8th July 2022

National Stock Exchange of India Limited
Exchange Plaza,
Plot no. C/1, G Block,
Bandra-Kurla Complex,
Bandra (East),
Mumbai - 400 051
(Stock Code: "FSL")

BSE Limited
Phiroze Jeejeebhoy
Towers,
Dalal Street,
Mumbai - 400 001
(Scrip code: "532809")

Dear Madam/Sir,

Sub: Annual Report for FY 2021-22

Pursuant to Regulation 34(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting a copy of the Company's Annual Report for the financial year 2021-22, which contains, inter-alia, the Notice convening the 21st Annual General Meeting (AGM).

The same is also available on the Company's website viz., www.firstsource.com.

Request you to kindly take the same on record.

For **Firstsource Solutions Limited**

POOJA SURESH NAMBIAR
Digitally signed by POOJA SURESH NAMBIAR
Date: 2022.07.08 15:36:45 +05'30'

Pooja Nambiar

Company Secretary
Encl. A/a

RP - Sanjiv Goenka Group
Growing Legacies

firstsource

Growing with Purpose

ANNUAL REPORT
2021-2022

Index

Corporate Overview

Statutory Reports

Financial Reports

For more information, visit our website: www.firstsource.com

Forward Looking Statement
This document contains statements about expected future events, financial and operating results of Firstsource Solutions Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results, and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications, and risk factors referred to in the Annual Report, FY 2021-22.

GROWING WITH PURPOSE

The call for a more sustainable future has never been stronger. Today, businesses are expected to go beyond the rudimentary financial focus and embrace economic, social and environmental sustainability. We couldn't agree more.

As a Company with a deep sense of purpose, we aspire to connect our people with their work in ways that enrich their lives. We strive to fulfil our purpose by celebrating varied backgrounds, talents, ideas, and work styles. Setting up our people and communities for success is ingrained in our DNA – it's how we make a positive impact on the world and people everywhere. Our purpose-led business model delivers not only superior business performance but also creates value for a broad spectrum of stakeholders – fulfilling our commitment to clients, colleagues and communities.

The theme of the report outlines our achievements over the past 12 months. It highlights how connecting with our purpose and developing a purpose-driven mindset across the organization has helped us devise winning strategies.

Our broad-based growth during the period is a testament to the strength and resilience of our business model, which is now well balanced across services and industries. The report also showcases the impact of our growth on the lives of those we serve as we work to integrate ESG practices from the get-go and transform our business and operations.

Revenue
₹ 59,212 million
▲ **16.6%** Y-o-Y growth
▲ **14.6%** Y-o-Y CC growth

Operating Profit
₹ 7,105 million
▲ Margin **12.0%** of revenue
▲ **18.8%** Y-o-Y growth

Profit After Tax
₹ 5,374 million
▲ Margin **9.1%** of revenue
▲ **48.6%** Y-o-Y growth

Diluted EPS
₹ 7.62 per share
▲ FY 2020-21 at ₹ **5.13** per share
▲ **48.5%** Y-o-Y growth

POWERING DIGITAL TRANSFORMATION

We are leading Providers of domain-specific Business Process Management (BPM) services.

Powered by our 'Digital First, Digital Now' strategy, world-class solutions and talent, we deliver transformative business outcomes for our clients and frictionless experiences for their end customers.

Industry Associations

American Association of Residential Mortgage Regulators

IAOP The Association with Collaboration at its Core.

MBA

NASSCOM®

Founded in 2001, and a part of the RP-Sanjiv Goenka Group, we are a leading Provider of business process solutions to the world's biggest brands in the Banking and Financial Services, Healthcare, Communications, Media and Technology and other Diversified Industries. We specialize in helping our clients through transformational and distinctive solutions designed to reimagine business processes and deliver increased efficiency, deeper insights and superior outcomes. With 26,557 team members working across 43 delivery centers in five countries, we serve 150+ clients, including Fortune 500 and FTSE 100 companies, as an extension of their internal teams.

'Our Digital First, Digital Now' approach helps our clients simplify complex business process and reinvent their business models. Our tech-based solutions span three major areas:

- Digitally Empowered Contact Centers
- Intelligent Back Office
- Platforms, Automation and Analytics

REACH
OUR VALUES

REACCH acts as our north star, helping us achieve our goals in an uber competitive, digital-first world while meeting customer and investor needs for commercial success and social responsibility.

Risk Taking
Dare to go beyond.
Challenge status quo every day.
Be strategic. Be ambitious.
Be resilient.

Execution Excellence
Strive to be the best.
Collaborate, co-create and drive excellence.

Agility
Move ahead of time quickly.
Stay nimble, adapt fast and learn constantly with a 'Digital First' mindset.

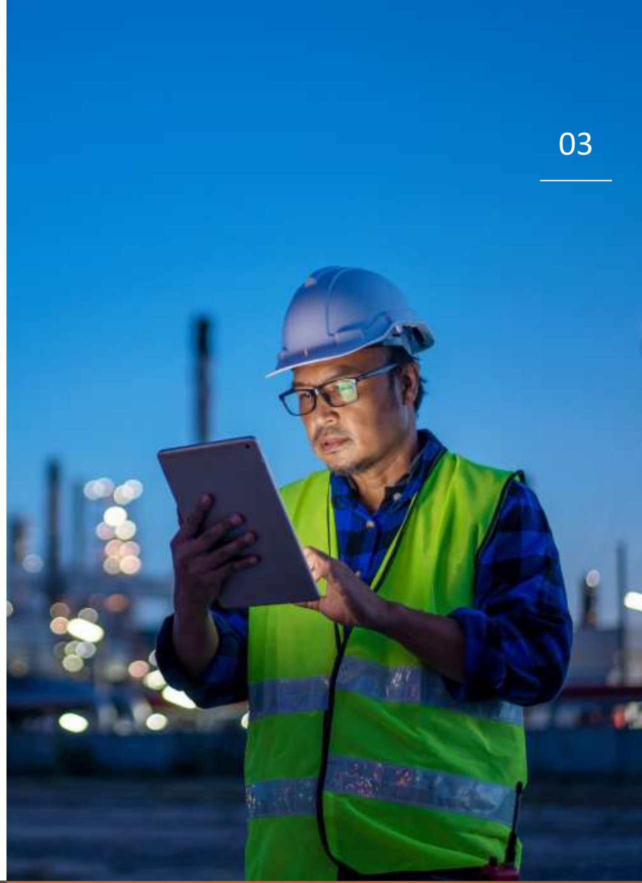
Customer First
Keep customers at the heart of every action.

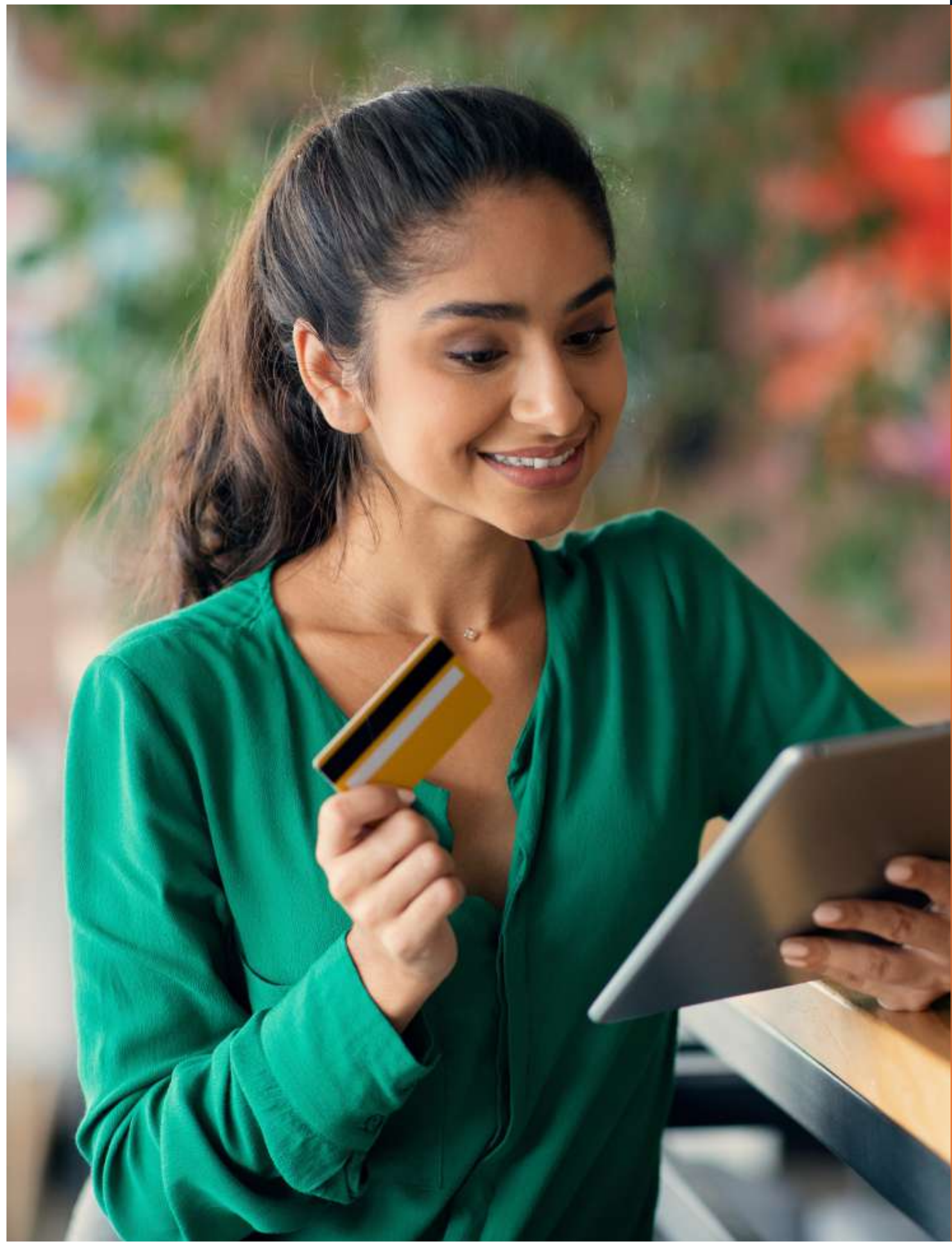
Credibility
Instill trust, confidence and accountability.
Seek answers rooted in 'what's right' and not 'who's right'.

Humaneness
Be fair, respectful, transparent and sensitive.
Care for your community; act responsibly towards environment.

About RP-Sanjiv Goenka Group

With ₹ 51,000 crores of asset base and a consolidated revenue of ₹ 30,700 crores, the RP-Sanjiv Goenka Group is among India's fastest growing conglomerates with a significant global presence. The Group companies have always embraced state-of-the-art and efficient technologies becoming leaders in the sectors that they operate in. The Group's businesses comprise Power, Performance and Specialty Chemicals, IT-enabled Services, Consumer and Retail, Media and Entertainment, Sports, Education, and Infrastructure, and Plantations. **The Group has 50,000+ team members and 10,00,000+ shareholders.**





Partnering with

1,000+
Hospitals in the US

7 of top 10
Health insurance/managed care companies in the US

2 of top 6
Telecom and broadcasting companies in the US

2 of top 6
Retail banks in the UK

4 of top 15
Mortgage servicers in the US

5 of top 10
Credit card issuers in the US

6 of top 15
Mortgage Lenders in the US

1 of top 3
Broadcasting and media companies in the UK

1 of top 3
Utility companies in the UK

HELPING CUSTOMERS SIMPLIFY COMPLEX BUSINESS OPERATIONS

At Firstsource, we offer leading-edge solutions in digital customer experience and intelligent back-office processes. We help businesses enhance customer experience and satisfaction, acquisition, retention, and cross-selling. We support senior executives build momentum for change by crystallizing their vision, defining a strategy, creating a roadmap, and overcoming the hurdles along the way. Our services and offerings are mapped to a mindset of continuous evolution and improvement, enabling us to meet the demands of an ever-changing business environment.

DECC/DECX

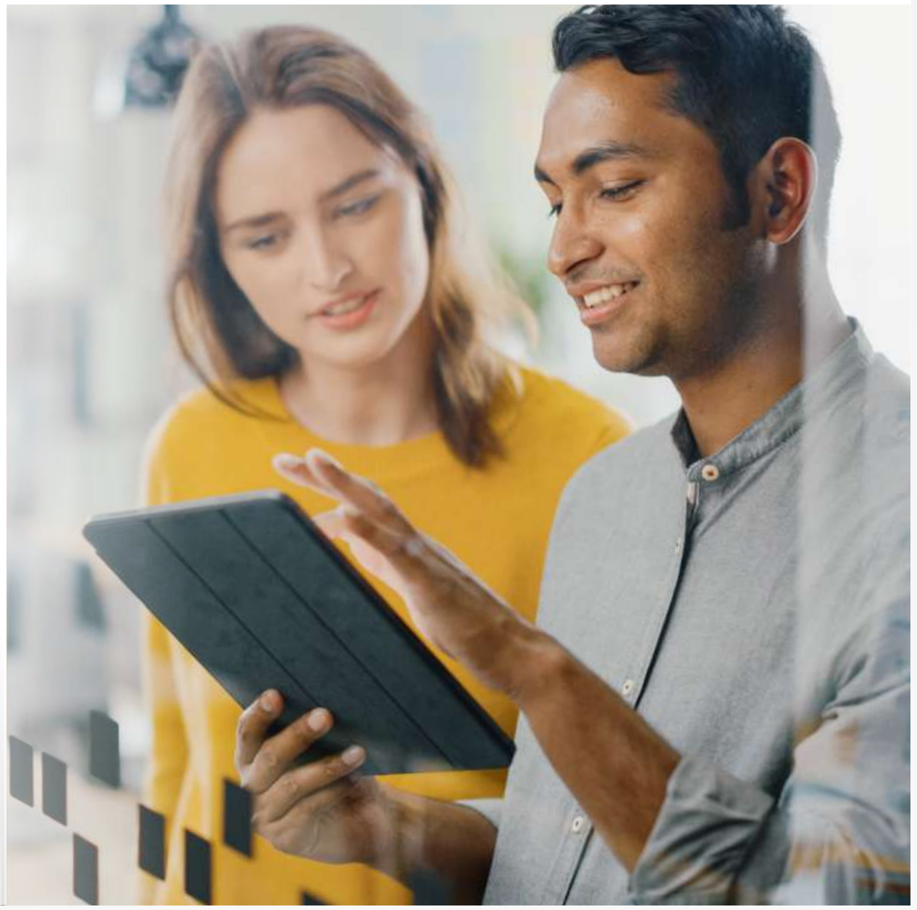
Our Digitally Empowered Contact Centers (DECC) operate across the front-to-back value chain of customers, be it servicing or revenue generation. They enable the delivery of superior customer service at lower cost price, while also supporting clients with better revenue realization through AI/tech interventions.

Revenue Contribution

2020	2021	2022
51.8%	48.3%	**45.8%**

Through our DECC we deliver sales conversion, order fulfilment, repairs and resolutions for our media client in the UK; claims status, benefits, general enquiries, remote patient monitoring, scheduling, booking and receivables management for our Healthcare clients; lead generation and loan servicing for Mortgage clients; contingency and first party collections; and new client acquisition, onboarding and loan processing across key BFS clients.

Our DECC combine the best of what humans and technology have to offer and are evolving to become DECX centers where we are looking at customer journeys/client segmentation to optimally deliver experiences across channels. For a leading retailer, we are transitioning them from offline to set up an AI assisted outbound repeat sales/cross-sell program with an investment return of 4X over two years.



Intelligent Back Office

Our Intelligent Back Office solutions seamlessly connect the front and back office, helping our clients stay competitive in a digital world. They re-engineer and simplify processes by combining intelligent workflows with bots and work efficiently behind the scenes, helping our mortgage clients with initial loan decisions, end-to-end loan originations, loss mitigation, testing and QM services among many other services.

For our Healthcare clients, our Intelligent Back Office helps in claims adjudication, member enrollment, Provider network updates and data management. Whereas, in BFS our solutions help clients in loan underwriting, funding, ongoing servicing and KYC requirements.

Revenue Contribution

2020	2021	2022
42.6%	45.1%	**43.3%**

Platform, Automation and Analytics

Firstsource's Platform, Automation and Analytics solutions infuse intelligence into end-to-end processes. They synthesize structured and unstructured levels of efficiency, quality, speed and customer experience. The offerings are designed to deliver mobile-first and Cloud-based services, creating data-driven insights to enhance operations and customer experience.

Revenue Contribution

2020	2021	2022
5.6%	6.6%	**10.8%**

For specific areas of our business, we have built platform-based solutions that deliver meaningful outcomes to customers through digital engagement. Our automation offerings help our Provider clients offer patient care funding and servicing, and our end-to-end BPaaS in Healthcare enables digital intake, digitizing and updating claims data to client adjudication platforms. Our Mortgage clients are supported through QC and investor due diligence as well as post-closing and title services. In the post close operations space, Firstsource's platform delivers best-in-class turnaround time using a combination of workflow/case management, AI and automation. This investment has delivered over 25% improvement in quality and throughput.

Our analytics services are helping clients improve collections rates for banking and collections processes, reducing Provider denial rates, mitigating Provider underpayment, and enabling prediction modelling.

DISTINCTIVE OFFERINGS FOR DIVERSE SECTORS

By providing bespoke Business Process Management solutions, we help clients across Banking and Financial Services, Healthcare, Communications, Media & Technology, and other Diverse Industries reimagine business processes and enhance efficiencies through digital interventions and solutions.

Banking and Financial Services

Our digital-first solutions empower BFS companies to offer user-friendly and seamless customer experiences that are crucial to building and sustaining long-term customer relationships. By blending Intelligent Automation with human touch, our technology-driven solutions enable BFS and born-digital businesses to personalize customer experiences. In the Mortgage industry, our industry-specific solutions assist clients across the value chain in streamlining their business processes, boosting efficiencies and driving revenue growth. Our Digital Collections solution drives smart, empathetic, and customized collections processes, transforming the customer experience and maximizing recovery.

Offerings

- Customer Service (Voice | Chat | Chat Bots | Text | Social)
- Compliance and Risk Management
- Complaints Handling and Remediation
- Lead Management, Sales Conversion & Onboarding
- Analytics and Business Intelligence
- Mortgage Operations (Origination | Servicing | Title, Closing & Escrow)
- Digital Collections
- Dispute Management
- Factoring & Discounting
- Default Management
- Fraud Management

Industry Solutions

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

Healthcare

Our proprietary platform-based services, digital patient access, and Intelligent Automation offerings drive superior patient engagement, financial experience and improved financial performance for hospitals. On the Health Plans and Healthcare Services front, our digital-first offerings, such as Digital Intake, Telehealth, and Remote Patient Monitoring, reimagine the technology landscape to deliver desired outcomes. In addition, as consumer participation in decision-making, personalizing therapies and product development become top priorities in the Lifesciences industry, our digitally enabled customer engagement solutions improve patient experience and coordinated care.

Offerings

- Eligibility & Enrollment Services
- Debt Collections
- Digital Mailroom Operations
- Claims Adjudication & Adjustments
- Receivables Management
- Intelligent Automated Eligibility & Enrollment
- Intelligent Data Capture
- Telehealth Tech Support

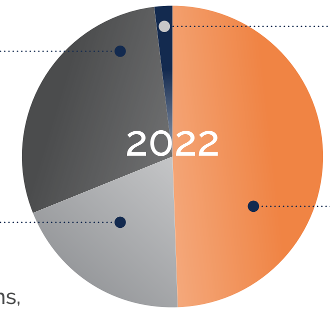
Industry Solutions

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

Communications, Media & Technology

Delivering high levels of engagement and enriched customer experiences is crucial to success in the CMT industry. Our Customer Experience Management and Digitally Enabled Contact Center solutions, backed by intelligent workflows, AI and analytics, help CMT businesses thrive - by re-engineering processes, evolving new business models and delivering memorable customer experiences.

Revenue contribution by vertical



Offerings

- Onboarding
- Tier 1 and Tier 2 Customer Support
- Self-Service / Contact Avoidance
- Complaints Handling and Remediation
- Inbound Sales and Outbound Sales
- Retention and Loyalty
- Customer Insights / Analytics
- Revenue Generation

Industry Solutions

- Streaming Services
- Cable TV, Broadband and Telephone
- Consumer Tech
- E-Commerce
- Shared Economy

Diversified Industries

Utility firms and Government entities seek to simplify the customer/citizen experience and increase participation, much like businesses across industries. With tech-savvy customers/citizens demanding seamless one-click experiences, we assist Utilities & Public Services in constructing a unified view of the customer journey and delivering contextualized experiences across channels. Our Digitally Enabled Contact Center (DECC) revolutionizes customer engagement by instantly adapting to changing consumer needs and increasing customer acquisition, satisfaction, and retention rates.

By employing our advanced AI-backed tools and platforms, our clients achieve a low-cost operating model and strengthen their customer relationships, in turn improving profitability.

Offerings

- Meter 2 Cash Operations
- Inbound Sales & Outbound Sales and Service
- Level 1 & Level 2 Customer Support
- Retention and Loyalty
- Self - Service / Digital Deflection
- Customer Insights / Automation
- Complaints Handling
- Debt Management

Industry Solutions

- Utilities
- Government Entities

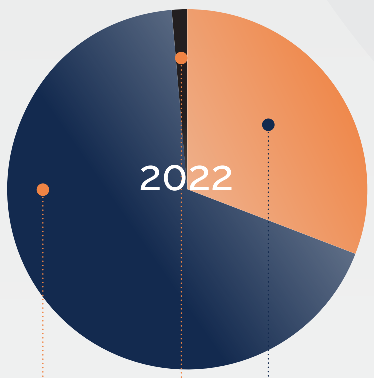
OFFERING BESPOKE SOLUTIONS GLOBALLY

The aspiration drives the Company to consistently grow its global scale and scope. Its focus and strategic efforts have enabled it to emerge as a trusted partner of choice. To closely cater to the customers in other continents, the Company has a wide network of offices in US, UK and Philippines.The Company also recently set up office in Mexico to gain access to new markets, talent pool and optimized cost of operations.

Our Global Footprint**

5	43	26,557
Countries	Centers	Firstsourcers

Revenue Contributions



69.2% US

29.3% UK

1.5% Rest of World

India

- Bangalore
- Chennai
- Gandhinagar
- Hyderabad
- Indore
- Mumbai
- Pondicherry
- Trichy
- Vijayawada

US

- Amherst, NY
- Atlanta, GA
- Colorado Springs, CO
- Chattanooga, TN
- Dallas, TX
- Fort Scott, KS
- Kingston, NY
- Las Vegas
- Louisville, KY
- Palm Bay , FL
- Salt Lake City, UT
- Sunrise, FL
- Thousand Oak, CA
- York, PA
- **Puerto Rico***

Mexico

- Mexico City

UK

- Belfast
- Cardiff
- Derby
- London
- Londonderry
- Middlesbrough
- Warrington
- Pontypridd
- Birmingham

Philippines

- Cebu
- Manila

Map not to scale
**As of March 31, 2022

US MORTGAGE PROVIDER ENHANCES PROCESS EFFICIENCY BY 30% WITH AUTOMATION

Business impact

30%
process efficiency

20%
cycle time reduction

4 month
deployment

The Challenge

One of the US' largest Mortgage companies faced multiple challenges in its day-to-day lending operations. Predominantly manual processes led to error-prone, ad-hoc processing and segregation of loan documents leading to low efficiencies and poor cycle times.

The Solution

Our advisory team implemented a phased automation plan with a step-by-step approach including:

- Business analysis and discovery: Set up a Center of Excellence (COE) team to understand the challenges faced by the client
- Transformation advisory: Evaluated various options – re-engineering, outsourcing, and automation – and chose to deploy automation to drive desired outcomes
- Process design and requirements definition: Studied the process in-depth, created a process design document and designed an automation solution
- Product platform evaluation and selection: Evaluated the features and functionalities of available automation platforms in the market and performed a gap-fit analysis to select the appropriate automation platform based on the requirements
- Solution recommendation: Encapsulated the automation solution along with the product platform recommendations for implementation and demonstrated expected ROI
- Solution implementation: Based on the roadmap and design set by the Business Outcomes Consulting team, the implementation team implemented an RPA solution

The Result

Consistent with the client's desire to own its technology future, we helped them establish their Center of Excellence for automation, solidifying and empowering their technology positioning.

OUR FOUNDATION FOR PURPOSEFUL GROWTH

We work with leading brands across segments

Leader in US non-bank lender market | Top 3 in the chosen Revenue Cycle Management systems | Leading CX service providers in the UK across Media and BFS segments | Top 5 consumer debt collections agencies in the US

Resilient Operating Model

Our distributed work model is flexible and adaptable to changing client requirements, helping them seamlessly build agility and scalability. We bring together an ecosystem of industry-leading platform partnerships, enabling our clients to harness the power of digital to better serve their customers.

Solving business challenges, empathetically

Digitally Empowered Contact Center
A powerful combination of humans and technology to deliver meaningful customer interactions.

Scan QR code to know more: www.firstsource.com/decc-interactive-experience/index.html

Intelligent Back Office
Intelligent solutions guided by data to power efficiency, agility and scale.

Scan QR code to know more: www.firstsource.com/intelligent-backoffice/

Platforms, Automation and Analytics
The right technology solutions to synthesize data, for unprecedented levels of quality and customer experience.

Scan QR code to know more: www.firstsource.com/platform-automation-analytics/

Our Operating Model

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

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

- Streaming Services
- Cable TV, Broadband and Telephone
- Consumer Tech
- E-Commerce
- Shared Economy

- Utilities
- Government Entities

Driven by Our Values

Our values REACCH - act as our north star, enabling us to remain true to them.

Heightened Impact
Our presence in the US, UK, India, Mexico and the Philippines, positions us well to deliver digital at scale.

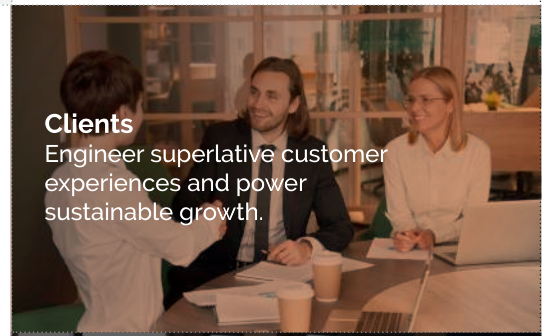
Purpose-built Product Portfolio
We continue to intentionally build our offerings across Banking & Financial Services (BFS), Healthcare, Communications, Media and Technology (CMT) and other Diversified Industries.

PeopleFirst
An inclusive culture and enriching opportunities form the foundation of our delivery excellence.

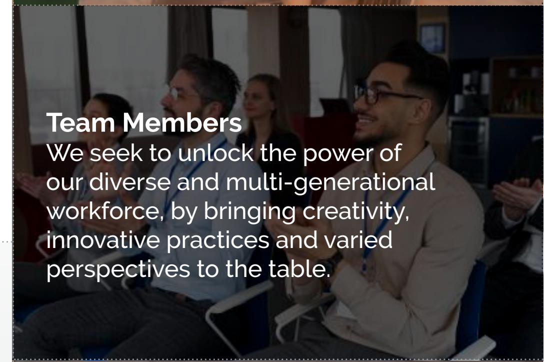
Robust Customer Relationships
Close, collaborative relationships with our clients are the cornerstone of our long-term relationships. The average tenure of our clients is 14.4 years.

Delivering Value Every Step of the Way

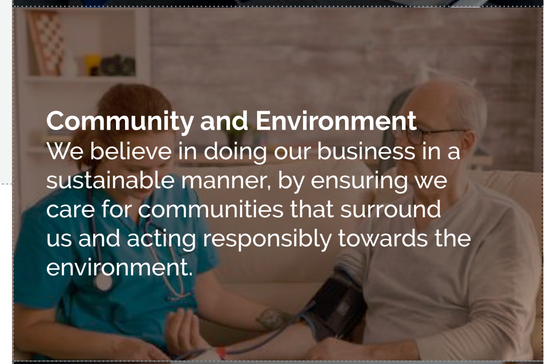
We maintain a strong dialogue with our stakeholders to create value every step of the way.



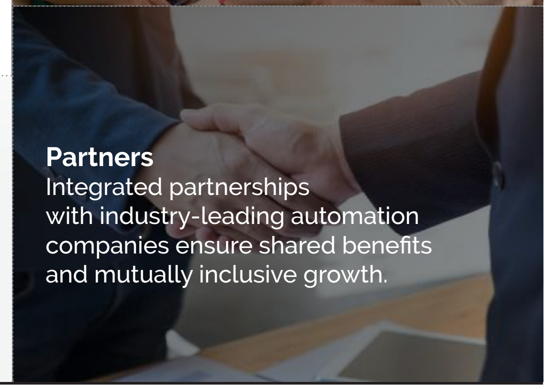
Clients
Engineer superlative customer experiences and power sustainable growth.



Team Members
We seek to unlock the power of our diverse and multi-generational workforce, by bringing creativity, innovative practices and varied perspectives to the table.



Community and Environment
We believe in doing our business in a sustainable manner, by ensuring we care for communities that surround us and acting responsibly towards the environment.



Partners
Integrated partnerships with industry-leading automation companies ensure shared benefits and mutually inclusive growth.

FOSTERING A DIGITAL-FIRST CULTURE

Key amongst our differentiators is our 'Digital First, Digital Now' (DFDN) strategy, which capitalizes on rapid advancements in Cloud, Software as a Service (SaaS) and automation technologies to build powerful digital ecosystems that supplement human expertise and redefine performance.

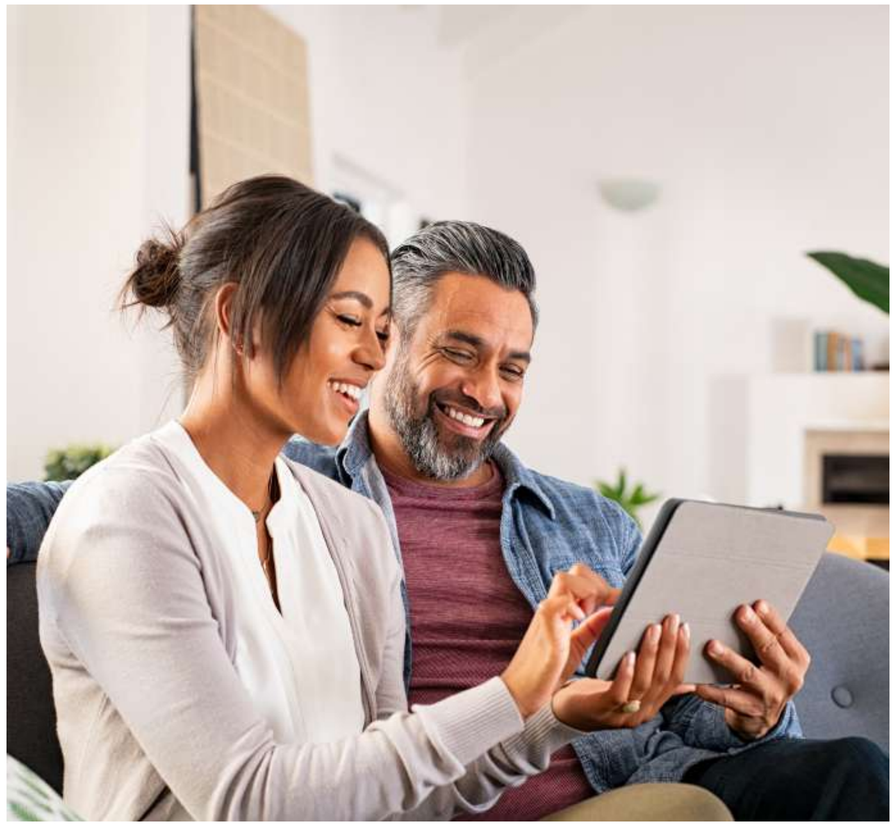
DFDN is not just an external strategy but an intrinsic part of our culture within Firstsource. We cultivate and drive a digital-first mindset across the organization through a host of interventions:

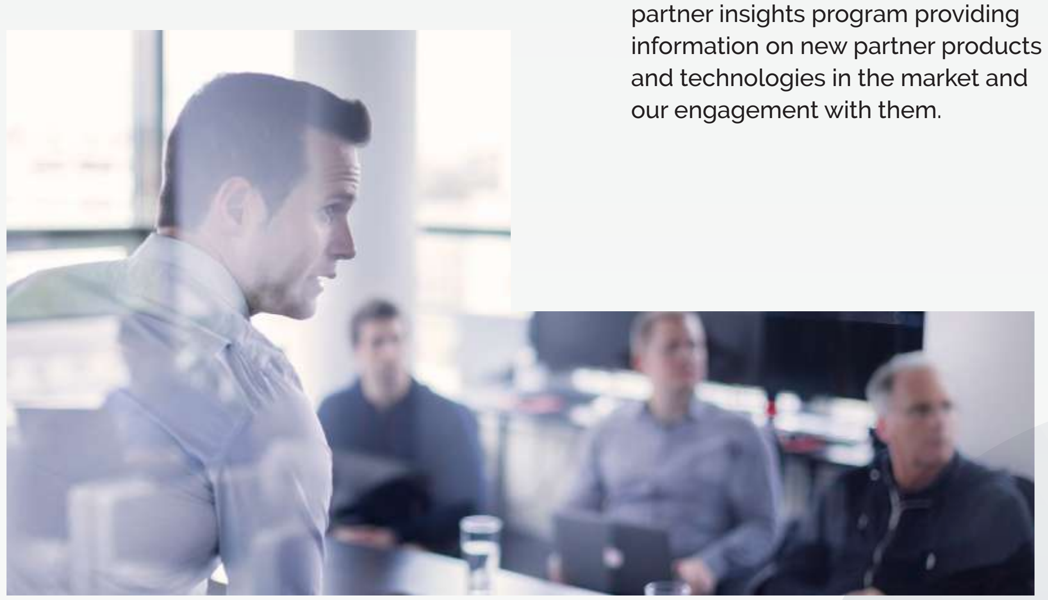
Internal platforms

We have increasingly adopted enterprise-wide communication and collaboration platforms to build efficient processes and facilitate employee voice. Today, we have 35+ internal applications on these platforms that cater to a gamut of internal processes across our corporate functions including HR & Talent Management, Compliance, Administration, Finance, CIO's Office, Procurement, and Workforce Management.

Analytics delivery capability

Our focus on building an Analytics Center of Excellence (ACoE) is an important tool in driving a data-driven culture in our organization. A part of this outlook includes enabling deeper integration of analytics to enhance our Digital Empowered Contact Center (DECC) implementations. We are augmenting our BPaaS capabilities using AI- and analytics-led decision engines to transform client-side processes. Our leaders are being empowered with data-driven insights for accurate and proactive decision-making, and enabling innovation. Cloud-based analytics products/ IPs catering to Healthcare (Payer and Provider), Mortgage, and BFS sectors are currently in development stage.



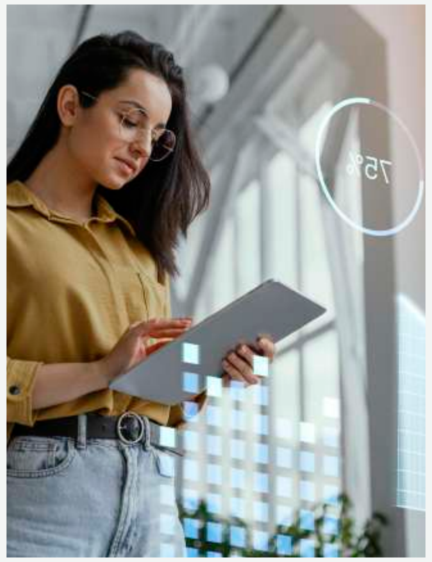


Automation initiatives

Deploying low code solutions has enabled us to address gaps in client systems by tracking call back requests, tracking status of loans, aiding associate capture call notes, etc. We leverage data and process mining to revitalize process management. The unveiling of Firstsource Automation League, a citizen development program helps democratize automation and empower the workforce. The program equips team members, even those without a programming background, to identify automation opportunities and build solutions, accelerating efficiency and cycle time.

Training and enablement

As part of our Innovation and Digital Excellence program (INDEX), we are enabling people by equipping them with digital skills and developing abilities to navigate a fast-changing business landscape. They are also learning to identify opportunities and realize their digital aspirations by experimenting with innovative ideas. Additionally, we are running a partner insights program providing information on new partner products and technologies in the market and our engagement with them.



Marketing & communications programs

Digital lies at the heart of our marketing and communications. We leverage digital channels including user-friendly websites, search engines, social media, display ads, email, and digital content assets to engage with prospective customers. Our marketing analytics is designed to be future-ready for a cookie-less world helping us drive data-driven, high-performance marketing programs. We are building an integrated marketing tech stack driven by a strong marketing automation system, one of the best Account-based Marketing (ABM) solutions, and a world-class CRM. Our employee communications platforms enable fast, personal, authentic, and interactive messaging while advanced analytics track the effectiveness of our communications.

HR systems

Embracing digital transformation as part of our people-first strategy, we are implementing SAP SuccessFactors — a Cloud-based HR solution that provides a single, consolidated interface for all our employee needs. This will create empowerment for employees and their managers to own employee needs across their lifecycle. Implementing this employee-centric solution is critical to modernization of the HR function. The interface is designed with real-time access to solutions, with a focus on what people need, in order to do their best. The next-gen suite will cater to all needs – from recruitment, payroll and benefits to training, development and growth. It includes a simplified and intuitive user experience driven by multiple interfaces consolidated into a single mobile app for convenient anytime, anywhere access. The SAP SuccessFactors platform will give managers access to actionable insights in real-time and allow employees to get the information they need, whenever they want, on whichever device and channel they prefer.

IT operations

Accelerated by the pandemic, one of our major initiatives was to continue serving our customers by accessing a flexible workforce, anytime and from anywhere in the world. This involved digital-first interventions that included migrating to the Cloud and strengthening our security posture. We are delivering technology excellence with scalable frameworks and solutions for our clients; our voice infrastructure is undergoing a major transformation to ensure increased accessibility, greater scalability and lower costs. Over the year, we've deployed multiple employee productivity tools, including migrating users to Microsoft Teams to modernize and augment our digital workforce in changing times.

EXECUTING OUR GROWTH STRATEGY

Dear Shareholders,

We delivered yet another year of healthy profitable growth with revenues up 16.6% Y-o-Y to ₹ 59,212 million, Operating profits at ₹ 7,105 million and Profit After Tax (PAT) increasing by 48.6% Y-o-Y to INR 5,374 million.

Our business witnessed robust growth as a result of our strong emphasis on execution, despite macro headwinds. Our strategy of investing in our three core industries of Banking and Financial Services, Healthcare, and Communication, Media and Technology; consolidating our leadership position in our chosen sub-verticals; and systematically adding growth adjacencies to them have started to yield positive results and holds us in good stead to mitigate the volatility of any specific business segment in any given year.

Our industry segments maintained momentum throughout the year, which contributed to the year's strong performance. Our strategic emphasis on sales, account management and digital solutions allowed us to achieve promising results. Additionally, as we continued to launch distinctive service offerings, we expanded our digital-first capabilities organically and inorganically. Growing and maturing our digital ecosystem to accelerate transformation for our global clients remained a top priority, and to that end, we added several market-leading technology partners.

> We successfully executed two acquisitions in the year. The integration of these entities is proceeding as planned, and we remain enthusiastic about our expanded capabilities and cross-selling opportunities.

Our progress in our digital solutions and initiatives to take disruptive offerings to market has now made us the recognized category leader in our offerings like digital collections for consumer debt and digital intake in Healthcare. During the year, the globally reputed research firm Everest Group identified us as leaders in our HPHS and Mortgage businesses. This recognition is not only a validation of our effective strategy, but also demonstrates an industry endorsement of our ability to build a strong and resilient business.
We successfully executed two acquisitions in the year - American Recovery Services Inc. and The Stonehill Group.

> “
> Our progress in our digital solutions and initiatives to take disruptive offerings to market has now made us the recognized category leader in our offerings like digital collections for consumer debt and digital intake in Healthcare.

These acquisitions were consistent with our inorganic growth strategy to add complementary offerings to our current offerings. The integration of these entities is proceeding as planned, and we remain enthusiastic about our expanded capabilities and cross-selling opportunities.

For a few years now we have been practicing an ethos of strong governance and sustainability. To create a more tangible construct of these efforts this year we established our ESG strategy. This framework will serve to guide our actions and impact on all our stakeholders, while also making eminent business sense as employees, customers and investors all value intrinsic ESG culture and investments.

On behalf of Firstsource, I would like to thank all our stakeholders for their continued trust and confidence in our business. I would also like to thank all our people for demonstrating unwavering commitment and partnering us as we accelerate digital transformation journeys for our clients with purpose.

Dr Sanjiv Goenka
Chairman

ON THE PATH TO SHARED SUCCESS

Dear Shareholders,

Our mission is to deliver sustainable growth for our shareholders while helping our people and communities flourish. Looking back on the last year, it is clear that our steadfast commitment to expanding our digital-first offerings, strengthening our partner ecosystems, ensuring a well-diversified portfolio and empowering our people has helped us overcome a year that has been challenging for most businesses.

Parts of our Healthcare, BFS and CMT businesses galvanized to deliver yet another year of strong growth. Our Collections and Healthcare Provider businesses were muted by the unique economic and societal conditions brought about by the pandemic. We continued down the strategy of modernizing our offerings within the select segments in our three industry verticals where we have a leadership position. In addition, we expanded our capabilities by investing in adjacent growth areas, enabling us to offer a more comprehensive range of solutions to our clients and further consolidate our market presence.

I am proud of what our Company and thousands of Firstsourcers around the world have achieved together. Our strong performance demonstrates the resilience built into our business to tackle wide-ranging challenges and deliver superior outcomes to our clients and their end customers.

The year in review

Our revenues have grown 16.6% Y-o-Y (14.6% growth in constant currency) to ₹ 59,212 million (USD 795.2 million). Our operating profit stands at ₹ 7,105 million, which translates to 12.0%, a Y-o-Y expansion of 23 basis points. Our PAT stood at ₹ 5,374 million, for the year and our EPS came in at ₹ 7.62, up from ₹ 5.13 per share during FY 2020-21.

The strong results reflect two important aspects. One – it highlights the growth groundwork laid by our teams over the past two years in scaling our capabilities. Two – it successfully validates our strategy of combining our domain and digital expertise to advance client objectives. The efforts are now bearing fruit and are evident in the opportunities coming our way.

We bagged our first-ever USD 100 million+ deal in Healthcare - our largest ever platform-based services deal with a large Health Plans Company – one of the handful of BPaaS deals in the Healthcare market this year. The deal not only gives a huge impetus to our reputation, but also provides us access to the high-potential Healthcare BPaaS market.

As we accelerated our digital services and offerings, we further modernized our solutions by embedding wide-ranging automation in our Digitally Empowered Contact Center and Intelligent Back Office services, while strengthening our BPaaS offering. The significant gains we have made in our digital revenues within a year underscores our progress in enhancing the quality of our offerings.

Our sustained efforts have led to superior client satisfaction and garnered us recognition from leading global analysts like the Everest Group, ISG, Nelson Hall and KLAS® Research. We are also proud to be included in the prestigious Bloomberg Gender Equality Index on our very first attempt.

We have been consciously building a purpose-led, scalable, and agile organization; connecting our people to their role's purpose, upskilling and reskilling them in new-age digital technologies and ensuring that we collectively serve as an example of good corporate citizenship. FY 2021-22 saw us take material steps on significantly strengthening our efforts towards a governance framework and institutionalizing a concrete and purposeful ESG strategy into our organizational design. While we have established globally benchmarked standards of governance anchored in trust, transparency, and accountability, we believe that internalizing ESG within our policies, systems, processes and culture is imperative for future sustainability.

> “ Our strong performance demonstrates the resilience built into our business to tackle wide-ranging challenges and deliver better outcomes to our clients and their end customers.

Powering through headwinds

BFS

1. Mortgage

FY 2021-22 started strong continuing with the growth tailwinds from FY 2020-21 from record-low interest rates. However, as expected, the interest rates reversed course during the second half of the year and our business volumes moderated significantly. From Q4, our Mortgage origination business declined more than we anticipated. We continued to invest and build the steadier servicing segment, developing digital solutions to address the cost-efficiency needs of our clients. The servicing business grew nicely in FY 2021-22, with robust expansion across existing and new clients.

Our acquisition of The Stonehill Group helps us expand our capabilities in the Mortgage sector by targeting capital market operations of Mortgage companies – a distinct and growing spend area.

2. Collections

Our Collections business got off to a slow start in FY 2021-22 as it hit an air pocket from the unique macro environment conditions. The twin COVID phenomenon of reduced discretionary spends by consumers and government stimulus meant the US consumer financial health was at its best in the last 30 years, consequently, the Collections volumes were at a historic low. Towards the end of the year, we saw consumer spending starting to increase, and with the withering of the fiscal stimulus effect, we witnessed very early signs of debt placement volumes beginning to stabilize.

We have been focused on diversifying the business and developing new segments including FinTechs and Utilities. We continue to invest in our Digital Collections platform and leverage it as our growth driver into existing and newer segments.

In addition, we completed the acquisition of ARSI (American Recovery Services Inc.), a leading player in the Legal Collections market. ARSI is a leader in this segment with a network across the US. The integration is progressing as planned, and we plan to add more digital capabilities to the core legal network Collections platform. The acquisition enables us to offer legal stage Collection capabilities, further enhancing our leadership position in consumer debt management services.

UK BFS

In FY 2021-22, UK BFS growth trajectory was strong, with robust volume growth and expansion into new lines of businesses. There was a healthy demand environment and we strengthened our strategic client relationships with new wins. As the UK economy opened, we experienced talent supply challenges.

Business Wins FY 2021-22

BFS	Healthcare
26 clients	17 clients
CMT	**Diverse**
12 clients	2 clients

We've worked to address this by opening new locations in the UK and making targeted compensation adjustments. The talent challenge offers an opportunity with clients actively reviewing their geographic strategy for CX Operations. We are also constantly working to add capabilities to our customer lifecycle management offering suite with greater emphasis on multi-channel CX.

Healthcare

In FY 2021-22, the HPHS segment took robust strides on building a sustainable growth foundation. We were focused on continuing to open and grow relationships with top-10 Health Plans. We continued to strengthen our Digital Intake platform and developed BPaaS solutions for mid-market Health Plans. We also continued to co-create telehealth and remote patient monitoring solutions.

We are now winning large and complex deals by leveraging our solutioning skills and digital-first platforms. In addition, our newly developed Healthcare Cloud helps streamline client onboarding and allows them to consume our services in a modular fashion.

In the Provider business, the intermittent resurgence of COVID impacted volumes. However, we believe that the pervasive medical and skilled talent shortages and cost challenges are prompting hospitals to explore strategic solutions. Our targeted investments earlier this year in sales, product development and solutioning have begun to materialize in new client wins. As we advance our market position, our strategy will revolve around developing and integrating broader solutions for the Revenue Cycle Management (RCM) value chain and further penetrating the US market through continued sales investments. We ended the year strongly with increased sales in the last quarter.

CMT

At the beginning of FY 2021-22, the second wave of COVID, especially in India, created a transitionary impact on our business, but its effects have subsided since. Further, the UK market talent supply situation further compounded our execution challenges.

We successfully transitioned some complex operations – from the UK to offshore – to alleviate the situation. In addition, we doubled down on our employee outreach campaigns and increased compensation while revamping our job training processes and on-the-job training strategies. Eventually, we enjoyed solid growth from our strategic client in this segment.

We expanded our client portfolio across Customer Experience, Automation and Brand Safety; and are working with some of our clients, to design, build and run their end-to-end operations using components of our Digitally Empowered Contact Center platform.

With digital media continuing to evolve and move towards subscription-based models, we are working closely with clients to operationalize tools to deliver a personalized user journey resulting in greater acquisition and retention of subscribers, simultaneously growing our client portfolio.

With streamlined capabilities and an encouraging pipeline, we are confident of maintaining our growth momentum in the CMT segment.

Looking ahead

As we look ahead, we see a world of rich opportunities opening up and are excited to embrace them.

FY 2022-23 will be a year of transition. While our Mortgage operations will calibrate down considerably as interest rates climb up steeply, we will see our other businesses in Healthcare, CMT and BFS (Collections and UK BFS) maintain and accelerate their growth momentum. We will continue to invest and focus in our chosen three industries, scaling up our digital and disruptive offerings, and staying committed to being led by purpose; while continuously identifying newer growth adjacencies.

I am proud to lead a team of passionate achievers whose drive and dedication to serve our clients and communities has powered the fantastic progress we achieved during the year. We remain committed to supporting and empowering our people through our diverse and inclusive culture, so they continue to grow and deliver excellence.

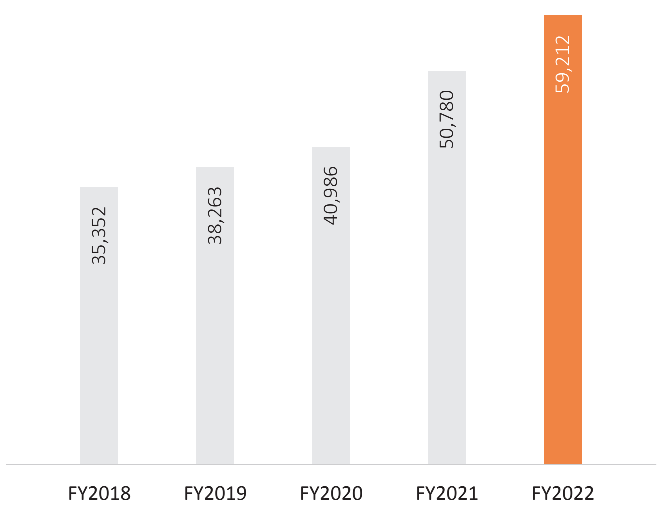
In closing, I'd like to express my deep gratitude to all our stakeholders – clients, partners, fellow Firstsourcers, and shareholders. I'm confident that, together, we will continue to share many more successes and shape a better world in 2022 and beyond.

Vipul Khanna
MD & CEO

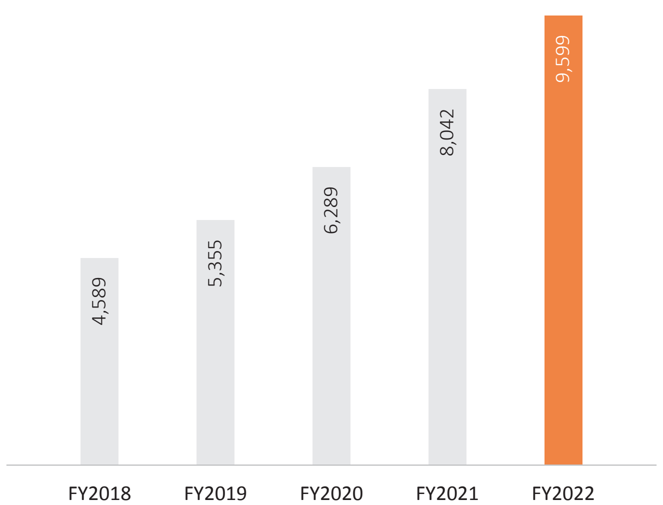
EXHIBITING RESILIENT PERFORMANCE

With focused efforts on delivery, growth-driven strategies, prudent risk management and a resilient business model, we were able to generate consistent returns for our shareholders during the year.

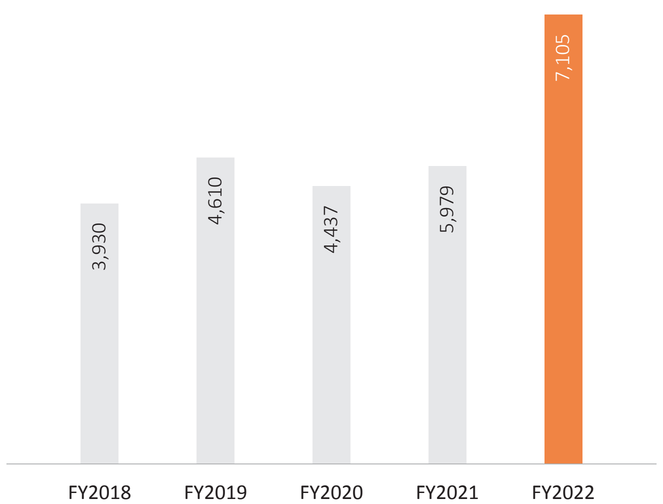
Revenue from Operation
(₹ in millions)



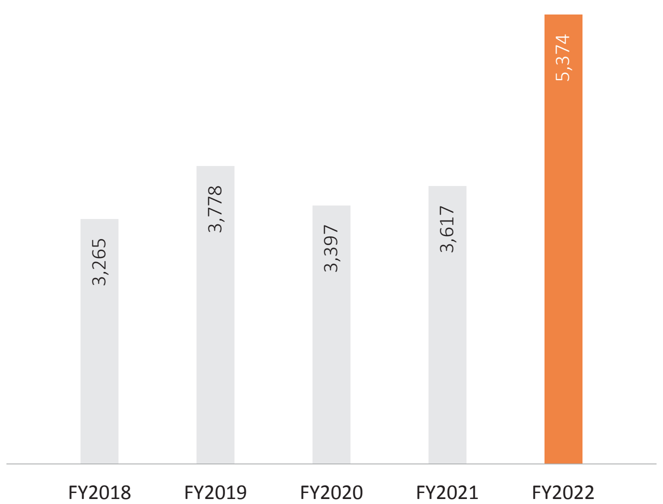
Operating EBIDTA
(₹ in millions)



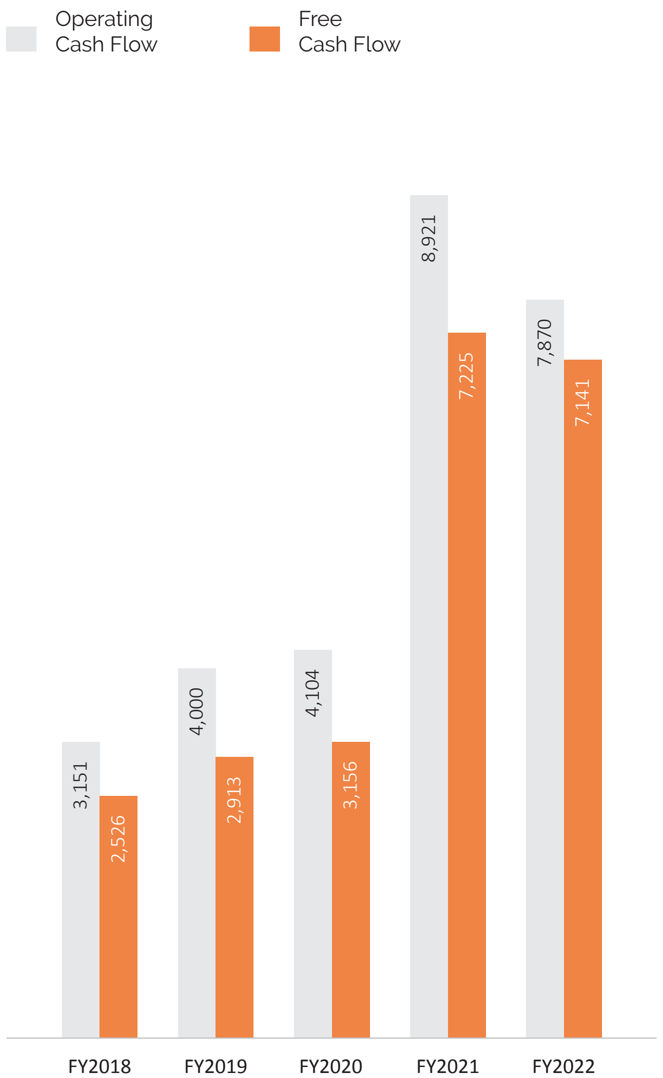
Operating EBIT
(₹ in millions)



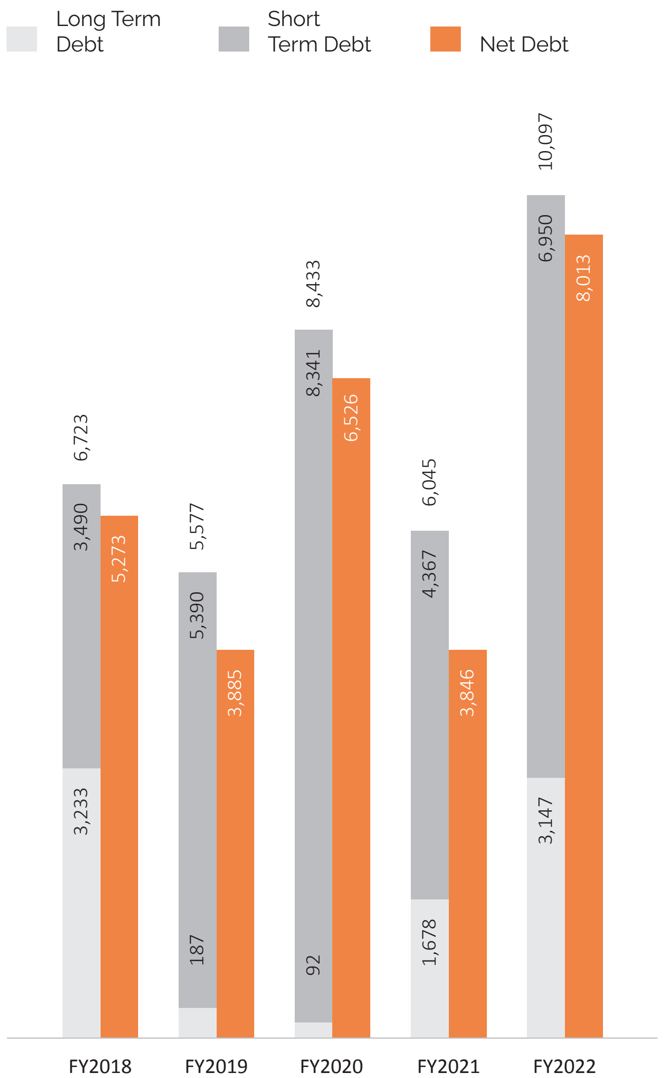
Profit After Tax
(₹ in millions)



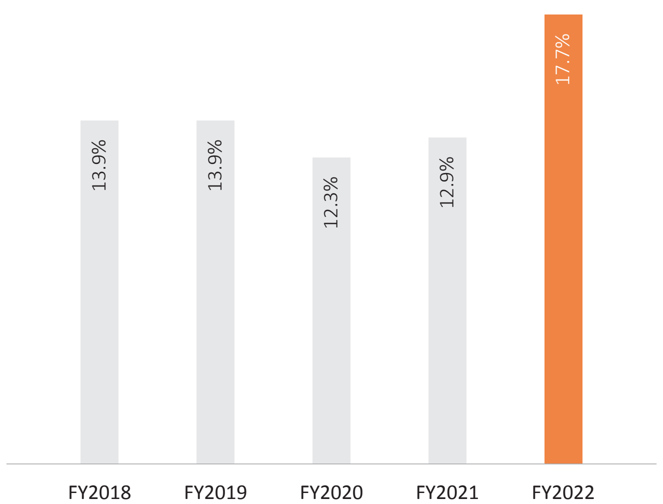
Cash Flows
(₹ in millions)



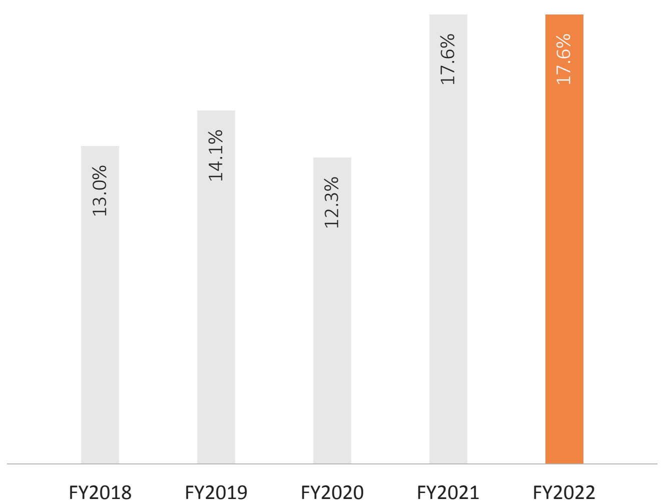
Debt Position
(₹ in millions)



Return on Equity
(%)



Return on Capital Employed
(%)



UK-BASED NOT-FOR-PROFIT BODY PARTNERS WITH FIRSTSOURCE, ELIMINATES 30-MONTH CLAIMS BACKLOG

Business impact

100%
reduction in complex claims backlog, in record time

83%
reduction in average turnaround time

Client Testimonial

"Their constant engagement, flexibility and collaboration has transformed the service provided to our customers. Firstsource is, to all intents and purposes, an extension of our in-house operations."

The Challenge

A not-for-profit independent body in the UK that protects consumers in the event of failure of financial services firms in the country, faced challenges in processing consumers' complex claim applications in accordance with the Financial Conduct Authority (FCA) regulatory guidelines. To assist with this, the client required a partner with the ability to:

- Manage a complex framework of contractual requirements across multiple workstreams
- Run 100% quality checks before claim completion by fully accredited reviewers
- Support in completely remediating outstanding claims previously processed by another supplier

The Solution

Firstsource identified a number of opportunities and solutions around improving training and operational infrastructure along with value-added activities:

- **Providing infrastructure** for the customer service team, claims handlers and internal reviewers, alongside the client support team of quality analysts and team leaders
- **Running a training needs analysis** to design the most appropriate and customer experience-oriented training material and content
- **Helping address industry challenges** in the financial services space – surveying both current and anticipated future challenges – in line with FCA's priorities
- **Pin-pointing customer preferences** by administering a survey to 1,200 customers, determining their preference for either paper or online applications

The Result

Firstsource's solution delivered tangible benefits, including reducing claims turnaround time and cost to serve.

A PEOPLE-FIRST ORGANIZATION

At Firstsource, we are focused on building an organization where colleagues truly live their purpose. We are continuously evolving the workplace and creating a culture of accountability, inclusion and innovation, where each colleague can participate in the organization to their full capacity.

REACCH - launched last year, our values are now well embedded and guide our everyday actions in service to clients, or working with our people. We integrated our values with our people processes and ensured employees understood and imbibed them through a series of focused group discussions, e-learning modules and expression of what the values meant to them. We understand the integral role our employees play in the organization's success, and our People strategy, aligned to our business strategy, aims at bringing out the best in our colleagues.

At Firstsource, we have four defined pillars of our People strategy:

- Partnering for business growth
- Delivering meaningful employee experiences
- Activating purpose
- Evolve organizational culture

Partnering for business growth

One of our strategic priorities is to grow our business both through organic and inorganic means and it is our endeavor to partner that effectively. FY 2021-22 was a year of tough labor market conditions owing to a post-pandemic change in attitude towards work, further strengthened by stimulus package offerings in our key markets, a preference towards work from home arrangements and a rise in attrition across the markets that was partly a fallout of low attrition in COVID and partly signifying a burnt-out workforce across the world. Despite severe labor market challenges, we continued to partner growth through hiring and continued to meet demand in our markets. This was possible through a powerful employer brand that we built intentionally by tracking talent trends on Glassdoor and other social media platforms, deep investments in our talent acquisition capacity and capability, including setting up a global talent acquisition function. Last FY, we invested in Aspiring Minds, an AI-powered talent assessment platform, enabling us to have an equal focus on quality of talent. The year also saw us deepen our testing capabilities.

