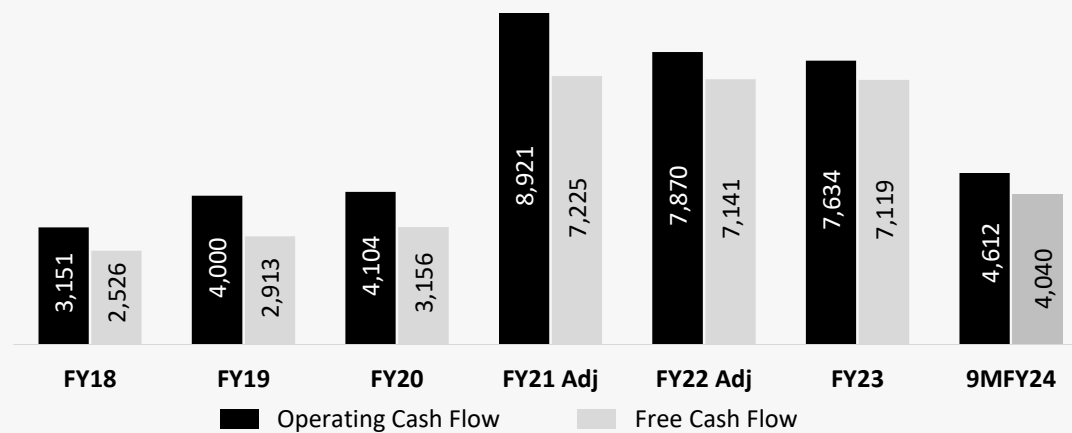
Note: FY21 ROE was 16.1% excluding exceptional items

Return on Capital Employed (%)

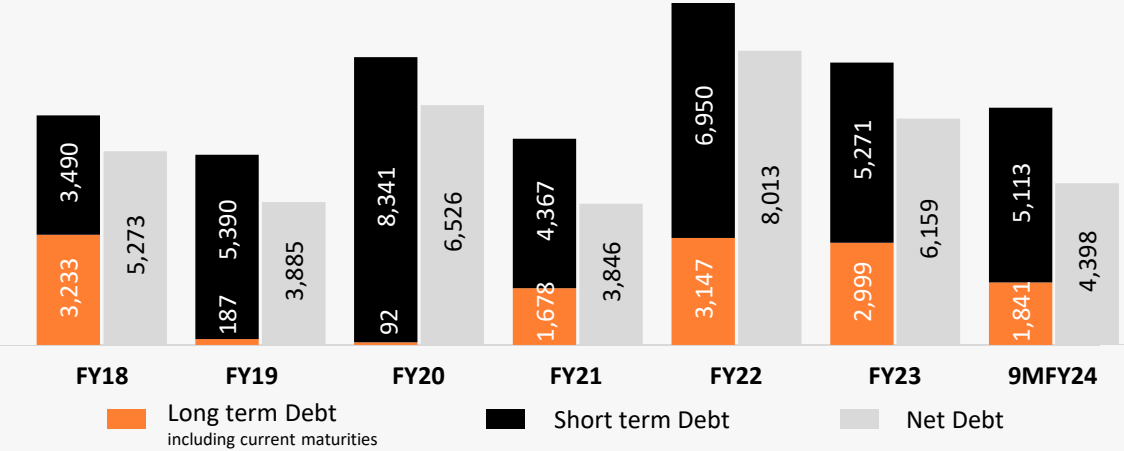


Cash Flow

(in ₹ million)



(in ₹ million)



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

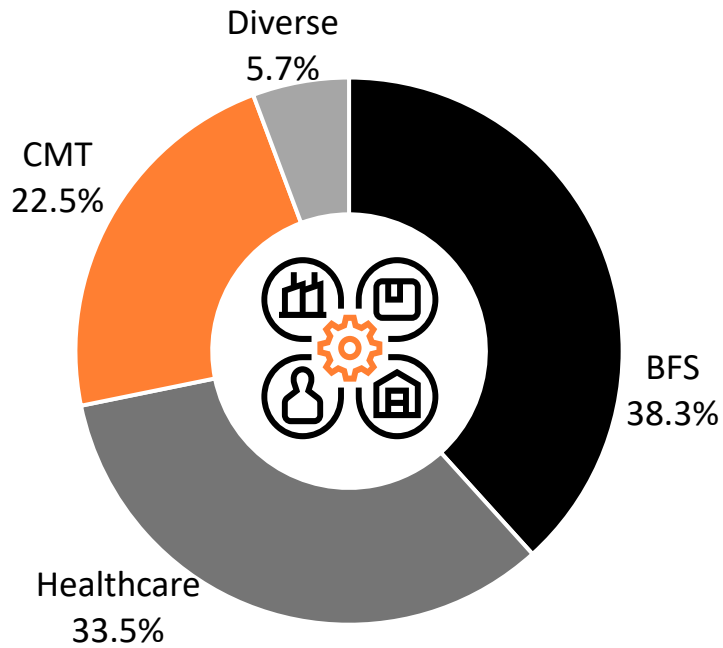
9MFY23 at 5.31 per share
TTM EPS at ₹ 7.46 per share

