

Firstsource inks pact with Sky

OUR SPECIAL CORRESPONDENT

Calcutta, Jan. 31: BPO company Firstsource Solutions has signed an outsourcing contract with media major Sky, valuing a 10-year deal at around Rs 12,000 crore.

Under the agreement, Firstsource, part of the RP-Sanjiv Goenka group, will provide customer support to Sky's television and broadband offerings in the UK, generating revenues of Rs 350-400 crore in the first year itself.

The agreement follows Sky's decision to consolidate its outsourced services under the core TV and broadband business into one strategic partnership.

"Sky, which is Europe's largest entertainment company, contract will be a game-changer for Firstsource. It may be one of the largest BPO deals ever won by an India firm," Sanjiv Goenka, chairman of the RP-Sanjiv Goenka group, said. However, he declined to confirm the deal size.

The contract is an expanded arrangement that Sky, controlled by media mogul Rupert Murdoch, already has with Firstsource for more than a decade.

Besides the existing 4,000 people working on behalf of Sky, the extended partnership has resulted in 300 people based in Warrington being transferred to Firstsource



Goenka: New game plan

from September. Another 900 employees in Derby will join in March.

Following the agreement, which was finalised after the Brexit vote, the UK will be the largest market for Firstsource followed by the US.

Goenka declined to comment on the impact of the UK exiting the European Union or Trump administration in the US introducing protectionist measures.

Brexit already has impacted Firstsource's profitability as it took a Rs 14-crore hit in the last quarter following a plunge in the pound.

The company had declared a consolidated net profit of Rs 69.7 crore for the third quarter ended December, up 4 per cent from Rs 67.6 crore in the same period a year ago. Total income increased to Rs 886.81 crore from Rs 820.65 crore a year ago.

Goenka said the company

also won a \$45-million contract from Bank of Baroda, taking its entire sales pipeline to \$360 million. After the RP-Sanjiv Goenka group took over the company, Firstsource's net debt fell to \$72 million from \$250 million a year ago.

CESC restructuring

Goenka today scotched rumour that he would sell Firstsource.

However, he declined to comment on the possibility that group flagship CESC would come up with a restructuring plan that might result in the power generation, transmission & distribution and retail businesses getting demerged into separate entities and listed on the bourses.

"We are in the silent period. The CESC board will meet on February 10 to declare the result," he said.

The CESC stock had hit a multi-year high last week on speculation that the company would unveil a restructuring plan shortly. Sources said suggestions had been tabled and the management was looking into the tax and regulatory angles.

CESC is a repository of several businesses, including power generation (CESC, Haldia Energy, DIL), distribution (Calcutta, Noida, Kota & Bharatpur), retail (Spencer's) and real estate (Quest Mall, Haldia development) and sporting assets (IPL and ISL franchisee).