We firmly believe that our colleagues are our real ambassadors. Hence our internal referral program iRefer continued to be a significant channel to reach out to potential talent. The increasing contribution of iRefer year-on-year has led us to believe that employee advocacy is our biggest strength.

We continue to dip beyond conventional talent pools in the communities we work in. This year, we successfully piloted a formal apprenticeship program in the UK, as one of our alternative sourcing channels. This program creates new pathways for aspiring professionals – a unique opportunity to open the door to a full-time job. The apprentice standards in the UK allow for individuals to work and study, gaining NVQ (National Vocational Qualification) and meaningful employment. All apprentices are required to complete 20% off the job training. This process brings the learning to life and supports the retention of the skills learned. Within FY 2021-22, we had 90+ Firstsourcers active on an apprenticeship working in the UK. This not only allows us to broaden our attraction strategy but also supports our impact sourcing strategy.

We were proud to hire our first batch of colleagues as we expanded our operations to Mexico.

Within UK, we expanded to new 2 new satellite locations near Birmingham as part of a UK-wide strategy focusing on satellite sites in new locations across the UK & Ireland. In the last two months of 2021, Firstsource entered into an agreement to acquire The StoneHill Group through its Mortgage Company Sourcepoint, and American Recovery Services, Inc. (ARSI), a nationwide legal collections network headquartered in Southern California.

We ensured a smooth and exciting transition for all people during both acquisitions, ensuring success in every phase of the employee lifecycle. The plan in FY 2022-23 is to synergize our HR systems, policies and practices to unlock value for business and provide an elevated employee experience across the board. We also completed a client rebadge deal with a large Health Plans Company as part of our first BPaaS deal. The successful rebadging was critical to retaining organizational information and creating access to subject matter expertise needed to execute the technology and process transformation. As part of this engagement, we deployed employee communications customized for their unique culture and replicated their benefits to ensure minimal disruption to their total compensation and benefits package. Rebadged colleagues have been part of Firstsource since January 25, 2022 and are fully integrated with their Firstsource leadership and global teams.

We continue to invest in partnerships that allow us access to a diverse talent pool. With a commitment towards building Inclusion & Diversity (I&D) at workplace, we've taken deliberate steps to increase representation of women in our candidate pool. We recently participated in a virtual job fair **'Hire Women Warriors'**. Firstsource was the lone Platinum sponsor of the event. The event was organized by **'Military to Corporate'** – a niche talent firm with access to a rich veteran talent pool, helping them transition to the corporate world. Through this initiative, we plan to expand our talent pipeline by bringing in female veterans who will enrich our work ethic with their sense of duty, discipline, and leadership skills. We partnered with **Mogul** in the US, which has the largest and most diverse network of senior talent worldwide, to attract and source diverse talent across levels. We also partnered with WIT-ACE in India.

In India, we welcomed our very first **'All Women'** batch in Bangalore followed by similar batches in other offices creating a tribe of smart professionals committed to deliver exceptional customer experiences as they grow professionally supporting, empowering, and cheering for one another. We strengthened our impact sourcing and made significant progress in FY 2021-22. Through impact sourcing, we empower the local population, including economically underprivileged and those struggling to build a foundation of self-reliance and self-empowerment.

We partner with government, social organizations, and impact sourcing organizations to hire high potential but socioeconomically disadvantaged individuals across the globe. Our impact hires include people from varied backgrounds – including rural youth, transgender communities, people with disabilities, long-term unemployed & poverty level individuals. Impact Sourcing gives us access to new sources of high potential talent, while offering them entry into formal employment sector that leads to economic self-sufficiency through skill development and income growth.

Delivering meaningful employee experiences

Delivering a meaningful employee experience is a key pillar of our People strategy. The workforce of today is more discerning about their needs than ever before. We are a truly global organization with multi generation workforce, ethnicity and diverse thought processes. To deliver a meaningful employee experience requires us to craft "moments that matter" across the employee life cycle, create meaning in the work people do, build capability to deliver their jobs well, perceive fairness in how they are rewarded, build leadership access and also enhance the employee's experience of their manager amongst other things.
We have recognized that a sleek employee experience can be crafted at scale only through technology. We are truly committed to an internal Digital First, Digital Now culture.
We are implementing SAP SF, an end-to-end integrated technology platform across the employee life cycle. This will kickstart the journey of employees and their leaders being able to self-serve on employee transactions. We also partnered with Qualtrics to amplify employee listening at scale and we have deployed life cycle surveys and other just-in-time actionable surveys. This enables a listening culture and helps to co-create employee experience with our people. It further helps People Managers to create meaningful action plans driven by powerful insights and maximize employee potential. The continuous feedback helps us implement the right initiatives to attract, retain and engage talent.

We believe employee feedback and feedforward exercises are critical to creating and maintaining a vibrant, engaging and fulfilling workplace. As a part of this effort, we launched Pulse - our Tri-Annual Feedback Survey. Pulse – as the brand identity suggests, aims to keep us connected to the pulse of our people by seeking meaningful insights and implementing changes in line with the feedback received.

These surveys have replaced the annual Global Employee Survey and will serve as continuous feedback from our colleagues on what's working and what could be done better. The surveys span across two key areas:

1. Engagement indices like trust, recognition, growth and development; work environment, resources, work-life balance, communication, etc.
2. Organization-wide initiatives like employee wellbeing, Inclusion & Diversity (I&D) and Corporate Social Responsibility (CSR).

The first Tri-Annual Pulse survey launched recently had an overall participation of 63% and an overall favorability of 84%.

No number of online tools can replace the power of connecting 1:1 with the leadership team.

Let's Talk with Vipul: A leadership connect session launched in Q4 FY 2021-22. The first session connected global Team Leaders with our MD & CEO, Vipul Khanna to discuss Firstsource's performance and the key role that Team Leaders play. The session ended with a Rewards & Recognition event for all employees who participated in the Thought Leader Hackathon.

Talent Development

As markets shift rapidly, one of the key enablers of continued success is the ability to learn quickly and leverage the changes in the environment.
To this end, Firstsource Academy strives to build a culture of curiosity and continuous learning, by enabling a conducive environment as well as creating relevant opportunities for Firstsourcers to reskill or upskill.
In FY 2021-22, all managerial colleagues were offered multiple learning opportunities, with 95% of them availing at least one learning opportunity and 73% availing more than one. Overall, this learning cohort consumed more than 16,000 classroom hours and over 22,000 e-learning hours. Our flagship programs Jetset and Cadet equipped Team Leaders across the Company with relevant inputs aligned with the evolving needs of Operations Management, and key concepts on engaging and developing their teams.

Firstsource Academy introduced **gamified simulations as a learning channel to enhance critical behavioral skills of our people leaders** in the areas of leadership and team engagement capabilities. Over 100 leaders across Sales, Account Management, Solutioning and Product teams as well as key delivery leaders, participated in the **STAR (Sales Transformation and Results) program.**

Designed by Franklin Covey, a global leader in sales transformation training, this program was designed to build new beliefs and skills that enhance customer interactions and success.
INDEX (Innovation and Digital Excellence) was launched in FY 2021-22 to build the capabilities needed to realize our digital aspirations and help experiment with innovative ideas. As part of INDEX, Firstsourcers accessed programs on Digital Awareness, Structured Problem Solving, Data Driven Problem Solving, Creative Problem Solving, Lean Six Sigma Awareness and Green Belt Training.

Additionally, thousands of colleagues participated in our **webinar series on Future Ready Learning and Know your Business and Partner Insights**, aimed to build industry and organization-centric awareness around digital technologies and capabilities.

Using our unique Citizen Development Program, we are democratizing technology automation – by giving colleagues access to the knowledge and tools necessary to identify automation opportunities and develop bots that enhance efficiency for the Company as well as our clients.

A new corporate **Capability Development** team was established with leadership, teams, skills, capabilities, tools, structures, vendor eco-system etc. within six months of inception. Some of the notable achievements in FY 2021-22 include:

- Recognized at the **10th L&D Leadership Summit**, India for Digital Learning Transformation efforts
- **Enabling New Business Transitions:** established and implemented a strong knowledge acquisition and knowledge transfer process for 23 new transitions with ~1600 FTEs
- Trained ~16000 new hire colleagues with an average throughput of 89%; improved classroom yield by 1% and end-to-end training yield by 3% with respect to Q4 FY 2020-21
- Established a robust framework for accelerating speed to competency
- **Pre-Process Digitization:** digitized over 2,700 hours of learning (~ 50% of all pre-process/ Firstsource owned content) to deliver 10% reduction in training time - On track for 100% pre-process digitization by end of FY 2022-23
- **Firstsource's Smart Learning Framework:** (i) BFSI Client – First customer owned process training to be digitized; 1 week reduction for over 550 New Hires (ii) Healthcare Digital Intake Client – 15 hours of Digital Learning Content Developed: 13% reduction in time taken to achieve competency
- **Gamification**: Gamified assessments a way of life after three successful Gamification Weeks conducted with 10K users - Releasing new game templates every month.
- Partnered with NASSCOM to create a comprehensive curriculum on "Customer Service Skills"

Harini Satish

Meet Harini Satish, an RPA Developer who joined us in February as part of Firstsource and UiPath's #ReturnToWork initiative - her first job in 16 years post a career break due to family commitments.

Within three months, Harini initiated work on advanced automation technologies and was in charge of conducting partner trainings. "I was used to standing on my feet all day doing household work and sitting in one spot for work for 8-9 hours. was a challenge. Also, retraining my brain to go into learning/student mode was tough."

Harini's successful transition from a stay-at-home mom to a working parent can be attributed to a deep-seated desire and passion to showcase her skills. She compliments her team for helping her adapt to the new work environment with relative ease. When Harini is not developing automations, she enjoys nature walks especially by the beach and is also an ardent coffee lover.

Our collaboration with UiPath, an enterprise automation software company, extends to onboarding employees who have had a career gap or come from under-represented communities and training them in the most cutting-edge digital technologies.

Delivering meaningful employee experiences

Talent Retention

While talent retention continued to be a challenge in the wake of tough labor situations across our markets, we put in place a number of tactical and long-term measures to arrest attrition.

1. **Short-term measures:** This includes preserving a laser-sharp focus on strengthening onboarding, aligning wage rates with markets in the US and UK, opening satellite locations around key locations, and deploying a strong managerial system to support our associates.
2. **Mid to long-term measures:** Paying deeper attention to critical areas such as building people leader capabilities, nearshoring business, enabling hybrid working, and investing in HR technology.

Smart Works Project

To build a culture of continuous improvement our leadership team sponsors projects across the organization that galvanize key talent to come together and create value for the organization through cross-functional teams.

Compensation and Benefits

Our Total Rewards strategy enables a fair, transparent and high-performance culture, one that recognizes and rewards high performers and incentivizes them to unleash their potential. Differentiated rewards also translate to varied opportunities for promotions, career development, financial and non-financial recognition, and meaningful work opportunities.

Our compensation framework promotes, and rewards sustainable performance and contributions based on values, delivery and performance across all levels of the organization. It is aligned to our strategic objectives as well as to our corporate values and beliefs. The feasibility of our compensation decisions is considered in the context of our global competitor landscape to ensure long-term competitiveness and talent retention and deliver against our overall organizational objectives. We strive to create better alignment between our business strategy and performance outcomes and create stronger linkages between employee rewards on the one hand and individual, team and enterprise-wide results on the other. With the evident importance of non-financial rewards, we are zeroing in on utilization of non-financial recognition programs as a way of reinforcing the organization's culture and performance orientation.

During the year, we launched some key policies and benefits like **paid maternity leave** in the US and **menopause policy** in the UK.

Making our policies and benefits portfolio more inclusive

- **100% Paid Maternity Disability leave in the US** to support our women employees with time off work during pregnancy, childbirth, and caregiving for a new-born
- **Menopause policy in the UK** to create awareness about menopause, provide necessary flexibility, support, and adjustments to women experiencing it and create a safe space at work for open and respectful discussions on the subject
- **Health insurance coverage for same sex partners in India** to support our LGBTQIA+ employees with equitable access to healthcare for their loved ones

In FY 2021-22, we applied a judicious and forward-looking approach to the annual compensation revision, with the goal of remunerating our colleagues fairly, in line with their performance and market conditions.

Market projections were higher across all geos, compared to previous years, in light of the talent crunch and general market recovery from the pandemic. Given the unprecedented attrition reported in the BPM industry, we made targeted investments in critical high performing talent. Retention of talent at all levels warranted a higher investment in increment budgets as opposed to the original plan.

Activating purpose

We seek to create an ecosystem where people are guided by not only our values but also a sense of purpose. We strive to provide an environment that caters to individual needs and nurtures latent potential, an environment where people are encouraged to try new things without fear of failure.

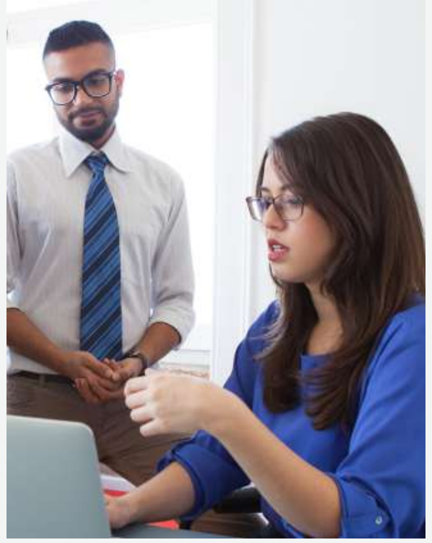
At the heart of our purpose-driven agenda lies our commitment to clients, colleagues, and **communities**. We embrace an inclusive workplace culture that respects and values not only the diversity of our employees but also that of our clients and communities around the globe. Firstsource seeks to be a good corporate citizen in all aspects of its operations and activities. We commit to operating in an economically, socially, and environmentally responsible manner while balancing the interests of diverse stakeholders. The way Firstsource does business reflects its commitment to profitable growth, sustainable development, and integrity.

We galvanize our purpose by positively impacting communities and fostering a culture of inclusive growth, innovation, and collaboration. FY 2021-22 highlights include:

Partnerships: We commenced projects with NASSCOM Foundation (digital skilling of women entrepreneurs), Nirmaan (COVID Care) Organization and Goonj (livelihood generation).

Volunteering: Volunteering programs increase engagement levels at work by creating experiences that can address the individual's need for meaning. In FY 2021-22, 1,593 colleagues volunteered in 169 events across the year impacting 23,009 lives across communities.

Payroll Giving Programs: We also saw 4,720 colleagues donating ₹ 10.08 million through various payroll giving programs including special fundraiser conducted to support COVID impact on communities.



"Women have evolved and adjusted themselves well in a very dynamic and ever-changing world. That in itself is motivating -that many of us have survived and even broken barriers. Be it in personal or professional life, many of us were and are continuing to break the stereotypical notion around what women can do and cannot. A salute to all those who have stood out from the crowd. Firstsource has a people-centric policy with absolutely no room for gender bias. I'm confident that in the coming years, we will lead the market in terms of the Women/Men ratio at all levels.

Sania Ahmed, Manager
Manager – Operations (India)

Evolve Organizational Culture

We pride ourselves in our inclusive mission: to empower every employee across the globe to achieve more. We see diversity and inclusion as a core element of our business model, where we strive to create an inclusive work environment that welcomes people from different backgrounds and with varied perspectives. A diverse and an inclusive workforce fortifies our ability to innovate at scale and to understand our clients' unique needs across the globe.

Inclusion and Diversity

In March 2021, Firstsource started on a more structured approach to Inclusion and Diversity (I&D). Our mission is to build an inclusive culture where people of diverse backgrounds, experiences, and perspectives thrive and unlock further value through innovative and effective solutions. Our primary focus areas in our journey this year were improving gender balance, strengthening LGBTQIA+ inclusion and promoting ethnic and cultural diversity within the organization. Going forward, we are committed to focus our efforts on these dimensions as well as expand them to include other dimensions of diversity within the organization.

To ensure our I&D agenda is embedded in our business strategy and overall organizational culture, the executive sponsor steering from the top is our MD & CEO.

Working with him is our **I&D Studio**, made up of enterprise leaders from across the organization representing several business units and geographies that we operate in. The I&D Studio meets periodically to ensure alignment of the I&D strategy with overall business objectives and accountability for results. Partnering closely with the I&D Studio team is our I&D Advocate team comprised of subject matter experts from each geography that interact closely with the affinity groups, business leaders, and employees to drive corporate-level action plans and promote change.

A proud moment in our journey last year was our inclusion in the **2022 Bloomberg Gender-Equality Index (GEI)**. Firstsource featured alongside 417 other companies, globally, committed to transparency in gender-data reporting and creating a workplace conducive for diverse talent to succeed. Participating in the reputed Bloomberg Gender Equality Index was not just a benchmarking exercise for our policies, practices, and talent processes against the participating companies but also a showcase of our commitment and efforts towards gender equality. The recognition is a significant validation of our efforts so far towards creating a workplace where women have equal access to opportunities, learning and growth.

It was through our actions below, centered around our four strategic pillars that helped us achieve this recognition. We will continue to seek opportunities to benchmark against organizations with best-in-class I&D practices, share our achievements and learnings and build a workplace which is welcoming for all.

1. **Talent:** - Laying the groundwork for attracting, engaging, and integrating diverse talent in the organization, our efforts this year were focused on cultivating hiring partnerships with reputed organizations across geographies.
   - In FY 2021-22, we hired a **cohort of women in the US returning to the workforce** after a break in their careers ranging from 10 months to 16 years and supported them in their journeys. We are delighted to receive positive feedback from them on their experience at Firstsource and look forward to seeing them grow as professionals.

> "Women can't thrive in a male-dominated world. Well, I believe otherwise. I saw inspiration in Firstsource, seeing women as captains in their respective fields, which gave me the fire to do the same.
>
> **Shalom Santiago**
> **Executive - Human Resources (PH)**

2. **Workplace:** The past year saw us rolling out some key policies and benefits like:
   - **Paid maternity disability leave in the US** to support our women colleagues with time off work during pregnancy, childbirth, and caregiving for a new-born.
   - **Health insurance coverage for same sex partners in India** to support our LGBTQIA+ colleagues with equitable access to healthcare for their loved ones.

   Our efforts to review our policies and benefits to make them more inclusive will continue in the coming year. We have also strengthened our capability to leverage data to gauge the impact of our I&D actions and help us reduce systemic bias in our talent processes. This would be achieved by monitoring diversity related metrics around our talent processes like hiring, retention, career advancement and pay among others, in addition to qualitative feedback from Firstsourcers to ensure effectiveness of our actions and make corrections wherever required.

3. **Capability:** One of our key priorities is to strengthen collective awareness, cultural intelligence, and managerial capability towards building an inclusive mindset within all our teams. We rolled out a global, virtual learning program for all colleagues to gain a deeper understanding of unconscious bias, its implication on the workplace and explore simple techniques and strategies to eliminate bias in day-to-day interactions. In addition to this, we encouraged informal learning by providing access to colleagues to curated educational resources on various dimensions of diversity.

   Men Advocating Real Change (MARC), an initiative by Catalyst, aimed to inspire men to champion gender partnership and leverage their unique role as an advocate for gender equity, is another key learning experience that one of our senior leaders participated in.

4. **Community & Culture**: In FY 2021-22, we launched two global affinity groups in the organizations. The affinity groups are employee-led, employer-recognized platforms to share ideas, experiences, expertise and collaborate to co-create solutions for common barriers faced by the group.
   - **Women's Inspiration Network (WIN)** for women colleagues and their allies
   - **Source of Pride** for LGBTQIA+ colleagues and allies

Yesu Rajal

"As a genderqueer person, it feels great that people have started to accept me for who I am. I feel it is my responsibility to break stereotypes and build awareness about my community."

Yesu Rajal works at Firstsource as part of a client team onboarded to help address the plight of COVID patients in the Bangalore and Thiruvallur districts during the pandemic.

But, he is also a well-known make-up artist who began working as a freelancer in 2014, shortly after receiving his diploma in hair and beauty. He rose to prominence by doing hair and makeup for South Indian celebrities, with the highlight of his career being hairstyling for legendary singer Dhee for the 'Enjoy Enjami' Tamil music video.

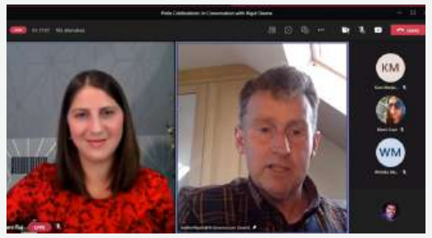
As a strong advocate for self-love, Yesu hopes to inspire others to break free from societal expectations and follow their life's purpose and passion. He recognizes that there is a need for better acceptance of male make-up artists in society and that discrimination against them is still prevalent based on their skin color, caste, religion, and gender.

Though this is his first corporate job, Yesu is loving the work, as well as the support and camaraderie of his coworkers, while helping us in creating a truly inclusive workplace.

Evolve Organizational Culture

A key focus area for us in the past year was creating opportunities for dialogue on various I&D issues through leadership interactions including conversations with our client leaders. Interactive awareness sessions conducted with external subject matter experts on inclusion of various under-represented groups within the organization were well appreciated by our colleagues as forums to learn more, strengthen empathy and have open conversations on important topics. The year also saw us embed employee connect in celebrations and observances of key I&D events and lead conversations on I&D in several industry-level conferences.

In March 2022, we took another intentional step forward in our inclusion journey as we became a **signatory of UN Women's Empowerment Principles (WEPs)**. We have joined a global list of more than 6500+ signatories, with a public commitment and a detailed action plan created in accordance with the seven steps presented in the WEPs, to making a difference towards gender equality and women's empowerment in the workplace, marketplace, and community.



UK Awards

FY 2021-22 began with a bang with Firstsource receiving the Investor in People Gold accreditation. Firstsource has been an Investor in People accredited organization since 2010 – a validation of our commitment to continually reflect, learn, adapt, and drive improvement through culture, processes, systems, strategy, and people. The accreditation also helps us attract the right talent. In March 2022, we were recognized as Level 2 Disability Confident Employer – another progressive step towards inclusion and diversity.

Shalini Saraswathi

"My biggest learning is that we don't control anything in our lives. We can make plans and believe that we have it all under control, but it only takes a switch of a button for life to turn around."

Shalini Saraswathi (She/Her/Hers) began her career with Firstsource in 2007. She had been working in Operations for 5 years when she experienced a life-changing incident in 2012. **"Only when you experience disability or someone close to you does, do you realize the impact it has on your life"**, she reflects.

Shalini's biggest challenge as she transitioned to someone with a disability was overcoming her low self-esteem. She was aware of how debilitating her self-doubt had become and to counter it, she took up running. What started as a means to shed some weight and stay fit, became a process of regaining self-confidence. It soon became an anchor for her, nourishing not only her body but also her mind and soul.

Armed with renewed strength and with the support of her colleagues, Shalini rejoined Firstsource in 2014. She credits her team leaders and managers for not only ensuring a smooth move back to work, but also encouraging her and giving her the flexibility to continue her commitment to running.

A national-level silver medalist in 100 meters sprint, Shalini is now aspiring to participate in the Asian Games in China. She finds it odd that people find her story inspiring, believing instead, that she simply made the best out of her situation.

An outspoken proponent of **#DisabilityAwareness**, she feels fortunate to have the support needed to succeed in our society. And we're fortunate to have a fighter like her in our midst!

Recognition

Global Leadership Awards is a platform designed to recognize and celebrate the achievements of Firstsourcers across geographies, business units and functions. With each passing year, we endeavor to make the awards more inclusive and meaningful. FY 2021-22 was no different. The HR Team worked closely with leaders and teams on the ground to revamp the Global Leadership Awards. The awards are now better aligned to our four strategic pillars – Grow, Digital First Digital Now, Operations Excellence, and People & Culture – which are foundational to our work ethics as we evolve. We also introduced new categories and made changes to the evaluation process – both of which were well received. The year ended on a high note with a virtual felicitation ceremony for FY 2019-20 and FY 2020-21 winners held on March 29, 2022. Although this was our second virtual felicitation event, the approach to the event was significantly different from the previous one with the use of an interactive microsite. The seamlessly organized event garnered a hugely positive response from the audience as well as the winners.

To help build a culture that keeps everyone happy and engaged, we launched **FirstReward**, our reward and recognition tool in partnership with Vantage Circle. The FirstReward platform enables Firstsourcers across the globe to reward positive behaviors and achievements at the workplace – through monetary and non-monetary awards for peers, subordinates, supervisors, and leaders. The team is consistently working in close partnership with HR Business Partners and our platform partner to publish insights on a quarterly basis to enhance the current interface, increase utilization, and build a culture of recognition.

We also continue to foster a **culture of wellness** with focus on the holistic wellbeing of our colleagues globally, through initiatives like Global Wellness Week and Global Fitness Challenge. The health crisis was a major catalyst that pushed us to rethink the way we work in the post-pandemic world.

We worked tirelessly to support our employees and their loved ones during challenging times – through the second and the third wave of COVID cases. To help impacted colleagues and their families weather the crisis, we provided COVID recovery support initiatives, including financial and non-financial relief measures globally.

> Don't just think outside the box, stand on it for a better view. You will then be able to connect with other people who think outside of their box, and as you come together, there is a platform. That platform begins to grow into a staircase of boxes, and before you know it, you've reached new heights that can change the world.

Marquita Stribling
Manager – Customer Care (US)

> We have a diverse workforce in Derby, in terms of ethnicity, gender and age. Our diverse teams make us stronger, as we benefit from seeing and hearing each other's perspectives when making decisions and collaborating.

Mark Stelmach
Director – Operations (UK)

UNLOCKING VALUE THROUGH PURPOSE-LED ESG STRATEGY

As a purpose-led organization, we are committed to making a meaningful and tangible difference in the lives of our people, clients, shareholders, and the community alike. Our commitment to a sustainable and equitable future is manifested in our strong governance standards, a focus on employee wellbeing, customer centricity, delivering community impact, and mitigating our environment footprint.

This year, we channelized our focus to formally ingrain Environment, Social and Governance (ESG) principles within our organizational culture. We have set a vision and ambition to craft a purpose-led ESG strategy with clear goals and commitments. By enhancing transparency and disclosures, improving performance in alignment with leading ESG frameworks, and scaling impact for our stakeholders, we are reprogramming our business to better deliver shared value.

In the new normal, ESG management has gained prominence among investors, regulators, and key stakeholders, who recognize that alignment with ESG principles can preserve and enhance value. Furthermore, the COVID pandemic drew attention to the interconnectedness of our collective experience and showed us that complex problems can be solved when we come together and collaborate. Firstsource believes that a robust ESG strategy can make a significant contribution both within and beyond the organization.

FY 2021-22 Highlights

Conducted a diagnostic to review and benchmark our existing policies and processes, identifying opportunities to further deepen ESG within our strategy, operating model and culture.

Assessed materiality of industry specific ESG themes and consulted 140+ internal and external stakeholders to identify our priorities.

Drafted an **overarching ESG Policy**, applicable to all our entities.

Integrated ESG within our Enterprise Risk Management framework by mapping potential risks, assessing the impact of emerging ESG risks on the business and identifying mitigation strategies.

Developed a pathway towards ESG leadership by **crafting granular actions plans and functional roadmaps.**

We will be publishing our first ESG Report for FY 2021-22 in accordance with the Global Reporting Initiative (GRI) Universal Standards to enhance transparency on non-financial performance.

EMBEDDING ESG WITHIN

'Humaneness', one of the six pillars of our REACCH values, is rooted in the principles of sustainability. Through actions driven by our values, we aim to remain conscious of our social responsibility, including caring for communities and acting in environmentally responsible ways.

Establishing our ESG baseline

While the framing of business performance around the pillars of ESG has been more recent, its core ethos and principles have been ingrained in our foundations from the beginning. We have always believed in doing business the right way and over the years we have implemented a robust framework of policies and processes that enable us to be responsible corporate citizens and stewards. The emergence of ESG standards and frameworks coupled with rapidly evolving regulations and increasing expectations of civil society for businesses to play a more direct and active role in addressing the world's most crucial challenges, has provided an impetus at Firstsource to better understand how our business model, distinct capabilities and talent can be deployed strategically to deliver positive impact for our stakeholders.

To build a more sustainable company and support society progress on critical development objectives, we conducted a diagnostic of our current policies, systems, processes, performance and reached out to our leaders and key process owners to understand their perspectives. The outcomes of the exercise established a baseline and have provided insights into opportunities for further improvement, which will become integral considerations to our ESG roadmap for FY 2022-23 and beyond. Over the next year, we will set clear goals and targets across material ESG topics and report on our progress annually.

Governance structure

Board Committee

Review and Oversee

ESG Lead

Implement and Coordinate

Steering Committee

Define ESG strategy and Monitor progress

Working Group

Implement and Execute

Institutionalizing ESG

ESG is everyone's business within an organization and by integrating it into our governance framework, we are confident that it will unleash a wave of innovation that drives value for our customers and partners while solving critical societal challenges.

We recognize that to truly integrate ESG within organizational goals and objectives, a defined framework of roles and responsibilities reporting to the Board of Directors is crucial. Our **360 degree ESG governance** structure aims to gradually build awareness across the organization, encouraging teams to collaborate and identify opportunities within Firstsource and eco-system.

To provide adequate oversight and accountability on ESG, we are expanding the purview of the Board's Risk Management Committee to include ESG responsibilities. The Committee will provide direction and monitor Firstsource's ESG strategy, plans and performance. It will also guide the management on implementing initiatives to embed integrated thinking into our culture and champion the "doing well by doing good" mantra.

The **Risk Management and ESG Committee** will be supported by a **Steering Committee** comprising members from the Executive Leadership Team (ELT) and select senior business leaders from across functional domains, who are responsible for operationalizing the ESG strategy and monitoring progress on associated action plans and performance metrics. The Steering Committee will convene quarterly to review progress and performance. Further, **Working Groups**, led by functional heads, will be constituted to focus on implementing specific initiatives and projects aligned with our ESG strategy and roadmap.

A new role **"ESG Lead"** has been designated to drive ESG at Firstsource. The ESG Lead will be the fulcrum that coordinates efforts and actions across functional teams, and will act as a bridge to ensure seamless interconnection across our governance ecosystem.

DEMONSTRATING DISCIPLINE AND ACCOUNTABILITY

As a Company, we adhere to the highest standards of governance to ensure that our leadership provides the direction and guidance to keep us on track with our strategic progress, as well as to support and enhance the value we deliver to our stakeholders.

We uphold our reputation as an ethical organization through a leadership-driven organizational culture.

Governance framework

- Chairman of the Boards
- Board of Directors
  - Audit Committee
  - Nomination and Remuneration Committee
  - Stakeholder Relationship Committee
  - Corporate Social Responsibility Committee
  - Risk Management Committee
  - Other Committees
- MD & CEO
- Senior Management

Our globally benchmarked governance policies are listed below

- Global Ethics Policy
- Code of Conduct
- Whistleblower Policy
- Anti-Bribery Policy
- Global Fraud Policy
- Material Subsidiary Policy
- Policy on Familiarization of Independent Directors
- Gifts and Entertainment Policy
- CSR Policy
- Code of Practices and Procedure for Fair Disclosures
- Code of Conduct for Prohibition of Insider Trading
- Related Party Transaction Policy
- Dividend Distribution Policy
- Data Protection and Information Security Policies

Board's role and composition

The Company's Board of Directors provides leadership and direction to the management, as well as directs, monitors, and oversees the business performance. The Board plays a critical role in guiding the Company towards advancing stakeholders' short- and long-term value interests. The Board comprises notable experts in diverse sectors, including management, finance, legal, marketing, technology, and strategic planning. The Company has an optimum combination of Directors on the Board compromising ten experts drawn from diverse fields, of which 9 (i.e. 90%) are Non-Executive Directors and one is an Executive Director. 5 (i.e. 50%) out of 10 Directors are Independent Directors.

Roles and responsibilities

The Company has defined roles and responsibilities across the organization and stakeholders to ensure accountability, expectation setting, and clear reporting lines.

Board of Directors	Approve key business objectives and create a mechanism to ensure that the executive management effectively manages risks impacting the business
Audit Committee	Provide oversight on the financial reporting process and reviews the independent assurance activities performed by internal auditors Review proper resourcing of the internal Audit team
Nomination and Remuneration Committee	Evaluate performance of Board of Directors Identify people qualified to become Directors or appointed in senior management Formulate and review employee stock option schemes Review policies and decision regarding compensation of Directors and key managerial personnel
Stakeholder Relationship Committee	Provide oversight on corporate governance practices Review measures taken to ensure transparent communication with all stakeholders and update them about business developments Resolve grievances of stakeholders
Corporate Social Responsibility Committee	Formulate a CSR policy and recommend the amount of expenditure to be incurred Recommend an annual action plan for pursuance of CSR policy Review and suggest changes in the policy from time to time
Risk Management Committee	To assist the Board in overseeing the responsibilities with regard to the identification, evaluation and mitigation of Strategic, Macro Economic/ Political/ Environmental and Operational Risks Provide direction and monitor Company's ESG strategy, plans and performance
Strategy Committee	Deliberates strategic initiatives of the Company periodically
Investment Committee	Review investment decisions made by management and ensure adherence to investment policy Recommend change in investment policy periodically
Compliance	Drive comprehensive regulatory and contractual compliance management processes, report exceptions, and create awareness about such obligations Additionally, drive standards of corporate governance through global ethics, anti-fraud, anti-money laundering and anti-bribery frameworks
Internal Audit	Provide independent and objective assurance on the controls to the Board and Audit Committee and enable sharing of best practices across geographies, businesses and functions

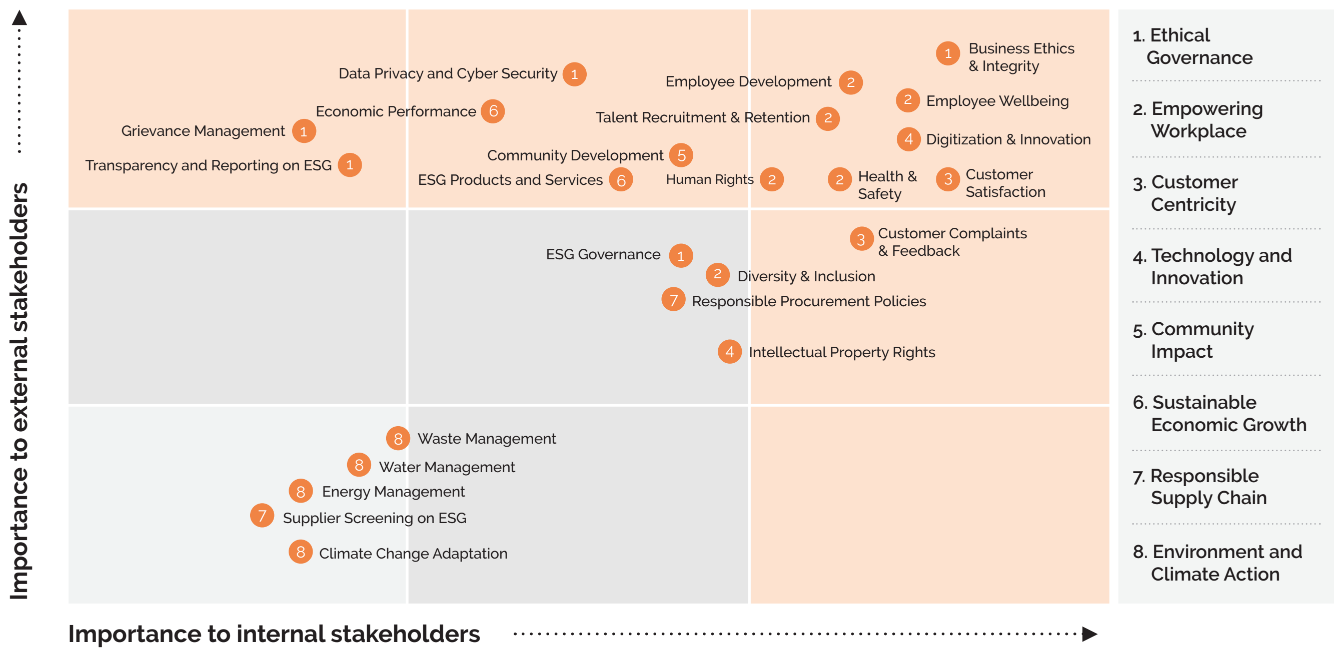
ENGAGING WITH STAKEHOLDERS FOR PERSPECTIVES ON ESG

We cultivate synchronistic relationships with our internal and external stakeholders and recognize that maintaining open lines of communication for feedback and collaboration is important. To understand what our stakeholders think and feel about ESG issues and capture their perspective on priorities for our business, this year we conducted a detailed materiality assessment. We consulted 140+ stakeholders through online questionnaires, one-on-one discussions, and focus group discussions.

Our material ESG themes

Through insights gleaned from stakeholder feedback, industry scans, peer benchmarking and secondary research, over 40 ESG topics evaluated for consideration at a strategic level were filtered down to 24 topics which were further organized into eight relevant themes.

Ethical governance	Empowering workplace	Customer centricity	Technology and innovation
Environment and climate action	Sustainable economic growth	Community impact	Responsible supply chain



The results of the materiality assessment unveiled ESG topics that could potentially be hidden value creators and helped identify the key issues that our stakeholders perceive as being important. Our ESG strategy and approach will be guided by the feedback received from this materiality assessment exercise.

Integrating ESG within Enterprise Risk Management
ESG risks have consistently featured amongst the top risks for business identified by the World Economic Forum (WEF) in The Global Risk Report published annually. In its 2022 report, eight of the top 10 severe risks are environmental or societal. These include the failure to act on climate change, erosion of social cohesion, natural resource scarcity, biodiversity loss, human environmental damage, livelihood crises and infectious diseases. Moreover, with dynamic structural changes to the economy occurring as we transition to a low carbon economy, increasing scrutiny from civil society and regulators and changing consumer expectations, the risk landscape is ever uncertain.

To future-proof our business, we conducted a review of our Enterprise Risk Management (ERM) framework and functional risk registers to integrate material ESG risks which may affect our business.

Some of the risk themes considered included **climate-related risks, employee safety and well being, diversity and inclusion, responsible supplier management and customer expectations on ESG** amongst others.

We updated our functional risk registers by mapping risk elements against ESG factors and incorporating emerging risks that we will subsequently monitor in compliance with the recent amendments to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Integrating ESG within our ERM, will improve risk awareness across Firstsource, ensuring that we remain vigilant in a riskier world.

As we continue to remain vigilant of emerging, cross-cutting, interdependent and long-term ESG risks, our Risk Management and ESG Committee will regularly review the risk profile of the business and take necessary actions to manage and mitigate ESG risks.

Managing supply chain ESG risks
As an extension of our ESG Policy, we seek to partner with those who are aligned to our values and ESG expectations. While ESG risks within our supply chain are comparatively limited, we have defined processes for supplier assessment and verification incorporating considerations to ensure that we partner with suppliers, vendors and contractors that are ethical, responsible and compliant with minimum ESG standards.

Our **Supplier Code of Conduct (SCoC) and Global Ethics Policy** outlines our expectations and guidelines, and establishes obligations for third parties, vendors and suppliers to commit to fair treatment, ethical behavior and safe and sustainable business practices. Violations of the Code may lead to action, including termination of contracts.

In FY 2022-23, we aspire to develop a **responsible supply chain framework**. This will comprise a clear policy with supporting processes to incorporate additional ESG criteria for supplier evaluation, including contractual compliance obligations, where necessary. We will develop supplier ESG scorecards, which will provide actionable insights to manage risk, and also help identify suppliers with undeveloped ESG practices that we could support by helping them build their capabilities.

CELEBRATING DIFFERENCES, EMPOWERING EACH OTHER

Creating an actively inclusive workplace where people of diverse backgrounds, ideas, and mindsets are welcomed to belong and grow together is at the heart of our approach. As a purpose-led organization we invest in our people, provide upskilling opportunities, and build an environment that is empathetic, secure, considerate, so that they may achieve their full potential.

We want our team members to have an insatiable appetite for knowledge and innovation. Hence, we place a high priority on their development through extensive investment in training and re-skilling programs.

Empowering our people

What sets us apart is our commitment to creating a platform for our people to achieve their aspirations and advance their personal and professional ambitions. Our culture celebrates each team mmember's unique strengths, facilitates open dialogue, encourages continuous learning and supports collaboration.

We provide adequate tools and professional development opportunities for our people to equip themselves with the skills and knowledge they need to excel in their roles. While we continue to invest in enhancing competencies across the organization, we are building future-ready learning delivery models by incorporating digital, interactive and self-directed training content.

The 'Firstsource Academy' leverages digital platforms and partnerships with globally recognized learning Providers with access to over 160 distinct programs offering outcome-based learning across a wide range of competencies and skills. This makes it easy for our people to stay ahead of the curve with on-demand e-learning courses, connected classrooms, and online programs.

Further, we invest in developing leadership potential across the organization through highly focused leadership development programs.

Celebrating diversity and inclusion

When people with unique skills and varied capabilities are brought together to share a common purpose, they can make a lasting difference. By implementing an Equal Opportunity Policy, we strive to create an actively inclusive workplace where individual differences are celebrated and varied perspectives are valued.

Our **Global Inclusion and Diversity** strategy is delivered across five thematic focus areas:

Culturally inclusive
We cultivate a culture of inclusion by embracing and respecting people for who they are, irrespective of their race, ethnicity, orientation, or background. The Code of Conduct sets clear guidance on providing equal opportunity to all, protecting and enhancing human dignity and a commitment to building an ethos that is open, honest and unprejudiced. Team members are encouraged to imbibe cross-cultural sensitivity and develop an inclusive mindset. For instance, we celebrate Briitish Culture Week and Black History Month at Firstsource offices in the UK and US.

Gender neutral
We seek equal gender representation at all levels of the organization and provide an environment that is empathetic, secure, considerate, and free of harassment. Through trans-inclusive awareness workshops and LGBTQIA+ 101 sessions, we aim to sensitize our workforce on our gender neutral approach.

Multi-generational
We embrace a culture that actively draws on the voices of diverse generations. By providing multiple channels of communication for our colleagues across the organization to share ideas, perspectives and feedback with leadership, we foster fluid conversations and ideation.

Parents at work
We offer flexible arrangements to bridge the work and home divide by embedding, wellbeing, parental transition, and wider family caring policies. This allows parents to balance competing responsibilities, manage childcare and focus on wellbeing for a better work-life balance.

We have been included in the **2022 Bloomberg Gender-Equality Index** (GEI) and featured with 417 global organizations that are making progress against the five pillars of the framework -gender equality, equal pay and gender pay parity, inclusive culture, anti-sexual harassment policies, and pro-women brand. By participating in GEI, we are reinforcing our commitment to building an equal and inclusive workplace and benchmarking our practices to measure and improve performance.

Firstsource included in **2022 Bloomberg Gender-Equality Index**

Bloomberg Gender-Equality Index 2022

Transparent approach to managing people performance

The way we measure, enhance and reward performance is designed to help our people pursue their career dreams – in a culture of learning, meritocracy and excellence.

Through **ACE (Achieve. Collaborate. Enhance.)**, our performance management framework, we aim to institutionalize a transparent platform that recognizes excellence and helps identify development opportunities continuously.

Our strategic priorities are embedded within employee scorecards to ensure seamless alignment with organizational goals, objectives, values and behaviors. This year, we heightened our focus on improving feedback channels and employee coaching. Recognizing and rewarding people for their contributions, performance and behaviors provide clear signals on expectations, improves satisfaction and boosts motivation.

FirstReward – our reward and recognition programme, in **partnership with Vantage Circle** enables 360 degree recognition and is accessible to all our team members. We continue to host our Global Leadership Awards, launched in 2016, which is an annual platform to recognize and celebrate employee achievements across all geographies, business units and functions. This year, we revamped the awards framework and aligned it more closely with the organization's strategic pillars.

Prioritizing wellbeing and safety

The COVID pandemic has been particularly difficult, with a shift to work from home, resulting in the blurring of lines between professional and personal space, challenges of maintaining a healthy lifestyle, associated mental health issues, and coming to terms with disrupted routines. We prioritize the physical and mental wellbeing and safety of our people, and have introduced initiatives reimagining our approach for a post-pandemic world.

Global Wellness Experience
The Global Wellness Experience is a first of its kind, expanded wellbeing program for our people. The initiative included 15 time zone-friendly mental, physical, and financial wellbeing sessions that were conducted over three weeks in October 2021. The program drew a lot of positive feedback from the 3850+ participants across geographies. The sessions were led by a combination of prominent guest speakers and Firstsource leaders across themes such as stress management, burnout and anxiety, self-care, healthy eating and nutrition, mindfulness, mental health awareness, and high intensity interval training.

Global Fitness Challenge
Following the success and the overwhelming response to the Global Wellness Experience, we collaborated with Vantage Circle to launch the Global Fitness Challenge. Through this initiative, our people participated in a 12 week gamified fitness initiative that enabled them to set and track their fitness goals while competing with colleagues and co-workers on Vantage's Fitness App. Designed to help improve overall wellness, the weekly challenges required employees to track and log activities around seven health metrics. 650+ team members participated across 208 teams with 1261 downloads of the Vantage Fitness App.

Safe working spaces
Through our global Quality, Occupational Health, Safety, Environment and Energy Management (QOHSE) policy and management framework, our health and safety management practices are developed in alignment with international standards such as ISO 45001 and BS OHSAS 18001. We ensure proactive and preventive measures to manage safety risks and have put in place various measures such as emergency preparedness action plans, fire safety measures, simulated scenario-based emergency training, routine electrical safety audits amongst other targeted interventions

COVID safeguards and support
Throughout the pandemic, the health and safety of our stakeholders was a top priority. We implemented best practices measures drawing from guidelines published by WHO and local public health authorities. A business continuity plan was implemented immediately, with a COVID war room to assess, monitor and direct our efforts to safeguard team members.

Our hybrid infrastructure allowed employees to rapidly switch from an 'on-premise' to a 'work-from-home' model, without disrupting client services. Further, we introduced additional policies, benefits and support for employees and their families, including COVID care leave up to 28 days for infected employees, compassionate leave for care-givers, hardship allowance of employees that were home quarantining or had been hospitalized, additional compensation to the family of deceased employees, a COVID helpline, and sponsored health checks for employees above the age of 40 amongst other measures. We also provisioned for oxygen cylinders and concentrators, isolation rooms for colleagues and their dependents and partnered with Dhani, a support organization, to supply COVID management kits to employees.

As we gradually return to working from our offices, we have implemented clear guidelines and COVID-safety protocols.

BEING ECO-CONSCIOUS

We explore opportunities to collaborate and contribute to climate solutions through our digital solutions and services, which help improve productivity, process efficiencies and conserve resources. Though our operational environmental impacts are limited, we continuously seek opportunities to minimize our carbon footprint, while supporting environmental causes through our employee volunteering programs and CSR interventions.

The urgency to act on climate change has never been more apparent. Failure to act now could potentially lead to significant adverse impacts that will disrupt businesses and their supply chains. We are committed to being part of the solution and collaborating with our stakeholders on climate and nature positive actions.

As an eco-conscious organization, we implement a structured framework to manage our environmental impact. Our **Global Environment and Energy Management Policy** which is subsumed within the QHSEE framework provides for measuring and monitoring direct and indirect carbon emissions, improving energy efficiency, waste management and water conservation at all our offices and facilities.

Additionally, ISO 14001 certified environmental management systems are implemented at all our offices in India and the United Kingdom.

As we further develop our climate strategy, we will establish a greenhouse gas (GHG) baseline by FY 2022-23, subsequently setting carbon reduction targets aligned with the Paris Agreement, in keeping with global efforts to limit warming to well below 2 degrees celsius compared to pre-industrial levels. With an increased focus and awareness of climate-related risks, we will conduct an assessment of potential impact on our operations and value chain and prepare to enhance our disclosures in alignment with the recommendations of the Taskforce for Climate-related Financial Disclosures (TCFD). We have been participating in the CDP, the largest climate change focused data collection and assessment program and reporting GHG Emissions from UK sites for the last 5 years.

Responsible waste management
Our waste management approach is guided by the 3R principles - reduce, reuse and recycle. Being a technology Company, e-waste is generated, which if not properly disposed of can have adverse environmental impact. It includes computers and peripherals, laptops, printers, scanners, batteries, air conditioners and other electronic hardware. We monitor and manage our e-waste carefully and ensure that at the end of its life it is either repurposed, repaired or recycled through authorized vendors.

While our offices generate some amount of dry and wet waste, it is appropriately segregated and disposed. At some of our offices, the organic / food waste is composted and subsequently used as manure for gardening.

Conserving water
Although our operations are not water intensive, we strive to use water judiciously. We have installed sensor-based water taps with accelerators to avoid wastage, where possible we use recycled treated water for domestic purposes and have installed rainwater harvesting systems to reduce freshwater intake. All our facilities in India and Philippines have onsite sewage treatment plants, where wastewater is treated and reused.

Supporting clients achieve eco-outcomes
We are integrating intelligent automation, digitization, artificial intelligence, advanced analytics and machine learning to solve client challenges in ways that are quicker, more accurate and efficient. Through our distinct solutions - Digitally Empowered Contact Centers (DECC), Intelligent Back Office or Platforms, Automation and Analytics - we re-engineer and simplify processes, combine intelligent workflows with bots and leverage Cloud capabilities. Our digital solutions and services deliver client benefits by improving productivity, streamlining processes and ultimately driving resource efficiency. It enables them to do more with less, and in turn leads to better management of resources and reduced energy use for outcomes delivered.

Investing in communities
We are committed to helping our communities stay ahead of challenges by deploying the strength of our resources, people, and digital solutions to support CSR interventions across education, Healthcare and the environment around the world. In FY 2021-22, we invested ₹ 15.5 million on community impact projects aligned with our CSR strategy and thematic focus and our people volunteered over 51,000 hours on community impact projects such as cleanup drives, tree plantation, career guidance for the underprivileged, financial and digital literacy support and, charity football amongst others. As we work to empower people around the world, we are committed to transparently showcasing our contributions and reporting our progress in an annual CSR report, which is available on our website.

Managing our carbon footprint
We have an **Energy Management Plan** aimed at identifying energy saving opportunities, integrating renewable energy, where feasible, and installing energy efficient hardware.

Our actions to mitigate climate change include switching to LED lighting systems with motion sensors at our workstations, raising the ambient air conditioner temperature by 1 degree, thereby reducing power consumption, rationalizing the use of chiller compressors, and migrating to paperless processes.

Our **UK facilities purchase renewable power** from solar and wind parks.

In order to reduce emissions associated with commuting, we **invested in 10 electric vehicles in Bangalore and two in Mumbai.** We intend to increase our electric vehicle fleet and expand this program to Chennai and Hyderabad.

Firstsource UK has developed a GHG management handbook, which provides guidance on identifying emission sources, protocols on measuring direct, indirect and value chain emissions, and implementing control measures. Drawing from the UK team's experience on measuring and managing emissions, we plan to develop a uniform framework for carbon emissions management across our global facilities.

RECOGNIZED FOR OUR EFFORTS

Re-accredited with the Investors In People (IIP) Gold standard for its UK operations

Firstsource included in 2022 Bloomberg Gender-Equality Index

Positioned as 'Leader' in the Eligibility and Enrollment Services category and Ranked #1 in 2022 Best in KLAS® Software & Services Report

Bagged Gold Award in the Financial Services category

Named a 'Leader' in Healthcare Payer Operations

Positioned as 'Leader' in Mortgage Operations

Ranked as 'Top Business Process Services (BPS) Provider in 'BPS Top 50TM' report

Positioned as a 'Leader' in its 'Intelligent Automation in Banking NEAT 2021' report

Positioned as 'Leader' in ISG Provider Lens™ quadrant report for Contact Center – Customer Experience Services for Europe

Positioned as 'Leader' in Payer Digital Transformation Services and 'Rising Star' in Payer BPaaS Services in ISG Provider Lens™ 2021

CONFLUENCE OF EXPERIENCE AND EXPERTISE

Dr Sanjiv Goenka
Chairman

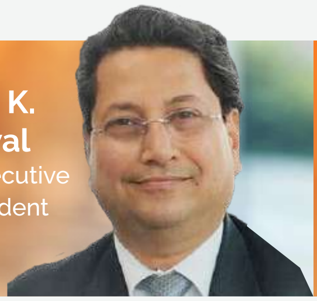

Shashwat Goenka
Vice-Chairman


Vipul Khanna,
MD & CEO

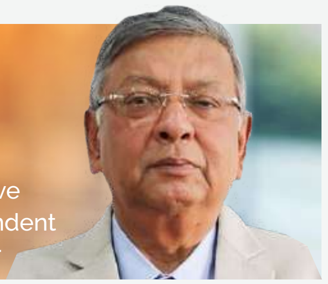

Pradip Kumar Khaitan
Non-Executive Non-Independent Director

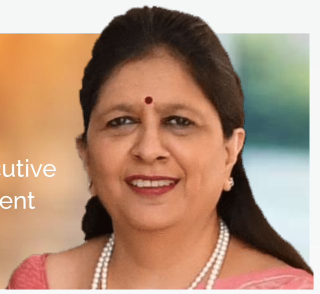

Subrata Talukdar
Non-Executive Non-Independent Director


Grace Koshie
Non-Executive Independent Director


Anjani K. Agrawal
Non-Executive Independent Director


Pratip Chaudhuri
Non-Executive Independent Director


Sunil Mitra
Non-Executive Independent Director


Vanita Uppal
Non-Executive Independent Director


A HANDS ON TEAM THAT STEERS PERFORMANCE

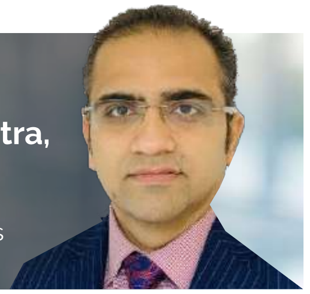
Vipul Khanna,
MD & CEO


Dinesh Jain,
Chief Financial Officer

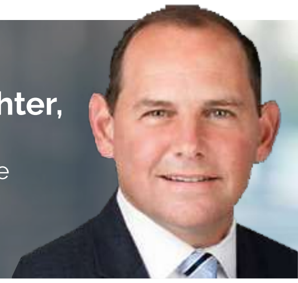

Prashanth Nandella,
Chief Operating Officer


Venkatgiri Vandali,
Head - Healthcare & Lifesciences

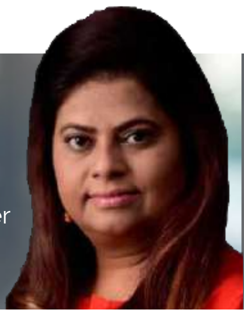

Randall Shafer,
Head - Hospital Business


Rajiv Malhotra,
Head - Europe Business


Arjun Mitra,
Head - Collections


Steve Schachter,
Head - Mortgage


Sundara Sukavanam,
Chief Digital Officer


Shuchika Sahay,
Chief Human Resources Officer


Rajlakshmi Raghavan,
Head - Marketing & Communication


DIRECTORS' REPORT

Dear Members,

Directors of your Company take great pleasure in presenting the 21st Annual Report on the business and operations of your Company and the Audited Financial Statements for the financial year ended March 31, 2022.

FINANCIAL RESULTS:

Pursuant to the notification dated February 16, 2015 issued by the Ministry of Corporate Affairs, the Company has adopted the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 w.e.f. April 01, 2016. The performance of the Company for the FY 2021-22 is summarised herein below:

(₹ in million)

Particulars	Consolidated		Standalone	
	FY 2021-22	FY 2020-21	FY 2021-22	FY 2020-21
Total Income	**59,217.08**	**50,792.46**	**16,227.56**	**13,529.55**
Profit Before Interest and Depreciation	9,604.13	8,054.71	5,616.24	5,204.22
Interest and Finance Charges	639.39	522.30	200.68	153.00
Depreciation/ Amortization	2,493.73	2,063.52	881.98	797.95
Profit Before Tax and exceptional items	**6,471.01**	**5,468.89**	**4,533.58**	**4,253.27**
Exceptional items	-	1,150.55	-	-
Share in net profit of associate	-	-	-	-
Profit from ordinary activities before tax and after share in net profit of associate	6,471.01	4,318.34	4,533.58	4,253.27
Provision for Taxation (including Deferred Tax Charge/ Credit)	1,105.71	701.57	657.69	586.74
Net Profit After Tax	**5,365.30**	**3,616.77**	**3,875.89**	**3,666.53**
Owners of the Company	5,373.74	3,616.86	3,875.89	3,666.53
Non-controlling Interest	(8.44)	(0.09)	-	-
Total	**5,365.30**	**3,616.77**	**3,875.89**	**3,666.53**
Opening Balance in Profit & Loss Account	13,810.25	12,076.46	13,669.95	11,886.49
Closing Balance in Profit & Loss Account	15,524.68	13,810.25	15,210.92	13,669.95
Earning Per Share (₹) – Basic	7.90	5.31	5.70	5.38
Earning Per Share (₹) – Diluted	7.62	5.13	5.49	5.20

RESULT OF OPERATIONS:

The consolidated total income increased from ₹ 50,792.46 million to ₹ 59,217.08 million, an increase of 16.59% over the previous financial year. The consolidated Net Profit After Tax increased from ₹ 3,616.77 million to ₹ 5,365.30 million, an increase of 48.35% over the previous financial year. The detailed analysis of the consolidated results forming part of the Management Discussion and Analysis Report is provided separately in the Annual Report.

The standalone total income increased from ₹ 13,529.55 million to ₹ 16,227.56 million, an increase of 19.94% over the previous financial year. The standalone Profit After Tax increased from ₹ 3,666.53 million to ₹ 3,875.89 million, an increase of 5.71% over the previous financial year.

INCREASE IN SHARE CAPITAL:

Earlier, Firstsource Solutions Limited Employee Stock Option Scheme 2003 (hereinafter referred to as the "ESOS 2003") provided for its implementation through primary issuance of the Company's shares to the employees of the Company. However, with a view to ensure better efficacy and administration of the ESOS 2003, it was proposed that the ESOS 2003 can be dealt with and implemented through trust route. Accordingly, during the year, your Company implemented the ESOS 2003 through trust route i.e., Firstsource Employee Benefit Trust, to align the interests of its employees with the long-term interests of the Company by motivating the employees with incentives and reward opportunities under the ESOS 2003 and create a sense of ownership and participation amongst the employees in the sustained growth of the Company.

Your Company issued/ allotted 891,610 equity shares of the face value of ₹ 10/- each on the exercise of stock options under ESOS 2003. Consequently, the outstanding, issued, subscribed and paid-up capital of the Company has increased from 696,099,216 shares to 696,990,826 shares of ₹ 10/- each aggregating to ₹ 6,969.90 million as on March 31, 2022.

GLOBAL OPERATION CENTERS:

The Company, on a consolidated basis has 43 global operation centers as on March 31, 2022. The centers are located across the US, the UK, India, the Philippines and the Mexico. 15 of the

Company's operation centers are located in Chennai (2), Mumbai (3), Bangalore (4), Trichy (2) and 1 each in Pondicherry, Hyderabad, Indore & Vijayawada cities in India, 16 in the US, 9 in the UK, 2 in the Philippines and 1 in Mexico.

During the year, the Company incurred capital expenditure of ₹ 850.30 million mainly towards refurbishment and maintenance of operation centers, technology upgrade and setting up of new operations centers.

QUALITY INITIATIVES:

The Company follows global best practices for process excellence and the quality framework is based on COPC principles. The Company uses innovative techniques like Speech & Text Analytics, Robotic Process Automation and Intelligent Action Board to drive improvements across. Also, as part of the Quality Management System, the Company has embraced ISO 9001:2008. The Company continues to follow process improvement methodologies like Six Sigma, Lean and Kaizen.

AWARDS AND ACCOLADES:

The Company received the following awards and accolades during the year.

Awards:

- **UiPath Automation Excellence Awards 2021**

  Won an award for 'Best Citizen Developer Program' at the 2021 edition.

- **European Contact Centre & Customer Service Awards 2021**

  Won Bronze Award in the Best Small Customer Service Team category.

- **Welsh Contact Centre Awards 2021**

  Won awards in Best Outsourced Contact Centre category and Best Trainer category for Jack Pengelly-Ivins from the Capability Development Team.

- **Asia Pacific HRM Congress 2021**

  Won in four categories: Innovation in Retention Strategy; Best Use of CSR Practices; Innovation in Recruitment; and Best Service Provider in HR.

- **Contact Centre Network Northern Ireland Awards 2021**

  Our Talent Development Team won the People Development Award, while Firstsourcers Julia O'Neill won the Support Manager of the Year award and Christopher Phillips won a Silver in the Trainer of the Year category.

- **UK National Contact Centre Awards 2021**

  Sarah Johnson won Gold and Anne MacGowan won Bronze.

- **2021 Powerful Women of Mortgage Banking**

  Dawn Elmore, Head of Strategic Initiatives, Sourcepoint named one of '2021 Powerful Women of Mortgage Banking' by the Mortgage Banker magazine in the US.

- **Women of Influence 2021**

  Firstsource's Vice President, Client Services, Sourcepoint was honored as a 'Woman of Influence 2021' by the HousingWire magazine in the US.

- **UK Complaints Handling Awards 2022**

  Gold in the Financial Services category alongside our client Post Office.

Industry recognitions:

- Positioned as a 'Leader' NelsonHall in its 'Intelligent Automation in Banking NEAT 2021' report.
- Leader in Everest Group's Mortgage Operations PEAK Matrix®.
- Ranked as top Business Process Services (BPS) provider in its 'BPS Top 50™' report by Everest Group. Firstsource was also placed as Top 10 Service Providers by Growth by the industry research firm.
- Received Investors in People (IIP) Gold accreditation for its UK operations.
- Named a Leader in the Payer Digital Transformation Services category and a Rising Star in the Payer Business-Processes-as-a-Service (BPaaS) Services category by Information Services Group (ISG) in their quadrant report on Healthcare Digital Services – ISG Provider Lens™.
- Included in 2022 Bloomberg Gender-Equality Index for its commitment to transparency in gender-data reporting and creating a workplace conducive for diverse talent to succeed.
- Leader in Everest Group's Healthcare Payer Operations PEAK Matrix® Assessment 2022.
- Ranked #1 in the 2022 Best in KLAS®: Software & Services Report, and noted as a leader in the Eligibility and Enrollment Services category.

CONSOLIDATED FINANCIAL STATEMENTS:

In accordance with Section 129(3) of the Companies Act, 2013 and in view of notification issued by the Ministry of Corporate Affairs on Ind-AS, the Company has prepared consolidated financial statements of the Company and all its subsidiaries as per Ind-AS, which forms part of this Annual Report.

DIVIDEND:

The Board approved and declared an interim dividend on February 04, 2022 at the rate of 35% i.e. ₹ 3.50 per share of ₹ 10/- each.

The interim dividend for FY 2021-22 aggregated to ₹ 2,219.95 million (net of applicable TDS).

The Dividend Distribution Policy of the Company was approved by the Board at its meeting held on August 08, 2017 and is available on the Company's website at https://www.firstsource.com/wp-content/uploads/2021/12/Dividend-Distribution-Policy.pdf.

TRANSFER TO RESERVE:

The Board of Directors of the Company (hereinafter referred to as the "Board") have not recommended transfer of any amount of profit to reserves during the year under review. Hence, the remaining amount of profit for the financial year under review has been carried forward to the Statement of Profit & Loss.

HUMAN RESOURCES:

On a consolidated basis, the Company has 26,557 employees as of March 31, 2022.