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

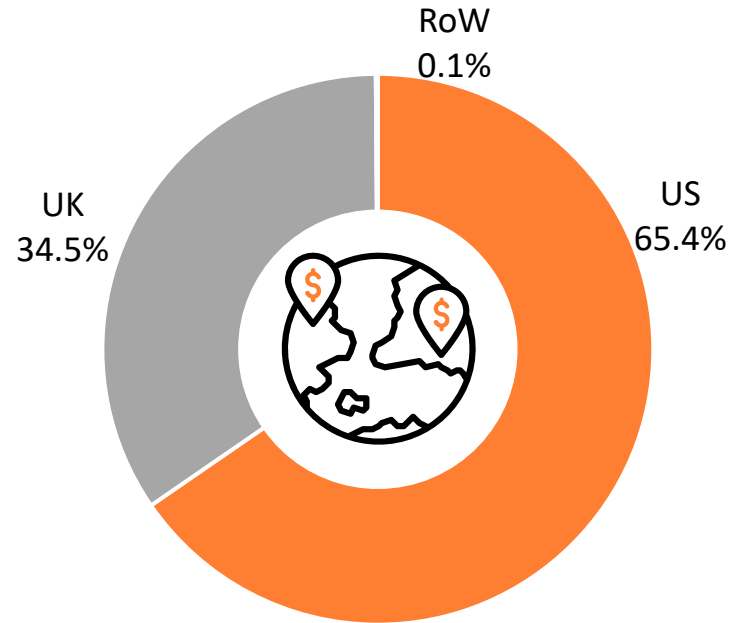
Revenue split | Q3FY24

Revenue split by verticals



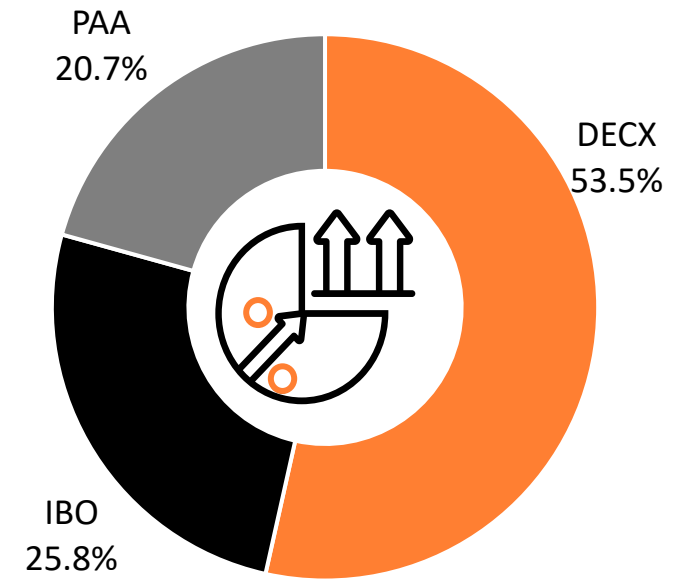
Banking & Financial Services (BFS)	Healthcare
Communication, Media & Tech (CMT)	Diverse Industries

Revenue split by geography



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

Revenue split by service lines



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

FY24 business outlook

0.5-1.5%
constant currency
revenue growth



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

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)	18	-	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>-</i>	<i>-</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>	<i>-</i>	<i>-</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>(0.5) 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 [#]	(12.1%)	(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 exceptional other income related to 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	115.38	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	-
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)
<i>Net cash generated from / (used in) Operating Activities (A)</i>	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
<i>Net cash generated from / (used in) Investing Activities (B)</i>	(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)
<i>Net cash generated from / (used in) Financing Activities (C)</i>	(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
<i>Closing Cash and Cash Equivalents</i>	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

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