

# Business Standard

## Dollar and Pound volatility impacts Firstsource's profit

Company's exposure to the two currencies is to the tune of 93.4% of its revenue

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Kolkata-based RP-Sanjiv Goenka Group's business process

*Sanjiv Goenka interacts with media during the announcement of the financial results of Fourth Quarter of Firstsource Solutions Limited in Kolkata on Friday. Photo: PTI*

outsourcing (BPO) wing, Firstsource Solutions Ltd (FSL) is likely to post muted growth in the ongoing fiscal quarter as global currency volatility is dragging down its bottom line and the businesses in the US and UK are undergoing a phase of flux on account of changes in US policies and Brexit.

The company's exposure to the US Dollar and the British Pound is about 93.4 per cent of its revenue. While the US Dollar is used as the currency to conduct 55.4 per cent of its business, the British Pound makes up for the remaining 38 per cent.

"The growth in the first quarter (of the current fiscal year) is likely to be muted but the benefits of the contract with Sky will start coming in from the second quarter which will boost growth further", Sanjiv Goenka, chairman of the RP-SG Group said.

During the quarter ended March 31, 2017, the company posted a 15.7 per cent decline in its net profit at Rs. 65.3 crore as against the net profit of Rs. 77.5 crore in the similar quarter of the 2015-16 fiscal year. Its

revenue increased by only 2.6 per cent at Rs. 892.3 crore during the fourth quarter.

For the 2016-17 fiscal year, though the company was able to post a 10.5 per cent growth in its topline at Rs. 3556 crore, its net profit grew by 7.5 per cent at Rs. 280 crore despite the company signing a 10-year deal with Sky, estimated at Rs. 12,000 crore.

As per Goenka, the company's bottom line was impacted by Rs 35 crore on account of the currency volatility.

It now plans to increase its mortgage services business to the UK as well from the existing base in the USA. This line of business, as per Goenka, was impacted after Donald Trump was voted to power as the US president.

"However, afterwards, this business recovered and is now steady", he said.

Besides, RP-SG is also on the lookout to acquire more companies to expand the BPO business. Goenka, however, did not give further details on the plan.

It is reducing its outstanding dues by paying \$11.25 million every quarter and hopes in the next six quarters, it will be pay off the entire outstanding debt provided it doesn't make further investments by raising debt.

In India, the company will be re-looking at non-profit generating clients but is yet to take a final call on the same.