PARTICULARS OF THE EMPLOYEES AND RELATED DISCLOSURES:

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 ("Act") read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 form part of this Report and are annexed as Annexure I.

The statement containing particulars of employees as required under Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this Report. Further, the Report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

PUBLIC DEPOSITS:

During the year under review, your Company has not accepted any deposits under Section 73 of the Act, and as such, no amount on account of principal or interest on public deposits was outstanding as of March 31, 2022.

PARTICULARS OF LOANS, INVESTMENTS, GUARANTEES AND SECURITIES:

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the notes to the standalone financial statements. (Please refer to Note No. 6 and 31 to the standalone financial statements).

CREDIT RATINGS:

During the year under review, the rating given by CARE and CRISIL are mentioned herein below:

(i) CARE Rating:

Long/ Short term Bank Facilities	CARE A+:Stable/CARE A1+ (Single A plus; Outlook:Stable/A One plus)
Short Term Bank Facilities	CARE A1+ (A One plus)

(ii) CRISIL Rating:

Long/ Short term Bank Facilities	CRISIL A+/Stable
Short Term Bank Facilities	CRISIL A1

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:

The Company seeks to be a good corporate citizen in all aspects of its operations and activities. The Company commits to operating in an economically, socially and environmentally responsible manner whilst balancing the interests of diverse stakeholders. Our CSR Policy is governed and guided by our Group's corporate vision to enable inclusive growth and our aspiration to be India's leading business group serving multiple market segments, for our customers, shareholders, employees and community. The Company seeks to undertake programmes in the areas of Healthcare, Education, Environment, Arts & Culture, Promotion of Sports as well as support initiatives towards Gender Equality and Empowerment of Women.

The Board constituted a Corporate Social Responsibility (CSR) Committee, pursuant to Section 135 of the Act, consisting of Mr Shashwat Goenka (Chairman), Mr Vipul Khanna, Mr Subrata Talukdar and Mr Pradip Roy (ceased to be an Independent Director w.e.f. July 29, 2021 by efflux of time), Mr Anjani K. Agrawal (appointed as a member w.e.f. July 30, 2021) as its members. The CSR Committee meets at least once in a year. During the year under review, the Committee met once. The details of CSR Committee and its meetings are given in Report on Corporate Governance forming part of the Annual Report. The CSR Committee has framed and formulated a CSR Policy indicating the activities to be undertaken by the Company, in accordance with Schedule VII of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 issued under the Act. The same has also been approved by the Board. The CSR policy is available on the website of the Company at the link https://www.firstsource.com/wp-content/uploads/2022/03/CSR-Report-FY21-22.pdf.

The Annual Report on CSR Activities, as stipulated under the Act and the SEBI (LODR) Regulations, 2015 forms an integral part of this Report and is appended as Annexure II. The details of focus areas of engagement as mentioned in the CSR Policy of the Company are mentioned in the said Annual Report on CSR Activities.

The CSR activities, as per the provisions of the Act, may also be undertaken by the Company through a registered trust. Accordingly, "RP – Sanjiv Goenka Group CSR Trust" ("Group CSR Trust") was formed along with other Group Companies to pursue CSR activities as mentioned in the CSR Policy of the Company.

During the year, the Company has spent an amount of ₹ 15.55 million on CSR activities, as mentioned in the CSR Policy. The Company has been contributing a portion of amount of its CSR obligation every year for the project to set up an International Baccalaureate School in Kolkata taken up by the Group CSR Trust which is as an 'ongoing project' as defined in the Companies (Corporate Social Responsibility Policy) Rules, 2014. Accordingly, the Company had transferred ₹ 40.16 million to Unspent CSR Account for the above mentioned cause towards CSR expenditure for FY 2021-22.

The CSR at the Company is a platform for giving back to the communities in which we live and work. The Company looks to engage employees in focus areas where possible through programmes such as employee volunteering, payroll giving, participating in fundraising events, partnering with NGO's and response to disasters.

India:

- Volunteers did live translation in Tamil, Hindi, Kannada and Telugu for the "Living Beyond Barriers", a guidance session for persons with disabilities to live life on their terms;

- On the occasion of World Disability day volunteers and leaders took part in the Tactile Library preparation at our Chennai, Bangalore, Mumbai, Gandhinagar and Hyderabad offices;
- To mark contribution towards environment, volunteers from Chennai, Mumbai and Bangalore planted over 6000 trees across and involved in various beach cleanup activities;
- Volunteers supported Govt. school students by enabling various skill development sessions by giving their time and knowledge. Experts from HR team conducted mock interview & resume building sessions to graduates from Youth Empowerment Programs. We also had leaders conducting career guidance and mentoring session to Govt. school students;
- Volunteers took part in varied virtual awareness sessions on My Body is My Body, Sign language, Cyber safety, paper bag making, home composting, bio-fertilizer, Tangram making, Women rights and safety;
- As part of International Women's Day, volunteers participated in various initiatives to empower women beneficiaries like - Virtual Menstrual hygiene session for the girl students from underrepresented communities, spreading awareness through digital poster making on strong women icons, financial literacy and motivational sessions by women leaders.

Philippines:

- On the occasion of International Volunteers Day, volunteers from Cebu and Manila took part in the session on Destinayson, a session for volunteers about What is Volunteering;
- Donated non-perishable daily essentials to women and children who were in need;
- Volunteers supported COVID-19 vaccination awareness campaign and also helped in distribution of Food Starter Kits and health kits in Cebu and Manila;
- Volunteers supported in donation of food and essentials to community pantry for the survivors of human trafficking.

USA:

- Salvation Army for a Bedroom and Bathroom item drive;
- Volunteers donated books and sanitizers to schools in need, as part of feed and read initiative;
- "Fill Your Backpack" special collection drive was enabled by our volunteers to support back to school program at US
- Volunteers involved in Blood donation drive at various US offices;
- Volunteers participated in a virtual expert session to spread awareness on breaking the biases against women and to have inclusion in diversity;
- As part of Black History Month, volunteers from the US recorded stories for Black protagonists.

UK:

- Volunteers enabled food bank collection for South Belfast Foyle, Southampton Foodbanks;
- Volunteers involved in raising funds for GLOW & EDA and donating to JustGiving;
- Volunteers participated in hair shave and hair donation for the Little Princess Trust in support of cancer patients;
- Volunteers participated raffle for Mothering Sunday to buy goods for Women's Aid;
- As part of International Women's Day, volunteers from the UK created flashcards on family planning and safe pregnancy. These cards were used by Goodera, a Global organization to spread awareness among rural women in Kenya;
- As part of International Women's Day celebrations, volunteers created digital posters on strong women icons who fought for equality and women's rights throughout history. These posters were used by Goodera on their social media pages to inspire fellow women.

GLOBAL EMPLOYEE GIVING:

During last financial year four mega payroll donation was held: *COVID Fundraiser, 20 Years of Partnership with Sky Fundraiser, Compassion for Cebu Fundraiser and UK Payroll Giving Program*

COVID Fundraiser: During most peak covid19 second wave our employees opened their heart and wallet and donated around 4 million to help colleagues and communities. Around 735 employees donated for this campaign.

20 Years of Partnership Campaign: Firstsource completes 20 glorious years of partnership with UK based telecommunications and media giant. This partnership was celebrated with a purpose where 1301 employees donated 0.46 mllion which was spent in various causes such as helping children homes with groceries, hygienic kits, helping needy patients get cataract surgeries, helping women's in slum get livelihood opportunities.

UK Payroll Giving: To enable volunteers to give back to society, through payroll giving program 611 UK employees contributed £34,990.00 for the Financial year March 2021-April 2022. This amount was donated to the charities of employee choice.

SPECIAL PROJECTS:

Last year as COVID was rapidly spreading across world, one thing was very much needed that is remote helplines to follow and help COVID patients. Project Stepone, a volunteer led NGO started an unique project to support Govt by setting virtual helplines across India. Firstsource as a BPM giant showcased their business acumen by providing expertise as well as full time paid volunteers to support government to manage COVID better.

Project StepOne 2nd Wave Helpline: Around 110 employees where half were hired specifically for this project worked for 78 Days doing 10000~ critical calls throughout and helping Bangalore zone in managing COVID.

Project StepOne 3rd Wave Helpline: Integrating inclusion and CSR, a team of 5 LGBQT resource were hired who are currently supporting StepOne team in managing 3rd Wave as well as managing Vaccination Program.

Chennai Volunteers (CV) Helpline: Tiruvallur District Collector requested our non-profit partner to help with volunteers who can monitor COVID patients on a daily basis and provide necessary support. An exclusive 5 member LGBQT batch was setup to support them for two months. Around 5500 Calls were made and request and escalations were relayed to District Health Officials.

RISK MANAGEMENT:

The Company has implemented a comprehensive and fully integrated 'Enterprise Risk Management' framework in order to anticipate, identify, measure, manage, mitigate, monitor and report the principal risks and uncertainties that can impact its ability to achieve its strategic business objectives.

The Enterprise Risk Management drives a common integrated view of risks and optimal risk mitigation responses. This integration is enabled by alignment of Risk Management and Internal Audit methodologies and processes in order to maximize enterprise value of the Company and ensure high value creation for our stakeholders over a time.

The details of the 'Enterprise Risk Management' framework with details of the principal risks and the plans to mitigate the same are given in the 'Risk Management Report' section of the 'Management Discussion and Analysis Report' which forms part of this Annual Report.

Further in view of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), effective April 01, 2019, the Board constituted a Risk Management Committee on February 04, 2019 to monitor & mitigate the Risk.

INTERNAL FINANCIAL CONTROLS:

The Company has in place adequate internal financial controls with reference to financial statements. Such internal financial controls over financial reporting are operating effectively and the Statutory Auditor has also expressed their opinion on the same in the Annexures to the Auditors Report.

WHISTLE BLOWER POLICY:

The Company has a Whistle Blower Policy (the"WB Policy") with a view to provide vigil mechanism to Directors, Employees and other Stakeholders to disclose instances of wrongdoing in the workplace and report instances of unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The WB Policy also states that this mechanism provides for adequate safeguards against victimization of Director(s)/ Employees who avail of the mechanism and also provides for direct access to the Chairperson of the Audit Committee in exceptional cases. The WB Policy has been posted on the website of the Company and the details of the same are provided in the 'Report on Corporate Governance' forming part of this Annual Report.

The WB Policy is available on the website of the Company at https://www.firstsource.com/wp-content/uploads/2022/02/WHISTLE-BLOWER-POLICY-Jan-2022.pdf

PREVENTION OF SEXUAL HARRASSMENT POLICY:

The Company has a 'Prevention of Sexual Harassment Policy' in force in compliance with the requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The objective of this Policy is to ensure a safe, secure and congenial work environment where employees deliver their best without any inhibition, threat or fear. The Company has Zero Tolerance to any form of harassment especially if it is sexual in nature. The complaints filed under the Policy are reported to the Audit Committee at its quarterly meetings with details of action taken thereon.

It is confirmed that during the year under review, the Company has complied with applicable provisions in relation to sexual harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, including the provisions relating to the constitution of Internal Complaints Committee under the said Act.

BOARD OF DIRECTORS:

During the year under review, the following are the changes in the Board of Directors:

- Mr Shashwat Goenka (DIN: 03486121) retires by rotation and being eligible, has offered himself for re-appointment at the ensuing Annual General Meeting ("AGM").
- Mr Charles Richard Vernon Stagg (DIN: 07176980) ceased to be an Independent Director on account of completion of his term on May 05, 2022. The Board places on record its appreciation towards valuable contribution made by him during his tenure as a Director of the Company.
- The Board appointed Ms Vanita Uppal (DIN: 07286115) as an Additional Director (Non-Executive, Woman Independent) on the Board of the Company w.e.f. May 05, 2022. She holds office up to this AGM. The Board recommends appointment of Ms Vanita Uppal as an Independent Director for a term of three (3) consecutive years, effective from May 05, 2022 for approval of members of the Company at this AGM. The Company has received the declaration from Ms Vanita Uppal confirming that she meets the criteria of independence as prescribed under Section 149(6) of the Act.
- All the Independent Directors of the Company have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act.

Board and Audit Committee Meetings:

During the FY 2021-22, the following four (4) Board Meetings were held on:

1. May 11, 2021
2. July 29, 2021
3. November 10, 2021
4. February 04, 2022

During the FY 2021-22, the following four (4) Audit Committee Meetings were held on:

1. May 11, 2021
2. July 28 & 29, 2021*
3. November 10, 2021
4. February 03, 2022

*Audit Committee Meeting held on July 28, 2021 was adjourned to July 29, 2021.

Time gap between any two meetings was not more than one hundred twenty (120) days.

The full details of the said meetings are given in the 'Report on Corporate Governance' forming part of this Annual Report.

The Familiarisation Programmes for Independent Directors:

The Company has put in place a system to familiarise its Independent Directors with the Company, their roles, rights & responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. The details of such familiarisation programmes are put up on the website of the Company at the below link: https://www.firstsource.com/wp-content/uploads/2021/12/Policy-on-familiarisation-of-Independent-Directors.pdf.

BOARD EVALUATION:

(i) Performance Evaluation of the Independent Directors and Other Individual Directors:

The Company has framed a policy for Appointment of Directors and Senior Management and Evaluation of Directors' Performance ("Board Evaluation Policy"). The said policy sets out criteria for performance evaluation of Independent Directors, other Non-Executive Directors and the Executive Directors.

Pursuant to the provisions of the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Board carries out the performance evaluation of all the Directors (including Independent Directors) on the basis of recommendation of the Nomination and Remuneration Committee and the criteria mentioned in the Board Evaluation Policy. The Board decided that the performance evaluation of Directors should be done by the entire Board of Directors excluding the Director being evaluated and unanimously agreed on the following assessment criteria for evaluation of Directors' performance:

- Attendance and active participation in the Meetings;
- Bringing one's own experience to bear on the items for discussion;
- Governance covering Awareness and Observance; and
- Value addition to the business aspects of the Company.

(ii) Performance Evaluation of Executive Director:

The performance of the MD & CEO is evaluated on the basis of achievement of performance targets/ criteria given to him by the Board from time to time.

(iii) Performance Evaluation by the Board of its own performance and its Committees:

The performance of the Board is evaluated by the Board in the overall context of understanding by the Board of the Company's principle and values, philosophy and mission statement, strategic and business plans and demonstrating this through its action on important matters, the effectiveness of the Board and the respective Committees in providing guidance to the Management of the Company and keeping them informed, open communication, the constructive participation of members and prompt decision making, level of attendance in the Board meetings, constructive participation in the discussion on the Agenda items, monitoring cash flow, profitability, income & expenses, productivity & other financial indicators, so as to ensure that the Company achieves its planned results, effective discharge of the functions and roles of the Board, etc.

The performance of the Committees is evaluated by the members of the respective Committees on the basis of the Committee effectively performing the responsibility as outlined in its Charter, Committee meetings held at appropriate frequency, length of the meetings being appropriate, open communication & constructive participation of members and prompt decision-making, etc.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION:

The criteria for Directors' appointment and for determining qualification, positive attributes and independence of a Director as mentioned in the 'Policy for Appointment of Directors and Senior Management and Evaluation of Directors' Performance' in terms of Section 178(3) of the Act is mentioned below:

Appointment criteria and qualifications:

- The Nomination and Remuneration Committee shall identify and ascertain the integrity, qualifications, expertise and experience of the person for appointment as Director, Key Managerial Personnel ("KMP") or at Senior Management level and recommend the same to the Board for appointment, if found suitable;
- A person should possess adequate qualifications, expertise and experience for the position he/ she is considered for appointment. The Committee has discretion to decide whether qualifications, expertise and experience possessed by a person are sufficient/ satisfactory for the concerned position; and
- The Company shall not appoint or continue the employment of any person as Managing Director/ Whole-Time Director who has attained the age of seventy years, provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the statement pursuant to the provisions of Section 102 of the Act annexed to the notice or such motion indicating the justification for extension of appointment beyond seventy years.

Meeting of Independent Directors:

There should be atleast one meeting of Independent Directors in a year, without the attendance of non-independent Directors and members of the Management. One (1) meeting of the Independent Directors of the Company was held on February 04, 2022.

The Independent Directors in the meeting:

- Review the performance of non-independent Directors including MD & CEO and the Board as a whole;

- Review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors; and
- Assess the quality, quantity and timeliness of the flow of information between the Company's Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

REMUNERATION POLICY:

The Board, on the recommendation of the Nomination and Remuneration Committee framed a Remuneration Policy for Non-Executive Directors (including Independent Directors) and a Remuneration Policy for Key Managerial Personnel and other Employees of the Company. The details of Remuneration Policy for Non-Executive Directors and Independent Directors are provided as Annexure IIIA and details of Remuneration Policy for Key Managerial Personnel and Other employees of the Company are provided as Annexure IIIB to this Report.

COMMITTEES OF THE BOARD:

A detailed note on the Board and its Committees is provided in the 'Report on Corporate Governance' forming part of this Annual Report. The composition of the major Committee/(s) is as follows:

Audit Committee:

As on March 31, 2022, the Audit Committee comprised of three (3) Independent Directors viz. Ms Grace Koshie (Chairperson), Mr Pradip Roy (ceased to be a member w.e.f. July 30, 2021) Mr Anjani K. Agrawal (appointed as a member w.e.f. July 30, 2021), Mr Sunil Mitra and one (1) Non-Independent Director, Mr Subrata Talukdar.

Nomination and Remuneration Committee:

As on March 31, 2022, the Nomination and Remuneration Committee comprised of two (2) Independent Directors viz. Mr Pradip Roy (ceased to be Chairman and member w.e.f. July 30, 2021), Mr Anjani K. Agrawal (appointed as a Chairman and member w.e.f. July 30, 2021), Mr Pratip Chaudhuri and one (1) Non-Independent Director, Mr Subrata Talukdar.

Corporate Social Responsibility Committee:

As on March 31, 2022, Corporate Social Responsibility Committee comprised of four (4) members viz Mr Shashwat Goenka (Chairman), Mr Vipul Khanna, MD & CEO, Mr Subrata Talukdar and one (1) Independent Director, Mr Pradip Roy (ceased to member w.e.f. July 30, 2021) and Mr Anjani K. Agrawal (appointed as a member w.e.f July 30, 2021).

Stakeholders Relationship Committee:

As on March 31, 2022, Stakeholders Relationship Committee comprised of three (3) members viz. Mr Subrata Talukdar (Chairman), Mr Vipul Khanna, MD & CEO, and one (1) Independent Director, Mr Pradip Roy (ceased to be a member w.e.f. July 30, 2021) and Mr Anjani K. Agrawal (appointed as a member w.e.f. July 30, 2021).

Investment Committee:

As on March 31, 2022, Investment Committee comprised of three (3) members viz. Mr Shashwat Goenka (Chairman), Mr Vipul Khanna, MD & CEO and one (1) Non-Independent Director, Mr Subrata Talukdar.

Strategy Committee:

As on March 31, 2022, Strategy Committee comprised of three (3) members viz. Mr Shashwat Goenka (Chairman), Mr Vipul Khanna, MD & CEO and one (1) Non-Independent Director, Mr Subrata Talukdar.

Risk Management Committee:

As on March 31, 2022, Risk Management Committee comprised of five (5) members viz. Mr Shashwat Goenka (Chairman), Mr Vipul Khanna, MD & CEO, one (1) Independent Director, Ms Grace Koshie, Mr Dinesh Jain and Mr Arun Tyagi, Officials of the Company.

RELATED PARTY TRANSACTIONS:

All the contracts/ arrangements/ transactions that were entered into by the Company during the financial year with related parties were on an arm's length basis and in the ordinary course of business and none of such related party transactions required the approval of the Board of Directors or the Shareholders as per the Act or SEBI LODR. Further, there were no materially significant related party transactions that may have potential conflict of interests of the Company at large. Prior omnibus approval is obtained for related party transactions which are of repetitive nature and entered in the ordinary course of business and at arm's length. All Related Party Transactions are placed before the Audit Committee for approval.

The policy on Related Party Transactions as approved by the Board is available on the website of the Company at the link: https://www.firstsource.com/wp-content/uploads/2022/03/FSL-Related-Party-Transaction-Policy.pdf.

The details of the related party transactions as required under the Act and the Rules are attached in Form AOC-2 as Annexure IV.

EMPLOYEES STOCK OPTION SCHEME:

The Company grants share-based benefits to eligible employees with a view to attracting and retaining the best talent, encouraging employees to align individual performances with the Company objectives, and promoting increased participation by them. With a view to provide an opportunity to the employees of the Company to share the growth of the Company and to create long term wealth, the Company has an Employee Stock Option Scheme (ESOS), viz., the Firstsource Solutions Employee Stock Option Scheme, 2003 (ESOS 2003). The Scheme is applicable to all eligible employees and Directors of the Company and its Subsidiary Companies. The Scheme is in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, (SEBI (SBEB) Regulations), as amended.

Earlier, Firstsource Solutions Limited Employee Stock Option Scheme 2003 (hereinafter referred to as the "ESOS 2003") provided for its implementation through primary issuance of the Company's shares to the employees of the Company. However, with a view to ensure better efficacy and administration of the Scheme, it was proposed that the Scheme can be dealt with and implemented through trust route. Accordingly, during the year, your Company implemented the ESOS 2003 through trust route i.e., Firstsource Employee Benefit Trust, to align the interests of its employees with the long-term interests of the Company by motivating the employees with incentives and reward opportunities under the Scheme and create a sense of ownership and participation amongst the employees in the sustained growth of the Company. The ESOS 2003 is applicable to all eligible employees and Directors of the Company and its Subsidiary Companies. The ESOS 2003 is in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, (SEBI (SBEB) Regulations), as amended.

FIRSTSOURCE SOLUTIONS LIMITED EMPLOYEE STOCK OPTION PLAN 2019 ("ESOP 2019 PLAN"):

The Company has established the ESOP 2019 Plan, pursuant to approval of shareholders at the Annual General Meeting on August 02, 2019, to allow our employees to acquire greater proprietary stake in our success and growth, and to encourage our employees to continue their association with us. The ESOP 2019 Plan is in compliance with SEBI (SBEB) Regulations, as amended.

As per the ESOP 2019 Plan, the Nomination and Remuneration Committee will issue stock options to the identified eligible employees/ Director(s) of the Company and its Subsidiaries at an exercise price which will be the face value of the Shares or any higher price which may be decided by the Nomination and Remuneration Committee considering the prevailing market conditions and the norms as prescribed by SEBI and other relevant regulatory authorities. Further, the stock options under the said plan would vest & be exercisable in tranches as determined by the Nomination and Remuneration Committee basis the power given to the Nomination and Remuneration Committee in line with the ESOP 2019 Plan.

LONG TERM INCENTIVE STRUCTURE GRANTS UNDER ESOP 2019 PLAN:

In continuation of the Company's philosophy of aligning employee interests with shareholder value creation and in line with global practices, the Nomination and Remuneration Committee of the Board of Directors has approved the Long Term Incentive Structure ("LTI") in the form of ESOP grants which will be granted to identified eligible employees as per ESOP 2019 Plan. This unique plan is a combination of tenure and performance based ESOPs aligned to shareholder value creation which will deepen employee ownership in the Company.

A) Tenure based Structure (ESOP Structure):

Options in this structure will be granted to identified eligible employees, basis the below criteria:

1. Drives ownership of employees in Company's fortunes for better engagement and retention;
2. Seen as part of the total compensation package, in line with competition/ market practice;
3. Quantum of grants is based on the performance and potential of the individual employee.

Vesting Schedule in the given structure is:

Period within which options will vest unto the participant	% of options that will vest
End of 12 months from the date of grant of options	25%
At the end of every quarter after year 1, till end of year 4 from date of grant	6.25%

B) Performance based Structure (PSU Structure):

Option in this structure is granted to identified eligible employees – Functional and Business heads, basis the below criteria:

1. Attainment of options can range between 0% and 150% of tranche eligible for vesting for the respective performance measurement period. Each tranche is separate. Performance and vesting in one performance period has no bearing on performance and vesting in another performance period;
2. Subject to terms and conditions of the scheme, the performance-based component of the grant is measured basis the Performance targets as agreed annually by the Management.

Vesting Schedule in the given structure is:

Period within which options will vest unto the participant	% of options that will vest
End of 12 months from the date of grant of options	25%
At the end of every year after year 1, till end of year 4 from date of grant	25%

Under both the above structures, grants will be issued at face value of the shares or any higher price which may be decided by the Nomination and Remuneration Committee and will have an exercise period up to three (3) years as per the ESOP 2019 Plan and as determined by the Nomination and Remuneration Committee.

Under the ESOP 2019 Plan, as on March 31, 2022, the Nomination and Remuneration Committee has approved grant of 4,522,250 options which are a mix of tenure based and performance-based structure options to its senior leadership team and employees.

FIRSTSOURCE EMPLOYEE BENEFIT TRUST UNDER ESOP 2019 PLAN:

The ESOP 2019 Plan shall be implemented through the Trust which will be administered under the guidance, advice and direction of the Nomination and Remuneration Committee in accordance with the provisions of the Companies Act, 2013 and SEBI (SBEB) Regulations.

The Board of Directors has facilitated setting up of Employee welfare trust, viz "Firstsource Employee Benefit Trust" ("ESOP Trust") to implement the ESOP 2019 Plan which has been formed by the Company. The Company shall provide financial assistance to the ESOP Trust for secondary acquisition of equity shares of the Company for the purpose of implementation of ESOP 2019 Plan. The terms and conditions for the financial assistance provided shall be in compliance with the Companies Act, 2013 read with Companies (Share Capital and Debenture) Rules, 2014 and SEBI (SBEB) Regulations.

As on March 31, 2022, the ESOP Trust holds 17,011,351* equity shares purchased through secondary market.

* Includes 61,875 equity shares credited to ESOP holders post March 31, 2022.

SUBSIDIARY COMPANIES:

As on March 31, 2022, your Company has 20 subsidiaries and 1 Associate Company:

Domestic Subsidiary: (1)

1. Firstsource Process Management Services Limited [Wholly Owned Subsidiary ("WOS") of the Company];

International Subsidiaries: (19)

2. Firstsource Solutions UK Limited, UK (WOS of the Company);
3. Firstsource Solutions S.A., Argentina (Subsidiary of Firstsource Solutions UK Limited);
4. Firstsource BPO Ireland Limited (WOS of Firstsource Solutions UK Limited);
5. Firstsource Group USA, Inc., USA (WOS of the Company);
6. Firstsource Business Process Services, LLC, USA (WOS of Firstsource Group USA, Inc);
7. Firstsource Advantage, LLC, USA (WOS of Firstsource Business Process Services, LLC);
8. One Advantage, LLC, USA (WOS of Firstsource Business Process Services, LLC);
9. MedAssist Holding, LLC, USA (WOS of Firstsource Group USA, Inc);
10. Firstsource Solutions USA, LLC, USA (WOS of MedAssist Holding, LLC);
11. Firstsource Health Plans and Healthcare Services, LLC, USA (Formerly known as Firstsource Transaction Services, LLC) (WOS of Firstsource Solutions USA, LLC);
12. Sourcepoint, Inc. (WOS of Firstsource Group USA, Inc);
13. Sourcepoint Fulfillment Services, Inc. (WOS of Sourcepoint, Inc.);
14. Firstsource Dialog Solutions (Private) Limited (Subsidiary of the Company);
15. PatientMatters LLC (WOS of Firstsource Solutions USA, LLC);
16. Kramer Technologies, LLC (WOS of PatientMatters LLC);
17. Medical Advocacy Services For Healthcare, Inc. (WOS of PatientMatters LLC);
18. The StoneHill Group, Inc (WOS of Sourcepoint, Inc.);
19. American Recovery Services, Inc. (WOS of Firstsource Business Process Services, LLC, USA);
20. Firstsource Solutions Mexico, S. de R.L. de C.V (WOS of Firstsource Group USA, Inc.).

Associate Company: (1)

1. Nanobi Data and Analytics Private Limited

Note:

1. Sourcepoint, Inc., a step down subsidiary of the Company, had executed a stock purchase agreement dated November 09, 2021 to acquire 100% stake in The StoneHill Group, Inc. a leading US mortgage services provider focused on quality control and due diligence. On account of this, The StoneHill Group, Inc. became a step down subsidiary of the Company.
2. Firstsource Business Process Services, LLC, a step-down subsidiary of the Company, had executed a stock purchase agreement dated December 29, 2021 to acquire 100% stake in American Recovery Service Incorporated ("ARSI"), a leading US legal collection service provider. On account of this, ARSI became a step down subsidiary of the Company.
3. Firstsource Solutions México, S. de R.L. de C.V. ("Firstsource Solutions México") was incorporated as a subsidiary of Firstsource Group USA Inc., Subsidiary of the Company, on December 13, 2021. On account of this, Firstsource Solutions México became a step down subsidiary of the Company.

   The Company has no other joint venture Company. No company has ceased to be a joint venture or associate during the FY 2021-22.

Report on the Performance and Financial Position of Subsidiaries:

A report on the performance and financial position of each of the subsidiaries as per the Act, in the prescribed format AOC – 1 is annexed to the consolidated financial statement and hence not repeated here for the sake of brevity. The Company has a policy on material subsidiaries pursuant to Regulation 16(1)(c) of the Listing Regulations. The same is available on the website of the Company viz: https://www.firstsource.com/wp-content/uploads/2021/12/Material-Subsidiary-Policy.pdf.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Management Discussion and Analysis Report for the year as stipulated under Regulation 34(3) of the Listing Regulations is separately given and forms part of this Annual Report.

BUSINESS RESPONSIBILITY REPORT:

Business Responsibility Report for the year as stipulated under Regulation 34(3) of the Listing Regulations is separately given and forms part of this Annual Report.

REPORT ON CORPORATE GOVERNANCE:

The adherence to the corporate governance practices by the Company not only justifies the legal obedience of the laws but dwells deeper conforming to the ethical leadership and stability. It is the sense of good governance that our leaders portray, which trickles down to the wider Management and is further maintained across the entire functioning of the Company.

The Company is committed to maintain the highest standards of corporate governance and adheres to the corporate governance requirements set out by SEBI.

The report on Corporate Governance as stipulated under provisions of Chapter IV & Schedule V of the Listing Regulations is separately given and forms part of this Annual Report. The requisite certificate from a Practicing Company Secretary confirming compliance of the conditions of corporate governance is attached to the Report on Corporate Governance.

Pursuant to amendment of Rule 12 of Companies (Management and Administration) Rules, 2014 by MCA, wherein, instead of attaching an extract of annual return (to be prepared in Form MGT – 9) to the Directors' Report, the Company can host a copy of annual return on the website of the Company and a web link of the same to be given in the Directors' Report.

Accordingly, a copy of Annual Return is available on the website of the Company at the below link: https://www.firstsource.com/wp-content/uploads/2022/07/Annual-Return-FY-2021-22-1.pdf

STATUTORY DISCLOURES OF PARTICULARS:

A) Conservation of Energy:

The Company continues to make progress towards energy conservation across all its operation centres by adopting efficient Air-conditioning management system, usage of Energy efficient LED and efficient power back-up system. The Company is continuously monitoring earlier initiatives of reducing energy consumption within data centre/(s) and across its' operation centres. The Company, similar to its previous year's initiatives of GREEN IT, continued to replace the normal Desktops and old Thin clients with Mini Desktops/ Zero thin-clients in US Geography as the power consumption of mini desktop & Zero thin-clients was 2.5 times less than the power consumed by normal desktops and nearly 5 times less during standby mode. Scripts have been deployed where possible to shut down the Desktops/ Thin clients which are not being used for more than 1 hour which helps conserve energy.

B) Absorption of Technology:

- **Cloud-First Initiatives:** As part of Company's Cloud-First and Digital-First-Digital-Now (DFDN) journey, the Company has moved significant part of its Operations and Deliveries, across the geographies and business units, to cloud. Over the past few years, the Company has adopted multiple state-of-the-art technologies by partnering with Global Cloud Services Platforms (e.g. Amazon Web Services, Microsoft Azure, Google cloud etc.) to move its applications and digital workload to a Multi-Cloud environment. Most of Company's client facing application are deployed on Multi-Cloud environment to make them more Scalable, Resilient and Fault-tolerant;

- **Digital Enabled Contact Center (DECC):** As part of our DECC implementation, the Company has implemented multiple Next Generation Contact Centres (NGCC) across the global and business units. The DECC and Omni Channel Platform is further enhanced with Digital Capabilities, such as AI, Social Integration, Chat-Bot, Analytics etc. These state-of-art technologies are implemented to enhance and automate call handling capabilities by Digital/ AI interference, thus enhancing the Customer Experience (CX);

- **NextGen Cybersecurity:** The Company has also invested significantly in a cloud based Next Generation Cyber-Security solution, covering the entire horizon of endpoints, servers and network security, integrated with Cisco Threat Response and Threat Intelligence. The security solution provides complete protection to endpoints, servers in Data Centre and also Company's cloud platform. The Company is also evaluating a Cloud based Zero Trust Security and Network solution that will further improve the security posture and resiliency.

C) Foreign Exchange Earnings and Outgo Activities relating to exports, initiatives taken to increase exports, development of new export markets for services and export plans:

The Company's income is diversified across a range of geographies and industries. During the year, 85.54% of the Company's standalone total revenues were derived from exports. The Company provides BPO services mostly to clients in North America, UK and Asia Pacific region. The Company has established direct marketing network around the world to boost its exports.

FOREIGN EXCHANGE EARNED AND USED:

The Company's Foreign Exchange Earnings and Outgo during the year were as under:

(₹ in million)

Particulars	FY 2021-22	FY 2020-21
Foreign Exchange Earnings	13,618.21	11,541.17
Foreign Exchange Outgo (including capital goods and imports)	163.11	62.39

SECRETARIAL AUDIT:

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company obtained Secretarial Audit Report from MMJB & Associates LLP (CP No. 8968), Company Secretaries for the FY 2021-22. The Secretarial Audit Report is annexed to this Report as Annexure V.

ANNUAL SECRETARIAL COMPLIANCE REPORT:

SEBI vide its Circular No. CIR/CFD/CMD1/27/2019 dated February 08, 2019 read with Regulation 24(A) of the Listing Regulations, directed listed entities to conduct Annual Secretarial Compliance Audit from a Practicing Company Secretary of all applicable SEBI Regulations and circulars/ guidelines issued thereunder. The said Secretarial Compliance report is in addition to the Secretarial Audit Report by Practicing Company Secretaries under Form MR – 3 and is required to be submitted to Stock Exchanges within 60 days of the end of the financial year. The Company has engaged the services of MMJB & Associates LLP (CP No. 8968), Company Secretaries for providing this certification.

STATUTORY AUDITORS AND AUDITORS' REPORT:

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, bearing Registration Number: 117366W/W-100018, who were appointed as the Statutory Auditors of the Company by the members at their 16th Annual General Meeting (AGM) for a term of consecutive five (5) years will complete their present term on conclusion of the ensuing 21st AGM of the Company.

The Board, on the recommendation of the Audit Committee, recommended for the approval of the Members, the re-appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, bearing Registration Number: 117366W/W-100018, as the Statutory Auditors of the Company for a second term of five (5) years from the conclusion of the ensuing 21st AGM till the conclusion of the 26th AGM of the Company to be held in the year 2027.

The proposed Auditors have confirmed their willingness and eligibility in terms of provisions of Section 141 and other relevant provisions of the Act.

The Notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

During the year under review, there were no material or serious instances of fraud falling within the purview of Section 143 (12) of the Companies Act, 2013 and rules made thereunder, by officers or employees reported by the Statutory Auditors of the Company during the course of the audit conducted and therefore no details are required to be disclosed under Section 134 (3)(ca) of the Act.

GENERAL:

Your Directors state that no disclosure or reporting is required in respect of the following matters as there were no transactions on these matters during the FY 2021-22:

- Issue of equity shares with differential rights as to dividend, voting or otherwise;
- Issue of shares to employees of the Company under any scheme save and except Employees Stock Option Schemes as referred to in this Report;
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

Further, your Directors would like to mention that the MD & CEO received ₹ 158.78 million as remuneration during the year from Firstsource Group USA Inc. subsidiary of the Company.

The disclosure pursuant to Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 read with Circular No. CIB/ CFD/Policy/CELL/2, 2015 dated June 16, 2015, will be placed on the website of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 134(3) (c) and 134(5) of the Companies Act, 2013, Directors of your Company state and confirm that:

1. In the preparation of the annual accounts for the FY 2021-22, the applicable Ind-AS accounting standards have been followed and there are no material departures from the same;
2. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2022 and of the profit of the Company for year ended on that date;
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safe-guarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The Directors had prepared the annual accounts on a going concern basis;
5. The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
6. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

APPLICATION/PROCEEDING PENDING UNDER IBC:

None of the application has been made or any proceeding is pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year.

ACKNOWLEDGEMENTS:

The Board wishes to place on record its sincere appreciation for the support and co-operation extended by all the customers, vendors, bankers and business associates. The Board also expresses its gratitude to the Department of Telecommunications, Collector of Customs and Excise, Director of Special Economic Zone, Ministry of Labour, Ministry of Corporate Affairs, Software Technology Parks of India, and various Governmental departments and organisations for their help and cooperation.

Further, the Board places on record its appreciation to all the employees for their dedicated service. The Board appreciates and values the contributions made by every member across the world and is confident that with their continued support, the Company will achieve its objectives and emerge stronger in the coming years.

COVID-19 extracted a huge toll on lives and livelihoods of million of people in India and other parts of the world. COVID-19 pandemic continues to pose considerable risks across the globe. The Company had implemented its business continuity strategies, including work from home, and has put in place processes and guidelines to ensure safety of workplace for functioning offices. The Company is also in continuous engagement with its clients to ascertain the COVID-19 situation and is accordingly devising strategy to mitigate the impact.

As a result of continuous monitoring of the situation and formulation of its business strategies on an ongoing basis during difficult times the Company's financial result for the year 2021-22 has been encouraging.

Your directors specially thank the employees in the front line and support staffs who had acted selflessly to keep the business continuity during the challenging times of COVID-19 and have supported to serve our clients and other stakeholders in the challenging times.

For and on behalf of the Board of Directors
Dr. Sanjiv Goenka
Chairman
(DIN: 00074796)

Mumbai
May 05, 2022

ANNEXURE I TO THE DIRECTORS' REPORT

Information required under Section 197 of the Companies Act 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(i) The Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the FY 2021-22 and

(ii) The percentage increase in remuneration of each Director, Managing & Chief Financial Officer, Chief Financial Officer and Company Secretary of the Company in the FY 2021-22.

Name & Designation	% increase/ decrease in remuneration in the FY 2021-22	Ratio of remuneration of each Director to median remuneration of employees
Directors		
Dr. Sanjiv Goenka, Chairman, NI-NED	-	1.43
Mr Shashwat Goenka, Vice Chairman, NI-NED	-	1.97
Mr Vipul Khanna, MD & CEO*	13.36%	77.14
Mr Charles Richard Vernon Stagg, I-NED	50%	1.07
Ms Grace Koshie, I-NED	-	2.68
Mr Pradip Kumar Khaitan, NI-NED	(25%)	1.07
Mr Pradip Roy, I-NED**	NA	1.61
Mr Pratip Chaudhuri, I-NED	(23.08%)	1.79
Mr Subrata Talukdar, NI-NED	-	3.22
Mr Sunil Mitra, I-NED	-	2.32
Mr Anjani K. Agrawal, I-NED#	NA	2.14
Mr Dinesh Jain, President & CFO*	22.89%	NA
Ms Pooja Nambiar, CS	18.02%	NA

Legends: KMP – Key Managerial Personnel, MD & CEO – Managing Director & Chief Executive Officer, NI-NED – Non Independent, Non-Executive Director, I-NED - Independent, Non-Executive Director, CFO – Chief Financial Officer; CS- Company Secretary

Notes:

- *The remuneration is exclusive of taxable value of perquisite on stock options exercised during the year.
- Non-Executive Directors have received only sitting fees and no other remuneration have been paid to them.
- Median remuneration of all the employees of the Company for the FY 2021-22 is ₹ 279,804.
- #Mr Anjani K. Agrawal was appointed as a Non-Executive, Independent Director w.e.f. May 11, 2021.
- ** The three (3) years term of Mr Pradip Roy as an Independent Director completed on July 29, 2021 by efflux of time.

(iii) The percentage increase in the median remuneration of employees in the FY 2021-22

Median remuneration of employees during the FY 2021-22 was ₹ 279,804 compared to ₹ 290,412 of the previous financial year.

The payment of managerial remuneration was as per the remuneration approved by the Shareholders of the Company and within the limit specified under the Companies Act, 2013.

(iv) The number of permanent employees on the rolls of Company

As on March 31, 2022, there were 16,045 permanent employees on the rolls of Company on standalone basis.

(v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration

Average percentile increase in the median remuneration of comparable employees in the FY 2021-22 other than the MD & CEO was 5.9% and the increase in the salary of the MD & CEO was 13.36%.

(vi) Affirmation that the remuneration is as per the Remuneration Policy of the Company

Pursuant to Rule 5(1)(xii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, it is affirmed that the remuneration paid to the Directors, KMPs, Senior Management and other employees of the Company is as per the Remuneration Policy of the Company.

ANNEXURE II TO THE DIRECTORS' REPORT

THE ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

1. **Brief outline on CSR policy of the company:**

   RPSG group CSR vision

   To be a leading and socially responsible Indian Group empowering lives by providing access to healthcare facilities, education, skill development, livelihood opportunities including in sports, arts, etc. to improve the overall quality of life.

   Firstsource solutions CSR policy

   Firstsource Solutions Limited ["Firstsource" or "the Company"] seeks to be a good corporate citizen in all aspects of its operations and activities. We commit to operating in an economically, socially and environmentally responsible manner whilst balancing the interests of diverse stakeholders. The way Firstsource does business reflects its commitment to profitable growth, sustainable development and integrity.

   Firstsource Solutions Limited Areas for CSR Intervention:

   1. Programme Focus Area 1 Category: Healthcare
   2. Programme Focus Area 2 Category: Education
   3. Programme Focus Area 3 Category: Environment
   4. Programme Focus Area 4 Category: Art & Culture
   5. Programme Focus Area 5 Category: Gender equality and women empowerment
   6. Programme Focus Area 6 Category: Promoting Sports
   7. Programme Focus Area 7 Category: Contribution to PM's National Relief Fund/ any other fund set up by the Central Government

2. **Composition of CSR committee:**

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr Shashwat Goenka	Chairman (Non-Executive Non-Independent Director)	1	1
2.	Mr Vipul Khanna	Member (MD & CEO)	1	1
3.	Mr Subrata Talukdar	Member (Non-Executive Non- Independent Director)	1	1
4.	Mr Anjani K. Agrawal	Member (Non-Executive Independent Director)	1	1

3. **Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company:** https://www.firstsource.com/investor-relations/

4. **Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):** Not Applicable

5. **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:** Not Applicable

6. **Average net profit of the Company as per section 135(5):** ₹ 2,785.71 million

Sl. No.	Particulars	₹ in million
7a	2 % of average net profit of the company as per section 135(5)	55.71
7b	Surplus arising out of the CSR projects or programmes or activities of the previous financial years.	Nil
7c	Amount required to be set off for the financial year, if any	Not Applicable
7d	Total CSR obligation for the financial year (7a+7b-7c)	55.71

8. **(a) CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (₹ in million)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer.	Name of the Fund	Amount	Date of transfer.
15.55	40.16	March 31, 2022	N.A	N.A.	N.A

(b) **Details of CSR amount spent against ongoing projects for the financial year:**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Project duration	Amount allocated for the project (₹ in million)	Amount spent in the current financial Year (₹ million)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ million)	Mode of Implementation - Direct (Yes/ No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
1.	Setting up an International Baccalaureate School	Education	No	West Bengal, Kolkata		FY 2023-24	40.16	Nil	40.16	No	RP-Sanjiv Goenka Group CSR Trust	CSR00002382
	Total						**40.16**		**40.16**			

(c) **Details of CSR amount spent against other than ongoing projects for the financial year:**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (₹ million)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR Registration number
1.	Project Annando – Education Project	Education, Healthcare	No	Rajasthan/ Bhilwara		0.20	No	Light of Life Trust	CSR00000156
2.	FSP (Firstsource Scholarship Program)	Education	Yes	6 States (Tamil Nadu/ Madhya Pradesh/ Maharashtra/ Telengana/ Gujarat/ Karnataka)		0.52	No	Foundation For Excellence	CSR00002053
3.	Digital Transformation of Rural Women Artisans	Community	Yes	Madhya Pradesh/ Indore		3.9	No	Nasscom Foundation	CSR00000689
4.	ICU Ward Setup	Healthcare	Yes	Telangana/ Hyderabad		3.13	No	Nirmaan Organization	CSR00000146
5.	Dignity For Work at Latur District	Community	Yes	Maharastra/ Latur		3.0	No	Goonj	CSR00000291
6.	Urban Forest @ Chennai and Hyderabad	Environment	Yes	Tamilnadu/ Telangana Chennai/ Hyderabad		1.04	No	Thuvakkam	CSR00000956
7.	Urban Forest @ Mumbai and Bangalore	Environment	Yes	Karnataka/ Maharastra Bangalore/ Mumbai		1.08	No	Say Trees	CSR00000702
8.	Transforming Learning Outcomes in Rural Primary Schools	Education	Yes	Madhya Pradesh/ Petlawad		1.25	No	Transforming Rural India Foundation (TRIF)	CSR00000421
9.	Annie – Smart Lab Setup	Education	Yes	Karnataka/ Bengaluru		1.03	No	Donate Kart	CSR00005168
10.	ECG Lab & Healthcare Needs at UPHC	Healthcare	Yes	Tamilnadu/ Thiruvallur		0.12	No	Thuvakkam	CSR00000956
11.	Recognizing Teacher Coordinators	Education	No	Pan India		0.04	No	Ek Kadam Aur	CSR00001171
12.	Payroll Giving Program	All Focus Areas	Yes	All Operating States		0.24	No	Give India	CSR00000389
	Total					**15.55**			

(d) **Amount spent in Administrative Overheads:** NIL

(e) **Amount spent on Impact Assessment, if applicable:** Not Applicable

(f) **Total amount spent for the Financial Year (8b+8c+8d+8e):** ₹ 55.71 million

(g) **Excess amount for set off, if any:** Not Applicable

9. (a) **Details of Unspent CSR amount for the preceding three financial years:**

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (₹ million)	Amount spent in the reporting Financial Year (₹ million)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
				Nil			

(b) **Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in ₹).	Amount spent on the project in the reporting Financial Year (in ₹).	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed / Ongoing.
Nil								

10. **In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):** Not Applicable

    (a) **Date of creation or acquisition of the capital asset(s).**

    (b) **Amount of CSR spent for creation or acquisition of capital asset.**

    (c) **Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.**

    (d) **Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).**

11. **Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):** Not Applicable

ANNEXURE IIIA TO THE DIRECTORS' REPORT

SUMMARY OF REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS

1. **Purpose of the Policy**

   This policy aims to set out the approach to make payment of Remuneration to the Non-Executive Directors, including Independent Directors of Firstsource Solutions Limited ("the Company").

2. **Objective**

   The Objective of this Policy is to ensure that-

   a. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Non-Executive Directors of the quality required to run the Company successfully; and

   b. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

3. **Remuneration To Non-Executive Directors Including Independent Directors**

   A. Remuneration/ Commission:

   The Non-Executive Directors may be paid remuneration as may be approved by the Board of Directors whereas the aggregate amount of such remuneration shall not exceed one percent of the net profits of the Company, except with the approval of shareholders in the general meeting, computed as per the applicable provisions of the Companies Act, 2013 and rules framed thereunder.

   B. Remuneration for Professional Services rendered by any Director:

   The remuneration payable to any Director shall be inclusive of remuneration payable to him for services rendered in any other capacity. However, the remuneration for services rendered by any such Director in any other capacity shall not be so included if the services rendered are of a professional nature and in the opinion of the Nomination & Remuneration Committee, the Director possesses the requisite qualification for the practice of the profession.

   C. Sitting Fees:

   The Board of Directors, at its meeting held on August 01, 2014 had decided a sitting fees of ₹ 100,000 to be paid for attending each meeting of the Board and ₹ 50,000 for attending each meeting of a Committee of the Board of which the Director is member, payable to all the Non-Executive Directors of the Company including Independent Directors.

   D. Reimbursement of Expenses:

   Beside the sitting fees, Non-Executive Directors are also entitled for reimbursement of travel, hotel and other incidental expenses incurred by them in the performance of their roles and duties.

   E. Stock Options:

   Pursuant to the provisions of the Companies Act, 2013, an Independent Director of the Company shall not be entitled to any stock option of the Company.

   F. Refund of Excess Remuneration paid to any Director:

   If any Director draws or receives directly or indirectly, any remuneration in excess of the limits prescribed under the Companies Act, 2013 without prior consent of Shareholders/ Central Government, where required, he shall refund the same to the Company.

   G. Premium on Insurance taken by the Company:

   The premium paid on the insurance taken by the Company for indemnifying the Directors against any liability in respect of breach of trust for any negligence, default, misfeasance, breach of duty or breach of trust for which they may be found guilty in relation to the Company, shall not be treated as part of remuneration payable to any such Director. However, if such Director is proved guilty, the premium paid on such insurance shall be treated as part of remuneration.

ANNEXURE IIIB TO THE DIRECTORS' REPORT

SUMMARY OF REMUNERATION POLICY FOR KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

1. **Purpose**

   The purpose of this policy is to define the remuneration policy for employees at all levels.

2. **Grade structure**

   The Company follows grade structure in most of the geographies. Broadly, grades are divided into Associates and Coordinators, Junior Management, Middle Management, Senior Management and MD & CEO.

3. **Pay philosophy**

   The Company follows a total compensation approach by which it seeks to attract, retain and motivate employees.

4. **Salary structure**

   All employees' salary structures are a mix of fixed pay components and variable pay components. In the Company, compensation practices differ across different levels and geographies.

5. **Annual variable pay structure**

   Some employees get Variable Pay on an annual basis-

   Eligibility:

   - Grade F1 and above employees having Annual Variable Pay;
   - Variable pay is a part of an employee's CTC.
   - Payout is linked to financial performance of the Company, Business Unit and individual employee's performance.
   - The Company performance is decided by the Nomination and Remuneration Committee every year.
   - Variable Pay Pool & Payout is approved by Nomination and Remuneration Committee.

6. **Long term incentive plans/ ESOP**

ESOP 2003:

a. Eligibility
   - Eligibility restricted to senior positions- Critical and key employees
   - All Grants approved by Nomination and Remuneration Committee
   - Granted on quarterly basis for New joiners and Annually for existing employees

b. Vesting Schedule
   - 25% after 1 year
   - 12.5% after every 6 months for next 3 years

c. Exercise Period
   - 10 years from the date of grant

ESOP 2019:

a. Eligibility
   - Granted to identified eligible key and critical employees;
   - All Grants approved by Nomination and Remuneration Committee.

b. Vesting Schedule and Exercise period

Grants will be issued at face value of the shares or any higher price which may be decided by the Nomination and Remuneration Committee and will have an exercise period of three (3) years from the date of vesting as per the Scheme and as determined by the Nomination and Remuneration Committee.

The ESOP 2019 Plan is proposed to include grants to identified eligible employees under the Long Term Incentive Structure ('LTI'). The LTI will be tenure based or performance based as per the vesting conditions below:

Period within which options will vest unto the participant	% of options that will vest	
	Tenure based	Performance based*
End of 12 months from the date of grant of options	25.00	25.00
At the end of every quarter after year 1, till end of year 4 from date of grant	6.25	-
At the end of every year after year 1, till end of year 4 from date of grant	-	25.00

*Attainment of options can range between 0% and 150% of tranche eligible for vesting for the respective performance measurement period. Each tranche is separate. Performance and vesting in one period has no bearing on performance and vesting in another period.

7. Increments

The Company usually administers hikes as per the Company's policy and depending on geography, employee category, etc. and is subject to Board/ Nomination and Remuneration Committee approval.

ANNEXURE IV

Form AOC-2

Details of Related Party Transactions

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013
and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/ arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under fourth proviso thereto:

1. **Details of contracts or arrangements or transactions not at arm's length basis –** Not Applicable
2. **Details of material contracts or arrangement or transactions at arm's length basis:**
   (a) Name(s) of the related party and nature of relationship
   Sourcepoint, Inc., subsidiary of the Company.

   (b) Nature of contracts/arrangements/transactions
   i. Income from services;
   ii. Recovery of expenses;
   iii. Reimbursement of expenses;
   iv. Brand Equity.

   (c) Duration of the contracts/arrangements/transactions
   The term shall automatically renew after every 3 years.

   (d) Salient terms of the contracts or arrangements or transactions including the value, if any
   The value of the transactions with the above Sourcepoint, Inc. are disclosed under the Related Party schedule to the financial statements for the year ended March 31, 2022. Please refer to Note 27 of the standalone financial statements of the Company.

   (e) Date(s) of approval by the Board
   Not Applicable.

   (f) Amount paid as advances, if any:
   There is no advance paid to Sourcepoint, Inc.

ANNEXURE V TO THE DIRECTORS' REPORT

FORM NO. MR.3

SECRETARIAL AUDIT REPORT for the financial year ended March 31, 2022

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
Firstsource Solutions Limited,
5th Floor, Paradigm 'B' wing,
Mindspace, Link Road,
Malad (West) Mumbai – 400064

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Firstsource Solutions Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Auditor's Responsibility:

Our responsibility is to express an opinion on the compliance of the applicable laws and maintenance of records based on audit. We have conducted the audit in accordance with the applicable Auditing Standards issued by The Institute of Company Secretaries of India. The Auditing Standards requires that the Auditor shall comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Due to the inherent limitations of audit including internal, financial and operating controls, there is an unavoidable risk that some material misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the Standards.

Unmodified Opinion:

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2022 (hereinafter called the 'Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2022 according to the provisions of:

(i) The Companies Act, 2013 (the Act), and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment; (External Commercial Borrowings is not applicable to the Company during the Audit Period)

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not Applicable to the Company during the Audit Period);

d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and the Securities Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; (Not Applicable to the Company during the Audit Period);

f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (Not Applicable to the Company during the Audit Period) and;

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not Applicable to the Company during the Audit Period).

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India;

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, etc. mentioned above.

We further report that, having regard to the compliance system prevailing in the Company and on the examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following law applicable specifically to the Company:

(i) Information and Technology Act, 2000

(ii) The Special Economic Zone Act, 2005

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that due to Covid-19 situation and limited access to data, we were not able to review the statutory registers and Signed minutes for the Financial Year 2021-22.

We further report that during the audit period the Company has allotted 4,149,134 Equity Shares under the Employee Stock Option Schemes;

For **MMJB and Associates LLP**
Company Secretaries

Deepti Joshi
Designated Partner
FCS No. F8167
CP No. 8968
UDIN: F008167D000282672
Peer Review No: 904/2020

Place: Mumbai
Date: May 05, 2022

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure A’

To
The Members,
Firstsource Solutions Limited,
5th Floor, Paradigm ‘B’ wing,
Mindspace, Link Road,
Malad (West) Mumbai – 400064.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **MMJB and Associates LLP**
Company Secretaries

Deepti Joshi
Designated Partner
FCS No. F8167
CP No. 8968
UDIN: F008167D000282672
Peer Review No: 904/2020

Place: Mumbai
Date: May 05, 2022

BUSINESS RESPONSIBILITY REPORT

INTRODUCTION

The Securities and Exchange Board of India (SEBI) in 2012 mandated the top 100, and later in 2015 the top 500 listed entities on National Stock Exchange of India Limited and BSE Limited to prepare a 'Business Responsibility Report' as part of the Annual Report. This is as per clause (f) of sub regulation (2) of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The report outlines the organization's performance from the environmental, social and governance perspective.

Firstsource Solutions Limited ("the Company") being part of the top 500 listed entities has developed this Business Responsibility Report based on the suggested framework of SEBI, strengthening its commitment towards transparent disclosure of its environmental and social performance.

Continuing on the Company's mission to tackle social issues, the Company is committed to monitor and report its social and environmental performance with the aim of providing a clear picture to the stakeholders and investors.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN)	L64202MH2001PLC134147
2.	Name of the Company	Firstsource Solutions Limited
3.	Registered address	5th Floor, Paradigm 'B' Wing, Mindspace, Link Road, Malad - West, Mumbai- 400 064, India
4.	Website	https://www.firstsource.com/
5.	Email id	complianceofficer@firstsource.com
6.	Financial year reported	April 01, 2021 to March 31, 2022
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Name and description of main product/ services: The Company provides BPO services. Description – IT - Enabled Services – BPO. NIC Code of the product/ services: 63999
8.	List three key products / services that the Company manufactures/ provides (as in balance sheet)	BFS, Healthcare, CMT and Diverse Industries
9.	Total number of locations where business activity is undertaken by the Company Number of international locations (Provide details of major five) Number of national locations	The Company along with its 20 subsidiaries has 43 global delivery centers of which 15 are located in India, 16 in the USA, 9 in the UK, 2 in the Philippines and 1 in Mexico as per the details given below: **India (15):** Chennai (2), Mumbai (3), Bangalore (4), Trichy (2) and 1 each in Pondicherry, Hyderabad, Indore & Vijayawada. **USA (16):** Palm Bay (2), Thousand Oaks (2), Colorado Springs, Amherst, Fort Scott, Kingston, Louisville, Salt Lake City, Dallas, Chattanooga, Las Vegas, Atlanta, York, Sunrise. **United Kingdom (6):** London, Pontypridd, Belfast, Cardiff, Londonderry, Middleborough, Warrington, Birmingham and Derby. **Philippines (2):** Manila, Cebu. **Mexico (1):** Mexico City.
10.	Markets served by the Company- Local/ State/ National/ International	The Company is carrying out business activity across all India, US, UK and Philippines.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital of the Company	₹ 6,969.91 million
2.	Total turnover	₹ 15,920.06 million
3.	Total profit after tax	₹ 3875.89 million
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):	₹ 55.71 million (2% of Average Profit of 3 preceding years)
5.	List of activities in which expenditure in four above was incurred:	Please see below:

Details of the spend (FY 2021-22)	₹ in million
Average Profit	2,785.71
CSR Spend (2% of Average Profit)	55.71
Surplus arising out of the CSR projects or programmes or activities of the previous financial years	0
Digital Transformation of Rural Women Artisans in Madhya Pradesh in partnership with Nasscom Foundation	3.9
Setting up 10 Bed ICU Ward at Sarojini Devi Hospital, Hyderabad	3.13
Dignity For Work project at Latur District, Maharashtra in partnership with Goonj NGO	3.0
Urban Forest Creation at Chennai and Hyderabad in partnership with Thuvakkam NGO. Total Trees 2400	1.04
Urban Forest Creation at Mumbai and Bangalore in partnership with Say Trees NGO. Total Trees 2400	1.08
TRIF- Sponsored for transforming learning outcomes in rural primarly school	1.25
Payroll Program Donation for 'Give India'	0.24
Light of Life Trust- Sponsorship for Project Anando- that aims at holistic child development	0.2

Details of the spend (FY 2021-22)	₹ in million
Foundation for Excellence- Scholarship for underprivileged engineering students	0.52
Donate Kart- Donation of Annie braille smart kit for visually impared children	1.03
Ek Kadam Aur Donation recognizing teacher coordinators	0.04
Thuvakkam- Sponsored health care needs for hospital infrastructure development in UPHC, Tiruvallur district	0.12
Transferred to the "FSL UNSPENT CSR A/C 2020-21"	40.16

SECTION C: OTHERS DETAILS

1.	Does the Company have any Subsidiary Company/ Companies?	As on March 31, 2022, the Company had 1 domestic subsidiary, 1 domestic Employee Benefit Trust, 19 foreign subsidiaries and 1 associate Company. The details of the same are given in Directors' Report.
2.	Does the subsidiary Company / Companies participate in the Business Responsibility Report initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s).	No.
3.	Does any other entity / entities (e.g. suppliers, distributors etc.), that the Company does business with, participate in the Business Responsibility Report initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%]	No. The Company does not mandate its suppliers/ distributors to participate in the Company's Business Responsibility Report initiatives.

SECTION D: BUSINESS RESPONSIBILITY REPORT INFORMATION

1.		Details of Director/ Directors responsible for Business Responsibility Report	Business Responsibility functions are internally, monitored by the Corporate Social Responsibility Committee of the Board of Directors of the Company formed in terms of Section 135 of the Companies Act 2013.
	a)	Details of the Director/ Directors responsible for the implementation of the Business Responsibility Report policy/ policies	Chairman/Members of Corporate Social Responsibility Committee
		DIN	03486121
		Name	Mr Shashwat Goenka
		Designation	Non-Executive Non-Independent Director
		DIN	00889710
		Name	Mr Vipul Khanna
		Designation	MD & CEO
		DIN	08579812
		Name	Mr Anjani K Agrawal
		Designation	Independent Director
		DIN	01794978
		Name	Mr Subrata Talukdar
		Designation	Non-Executive Non-Independent Director
	b)	Details of the Business Responsibility head:	
		Name	Ms Shuchika Sahay
		Designation	Chief Human Resource Officer
		Telephone No.	+91(22) 66660888
		E-mail ID	shuchika.sahay@firstsource.com

1. **Principle-wise (as per NVGs) Business Responsibility Report Policy/ Policies (Reply in Y/ N)**

   The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility:

Principle 1	P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
Principle 2	P2	Businesses should provide goods and services that are safe, and contribute to sustainability throughout their life cycle
Principle 3	P3	Businesses should promote the wellbeing of all employees
Principle 4	P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
Principle 5	P5	Businesses should respect and promote human rights
Principle 6	P6	Businesses should respect, protect and make efforts to restore the environment
Principle 7	P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
Principle 8	P8	Businesses should support inclusive growth and equitable development
Principle 9	P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

Sr No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for	Y	NA	Y	Y	Y	Y	NA	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?[1]	Y	NA	Y	Y	Y	Y	NA	Y	Y
3.	Does the policy conform to national/ international standards? If yes, specify?	Y (Global Ethics Policy on lines of ILO conventions)	NA	Y (Heath, Safety & Environment Policy complies with ISO 18001 and ISO 14001 standard)	Y (Corporate Social Responsibility policy complies with Companies Act 2013)	Y (Global Ethics Policy and HR policies on lines of ILO conventions)	Y (Health, Safety & Environment complies with ISO 14001 Standard)	NA	Y (Corporate Social Responsibility policy complies with Companies Act, 2013)	Y (Voice of Customer)
4.	Has the policy been approved by the Board? If yes, has it been signed by the MD/ Owner/ CEO appropriate Board Director? [2]	Y	NA	Y	Y	Y	Y	NA	Y	Y
5.	Does the Company have a specified committee of the Board/ Director / Official to oversee the implementation of the policy? [3]	Y	NA	Y	Y	Y	Y	NA	Y	Y
6.	Indicate the link to view the policy online? [4]	Y	NA	Y	Y	Y	Y	NA	Y	Y
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	NA	Y	Y	Y	Y	NA	Y	Y
8.	Does the Company have in-house structure to implement its policy / policies?	Y	NA	Y	Y	Y	Y	NA	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies? [5]	Y	NA	Y	Y	Y	Y	NA	Y	Y
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency? [6]	Y	NA	Y	Y	Y	Y	NA	Y	Y

Notes

1. All the policies are formulated with detailed consultation and benchmarking across industry. The policies are in compliance majorly with all applicable laws.
2. As per Company practice, all the policies are approved by the concerned authority depending upon the nature of policy. The concerned authority could be either MD & CEO/ Functional Head, etc.
3. Every policy has a policy owner and the respective policy owners are responsible for implementation of the policy.
4. The requisite policies are available on the website of the Company and the web link is https://www.firstsource.com/investor-relations/.
5. Any grievance relating to any of the policy can be escalated to the policy owner/ MD & CEO/ Audit Committee Head.
6. Implementation of policies is evaluated as a part of internal governance by policy owners.

2. Governance related to Business Responsibility

1.	Indicate the frequency with which the Board of Directors, Committee of the Board or the CEO assesses the Business Responsibility Report performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year	CEO/ Business heads review the performance of respective policies covering the principle given in the Business Responsibility Report on an annual basis.
2.	Does the Company publish a Business Responsibility Report or a Sustainability Report? What is the hyperlink for viewing the report? How frequently it is published?	Yes, Annually. The same is available on website of the Company. The link for Business Responsibility Report is https://www.firstsource.com/

SECTION E: PRINCIPLE WISE PERFORMANCE

Principle 1: Ethics, Transparency and Accountability

Businesses should conduct and govern themselves with Ethics, Transparency and Accountability:

1.	Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/ Joint Ventures/Suppliers/ Contractors /NGOs / Others?	It covers employees, suppliers, contractors, service providers and their employees.
2.	How many stakeholder complaints were received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof in about 50 words or so.	No complaints were received from stakeholders during the period under review, except those 89 complaints received from the shareholders of the Company, which all were satisfactorily attended.

Principle 2: Product Lifecycle Sustainability

Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle:

1.	List three of your products or services whose design has incorporated social or environmental concerns, risks and/ or opportunities	Not applicable.
2.	For each such product, provide the following details in respect of resource use (energy, water, raw material and so on) per unit of product (optional)	Not applicable.
3.	Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also provide details thereof, in about 50 words or so	We are introducing Electric Vehicles in our employee transportation fleet and our key goal is to have at least 20% of our overall transportation using electric vehicle by 2023.
4.	Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what initiatives were taken to improve their capacity and capability of local and small vendors?	Our sourcing of stationery and consumables are for office usage is through the small stores to encourage community support.
5.	Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling them (separately as <5%, 5-10%, >10%)? Also provide details thereof, in about 50 words or so	We are able to source refurbished IT products wherever possible.

Principle 3: Employee Wellbeing

Businesses should promote the wellbeing of all employees:

1.	Total number of employees.	As on March 31, 2022, the strength of the permanent employees on roll workforce of Firstsource Solutions Limited on standalone basis stands at a total of 16,045.
2.	Total number of employees hired on temporary/ contractual/ casual basis.	As on March 31, 2022, the strength of employees hired on temporary/ contractual/ casual basis stands at a total of 190 as per below:
3.	Total number of permanent women employees.	As on March 31, 2022, the strength of permanent women employees stands at a total of 11,536.
4.	Total number of permanent employees with disabilities.	As on March 31, 2022, the number of permanent employees with disabilities associated with the Company stands at a total of 482.
5.	Do you have an employee association that is recognized by the Management?	No.

Employment Type	Headcount
Part Time Employees	63
Casual Based	9
Contract Employees	118
Total	190

6.	What percentage of your permanent employees are members of this recognised employee association?	Not Applicable.
7.	Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year/committee:	As on March 31, 2022, there were overall 19 cases of sexual harassment reported for India in FY2021-22, out of which 18 are closed and 1 pending. Note: The one pending case is well within 90 Days TAT.
8.	What percentage of your under-mentioned employees that were given safety and skill up-gradation training in the last year? 1. Permanent employees (includes classroom and e-learning) 2. Permanent women employees 3. Casual/ temporary/ contractual employees 4. Employees with disabilities	The Company is in the business of services and requires its employees to continuously improve their skill. Accordingly, 100% of the employees have gone through the skill upgrade training.

Principle 4: Stakeholder Engagement

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized:

1.	Has the Company mapped its internal and external stakeholders? Yes/ No	Yes, the Company has mapped its stakeholders as a part of its stakeholder engagement process. Key categories are: 1) Customers/ Clients; 2) Shareholders/Investors; 3) Partners (Suppliers/ Vendors/ Landlords); 4) Employees; 5) Regulatory Bodies; 6) Industry forum; and 7) Community.
2.	Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?	Yes, the Company commits to operate in an economically, socially and environmentally responsible manner whilst balancing the interests of diverse stakeholders. The Company's initiatives in the areas of Corporate Social Responsibility are targeted to bring meaningful difference in the lives of its associated stakeholders.
3.	Are there any special initiatives undertaken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders?	Through Community Outreach programs the company allocates annual budget to spend for communities which is implemented based on various thematic areas aligned with our group Trust. An exclusive CSR Team designs, implements and reports the entire community outreach efforts which happens through CSR Projects, Global Employee Volunteering, Global Employee Giving and Special Projects.

Principle 5: Human Rights

Businesses should respect and promote human rights:

1.	Does the policy of the Company on human rights cover only the Company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?	Global Ethics Policy covers aspects of human rights and extends to all employees and contractors, group companies, joint ventures and suppliers.
2.	How many stakeholder complaints were received in the past financial year and what percent was satisfactorily resolved by the Management?	No stakeholder complaint was received in FY 2021-22.

Principle 6: Environmental Management

Businesses should respect, protect, and make efforts to restore the environment:

1.	Does the policies related to Principle 6 cover only the Company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?	The Policy on environment covers the Company only. The Company encourages parties associated with its value chain like vendors, suppliers, contractors, etc. to follow the principles envisaged in the policy.

2.	Does the Company have strategies/ initiatives to address global environmental issues, such as climate change, global warming, and others? If yes, please give hyperlink for webpage etc.	Yes. The Company has proactively taken several initiatives to create positive impact on the environment. Refer to CSR section of the report for complete details. The Company's CSR policy is posted at the link: https://www.firstsource.com/corporate-social-responsibility/
3.	Does the Company identify and assess potential environmental risks? Y/ N	Yes.
4.	Project(s) related to Clean Development Mechanism.	Currently, the Company has not undertaken any project related to Clean Development Mechanism.
5.	Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy and so on? If yes, please give hyperlink to web page and others.	Yes, the Company has taken multiple initiatives towards energy efficiency and use of renewable energy at its site. The Company's policy is posted at the link https://www.firstsource.com/corporate-social-responsibility/
6.	Are the emissions/ waste generated by the Company within the permissible limits given by CPCB/ SPCB for the financial year being reported?	The Company provides BPO services which is a non-pollution generating Industry. There is no emission or industrial wastes generated. The general E-waste is disposed as per the PCB norms.
7.	Number of show cause/ legal notices received from CPCB/ SPCB, which are pending (i.e. not resolved to satisfaction) as on the end of the financial year	No show cause notices were received by the Company either from CPCB or SPCB.

Principle 7: Public Advocacy

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner:

1.	Does the Company represent in any trade and chambers/ association? If yes, name only those major ones that the Company deals with	The Company is a member of the National Association of Software and Services Companies (NASSCOM) and Hyderabad Software Enterprises Association HYSEA.
2.	Has the Company advocated/ lobbied through the above associations for the advancement or improvement of public good? If yes, specify the broad areas (drop box: governance and administration, economic reforms, inclusive development polices, energy security, water, food security, sustainable business principles and others)	Not Applicable.

Principle 8: Inclusive Growth

Businesses should support inclusive growth and equitable development:

1.	Does the Company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8? If yes, provide details thereof	Yes, the Company considers Corporate Social Responsibility as an important aspect of its operations. It has aligned its thrust areas in line with the requirements of Schedule VII to the Companies Act, 2013. To oversee implementation of various initiatives, Company has formed a Board Level Committee called Corporate Social Responsibility (CSR) Committee. The details of various CSR initiatives of the Company are given in the Directors' Report. The company has also formed an exclusive CSR team to shape up and scale up the CSR programs to maximise impact.
2.	Are the programmes/ projects undertaken through in-house team/ own foundation/ external NGO/ government structures/ any other organisation?	All projects are identified through CSR Team which works with external stakeholders such as NGO and Institutions. Projects are done through help of partner NGOs who play the role of Implementing Partners.
3.	Has the Company done any impact assessment for its initiative?	Currently, the partnering NGOs are submitting reports of impact as per the M&E framework which suffice the needs.

4.	What is the Company's direct contribution to community development projects (Amount in? and the details of the projects undertaken)?	The Company needs to spend an amount of ₹ 55.71 million in various CSR activities during FY 2021-22, out of which ₹ 15.55 million were already spent by the Company and the balance amount of ₹ 40.16 million has been transferred to the Unspent CSR Account (‘Account’). The details of the amount incurred and areas covered are given in Annexure II on Annual Report on Corporate Social Responsibility Activities forming part of Directors’ Report.
5.	Has the Company taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in around 50 words	Yes, the company has taken steps in setting up CSR Team who monitors all projects and evaluates the impact and report it to leadership on periodic basis. Implementing partners (NGOs) are bound to submit reports as per agreement signed. We also ensure to involve Employee volunteers in major of the CSR Projects to ensure we also understand from them on the impact project created.

Principle 9: Value for Customers

Businesses should engage with and provide value to their customers and consumers in a responsible manner:

1.	What percentage of customer complaints/ consumer cases is pending, as on the end of the financial year?	Nil
2.	Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/ N.A./ Remarks (additional information)	Not applicable
3.	Cases filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behaviour during the last five years and pending as on the end of the financial year. If yes, provide details thereof, in about 50 words or so	Nil
4.	Did the Company carry out any consumer survey/ consumer satisfaction trends?	Consumer Satisfaction Survey is carried out by the Company every year to gauge consumer sentiments and to take appropriate measures to improve customer satisfaction and experience.

For and on behalf of the Board of Directors

Shashwat Goenka

Chairman, Corporate Social Responsibility Committee

(DIN: 03486121)

Mumbai

May 05, 2022

MANAGEMENT DISCUSSION AND ANALYSIS

It's a VUCA world and FY 2021-22 only reiterated that. Fast and effective vaccination rollouts, digital upskilling, demand acceleration for digitalization and adoption of newer technologies, hybrid operating models, economic recovery and a renewed sense of community have been the driving force for businesses.

India's technology industry experienced positive growth, while the world economy and many industries continued to confront the challenges posed by the prolonged pandemic in FY 2021-22. This was primarily due to technology becoming the pivot that enabled organizations to speed their journey towards becoming future-ready, agile, and resilient.

The need to keep businesses operating even during lockdown phases prompted firms to resort to technology which led to substantial investments in online platforms, including gaming, digital content, social networking, and e-commerce. These factors boosted global technology spending (excluding hardware) to over $1.7 trillion in 2021, a nearly 9% year-over-year increase, and it is projected to reach $1.8 trillion in 2022, a 6.5% increase. as per NASSCOM's Strategic Review 2022.

As a result of these paradigm shifts, organization across the globe are revisiting their strategies and reinventing themselves on multiple fronts.

The BPM industry is moving up the value chain from live Customer Interaction & Support (CIS) to Integrated Technology led Intelligent Business Operations; and is expected to witness significant volume of new work in the next five years.

In 2021, the global sourcing market witnessed a growth in the range of 12% to 14% touching USD 238-243 billion owing to multiple factors including strong recouping from business disruption caused due to pandemic, rising demand for value-add and digital services, increased offshoring/nearshoring by the organization due to strong business resilience demonstrated by both global capability centers and service providers, growing demand from major source geographies such as Italy, Spain, Germany, UK, and US, as per NASSCOM's report.

According to NASSCOM's Strategic Review 2022 report, the global IT services spend crossed USD 899 billion at a growth of 6.2% in 2021 while global BPM spend grew by 5% to reach USD 211 billion. The major trends that dominated the technology investment landscape during the year are cybersecurity spending, migration to SaaS solutions, increased investments in digital tech primarily in FinTech, eCommerce, EdTech, MedTech and startups, as well as large-scale organizational digital transformation projects. The growth opportunities are likely to be driven by demand for Infrastructure and managed services, consulting services, platform BPM, Data Management & Robotics Process Automation (RPA) in near future.

It is anticipated that BFSI, Healthcare, Manufacturing, and Retail/ eCommerce will be the largest consumers of technology, with solutions centered on leveraging AI, Analytics, Automation, and the Cloud. As businesses diversify their technology portfolios, the software products market will see increased demand for productivity software and security solutions. Last but not the least, the rapidly increasing interest in the metaverse, which is being driven by the demand for more personalized experiences, will further disrupt the eCommerce market.

Given the enormity and pace of change facing the industry, the key to successful navigation is preparedness and agility.

Over the last couple of years, Firstsource has been building it capabilities, strengthening its Digital First, Digital Now solutions, investing in its people, and creating a more holistic and diversified book of business. With its chosen industries and suite of offerings, the Company is well-poised to capitalize on current and emerging industry trends and opportunities and leverage them to their advantage.

BUSINESS OVERVIEW

Firstsource is a leading provider of Business Process Management (BPM) services. The Company specializes in helping clients reimagine business processes and deliver increased efficiency, deeper insights and superior outcomes, through transformational solutions. The Company is a trusted partner to 150+ leading brands with a presence in the US, the UK, and India. Firstsource's solutions cover the complete customer lifecycle across Banking, Financial Services, Healthcare, Communications, Media & Technology, and other diverse verticals.

As of March 31, 2022, Firstsource had 26,557 professionals across 43 delivery centers worldwide, including facilities in India, US, UK, Philippines, and Mexico.

The Company's strategic growth model is formulated on three pillars:

1. A sharp focus on core industry processes

The Company has three core focus industries- Banking and Financial Services, Healthcare, and Communications Media and Technology. Firstsource intends to scale its industry-specific offerings by increasing domain depth and venturing into adjacent growth areas by expanding the purpose-built platform-based solutions.

2. Distinctive and disruptive offerings supported by its Digital First Digital Now strategy

As digital becomes more pervasive and ingrained throughout the value chain for most industries, Firstsource is modernizing its solutions and offerings to meet the needs of innovative enterprises better. The building blocks of the Digital First, Digital Now strategy for all service offerings are intelligent automation, analytics, a digital operations management toolkit, and talent proficient in new-age technologies.

Offerings and solutions:

- Digitally Empowered Contact Center (DECC) - a redesigned contact center offering that utilizes a combination of in-house tools and partnerships to meet clients' omnichannel, on-demand requirements, thereby significantly enhancing customer experience and satisfaction. DECC accounted for 45.8% of revenues in FY 2021-22.

- Intelligent Back Office - transforms processes by employing a vast array of automation technologies, making them lean and nimble. In turn, this frees up human bandwidth and ingenuity to handle complex workloads and boosts creativity. Intelligent Back Office revenue contribution for FY 2021-22 was 43.3%.

- Platforms, Automation & Analytics - accounted for 10.8% of revenue in FY 2021-22, focuses on developing and deploying platform-based solutions for industry-specific interventions and opportunities.

3. Building a purpose-led, scalable, and agile organization with the necessary skill sets to support the vertical and service line growth objectives. The Company routinely invests in sales, solutions, new markets, digital capabilities, people, and the evolution of its business model – without losing sight of its purpose.

During FY 2021-22, the Company generated revenues of INR 59,212 million, representing a growth of 16.6% in rupee terms and a growth of 14.6% in constant currency terms over FY 2020-21. Profit After Tax was at INR 5,374 million, representing a growth of 48.6% in rupee terms over FY 2020-21.

Expanded our capabilities in mortgage and digital collections segments

In November 2021, Firstsource acquired The StoneHill Group (TSG) through its mortgage company Sourcepoint to strengthen its US mortgage value chain offerings. TSG is one of the US's leading providers of outsourced mortgage services and solutions with access to loan quality control (QC) and due diligence capabilities. This allows Firstsource to scale the business by leveraging the strong demand for residential mortgage loan trading and securitization, as well as cross-sell their offerings and provide best-in-class, end-to-end mortgage solutions to existing clients and both mid and large market customers. The acquisition further provides the Company with deep access to mid-market lenders and banks.

In December 2021, Firstsource acquired American Recovery Services, Inc. (ARSI), a nationwide legal collections network headquartered in Southern California. The acquisition enhances the Company's leadership in consumer debt management services by adding legal stage collections capabilities. In addition, it adds complementary capabilities, strengthens other digital portfolios, expands the client base, including a few FinTechs and helps hedge against the near-term default cycle volatility.

Firstsource is geared to provide growth for customers, a rewarding work environment for employees, value for investors, and a beneficial impact on the communities in which it operates. The Company is unwavering in its vision, sound investments, and progress in strengthening the foundation of each of its businesses while ensuring a mindset of continuous improvement.

The sections below capture some of the key highlights of the industries the Company operates in, including key growth drivers.

INDUSTRY SEGMENT

Banking and Financial Services

As a result of the challenges posed by the pandemic, BFS firms worldwide are re-inventing their IT operating model through a series of incremental changes that support the short-term objectives. However, to achieve their long-term business objectives, the companies are also focused on establishing a solid foundation through IT modernization and the development of new platforms. Additionally, BFS organizations have expedited digital transformation initiatives.

In banking, BPM helps in settlement of issues and provides a flexible environment for process improvement. As a result, BFS firms are rapidly adopting BPM solutions to eliminate errors in banking workflows and speed up processes.

As a BPM services company, Firstsource has deep experience at the intersection of technology, customer experience, regulation, compliance processes and supporting financial products and services. The Company focuses on the following segments:

Retail & Commercial Banking	Customer experience	Transaction Processing	Complaints and Remediation	Compliance & Risk Management	
Mortgages	Loan Processing	Servicing	Title & Valuation	Complaints Handling	Fraud Management
Collections	Digital Collections	Legal Collections	Customer Service		

1. Retail and Commercial Banking / UK BFS

The economic environment continues to bring uncertainty as regulatory requirements are evolving. Customers are now demanding greater personalization combined with excellent customer service, and, at the same time, technological innovation is challenging traditional business and delivery models while ushering in a further set of challenging competitors.

Against this backdrop, banks are re-evaluating their strategies. Back-office functions are now seen as more integral to a successful banking operation than they have been to date. In addition, as banks' fortunes become more dependent upon innovation and technological delivery, they need to access and accommodate non-traditional tech and creative talent.

Banks and financial institutions are redefining value levers by orchestrating end-to-end experiences for financial services and creating consumption models that extend beyond traditional boundaries. They have recognized the fact that they need to be agile and more resilient to compete with next-generation peers/FinTechs and follow a pragmatic approach to innovation, to successfully orchestrate the relevant ecosystem while managing their growth and profitability mandates. These factors are driving the increased investments in advanced technology and digital transformation.

Firstsource works with two of top six retail banks in the UK

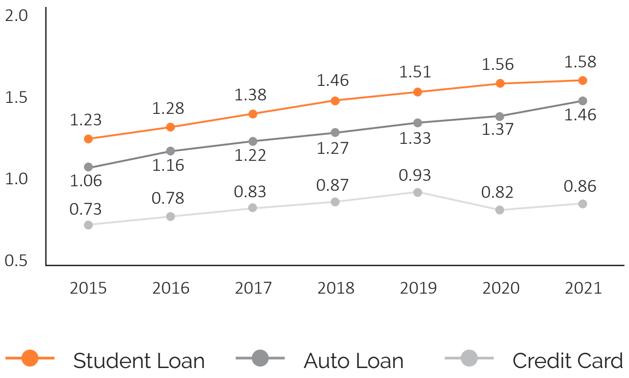
Firstsource provides Retail and Commercial Banks with complete customer lifecycle solutions, including acquisition, account servicing, collections and retention, complaints handling and resolution, mortgage processing and invoice financing, and asset-based lending.

Amid a fast-changing operational environment and underlying transformations, Firstsource is poised for accelerated growth as a result of the introduction of new and distinctive offerings to expand capabilities and seize emerging opportunities. In addition to expanding its existing customer base, the Company is expanding its presence to capitalize on burgeoning FinTech and BigTech market prospects.

2. Collections and Receivables

In today's fast-pace, digital debt collection has become a necessary part of operations. It assists in lowering the customer handling time, meeting regulatory requirements, delivering better outcomes, reducing human intervention thus resulting in a faster and more accurate process. Emerging technologies power chatbot conversations, automated answers, and self-service processes that can help businesses provide superior customer service when it comes to debt collections.

Total Debt Balance ($ Trillion)



Source: Federal Reserve Bank of New York

As per the Federal Reserve of New York's data released in February 2022, the total U.S. consumer debt stood at USD 15.6 trillion, a growth of nearly USD 1 trillion in CY2021. A large amount of the debt-load increase came from mortgages, which grew by USD 887 billion in CY2021. Credit card debt was at USD 0.86 trillion during the year. The total Student Loan stood at USD 1.58 trillion while Auto Loan stood at USD 1.46 trillion in 2021. Credit card spending continues to rise and is beginning to trend towards pre-Covid levels. With the revival in consumer spending and the impact of financial stimulus waning, the market expects delinquencies to increase in 2022. The debt collection industry expects to see an increase in the supply of new debt in 2022 driving industry growth.

Firstsource works with five of top ten credit card issuers in the US

Firstsource's Digital Debt Collections platform, powered by its Digital First, Digital Now philosophy, serves a variety of sectors, including Credit Cards, BNPL, Auto Financing, and Education. It employs a variety of technologies, including automation, AI/ML, and Cloud-based services, in conjunction with an integrated people-technology transformation framework to decode client interactions, reduce collection costs, and improve recovery rates.

In December 2021, Firstsource further strengthened its position in Collections by acquiring American Recovery Services Inc. (ARSI), a leading player in the legal network collections market, complementing each other across the debt collections value chain. Firstsource primarily focuses on early-stage (first party) and late-stage (post-charge-off third-party) collections and recovery, while ARSI specializes in late-stage and legal collections. The overlap with post-charge-off stage collections is largely complementary, and the Company will now be able to help clients navigate the more complex legal collections process, all from under one roof. This acquisition will enhance the Company's consumer debt management services by adding legal stage collections capabilities and ample cross-sell and up-sell opportunities. ARSI's 245 employees and attorneys further strengthens the Company's existing collections headcount of 1,000+ collectors

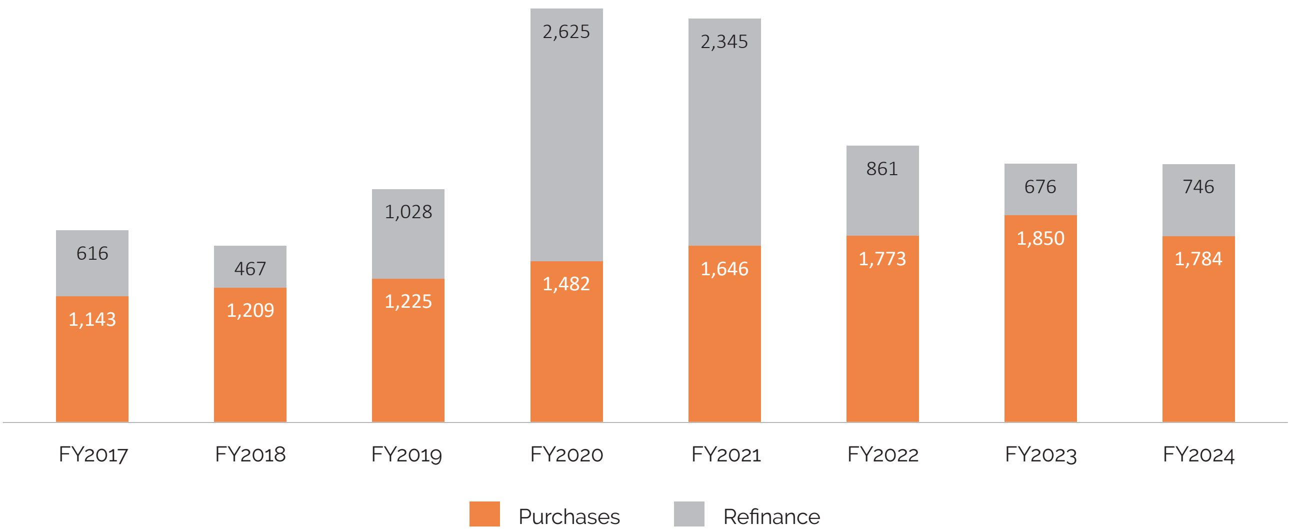
While the card collection volumes show signs of revival, Firstsource is preparing to play a more strategic role in receivables management for FinTechs and Utilities. In addition, the twin impact of post-pandemic economy and continued digital adoption is driving a change in demand for more complex and higher-value services. To accelerate the growth momentum, Firstsource will focus on expanding into new significant logos in BFS, cross-sell and co-sell opportunities between Core Collections & Legal and enhancing the digital architecture of ARSI products. The Company will further diversify its customer base by expanding into BNPL, Auto, and Energy.

Over the past five years, many major bank and non-bank lenders have invested in either proprietary or third-party technologies across various parts of the value chain to help with a number of processes. These solutions are designed to speed up the mortgage-application process, lower costs for the lender, and improve the overall customer experience. While many lenders have delivered a more streamlined mortgage application process by digitizing the front-end platform, the industry's digitization is still insufficient. As a result, numerous origination and service procedures are still slow, manual, labour-intensive, fragmented, and ripe for disruption. The mortgage industry cost base is still very high for the reduced market volume. This will generate longer-term customer requirements for strategic cost solutions encompassing deeper offshoring, automation on field and back-office processes and digital mortgage solutions.

3. Mortgage

While the past two years made refinancing attractive due to the pandemic and low-interest rates, resulting in soaring consumer demand for mortgages in the United States, the growing inflation and subsequent rise in interest rates have sobered that growth.

Total Mortgage Originations: ($ Billion)



Source: Mortgage Bankers Association

Firstsource is primed to utilize this opportunity through the solutions it has been developing that perfectly align with the needs of customers. The Company has been investing in disruptive solutions for long-term growth.

Firstsource works with four of top fifteen mortgage servicers in the US

Firstsource works with six of top fifteen lenders in the US

Firstsource is positioned as a 'Leader' in Everest Group's Mortgage Operations PEAK Matrix® Assessment 2022. The positioning is reflective of Firstsource's focus on driving digital transformation for its clientele across the mortgage value chain - Origination, Underwriting, Title, Post-closing, Servicing, and Collections, underpinned by deep domain expertise and productized solutions.

The Company's digitally enabled solutions assist premier financial institutions and mortgage firms in the United Kingdom and the United States in shortening cycle times, reducing risk, and improving compliance across the mortgage value chain. The solutions combine new technology like Robotic Process Automation and Machine Learning with human touch to improve the borrower experience.

Firstsource is working on evolving its solutions to align with the changing client requirements and have deeper engagements with specific accounts to help them craft operating models for the new cycle. Moreover, the investments made in adding adjacent capabilities and the scaling up of servicing segment will enable the Company to continue its growth momentum in the coming year, despite origination and refinance volumes expected to wane.

Healthcare

Within the Healthcare vertical the Company focuses on the following segments:

Healthcare Providers	Health Plans
Healthcare Cloud	Core Admin Services
Pre Service Solutions	Clincal Services
Collections Services	BPaas
Receivables Management	
Eligibility & Enrollment Services	
Hospital Business Office Management	
Consulting Services	

Healthcare has witnessed several trends recently, such as shifting consumer preferences and behavior, the integration of lifesciences and health care, rapidly expanding digital health technologies, new talent and care delivery models, and clinical innovation. To prepare effectively for future emergencies or pandemics, healthcare systems need to be strong and responsive to the health demands of local populations and leveraging technology innovation to improve treatment quality and access is critical.

BPM can help enterprises to analyze, optimize, harmonize, and, ultimately, automate workflows through the holistic reengineering of their sub-components, called business processes. This reforging is carried out using a wide range of technologies including data analytics, Internet of Things (IoT), Robotic Process Automation (RPA), Artificial Intelligence (AI), Machine Learning (ML) and other solutions.

Firstsource harnesses its deep understanding of the intricacies of information exchange, simplifying the financial experience and optimizing outcomes for patients, hospitals and health plans.

1. Health Plan and Healthcare Services

Over the last two years of the COVID-19 pandemic, the healthcare industry experienced a foundational shift in functioning with significant changes in who receives the care and how they access it. The global pandemic pushed opportunities such as telehealth, risk-based commercial models, and care management to the forefront.

Healthcare plan and payers are realizing the need to build coordinated, integrated, and preventive care as they shift to value-based care and look to bring down costs while improving the quality of care. They are developing strategies to build new home-based health models, strengthen population health initiatives, and facilitate better coordination between different forms of care. To take advantage of these opportunities, providers are establishing strong ecosystem partnerships with leading third-party vendors, developing technology solutions, deploying innovative models such as Business-Process-as-a-Service (BPaaS) and provider solutions for service delivery, and bolstering their consulting capabilities to provide end-to-end transformation for their customers.

In September 2021, Firstsource launched Healthcare Cloud – a new, innovative platform which will support all U.S. healthcare players with expanded access, flexibility and security capabilities. This optimizes productivity, scalability and security with a robust centralized platform which allows clients to access modular services as point solutions or as integrated end-to-end solutions. The new Cloud-native platform will enable healthcare clients across the U.S. to leverage the full scope of Firstsource capabilities to enhance consumer engagement and loyalty while improving operational efficiency and financial performance.

According to a Research And Markets June 2022 release, the global business process-as-a-service (BPaaS) market size was USD 53.63 Billion in 2021 and is expected to reach USD 101.95 Billion by 2027, registering a CAGR of 10.5% between 2022-2027. The rising need for automating business processes through remote delivery models across organizations is major factor driving the growth of the market.

In July 2021 Firstsource partnered with Upfront Healthcare to offer data-backed personalization and health communications to engage patients before and after care – ultimately transforming the care experience and reducing friction. This partnership was formed to improve medication and visit adherence, reduce gaps in care, and lessen patient communication fatigue which comprise some of the most pressing challenges in healthcare today, creating a vicious cycle of worsening health outcomes and spiraling healthcare costs. Firstsource and Upfront use AI/machine learning-based classification of patient demographic, social, and communication patterns to adapt the communication channel and content to the individual, eliminating common barriers to patient engagement.

As endorsement of the validity of our strategy, the Company was recognized as a Leader in the Payer Digital Transformation Services category and a Rising Star in the Payer Business-Processes-as-a-Service (BPaaS) Services category by leading global technology research and advisory firm Information Services Group (ISG) in their report on Healthcare Digital Services – ISG Provider Lens™.

Further, Everest Group's Healthcare Payer Operations PEAK Matrix® Assessment 2022 positioned Firstsource as a Leader. The report noted the Company's strong third-party network and Business Process as a Service (BPaaS) best-of-breed offering - a testament that our offerings are helping healthcare organizations transform their business operations.

The Company remains focused on:

- Getting momentum with the Big-5 health plans in the United States and improving and increasing the overall effectiveness of their Revenue Cycle Management, patient enrolment and engagement
- Continued emphasis on BPaaS for less than 300,000 Membership plans focused on Medicare and Medicaid

2. Provider Services

As the Healthcare Provider ecosystem navigates the complexities of providing quality care at competitive prices, the Price Transparency Rule, increasing patient's out-of-pocket costs and shifting towards a value-based care system, the role of third-party partnerships has become a key growth driver for future success.

The disruption caused due to the pandemic has not only weakened Healthcare Providers' financial performance but has also pushed them with a slew of business and operational continuity challenges. While some hospitals have closed down due to a decline in patient volumes, decreasing revenues, and limited financial reserves, other providers are attempting to stay afloat by realigning their operations strategy, including evaluating their Business Continuity Planning (BCP) programs, to minimize revenue leakage and ensure continual cash flows. The current situation presents an opportunity for Healthcare Providers' to explore digital technologies such as Automation and Analytics to improve and maximize the overall efficiency of their Revenue Cycle Management (RCM) operations, increase revenue integrity, and ensure that BCP can withstand any obstacle.

Apart from pandemic-related disruptions, the shift to value-based healthcare, increased healthcare consumerism, and evolving regulations are forcing Healthcare Providers to evaluate different game plans in order to improve the patient experience and drive revenue growth. Many enterprises are increasingly turning to Business Process as a Service (BPaaS), which uses Cloud to deliver virtualized services with less or no upfront cost to Providers, allowing for greater agility, rapid innovation in new business and care models, and faster application launch.

Across the United States, health plans, healthcare providers and state Medicaid authorities are facing a massive surge of uninsured members and uncompensated care when the federal public health emergency (PHE) ends and nearly 80 million Medicaid recipients face redetermination of their eligibility status.

Traditionally, Healthcare Providers have been slow adopters of technology due to security and compliance concerns, but they are now compelled to adopt technological solutions to meet rising patient expectations, enhance the quality of care, and support overburdened physicians. Hospitals and health systems are now turning to Cloud-based technologies to quickly devise and implement innovative solutions, whether it is providing telehealth for patients or remote work for staff.

Firstsource works with over 1,000 network hospital in the US

Firstsource is seizing this opportunity to offer patient engagement solutions as part of the Firstsource Healthcare Cloud. Firstsource Healthcare Cloud revolutionizes how Providers deliver financial services by radically simplifying the patient financial experience. Our Cloud services go beyond delivering compliance, security and reliability of IT infrastructure to drive agility, scale and speed of business for Providers. Firstsource's Provider Business has been a catalyst in helping more than 1,000 hospitals in the U.S. transform their legacy operations and bring in newer digital capabilities.

In February 2022, the Company was ranked #1 in the 2022 Best in KLAS®: Software & Services Report and noted as a Leader in the Eligibility and Enrollment Services category. The report is based on insights gathered from thousands of healthcare organizations including direct feedback from Firstsource's customers. This is testament that the services the Company provides to its hospital clients are truly best in class and quality. Firstsource's unique approach to eligibility enrollment eases the burden for provider organizations and ultimately improves the patient experience and outcomes.

The industry's talent supply and cost challenges are leading them to explore strategic solutions, which positions the Company well for a strong upswing of the Provider business. As the shifting trend toward digital engagement by hospitals and increased client staff shortage continues to drive opportunities, the Company looks forward to

- Acquire or build offshore delivery capabilities in the middle revenue cycle process and account liquidation delivery capabilities for physician and small balance hospital AR
- Create strategic technological collaborations to improve digital solutions by directly incorporating them in EPIC and myChart.
- Create a comprehensive business office outsourcing plan to reach 200+ bed hospitals

In a post-pandemic era, digital transformation has become a strategic necessity for Lifesciences enterprises. Firstsource has effectively leveraged its innovative technology and talent solutions to the pharmaceutical, biotechnology, and medical device industries, ranging from facilitating patient onboarding to providing meaningful outcomes.

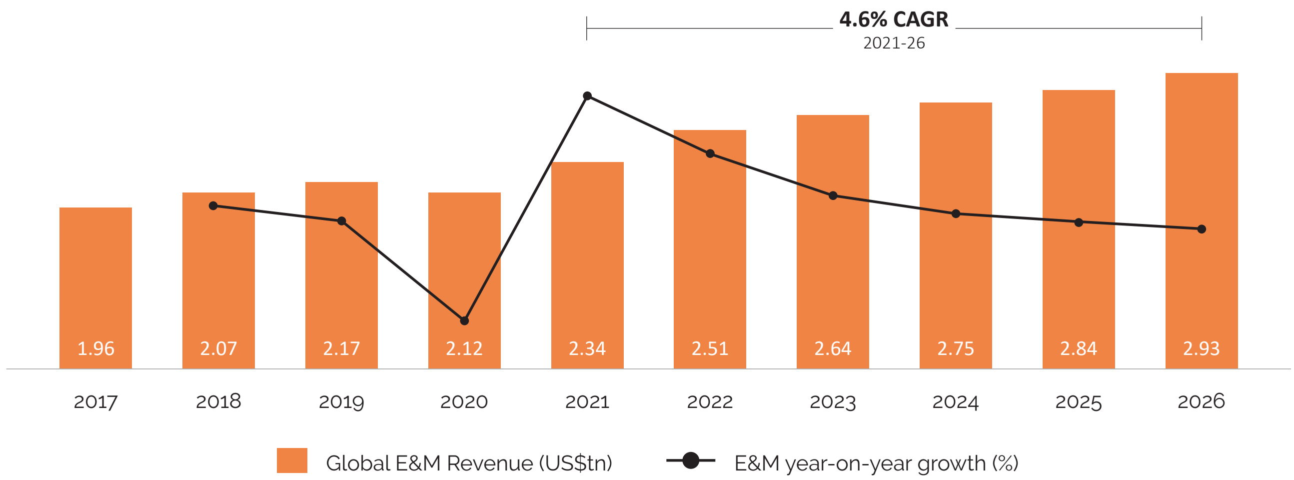
Communications, Media and Technology

Within the Communications, Media and Technology vertical the Company focuses on the following segments:

- Customer Acquisition & Servicing
- Merchant Onboarding
- Social Media Forum & Community Management
- Technical Support
- Digital Collections & Recoveries
- Billing & Payment Processing
- Complaints Management

Media & Entertainment will be a US$ 2.9tn industry that is more digital, more mobile, more focused on media that appeal to young people, more evenly spread around the world, and more reliant on advertising in all its forms.

After a brief decline in 2020, the global E&M Industry is poised for strong growth.



Note: 2021 is the latest available data. 2020-2026 values are forecasts
Source: PwC's Global Entertainment & Media outlook 2022-2026, Omdia

Internet consumption continued to grow during 2021. In the U.S there were 307.2 million internet users in January 2022, and their internet penetration rate stood at 92% of the total population. As per a Kepios' analysis internet users in U.S increased by 8.4 million between 2021 and 2022. In the U.K there were 66.99 million internet users in January 2022 and their internet penetration rate stood at 98% percent of the total population. Kepios analyzes that internet users in the UK increased by 300,000 between 2021 and 2022. In Europe and UK, the demand for faster internet services continued to grow in 2021 and it is expected that, by 2026, the penetration of high-speed fiber will more than double to reach 202 million houses.

As more people are working, learning, and entertaining themselves at home, the demand for continuous modernization in digital capabilities is increasing rapidly. As per 2021 industry research from IDC, over the next five years, the volume of digital data expected to be created will be more than double of all the data created since the advent of the digital age.

No surprise then, that Media & Entertainment will continue to change rapidly in the future, not only in response to current trends and disruptions within the industry but also to behavioral changes of consumers. There is fierce competition to keep customers from other streaming services and other forms of online video such as social media and video games. The world's largest audiences are discovering video, music, and news from a long tail of small content creators empowered to attract hundreds of million of viewers on social media. NFTs could bring scarcity and exclusivity to the internet as social media becomes more shoppable. Furthermore, while most of the popular video games are social hubs with economies offering more than just gameplay, AR and VR fuel excitement for another massive shift: the metaverse.

Firstsource works with one of the top three broadcasting and media companies in the UK

Firstsource works with two of top six telecom and broadcasting companies in the US

Firstsource strategically partners top CMT players in the industry to deliver their purpose. The Company helps clients develop and implement omnichannel customer management solutions and leverage its Digitally Empowered Contact Center (DECC) to provide a superior end-to-end customer experience aimed at increasing new subscriptions and renewals – all the while keeping acquisition costs low. As clients continue to look for partners to help them navigate the shift to digital, there is significant pressure to scale rapidly while maintaining high satisfaction across customer and merchant networks.

Firstsource will continue to invest in strengthening merchant and customer experience services, while building competences to drive growth in disruptive industries, in addition to digital collections for BNPL and FinTech.

As per a report by Research and Markets, the pandemic has necessitated the tremendous growth of the EdTech sector, and its market size is expected to reach US$605.40 billion by 2027. This paradigm shift has been substantially influenced by emerging technologies such as Augmented Reality (AR), Virtual Reality (VR), Mixed Reality (MR), Big Data, and Artificial Intelligence (AI).

This opens up a huge opportunity for BPM enterprises to partner with educational institutes in the areas of transforming their operating model, Analytics, AI and Machine Learning, enhancing learning effectiveness and customization of the learning journey.

The Future is New

The norm for industries and the business world will continue to be a state of constant, unpredictable change. Those ready to pivot and leverage each opportunity being created will continue to grow and deliver value for stakeholders. However, agility and responsiveness arise from a strong foundation. At Firstsource we are steadfast and grounded in our strategic focus areas, thereby enabling us to be innovative, agile and adaptable with our offerings and services – building resilience, adding value and being led by our purpose towards stakeholders.

FINANCIAL PERFORMANCE REVIEW

SHAREHOLDERS' FUNDS

The authorised share capital of the Company is ₹ 8,720.00 million with 872 million Equity shares of ₹ 10 each. The paid up share capital as of March 31, 2022 stands at ₹ 6,969.91 million compared to ₹ 6,960.99 million as of March 31, 2021.

The increase in equity share capital of ₹ 8.92 million is on account of allotment of 891,610 shares to employees as stock options.

The Other equity of the Company increased from ₹ 21,031.88 million to ₹ 23,359.53 million. The details of increase in Reserves and surplus by ₹ 2,327.65 million are as below:

(₹ in million)

Increase on account of:	
Profit for the year less appropriation	4,098.39
Premium received on shares issued during the year	45.66
Employee stock option reserve	230.70
Decrease on account of	
Dividend (Net)	(2,383.96)
Treasury shares	(456.09)
Effective portion of cash flow hedges	117.03
Exchange Difference on consolidation of nonintegral subsidiaries/entities	675.92
Net Increase in Reserves and surplus	2,327.65

MINORITY INTEREST

Minority interest is created on account of 74% consolidation of Firstsource Dialog Solutions (Private) Limited, Sri Lanka. Minority interest as of March 31, 2022 is ₹ 3.69 million as compared to ₹ 5.39 million as of March 31, 2021.

LONG-TERM BORROWINGS

Secured long-term borrowings represent finance lease obligation. Unsecured long-term borrowings represent loan from banks and non-banking financial companies.

Unsecured long-term borrowings outstanding as of March 31, 2022 were ₹ 2,733.02 million as compared to ₹ 845.52 million as of March 31, 2021. The net increase was majorly on account of unsecured loan taken from Bank.

DEFERRED TAX LIABILITIES

Deferred tax liabilities as of March 31, 2022 were ₹ 959.02 million as compared to ₹ 469.98 million as of March 31, 2021. This is due to utilisation of carried forward business losses during the year.

LEASE LIABILITIES

Lease liabilities for the company as of March 31, 2022 were ₹ 7,740.42 million and for March 31, 2021 were ₹ 5,898.43 million. The increase is on account of new premises taken on lease.

PROVISION FOR EMPLOYEE BENEFITS

Provision for Employee Benefits represents provision for gratuity and compensated absences liability to employees based on actuarial valuation done by an independent actuary. These provisions as of March 31, 2022 were ₹ 664.93 million as compared to ₹ 746.52 million in March 31, 2021. The decrease in short term provisions from last year is due to decrease in provision for compensated absences and employee movement.

SHORT-TERM BORROWINGS

Short-term borrowings as of March 31, 2022 were ₹ 7,363.60 million as compared to ₹ 5,199.22 million as of March 31, 2021. The movement is on account of increase in line of credit from banks netted off by repayment of current maturities of long term borrowings.

TRADE PAYABLES

Trade payables as of March 31, 2022 were ₹ 1,780.59 million as compared to ₹ 2,788.03 million as of March 31, 2021.

OTHER FINANCIAL LIABILITIES

Other financial liabilities as of March 31, 2022 were ₹ 4,667.99 million as compared to ₹ 2,033.45 million as of March 31, 2021. The increase in other financial liabilities is on account of increase in liability for purchase of Non-controlling Interest and increase in contingent considerations towards acquisition of business.

OTHER LIABILITIES

Other current liabilities as of March 31, 2022 were ₹ 838.31 million as compared to ₹ 2,136.54 million as of March 31, 2021. The decrease in other current liabilities is on account of advance from customers netted of by unearned income.

GOODWILL

Goodwill as of March 31, 2022 was ₹ 27,207.95 million as compared to ₹ 21,947.63 million as of March 31, 2021.

The increase in goodwill during the year was ₹ 5,260.32 million. This increase was due to acquisition of new subsidiaries of ₹ 4,393.52 million and restatement of non-integral foreign subsidiaries at year end exchange rate.

FIXED ASSETS

The net block of tangible assets, intangible assets and capital work-in progress and intangible assets under development amounting to ₹ 3,500.01 million as of March 31, 2022 as compared to ₹ 2,895.01 million as of March 31, 2021, resulted in a net increase of the assets to the extent of ₹ 605 million.

This is majorly due to net additions of ₹ 852.42 million (excluding customer contracts and relationships) and by upward exchange rate impact of ₹ 38.81 million and depreciation charge for the year amounting to ₹ 1,171.58 million.

RIGHT OF USE ASSETS

Right of use assets of the company was ₹ 6,757.79 million on March 31, 2022 and ₹ 5,132.94 million on March 31, 2021. The net increase is due to new premises taken on lease of ₹ 3,023.43 million offset by depreciation charge for the year amounting to ₹ 1,322.15 million.

INVESTMENTS

The investments of the company represent non-current investments of ₹ 114.58 million and current investments of ₹ 1,185.38 million as on March 31, 2022 as compared to ₹ 117.38 million and ₹ 825.70 million respectively as on March 31, 2021.

DEFERRED TAX ASSETS

Deferred Tax assets of the company as of March 31, 2022 were ₹ 2,817.84 million as compared to ₹ 2,691.89 million as of March 31, 2021. This increase majorly is on account of increase in deferred tax of ESOP stock options ₹ 69.68 million, MAT credit created during the year ₹ 56.63 million offset by decrease in deferred tax liability on cash flow hedges ₹ 29.23 million.

INCOME TAX ASSETS

Income Tax assets of the company as of March 31, 2022 were ₹ 794.10 million as compared to ₹ 822.49 million as of March 31, 2021.

OTHER NON-CURRENT ASSETS

The other non-current assets of the company as of March 31, 2022 were ₹ 1,153.86 million as compared to ₹ 1,792.18 million as of March 31, 2021. This decrease is due to decrease in non-current portion of deferred contract cost and unexpired rebate from customer offset by increase in capital advances during the year.

TRADE RECEIVABLES – BILLED

Billed trade receivables amount to ₹ 6,446.25 million (net of provision for doubtful debts amounting to ₹ 301.17 million) as of March 31, 2022 as compared to ₹ 5,767.38 million (net of provision for doubtful debts amounting to ₹ 186.46 million) as of March 31, 2021. These receivables are considered good and realisable.

The need for provisions is assessed based on various factors including collectability of specific dues, risk perceptions of the industry in which the customer operates and general economic factors which could affect the Company's ability to settle claims. Provisions are generally made for all receivables outstanding for more than 180 days as also for others, depending on the management's perception of the risk. Debtors' days as of March 31, 2022 (calculated based on per-day sales in the year) were

40 days, as compared to 42 days as of March 31, 2021. The Company constantly focuses on reducing its receivables period by improving its collection efforts.

TRADE RECEIVABLES – UNBILLED

Unbilled trade receivables amount to ₹ 3,159.06 million as of March 31, 2022 as compared to ₹ 2,663.51 million as of March 31, 2021.

CASH AND BANK BALANCES

Cash balance represents balance in cash with the Company to meet its petty cash expenditures. The bank balances in India include both Rupee accounts and foreign currency accounts. The bank balances in overseas current accounts are maintained to meet the expenditure of the overseas subsidiaries and branches. The cash and bank balance as of March 31, 2022 was ₹ 828.20 million as compared to ₹ 1,316.16 million as of March 31, 2021. This decrease in cash was due to cash used in payment of dividend, investing activities and other financing activities offset by cash generated from operating activities.

OTHER CURRENT ASSETS

The other current assets of the Company as of March 31, 2022 were ₹ 1,986.46 million as compared to ₹ 1,531.60 million as of March 31, 2021. This increase is majorly due to increase in prepaid expenses.

OTHER FINANCIAL ASSETS

Other Financial Assets as of March 31, 2022 were ₹ 1,065.22 million as compared to ₹ 735.80 million as of March 31, 2021. The increase in these assets was on account of increase in MTM on foreign currency forward contracts.

CONSOLIDATED INCOME STATEMENT

Particulars	FY 2021-22		FY 2020-21	
	₹ million	% of income	₹ million	% of income
Income from services	58,657.40	-	50,326.87	-
Other operating income	554.13	-	452.93	-
Revenue from operations	59,211.53	100%	50,779.80	100%
EXPENDITURE				
Personnel cost	39,467.57	66.7%	34,672.28	68.3%
Other expenses	10,145.38	17.1%	8,065.47	15.9%
Operating EBITDA (Earnings before Interest, Tax and Depreciation)	9,598.98	16.2%	8,042.05	15.8%
Depreciation and amortisation	2,493.73	4.2%	2,063.52	4.1%
Operating EBIT (Earnings before Interest and Tax)	7,104.85	12.0%	5,978.53	11.8%
Finance charges	639.39	1.1%	522.30	1.0%
Share in net (profit) / loss of associate	-	-	-	-
Other income	5.55	0.0%	12.66	0.0%
Profit before exceptional item and tax	6,471.01	10.9%	5,468.89	10.8%
Exceptional item	-	-	1,150.55	2.3%
Profit before tax	6,471.01	10.9%	4,318.34	8.5%
Provision for taxation				
- Current tax expense (including MAT)	741.55	1.3%	619.59	1.2%
- Deferred tax Charge	364.16	0.6%	81.98	0.2%
Profit after tax before minority interest	5,365.30	9.1%	3,616.77	7.1%
Minority interest	(8.44)	0.0%	(0.09)	0.0%
Profit after tax	5,373.74	9.1%	3,616.86	7.1%

INCOME

Income from Services

Income from services increased by 16.55% to ₹ 58,657.40 million in FY 2021-22 from ₹ 50,326.87 million in FY 2020-21. The Company attributes this increase in its income from services to new business from existing clients and addition of few new clients. The average exchange rate for consolidation of subsidiaries for USD and GBP in FY 2021-22 was ₹ 74.46 per USD and ₹ 101.73 per GBP as compared to ₹ 74.11 per USD and ₹ 96.87 per GBP in FY 2020-21.

CONSOLIDATED REVENUES BY SEGMENT

The Company serves clients for Banking and Financial Services, Healthcare, Communication, Media and Technology and Diverse Industries. Clients from Banking and Financial Services accounted for 50% (FY 2020-21: 52%), clients from Healthcare accounted for 29% (FY 2020-21: 27%), clients from Communication, Media and Technology accounted for 19% (FY 2020-21: 19%), clients from Diverse Industries accounted for 2% (FY 2020-21: 2%) of the income from services in FY 2021-22.

The following table gives a segment-wise breakdown of the income from services for the corresponding periods:

(₹ in million)

Particulars	FY 2021-22	FY 2020-21
Business Segment		
Banking and Financial Services	29,020.16	26,109.21
Healthcare	17,141.46	13,354.35
Communication, Media and Technology	11,406.94	9,704.75
Diverse Industries	1,088.84	1,158.56
Total	**58,657.40**	**50,326.87**

CONSOLIDATED REVENUES BY GEOGRAPHY

The Company serves clients in North America, UK and India. Clients from North America accounted for 69% (FY 2020-21: 68%), clients from UK accounted for 29% (FY 2020-21: 31%), clients from India accounted for 2% (FY 2020-21: 1%). The following table gives a segment wise breakdown of the income from services for the corresponding periods:

(₹ in million)

Particulars	FY 2021-22	FY 2020-21
Geography		
UK	17,186.32	15,530.43
US	40,569.90	34,175.46
ASIA	901.18	620.98
Total	**58,657.40**	**50,326.87**

CLIENT CONCENTRATION

The following table shows the Company's client concentration by presenting income from the top client and top five clients as a percentage of its income from services for the periods indicated:

(₹ in million)

Particulars	FY 2021-22		FY 2020-21	
	Amount	%	Amount	%
Client concentration to revenues				
Top Clients	9,097.68	16%	8,251.04	16%
Top 5 Clients	22,253.82	38%	20,681.48	41%
All Clients	58,657.40	100%	50,326.87	100%

In FY 2021-22, the Company had top client accounting for 16% of the income from services compared to top client accounting for 16% of its income from services in FY 2020-21.

The Company derives a significant portion of its income from a limited number of large clients. In FY 2021-22, the Company had 21 clients contributing individually over ₹ 500 million each in annual revenues as compared to 20 in FY 2020-21. In FY 2021-22 and 2021, income from the Company's five largest clients amounted to ₹ 22,253.82 million and ₹ 20,681.48 million respectively, accounting for 39% and 41% of its income from services respectively. Although the Company continues to increase and diversify its client base, it expects that a significant portion of its income will continue to be contributed by a limited number of large clients in the near future.

OTHER OPERATING INCOME

Other operating income/ (expense) of ₹ 554.13 million in FY 2021-22 (FY 2020-21: ₹ 452.93 million) includes exchange gain of on restatement and settlement of debtor balances and related gain / (loss) on forward/ option contracts as these transactions relate to the operations of the Company.

REVENUE FROM OPERATIONS

The Company's revenue from operations increased by 16.60% to ₹ 59,211.53 million in FY 2021-22 from ₹ 50,779.80 million in FY 2020-21 in rupee terms and grew by 14.6% in constant currency terms.

EXPENDITURE

Personnel Cost

Personnel cost increased by 13.83% to ₹ 39,467.57 million in FY 2021-22 from ₹ 34,672.28 million in FY 2020-21, with the number of employees decreasing to 26,557 as of March 31, 2022 from 28,004 as of March 31, 2021. As on March 31, 2022, 10,512 employees were employed outside India and 16,045 employed in India as compared to 11,715 employees outside India and 16,289 employees in India as at end of FY 2020-21. The increase in cost is attributed to higher salary cost and increments across the globe.

Other Expenses

Other expenses for FY 2021-22 amounted to 25.79% of the income for that period, as compared to 15.9% of income in FY 2020-21. Other expenses increased to ₹ 10,145.38 million in FY 2021-22 from ₹ 8,065.47 million in FY 2020-21. This increase is majorly due to increment in operating expenses with high variability.

OPERATING EBITDA (EARNINGS BEFORE INTEREST, TAX AND DEPRECIATION)

As a result of the continuing operations, operating EBITDA increased by ₹ 1,556.53 million to ₹ 9,598.98 million in FY 2021-22 from ₹ 8,042.05 million in FY 2020-21. Operating EBITDA in FY 2021-22 is 16.2% of income as compared to 15.8% in FY 2020-21.

DEPRECIATION

Depreciation costs for FY 2021-22 amounted to 4.2% of the income for that period, as compared to 4.1% in FY 2020-21. Depreciation increased year-on-year by ₹ 2,493.73 million in FY 2021-22 from ₹ 2,063.52 million in FY 2020-21.

OPERATING EBIT (EARNINGS BEFORE INTEREST AND TAX)

Operating EBIT increased by ₹ 1,126.32 million to ₹ 7,104.85 million in FY 2021-22 from ₹ 5,978.53 million in FY 2020-21. Operating EBIT in FY 2021-22 is 12.0% compared to 11.8% in FY 2020-21.

FINANCE COST

Finance cost for FY 2021-22 amounted to 1.1% of income for that period, as compared to 1.0% of income in FY 2020-21. Finance charges increased to ₹ 639.39 million in FY 2021-22 from ₹ 522.30 million in FY 2020-21.

OTHER INCOME

Other income decreased to ₹ 5.55 million in FY 2021-22 from ₹ 12.66 million in FY 2020-21. The components of other income in FY 2021-22 were profit from the sale/redemption of current investments of ₹ 30.37 million, loss on sale of fixed assets of ₹ 3.10 million, interest income of ₹ 4.74 million, other miscellaneous income, net of ₹ 0.78 million and foreign exchange loss of ₹ 27.24 million.

EXCEPTIONAL ITEM

The Company, through its subsidiary viz, Sourcepoint Inc. ('Sourcepoint'), had a strategic partnership agreement with a leading mortgages business group ('Counterparty') under which Sourcepoint was a preferred vendor for business process management services. As per the terms of the agreement, in exchange of the revenues realized through the Counterparty by Sourcepoint, the Counterparty was entitled to an option to purchase a proportion of the equity of Sourcepoint at a fair value as on the date of grant. The agreement entitles the Counterparty to seek a buyback of its equity from Sourcepoint under certain circumstances. As at 31 March 2021, the fair value of the liability of the option increased considerably on account of significant increase in the valuation of Sourcepoint. Also, the Counterparty's entitlement to option increased basis the revenues realized by Sourcepoint, as per the terms of the agreement. As a result, an amount of ₹ 1,150.55 million was charged to the Statement of Profit and Loss for the year ended 31 March 2021. This was classified as an exceptional item in FY 2020-21.

During FY 2021-22, the Company, through its subsidiary viz, Sourcepoint Inc. ('Sourcepoint'), had a strategic partnership agreement with a leading mortgages business group ('Counterparty') under which Sourcepoint is the preferred vendor for business process management services. As per the terms of the agreement, in exchange for the revenues realized through the Counterparty by Sourcepoint, the Counterparty was entitled to an option to purchase a proportion of the equity of Sourcepoint at a fair value as on the date of grant and further entitled the Counterparty to seek a buyback of its equity from Sourcepoint under certain circumstances. During the period ended June 30, 2021, Sourcepoint and the Counterparty have terminated the above agreement and awarded the Counterparty the option to purchase 110 equity shares in Sourcepoint by way of fresh issuance, equivalent to 15% of the current equity outstanding of Sourcepoint.

On July 27, 2021, the Group, through its subsidiary viz, Firstsource Group USA Inc. ('FG US') and the leading mortgages business group ("Counterparty") referred above, have entered into an option purchase agreement whereby the Counterparty has surrendered its option to purchase shares in Sourcepoint Inc. ("Sourcepoint") in exchange for a fixed consideration of US$ 23 million (on a deferred payment basis) and a contingent consideration of US$ 11.25 million based on additional revenues realized by the Group through the Counterparty. During the year ended 31 March 2022, US$ 12 million has been paid as part of the consideration.

PROFIT BEFORE TAX

Profit before tax increased to ₹ 6,471.01 million in FY 2021-22 from a profit before tax of ₹ 4,318.34 million in FY 2020-21. Profit before tax in FY 2021-22 was 10.9% of the income, as compared to 8.5% of the income in FY 2020-21.

PROVISION FOR TAXATION

Provision for taxation increased to ₹ 1,105.71 million in FY 2021-22, from ₹ 701.57 million in FY 2020-21 due to increase in profit. Income tax expense comprises of current tax, net change in the deferred tax assets and liabilities in the applicable FY period and minimum alternate tax credit. Current tax expense comprises tax on income from operations in India and foreign tax jurisdictions. The Company had the benefit of tax-holiday under Section 10AA under the Special Economic Zone scheme, since few of the centres in India are in Special Economic Zone.

Current tax expense amounted to ₹ 741.55 million in FY 2021-22 as compared to ₹ 619.59 million in FY 2020-21, and deferred tax charge of ₹ 364.16 million in FY 2021-22 compared to a deferred tax charge of ₹ 81.98 million in FY 2020-21.

PROFIT AFTER TAX BEFORE MINORITY INTEREST

As a result of the foregoing, profit after tax before minority interest increased to ₹ 5,365.30 million for FY 2021-22 from profit after tax before minority interest of ₹ 3,616.77 million in FY 2020-21.

MINORITY INTEREST

Minority interest is ₹ (8.44) million in FY 2021-22 as compared to ₹ (0.09) million in FY 2020-21.

PROFIT AFTER TAX

As a result of the foregoing, profit after tax to ₹ 5,373.74 million in FY 2021-22 from profit after tax of ₹ 3,616.86 million in FY 2020-21. Profit after tax in FY 2021-22 was 9.1% of the income, as compared to 7.1% of the income in FY 2020-21.

LIQUIDITY AND CAPITAL RESOURCES CASH FLOWS

The Company needs cash to fund the technology and infrastructure requirements in its operation centres, to fund its working capital needs, to pay interest and taxes, to fund acquisitions and for other general corporate purposes. The Company funds these capital requirements through variety of sources, including cash from operations, short and long-term lines of credit and issuances of share capital. As of March 31, 2022, the Company had cash and cash equivalents of ₹ 828.20 million. This represents cash and balances with banks in India and abroad.

The Company's summarised statement of consolidated cash flows is set forth below:

(₹ in million)

Particulars	FY 2021-22	FY 2020-21
Net Cash generated from Operating Activities	7,035.58	9,755.67
Net Cash used in Investing Activities	(5,945.78)	(3,480.92)
Net Cash used in Financing Activities	(1,579.61)	(6,886.90)
Net Decrease in cash and cash equivalents	(489.81)	(612.15)
Cash and cash equivalents at the beginning of the year	1,316.16	1,892.23
Foreign exchange gain on translating Cash and cash equivalents	1.85	36.08
Cash and cash equivalents at the end of the year	828.20	1,316.16

OPERATING ACTIVITIES

Net cash generated from the Company's operating activities in FY 2021-22 amounted to ₹ 7,035.58 million. This consisted of net profit before tax of ₹ 6,471.01 million and a net upward adjustment of ₹ 3,393.90 million relating to various non-cash items and non-operating items including depreciation of ₹ 2,493.73 million; net decrease in working capital of ₹ 1,884.47 million; and income taxes paid of ₹ 944.86 million. The working capital change was due to increase in trade receivables of ₹ 457.28 million, increase in loans and advances by ₹ 22.39 million and decrease in liabilities and provisions by ₹ 1,404.80 million.

Net cash generated from the Company's operating activities in FY 2020-21 amounted to ₹ 9,755.67 million. This consisted of net profit before tax of ₹ 4,318.34 million and a net upward adjustment of ₹ 3,239.97 million relating to various non-cash items and non-operating items including depreciation of ₹ 2,063.52 million; net increase in working capital of ₹ 2,895.45 million; and income taxes paid of ₹ 698.09 million. The working capital change was due to increase in trade receivables of ₹ 835.20 million, Decrease in loans and advances by ₹ 64.79 million and increase in liabilities and provisions by ₹ 3,665.86 million.

INVESTING ACTIVITIES

In FY 2021-22, the Company used ₹ 5,945.78 million of cash from its investing activities. These investing activities included capital expenditure of ₹ 850.30 million, including fixed assets purchased and replaced in connection with the Company's operation centres in the UK, the US and India and ₹ 5,067.14 million towards acquisition of business and net purchase of money and debt market mutual funds amounting to ₹ 329.31 million.

In FY 2020-21, the Company used ₹ 3,480.92 million of cash from its investing activities. These investing activities included capital expenditure of ₹ 1,730.97 million, including fixed assets purchased and replaced in connection with the Company's operation centres in the UK, the US and India and ₹ 950.00 million for acquisition of business and net purchase of money and debt market mutual funds amounting to ₹ 806.71 million.

FINANCING ACTIVITIES

In FY 2021-22, net cash used in financing activities amounted to ₹ 1,579.61 million. This comprised of repayment of long term borrowings of ₹ 1,546.16 million, proceeds from long term borrowings of ₹ 3,008.05 million, proceeds from short term borrowings of ₹ 2,442.74 million and proceeds from issuance of equity shares of ₹ 37.32 million, The Company paid towards purchase of Non-controlling Interest in a subsidiary of ₹ 887.28 million, interest of ₹ 580.44 million, purchase of treasury shares of ₹ 499.98 million. During the year, the company also paid dividend of ₹ 2,383.96 million to its shareholders and repaid lease liability of ₹ 1,169.90 million.

In FY 2020-21, net cash used in financing activities amounted to ₹ 6,886.90 million. This comprised of repayment of long term borrowings of ₹ 94.28 million, proceeds from long term borrowings of ₹ 1,621.91 million, repayment of short term borrowings of ₹ 4,199.97 million and proceeds from issuance of equity shares of ₹ 82.15 million, The Company paid interest of ₹ 514.28 million, purchase of treasury shares of ₹ 652.81 million. During the year, the company also paid dividend of ₹ 2,037.69 million to its shareholders and repaid lease liability of ₹ 1,091.93 million.

CASH POSITION

The Company funds its short-term working capital requirements through cash flow from operations, working capital overdraft facilities with commercial banks, medium-term borrowings from banks and other commercial financial institutions. As of March 31, 2022, the Company had cash and bank balances of ₹ 828.20 million as compared to ₹ 1,316.16 million as of March 31, 2021.

KEY FINANCIAL RATIOS

(₹ in million)

Ratios	FY 2021-22	FY 2020-21
Debtors Turnover	9.10	8.73
Current Ratio	0.9	0.9
Debt Equity Ratio	0.3	0.2
Interest Coverage	11.1	9.3
Operating EBITDA	16.2%	15.8%
Operating EBIT	12.0%	11.8%
Net Profit Margin	9.1%	7.1%

Table presents key financial ratios, as applicable, for Firstsource Solutions Limited. The change in Debt to Equity ratio is significant, as defined under the amended SEBI (LODR) Regulations i.e. over 25% compared to previous year. The debt equity ratio has increased due to increase in debt during the year. The net profit margin has improved due to higher efficiency in operational management and exceptional cost of ₹ 1,150.55 million in FY 2020-21.

SUSTAINABILITY REPORT

Our responsible and sustainable business approach is rooted in what matters to our wide range of stakeholders. The Corporate Responsibility team sets the strategic direction for meeting our commitment to society and supports the integration and implementation of programmes and nonfinancial reporting throughout the company. We have started monitoring key data and parameters that are central to the environmental, social and governance (ESG) performance and the impact on the company.

As a demonstration of this, the details below give you a summary of environmental, social and governance data across Firstsource's global operations. This brings together key metrics that can be found across our reporting segments, to give our stakeholders the information that matters to them.

Green Buildings

- EPC certified building [IN**] [UK**]
- STP in all buildings [IN**] [PH**] [US**]
- ISO 14001 and 45001 [IN**] [UK*]
- ISO 50001 [UK*]

Water Preservation

- Installation of sensor taps to minimise water wastage [IN*] [PH**] [UK**] [US**]
- Usage of eco- friendly housekeeping consumable such as bio chemicals for waterless urinals [IN*] [PH**]
- Water Consumption Monitoring per floor basis or for premises [IN**] [PH**]
- Treated water usage in gardening, flushing & HVAC cooling tower [IN**] [PH*]
- Rainwater harvesting [IN**] [UK**]

Nature Preservation

- Eco friendly chemicals being used in HK operations [IN*] [PH**] [UK**] [US**]
- Ambient air quality monitoring, Ambient noise testing and Water testing [IN*] water testing [PH**] [UK*] [US**]
- Safe disposal of sanitary Napkins at centres through Napkin disposal machines or safe collections for environment friendly disposal [IN*] [PH**] [UK**] [US**]
- Use of environment friendly Housekeeping Chemicals [IN*] [PH**] [UK**] [US**]
- Monitoring of department wise paper consumptions [IN*] [PH**] [UK**] [US**]
- Use of R-134 refrigerant gas & restriction on use of Ozone depleting gases in HVAC System [IN*] [PH*] [UK*] [US**]
- Purchase of Green Renewable Power from Solar / Wind parks [UK**]
- No usage of pesticides in Gardening activities [IN**] [PH**] [UK**] [US**]
- Usage of Eco-Friendly Dustbin Liners [IN**] [PH**] [UK**] [US**]

Direct and Indirect Energy Use

- Deployment of PUC compliant vehicles in transport [IN**]
- Carpooling & common car & bus facility for employees from nearest Metro or railway station or pick up point [IN**]
- Installation of high-quality energy efficient Jet hand dryers [IN*] [UK**] [US*]
- Motion sensor-based lighting system [IN**] [UK**] [US*]
- Energy efficient AC/PAC for secured areas [IN*] [PH*] [UK**] [US*]
- Energy efficient UPS and LED lighting [IN*] [PH**] [UK**] [US*]
- HVAC Chiller- R134 green gas [IN**] [PH*] [UK**] [US*]
- Air curtains to control cooling leakage and better energy efficiency [US*]
- Use of VFDs for AHUs [IN*] [US*]
- Use of Automated Environment control system for cooling & air circulation to maintain at optimum level [IN**] [PH**] [UK**] [US*]
- Use of photovoltaic panels on roof tops to provide electricity when conditions permit [UK**]
- Heat recovery systems within building to reduce energy consumption[UK**]

Safety / Health

- Eco-friendly fogging activity to control surface contamination against microbes [IN*]
- Automated temperature checks, mandatory social distancing and wearing of masks [IN*] [PH**]
- Touchless Soap, water dispenser, tea/ coffee, hand sanitiser dispensers [IN*] [PH**]
- Regular cleaning of filters and ambient temperature maintained 2 degrees more than the normal set temperature [IN*] [PH**]
- Use of Chemical Spillage kit in centre to quickly arrest any chemical or oil spillage [IN*] [PH**] [UK**][US**]

Waste Management

- Segregation of dry and wet waste [IN*] [PH**] [UK**] [US*]
- E-Waste disposal through government approved vendors [IN*] [PH**] [UK**] [US*]
- Hazardous waste disposal though authorised recyclers [IN*] [PH**] [UK**] [US*]
- Bio Waste Disposal as per regulatory requirements [IN**] [UK**] [US**]
- Disposal of paper waste separately with environment friendly paper recyclers [US**]
- Measurement & monitoring of food wastage in canteens [US*][IN**]
- Discarding Plastic Plates & Plastic spoons in cafeteria [No usage of plastic] [PH**] [UK**][IN*]

- OWC (Organic Waste Convertor) in operation to process food/ wet waste Lamination of old and broken tabletop furniture to enhance durability
- Purchase of refurbished furniture and minimise new procurement of wood-based products [UK*]

Note:

1) *Implemented at majority of locations
2) **Implemented at key locations
3) The short codes represent the implementation in the following countries:
   a. IN is India
   b. US is USA
   c. UK is United Kingdom
   d. PH is Philippines

RISK & CONCERNS, RISK MITIGATION

Risk Management report describes Enterprise wide risk management philosophy, structure and practices in the Company. Readers are cautioned that risk related information outlined here is for information purposes only.

This report contains forward-looking statements, about risks and uncertainties affecting our business objectives. Our business model is subject to the uncertainties that could cause results to differ materially from those reflected in the forward-looking statements. Readers are requested to exercise their own judgment in assessing the risks associated with the Company and review all the factors discussed elsewhere in this annual report.

In Today's dynamic business environment, Organisations are faced with multiple risks and thus creating and sustaining the value for our stakeholders requires robust governance and a strong risk management function.

Our Risk Management Framework:

Firstsource's Risk Management framework is designed and implemented on the basis of COSO Framework (Committee of Sponsoring Organizations) which is globally accepted and recognised framework that provides guidance and thought leadership on enterprise risk management and internal controls. Enterprise Risk Management at Firstsource seeks to minimize adverse impact of risks on key business objectives and enables the Company to leverage market opportunities effectively. These risks are continuously tracked with the help of Key Risk Indicators (KRI's) defined by the risk management team and risk owners.

Risk Management Process:

Your Company has defined a robust risk management process encompassing:

I. Risk identification;
II. Risk assessment;
III. Risk response;
IV. Monitoring and reporting.

The risks are identified across the defined risk categories and monitoring levels, taking into consideration the business objectives. The stakeholders with clearly defined roles and responsibilities at various levels take up the response, remediation, monitoring, tracking, reporting and review at defined periodicities.

Information Risk Management:

The risk landscape in the current business environment and evolving regulatory frameworks is changing dynamically with Cyber Security, Fraud Detection and Prevention, Information Security, Data Privacy and Business Continuity featuring prominently. To effectively mitigate these emerging risks; a focused strategy is prepared around Information Risk Management.

Key Business Risks and Mitigation

The Company's key business risks and their mitigation measures include:

Risks	Risk Description
A) Strategic Risks	
Growth risk	The Company has revenue concentration on few big clients, with primary business in the US and the UK geography. Hence, any sort of economic slowdown/downturn in these economies and industries may affect the Company's business. Increasing technology disruptions and digitization trends made it imperative to invent and adapt digital technologies. Improper adaption could impact the Company's ability to grow. The services provided by the Company in healthcare industry are relatively less prone to any economic or recessionary cycles. However, the customer management business is relatively low margin business and is more prone to economic variations. Hence, any technology disruption could see shrinkage in volumes and can have adverse impact on growth. Further, from the reemergence of pandemic perspective, any significant slowdown at any of the top client may adversely impact company's overall growth objectives. The Company's continued focus in creating the Digital Business practices has enabled it to offer differentiated productized services across industry segments. These services based on Digitization, Robotics, Artificial Intelligence & Data Analytics and other Technology enabled solutions which enables the Company to retain and grow its wallet share with its clients and also win new logos. The Company has also ramped up efforts for new relationships in new age economy businesses and won first few logos which will further diversify the revenue and industry concentration.
Country risk	The Company has a global footprint with operations in multiple geographies with intermediate or operating subsidiaries and branches, incorporated in India, the US, the UK and the Philippines. Consequently, the Company is exposed to various geo political and regulatory risks which are beyond the Company's control. The Company has local management teams in all its operating countries and they understand the country specific operating nuances. The Company has also invested significantly in creating a management structure in these geographies and has a well-diversified geographic spread to mitigate these risks.
B) Industry and Macro Economic Risks	
Protectionist/ Localisation sentiments in developed countries	The trend of Protectionism/ localization being followed by most matured economies may continue. The response to this rising protectionism has been the increase in legislation aimed at protecting domestic industries and jobs. The issue of companies offshoring services to organizations operating in other countries, such as India, has increasingly become a sensitive topic of intense political discussion in these countries. In the US, there has been anti-offshoring legislations aimed at making offshore outsourcing prohibitive or less attractive. Also, the Russia-Ukraine conflict resulting in trade conflicts and supply chain issues at global level is likely to impact global business sentiments adversely. Since beginning, the Company has recognised this and developed operational capabilities across the globe. In the process, the Company has successfully transformed itself from an offshore BPM Player to a multi shore BPM player, with significant local operational presence in the US and the UK, which has helped in winning more business in those geographies. The Company derives majority of its revenues from onshore services.

Revenues Share %	**FY19**	**FY20**	**FY21**	**FY22**
Offshore	19.8%	24.1%	28%	31%
Offshore* (* includes India domestic business)	80.2%	75.9%	72%	69%

Today, the Company has 4,907 employees in the US and 4,913 employees in the UK. The Company is one of the largest employers in the UK BPM sector.

Pandemic Risk due to Natural / Manmade disasters	The COVID-19 has brought unprecedented uncertainty across the globe (including all places of business our Company and clients operates in). While the company has quickly adopted to alternate business continuity scenario (Remote Working), the uncertainly still prevails regarding the timelines of resuming to the normal work conditions. Additionally, few clients still continue to prefer for Work from Office resources due to their regulatory requirements. This will continue to evolve and further stabilize as Hybrid work model in coming year as well. The BMP industry is highly people and technology centric, and any delay in providing agreed operational services due to pandemic as well as any other natural or man-made disasters like earthquake, floods, tsunami, fire, bomb blasts and terrorist attacks, among others, can immediately affect the Company's operations. As such disasters are uncontrollable beyond an extent. The Company implements robust disaster and business continuity strategies during such unforeseen events. Such strategies can help to bring down the effect of these events to some extent on the Company's operations. While, the WFH (Work From Home) has stabilized very well in terms of required infrastructure and technological support, The management is in continuous engagement with all the clients to ascertain their business plan and scenarios for FY23 and accordingly will devise the strategy of Hybrid Work Model to mitigate the impact. The shift in focus towards "Digital First Digital Now" will continue to create newer opportunities and Company has already FY23 plan in place to get new business in this area (with existing as well as potential new clients)
Long selling cycle	The Company has a long selling cycle that ranges from months to multiple years for its BPM services and requires significant investment of capital, resources and time by both clients and the Company. Further, due to Pandemic, the decision process at existing / prospective clients has slowed down due to reprioritization. This leads to the risk of delays, over which the Company has little or no control. The Company has robust marketing, sales and business development teams across geographies with an aggressive transition methodology that helps transition new wins fairly quickly into service delivery mode. Most of the contracts with existing clients are on long-term-basis, which ensures sustainable and scalable business from such clients.
Highly competitive environment	The market for BPM services has become highly competitive over the years. These competitors include third party 'pure-play' BPM providers based largely in India and the Philippines, local/ onshore BPM providers in the US and UK, BPM divisions of global IT companies and in-house captives of potential clients. The Company understands that it needs to retain and grow its leadership position in the industry. To maintain this competitive edge, the Company makes significant investments in strengthening domain capabilities, digital capabilities, process excellence, operations, innovation and a robust transformation framework. This year Company has further invested in developing DECC (Digitally Empowered Contact Centre) offerings. These will help to create strong differentiators for the Company vis-à-vis competition, aiding non-linear growth in revenues and margins.
Volatility in the US Interest Rates and Economic uncertainty	The interest rate cycle in the US is indicating a reversal of trend and possible start of raising of interest rate regime next year. Further, the effects of various govt. stimulus provided during pandemic situation will continue and may lead to inflationary scenario. These changes will have the potential to impact the Mortgage and financial services collections business unit volumes and such impact is likely to have an adverse effect on the Company's revenues.
C) Financial Risks	
Currency volatility	The volatility in the exchange rate between INR and GBP; INR and USD has continued in recent years, and these currencies may continue to fluctuate significantly in the future as well. The Company's operating results will continue to be impacted by fluctuations in these exchange rates. The Company has a dedicated treasury function and an internal foreign exchange risk management policy of proactively hedging exposures. As per the internal guidelines, the Company has been judiciously hedging its net exposures on a regular basis through forward cover contracts and other suitable products.

Revenue concentration risk	The Company relies on relatively small number of clients for a large proportion of its income, and loss/discontinuance of any of these clients could adversely affect its revenue and profitability. The Company's top client accounted for 16% of its income from services and top five clients accounted for 38% of its income from services in FY 2021-22. Furthermore, major events affecting the Company's clients, such as bankruptcy, change of management, mergers and acquisitions, change in their business model or regulatory factors could adversely impact its business. Moreover, the Company's revenue is highly dependent on clients concentrated in a few industries, as well as clients located primarily in the North America and UK / Europe. The impact of pandemic on Economic slowdown or other factors that affect these industries or the macro-economic environment in these countries could adversely impact the Company's business. The Company constantly strives to mitigate the risk of client concentration through very long term contracts with key clients in order to provide stability to its revenues. During FY 2021-22, as income from services, the Company derived 49.5% of income from Banking and Financial Service vertical, 29.2% of income from Healthcare vertical, 19.4% of income from CMT vertical and 1.9% of income from Diverse vertical. Geography wise, USA contributed 69.2% of income, followed by 29.3% from UK and 1.5% from India geographies. The management believes that it has a well balanced mix of clients and industries, and going forward, shall continue to assess, evaluate and address the risk of any over dependency.
Pricing risk	Many of the Company's contracts are long-term in nature and consequently, the pricing is negotiated, based on prevailing conditions at the time the contract was agreed upon. With the rising trend of salaries, additional cost pressure due to pandemic impact, the Company may find it difficult to serve the client at the negotiated price in the future. Increase in employee costs, without corresponding increases in pricing or productivity related improvements would adversely affect the profitability. Alternatively, if the Company is unable to price its contracts as competitively as possible, it may lose business opportunities which shall result in lower revenue growth. The Company addresses this risk through various methods including managing the employee pyramid through voluntary and involuntary attritions, automating many processes, leveraging technology, infrastructure realignment / consolidation. Keeping abreast of market conditions to study the impact on client businesses and analysis of technology advancements that impact consumer behavior are some of the measures that help to improve and favorably position the services provided by the Company to mitigate pricing risks to an extent.
Customer credit risk	This risk is the possible inability to collect from clients or delays in collection of the Company's dues. While, this was not impacted in current year despite pandemic, the pressure will continue in FY23 due to adverse impact on overall liquidity situation and clients' business undergoing challenges, among others. This could have an impact on the Company's cash receivables and the Company may be required to enhance its short-term line of credit temporarily, to continue its operations. The Company addresses this risk through a well-defined governance mechanism to ensure adequate liquidity and solvency.
Expiry of certain tax benefits available in India	The Special Economic Zones Act, 2005, or the SEZ legislation, has introduced an Income Tax holiday scheme for operations established in designated 'special economic zones' or SEZs. The tax exemption for SEZ units is 100% of export profits for first five years, 50% of export profits for the next five years and 50% exempt subject to fulfilling other conditions. These tax benefits are available only for the specified period of time and post their expiry, there may be an impact on the tax incidence for the Company. The Company has operation center in SEZ in Bangalore and Chennai, and will continue to ascertain impact of the same in overall location strategy.
Compliance with multiple "Financial Reporting" standards	The Company operates through legal entities in multiple countries and is subject to various standards and principles for accounting and reporting. Any material change in the standards will impact the Company's financial reporting. Further, the Company uses financial leverage to ensure optimum solvency. Timely borrowing, repayment and raising funds at right cost are important aspects of financial management, which would otherwise lead to adverse impact on profitability and solvency. The Company has implemented a robust Internal Financial Controls framework that helps in mitigating these risks.

D) Operations Risk	
Non-renewal of key client contracts	The Company continues to maintain existing accounts and acquire new clients. It is the Company's constant endeavor to try to grow existing client businesses, as well as add new clients to its portfolio. The contracts with clients are of varying duration, and between one upto ten years. Once the term expires, contracts are tendered through a procurement process. Non-renewal may significantly affect the Company's revenues. The Company recognises that providing excellent services and constant value enhancement are critical to ensuring a high chance of contractual renewal at the expiry of the term. The Company's sales and CRM teams constantly strive to enhance their relationships with the key stakeholders to favorably position the Company's services.
Cyber Security / Data Privacy Risk	As part of the services offered to its clients, the Company handles confidential data and proprietary information. Any leakage of this information has an adverse impact on the Company's reputation. In addition, GDPR (Global Data Protection Regulation) which governs the possession, processing, movement and storage of data/information of EU citizens. In India, similar law around Data Protection is expected to be effective this fiscal. Entire regime is continue to evolve and may require heightened governance around the same. This potential risk has further increased due to Remote Working scenario this year which will continue in fiscal FY23 also. The company also faces heightened Cyber Security risk with regards to the possible attacks on data center and technology infrastructure. The Company addresses this risk through a very strong and robust Information and Data Security, Privacy and Cyber Security framework and processes process that is applicable to all its offices and employees. Various operation centers are ISO 27001 certified, which is an international standard for Information Security Management System (ISMS). Additionally, many processes are certified with HIPPA, HITRUST, SOC2 certifications. Audits are conducted on a periodic basis and any non-conformance observed is fixed immediately. The Company adopts a zero tolerance policy towards non-compliance of this framework.
Risks to operational errors, frauds and internal non-compliances of policies and procedures	The Company has internal policies, procedures and norms for operational activities, process compliance and controls. These norms are specified in order to achieve various control objectives and to prevent frauds and errors. Non-adherence to such internal policies, procedures and norms can therefore lead to operational errors, frauds and internal non-compliance. The Company has strong internal controls in order to check compliances to policies and procedures which are operated by various levels of management. Further, these controls are also subject to risk-based internal audits by an independent internal audit team, which helps in timely identification and remediation of gaps.
Reputational risks	The clients of the Company are big and reputed corporates. The Company's loss of reputation can adversely affect its operations and contractibility. Being a public company, we are scrutinized by many constituents including the media. In past we have not been impacted by any event which can jeopardize our reputation. Our well managed operations do not expose our employees and clients to any major risks. Also, our communications set up is always proactive in managing minor situations that may arise.
Legal risks	The Company has long term contracts with its customers and services under these contracts are delivered from several offices across the US, the UK, India and the Philippines geographies. In addition, to deliver on the various service level commitments, the Company also needs to ensure compliance with applicable laws and regulations in those geographies, including but not limited to employment, tax and environmental laws. Additionally, the Company needs to safeguard its own Intellectual Properties against infringement and ensure compliance with third party licenses which are used in its day-to-day business. The Company has a legal team in place which apart from advising and ensuring documentary safeguarding, closely works with business and support functions to enable compliance with contractual and/or regulatory requirements.

E) Human Resource Risks	
Risk related to attrition	The BPM industry relies heavily on knowledge management and skilled talent supply. The number of opportunities available in the market, changing needs of a multi-generational workforce and limited supply of employable talent pose a great challenge to retain talented workforce and maintain consistency in performance. The Company strives to continuously strengthen its internal processes to retain critical people and create a war-chest of talent. The Company has put in place following measures to mitigate the risks around attrition and attrition costs: • Enhancing and developing skills of the middle management; • Focusing on capability building by providing and developing effective training academies and supporting employee development programs; • Carving structured and strong career paths and providing opportunities for growth by way of job enlargements, enrichment of responsibilities and internal job movements; • Effective Reward & Recognition programmes that celebrate successes and efforts.
Risk related to ability to recruit employees at large scale and manage inflationary wage costs	The success of a BPM organisation depends on its ability to attract and retain employees at large scale with right skill sets and experience to meet the organizational goals. With talent shortages and intense competition for skilled individuals, the demand for qualified employees will continue to increase and is expected to remain high. Wage inflation and replacement costs not only bear a potential risk but also result in higher personnel expenses and training costs. The Company has developed innovative recruitment channels and practices to mitigate these risks, which include: • Strong employee referral programs, which contribute to more than one third of the overall hiring requirements; • Establishing Firstsource as an employer of choice and participating in several career events in order to strengthen the Firstsource brand and getting access to talent; • Affiliations with colleges at Graduate and Undergraduate level to be the preferred employer in tier 2 and 3 cities.
Risk related to leadership team & succession planning	The leadership team drives the Company's vision, mission and inculcates values within the Company to meet its goals. The Company's business continuity, client relations, employee engagement gets affected, in case there is a change in the leadership or if a key resource leaves. Our integrated approach to Talent Management ensures that the Company has the desired leadership and management capability to meet the demands of the business. The integrated approach comprises of the following: • A total rewards philosophy, which ensures that the compensation is in-line with the market standards and it attracts and retains right talent and rewards high performance. • Succession planning for business critical roles and people growth opportunities in line with their career aspirations.
Risk of Unethical business practices / Mis-conduct	The BPM industry is people centric with large employee base across culture and geographies. It also has client drive incentive programs in many businesses, which may lead to acts of potential mis-conduct cases and resultant client or reputational issues. The company has well defined Code of Conduct which every employee is trained on and certifies to comply with. The company also has robust Whistle blowing mechanism which enables employees to report any mis-conduct case, which is independently investigated and remediated. The Company also runs variety of training / refresher programs throughout the year. Additionally, the company also has very strong background check verification program (for employees) and due diligence process (for Vendor/Third party) appointment stage. The Company demonstrates zero tolerance towards the cases of any unethical business practice or mis-conduct.

F) Compliance Risks	
Compliance & regulatory risks in various geographies	As the Company has grown in size, geographic presence and customer base, exposure to various regulatory and compliance risks has also increased. The Company has relatively high proportion of regulated businesses in overall portfolio which enhances the regulatory risk. The Company's operations and clients are spread across multiple geographies and are governed by various regulations and government guidelines. Breach of any of these regulatory provisions can attract regulatory inspection, notices, penalty, and revocation of permits or licenses, among others. The Company has implemented a robust Regulatory & Contractual Compliance framework to identify, assess, monitor, control, and report compliance status with respect to laws and regulations specific to the country, it operates in, and the client specific work in a consistent manner, for its businesses across the globe. The framework ensures that compliance ownerships are aligned, responsible personnel are aware, compliance status is reported and necessary actions are taken to comply. All laws and regulations are verified for applicability, detailed at the provision level and tracked for compliance at the function and location level.
G) Technology Risks	
Advent of disruptive technologies	The overall business environment continues to witness emerging disruptive technologies. However, clients are seeking to cut additional back-office costs due to continued budget pressures, while suppliers are trying to create additional services and the associated revenues. Technologies such as Cloud Computing, Artificial Intelligence, Data Analytics software, Social Media platforms and Process Automation software are being used in the BPM industry to enable businesses to lower costs and be more effective. BPM companies are moving fast to offer additional value-add services through technology enablement, partnerships and alliances. The Company has developed a wide suite of Digital Solutions across areas of Robotics Process Automation, Digital and Analytics as part of its Productization initiatives. A combination of domain and process expertise with best-in-breed technology is helping the Company in pursuing significant opportunities.

INTERNAL CONTROL SYSTEMS AND THEIR APPROPRIATENESS

Firstsource has institutionalized a system of internal controls, with documented procedures covering all corporate functions. Internal controls provide reasonable assurance regarding the effectiveness and efficiency of operations, the reliability of financial controls, and compliance with applicable laws and regulations.

These policies and procedures are periodically updated, and the Internal Audit oversees the process. In addition, the organization aligns all of its processes and controls with industry standards. The Board and the Audit Committee supervise internal control's adequacy by monitoring the implementation of internal audit recommendations via compliance reports. In addition, the independent auditors have concluded in their report that Firstsource has adequate internal controls over financial reporting.

FORWARD LOOKING STATEMENT

The financial statements have been prepared in compliance with the requirements of the Ind-AS. The Company's management accepts responsibility for the integrity and objectivity of these financial statements and various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis. The financial statements reflect the form and substance of transactions in a true and fair manner and reasonably present the Company's state of affairs and profits for the year. Investors are cautioned that this discussion contains forward-looking statements that involve risks and uncertainties. When used in this discussion, words like 'will', 'shall', 'anticipate', 'believe', 'estimate', 'intend' and 'expect' and other similar expressions, as they relate to the Company or its business, are intended to identify such forward-looking statements.

The Company undertakes no obligations to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Accordingly, actual results, performances, or achievements could differ materially from those expressed or implied in such statements. Factors that could cause or contribute to such differences include those described under the heading 'Risk Factors' in the Company's prospectus filed with the Securities and Exchange Board of India (SEBI) and factors discussed elsewhere in this report. Readers are cautioned not to place undue reliance on the forward-looking statements as they speak only as of their dates. Information provided in this Management Discussion and Analysis (MD&A) pertains to Firstsource Solutions Limited and its subsidiaries (the Company) on a consolidated basis unless stated otherwise.

REPORT ON CORPORATE GOVERNANCE

Corporate Governance is not merely the compliance of a set of regulatory laws and regulations but is a set of good and transparent practices that enable an organisation to perform efficiently and ethically to generate long term wealth and create value for all its stakeholders. It goes beyond building and strengthening the trust and integrity of the Company by ensuring conformity with the globally accepted best governance practices. The Securities and Exchange Board of India (SEBI) observes keen vigilance over governance and fulfillment of these regulations in letter and spirit, which entails surety towards sustainable development of the Company, enhancing Stakeholders' value eventually.

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

At Firstsource Solutions Limited, ('the Company'), adherence to Corporate Governance practices not only justifies the legal obedience of the laws but translates into ethical leadership and organisational stability. It is the sense of good governance that our leaders portray, which trickles down to the wider management and is further maintained across the entire functioning of the Company. Your Company envisages the importance of building trust and integrity through transparent and accountable communication with the internal and external stakeholders as well as the customers of the Company. This involves keeping the stakeholders of the Company updated on a timely basis about the development, the plans and the performance of the Company with a view to establish the long term affiliations. The Company keeps itself abreast with the best governance practices on the global front and at the same time conforms to the recent amendments.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as applicable, to ensure good Corporate Governance practices across the Company in letter and in spirit. The Company has complied with all the mandatory requirements of the Listing Regulations and following is the status with regard to the same.

BOARD OF DIRECTORS:

The Board of Directors ("the Board") of your Company provides leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company. The Board plays a crucial role of piloting the Company towards enhancement of the short and long term value interests of stakeholders. The Board comprises of members distinguished in various fields such as management, finance, law, marketing, technology and strategic planning. This provides reliability to the Company's functioning and the Board ensures a critical examination of the strategies and operational planning mechanisms adopted by the management across the globe.

The Company has an optimum combination of Directors on the Board and is in conformity with Regulation 17 of the Listing Regulations. As on March 31, 2022, the Board comprised of ten (10) experts drawn from diverse fields/ professions of which nine (9 i.e. 90 percent) are Non-Executive Directors and one (1) is Executive Director. Five (5 i.e. 50 percent) out of ten (10) Directors are Independent Directors.

Independent Directors are Non-executive Directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1) (b) of the SEBI Listing Regulations and that they are independent of the management.

In view of amended Listing Regulations following Directors are nominated on the Board of Company's three (3) material subsidiaries:

- Mr Pratip Chaudhuri (DIN: 00915201), Director of the Company was nominated on the Board of Firstsource Group USA, Inc., USA and MedAssist Holding LLC, USA;
- Mr Anjani K. Agrawal (DIN: 08579812), Director of the Company was nominated on the Board of Firstsource Solutions UK Limited, UK, in place of Mr Charles Richard Vernon Stagg who ceased to be an Independent Director of the Company on May 05, 2022 by efflux of time.

Agenda papers of the Board and its Committee meetings are circulated to the Directors/ Members at least seven (7) days before the meetings, supported with significant information including that as enumerated in Part A of Schedule II of the Listing Regulations for an effective and well-informed decision making during the meetings.

The Board meets at regular intervals to discuss and decide on Company's business policy and strategy apart from other normal business, the maximum interval between any two meetings did not exceed one hundred twenty (120) days. The Company adheres to the Secretarial Standards on the Board and Committee Meetings as prescribed by the Institute of Company Secretaries of India. The Board has complete access to any information within the Company. Agenda papers containing all necessary information/ documents are made available to the Board/ Committee Members in advance to enable them to discharge their responsibilities effectively and take informed decisions. The information as specified in the Listing Regulations is regularly made available to the Board, whenever applicable, for discussion and consideration. During the year ended March 31, 2022 the Company had four (4) Board Meetings. These were held on:

1. May 11, 2021
2. July 29, 2021
3. November 10, 2021
4. February 04, 2022

Time gap between any two meetings was not more than one hundred twenty (120) days.

Details of the Composition, Status, Attendance at the Board Meetings and last Annual General Meeting, Number of other Directorships and other Committee Memberships held are as under:

Name of the Director	Position/ Status	No. of Board Meetings Attended	No. of Equity Shares held as on March 31, 2022	Attendance at previous AGM held on July 29, 2021 (Y-Yes, N-No)	Directorships in other Public Companies as on March 31, 2022*	Committee Chairmanships/ Memberships/ in other Public Companies as on March 31, 2022**		Directorship in other listed entity (Category of Directorship)
						Chairmanships	Memberships	
Dr. Sanjiv Goenka, Chairman +	NI- NED	4	-	Y	8	4	6	1. Saregama India Limited (Non-Executive, Non Independent Director-Chairman) 2. PCBL Limited (formerly known as Phillips Carbon Black Limited) (Non-Executive, Non Independent Director-Chairman) 3. CESC Limited (Non-Executive, Non Independent Director-Chairman) 4. RPSG Ventures Limited (formerly known as CESC Ventures Limited (Non-Executive, Non Independent Director-Chairman) 5. Spencer's Retail Limited (Non-Executive, Non Independent Director-Chairman)
Mr Shashwat Goenka, Vice-Chairman +	NI-NED	4	-	Y	6	-	3	1. PCBL Limited (formerly known as Phillips Carbon Black Limited) (Non-Executive, Non Independent Director) 2. CESC Ltd. (Non-Executive, Non Independent Director) 3. RPSG Ventures Limited (formerly known as CESC Ventures Limited (Non-Executive, Non Independent Director) 4. Spencer's Retails Limited (Non-Executive, Non Independent Director)
Mr Vipul Khanna, MD & CEO	ED	4	703,405	Y	1	-	1	-
Ms Grace Koshie	I-NED	4	-	Y	-	1	1	-
Mr Pradip Roy***	I-NED	2	NA	Y	NA	NA	NA	NA
Mr Pradip Kumar Khaitan	NI-NED	3	-	N	7	2	6	1. Electrosteel Castings Limited (Non-Executive, Independent Director-Chairman) 2. Dalmia Bharat Limited (Non-Executive, Independent Director-Chairman) 3. India Glycols Limited (Non-Executive, Independent Director) 4. Graphite India Limited (Non-Executive, Independent Director) 5. Emami Limited (Non-Executive, Independent Director) 6. CESC Limited (Non-Executive, Non Independent Director)
Mr Subrata Talukdar	NI-NED	4	-	Y	5	1	3	-
Mr Pratip Chaudhuri	I-NED	3	NA	Y	7	1	7	1. Cosmo Films Limited (Non-Executive, Non Independent Director) 2. CESC Ltd. (Non-Executive, Independent Director) 3. Spencer's Retail Limited (Non-Executive, Independent Director) 4. Muthoot Finance Limited (Non-Executive, Independent Director)
Mr Sunil Mitra	I-NED	4	NA	Y	6	2	4	1. CESC Limited (Non-Executive, Independent Director) 2. Century Plyboards (India) Limited (Non-Executive, Independent Director)

Name of the Director	Position/ Status	No. of Board Meetings Attended	No. of Equity Shares held as on March 31, 2022	Attendance at previous AGM held on July 29, 2021 (Y-Yes, N-No)	Directorships in other Public Companies as on March 31, 2022*	Committee Chairmanships/ Memberships/ in other Public Companies as on March 31, 2022**		Directorship in other listed entity (Category of Directorship)
						Chairmanships	Memberships	
Mr Charles Richard Vernon Stagg #	I-NED	3	NA	Y	1	-	-	1. Max Financial Services Limited (Non-Executive, Independent Director)
Mr Anjani K. Agrawal	I-NED	3	NA	Y	3	4	6	1. Hindustan Zinc Limited (Non-Executive, Independent Director)
Ms Vanita Uppal ##	I-NED	NA	NA	NA	-	-	-	-

Legends: I-NED: Independent- Non- Executive Director, NI- NED: Non Independent – Non Executive Director, ED: Executive Director

* The Directorships of other Indian Public Limited Companies only have been considered. Directorships of Foreign Companies, Section 8 Companies and Private Limited Companies have not been considered.

**Memberships/Chairmanships in Audit Committee and Stakeholders Relationship Committee only of Indian Public Limited Companies have been considered.

+ Mr Shashwat Goenka, Vice-Chairman is son of Dr. Sanjiv Goenka, Chairman. No other Director is related to any other Director of the Company.

***The term of office of Mr Pradip Roy as an Independent Director completed on July 29, 2021 by efflux of time.

#The three (3) years term of Mr Charles Richard Vernon Stagg as an Independent Director completed on May 05, 2022 by efflux of time.

##Ms Vanita Uppal was appointed as an Additional (Non-Executive, Woman Independent) Director w.e.f. May 05, 2022.

The Board has identified the following skills/expertise/ competencies fundamental for the effective functioning of the Company which are currently available with the Board:

Global	Understanding, of global business dynamics, across various geographical markets, industry verticals and regulatory jurisdictions.
Strategy and Planning	Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments.
Governance	Experience in developing governance practices, serving the best interests of all stakeholders, maintaining Board and Management accountability, building long-term effective stakeholder engagements and driving corporate ethics and values.
Risk	Ability to identify key risks to the organization in a wide range of areas including legal and regulatory compliance and monitor risk and compliance management frameworks and systems.
Financial Performance	Qualifications and experience in accounting and/or finance and the ability to: ■ Analyse key financial statements; ■ Critically assess financial viability and performance; ■ Contribute to strategic financial planning; and ■ Oversee budgets and the efficient use of resources and oversee funding arrangements and accountability.

The eligibility of a person to be appointed as a Director of the Company is dependent on whether the person possesses the requisite skill sets identified by the Board as above and whether the person is a proven leader in running a business that is relevant to the Company's business or is a proven academician in the field relevant to the Company's business. The Directors so appointed are drawn from diverse backgrounds and possess special skills with regard to the industries/ fields from where they come.

The Board periodically reviews the compliance report of all laws applicable to the Company. All the Directors have made necessary disclosures about the directorships and committee positions they occupy in other companies.

None of the Directors on the Board is a Member of more than ten (10) Committees and Chairman of more than five (5) Committees across all Companies in which they are Directors and none of the Independent Directors serves as an independent director on more than seven (7) listed entities.

A certificate has been received from Makarand M. Joshi & Co., Practising Company Secretaries, that none of the Directors on the Board of the Company for the financial year ending on March 31, 2022 have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

The particulars of Directors, who are proposed to be appointed/ re-appointed at the ensuing Annual General Meeting ("AGM"), are given in the notice convening the AGM.

COMMITTEES OF BOARD OF DIRECTORS:

AUDIT COMMITTEE:

The Board has constituted a well-qualified Audit Committee. All the members of the Committee are Non-Executive Directors with majority of them as Independent Directors including the

Chairperson. They possess sound knowledge on accounts, audit, finance, taxation, internal controls, etc.

Ms Pooja Nambiar, the Company Secretary acts as the Secretary to the Committee.

During the FY 2021-22, following four (4) meetings of the Audit Committee were held on:

1. May 11, 2021
2. July 28 & 29, 2021*
3. November 10, 2021
4. February 03, 2022

*Audit Committee Meeting held on July 28, 2021 was adjourned to July 29, 2021.

The time gap between any two meetings was not more than one hundred twenty (120) days and the Company has complied with all the requirements as mentioned under the Listing Regulations and the Companies Act, 2013 ("the Act").

Details of the composition of the committee and the status of attendance during the year are as under:

Name of the Director/ Member	Category	No. of Meetings Attended
Ms Grace Koshie, Chairperson	I-NED	4
Mr Subrata Talukdar	NI-NED	4
Mr Anjani K. Agrawal*	I-NED	2
Mr Pradip Roy*	I-NED	2
Mr Sunil Mitra	I-NED	4

I-NED: Independent- Non- Executive Director, NI-NED: Non-Independent, Non- Executive Director

* Inducted as a member of the Committee by the Board w.e.f. July 30, 2021 in place of Mr Pradip Roy who ceased to be a Non-Executive Independent Director, on account of completion of his term on July 29, 2021 by efflux of time.

The terms of reference of the Audit Committee covers the matters specified under Regulation 18 read with Part C of Schedule II of the Listing Regulations and Section 177 of the Act. This Committee has the following powers, roles and terms of reference:

1. To provide 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. To recommend to the Board, the appointment, re-appointment, terms of appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fee;

3. To approve payment to statutory auditors for any other non-audit services rendered by them;

4. To review with the management, the quarterly/ annual standalone and consolidated financial statements and auditors' report thereon, before submission to the Board for approval, with particular reference to:

    a. Matters to be specified in the Director's Responsibility Statement to be included in the Board's Report;

    b. Changes, if any, in accounting policies and practices and reasons for the same;

    c. Major accounting entries involving estimates based on the exercise of judgment by management;

    d. Significant adjustments made in the financial statements arising out of audit findings;

    e. Compliance with listing and other legal requirements relating to financial statements;

    f. Disclosure of any related party transactions;

    g. Qualifications in the draft audit report.

5. To review with the management, the quarterly financial statements before submission to the Board for approval;

6. To review with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;

    To review and monitor the auditor's independence and performance, and effectiveness of audit process;

7. To mandatorily review the following information:

    a. Management discussion and analysis of financial condition and results of operations;

    b. Statement of significant related party transactions (as defined by the Audit Committee) submitted by management;

    c. Management letters/letters of internal control weaknesses issued by the statutory auditors;

    d. Internal audit reports relating to internal control weaknesses.

8. Invite such of the executives, as it considers appropriate (particularly the CFO) to be present at the meetings of the Committee, but on occasions it may also meet without the presence of any executives of the Company. The MD & CEO, CFO, Head of Internal Audit and a representative of the Statutory Auditors may be present as invitees to the meetings of the Audit Committee;

9. To secure attendance of outsiders with relevant expertise at the meetings of Audit Committee, if it considers necessary;

10. To review with the Management, performance of statutory and internal auditors and adequacy of the internal control systems;

11. To evaluate internal financial controls and risk management systems;

12. To review and monitor the Auditor's independence and performance and effectiveness of audit processes;

13. To review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit and reviewing appointment, removal and terms of remuneration of the Chief Internal Auditor;

14. To discuss with internal auditors any significant findings and follow up thereon;

15. To review the findings of internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

16. To discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

17. To look into the reasons for substantial defaults in the payments, if any, to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

18. To direct the Company to establish a vigil mechanism for directors and employees to report genuine concerns to the Audit Committee and to ensure that the vigil mechanism provides adequate safeguards against victimization of persons who use such mechanism and make provisions for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases;

19. To ensure that the details of establishment of vigil mechanism is disclosed by the Company on its website and in Board's report;

20. To review the functioning of the Whistle Blower/ Vigil mechanism;

21. To approve appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate;

22. To scrutinise inter-corporate loans and investments;

23. To approve any subsequent modification of transaction/s of the Company with related parties;

24. To review valuation of undertakings or assets of the Company, wherever it is necessary;

25. To investigate into any matter or activity within its terms of reference referred to it by the Board and for this purpose shall have power to obtain legal or other professional advice from external sources and have full access to information contained in the records of the Company;

26. To seek information from any officer or employee of the Company;

27. To call for the comments of the Auditors about internal control systems, the scope of audit, including the observations of the Auditors and also discuss any related issue/s with the Internal and Statutory Auditors and the Management of the Company;

28. To carry out any other function as is mentioned in the terms of reference of the Audit Committee or as enumerated in Section 177 of the Act or Regulation 18 of the Listing Regulations with Stock Exchanges or in any subsequent amendment thereto;

29. To exercise any other power or perform any other function as enumerated in the Act or the Listing Regulations with the Stock Exchanges or in any subsequent amendment thereto;

30. To review the utilisation of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding ₹ 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.

The MD & CEO, the CFO, the Statutory Auditors and all the Directors of the Company are invited to the meetings of the Audit Committee.

NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee's constitution, its role and terms of reference are in compliance with provisions of Section 178 of the Act, Regulation 19 read with Part D of Schedule II of the Listing Regulations and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014, as amended from time to time.

During FY 2021-22, following four (4) meetings of the Committee were held on:

1. May 11, 2021
2. July 28, 2021
3. November 10, 2021
4. February 04, 2022

Details of composition of the Committee and attendance during the year are as under:

Name of the Director/ Member	Category	No. of Meetings Attended
Anjani K. Agrawal, Chairman*	I-NED	2
Pradip Roy, Chairman*	I-NED	2
Subrata Talukdar	NI-NED	4
Pratip Chaudhuri	I-NED	3

I-NED: Independent- Non- Executive Director, NI-NED: Non-Independent, Non- Executive Director

*Inducted as a member of the Committee by the Board w.e.f. July 30, 2021 in place of Mr Pradip Roy who ceased to be a Non-Executive Independent Director, on account of completion of his term on July 29, 2021 by efflux of time.

This Committee is entrusted with the following powers:

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 for their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;

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 formulate the criteria for determining qualification, positive attributes and independence of Directors;

4. To recommend/ approve remuneration of the Executive Directors and any increase therein from time to time, within the limit approved by the members of the Company;

5. To recommend/ approve remuneration of Non-Executive Directors in the form of sitting fees for attending meetings of Board and its Committees, remuneration for other services, commission on profits, grant of stock options or payment of any other amount;

6. To decide the overall compensation structure/ policy for the Employees, Senior Management and the Directors of the Company including ratio of fixed and performance pay, performance parameters etc.;

7. 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;

8. To approve Management Incentive Plan or any other Incentive Plan for the purpose of payment of performance Incentive to the Employees and Executive Director(s) of the Company;

9. To engage the services of any consulting/ professional or other agency at the cost of the Company for the purpose of recommending to the Committee on compensation structure/policy including Stock Option Scheme;

10. To recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other Employees;

11. 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;

12. To exercise all the powers as mentioned in the Employees Stock Option Scheme of the Company to be exercised by the Compensation Committee of the Company;

13. To approve grant of stock options to Directors and Employees of the Company;

14. To invite any executive or outsider, at its discretion at the meetings of the Committee;

15. To devise a policy on Board diversity;

16. To recommend to the Board, all remuneration, in whatever form, payable to senior management;

17. To exercise such other powers as may be delegated to it by the Board from time to time.

18. To recommend to the board, all remuneration, in whatever form, payable to senior management;

19. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

20. 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 of directors their appointment and removal.

Policy for Selection and Appointment of Non-Executive Directors:

The Nomination and Remuneration Committee has framed a policy relating to appointment of the Directors (Executive/ Non-Executive) on the Board and the MD & CEO and their remuneration. The details of the said Policy are given hereunder:

a) The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in various fields namely marketing, finance, taxation, law, governance and general management;

b) In case of appointment of Independent Directors, the Nomination and Remuneration Committee shall satisfy itself with regards to the experience, expertise and independent nature of the Directors vis-àvis the Company so as to enable the Board to discharge its functions and duties effectively;

c) The Nomination and Remuneration Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Act;

d) The Nomination and Remuneration Committee shall consider the qualification, expertise and experience of the Directors in their respective fields whilst recommending to the Board the candidature for appointment as a Director;

e) In case of re-appointment of Non-Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his/ her engagement level.

Remuneration Policy for Non-Executive Directors:

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fee and reimbursement of expenses for participation in the Board/ Committee meetings. The details of Remuneration Policy for Non- Executive Directors and Independent Directors are given in Annexure IIIA to the Directors' Report forming part of this Annual Report.

Details of sitting fee paid to Non-Executive Directors during FY 2021-22:

All the Non-Executive Directors are paid sitting fees of ₹ 100,000/- for attending each meeting of the Board of Directors and ₹ 50,000/- for attending each meeting of any Committee of the Board.

The details of sitting fee paid during the FY 2021-22 are as under:

(Amount in ₹)

Name of the Director	Sitting Fee		
	Board Meetings	Committee Meetings#	Total
Dr. Sanjiv Goenka, Chairman	400,000	-	400,000
Mr Shashwat Goenka, Vice-Chairman	400,000	150,000	550,000
Mr Charles Richard Vernon Stagg##	300,000	-	300,000
Ms Grace Koshie	400,000	350,000	750,000
Mr Pradip Kumar Khaitan	300,000	-	300,000
Mr Anjani K. Agrawal*	300,000	300,000	600,000
Mr Pratip Chaudhuri	300,000	200,000	500,000
Mr Subrata Talukdar	400,000	500,000	900,000
Mr Sunil Mitra	400,000	250,000	650,000
Mr Pradip Roy**	200,000	250,000	450,000
TOTAL	**3,400,000**	**2,000,000**	**5,400,000**

Sitting fees for attending meetings of all the committees including meeting of Independent Directors.

Three (3) years term of Mr Charles Richard Vernon Stagg as an Independent Director completed on May 05, 2022 by efflux of time.

* Mr Anjani K. Agrawal was appointed as an Independent Director w.e.f. May 11, 2021.

** The term of office of Mr Pradip Roy as an Independent Director completed on July 29, 2021 by efflux of time.

During the year under review, the non-executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees and reimbursement of expenses, if any.

Remuneration Policy for Key Managerial Personnel and other Employees of the Company:

The Company's Remuneration Policy for Key Managerial Personnel and other employees is driven by the success and the performance of the Company and the individual and industry benchmarks and is decided by the Nomination & Remuneration Committee. Through its compensation programme, the Company endeavors' to attract, retain, develop and motivate a high performance workforce. The Company follows a mix of fixed/ variable pay, benefits and performance related pay. The Company also grants stock options to senior management and deserving employees of the Company. The details of Remuneration Policy for Key Managerial Personnel and other Employees of the Company are given in Annexure III-B to the Directors' Report forming part of this Annual Report.

Remuneration of the MD & CEO:

The Nomination and Remuneration Committee of the Board is authorized to decide the remuneration of the MD & CEO, subject to the approval of the members and the Central Government, if required.

The details of remuneration of the MD & CEO for the year ended March 31, 2022 are as under:

(Amount in ₹)

Name	Salary & Allowances	Performance Bonus	Retirals*	Perquisites	Total
Mr Vipul Khanna	17,308,788	4,276,571	-	-	21,585,359

* Retirals include contribution to Provident Fund but does not include provision for gratuity and this salary excludes the remuneration received by the MD & CEO from the Company's foreign subsidiary.

The performance bonus as stated in the table above represents the variable component of the remuneration availed by the MD & CEO and was decided by the Nomination and Remuneration Committee based on the performance of the Company and the individual performance of the MD & CEO during the previous financial year. This was in line with the Remuneration Policy as approved by the Board.

During FY 2021-22, no stock options were granted to Mr Vipul Khanna, MD & CEO under the Company's Employees Stock Option Scheme.

The notice period of termination either by the Company or by the MD & CEO is 3 months or payment of base salary of 3 months by the Company or MD & CEO as the case may be in lieu of notice.

STAKEHOLDERS RELATIONSHIP COMMITTEE:

One (1) meeting of the Committee was held during FY 2021-22 on July 28, 2021. The details of composition of the Committee and attendance during the year are as under:

Name of the Director/ Member	Category	No. of Meetings Attended
Mr Subrata Talukdar, Chairman	NI-NED	1
Mr Vipul Khanna	NI-ED	1
Mr Pradip Roy*	I-NED	1
Mr Anjani K. Agrawal*	I-NED	NA

I-NED: Independent- Non- Executive Director, NI-NED: Non-Independent, Non- Executive Director

* Inducted as a member of the Committee by the Board w.e.f. July 30, 2021 in place of Mr Pradip Roy who ceased to be a Non-Executive Independent Director, on account of completion of his term on July 29, 2021 by efflux of time.

The Stakeholders Relationship Committee and its terms of reference are in line with Section 178 of the Act and Regulation 20 read with Part D of Schedule II of the Listing Regulations. The Committee looks into the various aspects of interest of shareholders, debenture holders and other security holders. Further, the Committee reviews Shareholders'/ Investors' complaints like non-allotment of shares under IPO, non-receipt/ short receipt of IPO refund, non-receipt of Annual Report, physical transfer/ transmission/ transposition, split/ consolidation of share certificates, issue of duplicate share certificates, etc. This Committee is also empowered to consider and resolve the grievance of other stakeholders of the Company including debenture-holders, deposit-holders and other security holders, if any.

This Committee has the following terms of reference:

1. Resolving 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.;

2. Review of measures taken for effective exercise of voting rights by shareholders;

3. 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;

4. 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.

Ms Pooja Nambiar, Company Secretary is the Compliance Officer of the Company.

The total numbers of communications/ complaints received during the year were ninety-six (96), all of which were satisfactorily replied and there was no pending complaint as on March 31, 2022. The Company didn't receive any transfer request.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The Board had constituted Corporate Social Responsibility Committee as per terms of Section 135 of the Act. The Committee is entrusted with the following powers:

a) 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 Act;

b) To recommend the amount of expenditure to be incurred on the activities referred in clause (a) above;

c) To monitor the Corporate Social Responsibility Policy of the Company from time to time; and

d) To formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy.

One (1) meeting of the Committee was held during the year on February 04, 2022.

The details of composition of the Committee and attendance during the year are as under:

Name of the Director/ Member	Category	No. of Meetings Attended
Mr Shashwat Goenka, Chairman	NI-NED	1
Mr Vipul Khanna	NI-ED	1
Mr Anjani K. Agrawal*	I-NED	1
Mr Pradip Roy*	I-NED	NA
Mr Subrata Talukdar	NI-NED	1

I-NED: Independent- Non- Executive Director, NI-NED: Non-Independent, Non- Executive Director, NI-ED: Non-Independent, Executive Director

* Inducted as a member of the Committee by the Board w.e.f. July 30, 2021 in place of Mr Pradip Roy who ceased to be a Non-Executive Independent Director, on account of completion of his term on July 29, 2021 by efflux of time.

RISK MANAGEMENT COMMITTEE:

The Board had constituted Risk Management Committee on February 04, 2019 as per Regulation 21 of the Listing Regulations. The Committee shall have the following powers:

1. To assist the Board of Directors ("Board") in overseeing the responsibilities with regard to the identification, evaluation and mitigation of operational, strategic and external environmental risks;

2. To assist the Board in taking appropriate measures to achieve a prudent balance between risk and reward in both ongoing and new business activities;

3. To review and approve the Risk management policy and associated framework, processes and practices;

4. To evaluate significant risk exposures including business continuity planning and disaster recovery planning;

5. To assess management's actions in mitigating the risk exposures in a timely manner;

6. To promote Enterprise-wide Risk Management and obtain comfort based on adequate and appropriate evidence that the Management of the Company ensures the implementation and effective functioning of the entire risk management process and embedding of a comprehensive risk management culture in the Company at every stage of its operations;

7. To assist the Board in maintenance and development of a supportive culture, in relation to the management of risk, appropriately embedded through procedures, training and leadership actions so that all employees are alert to the wider impact on the whole organisation of their actions and decisions;

8. To maintain an aggregated view on the risk profile of the Company/ Industry in addition to the profile of individual risks;

9. To ensure the implementation of and compliance with the objectives set out in the Risk Management Policy;

10. To advise the Board on acceptable levels of risk appetite, tolerance and strategy appropriate to the size and nature of business and the complexity and geographic spread of the Company's operations;

11. To review and reassess the adequacy of this charter periodically and recommend any proposed changes to the Board for approval from time to time;

12. The Committee shall have access to any internal information necessary to fulfill its oversight role. As and when required the Committee may assign tasks to the Internal Auditor, the Company's internal Risk management team and any external expert advisors considered necessary for any task and they will provide their findings to the Committee.

Two (2) meeting of the Committee was held during the year on July 28, 2021 and January 14, 2022.

The maximum interval between two meetings did not exceed one hundred eighty (180) days.

The details of composition of the Committee and attendance during the year are as under:

Name of the Director/ Member	Category	No. of Meetings Attended
Mr Shashwat Goenka, Chairman	NI-NED	2
Mr Vipul Khanna	NI-ED	2
Ms Grace Koshie	I-NED	2
Mr Dinesh Jain	President & CFO	2
Mr Arun Tyagi	EVP – Operational Excellence COE, Finance	2

I-NED: Independent- Non- Executive Director, NI-NED: Non-Independent, Non- Executive Director, NI-ED: Non-Independent, Executive Director

OTHER COMMITTEES OF THE BOARD:

Investment Committee:

The Committee comprises of Mr Shashwat Goenka as Chairman, Mr Vipul Khanna and Mr Subrata Talukdar as Members. 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.

During the year under review, no meeting of the Investment Committee was held.

Strategy Committee:

The Committee comprises of members viz. Mr Shashwat Goenka, as Chairman, Mr Vipul Khanna and Mr Subrata Talukdar as Members. It deliberates on various strategic initiatives from time to time. During the year under review, no meeting of the Strategy Committee was held.

GENERAL BODY MEETINGS:

Venue, day, date and time of last three (3) Annual General Meetings (AGM):

Meeting and Venue	Day & Date and Time
20th Annual General Meeting Meeting conducted through VC / OAVM pursuant to the MCA Circular	Thursday, July 29, 2021 12.00 noon
19th Annual General Meeting Meeting conducted through VC / OAVM pursuant to the MCA Circular	Tuesday, July 21, 2020 11.00 a.m.
18th Annual General Meeting Rangsharda Auditorium, Krishna Chandra Marg, Near Lilavati Hospital, Nityanand Nagar, ONGC Colony, Bandra West, Mumbai 400 050	Monday, August 02, 2019 3.30 p.m.

Details of Special Resolutions passed:

a) 20th AGM held on July 29, 2021

(i) Appointment/ continuation of Mr Pradip Kumar Khaitan (DIN: 00004821) as a Director of the Company;

b) 19th AGM held on July 21, 2020

(i) Re-appointment of Ms Grace Koshie (DIN: 06765216), as an Independent Director of the Company:

(ii) Appointment/continuation of Mr Pradip Kumar Khaitan (DIN: 00004821) as a Director of the Company;

(iii) Approval of ESOP's granted exceeding 1% of issued capital to specified employee/(s):

c) 18th AGM held on August 02, 2019

(i) Appointment/continuation of Mr Pradip Kumar Khaitan (DIN: 00004821) as a Director of the Company;

(ii) Approval of Firstsource Employees Stock Option Scheme 2019 (ESOP 2019).

During the said period no EGM was held.

POSTAL BALLOT:

During last financial year ended March 31, 2022, no resolution under Section 110 of the Companies Act 2013 was passed through Postal Ballot.

TRAINING FOR BOARD MEMBERS:

Pursuant to Regulation 25 of the Listing Regulations, the Company has put in place a system to familiarise its Independent Directors with the Company, their roles, rights and responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. Newly appointed Independent Directors are taken through roles and responsibilities. To ensure that they uphold the highest standards of business conduct, Code for Independent Directors, Code of Conduct for Non-Executive Directors and Code of Conduct for Prevention of Insider Trading as issued by the Company are also shared with them at the time of their appointment/ re-appointment. Further, presentations are made at the Board and its Committee meetings, on a quarterly basis, covering the business and financial performance of the Company and its subsidiaries, quarterly/ annual financial results, revenue and capital budget, review of Internal Audit findings, etc.

The details of such familiarisation programmes are published on the Company's website at https://www.firstsource.com/wp-content/uploads/2021/12/Policy-on-familiarisation-of-Independent-Directors.pdf.

PERFORMANCE EVALUATION:

Pursuant to the provisions of the Act and the Listing Regulations, the Board carries out the annual performance evaluation of its own performance, the Directors individually (including the Chairman) as well as the evaluation of the working of its Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee. The details of the performance evaluation process are given in the

Directors' Report under the heading "Board Evaluation" which forms part of the Annual Report.

STATUTORY AUDITORS:

The details of fees pertaining to services provided by the statutory auditor and entities in the network firm/network entity of which the statutory auditor is a part, to Firstsource Solution Limited and its subsidiaries during the year ended March 31, 2022 are given in the following table:

Particulars	(₹ In million)
Auditors remuneration and expenses	
- Audit fees	16.00
- Other services	5.60
- Reimbursement of expenses	0.60
Total	**22.20**

DISCLOSURES:

i. Related Party Transactions:

The transactions with related parties as per Accounting Standard AS- 18 are set out in Notes to Accounts under Note no. 27 forming part of financial statements.

All transactions entered into with Related Parties as defined under the Act and Regulation 23 of the Listing Regulations during the financial year were in the ordinary course of business. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosures as required under Ind-AS have been made in the Notes to the Financial Statements.

The Board has approved a policy for related party transactions which has been uploaded on the Company's website at https://www.firstsource.com/wp-content/uploads/2022/03/FSL-Related-Party-Transaction-Policy.pdf.

ii. Disclosures from Senior Management:

In Compliance with Regulation 26(5) of the Listing Regulations, disclosures from Senior Management are obtained on as quarterly basis to the effect that they have not entered into any material, financial and commercial transactions, where they have personal interest that may have potential conflict with the interest of the Company at large.

iii. Compliances by the Company:

The Company has complied with the requirements of the Regulatory Authorities on matters related to the capital market and no penalties/ strictures have been imposed against the Company by the Stock Exchanges or SEBI or any other Regulatory Authority on any matter related to capital market during the last three years.

iv. Whistle Blower Policy/ Vigil Mechanism:

The Company has adopted a Whistle Blower Policy to provide a vigil mechanism to Directors, Employees, Agents, Consultants, Vendors and Business Partners to disclose instances of wrongdoing in the workplace. The object of this Whistle Blower Policy is to encourage individuals to disclose instances of any irregularity, unethical practice and/or misconduct and protect such individuals in the event of a disclosure. The Company is keen on demonstrating the right values and ethical, moral and legal business practices in every field of activity within the scope of its work. Policy provides for a vigil mechanism and framework to promote responsible whistle blowing and ensure effective remedial action and also protect the interest of the whistle blower as guided by legal principles. This policy is intended to:

a) Encourage and enable Directors, Employees, Agents, Consultants, Vendors and Business Partners to raise issues or concerns, which are either unacceptable or patently against the stated objectives, law or ethics, within the Company;

b) Ensure that Directors, Employees, Agents, Consultants, Vendors and Business Partners can raise issues or concerns without fear of victimization, subsequent discrimination or disadvantage thereof;

c) Reassure the whistle blower/(s) that they will be protected from possible reprisals or victimization, if they have made disclosures in good faith;

d) Ensure that where any wrong doing by the Company or any of its Directors, Employees, Agents, Consultants, Vendors and Business Partners, is identified and reported to the Company under this policy, it will be dealt with expeditiously, thoroughly investigated and remedied. The Company will further examine the means of ensuring how such wrong doing can be prevented in future and will take corrective action accordingly.

The policy also provides adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases. All complaints received under the said policy are reviewed by the Audit Committee at its meeting held every quarter.

In staying true to our values of Strength, Performance and Passion and in line with Company's vision of being one of the most respected companies in India, the Company is committed to the high standards of Corporate Governance and Stakeholder Responsibility.

v. Corporate Social Responsibility Activities:

In compliance with Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has established Corporate Social Responsibility (CSR) Committee, details of which are given earlier in this Report. An Annual Report on CSR Activities forms part of Directors' Report. The Company has also formulated Corporate Social Responsibility Policy and same is available at the website of the Company viz.

https://www.firstsource.com/wp-content/uploads/2022/03/CSR-Report-FY21-22.pdf

vi. Global Ethics Compliance, Gift & Entertainment Policy and Anti Bribery Policy:

The Company has implemented Global Ethics Policy, Gift & Entertainment Policy and Anti Bribery Policy after keeping in mind the regulatory requirements of UK Bribery Act, 2010 ("UKBA") and US Foreign and Corrupt Practices Act, 1977 ("FCPA"). A system of ongoing training, monitoring and review of bribery and corruption issues has been implemented. The Company observes 'zero tolerance' policy towards unethical behaviour and bribery.

vii. CEO/CFO Certification:

Certification on financial statements pursuant to Regulation 17(8) of the Listing Regulations has been obtained from the MD & CEO and the CFO of the Company. Extract of the same is given at the end of this Report.

viii. Code of Conduct for Directors and Senior Management:

The Board has laid down Code of Conduct for Executive Directors and Senior Management and for Non-Executive/ Independent Directors of the Company. The Codes of Conduct have been circulated to the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the MD & CEO in this regard is given at the end of this Report. The Code of Conduct is available at the website of the Company. https://www.firstsource.com/wp-content/uploads/2021/12/Code-of-conduct-for-Executive-Directors-Senior-management.pdf

ix. Code of Conduct for Prohibition of Insider Trading:

The Company has framed 'Firstsource Solutions Code of conduct for prohibition of Insider Trading' pursuant to the SEBI (Prohibition of Insider Trading) Regulations 2015 ("the Code"), as amended from time to time which is applicable to its Directors, Officers, and Designated Employees. The Code includes provisions relating to disclosures, opening and closure of Trading Window and Pre-Clearance of trades procedure. In compliance with SEBI Regulations, the Company sends intimations to Stock Exchanges from time to time.

x. Compliance Reports:

The Board reviews the compliance reports on all laws applicable to the Company on a quarterly basis. The MD & CEO submits a 'Compliance Certificate' to the Board every quarter based on the compliance certificates received from the functional heads and heads of subsidiaries of the Company.

xi. Subsidiary Companies:

As on March 31, 2022, the Company had one (1) domestic subsidiary and Nineteen (19) foreign subsidiaries. One (1) domestic subsidiary and seventeen (17) out of nineteen (19) foreign subsidiaries are wholly owned by the Company or its subsidiary companies. The Company has no material non-listed Indian Subsidiary Company as defined in Regulation 16 of the Listing Regulations. The Company has a policy for determining 'materialsubsidiary' which is available on website of the Company viz. https://www.firstsource.com/wp-content/uploads/2021/12/Material-Subsidiary-Policy.pdf.

Nanobi Data and Analytics Private Limited is an associate company.

The minutes of the meetings of the subsidiary companies are placed at the Board Meetings of the Company. The consolidated financial statements of the Company and its subsidiaries are reviewed by the Audit Committee.

xii. Policies as Per SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 ("Listing Regulations"):

The Company has framed Policy for Preservation of Documents, Policy for Determination of Materiality of Events/ Information and Archival Policy as per requirement of Listing Regulations. The same are available on the website of the Company viz. https://www.firstsource.com/wp-content/uploads/2021/12/Archival-Policy.pdf.

xiii. Risk Management & Internal Control:

The Company has implemented a comprehensive 'Enterprise Risk Management' framework in order to anticipate, identify, measure, mitigate, monitor and report the risks to meet the strategic business objectives, details of which are given in the Risk Management section under 'Management Discussion and Analysis Report' which forms part of this Annual Report.

In view of Listing Regulations, effective April 01, 2019, the Board constituted a Risk Management Committee on February 04, 2019 to monitor and mitigate potential risks associated with the Company and its business.

The Company has a competent in-house Internal Audit team which prepares and executes a vigorous Audit Plan covering various functions such as operations, finance, human resources, administration, legal and business development etc. across different geographies. The team presents their key audit findings of every quarter to the Audit Committee and the Management updates the members about the remedial actions taken or proposed for the same. The suggestions and comments from the Committee members are vigilantly incorporated and executed by the Company.

xiv. Prevention of Sexual Harassment Policy:

The Company has Prevention of Sexual Harassment policy to promote a protective and healthy work environment. The complaints received are investigated by a Committee instituted within the policy framework. Details of actions recommended by the Committee and implemented by the Company are reviewed by the Audit Committee at its meeting held every quarter. The Company has a zero-tolerance policy towards such sexual harassment. Employees are trained and made aware of the policy requirements at the time of induction and once every year during their employment. Vendor staff compliances are ensured through agreement and regular monitoring. As on March 31, 2022, there were overall 19 cases of sexual harassment reported for India in FY 2021-22, out of which 18 are closed and 1 pending. The 1 pending case is well within 90 days TAT (Turn Around Time).

xv. Secretarial Standards Issued by the Ministry of Corporate Affairs:

The Company follows Secretarial Standard-1 (SS-1) on "Meetings of the Board of Directors" and Secretarial Standard-2 (SS-2) on "General Meetings" which were issued and amended from time to time by the Ministry of Corporate Affairs based on the recommendation of the Institute of Company Secretaries of India.

xvi. Management Discussion and Analysis Report:

Management Discussion and Analysis Report forms a part of this Annual Report.

xvii. Independent Directors:

The Independent Directors of the Company have the option and freedom to meet and interact with the Company's Management as and when they deem it necessary. They are provided with necessary resources and support to enable them to analyze the information/ data provided by the Management and help them to perform their role effectively.

xviii. Share Reconciliation Audit:

As stipulated by SEBI, a qualified Practising Company Secretary carries out reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The Audit confirms that the total Listed and Paid-up capital is in agreement with the aggregate of the total number of shares in dematerialized form and in physical form.

xix. Requirements of Chapter IV of Listing Regulations:

The Company has complied with all applicable requirements of Chapter IV of the Listing Regulation.

xx. Discretionary Requirements under Regulation 27:

The Company has adopted the following discretionary requirements as prescribed in Part E to Schedule II under Regulation 27 of the Listing Regulations:

a) Shareholders' Rights:

The Company follows a practice of e-mailing the quarterly and annual financial statements to all shareholders, who have provided their e-mail addresses to the Depositories through their respective Depository Participants.

b) Unqualified Audit Report:

The Company adopts best practices to move towards a regime of financial statements with unmodified audit opinion. There are no audit qualifications in the Company's financial statements for the year ended March 31, 2022.

c) Separate posts of Chairman and CEO:

There are separate posts of the Chairman and the MD & CEO and there is a clear demarcation of the roles and responsibilities of the Chairman and the MD & CEO of the Company.

MEANS OF COMMUNICATION:

The announcement of quarterly and annual financial results to the Stock Exchanges is followed by media call and earnings conference calls subject to directives issued by Government from time to time.

The quarterly and annual consolidated financial results are normally published in Financial Express (English) and Loksatta (Marathi).

The following information is promptly uploaded on the Company's website viz. https://www.firstsource.com/:

- Standalone and Consolidated financial results, investors' presentations, press release, fact sheet and transcript of earnings conference calls;
- Shareholding pattern (Regulation 31(1) of Listing Regulations) filed with Stock Exchanges on a quarterly basis; and
- Presentations made to institutional investors or the analysts.

GENERAL SHAREHOLDER INFORMATION:

I. Annual General Meeting:

Day, Date & Time	Wednesday, August 03, 2022 at 10.00 a.m.
Venue	Meeting is being conducted through VC/ OAVM pursuant to the MCA Circular dated May 05, 2020 read with circulars dated April 08, 2020, April 13, 2020, January 13, 2021 and May 05, 2022.

II. Financial Year:

April 01, 2021 to March 31, 2022

Financial Calendar (Tentative) *: FY 2022-23**

Q1 ending June 30, 2022	Last week of July 2022 or First/ Second week of August 2022
Q2 ending September 30, 2022	Last week of October 2022 or First/ Second week of November 2022
Q3 ending December 31, 2022	Last week of January 2023 or First/ Second week of February 2023
Q4 and financial year ending March 31, 2023	First/ Second week of May 2023
Annual General Meeting (Financial Year 2022-23)	In the month of July 2023 or August 2023

*** The same shall vary as per the directives by the Government from time to time in the prevailing COVID-19 situations.

III. Dates of Book Closure for Annual General Meeting (both days inclusive):

The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, July 28, 2022 to Wednesday, August 03, 2022 (both days inclusive) for the purpose of the Annual General Meeting.

IV. Dividend:

The Board vide the resolution passed at its Board Meeting held on February 04, 2022 declared an interim dividend at the rate of 35% i.e. ₹ 3.50 per share of ₹ 10/- each. Interim dividend declared by the Company was credited on Thursday, March 03, 2022.

V. Listing on Stock Exchanges and Payment of Listing Fee:

The equity shares of the Company are listed on the National Stock Exchange of India Ltd. (NSE) - Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 and the BSE Limited (BSE). - P. J. Towers, Dalal Street, Mumbai 400 001 Annual Listing fee for FY 2021-22 were paid by the Company to NSE and BSE on time.

VI. Custodian Fee to Depositories:

The Company has paid fee for FY 2021-22 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) on time.

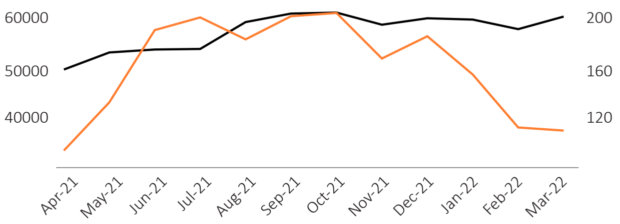
VII. (a) Stock Code / Symbol:

NSE	FSL
BSE	532809
ISIN in (NSDL and CDSL)	INE684F01012
Corporate Identity Number (CIN)	L64202MH2001PLC134147

VIII. Market Price Data – The market price data i.e. monthly high and low prices of the Company's shares on NSE and BSE are given below:

Name of the Director	NSE			BSE		
	Share Price (₹)		No. of shares traded	Share Price (₹)		No. of shares traded
	High	Low		High	Low	
Apr – 2021	125.45	109.20	75,425,440	125.50	109.20	7,110,735
May – 2021	144.40	112.10	110,376,902	144.35	112.00	8,115,351
Jun – 2021	205.50	138.80	138,737,440	205.80	138.85	10,924,047
Jul – 2021	242.85	185.30	176,250,696	242.65	185.50	12,528,278
Aug – 2021	214.70	175.05	135,304,631	214.70	175.20	8,738,137
Sep – 2021	214.00	178.50	92,271,233	213.85	178.60	7,122,381
Oct – 2021	222.70	192.50	96,591,175	222.65	192.60	6,572,756
Nov – 2021	209.35	158.55	103,614,371	209.30	158.65	7,828,786
Dec – 2021	189.75	150.80	120,826,811	189.50	150.75	6,950,079
Jan – 2022	191.40	148.00	82,709,092	191.35	148.05	5,421,540
Feb – 2022	168.70	117.45	106,743,307	168.70	116.95	9,101,671
Mar – 2022	135.90	120.35	82,184,142	136.05	120.40	5,907,775

IX. The performance of share price of the Company in comparison to BSE Sensex is given below:



X. Registrar & Transfer Agent:

3i Infotech Limited
Tower #5, 3rd to 6th Floors, International Infotech Park, Vashi, Navi Mumbai- 400 703. Email: fsl@3i-infotech.com

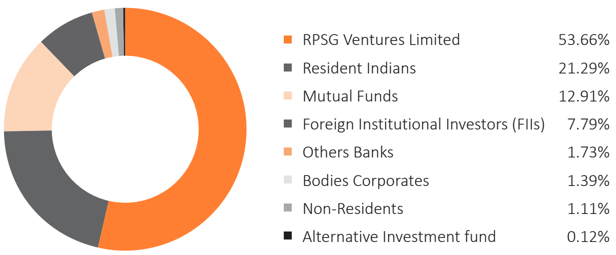
XI. Share Transfer System:

The transfer of shares in physical form is generally processed by Registrar & Transfer Agent within a period of seven (7) days from the date of receipt thereof, provided all the documents are in order. In case of shares in electronic form, the transfers are done by Depositories viz. NSDL and CDSL. In compliance with Regulation 40(9) of the Listing Regulations, the Company obtains a certificate from a Practicing Company Secretary on a yearly basis confirming that all certificates have been issued within one (1) month from the date of lodgment for transfer, sub-division, consolidation, etc.

XII. Distribution of shareholding as on March 31, 2022:

Share Holding (Nominal Value)	Shareholders		Nominal Capital	
₹	No.	%	₹	%
Upto 5,000	289,950	88.23	320,203,980	4.59
5,001-10,000	19,796	6.02	158,966,500	2.28
10,001-20,000	9,672	2.95	146,139,340	2.10
20,001-30,000	3,326	1.01	84,887,070	1.22
30,001-40,000	1,445	0.44	52,184,900	0.75
40,001-50,000	1,148	0.35	54,163,190	0.78
50,001-1,00,000	1,782	0.54	129,848,310	1.86
100,001 and above	1,505	0.46	6,023,514,970	86.42
Total	**328,624**	**100.00**	**6,969,908,260**	**100.00**

The Shareholding pattern as on March 31, 2022 is given as under:



Top 10 Shareholders as on March 31, 2022:

Sr. No.	Name of the Shareholders	Category of Shareholder	No of Shares	%
1	RPSG Ventures Limited	Promoters	373,976,673	53.66
2	HDFC Small Cap Fund	Mutual Funds	48,400,000	6.94
3	Firstsource Employee Benefit Trust	Resident Indian	17,011,351*	2.43
4	ICICI Bank Ltd	Bank	12,029,927	1.73
5	Steinberg India Emerging Opportunities Fund Limited	FIIs	9,410,000	1.35
6	Tata Digital India Fund	Mutual Funds	5,543,500	0.80
7	Kotak Mahindra Trustee Co Ltd A/C Kotak Multicap Fund	Mutual Funds	4,430,000	0.64
8	Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	FIIs	3,955,143	0.57
9	Vanguard Total International Stock Index Fund	FIIs	3,883,750	0.56
10	ICICI Prudential Technology Fund	Mutual Funds	3,873,848	0.56
Total			**482,452,317**	**69.24**

*Includes 61,875 equity shares credited to ESOP holders post March 31, 2022

XIII. Dematerialisation of Shares and Liquidity:

Trading in the Company's shares is permitted only in dematerialised form. The Company has established connectivity with both the Depositories viz. NSDL and CDSL through its Registrar and Share Transfer Agents, whereby the investors have the option to dematerialise their shares with either of the depositories.

The Company obtains a certificate from a Practising Company Secretary every quarter, which confirms that total issued capital of the Company is in agreement with total number of shares in dematerialised form with NSDL and CDSL and shares in physical form.

Shares held in dematerialised and physical form as on March 31, 2022:

	Shareholders		Share Capital	
	No. of Shareholders	% to Total Shareholders	No. of Shares	% to Total share Capital
Dematerialised Form				
NSDL	121,837	37.08	634,235,107	91.00
CDSL	206,780	62.92	62,754,565	9.00
Total in dematerialised from	**328,617**	**100.00**	**696,989,672**	**100.00**
Physical Form	7	0.00	1,154	0.00
Total	**328,624**	**100.00**	**696,990,826**	**100.00**

As on March 31, 2022, almost 100% of the paid up share capital constituting 99.99% of the number of shareholders, is in dematerialised form.

Details of Unclaimed Shares:

The Company made an Initial Public Offering (IPO) in February 2007. The Equity shares issued pursuant to the said IPO which remained unclaimed are lying in the Demat Suspense Account/Escrow Account of the Company with ICICI Bank Ltd. The Company had sent three (3) reminders to the investors requesting them to furnish correct demat account details so that the shares lying in the said Escrow Account can be transferred to their demat account.

Pursuant to Schedule V of the Listing Regulations, the details of unclaimed shares as on March 31, 2022 are as under:

Particulars	No. of shareholders	No. of shares
Outstanding shares in the Escrow Account with ICICI Bank Ltd. as on April 01, 2021	49	5,521
Investors who have approached the Company for transfer of shares from Escrow Account during the FY 2021-22	0	0
Investors to whom shares were transferred from Escrow Account during the FY 2021-22	0	0
Outstanding shares in the Escrow Account as on March 31, 2022	49	5,521

XIV. Outstanding Global Depository Receipts (GDRs)/ American Depository Receipts (ADRs)/ Warrants or any convertible instruments, conversion date and likely impact on Equity:

The Company had fully discharged its obligation towards the bondholders in December 2012. The Company did not have any other outstanding convertible instruments/ADRs/GDRs/ Warrants as on March 31, 2022.

Commodity price risk or foreign exchange risk and hedging activities:

The Company does not deal in commodities and hence the disclosure pursuant to SEBI Circular dated November 15, 2018 is not required to be given. For a detailed discussion on foreign exchange risk and hedging activities, please refer to Management Discussion and Analysis Report.

XV. Delivery Centres

The Company along with its 20 subsidiaries has 43 global delivery centers of which 15 are located in India, 16 in the USA, 9 in the UK, 2 in the Philippines and 1 in Mexico as per the details given below:

India (15): Chennai (2), Mumbai (3), Bangalore (4), Trichy (2) and 1 each in Pondicherry, Hyderabad, Indore & Vijayawada.

USA (16): Louisville in Kentucky, Kingston & Amherst in New York, Salt Lake City in Utah, Colorado Springs in Colorado, Commerce Park, Innovation & Sunrise in Florida, Fort Scott in Kansas, Dallas in Texas, Chattanooga in TN (Tennessee), Las Vegas in Nevada, Atlanta in Georgia, 2 sites in California & York in Pennsylvania.

United Kingdom (9): Belfast, Cardiff, Londonderry, Middlesbrough, Warrington, Derby, London, Birmingham & Pontypridd.

Philippines (2): Manila, Cebu.

Mexico (1): Mexico City.

XVI. Address for Correspondence:

Ms Pooja Nambiar
Company Secretary
Firstsource Solutions Ltd.
5th Floor, Paradigm 'B' wing, Mindspace, Link Road,
Malad-(W), Mumbai 400 064
Tel. No.: 91 (22) 6666 0888
Fax: 91 (22) 6666 0887

Dedicated e-mail Ids for redressal of Investors grievances:
fsl@3i-infotech.com
complianceofficer@firstsource.com

Mumbai
May 05, 2022

PRACTISING COMPANY SECRETARIES' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,
The Members of
Firstsource Solutions Limited

We have examined the compliance of conditions of Corporate Governance by Firstsource Solutions Limited ("the Company") for the year ended on March 31, 2022, as stipulated in Regulations 17 to 27 and clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and representations made by the management, we certify that the Company, to the extent applicable, has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For MMJB and Associates LLP
Deepti Joshi
Designated Partner
FCS No. 8167
CP No. 8968
Peer Review No: 904/2020

Place: Mumbai
Date: May 05, 2022

CERTIFICATION FROM THE MANAGING DIRECTOR & CEO AND THE CFO:

In terms of Regulation 17(8) read with Part B of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 ("Listing Regulations"), we hereby certify as under:

A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

(1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. The Company have indicated to the Auditors and the Audit Committee:

(1) significant changes in internal control over financial reporting during the year;

(2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(3) instances of significant fraud of which the Company have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Firstsource Solutions Limited

Vipul Khanna
MD & CEO

Dinesh Jain
President & CFO

Mumbai
May 05, 2022

DECLARATION BY THE MANAGING DIRECTOR & CEO ON 'CODE OF CONDUCT

I hereby confirm that:

The Company has obtained from all the members of the Board and senior management, affirmation that they have complied with the Code of Conduct as applicable to them.

Vipul Khanna
MD & CEO

Mumbai
May 05, 2022

INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF
FIRSTSOURCE SOLUTIONS LIMITED**

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the accompanying consolidated financial statements of Firstsource Solutions Limited (the 'Company') and its subsidiaries, (the Company and its subsidiaries together referred to as the 'Group') which includes the Group's share of profit in its associate, which comprise the Consolidated Balance Sheet as at March 31, 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the 'consolidated financial statements')

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2022, and their consolidated profit, their consolidated total comprehensive income, their consolidated changes in equity and their consolidated cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act ('SA's). Our responsibilities under those Standards are further described in the Auditor's responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associates in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1.	**Revenue recognition and measurement in respect of un-invoiced amounts** (Refer Note 9 of the Consolidated Financial Statements) The Group, in its contracts with customers, promises to transfer distinct services ('performance obligations') to its customers which may be rendered in the form of customer management, transaction processing (including revenue cycle management in the healthcare industry) and debt collection services. Revenue is recognised based on the pattern of benefits from the performance obligations to the customer in an amount that reflects the consideration received or expected to be received in exchange for the services ('transaction price'). The agreed contractual terms for service deliveries that are based on unit-of-work, time and material or a specified contingency (such as recovery of dues or disbursement of loans) adjusted for rebates, volume discounts, incentives or penalties ('variable consideration'). At each reporting date, revenue is accrued for work performed that may not have been invoiced. Identifying whether the Group's performance has resulted in a billable service that is collectable where the service deliveries have not been acknowledged by customers as of the reporting date involves a fair amount of judgment. Recognition of revenue before acknowledgment of receipt of services by customer could lead to an over or understatement of revenue and profit, whether intentionally or in error.	**Principal audit procedures performed** a. We gained an understanding of the Group's processes in collating the evidence supporting delivery of services for each disaggregated type of revenue. We also obtained an understanding of the design of key controls for quantifying units of services that would be invoiced and the application of appropriate prices for each of such services. b. We have tested the design and operating effectiveness of management's key controls in collating the units of services delivered and in the application of accurate prices for each of such services for a sample of the un-invoiced revenue entries, which included testing of access and change management controls exercised in respect of related information systems. c. We have tested a sample of un-invoiced revenue entries with reference to the reports from the information system that record the inputs relating to the services delivered to confirm the units of services delivered and contractual rates for the application of appropriate price for each of services. We also tested the adjustments on account of volume discounts and committed service levels of performance. With regard to incentives, our tests were focused to ensure that accruals were restricted to only those items where contingencies were minimal. d. We have performed substantive analytical procedures to evaluate the reasonableness of un-invoiced revenues recognised. Un-invoiced revenues from fixed fee based service contracts were not significant resulting in lower risk relating to cut off and accuracy. Therefore, we focused our attention on time and unit priced based service contracts in performing substantive analytical procedures. These procedures involved developing

Sr. No.	Key Audit Matter	Auditor's Response
		sufficiently precise expectations using a plausible and predictable relationship among appropriately disaggregated data. e. We also extended our testing upto the date of approval of the consolidated financial statements by the Board of Directors of the Company to verify adjustments, if any, that may have been necessary upon receipt of approvals from customers for services delivered prior to the reporting date and / or collections against those. f. We evaluated the delivery and collection history of customers against whose contracts un-invoiced revenue is recognized. g. We tested cut-offs for revenue recognized against un-invoiced amounts by matching the revenue accrual against accruals for corresponding cost.
2.	**<u>Impairment of the carrying value of goodwill on consolidation</u>** <u>(Refer Note 5(i) of the Consolidated Financial Statements)</u> The Group's evaluation of goodwill for impairment involves the comparison of the recoverable amount of each cash generating unit ('CGU') to its carrying value. The recoverable amount (determined to be value in use) of a CGU is the higher of its fair value less cost to sell and its value in use. The Group used the discounted cash flow model to determine the value in use, which requires management to make significant estimates and assumptions related to forecasts of future revenues, operating margins, discount rates and terminal growth rates. Changes in these assumptions could have a significant impact on either the recoverable amount, the amount of goodwill impairment charge, if any, or both. The goodwill balance was ₹ 27,207.95 million as at March 31, 2022 which is allocated to the Group's CGUs. The recoverable amount of each reporting unit exceeds its carrying value as of the measurement date and, therefore, no impairment was recognized. We identified this as a key audit matter based on the nature of the Group's operations, the method used to determine the recoverable amount of the CGUs, and the difference between its recoverable amount and carrying value, and because forecasts of future revenue, operating margin, free cash flows and selection of the discount rate for each CGU involved subjective judgment.	**<u>Principal audit procedures performed</u>** Our audit procedures related to forecasts of future revenue, operating margin and free cash flows and selection of the discount rate for the Group included the following, among others: a. We tested the effectiveness of controls over the forecasts of future revenue, operating margin and free cash flows and the selection of the discount rate. b. We evaluated management's ability to accurately forecast future revenues and operating margins by comparing actual results to management's historical forecasts. c. We evaluated the reasonableness of management's revenue and operating margin forecasts by comparing the forecasts to historical revenues and operating margins. d. With the assistance of our fair value specialists, who have specialised knowledge and skill, we evaluated the reasonableness of the valuation methodology and discount rate by testing the source information underlying the determination of the discount rate and the mathematical accuracy of the calculation for significant CGUs. e. We performed through sensitivity analysis on the key assumptions to ascertain the extent of change in those assumptions that would be required for the goodwill to be impaired.
3.	**<u>Assessment of recoverability of Minimum Alternate Tax ('MAT') Credit for Special Economic Zone ('SEZ') units</u>** <u>(Refer Note 18 of the Consolidated Financial Statements)</u> Under the provisions of the Income Tax Act, 1961, (the 'Income Tax Act') Minimum Alternate Tax ('MAT') is payable by companies where 15% (plus applicable surcharge and cess) of its 'book profit' as defined under section 115JB of the Income Tax Act exceeds the income tax payable on the 'total taxable income' computed in accordance with the Income Tax Act. A credit equal to the excess of MAT paid on book profit over the normal income tax payable on the total taxable income is allowed as a credit ('MAT credit'). The MAT credit is allowed to be carried forward for a period of fifteen succeeding assessment years following the assessment year in which the MAT credit becomes allowable. MAT credit can be set off only in the year in which the Company is liable to pay normal income tax on the total taxable income to the	**<u>Principal audit procedures performed</u>** We obtained the projections compiled by the management and performed audit procedures related to forecasts of future taxable profits and operating margin: a. We evaluated the design of internal controls and tested the operating effectiveness of internal controls over the forecasts of future revenue, operating margin, taxable profits and the key assumptions used at the year end. b. We evaluated management's ability to accurately forecast future revenues, operating margins and taxable profits by comparing the actual results to management's historical forecast by delivery centres (including the ratio of deliveries from SEZs and Non-SEZ centres) to arrive at forecast tax liabilities. c. We performed a sensitivity analysis on the key assumptions to assess their impact on the Company's determination that the MAT was realisable.

Sr. No.	Key Audit Matter	Auditor's Response
	extent such tax is in excess of MAT for that year. The Company has recognised deferred tax asset in respect of MAT credit to the extent of ₹ 2,361.57 million. The Company's evaluation of the recoverability of deferred tax asset in respect of MAT credit requires Management to make significant estimates and assumptions related to forecasts of future taxable profits. Also, a significant portion of the Company's profits in the past have arisen from export of services from delivery centers set up in Special Economic Zones ('SEZs'). Export profits derived from SEZs are entitled to a 100% deduction in determining the total taxable income for the first five years. The deduction is reduced to 50% for the next ten years (subject to meeting certain additional conditions in the last five years). We identified this as a key audit matter after considering, the proportion of export profits and the tax benefits attached to export profits from SEZs and forecast of future total taxable income involves significant subjective judgement.'	

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON ('OTHER INFORMATION')

- The Parent's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Director's report including Annexures therto, Management Discussion and Analysis Report, Business Responsibility Report and report of Corporate Governance, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the unaudited financial information of the associate, to the extent it relates to it's associate, and in doing so, place reliance on the unaudited financial information certified by the Board of Directors of the Company and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to it's associate, is traced from their unaudited financial information certified by the Board of Directors of the Company.

- If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its associate in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

In preparing the consolidated financial statements, the respective Boards of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Boards of Directors either intend to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Boards of Directors of the companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of the Group and of its associate.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Group and its associate to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the Key Audit Matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

The consolidated financial statements also include the Group's share of net profit of ₹ Nil million (less than ₹ 0.01 million) for the year ended March 31, 2022, as considered in the consolidated financial statements, in respect of an associate, whose financial information has not been audited by us. The financial information is unaudited and has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid associate is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Board of Directors of the Company, this financial information is not material to the Group.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the financial information certified by the Board of Directors of the Company.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the unaudited financial information of the associate referred to in the Other Matters section above, we report, to the extent applicable that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and returns.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion,the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Parent as at March 31, 2022 taken on record by the Board of Directors of the Company and its reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the company and its subsidiary company incorporated in India is disqualified as at March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A' which is based on the reports of the statutory auditors of the Company and its subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

(i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate;

(ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company and its subsidiary company incorporated in India.

(iv) a. The respective Managements of the Company and its subsidiary company which is incorporated in India, whose financial statements have been audited under the Act have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or such subsidiary to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or the subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b. The respective Managements of the Company and its subsidiary company incorporated in India whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or by the subsidiary from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or the subsidiary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

c. Based on the audit procedures that has been considered reasonable and appropriate in the circumstances performed by us for the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) , as provided under (a) and (b) above, contain any material misstatement.

(v) The amount of dividend is in accordance with Section 123 of the Act.

a. The interim dividend declared and paid by the Company during the year and until the date of this report is in compliance with section 123 of the Act.

b. The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with section 123 of the Act of the Act to the extent it applies to payment of dividend.

2. With respect to the matters specified in clause (xxi) of paragraph 3 and 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO report issued by the auditor of the subsidiary included in the consolidated financial statements to which reporting under CARO is applicable, provided to us by the Management of the Parent Company and based on the identification of matters of qualifications or adverse remarks in their CARO report by the subsidiary auditor and provided to us, we report that in respect of the company where audit has been completed under section 143 of the Act, the auditor of such company has not reported any qualifications or adverse remarks.

In respect of the following company included in the consolidated financial statements of the Company, whose audit under section 143 of the Act has not yet been completed, the CARO report as applicable in respect of that entity is not available and consequently has not been provided to us as on the date of this audit report:

Name of the company	CIN	Nature of relationship
Nanobi Data and Analytics Private Limited	U72200KA2012PTC062235	Associate

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

SANJIV V. PILGAONKAR
Partner
(Membership No. 39826)
(UDIN:22039826AIKSIK6125)

Mumbai, May 05, 2022

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(REFERRED TO IN PARAGRAPH 1(F) UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' SECTION OF OUR REPORT OF EVEN DATE)

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (THE 'ACT') OF FIRSTSOURCE SOLUTIONS LIMITED

We have audited the internal financial controls over financial reporting of Firstsource Solutions Limited (the 'Company'), its subsidiary company and its associate company incorporated in India as of that date in conjunction with our audit of the consolidated financial statements of the Group as at and for the year ended March 31, 2022.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Company, its subsidiary company and its associate company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company, its subsidiary company and its associate company, which are companies incorporated in India, based on our audit.

We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. The Guidance Note and those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, including the unaudited financial information of an associate, which is a company incorporated in India, referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company, its subsidiary company and its associate company, which are companies incorporated in India.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the report of the unaudited financial information of an associate referred to in the Other Matters paragraph below, the Company, its subsidiary company and its associate company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note.

OTHER MATTERS

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to an associate company, which is a company incorporated in India, is based solely on the unaudited financial information certified by the Board of Directors of the Company.

Our opinion is not modified in respect of the above matter.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

SANJIV V. PILGAONKAR
Partner
(Membership No. 39826)
(UDIN:22039826AIKSIK6125)

Mumbai, May 05, 2022

CONSOLIDATED BALANCE SHEET

As at March 31, 2022

(₹ in million)

Particulars	Note	March 31, 2022	March 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3	**2,284.73**	2,354.10
Right-of-use assets	4	**6,757.79**	5,132.94
Goodwill on consolidation	5(i)	**27,207.95**	21,947.63
Other intangible assets	5(ii)	**1,185.94**	540.91
Intangible assets under development	5(iii)	**29.34**	-
Investment in associate accounted for using the equity method		**0.07**	0.07
Financial assets			
Investments	6(i)	**114.58**	117.38
Other financial assets	7(i)	**529.01**	584.46
Deferred tax assets	18	**2,817.84**	2,691.89
Income tax assets (net)	18	**794.10**	822.49
Others non-current assets	8(i)	**1,153.86**	1,792.18
Total non-current assets		**42,875.21**	35,984.05
Current assets			
Financial assets			
Investments	6(ii)	**1,185.38**	825.70
Trade receivables	9		
- Billed		**6,446.25**	5,767.38
- Unbilled		**3,159.06**	2,663.51
Cash and cash equivalents	10	**828.20**	1,316.16
Other balances with banks	11	**70.14**	57.18
Other financial assets	7(ii)	**536.21**	151.34
Other current assets	8(ii)	**1,986.46**	1,531.60
Total current assets		**14,211.70**	12,312.87
Total assets		**57,086.91**	48,296.92
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	**6,969.91**	6,960.99
Other equity	12A	**23,359.53**	21,031.88
Total equity attributable to equity holders of the Company		**30,329.44**	27,992.87
Non- controlling interest		**3.69**	5.39
Total equity		**30,333.13**	27,998.26
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Long term borrowings	13(i)	**2,733.02**	845.52
Lease liabilities		**6,253.53**	4,863.76
Other financial liabilities	15(i)	**1,321.54**	-
Provisions for employee benefits	16(i)	**137.46**	103.90
Deferred tax liabilities	18	**959.02**	469.98
Total non-current liabilities		**11,404.57**	6,283.16
Current liabilities			
Financial liabilities			
Short term and other borrowings	13(ii)	**7,363.60**	5,199.22
Trade payables	14	**1,780.59**	2,788.03
Lease liabilities		**1,486.89**	1,034.67
Other financial liabilities	15(ii)	**3,346.45**	2,033.45
Other current liabilities	17	**838.31**	2,136.54
Provisions for employee benefits	16(ii)	**527.47**	642.62
Provision for tax (net)	18	**5.90**	180.97
Total current liabilities		**15,349.21**	14,015.50
Total equity and liabilities		**57,086.91**	48,296.92
Significant accounting policies			

The accompanying notes from 1 to 35 are an integral part of these consolidated financial statements.

As per our report of even date attached.
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
Firm's Registration No: 117366W/W-100018

For and on behalf of the Board of Directors of Firstsource Solutions Limited

Dr. Sanjiv Goenka
Chairman

Vipul Khanna
MD & CEO

Pradip Kumar Khaitan
Director

Shashwat Goenka
Vice-Chairman

Subrata Talukdar
Director

Pratip Chaudhuri
Director

Sanjiv V. Pilgaonkar
Partner
Membership No: 39826

Sunil Mitra
Director

Grace Koshie
Director

Anjani K. Agrawal
Director

Charles Richard Vernon Stagg
Director

Mumbai
May 05, 2022

Mumbai
May 05, 2022

Pooja Nambiar
Company Secretary

Dinesh Jain
President and CFO

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the year ended March 31, 2022

(₹ in million)

Particulars	Note No.	March 31, 2022	March 31, 2021
INCOME			
Revenue from operations	19	**59,211.53**	50,779.80
Other income, (net)	20	**5.55**	12.66
Total income		**59,217.08**	50,792.46
EXPENSES			
Employee benefits expenses	21	**39,467.57**	34,672.28
Finance costs	22	**639.39**	522.30
Depreciation and amortization expense	3,4&5(ii)	**2,493.73**	2,063.52
Other expenses	23	**10,145.38**	8,065.47
Total expenses		**52,746.07**	45,323.57
Profit before tax, exceptional item and share in net profit / (loss) of associate		**6,471.01**	5,468.89
Exceptional items (Expense, refer note 34)		**-**	1,150.55
Profit before tax and share in net profit / (loss) of associate		**6,471.01**	4,318.34
Share in net profit / (loss) of associate		**-**	-
Profit before tax		**6,471.01**	4,318.34
Tax expenses			
Current tax	18	**741.55**	619.59
Deferred tax	18	**364.16**	81.98
Profit for the year		**5,365.30**	3,616.77
Other comprehensive income			
Items that will not be reclassified subsequently to the statement of profit and loss			
Remeasurement of the net defined benefit liability / asset		**20.89**	(11.60)
Items that will be reclassified subsequently to the statement of profit and loss			
Net changes in fair value on derivatives designated as cash flow hedges		**146.26**	(245.16)
Deferred tax on items that will be reclassified to statement of profit and loss		**(29.23)**	29.35
Exchange difference on translation of foreign operations		**674.32**	(651.33)
Total other comprehensive income, net of taxes		**812.24**	(878.74)
Total comprehensive income for the year		**6,177.54**	2,738.03
Profit attributable to:			
Owners of the Company		**5,373.74**	3,616.86
Non- controlling interest		**(8.44)**	(0.09)
		5,365.30	3,616.77
Total comprehensive income attributable to:			
Owners of the Company		**6,187.58**	2,738.52
Non- controlling interest		**(10.04)**	(0.49)
		6,177.54	2,738.03
Earning per equity share			
Weighted average number of equity shares outstanding during the year			
- Basic	30	**680,124,130**	681,753,647
- Diluted	30	**705,501,744**	705,034,928
Earning per equity share			
- Basic	30	**7.90**	5.31
- Diluted	30	**7.62**	5.13
Significant accounting policies			

The accompanying notes from 1 to 35 are an integral part of these consolidated financial statements.

As per our report of even date attached.
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
Firm's Registration No: 117366W/W-100018

Sanjiv V. Pilgaonkar
Partner
Membership No: 39826

Mumbai
May 05, 2022

For and on behalf of the Board of Directors of Firstsource Solutions Limited

Dr. Sanjiv Goenka
Chairman

Vipul Khanna
MD & CEO

Pradip Kumar Khaitan
Director

Shashwat Goenka
Vice-Chairman

Subrata Talukdar
Director

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Grace Koshie
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Anjani K. Agrawal
Director

Charles Richard Vernon Stagg
Director

Mumbai
May 05, 2022

Pooja Nambiar
Company Secretary

Dinesh Jain
President and CFO

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at and for the year ended March 31, 2022

(₹ in million)

	Equity share capital	Attributable to owners of the Company									Total	Attributable to Non-controlling interest	Total equity
		Share application money pending allotment	Reserves and Surplus						Items of other comprehensive income				
			Treasury shares	Special Economic Zone re-investment reserve	Securities premium	Other reserves	Retained earnings	Employee stock option reserve	Effective portion of cash flow hedges	Exchange differences on translating the financial statements of a foreign operation/ subsidiaries			
Balance as at April 01, 2021	6,960.99	0.41	(742.16)	-	2,205.15	30.41	13,810.25	283.63	182.59	5,261.60	27,992.87	5.39	27,998.26
Other comprehensive income for the year (Net of tax)	-	-	-	-	-	-	20.89	-	117.03	675.92	813.84	(1.60)	812.24
Purchase of Non-controlling Interest in a subsidiary	-	-	-	-	-	-	(1,324.39)	-	-	-	(1,324.39)	8.34	(1,316.05)
Profit for the year	-	-	-	-	-	-	5,373.74	-	-	-	5,373.74	(8.44)	5,365.30
Dividend (net)	-	-	-	-	-	-	(2,383.96)	-	-	-	(2,383.96)	-	(2,383.96)
Share based payment	-	-	-	-	-	-	-	320.00	-	-	320.00	-	320.00
Issue of equity share on exercise of option	8.92	(0.41)	-	-	46.07	-	-	(17.26)	-	-	37.32	-	37.32
Treasury shares	-	-	(456.09)	-	-	-	22.16	(66.05)	-	-	(499.98)	-	(499.98)
Transfer to Special Economic Zone re-investment reserve	-	-	-	22.20	-	-	(22.20)	-	-	-	-	-	-
Utilised from Special Economic Zone re-investment reserve	-	-	-	(22.20)	-	-	22.20	-	-	-	-	-	-
Transfer to retained earning for options forfeited	-	-	-	-	-	-	5.99	(5.99)	-	-	-	-	-
Balance at the end of March 31, 2022	**6,969.91**	**-**	**(1,198.25)**	**-**	**2,251.22**	**30.41**	**15,524.68**	**514.33**	**299.62**	**5,937.52**	**30,329.44**	**3.69**	**30,333.13**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at and for the year ended March 31, 2022

(₹ in million)

	Equity share capital	Attributable to owners of the Company									Total	Attributable to Non-controlling interest	Total equity
		Share application money pending allotment	Reserves and Surplus						Items of other comprehensive income				
			Treasury shares	Special Economic Zone re-investment reserve	Securities premium reserve	Other reserves	Retained earnings	Employee stock option reserve	Effective portion of cash flow hedges	Exchange differences on translating the financial statements of a foreign operation/ subsidiaries			
Balance as at April 01, 2020	6,938.27	-	(89.35)	158.78	2,108.36	30.41	12,076.46	119.96	398.40	5,912.53	27,653.82	5.88	27,659.70
Other comprehensive income for the year (Net of tax)	-	-	-	-	-	-	(11.60)	-	(215.81)	(650.93)	(878.34)	(0.40)	(878.74)
Profit for the year	-	-	-	-	-	-	3,616.86	-	-	-	3,616.86	(0.09)	3,616.77
Dividend (including tax on dividend)	-	-	-	-	-	-	(2,037.69)	-	-	-	(2,037.69)	-	(2,037.69)
Share based payment	-	-	-	-	-	-	-	208.88	-	-	208.88	-	208.88
Issue of equity share on exercise of option	22.72	0.41	-	-	96.79	-	-	(37.77)	-	-	82.15	-	82.15
Treasury shares	-	-	(652.81)	-	-	-	-	-	-	-	(652.81)	-	(652.81)
Transfer to Special Economic Zone re-investment reserve	-	-	-	29.34	-	-	(29.34)	-	-	-	-	-	-
Utilised from Special Economic Zone re-investment reserve	-	-	-	(188.12)	-	-	188.12	-	-	-	-	-	-
Transfer to retained earning for options forfeited	-	-	-	-	-	-	7.44	(7.44)	-	-	-	-	-
Balance at the end of March 31, 2021	**6,960.99**	**0.41**	**(742.16)**	**-**	**2,205.15**	**30.41**	**13,810.25**	**283.63**	**182.59**	**5,261.60**	**27,992.87**	**5.39**	**27,998.26**

As per our report of even date attached.
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
Firm's Registration No: 117366W/W-100018

Sanjiv V. Pilgaonkar
Partner
Membership No: 39826

Mumbai
May 05, 2022

For and on behalf of the Board of Directors of Firstsource Solutions Limited

Dr. Sanjiv Goenka
Chairman

Vipul Khanna
MD & CEO

Pradip Kumar Khaitan
Director

Shashwat Goenka
Vice-Chairman

Subrata Talukdar
Director

Pratip Chaudhuri
Director

Sunil Mitra
Director

Grace Koshie
Director

Anjani K. Agrawal
Director

Charles Richard Vernon Stagg
Director

Mumbai
May 05, 2022

Pooja Nambiar
Company Secretary

Dinesh Jain
President and CFO

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2022

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Cash flow from operating activities		
Net profit before taxation and non controlling interest	**6,471.01**	4,318.34
Adjustments for		
Depreciation and amortization	**2,493.73**	2,063.52
Allowance for expected credit loss/ bad debts written-off, net	**77.95**	32.75
Loss on sale of property,plant and equipment,net	**3.10**	3.82
Foreign exchange (gain) / loss, net unrealized	**(105.16)**	434.67
Finance costs	**639.39**	522.30
Interest income	**(4.74)**	(6.98)
Profit on sale/redemption of investments	**(30.37)**	(18.99)
Employee stock compensation expense	**320.00**	208.88
Operating cash flow before changes in working capital	**9,864.91**	7,558.31
Changes in working capital		
Increase in trade receivables	**(457.28)**	(835.20)
(Increase) / Decrease in loans and advances and other assets	**(22.39)**	64.79
(Decrease) / increase in liabilities and provisions	**(1,404.80)**	3,665.86
Net changes in working capital	**(1,884.47)**	2,895.45
Income taxes paid	**(944.86)**	(698.09)
Net cash generated from operating activities (A)	**7,035.58**	9,755.67
Cash flow from investing activities		
Purchase of current investments	**(16,021.71)**	(12,615.58)
Proceeds from sale of current investments	**15,692.40**	11,808.87
Payment towards acquisition of business	**(5,067.14)**	(950.00)
Interest income received	**4.74**	7.22
Purchase of property, plant and equipment	**(850.30)**	(1,730.97)
Proceeds from sale of property, plant and equipment	**121.27**	35.46
Capital advance refunded	**185.92**	-
Earmarked balances with banks	**(12.96)**	(41.92)
Proceeds from redemption of debentures	**2.00**	6.00
Net cash used in investing activities (B)	**(5,945.78)**	(3,480.92)
Cash flow from financing activities		
Proceeds from / (Repayment) of short term borrowings	**2,442.74**	(4,199.97)
Proceeds from long term borrowings	**3,008.05**	1,621.91
Repayment of long term borrowings	**(1,546.16)**	(94.28)
Proceeds from issuance of equity shares and share application money	**37.32**	82.15
Interest paid on lease liabilities and others	**(580.44)**	(514.28)
Purchase of treasury shares	**(499.98)**	(652.81)
Purchase of Non-controlling Interest in a subsidiary	**(887.28)**	-
Payment of lease liabilities	**(1,169.90)**	(1,091.93)
Dividend paid (net)	**(2,383.96)**	(2,037.69)
Net cash used in financing activities (C)	**(1,579.61)**	(6,886.90)
Net Decrease in cash and cash equivalents (A+B+C)	**(489.81)**	(612.15)
Cash and cash equivalents at the beginning of the year	**1,316.16**	1,892.23
Foreign exchange gain on translating Cash and cash equivalents	**1.85**	36.08
Cash and cash equivalents at the end of the year	**828.20**	1,316.16

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2022

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Cash and cash equivalents consist of cash on hand and balances with bank. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

Particulars	March 31, 2022	March 31, 2021
Balances with banks		
- in current accounts	**956.04**	1,413.36
	956.04	1,413.36
Less: Current account balances held in trust for customers	**127.84**	97.20
Cash and cash equivalents	**828.20**	1,316.16

RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES FOR THE YEAR ENDED MARCH 31, 2022

Particulars	As at March 31, 2021	Proceeds	Repayment	Effects of change in Foreign exchange	As at March 31, 2022
Long Term Borrowings	**1,677.61**	**3,008.05**	**(1,546.16)**	**7.31**	**3,146.81**
Short Term Borrowings	**4,367.13**	**2,442.74**	**-**	**139.94**	**6,949.81**
Total Liabilities from financing activities	**6,044.74**	**5,450.79**	**(1,546.16)**	**147.25**	**10,096.62**

RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES FOR THE YEAR ENDED MARCH 31, 2021

Particulars	As at 31 March 2020	Proceeds	Repayment	Effects of change in Foreign exchange	As at March 31, 2021
Long Term Borrowings	91.95	1,621.91	(94.28)	58.03	1,677.61
Short Term Borrowings	8,341.42	-	(4,199.97)	225.68	4,367.13
Total Liabilities from financing activities	8,433.37	1,621.91	(4,294.25)	283.71	6,044.74

As per our report of even date attached.
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
Firm's Registration No: 117366W/W-100018

Sanjiv V. Pilgaonkar
Partner
Membership No: 39826

Mumbai
May 05, 2022

For and on behalf of the Board of Directors of Firstsource Solutions Limited

Dr. Sanjiv Goenka
Chairman

Vipul Khanna
MD & CEO

Pradip Kumar Khaitan
Director

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Director

Charles Richard Vernon Stagg
Director

Mumbai
May 05, 2022

Pooja Nambiar
Company Secretary

Dinesh Jain
President and CFO

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

1 COMPANY OVERVIEW

Firstsource Solutions Limited ('the Company') was incorporated on December 06, 2001. The Company is engaged in the business of providing customer management services like contact center, transaction processing and debt collection services including revenue cycle management in the healthcare industry.

The Company is a public limited company incorporated and domiciled in India having registered office at Mumbai, Maharashtra, India. The Company is listed on the Bombay Stock Exchange and National Stock Exchange in India.

These consolidated financial statements are approved for issue by the Board of Directors on May 05, 2022.

Basis of Preparation

These consolidated financial statements are prepared in accordance with Indian Accounting Standards, under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 (the 'Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereunder.

The list of entities with percentage holding is as below:

Entities	Country of incorporation and other particulars	Percentage of holding by voting rights	Year of consolidation
Firstsource Solutions UK Limited (FSL UK)	A subsidiary of Firstsource Solutions Limited, incorporated under the laws of United Kingdom.	100%	2002-2003
Firstsource Solutions S.A. (FSL-Arg)	A subsidiary of Firstsource Solutions UK Limited, incorporated under the laws of Argentina.	99.98%	2006-2007
Firstsource BPO Ireland Limited (FSL Ireland)	A subsidiary of Firstsource Solutions UK Limited, incorporated under the laws of Ireland.	100%	2011-2012
Firstsource Dialog Solutions (Private) Limited (FDS)	A subsidiary of Firstsource Solutions Limited, incorporated under the laws of Sri Lanka.	74%	2011-2012
Firstsource Process Management Services Limited (FPMSL)	A subsidiary of Firstsource Solutions Limited, incorporated under the laws of India.	100%	2010-2011
Firstsource Group USA, Inc. (FG US)	A subsidiary of Firstsource Solutions Limited, incorporated in the State of Delaware, USA.	100%	2009-2010
Firstsource Business Process Services, LLC (FBPS)	A subsidiary of FG US, incorporated in the State of Delaware, USA.	100%	2009-2010
Firstsource Advantage LLC (FAL)	A subsidiary of FBPS, incorporated under the laws of the State of New York, USA.	100%	2004-2005
One Advantage LLC (OAL)	A subsidiary of FBPS, incorporated in the state of Delaware, USA.	100%	2014-2015
Medassist Holding LLC (MedAssist)	A subsidiary of FG US, incorporated under the laws of the State of Delaware, USA.	100%	2014-2015
Firstsource Solutions USA LLC	A subsidiary of MedAssist, incorporated in the State of Delaware, USA.	100%	2009-2010
Firstsource Health Plans and Healthcare Services, LLC (formerly Firstsource Transaction Services LLC ('FTS')) (Change in name w.e.f. October 01, 2020)	A subsidiary of Firstsource Solutions USA LLC , incorporated under the laws of the State of Delaware, USA.	100%	2011-2012
Sourcepoint, Inc. (formerly known as ISGN Solutions, Inc)	A subsidiary of FG US, incorporated in the State of Delaware, USA.	100%	2016-2017
Sourcepoint Fulfillment Services, Inc. (Sourcepoint FFS) (formerly known as ISGN Fulfillment Services, Inc.)	A subsidiary of Sourcepoint, Inc.	100%	2016-2017
ISGN Fulfillment Agency, LLC (ISGN FA)	A subsidiary of Sourcepoint Fulfillment Services, Inc. (Ceased on June 24, 2019)	100%	2016-2017

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

Entities	Country of incorporation and other particulars	Percentage of holding by voting rights	Year of consolidation
PatientMatters, LLC (PM)	A subsidiary of Firstsource Solutions USA LLC incorporated in the state of Delaware, USA. (acquired on December 22, 2020)	100%	2020-2021
Medical Advocacy Services for Healthcare, Inc (MASH)	A subsidiary of PatientMatters, LLC, incorporated in the state of Texas, USA. (acquired on December 22, 2020)	100%	2020-2021
Kramer Technologies LLC (KT)	A subsidiary of PatientMatters, LLC, incorporated in the state of Delaware, USA. (acquired on December 22, 2020)	100%	2020-2021
The StoneHill Group, Inc	A subsidiary of Sourcepoint, Inc. (acquired on November 09, 2021)	100%	2021-2022
American Recovery Service Incorporated	A subsidiary of FBPS (acquired on December 29, 2021)	100%	2021-2022
Firstsource Solutions México, S. de R.L. de C.V	A subsidiary of FG US, incorporated in the Mexico on December 13, 2021	99%	2021-2022
Firstsource Employee Benefit Trust	A trust of Firstsource Solutions Limited, incorporated under the laws of India.	100%	2019-2020
Nanobi Data and Analytics Private Limited (Nanobi)	Associate of the Company.	21.79%	2016-2017

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These consolidated financial statements (herein refered as 'consolidated financial statements') of Firstsource Solutions Limited and its subsidiaries (as listed in Note 1 above) (collectively the 'Group'), are prepared in accordance with Ind AS as per the provisions of the Act (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereunder.

2.2 Basis of Measurement

These consolidated financial statements are prepared under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values.

2.3 Basis of consolidation

These Consolidated financial statements are prepared in accordance with the principles and procedures prescribed under Ind AS 110 –'Consolidated Financial Statements' for the purpose of preparation and presentation of consolidated financial statements.

The financial statements of the Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances or transactions and resulting unrealised profits in full. Unrealised losses resulting from intra-group transactions have also been eliminated unless cost cannot be recovered.

Non controlling interest represent part of net profit or loss and net assets of subsidiaries that are not directly or indirectly owned or controlled by the Group and is excluded. The consolidated financial statements are prepared using uniform accounting policies for transactions and other similar events in similar circumstances across the Group. Associates are entities over which the Group has significant influence but not control. Significant influence is the right to participate in the financial and operating key decisions of the investee, but is not control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting. Under this method, the investment in associate is carried in the balance sheet at cost plus post acquisition charges in the Group's share of net assets of the associate, less any provisions for impairment. The consolidated statement of profit and loss reflects the Group's share of the results of operations after tax (net of dividend received) of the associate.

Non-controlling interests are measured at their proportionate share of the acquiree's net identifiable assets at the date of balance sheet. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has ability to affect those returns through this power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

2.4 Use of estimates

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of income and expenses for the period. Management believes that the estimates made in the preparation of consolidated financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revisions to accounting estimates are recognised prospectively in current and future periods. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in Note 2.4.1.

2.4.1 Critical accounting estimates

a. Income taxes

The Group's three major tax jurisdictions are India, United Kingdom and the United States of America., though the Group also files tax returns in other overseas jurisdictions. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions. Also refer to Note 2.13.

b. Business combinations and intangible assets

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued at the date of acquisition in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts. These measurements are based on the information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by the Management.

c. Property, plant and equipment

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by management at the time the asset is acquired, and are reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

d. Impairment of goodwill

Goodwill is tested for impairment at each reporting period and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash generating units which are benefitting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes.

Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience.

e. Leases

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116 and identification of lease requires significant judgement. Ind AS 116 additionally requires lessees to determine the lease term as the non-cancellable period of lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Group's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in the future periods is reassessed to ensure the lease term reflects the current economic circumstances.

2.5 Revenue recognition

The Group, in its contracts with customers, promises to transfer distinct services rendered either in the form of customer management, healthcare (transaction processing and revenue cycle management) or collection.

Each distinct service, results in as simultaneous benefit to the corresponding customer. Also, the Group has an enforeable right to payment from the customer for the performance completed to date. Revenue from unit price based contracts is measured by multiplying the units of output delivered with the agreed transaction price per unit while in the case of time and material based contracts, revenue is the product of the efforts expended and the agreed transaction price per unit.

The Group continually reassesses the estimated discounts, rebates, price concessions, refunds, credits, incentives, performance bonuses, etc. (variable consideration) against each performance obligation each reporting period and recognises changes to estimated variable consideration as changes to the transaction price (i.e. revenue) of the applicable performance obligation.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

Dividend income is recognised when the right to receive dividend is established.

For all instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

2.6 Government grants

Revenue grants are recognised when reasonable certainty exists that the conditions precedent will be / are met and the grants will be recognised, on a systematic basis over the period necessary to match them with the related costs which they are intended to compensate.

2.7 Goodwill

Goodwill represents the cost of business acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of business acquisition, a gain is recognised immediately in Other Comprehensive Income. Goodwill is measured at cost less accumulated impairment losses.

2.8 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any. Cost includes freight, duties, taxes and incidental expenses related to acquisition and installation of the property plant and equipment. Depreciation on fixed assets is provided pro-rata to the period of use based on management's best estimate of useful lives of the assets as summarized below:

Asset category	Useful life (in years)
Tangible assets	
Leasehold improvements	Lease term or 5 years, whichever is shorter
Computers*	2 – 4
Service equipment*	2 – 5
Furniture and fixtures*	2 – 5
Office equipment*	2 – 5
Vehicles	2 – 5

* For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II to the Act.

Depreciation methods, useful lives and residual values are reviewed periodically at the end of each financial year.

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Group in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those property, plant and equipment which necessarily take a substantial period of time to get ready for their intended use are recognised as a part of the cost of such asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

2.9 Other intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

Asset category	Useful life (in years)
Intangible assets	
Process know-how	4
Domain name	3
Software*	2 – 4
Customer contracts (includes customer relationships)	3 – 4

* For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II to the Act.

Process know-how relates to process design and is amortized on a straight line basis over a period of four years. Software purchased is capitalised together with the related hardware and amortised over the best estimate of the useful life from the date the asset is available for use. Software product development costs are expensed as incurred during the research phase until technological feasibility is established. Software development costs incurred subsequent to the achievement of technological feasibility are capitalised and amortised over the estimated useful life of the products as determined by the management. This capitalisation is done only if there is an intention and ability to complete the product, the product is likely to generate future economic benefits, adequate resources to complete the product are available and such expenses can be accurately measured. Such software development costs comprise expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to the development of the product. The amortisation of software development costs is allocated on a systematic basis over the best estimate of its useful life after the product is ready for use. The factors considered for identifying the basis include obsolescence, product lifecycle and actions of competitors.

2.10 Exceptional Items

Exceptional items refer to items of income or expense within the statement of profit and loss from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company.

2.11 Impairment

a. Financial assets

The Group recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit and loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since intial recognition.

b. Non-financial assets

i Goodwill

Goodwill is tested for impairment at each reporting period and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's cash generating units ('CGU') or groups of CGU's expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in use is the present value of future cash flows expected to be derived from the CGU.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognised in the consolidated statement of profit and loss and is not reversed in the subsequent period.

ii Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognised in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognised for the asset in prior years.

2.12 Employee benefits

a) Post employment benefits

Gratuity

The Gratuity scheme is a defined benefit plan for all employees of the Indian entities. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the balance sheet date. The Group recognises the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains or losses through re-measurement of the net defined benefit liability / (asset) are recognised in other comprehensive income and other components are recognised in the consolidated statement of profit and loss. The actual return of portfolio of plan assets in excess of yields computed by applying the discount rate used to measure the defined benefit obligation are recognised in other comprehensive income. The effect of any plan amendments are recognised in consolidated statement of profit and loss.

NOTES TO THE FINANCIAL STATEMENTS

Defined contribution plans

In accordance with Indian regulations, all employees of the Indian entities receive benefits from a Government administered provident fund scheme. This is a defined contribution retirement plan in which both, the company and the employee contribute at a determined rate. Monthly contributions payable to the provident fund are charged to the consolidated statement of profit and loss as incurred.

The subsidiaries in the United States of America have a savings and investment plan under Section 401 (k) of the Internal Revenue Code of the United States of America. Contributions made under the plan are charged to the statement of profit and loss in the period in which they accrue.The Group has no further obligation to the plan beyond its monthly contribution. Other retirement benefits are accrued based on the amounts payable as per local regulations.

b) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

c) Other long-term employee benefits

Compensated absences

Provision for compensated absences cost is made based on actuarial valuation by an independent actuary.

Where employees of the Group are entitled to compensated absences, the employees can carry-forward a portion of the unutilised accrued compensated absence and utilise it in future periods or receive cash compensation at termination of employment for the unutilised accrued compensated absence. The Group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement.

The Group measures the expected cost of compensated absences as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

d) Share-based compensation

The Group operates equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the granting of the options and the discount on the shares granted are recognised as an expense, together with a corresponding increase in equity, over the period in which the performance and / or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (i.e. the vesting date). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. On each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. The impact of the revision of original estimates, if any, is recognised immediately in the Statement of Profit and Loss, with a corresponding adjustment to equity.

2.13 Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the period. Current tax and deferred tax are recognised in the consolidated statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current income taxes

The current tax payable by the Company and its subsidiaries in India is income tax payable after taking credit for tax relief available for export operations in Special Economic Zones (SEZs). The current income tax expense for overseas subsidiaries has been computed based on the tax laws applicable to each subsidiary in the respective jurisdiction in which it operates.

Advance taxes and provisions for current income taxes are presented in the consolidated balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intend to settle the asset and liability on a net basis.

Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be recognised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be recognised. Deferred income tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be settled.

For operations carried out in SEZs, deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set-off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be recognised.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. All other acquired tax benefits realised are recognised in the statement of profit and loss.

2.14 Leases

The Group enters into contract as a lessee for assets taken on lease. The Group at the inception of a contract assesses whether the contract contains a lease by conveying the right to control the use of an identified asset for a period of time in exchange for consideration. A Right-of-use asset is recognised representing its right to use the underlying asset for the lease term at the lease commencement date except in case of short term leases with a term of twelve months or less and low value leases which are accounted as an operating expense on a straight line basis over the lease term. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the conditions required by the terms and conditions of the lease, a provision for costs are included in the related Right-of-use asset. The Right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The Right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease and if that rate cannot be readily determined the Group uses the incremental borrowing rate in the country of domicile of the leases. The lease payments shall include fixed payments, variable lease payments, where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. Obligation under finance lease are secured by way of hypothecation of underlying fixed assets taken on lease. Lease payments have been disclosed under cash flow from financing activities.

Certain lease arrangements includes the option to extend or terminate the lease before the end of the lease term. Right-of-use assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The lease liabilities are remeasured with a corresponding adjustment to the related Right-of-use asset if the Group changes its assessment whether it will exercise an extension or a termination option.

2.15 Foreign currency

Functional currency

Functional currency and presentation currency

The consolidated financial statements of the Group are presented in the Indian Rupee ('INR') which is also the functional currency of the Company (excluding its foreign branch) and its Indian subsidiary whereas the functional currency of foreign subsidiaries and foreign branch is the currency of their country of domicile.

Transactions and translations

Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the consolidated statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

NOTES TO THE FINANCIAL STATEMENTS

Gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

Gains or losses on Revenue from operations including gains or losses on derivative transactions are accounted in other operating income and gains or losses other than on Revenue from operations are accounted in Other Income.

The translation of financial statements of the foreign subsidiaries to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the balance sheet date and for revenue, expense and cash flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under other components of equity.

When a subsidiary is disposed off in full, the relevant amount of Foreign currency translation reserves is transferred to the statement of profit and loss. However, when a change in the parent's ownership does not result in loss of control of a subsidiary, such changes are recorded through equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate in effect at the balance sheet date.

2.16 Earnings per equity share

The basic earnings per equity share is computed by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which may be issued on the conversion of all dilutive potential shares, unless the results would be anti-dilutive.

2.17 Provisions and contingencies

The Group creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money and risk specific to the liability.

Contingent assets are not recognised in the consolidated financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

2.18 Financial instruments

2.18.1 Initial recognition

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

2.18.2 Classification and subsequent measurement

a) Non-derivative financial instruments

i) Cash and cash equivalents

The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

ii) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii) Financial assets at fair value through other comprehensive income (FVOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of equity investments not held for trading.

iv) Financial assets at fair value through profit and loss (FVTPL)

Financial assets are measured at fair value through profit and loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognised in consolidated statement of profit and loss.

v) Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amount approximates fair value to short-term maturity of these instruments.

vi) Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments are recognised by the Group at the proceeds received net of direct issue cost.

b) Derivative financial instruments

Cash flow hedge

The Group designates certain foreign exchange forwards as hedge instruments in respect of foreign exchange risks. These hedges are accounted for as cash flow hedges.

The Group uses hedging instruments that are governed by the policies, which are approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the risk management strategy of the Group. The hedge instruments are designated and documented as hedges at the inception of the contract. The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis. The ineffective portion of designated hedges is recognised immediately in the consolidated statement of profit and loss.

The effective portion of change in the fair value of the designated hedging instrument is recognized in Other comprehensive income and accumulated under Cash flow hedge reserve.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or no longer qualifies for hedge accounting. Any gain or loss recognised in Other comprehensive income and accumulated in equity till that time remains and is recognised in statement of profit and loss when the forecasted transaction is no longer expected to occur; the cumulative gain or loss accumulated in statement of changes in equity is transferred to the consolidated statement of profit and loss.

c) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

2.18.3 De-recognition of financial instrument

The Group de-recognises a financial asset when the contractual rights to the cash flows from the financial assets expire or it transfers the financial assets and such transfer qualifies for de-recognition under Ind AS 109. A financial liability (or a part of financial liability) is de-recognised from Group's balance sheet when obligation specified in the contract is discharged or cancelled or expired.

2.18.4 Fair value of financial instrument

In determining the fair value of its financial instrument, the Group uses the methods and assumptions based on market conditions and risk existing at each reporting date. Methods of assessing fair value result in general approximation of value, and such value may never actually be realized. For all other financial instruments, the carrying amounts approximate the fair value due to short maturity of those instruments.

2.19 Business combinations

Business combinations have been accounted for using the acquisition method under the provisions of Ind AS 103, Business Combinations.

The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Group. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Business combinations between entities under common control is accounted for at carrying value.

Transaction costs that the Company incurs in connection with a business combination such as legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

2.20 Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

2.21 Onerous contracts

Provisions for onerous contracts are recognised when the expected benefits to be derived from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

2.22 The Code on Social Security 2020

The Code on Social Security, 2020 (the 'Code') relating to employee benefits during employment and post-employment benefits has been notified on September 28, 2020. The effective date on which the Code becomes effective is yet to be notified. The Company will assess the impact of the Code when it becomes effective and will record any related impact in the period in which the Code becomes effective.

2.23 Recent accounting pronouncements:

On March 23, 2022, the Ministry of Company Affairs amended the Companies (Indian Accounting Standards) Amendment Rules, 2022 effective for annual periods beginning on or after April 01, 2022 which include amendments / clarifications in the following accounting standards applicable to the Group:

a) Ind AS 16 – Property, Plant and Equipment

b) Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets

c) Ind AS 103 – Business Combinations

d) Ind AS 109 – Financial Instruments

The effect of application of these amendments / clarifications on the consolidated financial statements of the Group is expected to be insignificant.

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2022

3 PROPERTY, PLANT AND EQUIPMENT

(₹ in million)

	Tangible assets						Total
	Leasehold improvements	Computers	Service equipment	Office equipment	Furniture and fixture	Vehicles	
Gross block							
As at April 01, 2021	**2,409.37**	**3,141.06**	**1,344.87**	**1,284.31**	**786.99**	**4.17**	**8,970.77**
Additions / adjustments during the year	458.70	200.89	23.98	137.09	6.42	-	827.08
Assets acquired on acquisition	27.31	-	-	-	-	-	27.31
Deletions during the year	(386.81)	(826.16)	(504.87)	(224.22)	(396.30)	(4.29)	(2,342.65)
Foreign exchange on translation	(10.48)	(8.39)	4.72	11.80	7.46	0.12	5.23
As at March 31, 2022	**2,498.09**	**2,507.40**	**868.70**	**1,208.98**	**404.57**	**-**	**7,487.74**
Accumulated depreciation / amortization							
As at April 01, 2021	1,423.77	2,304.97	1,134.80	1,045.94	703.16	4.03	6,616.67
Charge for the year	329.87	307.58	49.74	94.13	31.96	-	813.28
On deletions / adjustments during the year	(384.65)	(713.23)	(497.48)	(223.03)	(395.74)	(4.15)	(2,218.28)
Foreign exchange on translation	(9.87)	(18.55)	3.71	9.88	6.05	0.12	(8.66)
As at March 31, 2022	**1,359.12**	**1,880.77**	**690.77**	**926.92**	**345.43**	**-**	**5,203.01**
Net block							
As at March 31, 2022	**1,138.97**	**626.63**	**177.93**	**282.06**	**59.14**	**-**	**2,284.73**
As at March 31, 2021	985.60	836.09	210.07	238.37	83.83	0.14	2,354.10

(₹ in million)

	Tangible assets						Total
	Leasehold improvements	Computers	Service equipment	Office equipment	Furniture and fixture	Vehicles	
Gross block							
As at April 01, 2020	1,831.89	2,535.28	1,316.71	1,232.36	772.86	4.40	7,693.50
Additions / adjustments during the year	644.38	682.06	61.40	135.38	35.62	-	1,558.84
Additions / adjustments on acquisitions	-	4.27	-	-	-	-	4.27
Deletions during the year	(136.65)	(62.58)	(38.89)	(85.94)	(19.15)	-	(343.21)
Foreign exchange on translation	69.75	(17.97)	5.65	2.51	(2.34)	(0.23)	57.37
As at March 31, 2021	2,409.37	3,141.06	1,344.87	1,284.31	786.99	4.17	8,970.77
Accumulated depreciation / amortization							
As at April 01, 2020	1,316.97	2,118.78	1,117.41	1,035.38	689.02	4.21	6,281.77
Charge for the year	208.06	232.29	50.20	96.33	35.64	0.05	622.57
Additions / adjustments on acquisitions	-	0.75	-	-	-	-	0.75
On deletions / adjustments during the year	(134.77)	(26.94)	(38.83)	(84.93)	(18.48)	-	(303.95)
Foreign exchange on translation	33.51	(19.91)	6.02	(0.84)	(3.02)	(0.23)	15.53
As at March 31, 2021	1,423.77	2,304.97	1,134.80	1,045.94	703.16	4.03	6,616.67
Net block							
As at March 31, 2021	985.60	836.09	210.07	238.37	83.83	0.14	2,354.10

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2022

4 LEASES

The details of Right-of-use assets held by the Group are as follows:

(₹ in million)

	As at April 01, 2021	Assets acquired on acquisition	Addition during the year	Deletions during the year	Depreciation for the year	Foreign exchange on translation	Net Carrying value as at March 31, 2022
Leasehold properties	**5,088.19**	**685.36**	**2,260.09**	**(149.99)**	**(1,281.95)**	**72.35**	**6,674.05**
Service equipment	**37.39**	**-**	**77.98**	**-**	**(34.34)**	**1.21**	**82.24**
Vehicles	**6.00**	**-**	**-**	**-**	**(4.50)**	**-**	**1.50**
Software	**1.36**	**-**	**-**	**-**	**(1.36)**		**-**
	5,132.94	**685.36**	**2,338.07**	**(149.99)**	**(1,322.15)**	**73.56**	**6,757.79**

(₹ in million)

	As at April 01, 2020	Assets acquired on acquisition	Addition during the year	Deletions during the year	Depreciation for the year	Foreign exchange on translation	Net Carrying value as at March 31, 2021
Leasehold properties	4,405.97	92.79	1,869.12	(186.64)	(1,109.33)	16.28	5,088.19
Service equipment	53.02	12.26	7.23	-	(35.62)	0.50	37.39
Vehicles	10.50	-	-	-	(4.50)	-	6.00
Software	3.43	-	-	-	(2.33)	0.26	1.36
	4,472.92	105.05	1,876.35	(186.64)	(1,151.78)	17.04	5,132.94

Rent includes expense towards short term lease payments amounting to ₹ 22.78 (March 31, 2021: ₹ 87.18), expense towards low value leases assets amounting to ₹ 485.18 (March 31, 2021: ₹ 155.67) and common area maintenance charges for leased properties amounting to ₹ 347.59 (March 31, 2021: ₹ 290.79) during the year ended March 31, 2022.

5 (I) GOODWILL ON CONSOLIDATION

(₹ in million)

Particulars	Healthcare	Collection	Customer management	Mortgage	Total
Gross carrying value as at April 01, 2020	17,800.47	2,267.54	1,561.95	693.60	22,323.56
Addition during the year	359.57	-	-	-	359.57
Effect of translation adjustment	(601.45)	(76.57)	(35.43)	(22.05)	(735.50)
Gross carrying value as at March 31, 2021	**17,558.59**	**2,190.97**	**1,526.52**	**671.55**	**21,947.63**
Addition during the year	-	2,863.36	-	1,530.16	4,393.52
Effect of translation adjustment	639.92	136.53	37.19	53.16	866.80
Gross carrying value as at March 31, 2022	**18,198.51**	**5,190.86**	**1,563.71**	**2,254.87**	**27,207.95**

The Company through its wholly owned subsidiary Sourcepoint, Inc has acquired 100% equity interest and control of the businesses of The StoneHill Group, Inc, a Georgia coporation, for a purchase consideration (including contingent consideration) of US$ 27 mn (₹ 2,012 mn) on November 09, 2021. The StoneHill Group, Inc. ("TSG") founded in 1996, is headquartered at Atlanta, Georgia, USA. It focuses on loan quality control, due diligence and loan origination services to the US mortgage industry. Of the purchase consideration paid, ₹ 166 mn has been allocated to the fair value of identified net assets and ₹ 315 mn has been allocated to intangible assets and ₹ 1,530 mn has been allocated to goodwill.

The purchase price has been allocated based upon determination of fair values at the date of acquisition as follows:

(₹ in million)

Components	Acquiree's carrying value	Fair value adjustments	Purchase price allocated
Net assets	166.90	-	166.90
Intangible assets	-	314.91	314.91
Total	166.90	314.91	481.81
Goodwill			1,530.16
Purchase consideration			2,011.97
Amount of consideration paid in cash			**2,011.97**

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2022

The Company through its wholly owned subsidiary Firstsource Business Process Services, LLC (FBPS) has acquired 100% equity interest and control of the businesses of American Recovery Service Incorporated, for a purchase consideration (including contingent consideration) of US$ 53 mn (₹ 3,940 mn) on December 29, 2021. American Recovery Service, Incorporated. (“ARSI”) founded in 1986, is headquartered at Thousand Oaks, California, USA. It provides legal collection services to leading BFSI and Fintech clients in USA.Of the purchase consideration paid, ₹ 507 mn has been allocated to the fair value of identified net assets and ₹ 569 mn has been allocated to intangible assets and ₹ 2,863 mn has been allocated to goodwill.

(₹ in million)

Components	Acquiree’s carrying value	Fair value adjustments	Purchase price allocated
Net assets	507.47	-	507.47
Intangible assets	-	568.93	568.93
Total	507.47	568.93	1,076.40
Goodwill			2,863.36
Purchase consideration			3,939.76
Amount of consideration paid in cash			**3,939.76**

The chief operating decision maker reviews the goodwill for any impairment for each cash generating unit on annual basis.

(II) OTHER INTANGIBLE ASSETS

(₹ in million)

	Domain name	Software	Process know-how	Customer contracts and relationships	Total
Gross block					
As at April 01, 2021	6.72	1,952.24	54.47	213.39	2,226.82
Additions / adjustments during the year	-	93.06	-	-	93.06
Assets acquired on acquisition	-	-	-	885.35	885.35
Deletions during the year	-	(272.55)	-	-	(272.55)
Foreign exchange on translation	-	17.33	(0.70)	19.39	36.02
As at March 31, 2022	**6.72**	**1,790.08**	**53.77**	**1,118.13**	**2,968.70**
Accumulated depreciation / amortization					
As at April 01, 2021	6.72	1,495.30	54.47	129.42	1,685.91
Charge for the year	-	255.13	-	103.17	358.30
Assets acquired on acquisition	-	-	-	-	-
On deletions / adjustments during the year	-	(272.55)	-	-	(272.55)
Foreign exchange on translation	-	9.47	(0.70)	2.33	11.10
As at March 31, 2022	**6.72**	**1,487.35**	**53.77**	**234.92**	**1,782.76**
Net block					
As at March 31, 2022	**-**	**302.73**	**-**	**883.21**	**1,185.94**
As at March 31, 2021	-	456.94	-	83.97	540.91

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2022

(₹ in million)

	Domain name	Software	Process know-how	Customer contracts and relationships	Total
Gross block					
As at April 01, 2020	6.72	1,731.91	50.55	126.09	1,915.27
Additions / adjustments during the year	-	175.62	-	-	175.62
Assets acquired on acquisition	-	68.96	-	92.80	161.76
Deletions during the year	-	(31.57)	-	-	(31.57)
Foreign exchange on translation	-	7.32	3.92	(5.50)	5.74
As at March 31, 2021	6.72	1,952.24	54.47	213.39	2,226.82
Accumulated depreciation / amortization					
As at April 01, 2020	6.72	1,231.56	50.55	126.09	1,414.92
Charge for the year	-	281.48	-	7.69	289.17
Assets acquired on acquisition	-	0.20	-	-	0.20
On deletions / adjustments during the year	-	(31.55)	-	-	(31.55)
Foreign exchange on translation	-	13.61	3.92	(4.36)	13.17
As at March 31, 2021	6.72	1,495.30	54.47	129.42	1,685.91
Net block					
As at March 31, 2021	-	456.94	-	83.97	540.91

(III) INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹ in million)

	March 31, 2022	March 31, 2021
Intangible assets under development	**29.34**	-
	29.34	-

All Intangible assets under development have ageing of less than 6 months.

6 INVESTMENTS

(₹ in million)

		March 31, 2022	March 31, 2021
(i)	**Non-current**		
	Unquoted		
	Investment in associate		
	-at cost		
	838,705 (March 31, 2021 : 838,705) fully paid compulsorily convertible cumulative preference shares of ₹ 10 each of Nanobi Data and Analytics Private Limited	**87.92**	87.92
	-at amortised cost		
	Nil (March 31, 2021 : 20,000) fully paid Optionally Convertible Debentures of ₹ 100 each of Nanobi Data and Analytics Private Limited	**-**	2.00
	At amortised cost		
	Philippines treasury bills*	**26.66**	27.46
		114.58	117.38
	*These securities have been earmarked in favor of SEC, Philippines in compliance with Corporation Code of Philippines.		
(ii)	**Investments - Current**	**-**	2.00
	Investments carried at fair value through statement of profit and loss		
	Mutual funds (quoted)	**1,185.38**	825.70
		1,185.38	825.70

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2022

7 OTHER FINANCIAL ASSETS

(₹ in million)

	March 31, 2022	March 31, 2021
(i) Other non-current financial assets		
Deposits	**479.45**	419.37
Foreign currency forward contracts (net)	**21.38**	142.13
Lease rentals receivable	**28.18**	22.96
	529.01	584.46
(ii) Other current financial assets		
Foreign currency forward contracts (net)	**500.86**	94.37
Loans and advances to employees	**16.59**	14.29
Recoverable on sale of subsidiary	**-**	26.23
Lease rentals receivable	**18.76**	16.45
	536.21	151.34

8 OTHER ASSETS

(₹ in million)

	March 31, 2022	March 31, 2021
(i) Other non-current assets		
Capital advances	**16.75**	276.13
Deferred contract cost	**809.88**	1,059.85
Unexpired rebate from customer	**201.94**	286.21
Prepaid expenses	**125.29**	169.99
	1,153.86	1,792.18
(ii) Other current assets		
Prepaid expenses	**1,013.06**	764.77
Unexpired rebate from customer	**80.59**	111.86
Deferred contract cost	**335.27**	239.94
Indirect tax recoverable	**360.49**	360.79
Other advances	**197.05**	54.24
	1,986.46	1,531.60

9 TRADE RECEIVABLES

(₹ in million)

	March 31, 2022	March 31, 2021
(Unsecured)		
Billed		
Considered doubtful	**301.17**	186.46
Less: Allowance for expected credit loss	**301.17**	186.46
	-	-
Considered good	**6,446.25**	5,767.38
	6,446.25	5,767.38
	6,446.25	5,767.38
Unbilled		
Unbilled revenues	**3,159.06**	2,663.51
	3,159.06	2,663.51

a) Trade receivables are non-interest bearing and there are no trade receivables with a significant increase in credit risk as well as disputed trade receivables.

b) No trade or other receivables are due from directors or other officers of the Group either severally or jointly.

c) For receivable from related party receivables, refer note 25.

d) Trade Receivable ageing

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2022

AS AT MARCH 31, 2022

(₹ in million)

	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivable – considered good	**2,561.30**	**3,884.95**	**-**	**-**	**-**	**-**	**6,446.25**
Undisputed Trade receivable – considered doubtful	**-**	**7.41**	**77.82**	**41.76**	**38.46**	**135.72**	**301.17**
Total		**3,892.36**	**77.82**	**41.76**	**38.46**	**135.72**	**6,747.42**

AS AT MARCH 31, 2021

(₹ in million)

	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivable – considered good	3,127.05	2,640.33	-	-	-	-	5,767.38
Undisputed Trade receivable – considered doubtful	-	-	23.25	23.90	22.68	116.63	186.46
Total		2,640.33	23.25	23.90	22.68	116.63	5,953.84

10 CASH AND CASH EQUIVALENTS

(₹ in million)

	March 31, 2022	March 31, 2021
Balances with banks		
- in current accounts	**956.04**	1,413.36
	956.04	1,413.36
Less: Current account balance held in trust for customers	**127.84**	97.20
	828.20	1,316.16

11 OTHER BALANCES WITH BANKS

(₹ in million)

	March 31, 2022	March 31, 2021
Earmarked balances with banks*	**70.14**	57.18
	70.14	57.18

*Earmarked balances with banks represents unclaimed dividend and unspent amount of Corporate Social Responsibility ('CSR') for the year ended March 31, 2022 and March 31, 2021.

12 SHARE CAPITAL

(₹ in million)

	March 31, 2022	March 31, 2021
Authorised		
872,000,000 (March 31, 2021: 872,000,000) equity shares of ₹ 10 each	**8,720.00**	8,720.00
	8,720.00	8,720.00
Issued, subscribed and paid-up		
696,990,826 (March 31, 2021: 696,099,216) equity shares of ₹ 10 each, fully paid-up	**6,969.91**	6,960.99
	6,969.91	6,960.99

a Reconciliation of shares outstanding at the beginning and at the end of the reporting year

(₹ in million)

	March 31, 2022		March 31, 2021	
	Number of shares	Amount	Number of shares	Amount
At the commencement of the year	**696,099,216**	**6,960.99**	693,826,780	6,938.27
Shares allotted during the year - employee stock option scheme	**891,610**	**8.92**	2,272,436	22.72
At the end of the year	**696,990,826**	**6,969.91**	696,099,216	6,960.99

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2022

b Particulars of shareholders holding more than 5% equity shares

(₹ in million)

	March 31, 2022		March 31, 2021	
	Number of shares	% of total shares	Number of shares	% of total shares
RPSG Ventures Limited (formerly known as CESC Ventures Limited)	**373,976,673**	**53.66%**	373,976,673	53.72%
% Change in holding company shares during the year	**-**	**-0.06%**	-	-0.18%

c Shares held by holding company

(₹ in million)

	March 31, 2022		March 31, 2021	
	Number of shares	Amount	Number of shares	Amount
RPSG Ventures Limited (formerly known as CESC Ventures Limited)	**373,976,673**	**3,739.77**	373,976,673	3,739.77

d Employee stock options

During the year ended March 31, 2022, the Company granted 4,522,250 (March 31, 2021: 16,569,000) options at an exercise price of ₹ 10 (March 31, 2021: ₹ 10.00).

e Shares reserved for issue under options

25,737,955 (March 31, 2021: 29,076,143) number of shares are reserved for employees for issue under the employee stock options plan (ESOP) amounting to ₹ 257.38 (March 31, 2021: ₹ 290.76).

f Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shareholders are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder are in proportion to its share of the paid-up equity capital of the Company.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

g Share application money received under ESOP scheme

The Company received ₹ 37.32 (March 31, 2021: ₹ 82.15) as share application money under ESOP scheme during the year ended March 31, 2022 in respect of which 891,610 (March 31, 2021: 2,272,436) shares were allotted during the year.

h Dividend

During the year ended March 31, 2022, the Company has declared interim dividend of ₹ 3.50 per share (March 31, 2021: ₹ 3 per share), the Company has incurred a net cash outflow of ₹ 2,383.96 (March 31, 2021: ₹ 2,037.69) (excluding dividend paid on treasury shares).

i Treasury Shares - pursuant to ESOP 2019 PLAN

(₹ in million)

	March 31, 2022		March 31, 2021	
	Number of shares	Amount	Number of shares	Amount
At the commencement of the year	**17,010,000**	**742.16**	3,156,000	89.35
Purchased during the year	**3,197,000**	**547.47**	13,854,000	652.81
Shares allotted during the year - employee stock option scheme	**(3,195,649)**	**(91.38)**	-	-
At the end of the year	**17,011,351**	**1,198.25**	17,010,000	742.16

As per Ind AS 32, the consideration paid for treasury shares including any directly attributable incremental costs is presented as a deduction from total equity, until they are cancelled, sold or reissued.

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2022

12A OTHER EQUITY

(₹ in million)

	March 31, 2022	March 31, 2021
Securities premium		
At the commencement of the year	**2,205.15**	2,108.36
Add : Issue of equity shares on exercise of options	**46.07**	96.79
At the end of the year	**2,251.22**	2,205.15
Share application money pending allotment		
At the commencement of the year	**0.41**	-
Add : Movement during the year	**(0.41)**	0.41
At the end of the year	**-**	0.41
Treasury shares		
At the commencement of the year	**(742.16)**	(89.35)
Add : Movement during the year	**(456.09)**	(652.81)
At the end of the year	**(1,198.25)**	(742.16)
Special Economic Zone re-investment reserve		
At the commencement of the year	**-**	158.78
Add : Transfer to Special Economic Zone re-investment reserve	**22.20**	29.34
Less : Utilised from Special Economic Zone re-investment reserve	**(22.20)**	(188.12)
At the end of the year	**-**	-
Other Reserve		
At the commencement of the year	**30.41**	30.41
At the end of the year	**30.41**	30.41
Employee stock option reserve		
At the commencement of the year	**283.63**	119.96
Add : Share based payments	**320.00**	208.88
Less : Issue of equity shares on exercise of options	**(17.26)**	(37.77)
Less : Treasury shares	**(66.05)**	-
Less : Transfer to retained earning for options forfeited	**(5.99)**	(7.44)
At the end of the year	**514.33**	283.63
Effective portion of cash flow hedges (Other comprehensive income)		
At the commencement of the year	**182.59**	398.40
Add : Movement during the year	**117.03**	(215.81)
At the end of the year	**299.62**	182.59
Exchange differences on translating the financial statements of a foreign operation / subsidiaries (Other comprehensive income)		
At the commencement of the year	**5,261.60**	5,912.53
Add : Movement during the year	**675.92**	(650.93)
At the end of the year	**5,937.52**	5,261.60
Retained earnings		
At the commencement of the year	**13,810.25**	12,076.46
Add: Purchase of Non-controlling Interest in a subsidiary	**(1,324.39)**	-
Add: Net profit for the year	**5,373.74**	3,616.86
Add: Transfer to retained earning for options forfeited	**5.99**	7.44
Less: Treasury shares	**22.16**	-
Add: Other comprehensive income for the year	**20.89**	(11.60)
Less: Transfer to Special Economic Zone re-investment reserve	**(22.20)**	(29.34)
Add: Utilised from Special Economic Zone re-investment reserve	**22.20**	188.12
Less: Dividend (net)	**(2,383.96)**	(2,037.69)
At the end of the year	**15,524.68**	13,810.25
Total other equity	**23,359.53**	21,031.88

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2022

13 BORROWINGS

(₹ in million)

		March 31, 2022	March 31, 2021
(i)	**Non-current borrowings**		
	Unsecured		
	Loan from banks (refer note 'a' and 'b')	**2,714.87**	773.25
	Loan from other parties (refer note 'b')	**18.15**	72.27
		2,733.02	845.52
(ii)	**Short term and other borrowings**		
	Unsecured		
	Line of credit from banks- (refer note 'c')	**6,949.81**	4,367.13
		6,949.81	4,367.13
	Current maturities of long term borrowings		
	Unsecured		
	-Loan from Banks	**360.84**	773.07
	-Loan from other parties	**52.95**	59.02
		413.79	832.09
		7,363.60	5,199.22

Note:

a Term Loan carry interest in the range of 2%- 4% for a period of 2-3 years repayable in equal quarterly instalments starting from September 2021.

b Loans carry interest in the range of 3.03%- 10.14% for a period of 3- 4 years, repayable in quarterly instalments from the date of its origination. These loans are for equipment and asset financing.

c Line of credit from bank carries floating interest rate in the range of 1.00% to 5.50%., these are working capital lines.

14 TRADE PAYABLES

(₹ in million)

	March 31, 2022	March 31, 2021
Trade Payables	**1,780.59**	2,788.03
	1,780.59	2,788.03

AS AT MARCH 31, 2022

(₹ in million)

	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	**1,347.03**	**433.56**	-	-	-	**1,780.59**
	1,347.03	**433.56**	-	-	-	**1,780.59**

AS AT MARCH 31, 2021

(₹ in million)

	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,259.34	528.69	-	-	-	2,788.03
	2,259.34	528.69	-	-	-	2,788.03

Note:

There are no disputed dues to MSME and others

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2022

15 OTHER FINANCIAL LIABILITIES

(₹ in million)

	March 31, 2022	March 31, 2021
(i) Other non current financial liabilities		
Liability for Purchase of Non-controlling Interest	**1,321.54**	-
	1,321.54	-
(ii) Other current financial liabilities		
Book credit in bank account	**358.83**	184.30
Interest accrued but not due	**79.03**	20.08
Employee benefits payable	**1,704.74**	1,746.05
Creditors for capital goods	**14.97**	55.16
Unclaimed dividends	**30.04**	18.48
Contingent considerations	**901.93**	-
Liability for Purchase of Non-controlling Interest	**256.91**	-
Other payables	**-**	9.38
	3,346.45	2,033.45

16 PROVISIONS FOR EMPLOYEE BENEFITS

(₹ in million)

	March 31, 2022	March 31, 2021
(i) Non-current		
Gratuity	**137.46**	103.90
	137.46	103.90
(ii) Current		
Compensated absences	**527.47**	642.62
	527.47	642.62

17 OTHER LIABILITIES

(₹ in million)

	March 31, 2022	March 31, 2021
Other current liabilities		
Value added tax	**356.54**	1,036.52
Tax deducted at source	**55.89**	46.53
Statutory Dues	**144.22**	113.89
Advance from customers	**23.48**	939.60
Unearned Income	**258.18**	-
	838.31	2,136.54

18 TAXATION

AS AT MARCH 31, 2022

(₹ in million)

Taxation	Opening Balance	Additions through Business Combination	Recognised in Profit and loss	Recognised in Other Comprehensive Income	Exchange	Closing Balance
Deferred tax assets on account of:						
Property, plant and equipment and intangibles	**205.60**	-	**13.73**	-	**(5.88)**	**213.45**
Other employee benefits payable	**42.10**	-	**10.16**	-	**5.47**	**57.73**
Lease liabilities	**117.14**	-	**5.81**	-	**(0.42)**	**122.53**
Unused tax losses	**6.85**	-	-	-	-	**6.85**
Minimum alternate tax credit carried forward	**2,304.94**	-	**56.63**	-		**2,361.57**

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2022

(₹ in million)

Taxation	Opening Balance	Additions through Business Combination	Recognised in Profit and loss	Recognised in Other Comprehensive Income	Exchange	Closing Balance
Employee stock options	**43.44**	**-**	**69.69**	**-**	**(0.01)**	**113.12**
Foreign currency forward contracts	**(28.18)**	**-**	**-**	**(29.35)**	**0.12**	**(57.41)**
	2,691.89	**-**	**156.02**	**(29.35)**	**(0.72)**	**2,817.84**
Deferred tax liability on account of:						
Goodwill	**2,110.36**	**-**	**1.68**	**-**	**77.47**	**2,189.51**
- Deferred tax assets					**-**	
Business losses carried forward	**(1,216.78)**	**-**	**453.35**	**-**	**(36.59)**	**(800.02)**
Property, plant and equipment and intangibles	**19.96**	**-**	**46.97**	**-**	**1.56**	**68.49**
Other employee benefits payable	**(76.78)**	**-**	**9.12**	**-**	**(2.65)**	**(70.31)**
Lease liabilities	**(58.72)**	**-**	**(20.47)**	**-**	**(2.51)**	**(81.70)**
Accrued expenses / allowance for doubtful debts	**(308.06)**	**-**	**(27.10)**	**-**	**(11.79)**	**(346.95)**
	469.98	**-**	**463.55**	**-**	**25.49**	**959.02**

AS AT MARCH 31, 2021

(₹ in million)

Taxation	Opening Balance	Additions through Business Combination	Recognised in Profit and loss	Recognised in Other Comprehensive Income	Exchange	Closing Balance
Deferred tax assets on account of:						
Property, plant and equipment and intangibles	236.63	-	(32.22)	-	1.19	205.60
Other employee benefits payable	36.14	-	5.96	-	-	42.10
Lease liabilities	106.17	-	10.43	-	0.54	117.14
Unused tax losses	6.85	-	-	-	-	6.85
Minimum alternate tax credit carried forward	2,143.70	-	161.24	-	-	2,304.94
Employee stock options	34.31	-	9.13	-	-	43.44
Foreign currency forward contracts	(57.53)	-	-	29.35	-	(28.18)
	2,511.30	-	149.33	29.35	1.91	2,691.89
Deferred tax liability on account of:						
Goodwill	2,171.20	-	12.64	-	(73.48)	2,110.36
Business losses carried forward	(1,305.64)	(341.45)	358.88	-	71.43	(1,216.78)
Property, plant and equipment and intangibles	34.81	32.78	(13.87)	-	(33.76)	19.96
Other employee benefits payable	(59.23)	-	(19.81)	-	2.26	(76.78)
Lease liabilities	(55.71)	-	(4.96)	-	1.95	(58.72)
Accrued expenses / allowance for doubtful debts	(50.48)	-	(262.81)	-	5.23	(308.06)
	734.95	(308.67)	70.07	-	(26.37)	469.98

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2022

(₹ in million)

	March 31, 2022	March 31, 2021
Income tax assets (net)	**794.10**	822.49
Provision for tax (net)	**(5.90)**	(180.97)
	788.20	641.52

Income tax expense

Income tax expense in the consolidated statement of profit and loss comprises:

(₹ in million)

	Year ended	
	March 31, 2022	March 31, 2021
Current taxes	**741.55**	619.59
Deferred taxes	**364.16**	81.98
Income tax expense	**1,105.71**	701.57

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

(₹ in million)

	Year ended	
	March 31, 2022	March 31, 2021
Profit before income taxes	**6,471.01**	4,318.34
Enacted tax rates in India	**34.94%**	34.94%
Computed expected tax expense	**2,261.23**	1,509.00
Income Exempt from Tax and Tax Holidays	**(858.66)**	(947.61)
Expenses not deductible for tax purposes	**32.49**	146.58
Effect of change in tax rates	**-**	(0.08)
Effect of differential overseas tax rate	**(231.24)**	(16.82)
ESOP cost allowed for tax purpose	**(34.15)**	1.94
Previous years tax adjustments	**(38.43)**	7.81
Others	**(25.53)**	0.75
Income tax expense	**1,105.71**	701.57

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2022

19 REVENUE FROM OPERATIONS

(₹ in million)

	Year ended	
	March 31, 2022	March 31, 2021
Sale of services	**58,657.40**	50,326.87
Other operating income, net	**554.13**	452.93
	59,211.53	50,779.80

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2022 by geography.

(₹ in million)

	BFS*	Healthcare	CMT**	Diverse Industries	Total
UK	6,084.50	31.07	10,041.86	1,028.89	17,186.32
USA	22,172.10	16,974.30	1,364.53	58.97	40,569.90
Asia and Rest of World	763.56	136.09	0.55	0.98	901.18
Total	**29,020.16**	**17,141.46**	**11,406.94**	**1,088.84**	**58,657.40**

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2021 by geography.

(₹ in million)

	BFS*	Healthcare	CMT**	Diverse Industries	Total
UK	5,654.10	0.35	8,731.99	1,143.99	15,530.43
USA	19,837.47	13,354.00	969.47	14.52	34,175.46
ASIA	617.64	-	3.29	0.05	620.98
Total	26,109.21	13,354.35	9,704.75	1,158.56	50,326.87

*BFS- Banking and Financial Services

**CMT- Communication, Media and Technology

Revenues recognized in excess of invoicing are classified as contract assets (which is referred as unbilled revenues). Changes in contract assets are directly attributable to revenues recognised based on the accounting policy defined and the invoicing done during the period. Applying the practical expedient as given in Ind AS 115, the group has not disclosed the remaining performance obligation related disclosures as the revenue recognised corresponds directly with the value to the customer of the group's performance completed to date.

20 OTHER INCOME, NET

(₹ in million)

	Year ended	
	March 31, 2022	March 31, 2021
Profit on sale / redemption of current investments, net	**30.37**	18.99
Foreign exchange loss, net	**(27.24)**	12.86
Interest income	**4.74**	6.98
Loss on sale of Property Plant and Equipment	**(3.10)**	(3.82)
Miscellaneous income, net	**0.78**	(22.35)
	5.55	12.66

21 EMPLOYEE BENEFITS EXPENSE

(₹ in million)

	Year ended	
	March 31, 2022	March 31, 2021
Salaries and wages	**35,886.29**	32,023.84
Contribution to provident and other funds	**1,406.05**	1,252.44
Staff welfare expenses	**1,476.11**	1,187.12
Other personnel and outsourcing cost	**379.12**	-
Employee stock compensation expense	**320.00**	208.88
	39,467.57	34,672.28

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2022

22 FINANCE COSTS

(₹ in million)

	Year ended	
	March 31, 2022	March 31, 2021
Interest expense		
- on working capital demand loan and others	**269.01**	219.85
Interest expense on leased liabilities	**370.38**	302.45
	639.39	522.30

23 OTHER EXPENSES

(₹ in million)

	Year ended	
	March 31, 2022	March 31, 2021
Connectivity, Information and communication expenses	**1,680.67**	1,576.01
Computer expenses	**1,308.27**	992.15
Legal and professional fees	**1,204.60**	973.38
Repairs, maintenance and upkeep	**691.72**	607.70
Travel and conveyance	**355.88**	197.09
Car and other hire charges	**288.93**	310.19
Marketing and support fees	**586.44**	540.15
Title and valuation expenses for the mortgage business	**211.46**	455.31
Electricity, water and power consumption	**258.61**	220.94
Legal fees and court costs for collection services	**1,158.16**	-
Recruitment and training expenses	**413.18**	693.56
Bank administration charges	**225.64**	349.29
Rates and taxes	**224.74**	218.69
Rent, net	**855.55**	465.53
Insurance	**268.27**	179.25
Printing and stationery	**70.46**	43.02
Contribution to Corporate Social Responsibility	**55.71**	39.06
Allowance for expected credit loss/ bad debts written-off, net	**77.95**	32.75
Services rendered by business associates and others	**21.21**	21.25
Auditors remuneration and expenses		
-for audit fees	**16.00**	16.00
-for other services	**5.60**	8.85
-for reimbursement of expenses	**0.60**	0.60
Membership fees and registration fees	**6.72**	7.82
Directors' sitting fees	**5.41**	5.45
Miscellaneous expenses	**153.60**	111.43
	10,145.38	8,065.47

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

24 FINANCIAL INSTRUMENTS:

I. Financial instruments by category:

The carrying value and fair value of financial instruments by categories as at March 31, 2022 were as follows:

(₹ in million)

	Amortized cost	FVTPL	FVOCI	Total carrying amount	Total fair value
Financial assets					
Investments	**26.66**	**1,185.38**	**-**	**1,212.04**	**1,212.04**
Trade receivables	**9,605.31**	**-**	**-**	**9,605.31**	**9,605.31**
Cash and cash equivalents	**828.20**	**-**	**-**	**828.20**	**828.20**
Other financial assets	**542.98**	**157.07**	**365.17**	**1,065.22**	**1,065.22**
Total	**11,003.15**	**1,342.45**	**365.17**	**12,710.77**	**12,710.77**
Financial liabilities					
Borrowings	**10,096.62**	**-**	**-**	**10,096.62**	**10,096.62**
Lease Liabilities	**7,740.42**	**-**	**-**	**7,740.42**	**7,740.42**
Other financial liabilities	**4,667.99**	**-**	**-**	**4,667.99**	**4,667.99**
Trade payables	**1,780.59**	**-**	**-**	**1,780.59**	**1,780.59**
Total	**24,285.62**	**-**	**-**	**24,285.62**	**24,285.62**

The carrying value and fair value of financial instruments by categories as at March 31, 2021 were as follows:

(₹ in million)

	Amortized cost	FVTPL	FVOCI	Total carrying amount	Total fair value
Financial assets					
Investments	29.46	825.70	-	855.16	855.16
Trade receivables	8,430.89	-	-	8,430.89	8,430.89
Cash and cash equivalents	1,373.34	-	-	1,373.34	1,373.34
Other financial assets	499.30	25.73	210.77	735.80	735.80
Total	10,332.99	851.43	210.77	11,395.19	11,395.19
Financial liabilities					
Borrowings	6,044.74	-	-	6,044.74	6,044.74
Lease Liabilities	5,898.43	-	-	5,898.43	5,898.43
Other financial liabilities	2,033.45	-	-	2,033.45	2,033.45
Trade payables	2,788.03	-	-	2,788.03	2,788.03
Total	16,764.65	-	-	16,764.65	16,764.65

II. Fair value hierarchy:

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at March 31, 2022:

(₹ in million)

	March 31, 2022	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Investments				
Investment in mutual and other funds	**1,185.38**	**1,185.38**	**-**	**-**
Total	**1,185.38**	**1,185.38**	**-**	**-**
Derivative financial instruments - foreign currency forward contract	**522.24**	**-**	**522.24**	**-**

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at March 31, 2021:

(₹ in million)

	March 31, 2021	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Investments				
Investment in mutual and other funds	825.70	825.70	-	-
Total	825.70	825.70	-	-
Derivative financial instruments - foreign currency forward contract	236.50	-	236.50	-

The fair value of other financial assets and liabilities approximate the carrying value.

The fair value of Mutual and other funds is based on quoted price. Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace. The fair value of equity instruments and preference instruments is based on inputs that are not based on observable market data.

III. Financial risk management:

Financial risk factors:

The Group's activities are exposed to a variety of financial risks: market risk, credit risk, and liquidity risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Group is foreign exchange risk. The Group uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

a) Market risk

The Group operates internationally and a major portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk through its services from India for contracts in the overseas geographies, primarily in the United States of America and United Kingdom, and purchases from overseas suppliers in foreign currencies. The Group holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of operations may be affected as the Rupee fluctuates against these currencies.

The following table analyzes foreign currency risk as of March 31, 2022:

(₹ in million)

	USD	GBP	PHP	Others*	Total
Total financial assets	**53.10**	**187.54**	**38.16**	**0.29**	**279.09**
Total financial liabilities	**-**	**-**	**156.38**	**-**	**156.38**

The following table analyzes foreign currency risk as of March 31, 2021:

(₹ in million)

	USD	GBP	PHP	Others*	Total
Total financial assets	31.32	128.99	43.76	0.33	204.40
Total financial liabilities	-	-	95.73	-	95.73

* Others includes LKR, Euro etc.

5% appreciation/ depreciation of the respective foreign currencies with respect to functional currency Firstsource Solutions Limited and its subsidiaries would result in increase/decrease in the Group's profit before tax approximately ₹ 401.81 for the year ended March 31, 2022 (March 31, 2021: ₹ 193.17).

Derivative financial instruments

The Group holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

The following table gives details in respect of outstanding foreign currency forward contracts:

	March 31, 2022		March 31, 2021	
	Foreign Currency in million	In ₹ million	Foreign Currency in million	In ₹ million
Forward contracts				
in USD	**115.40**	**8,882.35**	120.95	9,069.15
in GBP	**45.85**	**4,658.90**	73.21	7,803.04
Total		**13,541.25**		16,872.19

The foreign exchange forward contracts mature within sixty months.

The table below analyses the derivative financial instruments into relevant maturity grouping based on the remaining period as of the balance sheet date:

(₹ in million)

	March 31, 2022	March 31, 2021
Forward contracts in USD		
Not later than one month	**3,070.26**	2,416.10
Later than one month and not later than three months	**-**	1,109.16
Later than three months	**5,812.09**	5,543.89
Total	**8,882.35**	9,069.15
Forward contracts in GBP		
Not later than one month	**1,121.98**	914.23
Later than one month and not later than three months	**591.78**	633.12
Later than three months	**2,945.14**	6,255.69
Total	**4,658.90**	7,803.04

The movement in Hedging Reserve, for derivatives designated as cash flow hedges is as follows:

(₹ in million)

	March 31, 2022	March 31, 2021
Balance at the beginning of the year	**182.59**	398.40
Changes in the fair value of effective portion of cash flow hedges	**146.26**	(245.16)
Deferred tax movement	**(29.23)**	29.35
(Gains)/Losses transferred to statement of profit and loss on occurrence of forecasted hedge transaction	**-**	-
Balance at the end of the year	**299.62**	182.59

The following table summarises approximate gains / (loss) on the Company's other comprehensive income on account of appreciation / depreciation of underlying foreign currencies:

(₹ in million)

	March 31, 2022	March 31, 2021
5% Appreciation of the underlying foreign currencies	**(592.99)**	(568.71)
5% Depreciation of the underlying foreign currencies	**731.48**	548.78

b) Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 6,446.25 and ₹ 5,767.38 as of March 31, 2022 and March 31, 2021 respectively and unbilled revenue amounting to ₹ 3,159.06 and ₹ 2,663.51 as of March 31, 2022 and March 31, 2021 respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States, United Kingdom, Philippines and other locations. Credit risk has always been managed by the Group by continuously monitoring the credit worthiness of customers to which the Group grants credit terms in the normal course of business.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

The following table gives details in respect of percentage of revenues generated from top five customers:

(₹ in million)

	Year ended	
	March 31, 2022	March 31, 2021
Revenue from top five customers	**37.90%**	41.09%

c) Liquidity risk:

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Group's reputation.

The following are contractual maturities of Lease Liabilities on an undiscounted basis as at March 31, 2022 and March 31, 2021:

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Less than one year	**1,774.79**	1,318.64
One to five years	**5,925.98**	4,396.18
More than five years	**1,094.80**	1,274.61
Total	**8,795.57**	6,989.43

Future cash outflows in respect of certain leasehold properties to which the Group is potentially exposed as a lessee that are not reflected in the measurement of the lease liabilities include exposures from options of extension and termination. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Management has considered all relevant facts and circumstances that create an economic incentive for the Group as a lessee to exercise the option to extend the lease or not to exercise the option to terminate the lease as at March 31, 2022. The Group shall revise the lease term when there is a change in the facts and circumstances.

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2022 and March 31, 2021:

(₹ in million)

	March 31, 2022		March 31, 2021	
	Less than 1 Year	More than 1 year	Less than 1 Year	More than 1 Year
Trade payables	**1,780.59**	**-**	2,788.03	-
Export finance, Line of credit, and working capital demand loan	**6,949.81**	**-**	4,367.13	-
Term loan and other borrowings	**413.79**	**2,733.02**	832.09	845.52
Lease Liabilities	**1,486.89**	**6,253.53**	1,034.67	4,863.76
Other financial liabilities	**3,346.45**	**1,321.54**	2,033.45	-

Management expects the recoveries from current financial assets as at the year end and the net cash inflows from operations during the ensuing financial year to be sufficient for the Group to be able to meet these obligations of lease and other significant financial liabilities. In addition, the Group also has unused lines of credit.

25 RELATED PARTY TRANSACTIONS

Details of related parties including summary of transactions entered into during the year ended March 31, 2022 are summarized below:

Holding Company	RPSG Ventures Limited (formerly known as CESC Ventures Limited) (Change in name w.e.f. January 19, 2021)
Fellow Subsidiary Company (where transaction exist)	Guiltfree Industries Limited
	RPSG Resources Private Limited
	APA Services Private Limited (earlier known as Kolkata Games and Sports Private Limited)
Subsidiaries	The related parties where control exists are subsidiaries as referred to in Note 1 to the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

Associate	Nanobi Data and Analytics Private Limited (Nanobi)
Trust controlled by Ultimate Holding Company	RP-Sanjiv Goenka Group CSR Trust (RPSG CSR Trust)
Key Managerial Personnel	Vipul Khanna
	Dinesh Jain
Non- executive Directors	Dr. Sanjiv Goenka
	Pradip Roy (ceased to be director wef July 30, 2021)
	Subrata Talukdar
	Shashwat Goenka
	Pradip Kumar Khaitan
	Grace Koshie
	Pratip Chaudhuri
	Sunil Mitra
	Anjani K. Agrawal (appointed w.e.f. May 11, 2021.)
	Charles Richard Vernon Stagg
Companies under common control (where transaction exist)	CESC Limited
	Spencer's Retail Limited
	Saregama India Limited
	Natures Basket Limited

Particulars of related party transactions

(₹ in million)

Name of the related party	Description	Transaction value during the year ended		Receivable / (Payable) as at	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Nanobi	Redemption of debentures	**2.00**	6.00	**-**	2.00
	Interest Income	**0.12**	0.75	**-**	-
	Receipt of services from Nanobi	**3.24**	5.80	**-**	-
RPSG Ventures Limited	Dividend paid	**1,308.92**	1,121.93	**-**	-
CESC Limited	Receipt of services	**0.61**	-	**-**	-
Spencer's Retail Limited	Recovery of expenses	**0.26**	-	**-**	-
APA Services Private Limited	Recovery of expenses from APA Services Private Limited	**0.45**	-	**-**	-
Guiltfree Industries Limited	Recovery of expenses	**0.07**	-	**-**	-
RPSG Resources Private Limited	Receipt of services	**80.00**	200.00	**(23.89)**	-
	Brand equity	**120.00**	150.00	**(15.00)**	
Non executive directors	Sitting fees	**5.41**	5.45	**-**	-
Key Management Personnel and relatives	Remuneration*	**218.59**	202.24	**-**	-
	Dividend paid	**3.02**	0.37		
Saregama India Limited	Recovery of expenses	**0.08**	-	**-**	-
Natures Basket Limited	Recovery of expenses	**0.34**	-	**-**	-
Others	Recovery of expenses	**0.02**	-	**-**	-

(₹ in million)

Description	Year ended March 31, 2022	Year ended March 31, 2021
Dinesh Jain*	**39.36**	32.80
Vipul Khanna*	**179.23**	169.44

*Excludes ESOP, gratuity and compensated absences.

26 SEGMENT REPORTING

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the Chief Operating Decision Maker ('CODM'), in deciding how to allocate resources and in assessing performance. Operating segments are identified based on the internal organization at the Balance Sheet date. With the objective of internal financial reporting and decision making of the Group, the CODM has reviewed the manner in which the Group views the business risks and returns and monitors its operations. Accordingly, the group has identified business segment which comprises of Banking and Financial Services ('BFS'), Healthcare, Communication Media and Technology ('CMT') and Diverse Industries.

Revenues and expenses directly attributable to the segments are reported under each reportable segment. The accounting principles used in the preparation of the segment information are consistently applied to record revenue and expenditure in individual business segments.

Assets and liabilities used in the Group's business are not directly identified to any of the operating segments, as these are used interchangeably between segments. Allocation of such assets and liabilities is not practicable and any forced allocation would not result in any meaningful segregation. Hence assets and liabilities have not been identified to any of the reportable segments by the Group.

(₹ in million)

	Year ended March 31, 2022	Year ended March 31, 2021
Business segment		
Segment revenue		
BFS	**29,020.16**	26,109.21
Healthcare	**17,141.46**	13,354.35
CMT	**11,406.94**	9,704.75
Diverse Industries	**1,088.84**	1,158.56
Less: Inter Segment Revenue	**-**	-
Net segment revenue	**58,657.40**	50,326.87
Segment results before tax and finance costs		
BFS	**5,074.52**	4,653.40
Healthcare	**3,060.93**	2,113.54
CMT	**1,850.96**	1,411.79
Diverse Industries	**43.79**	114.37
Total	**10,030.20**	8,293.10
Finance costs	**(639.39)**	(522.30)
Other un-allocable expenditure, net of un-allocable income*	**(2,919.80)**	(3,452.46)
Profit before taxation, minority interest and other comprehensive income	**6,471.01**	4,318.34
Taxation	**1,105.71**	701.57
Non- controlling interest	**(8.44)**	(0.09)
Profit attributable to owners of the company	**5,373.74**	3,616.86

*includes exceptional item for the year ended March 31, 2021 (Refer Note 34)

Entity wide disclosure

Geographical information: Revenues based on domicile of the customer are as follows:

(₹ in million)

	Year ended	
	March 31, 2022	March 31, 2021
Geographical information		
Segment revenue		
UK	**17,186.32**	15,530.43
US	**40,569.90**	34,175.46
Asia and Rest of World	**901.18**	620.98
Less: Inter Segment Revenue	**-**	-
	58,657.40	50,326.87

Geographical information: Other non-current assets

(₹ in million)

	Year ended	
	March 31, 2022	March 31, 2021
Geographical information		
Other non-current assets		
UK	**966.16**	1,302.91
US	**87.23**	131.43
Asia and Rest of World	**100.47**	357.84
	1,153.86	1,792.18

27 EMPLOYEE STOCK OPTION PLAN

Employee stock option Scheme 2003 ('Scheme 2003')

The Employee Stock Option Scheme 2003 ('the Scheme') approved by the Board of Directors and the members of the Company and administered by the Nomination & Remuneration Committee ('the Committee') is effective October 11, 2003. The key terms and conditions included in the scheme are in line with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (as amended by SEBI (shared based employee benefits) Regulations, 2014). As per the Scheme, the Committee issued stock options to the identified employees at an exercise price equal to the fair value on the date of grant and there stock options would vest in tranches over a period of four years as stated below and shall be exercised within a period of ten years from the date of the grant of the options.

Period within which options will vest unto the eligible employee	% of options that will vest
End of 12 months from the date of grant of options	25.00
End of 18 months from the date of grant of options	12.50
End of 24 months from the date of grant of options	12.50
End of 30 months from the date of grant of options	12.50
End of 36 months from the date of grant of options	12.50
End of 42 months from the date of grant of options	12.50
End of 48 months from the date of grant of options	12.50

Firstsource Solutions Limited Employee Stock Option Plan 2019 ('ESOP 2019 PLAN')

The Company established ESOP 2019 Plan, pursuant to approval of the Board of Directors and the shareholders at the Annual General Meeting on August 02, 2019 and administered by the Committee. The key terms and conditions included in the ESOP 2019 Plan are in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended.

As per the ESOP 2019 Plan, the Committee will issue stock options to the identified eligible employees/ director(s) of the Company and its Subsidiaries at an exercise price which will be the face value of the Shares or any higher price which may be decided by the Committee considering the prevailing market conditions and the norms as prescribed by the Securities and Exchange Board of India ('SEBI') and other relevant regulatory authorities. Further the stock options under the said plan would vest & be exercisable in tranches as determined by the Committee.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

The ESOP 2019 Plan is proposed to include grants to identified eligible employees under the Long Term Incentive Structure ('LTI'). The LTI will be tenure based or performance based as per the vesting conditions below:

(₹ in million)

Period within which options will vest unto the participant	% of options that will vest	
	Tenure based	Performance based*
End of 12 months from the date of grant of options	25.00	25.00
At the end of every quarter after year 1, till end of year 4 from date of grant	6.25	-
At the end of every year after year1, till end of year 4 from date of grant	-	25.00

*Attainment of options can range between 0% and 150% of tranche eligible for vesting for the respective performance measurement period. Each tranche is separate. Performance and vesting in one period has no bearing on performance and vesting in another period;

Under both the above structures grants will be issued at face value of the shares or any higher price which may be decided by the Committee and will have an exercise period upto ten years as per the Scheme and as determined by the Committee.

The ESOP 2019 Plan shall be implemented by the Firstsource Employee Benefit Trust ('the Trust') which will be administered by the Committee. The Company shall provide financial assistance to the Trust for secondary acquisition of equity shares of the Company for the purpose of implementation of ESOP 2019 Plan. The terms and conditions for the financial assistance provided shall be in Compliance with the Companies Act, 2013 read with Companies (Share Capital and Debenture) Rules, 2014 and SEBI regulations.

During the year ended March 31, 2022, the Trust has purchased 3,197,000 (March 31, 2021: 13,854,000) equity shares through secondary acquisition. As at March 31, 2022, the trust holds 17,011,351 (March 31, 2021: 17,010,000) number of equity shares.

GRANTS TO THE MANAGING DIRECTOR & CEO (MD & CEO) UNDER ESOP 2019 PLAN

In view of the Shareholder's approval via postal ballot on January 11, 2020 through a special resolution wherein it was approved that the MD & CEO shall be entitled to participate in the equity based LTI of the Company. Accordingly the Committee on February 28, 2020 approved the grant of 10,066,204 options under ESOP Plan 2019 at the face value of ₹ 10/- of the shares to the MD and CEO which are a mix of tenure based and performance based structures. The brief details of these grants are mentioned herein below:

A. Grants under Tenure Based Structure :

No. of Stock Options	Vesting Date	Vesting Conditions
1,186,624	October 01, 2021	Continued employment
719,966	October 01, 2023	Continued employment

B. Grants under Performance Based Structure :

No. of Stock Options	Vesting Date	Vesting Conditions
8,159,614	October 01, 2023	Achievement of Profits Before Tax **

** Performance period may be further defined in consultation with the Nomination & Remuneration Committee.

Employee stock option activity during the year ended March 31, 2022

A) Under ESOS Scheme 2003 and ESOP 2019 Plan are as follows:

(₹ in million)

Description	Exercise Range	March 31, 2022		March 31, 2021	
		Shares arising out of options	Weighted Average period in months	Shares arising out of options	Weighted Average period in months
Outstanding at the beginning of the year	**10.00**	**25,146,204**	**110.76**	10,849,204	119.99
	10.01 - 60.00	**2,717,412**	**59.10**	5,243,310	68.56
	60.01 - 75.00	**1,212,527**	**89.40**	1,607,500	101.57
		29,076,143		17,700,014	
Granted during the year	**10.00**	**4,522,250**		16,569,000	
	10.01 - 60.00	**-**		-	
	60.01 - 75.00	**-**		-	
		4,522,250		16,569,000	

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as at and for the year ended March 31, 2022

(₹ in million)

Description	Exercise Range	March 31, 2022		March 31, 2021	
		Shares arising out of options	Weighted Average period in months	Shares arising out of options	Weighted Average period in months
Forfeited during the year	10.00	3,515,156		2,207,000	
	10.01 - 60.00	128,185		368,435	
	60.01 - 75.00	129,838		150,000	
		3,773,179		2,725,435	
Exercised during the year*	10.00	2,712,043		65,000	
	10.01 - 60.00	1,074,239		2,037,463	
	60.01 - 75.00	300,977		169,973	
		4,087,259		2,272,436	
Expired during the year	10.00	-		-	
	10.01 - 60.00	-		120,000	
	60.01 - 75.00	-		75,000	
		-		195,000	
Outstanding at the end of the year	10.00	23,441,255	101.11	25,146,204	110.76
	10.01 - 60.00	1,514,988	48.19	2,717,412	59.10
	60.01 - 75.00	781,712	77.23	1,212,527	89.40
		25,737,955		29,076,143	
Exercisable at the end of the year	10.00	3,238,432	100.01	119,500	108.63
	10.01 - 60.00	1,514,988	48.19	2,519,957	57.90
	60.01 - 75.00	647,838	77.23	699,742	89.40
		5,401,258		3,339,199	

* The weighted average share price of these options was ₹ 20.89 and ₹ 35.97 for the year ended March 31, 2022 and March 31, 2021 respectively.

The key assumptions used to estimate the fair value of options are:

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Dividend yield	0% to 4%	0% to 4%
Expected Life	2-7 years	2-7 years
Risk free interest rate	6.50% to 9.06%	6.50% to 9.06%
Volatility	0% to 75%	0% to 75%
Model Used	Black & Scholes	Black & Scholes

The expense arises from equity settled share based payment transaction amounting to ₹ 320.00 and ₹ 208.88 for the year ended March 31, 2022 and March 31, 2021 respectively.

28 EMPLOYEE BENEFITS

The Group has a defined benefit gratuity plan in India (funded). The Group's defined benefit gratuity plan is a final salary plan for India employees, which requires contributions to be made to a separately administered fund.

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, Indian employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The fund has the form of a trust and it is governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy.

Each year, the Board of Trustees reviews the level of funding in the India gratuity plan. Such a review includes the asset-liability matching strategy and investment risk management policy. This includes employing the use of annuities and longevity swaps to manage the risks. The Board of Trustees decides its contribution based on the results of this annual review. Generally, investments are in debt mutual funds. Annual contributions at a level such that no plan deficits (based on valuation performed) will arise.

Gratuity plan

The following table sets out the status of the gratuity plan:

Reconciliation of opening and closing balances of the present value of the defined benefit obligation and fair value of planned assets:

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Change in present value of obligations		
Obligations at beginning of the year	**154.69**	129.62
Service cost	**45.68**	41.79
Interest cost	**9.00**	8.04
Actuarial (gain)/loss	**(21.28)**	(11.87)
Benefits paid	**(21.96)**	(12.89)
Obligations at the end of the year	**166.13**	154.69
Change in plan assets		
Fair value of plan assets at beginning of the year	**50.79**	43.74
Adjustments to Opening Fair Value of Plan Assets	**-**	-
Return on Plan Assets excluding interest income	**(0.39)**	(0.27)
Interest income	**2.00**	2.26
Contributions	**(1.77)**	17.95
Benefits paid	**(21.96)**	(12.89)
Fair value of plan assets at end of the year,	**28.67**	50.79
Reconciliation of present value of the obligation and the fair value of plan assets		
Present value of the defined benefit obligations at the end of the year	**166.13**	154.69
Fair value of plan assets at the end of year	**(28.67)**	(50.79)
Funded status being amount of liability recognised in the balance sheet	**137.46**	103.90
Gratuity cost for the year		
Service cost	**45.68**	41.79
Interest cost	**7.00**	5.78
Net gratuity cost	**52.68**	47.57
Remeasurements of the net defined benefit liability/ (asset)		
Actuarial (gains) / losses	**(21.28)**	(11.87)
(Return)/loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	**0.39**	0.27
Total actuarial (gain)/loss recognized in (OCI)	**(20.89)**	(11.60)
Category of Assets	**Total Amount**	Target Allocation %
Gratuity Fund (LIC of India and Birla Sunlife Insurance Co. Ltd)	**27.45**	100%
Total Itemized Assets	**27.45**	100%
Assumptions		
Mortality	**IALM (2006-08) Ult.**	IALM (2006-08) Ult.
Interest rate	**6.85%**	6.32%
Rate of growth in salary levels	**6.00%**	6.00%

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

The Company continues to fund to the trust in next year by reimbursing the actual payouts.

Gratuity cost, as disclosed above, is included under 'Employee benefit expense'.

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a) Contribution to Provident fund

The provident fund charge during the year amounts to ₹ 262.52 (March 31, 2021: ₹ 197.57).

b) Compensated absences

(₹ in million)

Actuarial assumptions	March 31, 2022	March 31, 2021
Interest rate	6.85%	6.32%
Rate of growth in salary levels	6.00%	6.00%

29 STATEMENT PURSUANT TO REQUIREMENT OF SCHEDULE III TO THE COMPANIES ACT, 2013 RELATING COMPANY'S INTEREST IN SUBSIDIARY COMPANIES

(₹ in million)

Sr no	Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount
	Firstsource Solutions Limited	76.48%	23,198.25	72.13%	3,875.89	15.76%	128.26	64.71%	4,004.15
	Subsidiaries - Indian								
1	Fisrtsource Process Management Services Limited	0.11%	34.74	0.01%	0.31	0.00%	-	0.00%	0.31
	Subsidiaries - Foreign								
1	Firstsource Solutions UK Limited	14.32%	4,343.50	-4.10%	(220.59)	-7.21%	(58.65)	-4.45%	(279.24)
2	Firstsource BPO Ireland Limited	0.05%	16.57	-0.03%	(1.66)	-0.04%	(0.29)	-0.03%	(1.95)
3	Firstsource Dialog Solutions (Private) Limited	0.05%	14.21	-0.01%	(0.39)	-0.75%	(6.12)	-0.11%	(6.51)
4	Firstsource Solutions S.A.	-	-	-	-	-	-	-	-
5	Firstsource Group USA, Inc.	68.55%	20,793.40	-9.89%	(531.34)	73.35%	596.98	0.99%	65.64
6	Firstsource Advantage LLC	7.39%	2,240.44	2.25%	121.09	4.93%	40.12	2.61%	161.21
7	Firstsource Business Process Services, LLC	8.70%	2,638.70	0.00%	-	11.48%	93.39	1.51%	93.39
8	MedAssist Holding LLC	88.99%	26,992.98	31.57%	1,696.72	4.01%	32.64	27.95%	1,729.36
9	Firstsource Health Plans and Healthcare Services, LLC	1.92%	582.94	5.53%	297.28	1.87%	15.23	5.05%	312.51
10	One Advantage LLC	4.32%	1,310.80	6.29%	338.22	4.94%	40.18	6.12%	378.40
11	Sourcepoint Fulfillment Services, Inc	-0.75%	(226.46)	-5.15%	(276.70)	-1.93%	(15.67)	-4.73%	(292.37)
12	Sourcepoint, Inc.	18.64%	5,653.27	-1.44%	(77.29)	-6.90%	(56.13)	-2.16%	(133.42)
13	PatientMatters, LLC	-11.65%	(3,534.01)	-0.12%	(6.67)	-0.37%	(3.01)	-0.16%	(9.68)
14	Medical Advocacy Services for Healthcare, Inc	9.67%	2,934.16	1.27%	68.43	0.46%	3.75	1.17%	72.18
15	Kramer Technologies LLC (KT)	4.19%	1,272.00	0.08%	4.25	0.02%	0.17	0.07%	4.42
16	The StoneHill Group, Inc	0.80%	242.45	1.32%	71.00	0.08%	0.69	1.16%	71.69
17	American Recovery Service Incorporated	2.01%	610.51	1.70%	91.47	0.10%	0.79	1.49%	92.26
18	Firstsource Solutions México, S. de R.L. de C.V	-0.01%	(1.97)	-0.04%	(1.90)	-0.01%	(0.07)	-0.03%	(1.97)
	Minority Interests in all subsidiaries	-0.01%	(3.69)	0.16%	8.44	0.20%	1.60	0.16%	10.04
	Adjustments	-193.78%	(58,779.66)	-1.54%	(82.82)	0.00%	(0.02)	-1.34%	(82.84)
	Total	**100%**	**30,333.13**	**100%**	**5,373.74**	**100%**	**813.84**	**100%**	**6,187.58**

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

30 COMPUTATION FOR CALCULATING DILUTED EARNING PER SHARE

(₹ in million)

	Year ended	
	March 31, 2022	**March 31, 2021**
Number of shares considered as basic weighted average shares outstanding	**680,124,130**	681,753,647
Add: Effect of potential issue of shares/ stock options	**25,377,614**	23,281,281
Number of shares considered as weighted average shares and potential shares outstanding	**705,501,744**	705,034,928
Net profit after tax attributable to shareholders	**5,373.74**	3,616.86
Net profit after tax for diluted earnings per share	**5,373.74**	3,616.86
Basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year, excluding equity shares purchased by the Group and held as treasury shares.		
Diluted earnings per share is calculated by adjusting the weighted average number of equity shares outstanding during the year for assumed conversion of all dilutive potential equity shares. Employee share options are dilutive potential equity shares for the Group.		

31 CAPITAL AND OTHER COMMITMENTS AND CONTINGENT LIABILITIES

(₹ in million)

		March 31, 2022	March 31, 2021
a)	The estimated amount of contracts remaining to be executed on capital account and not provided for (net), against which advances paid are ₹ 16.75 (March 31, 2021: ₹ 87.71)	**739.89**	961.96
b)	Claims not acknowledged as debts	**1.35**	1.35
c)	Guarantees given to the customer and others*	**10.00**	10.00
d)	Outstanding in respect of the Company has a purchase commitment towards Nanobi Data and Analytics Private Limited for the Optionally Convertible Debentures of ₹ 100 per unit of 120,000 units.	**12.00**	12.00

Direct tax matters

Income tax demands amounting to ₹ 1,840.26 (March 31, 2021: ₹ 983.54) for the various assessment years are disputed in appeal by the Company, in respect of which it has favourable decisions supporting its stand based on the past assessment or have been allowed in the past and hence, the provision for taxation is considered adequate. The Company has paid ₹ 10.38 (March 31, 2021: ₹ 10.38) tax under protest against the demand raised for the assessment year 2004-05, ₹ 12.50 (March 31, 2021: ₹ 12.50) tax under protest against the demand raised for the assessment year 2009-10, ₹ 80.00 (March 31, 2021: ₹ 80.00) tax under protest against the demand raised for the assessment year 2011-12, ₹ 5.00 (March 31, 2021: ₹ 5.00) tax under protest against the demand raised for the assessment year 2014-15, ₹ 2.50 (March 31, 2021: ₹ 2.50) tax under protest against the demand raised for the assessment year 2015-16.

Indirect tax matters

Service tax demands amounting to ₹ 151.76 (March 31, 2021: ₹ 151.76) in respect of service tax input credit and FCCB issue expenses is disputed in appeal by the Company. The Company expects favourable appellate decision in this regard.

The Company's pending litigations comprise of claims against the Company and pertaining to proceedings pending with Income tax and service tax. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in the financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

*Guarantees given pertain to guarantees given to customers and the Government of India, Customs and Central Excise department towards future duty obligations.

NOTES TO THE FINANCIAL STATEMENTS

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32 LONG-TERM CONTRACTS

The Group has a process whereby yearly all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Group has reviewed and ensured that adequate provision as required under any law / Accounting Standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of account.

The Group, through its subsidiary viz, Sourcepoint Inc. ('Sourcepoint'), had a strategic partnership agreement with a leading mortgages business group ('Counterparty') under which Sourcepoint is the preferred vendor for business process management services. As per the terms of the agreement, in exchange for the revenue realized through the Counterparty by Sourcepoint, the Counterparty was entitled to an option to purchase a proportion of the equity of Sourcepoint at a fair value as on the data of grant and further entitled the Counterparty to seek a buyback of its equity from Sourcepoint under certain circumstances. During the period ended June 30, 2021, Sourcepoint and the counterparty have terminated the above agreement and awarded the Counterparty the option to purchase 110 equity shares in Sourcepoint by way of fresh issuance, equivalent to 15% of the current equity outstanding of Sourcepoint.

On July 27, 2021, the Group, through its subsidiary viz, Firstsource Group USA Inc. ('FS US') and the leading mortgages business group ("Counterparty") referred above, have entered into an option purchase agreement whereby the Counterparty has surrendered its option to purchase shares in Sourcepoint Inc. ("Sourcepoint") in exchange for a fixed consideration of US$ 23 million (on a deferred payment basis) and a contingent consideration of US$ 11.25 million based on additional revenues realized by the Group through the Counterparty. During the year ended March 31, 2022, US$ 12 million have been paid as a part of the consideration.

33 CORPORATE SOCIAL RESPONSIBILITY (CSR)

As per Section 135 of the Companies Act, 2013, funds have been contributed by the Company to the RP-Sanjiv Goenka Group CSR Trust and are to be utilized on the activities which are specified in Schedule VII to the Act. The areas identified by the CSR trust includes activities for promoting healthcare, art / culture, sports and education as the four priority areas to be pursued in phases and in a manner aligned with the CSR rules and regulations.The trust has informed that they are working on a project to set up school which will offer IB and IGCSE courses. The amount paid towards our contribution is being utilized to purchase land for setting up this school.

a) Gross amount required to be spent by the Company during the year is ₹ 55.71 (March 31, 2021: ₹ 39.06)

b) Amount spent by Firstsource during the year on:

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Construction/ acquisition of any asset	**-**	-
On purposes other than above	**15.55**	0.32

(₹ in million)

	March 31, 2022	March 31, 2021
Opening balance	**38.74**	-
Contribution accrued for the year	**55.71**	39.06
Amount spent during the year	**(54.29)**	(0.32)
Closing balance payable*	**40.16**	38.74

*Unspent amount of ₹ 40.16 and ₹ 38.74 has been transferred to a earmarked special bank account on March 31, 2022 and April 19, 2021 for the year ended March 31, 2022 and March 31, 2021 respectively.

34 EXCEPTIONAL ITEM

The Group, through its subsidiary viz, Sourcepoint Inc. ('Sourcepoint'), has a strategic partnership agreement with a leading mortgages business group ('Counterparty') under which Sourcepoint will be a preferred vendor for business process management services. As per the terms of the agreement, in exchange of the revenues realized through the Counterparty by Sourcepoint, the Counterparty would be entitled to an option to purchase a proportion of the equity of Sourcepoint at a fair value as on the date of grant. The agreement entitles the Counterparty to seek a buyback of its equity from Sourcepoint under certain circumstances.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

As at March 31, 2021, the fair value of the liability of the option has increased considerably on account of significant increase in the valuation of Sourcepoint. Also, the Counterparty's entitlement to option has increased basis the revenues realized by Sourcepoint, as per the terms of the agreement. The Counterparty is also negotiating for an early exercise of its entitlement. As a result, an amount of ₹ 1,150.55 has been charged to the Statement of Profit and Loss for the year ended March 31, 2021. This has been classified as an exceptional item.

35 SUBSEQUENT EVENTS

The Board of directors at its meeting held on May 05, 2022 has approved these consolidated financial statements as at and for the year ended March 31, 2022.

As per our report of even date attached.
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
Firm's Registration No: 117366W/W-100018

Sanjiv V. Pilgaonkar
Partner
Membership No: 39826

Mumbai
May 05, 2022

For and on behalf of the Board of Directors of Firstsource Solutions Limited

Dr. Sanjiv Goenka Chairman	**Vipul Khanna** MD & CEO	**Pradip Kumar Khaitan** Director
Shashwat Goenka Vice-Chairman	**Subrata Talukdar** Director	**Pratip Chaudhuri** Director
Grace Koshie Director	**Anjani K. Agrawal** Director	**Charles Richard Vernon Stagg** Director
Pooja Nambiar Company Secretary	**Dinesh Jain** President and CFO	

Sunil Mitra
Director

Mumbai
May 05, 2022

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Account) Rules, 2014)
Statement containing sailent features of the financial statement of subsidiaries/associate companies/joint ventures

PART "A": SUBSIDIARIES

(₹ in million)

S. NO	Particulars	Firstsource Process Management Services Limited	Firstsource Group USA, Inc.	Firstsource Business Process Services, LLC	Firstsource Advantage LLC	One Advantage LLC	Firstsource Solutions UK Limited	Firstsource Solutions USA LLC	MedAssist Holding, LLC.	Firstsource Health Plans and Healthcare Services, LLC	Firstsource BPO Ireland Ltd	Firstsource-Dialog Solutions (Private) Limited	Firstsource Solution S.A	Sourcepoint, Inc.	Sourcepoint Fulfillment Services, Inc	PatientMatters, LLC	Medical Advocacy Services for Healthcare, Inc	Kramer Technologies LLC	The StoneHill Group,Inc.	American Recovery Service Incorporated	Firstsource Solutions Mexico, S de R.L. de C.V.
1	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	"01-04-2021 to 31-03-2022"	"01-04-2021 to 31-03-2022"	"01-04-2021 to 31-03-2022"	"01-04-2021 to 31-03-2022"	"01-04-2021 to 31-03-2022"	"01-04-2021 to 31-03-2022"	"01-04-2021 to 31-03-2022"	"01-04-2021 to 31-03-2022"	"01-04-2021 to 31-03-2022"	"01-04-2021 to 31-03-2022"	"01-04-2021 to 31-03-2022"	"01-04-2021 to 31-03-2022"	"01-04-2021 to 31-03-2022"	"01-04-2021 to 31-03-2022"	"01-04-2021 to 31-03-2022"	"01-04-2021 to 31-03-2022"	"01-04-2021 to 31-03-2022"	"09-11-2021 to 31-03-2022"	"29-12-2021 to 31-03-2022"	"13-12-2021 to 31-03-2022"
2	Reporting currency	₹	Dollar	Dollar	Dollar	Dollar	Pound	Dollar	Dollar	Dollar	Euro	LKR	-	Dollar	Dollar	Dollar	Dollar	Dollar	Dollar	Dollar	MXN
3	Exchange rate	1	75.79	75.79	75.79	75.79	99.46	75.79	75.79	75.79	84.22	0.26	0.00	75.79	75.79	75.79	75.79	75.79	75.79	75.79	3.80
4	Paid-up Share Capital	10.50	19.48	-	0.76	-	281.92	-	-	-	-	1.19	-	5.56	30.38	-	-	-	0.04	0.19	-
5	Reserves & Surplus	24.24	20,773.33	2,638.70	2,239.73	1,310.80	4,061.58	-	26,992.98	582.94	16.57	13.02	-	5,647.72	(256.84)	(3,534.01)	2,934.16	1,272.00	242.42	610.32	-1.97
6	Total Assets	35.26	38,802.11	7,030.18	3,056.78	1,528.32	11,605.59	-	28,985.86	4,526.86	18.40	14.69	-	9,699.71	129.44	703.76	2,950.58	1,278.79	523.88	1395.51	4.40
7	Total Liabilities (excluding Capital and Reserves)	0.52	18,009.30	4,391.48	816.29	217.52	7,262.09	-	1,992.88	3,943.92	1.83	0.48	-	4,046.43	355.90	4,237.77	16.42	6.79	281.42	784.98	6.37
8	Investments (excluding Investments in Subsidiaries)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Total Income	1.12	1,318.67	-	4,636.85	1,019.56	15,565.57	-	6,501.50	8,530.56	(0.00)	0.13	-	15,385.30	414.54	394.58	670.10	15.20	610.42	1837.39	-
10	Profit / (Loss) Before Tax	1.08	73.45	-	123.26	344.26	(232.67)	-	1,727.03	302.59	(1.61)	(0.27)	-	(78.66)	(281.64)	(6.79)	69.65	4.33	72.27	93.10	-1.97
11	Provision for Tax	0.77	487.95	-	-	-	(31.16)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Profit / (Loss) After Tax	0.31	(414.50)	-	123.26	344.26	(201.51)	-	1,727.03	302.59	(1.61)	(0.27)	-	(78.66)	(281.64)	(6.79)	69.65	4.33	72.27	93.10	-1.97
13	Proposed Dividend (including Tax thereon)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	% of Shareholding	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	74%	99.98%	100%	100%	100%	100%	100%	100%	100%	100%

Note:

Figures mentioned in MedAssist Holding LLC are consolidated figures of MedAssist Holding LLC and Firstsource Solutions USA LLC.

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Account) Rules, 2014)
Statement containing sailent features of the financial statement of subsidiaries/associate companies/joint ventures

PART "B":ASSOCIATES AND JOINT VENTURES:

(₹ in million)

S. NO	Particulars	Nanobi Data and Analytics Private Limited
1	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	01-04-2021 to 31-03-2022
2	Reporting currency	₹
3	Exchange rate	1
4	Paid-up Share Capital	36.58
5	Reserves & Surplus	(45.25)
6	Total Assets	24.55
7	Total Liabilities (excluding Capital and Reserves)	33.22
8	Investments (excluding Investments in Subsidiaries)	-
9	Total Income	21.03
10	Profit / (Loss) Before Tax	3.37
11	Provision for Tax	0.53
12	Profit / (Loss) After Tax	2.84
13	Proposed Dividend (including Tax thereon)	-
14	% of Shareholding	21.79%

As per our report of even date attached.
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
Firm's Registration No: 117366W/W-100018

Sanjiv V. Pilgaonkar
Partner
Membership No: 39826

Mumbai
May 05, 2022

For and on behalf of the Board of Directors of Firstsource Solutions Limited

Dr. Sanjiv Goenka
Chairman

Vipul Khanna
MD & CEO

Pradip Kumar Khaitan
Director

Shashwat Goenka
Vice-Chairman

Subrata Talukdar
Director

Pratip Chaudhuri
Director

Sunil Mitra
Director

Grace Koshie
Director

Anjani K. Agrawal
Director

Charles Richard Vernon Stagg
Director

Mumbai
May 05, 2022

Pooja Nambiar
Company Secretary

Dinesh Jain
President and CFO

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FIRSTSOURCE SOLUTIONS LIMITED

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

OPINION

We have audited the accompanying standalone financial statements of Firstsource Solutions Limited (the 'Company'), which comprise the Balance Sheet as at March 31, 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the 'standalone financial statements')

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act ('SA's). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current financial year. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1.	**Revenue recognition and measurement in respect of un-invoiced amounts** (Refer Note 9 of the Standalone Financial Statements) The Company, in its contracts with customers, promises to transfer distinct services ('performance obligations') to its customers which may be rendered in the form of customer management, transaction processing (including revenue cycle management in the healthcare industry) and debt collection services. Revenue is recognised based on the pattern of benefits from the performance obligations to the customer in an amount that reflects the consideration received or expected to be received in exchange for the services ('transaction price'). The agreed contractual terms for service deliveries that are based on unit-of-work, time and material or a specified contingency (such as recovery of dues or disbursement of loans) adjusted for rebates, volume discounts, incentives or penalties ('variable consideration'). At each reporting date, revenue is accrued for work performed that may not have been invoiced. Identifying whether the Company's performance has resulted in a billable service that is collectable where the service deliveries have not been acknowledged by customers as of the reporting date involves a fair amount of judgment. Recognition of revenue before acknowledgment of receipt of services by customer could lead to an over or understatement of revenue and profit, whether intentionally or in error.	**Principal audit procedures performed** a. We gained an understanding of the Company's processes in collating the evidence supporting delivery of services for each disaggregated type of revenue. We also obtained an understanding of the design of key controls for quantifying units of services that would be invoiced and the application of appropriate prices for each of such services. b. We have tested the design and operating effectiveness of management's key controls in collating the units of services delivered and in the application of accurate prices for each of such services for a sample of the un-invoiced revenue entries, which included testing of access and change management controls exercised in respect of related information systems. c. We have tested a sample of un-invoiced revenue entries with reference to the reports from the information system that record the inputs relating to the services delivered to confirm the units of services delivered and contractual rates for the application of appropriate price for each of services. We also tested the adjustments on account of volume discounts and committed service levels of performance. With regard to incentives, our tests were focused to ensure that accruals were restricted to only those items where contingencies were minimal. d. We have performed substantive analytical procedures to evaluate the reasonableness of un-invoiced revenues recognised. Un-invoiced revenues from fixed fee based service contracts were not significant resulting in lower risk relating to cut off and accuracy. Therefore, we focused our attention on time and unit priced based service contracts in performing substantive analytical procedures. These procedures involved developing sufficiently precise expectations using a plausible and predictable relationship among appropriately disaggregated data.

Sr. No.	Key Audit Matter	Auditor's Response
		e. We also extended our testing upto the date of approval of the standalone financial statements by the Board of Directors of the Company to verify adjustments, if any, that may have been necessary upon receipt of approvals from customers for services delivered prior to the reporting date and / or collections against those. f. We evaluated the delivery and collection history of customers against whose contracts un-invoiced revenue is recognized. g. We tested cut-offs for revenue recognized against un-invoiced amounts by matching the revenue accrual against accruals for corresponding cost.
2.	**Assessment of recoverability of Minimum Alternate Tax ('MAT') Credit for Special Economic Zone ('SEZ') units** (Refer Note 12 of the Standalone Financial Statements) Under the provisions of the Income Tax Act, 1961, (the 'Income Tax Act') Minimum Alternate Tax ('MAT') is payable by companies where 15% (plus applicable surcharge and cess) of its 'book profit' as defined under section 115JB of the Income Tax Act exceeds the income tax payable on the 'total taxable income' computed in accordance with the Income Tax Act. A credit equal to the excess of MAT paid on book profit over the normal income tax payable on the total taxable income is allowed as a credit ('MAT credit'). The MAT credit is allowed to be carried forward for a period of fifteen succeeding assessment years following the assessment year in which the MAT credit becomes allowable. MAT credit can be set off only in the year in which the Company (and consequently the Group) is liable to pay normal income tax on the total taxable income to the extent such tax is in excess of MAT for that year. The Company has recognised deferred tax asset in respect of MAT credit to the extent of ₹ 2,361.57 million. The Company's evaluation of the recoverability of deferred tax asset in respect of MAT credit requires Management to make significant estimates and assumptions related to forecasts of future taxable profits. Also, a significant portion of the Company's profits in the past have arisen from export of services from delivery centers set up in Special Economic Zones ('SEZs'). Export profits derived from SEZs are entitled to a 100% deduction in determining the total taxable income for the first five years. The deduction is reduced to 50% for the next ten years (subject to meeting certain additional conditions in the last five years). We identified this as a key audit matter after considering, the proportion of export profits and the tax benefits attached to export profits from SEZs and forecast of future total taxable income involves significant subjective judgement.'	**Principal audit procedures performed** We obtained the projections compiled by the management and performed audit procedures related to forecasts of future taxable profits and operating margin: a. We evaluated the design of internal controls and tested the operating effectiveness of internal controls over the forecasts of future revenue, operating margin, taxable profits and the key assumptions used at the year end b. We evaluated management's ability to accurately forecast future revenues, operating margins and taxable profits by comparing the actual results to management's historical forecast by delivery centres (including the ratio of deliveries from SEZs and Non-SEZ centres) to arrive at forecast tax liabilities. c. We performed a sensitivity analysis on the key assumptions to assess their impact on the Company's determination that the MAT was realisable.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON ('OTHER INFORMATION')

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Report of the Board of Directors including Annexures thereto, Management Discussion and Analysis report, Business Responsibility report and report on Corporate Governance, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the Key Audit Matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books .

   c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

   e. On the basis of the written representations received from the directors as at March 31, 2022 taken on record by the Board of Directors, none of the directors are disqualified as at March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.

   f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

      In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

      iv. (a) The Management has represented that, to the best of it's knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

      (b) The Management has represented that, to the best of it's knowledge and belief, no funds (which are material either individually or in the aggregate) has been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

      (c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (a) and (b) above, contain any material misstatement.

      v. With respect of dividend declared and paid:

         a. The interim dividend declared and paid by the Company during the year and until the date of this report is in compliance with section 123 of the Act.

         b. The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

2. As required by the Companies (Auditor's Report) Order, 2020 (the 'Order') issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

SANJIV V. PILGAONKAR
Partner
(Membership No. 39826)
(UDIN: 22039826AIKSMT8605)

Mumbai, May 05, 2022

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(REFERRED TO IN PARAGRAPH 1(F) UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' SECTION OF OUR REPORT OF EVEN DATE)

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ('THE ACT') OF FIRSTSOURCE SOLUTIONS LIMITED

We have audited the internal financial controls over financial reporting of Firstsource Solutions Limited (the 'Company') as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit.

We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls. The Guidance Note and those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

SANJIV V. PILGAONKAR
Partner
(Membership No. 39826)
(UDIN: 22039826AIKSMT8605)

Mumbai, May 05, 2022

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(REFERRED TO IN PARAGRAPH 2 UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' SECTION OF OUR REPORT OF EVEN DATE)

To the best of our information and according to the explanations provided to us by the Company and the books of account examined by us in the normal course of audit, we state that:

i. In respect of the Company's Property, Plant and Equipment:

(a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of its Property, Plant and Equipment, Capital Work-in-Progress and the relevant details of its Right-of-Use assets.

B. The Company has maintained proper records showing full particulars of Intangible Assets.

(b) The property, plant and equipment, capital work in progress and right-of-use assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. No material discrepancies were noticed on such verification.

(c) The Company does not hold any immovable properties (other than properties where the Company is the lessee, and the lease agreements are duly executed in favour of the Company). Hence reporting under paragraph 3(i)(c) of the Order is not applicable.

(d) The Company has not revalued any of its Property, Plant and Equipment, Right-of-Use Assets and Intangible Assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

ii. In respect of the Company's inventories:

(a) The Company is in the business of rendering services and consequently does not hold any physical inventories. Accordingly, the provisions of paragraph 3(ii)(a) of the Order is not applicable.

(b) The Company has not been sanctioned any working capital facility by banks or financial institutions during the year on the basis of security of its current assets.

iii. The Company has granted loans and provided guarantees to parties listed in (a) below, during the year, in respect of which:

(a) The details of the aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such loans and guarantees are tabulated below:

(₹ in million)

Particulars	Loans	Guarantees
Aggregate amount granted/ provided during the year		
Subsidiaries:		
Firstsource Group USA, Inc. (FG US)	-	5,684.00
Other Parties		
Employees	29.55	-
Balance outstanding as at balance sheet date		
Subsidiaries:		
- Firstsource Solution UK Limited	-	5,967.00
- Firstsource Group USA, Inc.	-	12,354.00
Other Parties		
Employees	46.94	

The Company has not provided security nor has it granted any advances in the nature of loans to any other entity during the year.

(b) The investments made, terms and conditions for grant of loans and guarantees provided during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.

(c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and repayments of principal amount and receipt of interest are regular as per stipulation.

(d) According to information and explanations given to us and based on the audit procedures performed, in respect of loan granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date. Therefore reporting under the provisions of paragraph 3(iii)(d) is not applicable.

(e) No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

(f) According to the information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence reporting under paragraph 3(iii)(f) is not applicable.

iv. In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.

v. The Company has not accepted any deposits or amounts which are deemed to be deposits. Hence reporting under paragraph 3(v) of the Order is not applicable.

vi. The maintainence of cost records has not been specified for the activities of the Company by the Central Government under section 148 (1) of the Companies Act, 2013.

vii. In respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Goods and Service Tax, Provident Fund, Employees' State Insurance, Income Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. As explained to us, the Company did not have any dues payable on account of duty of customs and duty of excise.

(b) There were no undisputed amounts payable in respect of Goods and Service Tax Provident Fund, Employees' State Insurance, Income Tax, Cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

(c) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as at March 31, 2022 on account of disputes are given below:

Name of the statute	Nature of dues	Forum where the dispute is pending	Financial years to which the dispute relates	₹ million
Income Tax Act,1961	Income Tax	Assistant Commissioner of Income Tax	2009-10, 2010-11, 2011-12	452.27
	Income Tax	Commissioner of Income Tax (Appeals)	2008-09, 2012-13, 2015-16, 2016-17,2017-18	383.59
	Income Tax	Income Tax Appellate Tribunal	2008-09, 2010-11, 2013-14, 2014-15	247.57
Bureau of Internal Revenue- Philippines	Income Tax	Commissioner of Internal Revenue	2014-15	756.83
Finance Act, 1994	Service Tax	Commissioner of Service Tax	2006 to 2017	151.76

viii. There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

ix. With respect to reporting requirements of paragraph 3(ix) of the Order:

(a) The Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

(b) The Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.

(c) Term loans availed by the Company were, applied by the Company during the year for the purposes for which the loan were obtained.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or associate company. The Company does not have any joint venture.

(f) The Company has not raised any loan during the year on the pledge of securities held in its subsidiaries or associate company.

x. (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, reporting under paragraph 3(x)(a) of the Order is not applicable.

(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partially or optionally). Therefore, reporting under paragraph 3(x)(b) of the Order is not applicable to the Company.

xi. (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) We have taken into consideration, the whistle blower complaints received by the Company during the year (and upto the date of this report) and provided to us, when determining the nature, timing and extent of our audit procedures.

xii. In our opinion, the Company is not a Nidhi Company and hence reporting under paragraph 3(xii) of the Order is not applicable.

xiii. In our opinion, the Company has complied with the provisions of section 177 and 188 of the Act, for all applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. (a) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

xv. During the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its Directors.

xvi. (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under paragraph 3(xvi) (b) and (c) of the Order is not applicable.

(b) The Group has more than one Core Investment Company (CIC) as part of the 'Group' '(as defined in Core Investment Companies (Reserved Bank) Direction, 2011)'. There are 5 CIC forming part of the 'Group'.

xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors of the Company during the year.

xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as at the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. (a) There are no unspent amounts towards Corporate Social Responsibility ('CSR') on other than ongoing projects requiring transfer to a Fund specified in Schedule VII to the Act, in compliance with section 135(5) of the Act. Accordingly, reporting under paragraph 3(xx)(a) of the Order is not applicable.

(b) In respect of ongoing projects, the Company has transferred the unspent amount towards CSR, to a special account within a period of 30 days from the end of the financial year, in compliance with the provisions of section 135(6) of the Act.

xxi. According to the information and explanations given to us and based on the report issued by the auditor of the subsidiary included in the consolidated financial statements of the Company, to which reporting on matters specified in paragraph 3 and 4 of the Order is applicable, provided to us by the Management of the Company, we have not identified any qualifications or adverse remarks made by the auditor in its report on matters specified in paragraphs 3 and 4 of the Order.

However, with respect to an associate, viz., Nanobi Data and Analytics Private Limited (U72200KA2012PTC062235) included in the consolidated financial statements of the Company, as the audit (under section 143 of the Act) of the associate has not yet been completed, the report of the auditor covering matters specified in paragraphs 3 and 4 of the Order, was not provided to us.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

SANJIV V. PILGAONKAR
Partner
(Membership No. 39826)
(UDIN: 22039826AIKSMT8605)

Mumbai, May 05, 2022

STANDALONE BALANCE SHEET

as at March 31, 2022

(₹ in million)

Particulars	Note	March 31, 2022	March 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3	**907.44**	785.96
Right-of-use assets	4	**2,072.98**	1,929.08
Goodwill		**40.14**	40.14
Other intangible assets	5	**106.31**	158.37
Financial assets			
Investments	6(i)	**12,208.50**	12,072.73
Other financial assets	7(i)	**436.72**	507.10
Other non-current assets	8(i)	**113.41**	357.85
Deferred tax assets (net)	12	**2,791.57**	2,674.11
Income tax assets (net)	12	**739.11**	727.66
Total non-current assets		**19,416.18**	19,253.00
Current assets			
Financial assets			
Investments	6(ii)	**1,151.86**	793.20
Trade receivables	9		
- Billed		**5,172.44**	5,199.86
- Unbilled		**196.30**	151.71
Cash and cash equivalents	10	**189.23**	99.21
Other balances with banks	11	**70.14**	57.18
Other financial assets	7(ii)	**527.55**	149.26
Other current assets	8(ii)	**757.91**	581.81
Total current assets		**8,065.43**	7,032.23
Total assets		**27,481.61**	26,285.23
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	**6,969.91**	6,960.99
Other equity	14	**16,228.34**	14,759.73
Total equity		**23,198.25**	21,720.72
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Long term borrowings	15(i)	**42.39**	89.88
Lease liabilities		**1,998.69**	1,863.27
Provisions for employee benefits	18(i)	**137.46**	103.90
Total non-current liabilities		**2,178.54**	2,057.05
Current liabilities			
Financial liabilities			
Short term and other borrowings	15(ii)	**72.72**	72.52
Trade payables	16	**465.99**	393.46
Lease liabilities		**538.92**	454.31
Other financial liabilities	17	**775.13**	1,196.67
Provisions for employee benefits	18(ii)	**136.92**	106.09
Other current liabilities	19	**109.24**	103.44
Provision for tax (net)	12	**5.90**	180.97
Total current liabilities		**2,104.82**	2,507.46
Total equity and liabilities		**27,481.61**	26,285.23
Significant accounting policies			

The accompanying notes from 1 to 36 are an integral part of these financial statements.

As per our report of even date attached.
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
Firm's Registration No: 117366W/W-100018

Sanjiv V. Pilgaonkar
Partner
Membership No: 39826

Mumbai
May 05, 2022

For and on behalf of the Board of Directors of Firstsource Solutions Limited

Dr. Sanjiv Goenka
Chairman

Vipul Khanna
MD & CEO

Pradip Kumar Khaitan
Director

Shashwat Goenka
Vice-Chairman

Subrata Talukdar
Director

Pratip Chaudhuri
Director

Sunil Mitra
Director

Grace Koshie
Director

Anjani K. Agrawal
Director

Charles Richard Vernon Stagg
Director

Mumbai
May 05, 2022

Pooja Nambiar
Company Secretary

Dinesh Jain
President and CFO

STANDALONE STATEMENT OF PROFIT AND LOSS

For the year ended March 31, 2022

(₹ in million)

Particulars	Note No.	March 31, 2022	March 31, 2021
INCOME			
Revenue from operations	20	**15,920.06**	13,247.40
Other income, (net)	21	**307.50**	282.15
Total income		**16,227.56**	13,529.55
EXPENSES			
Employee benefits expenses	22	**8,000.45**	6,306.24
Finance costs	23	**200.68**	153.00
Depreciation and amortization expense	3,4, 5	**881.98**	797.95
Other expenses	24	**2,610.87**	2,019.09
Total expenses		**11,693.98**	9,276.28
Profit before tax		**4,533.58**	4,253.27
Tax expenses			
Current tax	12	**747.86**	590.38
Deferred tax	12	**(90.17)**	(3.64)
Profit for the year		**3,875.89**	3,666.53
Other comprehensive income			
Items that will not be reclassified subsequently to the statement of profit and loss			
Remeasurement of the net defined benefit liability/asset		**20.89**	(11.60)
Items that will be reclassified subsequently to the statement of profit and loss			
Net changes in fair value on derivatives designated as cash flow hedges		**146.57**	(245.16)
Deferred tax on items that will be reclassified to statement of profit and loss		**(29.23)**	29.35
Exchange difference on translation of foreign operations		**(9.97)**	28.89
Total other comprehensive income, net of taxes		**128.26**	(198.52)
Total comprehensive income for the year		**4,004.15**	3,468.01
Weighted average number of equity shares outstanding during the year			
- Basic	30	**680,124,130**	681,753,647
- Diluted	30	**705,501,744**	705,034,928
Earning per equity share			
- Basic	30	**5.70**	5.38
- Diluted	30	**5.49**	5.20
Significant accounting policies			

The accompanying notes from 1 to 36 are an integral part of these financial statements.

As per our report of even date attached.
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
Firm's Registration No: 117366W/W-100018

Sanjiv V. Pilgaonkar
Partner
Membership No: 39826

Mumbai
May 05, 2022

For and on behalf of the Board of Directors of Firstsource Solutions Limited

Dr. Sanjiv Goenka
Chairman

Vipul Khanna
MD & CEO

Pradip Kumar Khaitan
Director

Shashwat Goenka
Vice-Chairman

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Director

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Director

Charles Richard Vernon Stagg
Director

Mumbai
May 05, 2022

Pooja Nambiar
Company Secretary

Dinesh Jain
President and CFO

STANDALONE STATEMENT OF CHANGES IN EQUITY

AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

(₹ in million)

	Equity share capital	Attributable to owners of the Company										Total
		Share application money pending allotment	Treasury shares	Reserves and Surplus						Items of other comprehensive income		
				Amalgamation deficit reserve	Special Economic Zone re-investment reserve	Securities premium	Other reserve	Retained earnings	Employee stock option reserve	Effective portion of cash flow hedges	Exchange differences on translating the financial statements of a foreign operation	
Balance as at April 01, 2021	6,960.99	0.41	(742.16)	(1,136.72)	-	2,244.41	30.68	13,669.95	283.63	182.59	226.94	21,720.72
Other comprehensive income for the year (Net of tax)	-	-	-	-	-	-	-	20.89	-	117.34	(9.97)	128.26
Profit for the year	-	-	-	-	-	-	-	3,875.89	-	-	-	3,875.89
Dividend (net)	-	-	-	-	-	-	-	(2,383.96)	-	-	-	(2,383.96)
Share based payments	-	-	-	-	-	-	-	-	320.00	-	-	320.00
Issue of equity shares on exercise of options	8.92	(0.41)	-	-	-	46.07	-	-	(17.26)	-	-	37.32
Treasury shares	-	-	(456.09)	-	-	-	-	22.16	(66.05)	-	-	(499.98)
Transfer to Special Economic Zone re-investment reserve	-	-	-	-	22.20	-	-	(22.20)	-	-	-	-
Utilised from Special Economic Zone re-investment reserve	-	-	-	-	(22.20)	-	-	22.20	-	-	-	-
Transfer to retained earning for options forfeited	-	-	-	-	-		-	5.99	(5.99)	-	-	-
Balance at the end of the March 31, 2022	**6,969.91**	**-**	**(1,198.25)**	**(1,136.72)**	**-**	**2,290.48**	**30.68**	**15,210.92**	**514.33**	**299.93**	**216.97**	**23,198.25**

STANDALONE STATEMENT OF CHANGES IN EQUITY

AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

(₹ in million)

	Equity share capital	Attributable to owners of the Company										Total
		Share application money pending allotment	Treasury shares	Reserves and Surplus						Items of other comprehensive income		
				Amalgamation deficit reserve	Special Economic Zone re-investment reserve	Securities premium	Other reserve	Retained earnings	Employee stock option reserve	Effective portion of cash flow hedges	Exchange differences on translating the financial statements of a foreign operation	
Balance as at April 01, 2020	6,938.27	-	(89.35)	(1,136.72)	158.78	2,147.62	30.68	11,886.49	119.96	398.40	198.05	20,652.18
Other comprehensive income for the year (Net of tax)	-	-	-	-	-	-	-	(11.60)	-	(215.81)	28.89	(198.52)
Profit for the year	-	-	-	-	-	-	-	3,666.53	-	-	-	3,666.53
Dividend (net)	-	-	-	-	-	-	-	(2,037.69)	-	-	-	(2,037.69)
Share based payments	-	-	-	-	-	-	-	-	208.88	-	-	208.88
Issue of equity shares on exercise of options	22.72	0.41	-	-	-	96.79	-	-	(37.77)	-	-	82.15
Treasury shares	-	-	(652.81)	-	-	-	-	-	-	-	-	(652.81)
Transfer to Special Economic Zone re-investment reserve	-	-	-	-	29.34	-	-	(29.34)	-	-	-	-
Utilised from Special Economic Zone re-investment reserve	-	-	-	-	(188.12)	-	-	188.12	-	-	-	-
Transfer to retained earning for options forfeited	-	-	-	-	-		-	7.44	(7.44)	-	-	-
Balance at the end of the March 31, 2021	**6,960.99**	**0.41**	**(742.16)**	**(1,136.72)**	**-**	**2,244.41**	**30.68**	**13,669.95**	**283.63**	**182.59**	**226.94**	**21,720.72**

As per our report of even date attached.
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
Firm's Registration No: 117366W/W-100018

For and on behalf of the Board of Directors of Firstsource Solutions Limited

Dr. Sanjiv Goenka
Chairman

Vipul Khanna
MD & CEO

Pradip Kumar Khaitan
Director

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Vice-Chairman

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Director

Mumbai
May 05, 2022

Mumbai
May 05, 2022

Pooja Nambiar
Company Secretary

Dinesh Jain
President and CFO

STANDALONE STATEMENT OF CASH FLOWS

for the year ended March 31, 2022

(₹ in million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Cash flow from operating activities		
Net Profit before taxation	**4,533.58**	4,253.27
Adjustments for		
Depreciation and amortisation	**881.98**	797.95
Loss on sale of Property Plant and Equipment	**2.64**	3.53
Foreign exchange (gain)/ loss, net unrealised	**(27.13)**	124.18
Finance costs	**200.68**	153.00
Interest income	**(4.42)**	(6.20)
Profit on sale / redemption of investments	**(29.26)**	(18.55)
Employee stock compensation expense	**130.69**	45.10
Operating cash flow before changes in working capital	**5,688.76**	5,352.28
Changes in working capital		
Decrease/ (increase) in trade receivables	**4.66**	(1,607.22)
Increase in loans and advances and other assets	**(335.77)**	(89.01)
(Decrease)/ increase in liabilities and provisions	**(209.77)**	1,159.61
Net changes in working capital	**(540.88)**	(536.62)
Income taxes paid	**(991.01)**	(635.46)
Net cash generated from operating activities (A)	**4,156.87**	4,180.20
Cash flow from investing activities		
Purchase of current investments	**(14,838.15)**	(12,550.59)
Proceeds from sale of current investments	**14,508.75**	11,775.94
Proceeds from redemption of debentures	**2.00**	6.00
Interest income received	**4.42**	6.47
Purchase of property plant and equipment	**(378.55)**	(690.19)
Proceeds from sale of property plant and equipment	**26.68**	34.00
Earmarked funds placed with banks	**(12.96)**	(41.92)
Capital advances refunded	**185.92**	-
Net cash used in investing activities (B)	**(501.89)**	(1,460.29)
Cash flow from financing activities		
Proceeds from long term borrowings	**29.55**	168.93
Proceeds from issuance of equity shares and share application money	**37.32**	82.15
Repayment of long term borrowings	**(76.84)**	(69.50)
Interest paid on leased liabilities and other borrowings	**(200.68)**	(153.00)
Purchase of treasury shares	**(499.98)**	(652.81)
Repayment of lease liabilities	**(467.14)**	(405.82)
Dividend paid (net)	**(2,383.96)**	(2,037.69)
Net cash used in financing activities (C)	**(3,561.73)**	(3,067.74)
Net increase / (decrease) in cash and cash equivalents at the end of the year (A+B+C)	**93.25**	(347.83)
Cash and cash equivalents at the beginning of the year	**99.21**	445.67
Foreign exchange (loss) / gain on translating Cash and cash equivalents	**(3.23)**	1.37
Cash and cash equivalents at the end of the year	**189.23**	99.21

STANDALONE STATEMENT OF CASH FLOWS

for the year ended March 31, 2022

NOTES TO THE CASH FLOW STATEMENT

Cash and cash equivalents consist of cash on hand and balances with bank. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Balances with banks		
- in current accounts	189.23	99.21
Cash and cash equivalents	**189.23**	99.21

RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES FOR THE YEAR ENDED MARCH 31, 2022

(₹ in million)

Particulars	As at March 31, 2021	Proceeds	Repayment	As at March 31, 2022
Long Term Borrowings	162.40	29.55	(76.84)	115.11
Total Liabilities from financing activities	**162.40**	**29.55**	**(76.84)**	**115.11**

RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES FOR THE YEAR ENDED MARCH 31, 2021

(₹ in million)

Particulars	As at March 31, 2020	Proceeds	Effects of change in Foreign exchange	As at March 31, 2021
Long Term Borrowings	62.97	168.93	(69.50)	162.40
Total Liabilities from financing activities	62.97	168.93	(69.50)	162.40

As per our report of even date attached.
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
Firm's Registration No: 117366W/W-100018

Sanjiv V. Pilgaonkar
Partner
Membership No: 39826

Mumbai
May 05, 2022

For and on behalf of the Board of Directors of Firstsource Solutions Limited

Dr. Sanjiv Goenka
Chairman

Vipul Khanna
MD & CEO

Pradip Kumar Khaitan
Director

Shashwat Goenka
Vice-Chairman

Subrata Talukdar
Director

Pratip Chaudhuri
Director

Sunil Mitra
Director

Grace Koshie
Director

Anjani K. Agrawal
Director

Charles Richard Vernon Stagg
Director

Mumbai
May 05, 2022

Pooja Nambiar
Company Secretary

Dinesh Jain
President and CFO

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

1 COMPANY OVERVIEW

Firstsource Solutions Limited ('the Company') was incorporated on December 06, 2001. The Company is engaged in the business of providing customer management services like contact center, transaction processing and debt collection services including revenue cycle management in the healthcare industry.

The Company is a public limited company incorporated and domiciled in India having registered office at Mumbai, Maharashtra, India. The Company is listed on the Bombay Stock Exchange and National Stock Exchange in India.

The Company's standalone financial statements are approved for issue by the Board of Directors on May 05, 2022.

Basis of Preparation

These financial statements are prepared in accordance with Indian Accounting Standards, under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereunder.

The list of entities with percentage holding is as below:

Subsidiaries/Entities	Country of incorporation and other particulars	Percentage of holding by voting rights	Year of consolidation
Firstsource Solutions UK Limited (FSL UK)	A subsidiary of Firstsource Solutions Limited, incorporated under the laws of United Kingdom.	100%	2002-2003
Firstsource Solutions S.A. (FSL-Arg)	A subsidiary of Firstsource Solutions UK Limited, incorporated under the laws of Argentina.	99.98%	2006-2007
Firstsource BPO Ireland Limited (FSL Ireland)	A subsidiary of Firstsource Solutions UK Limited, incorporated under the laws of Ireland.	100%	2011-2012
Firstsource Dialog Solutions (Private) Limited (FDS)	A subsidiary of Firstsource Solutions Limited, incorporated under the laws of Sri Lanka.	74%	2011-2012
Firstsource Process Management Services Limited (FPMSL)	A subsidiary of Firstsource Solutions Limited, incorporated under the laws of India.	100%	2010-2011
Firstsource Group USA, Inc. (FG US)	A subsidiary of Firstsource Solutions Limited, incorporated in the State of Delaware, USA.	100%	2009-2010
Firstsource Business Process Services, LLC (FBPS)	A subsidiary of FG US, incorporated in the State of Delaware, USA.	100%	2009-2010
Firstsource Advantage LLC (FAL)	A subsidiary of FBPS, incorporated under the laws of the State of New York, USA.	100%	2004-2005
One Advantage LLC (OAL)	A subsidiary of FBPS, incorporated in the state of Delaware, USA.	100%	2014-2015
Medassist Holding LLC (MedAssist)	A subsidiary of FG US, incorporated under the laws of the State of Delaware, USA.	100%	2014-2015
Firstsource Solutions USA LLC	A subsidiary of MedAssist, incorporated in the State of Delaware, USA.	100%	2009-2010
Firstsource Health Plans and Healthcare Services, LLC (formerly Firstsource Transaction Services LLC ('FTS')) (Change in name w.e.f. October 01 2020)	A subsidiary of Firstsource Solutions USA LLC, incorporated under the laws of the State of Delaware, USA.	100%	2011-2012
Sourcepoint, Inc	A subsidiary of FG US, incorporated in the State of Delaware, USA.	100%	2016-2017
Sourcepoint Fulfillment Services, Inc.	A subsidiary of Sourcepoint, Inc	100%	2016-2017
PatientMatters, LLC (PM)	A subsidiary of Firstsource Solutions USA LLC, incorporated in the State of Delaware, USA (acquired on December 22, 2020)	100%	2020-2021

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

Subsidiaries/Entities	Country of incorporation and other particulars	Percentage of holding by voting rights	Year of consolidation
Medical Advocacy Services for Healthcare, Inc (MASH)	A subsidiary of PatientMatters, LLC, incorporated in the State of Texas, USA (acquired on December 22, 2020)	100%	2020-2021
Kramer Technologies LLC (KT)	A subsidiary of PatientMatters, LLC, incorporated in the State of Delaware, USA (acquired on December 22, 2020)	100%	2020-2021
The StoneHill Group, Inc	A subsidiary of Sourcepoint, Inc. (acquired on November 09, 2021)	100%	2021-2022
American Recovery Service Incorporated	A subsidiary of FBPS (acquired on December 29, 2021)	100%	2021-2022
Firstsource Solutions México, S. de R.L. de C.V	A subsidiary of FG US, incorporated in the Mexico on December 13, 2021	99%	2021-2022
Firstsource Employee Benefit Trust	A trust of Firstsource Solutions Limited, incorporated under the laws of India.	100%	2019-2020
Nanobi Data and Analytics Private Limited (Nanobi)	Associate of the Company.	21.79%	2016-2017

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The financial statements (herein referred as 'financial statements') of Firstsource Solutions Limited ('the Company') are prepared in accordance with Ind AS as per the provisions of the Act (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereunder.

2.2 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of income and expenses for the period. Management believes that the estimates made in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revisions to accounting estimates are recognised prospectively in current and future periods. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in Note 2.2.1.

2.2.1 Critical accounting estimates

a Income taxes

The Company's major tax jurisdiction is India. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions. Also refer to Note 2.9.

b Property, plant and equipment

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the Company's assets are determined by management at the time the asset is acquired, and are reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

c Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116 and identification of lease requires significant judgement. Ind AS 116 additionally requires lessees to determine the lease term as the non-cancellable period of lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in the future periods is reassessed to ensure the lease term reflects the current economic circumstances.

d Impairment of goodwill

Goodwill is tested for impairment at each reporting period and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash generating units which are benefitting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes.

Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience.

2.3 Revenue recognition

The Company, in its contracts with customers, promises to transfer distinct services rendered either in the form of customer management, healthcare (transaction processing and revenue cycle management) or collection.

Each distinct service, results in a simultaneous benefit to the corresponding customer. Also, the Company has an enforeable right to payment from the customer for the performance completed to date. Revenue from unit price based contracts is measured by multiplying the units of output delivered with the agreed transaction price per unit while in the case of time and material based contracts, revenue is the product of the efforts expended and the agreed transaction price per unit.

The Company continually reassesses the estimated discounts, rebates, price concessions, refunds, credits, incentives, performance bonuses, etc. (variable consideration) against each performance obligation each reporting period and recognises changes to estimated variable consideration as changes to the transaction price (i.e. revenue) of the applicable performance obligation.

Dividend income is recognised when the right to receive dividend is established.

For all instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

2.4 Goodwill

Goodwill represents the cost of business acquisition in excess of the Company's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of business acquisition, a gain is recognised immediately in Other Comprehensive Income. Goodwill is measured at cost less accumulated impairment losses.

2.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any. Cost includes freight, duties, taxes and incidental expenses related to acquisition and installation of the property, plant and equipment. Depreciation on property, plant and equipment is provided pro-rata to the period of use based on management's best estimate of useful lives of the assets as summarized below:

Asset category	Useful life (in years)
Tangible assets	
Leasehold improvements	Lease term or 5 years, whichever is shorter
Computers*	2 – 4
Service equipment*	2 – 5
Furniture and fixtures*	2 – 5
Office equipment*	2 – 5
Vehicles	2 – 5

* For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II to the Act.

Depreciation methods, useful lives and residual values are reviewed periodically at the end of each financial year.

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those property, plant and equipment which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

2.6 Other intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

Asset category	Useful life (in years)
Domain name	3
Software*	2 – 4

* For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II to the Act.

Software purchased is capitalised together with the related hardware and amortised over the best estimate of useful life from the date the asset is available for use. Software product development costs are expensed as incurred during the research phase until technological feasibility is established. Software development costs incurred subsequent to the achievement of technological feasibility are capitalised and amortised over the estimated useful life of the products as determined by the management. This capitalisation is done only if there is an intention and ability to complete the product, the product is likely to generate future economic benefits, adequate resources to complete the product are available and such expenses can be accurately measured. Such software development costs comprise expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to the development of the product. The amortisation of software development costs is allocated on a systematic basis over the best estimate of its useful life after the product is ready for use. The factors considered for identifying the basis include obsolescence, product life cycle and actions of competitors.

The amortisation period and the amortisation method are reviewed at the end of each reporting period. If the expected useful life of the product is shorter from previous estimates, the amortisation period is changed accordingly.

2.7 Impairment

a. Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit and loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

b. Non-financial assets

i Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Company's cash generating units ('CGU') or groups of CGU's expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in use is the present value of future cash flows expected to be derived from the CGU.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognised in the statement of profit and loss and is not reversed in the subsequent period.

ii Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognised in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

2.8 Employee benefits

a) Post employment benefits

Gratuity

The Gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the balance sheet date. The Company recognises the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains or losses through re-measurement of the net defined benefit liability / (asset) are recognised in other comprehensive income and other components are recognise in the statement of profit and loss. The actual return of portfolio of plan assets in excess of yields computed by applying the discount rate used to measure the defined benefit obligation are recognised in other comprehensive income. The effects of any plan amendments are recognised in statement of profit and loss.

Defined contribution plans

In accordance with Indian regulations, all employees receive benefits from a Government administered provident fund scheme. This is a defined contribution retirement plan in which both, the Company and the employee contribute at a determined rate. Monthly contributions payable to the provident fund are charged to the statement of profit and loss as incurred.

b) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

c) Other long-term employee benefits

Compensated absences

Provision for compensated absences cost is made based on actuarial valuation by an independent actuary.

Where employees of the Company are entitled to compensated absences, the employees can carry-forward a portion of the unutilised accrued compensated absence and utilise it in future periods or receive cash compensation at termination of employment for the unutilised accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement.

The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

d) Share-based compensation

The Company operates equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the granting of the options and the discount on the shares granted are recognised as an expense, together with a corresponding increase in equity, over the period in which the performance and / or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (i.e. the vesting date). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. On each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. The impact of the revision of original estimates, if any, is recognised immediately in the Statement of Profit and Loss, with a corresponding adjustment to equity.

2.9 Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the period. Current tax and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current income taxes

The current income tax expense includes income taxes payable by the Company and its overseas branch. The current tax payable is after taking credit for tax relief available for export operations in Special Economic Zones (SEZs).

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intend to settle the asset and liability on a net basis.

Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be recognised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be recognised. Deferred income tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be recognised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be settled.

For operations carried out in SEZs, deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set-off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be recognised.

Tax benefits acquired as part of business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. All other acquired tax benefits realised are recognised in the statement of profit and loss.

2.10 Leases

The Company enters into contract as a lessee for assets taken on lease. The Company at the inception of a contract assesses whether the contract contains a lease by conveying the right to control the use of an identified asset for a period of time in exchange for consideration. A Right-of-use asset is recognised representing its Right-of-use the underlying asset for the lease term at the lease commencement date except in case of short term leases with a term of twelve months or less and low value leases which are accounted as an operating expense on a straight line basis over the lease term. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the conditions required by the terms and conditions of the lease, a provision for costs are included in the related Right-of-use asset. The Right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The Right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease and if that rate cannot be readily determined the Company uses the incremental borrowing rate in the country of domicile of the leases. The lease payments shall include fixed payments, variable lease payments, where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. Obligation under finance lease are secured by way of hypothecation of underlying fixed assets taken on lease. Lease payments have been disclosed under cash flow from financing activities.

Certain lease arrangements includes the option to extend or terminate the lease before the end of the lease term. Right-of-use assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The lease liabilities are remeasured with a corresponding adjustment to the related Right-of-use asset if the Company changes its assessment whether it will exercise an extension or a termination option.

2.11 Foreign currency

Functional currency and peresentation currency

The financial statements of the Company are presented in the Indian Rupee ('₹') which is also the functional currency of the Company (excluding its foreign branch) whereas the functional currency of the foreign branch is the currency of their country of domicile. The numbers are rounded off to million: one million equals to ten lakhs.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

Transactions and translations

Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

Gains or losses on Revenue from operations including gains or losses on derivative transactions are accounted in other operating income and gains or losses other than on Revenue from operations are accounted in Other Income.

The translation of financial statements of the foreign branch to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the balance sheet date and for revenue, expense and cash flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under other components of equity.

2.12 Earnings per equity share

The basic earnings per equity share is computed by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which may be issued on the conversion of all dilutive potential shares, unless the results would be anti-dilutive.

2.13 Provisions and contingencies

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed. Provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects the current market assessment of the time value of money and risk specific to the liability.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

2.14 Financial instruments

2.14.1 Initial recognition

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

2.14.2 Classification and subsequent measurement

a) Non-derivative financial instruments

i) Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

ii) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii) Financial assets at fair value through other comprehensive income ('FVOCI')

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of equity investments not held for trading.

iv) Financial assets at fair value through profit and loss ('FVTPL')

Financial assets are measured at fair value through profit and loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognised in statement of profit and loss.

v) Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amount approximate fair value to short-term maturity of these instruments.

vi) Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities.

Equity instruments are recognised by the Company at the proceeds received net of direct issue cost.

b) Derivative financial instruments

Cash flow hedge

The Company designates certain foreign exchange forward, option and future contracts as hedge instruments in respect of foreign exchange risks. These hedges are accounted for as cash flow hedges.

The Company uses hedging instruments that are governed by policies, which are approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the risk management strategy of the Company. The hedge instruments are designated and documented as hedges at the inception of the contract. The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis. The ineffective portion of designated hedges is recognised immediately in the statement of profit and loss.

The effective portion of change in the fair value of the designated hedging instrument is recognised in Other comprehensive income and accumulated under the heading Cash flow hedge reserve.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or no longer qualifies for hedge accounting. Any gain or loss recognised in Other comprehensive income and accumulated in equity till that time remains and is recognised in statement of profit and loss when the forecasted transaction is no longer expected to occur; the cumulative gain or loss accumulated in statement of changes in equity is transferred to the statement of profit and loss.

c) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

2.14.3 De-recognition of financial instruments

The Company de-recognises a financial asset when the contractual rights to the cash flows from the financial assets expire or it transfers the financial assets and such transfer qualifies for de-recognition under Ind AS 109. A financial liability (or a part of financial liability) is de-recognised from the Company's balance sheet when obligation specified in the contract is discharged or cancelled or expired.

2.14.4 Fair value of financial instrument

In determining the fair value of its financial instrument, the Company uses the methods and assumptions based on market conditions and risk existing at each reporting date. Methods of assessing fair value result in general approximation of value, and such value may never actually be realised. For all other financial instruments, the carrying amounts approximate the fair value due to short maturity of those instruments.

2.15 Business combinations

Business combinations have been accounted for using the acquisition method under the provisions of Ind AS 103, Business Combinations.

The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Company. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Business combinations between entities under common control is accounted for at carrying value.

Transaction costs that the Company incurs in connection with a business combination such as finders' fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

2.16 Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

2.17 Onerous contracts

Provisions for onerous contracts are recognised when the expected benefits to be derived from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

2.18 The Code on Social Security 2020

The Code on Social Security, 2020 (the 'Code') relating to employee benefits during employment and post-employment benefits has been notified on September 28, 2020. The effective date on which the Code becomes effective is yet to be notified. The Company will assess the impact of the Code when it becomes effective and will record any related impact in the period in which the Code becomes effective.

2.19 Recent Accounting Pronouncements:

On March 23, 2022, the Ministry of Company Affairs amended the Companies (Indian Accounting Standards) Amendment Rules, 2022 effective for annual periods beginning on or after April 01, 2022 which include amendments / clarifications in the following accounting standards applicable to the Company:

a) Ind AS 16 – Property, Plant and Equipment

b) Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets

c) Ind AS 103 – Business Combinations

d) Ind AS 109 – Financial Instruments

The effect of application of these amendments / clarifications on the Standalone financial statements of the Company is expected to be insignificant.

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2022

3 PROPERTY, PLANT AND EQUIPMENT

(₹ in million)

	Tangible assets					Total
	Leasehold improvements	Computers	Service equipment	Office equipment	Furniture and fixture	
Gross block						
As at April 01, 2021	**656.43**	**1,104.69**	**452.09**	**581.96**	**241.16**	**3,036.33**
Additions / adjustments during the year	283.36	90.46	18.89	53.35	2.08	448.14
Deletions during the year	-	(33.86)	-	(0.02)	(4.79)	(38.67)
Foreign exchange on translation	(7.99)	(3.19)	(2.86)	(0.37)	(2.13)	(16.54)
As at March 31, 2022	**931.80**	**1,158.10**	**468.12**	**634.93**	**236.31**	**3,429.26**
Accumulated depreciation / amortization						
As at April 01, 2021	452.78	723.78	370.80	522.02	180.99	2,250.37
Charge for the year	70.23	154.06	28.01	28.38	14.20	294.88
On deletions / adjustments during the year	-	(4.63)	-	(0.01)	(4.71)	(9.35)
Foreign exchange on translation	(7.10)	(2.32)	(2.52)	(0.08)	(2.06)	(14.08)
As at March 31, 2022	**515.91**	**870.89**	**396.29**	**550.31**	**188.42**	**2,521.82**
Net block						
As at March 31, 2022	**415.89**	**287.21**	**71.83**	**84.62**	**47.89**	**907.44**
As at March 31, 2021	203.65	380.91	81.29	59.94	60.17	785.96

(₹ in million)

	Tangible assets					Total
	Leasehold improvements	Computers	Service equipment	Office equipment	Furniture and fixture	
Gross block						
As at April 01, 2020	**623.38**	**841.18**	**425.53**	**550.83**	**228.89**	**2,669.81**
Additions / adjustments during the year	129.52	305.35	31.93	48.37	18.11	533.28
Deletions during the year	(102.55)	(43.61)	(7.46)	(18.61)	(6.25)	(178.48)
Foreign exchange on translation	6.08	1.77	2.09	1.37	0.41	11.72
As at March 31, 2021	**656.43**	**1,104.69**	**452.09**	**581.96**	**241.16**	**3,036.33**
Accumulated depreciation / amortization						
As at April 01, 2020	509.15	610.08	352.95	498.88	172.98	2,144.04
Charge for the year	40.34	120.40	23.47	39.81	13.24	237.26
On deletions / adjustments during the year	(102.11)	(8.05)	(7.40)	(17.81)	(5.58)	(140.95)
Foreign exchange on translation	5.40	1.35	1.78	1.14	0.35	10.02
As at March 31, 2021	**452.78**	**723.78**	**370.80**	**522.02**	**180.99**	**2,250.37**
Net block						
As at March 31, 2021	**203.65**	**380.91**	**81.29**	**59.94**	**60.17**	**785.96**
As at March 31, 2020	114.23	231.10	72.58	51.95	55.91	525.77

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2022

4 LEASES

The details of Right-of-use assets held by the Company are as follows:

(₹ in million)

	As at April 01, 2021	Addition during the year	Deletions / adjustments during the year	Depreciation for the year	Foreign exchange on translation	Net Carrying value as at March 31, 2022
Leasehold properties	1,908.14	732.06	(111.10)	(475.07)	(4.16)	**2,049.87**
Service equipment	14.94	16.59	-	(9.91)	-	**21.62**
Vehicles	6.00	-	-	(4.50)	-	**1.50**
	1,929.08	**748.65**	**(111.10)**	**(489.48)**	**(4.16)**	**2,072.99**

(₹ in million)

	As at April 01, 2020	Addition during the year	Deletions / adjustments during the year	Depreciation for the year	Foreign exchange on translation	Net Carrying value as at March 31, 2021
Leasehold properties	1,743.22	655.47	(58.89)	(434.95)	3.29	1,908.14
Service equipment	21.89	7.23	-	(14.18)	-	14.94
Vehicles	10.50	-	-	(4.50)	-	6.00
	1,775.61	662.70	(58.89)	(453.63)	3.29	1,929.08

Rent includes expense towards short term lease payments amounting to ₹ 13.50 (March 31, 2021: ₹ 6.68), expense towards low value leases assets amounting to ₹ 223.12 (March 31, 2021: ₹ 76.53) and common area maintainence for leased properties amounting to ₹ 103.57 (March 31, 2021: ₹ 84.02) during the year ended March 31, 2022.

5 OTHER INTANGIBLE ASSETS

(₹ in million)

	Domain name	Software	Total
Gross block			
As at April 01, 2021	6.72	762.79	769.51
Additions	-	45.70	45.70
Deletions during the year	-	-	-
Foreign exchange on translation	-	(0.55)	(0.55)
As at March 31, 2022	**6.72**	**807.94**	**814.66**
Accumulated depreciation / amortization			
As at April 01, 2021	6.72	604.42	611.14
Charge for the year	-	97.62	97.62
On deletions	-	-	-
Foreign exchange on translation	-	(0.41)	(0.41)
As at March 31, 2022	**6.72**	**701.63**	**708.35**
Net block			
As at March 31, 2022	**-**	**106.31**	**106.31**
As at March 31, 2021	**-**	**158.37**	**158.37**

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2022

(₹ in million)

	Domain name	Software	Total
Gross block			
As at April 01, 2020	6.72	642.50	649.22
Additions	-	119.89	119.89
Deletions during the year	-	-	-
Foreign exchange on translation	-	0.40	0.40
As at March 31, 2021	6.72	762.79	769.51
Accumulated depreciation / amortization			
As at April 01, 2020	6.72	497.13	503.85
Charge for the year	-	107.06	107.06
On deletions	-	-	-
Foreign exchange on translation	-	0.23	0.23
As at March 31, 2021	6.72	604.42	611.14
Net block			
As at March 31, 2021	-	158.37	158.37
As at March 31, 2020	-	145.37	145.37

6 INVESTMENTS

(₹ in million)

		March 31, 2022	March 31, 2021
(i)	**Non-current**		
	Unquoted		
	Investments carried at cost (Investment in equity instruments of subsidiaries)		
	218,483 (March 31, 2021: 218,483) fully paid-up common stock of USD 1 each of Firstsource Group USA Inc. #	**11,958.04**	11,833.94
	2,834,672 (March 31, 2021: 2,834,672) fully paid up equity shares of GBP 1 each of Firstsource Solutions UK Limited #	**84.65**	70.18
	1,050,000 (March 31, 2021: 1,050,000) fully paid-up common stock of ₹ 10 each of Firstsource Process Management Services Limited	**100.50**	100.50
	3,411,785 (March 31, 2021: 3,411,785) fully paid-up common stock of LKR 10 each of Firstsource Dialog Solutions (Private) Limited	**23.09**	23.09
		12,166.28	12,027.71
	Provision for impairment of investment in Firstsource Dialog Solutions (Private) Limited and Firstsource Process Management Services Limited	**(72.44)**	(72.44)
		12,093.84	11,955.27
	Investment in associate		
	-at cost		
	1,000 (March 31, 2021 : 1,000) fully paid equity shares of ₹ 10 each of Nanobi Data and Analytics Private Limited	**0.08**	0.08
	838,705 (March 31, 2021 : 838,705) fully paid compulsorily convertible cumulative preference shares of ₹ 10 each of Nanobi Data and Analytics Private Limited	**87.92**	87.92
	-at amortised cost		
	Nil (March 31, 2021 : 20,000) fully paid Optionally Convertible Debentures of ₹ 100 each of Nanobi Data and Analytics Private Limited	**-**	2.00
	At amortised cost		
	Philippines treasury bills*	**26.66**	27.46
		114.66	117.46
		12,208.50	12,072.73

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2022

(₹ in million)

		March 31, 2022	March 31, 2021
	*These securities have been earmarked in favor of SEC, Philippines in compliance with Corporation Code of Philippines.		
	# includes ESOP cost pertaining to employees of the overseas subsidiaries.		
(ii)	**Current**		
	Investments carried at fair value through statement of profit and loss		
	Mutual funds (quoted)	**1,151.86**	793.20
		1,151.86	793.20

7 OTHER FINANCIAL ASSETS

(₹ in million)

		March 31, 2022	March 31, 2021
(i)	**Other non-current financial assets**		
	Deposits	**387.16**	342.01
	Foreign currency forward contracts (net)	**21.38**	142.13
	Lease rentals receivable	**28.18**	22.96
		436.72	507.10
(ii)	**Other current financial assets**		
	Foreign currency forward contracts (net)	**493.03**	93.87
	Lease rentals receivable	**18.76**	16.45
	Loans and advances to employees	**15.76**	12.71
	Recoverable on sale of subsidiary	**-**	26.23
		527.55	149.26

8 OTHER ASSETS

(₹ in million)

		March 31, 2022	March 31, 2021
(i)	**Other non-current assets**		
	Capital advances	**29.70**	272.47
	Prepaid expenses	**41.98**	31.44
	Deferred contract cost	**41.73**	53.94
		113.41	357.85
(ii)	**Other current assets**		
	Prepaid expenses	**259.58**	158.34
	Indirect tax recoverable	**360.49**	360.79
	Other advances	**107.25**	50.48
	Deferred contract cost	**30.59**	12.20
		757.91	581.81

9 TRADE RECEIVABLES

(₹ in million)

	March 31, 2022	March 31, 2021
(Unsecured)		
Billed		
Considered doubtful	**-**	0.05
Less: Allowance for expected credit loss	**-**	0.05
	-	-
Considered good	**5,172.44**	5,199.86
	5,172.44	5,199.86
	5,172.44	5,199.86
Unbilled		
Unbilled revenues	**196.30**	151.71
	196.30	151.71

a) Trade receivables are non-interest bearing and there are no trade receivables with a significant increase in credit risk as well as disputed trade receivables.

b) No trade or other receivables are due from directors or other officers of the Company either severally or jointly. For receivables from related party refer note 24

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2022

TRADE RECEIVABLES AGEING SCHEDULE

AS AT MARCH 31, 2022

(₹ in million)

	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	**1,781.30**	**3,391.14**	-	-	-	-	**5,172.44**
Undisputed Trade receivable – considered doubtful	-	-	-	-	-	-	-
Total	**1,781.30**	**3,391.14**	-	-	-	-	**5,172.44**

AS AT MARCH 31, 2021

(₹ in million)

	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	2,506.21	2,693.65	-	-	-	-	5,199.86
Undisputed Trade receivable – considered doubtful	-	-	-	-	-	0.05	0.05
Total	2,506.21	2,693.65	-	-	-	0.05	5,199.91

10 CASH AND CASH EQUIVALENTS

(₹ in million)

	March 31, 2022	March 31, 2021
Balances with banks		
-in current accounts	**189.23**	99.21
	189.23	99.21

11 OTHER BALANCES WITH BANKS

(₹ in million)

	March 31, 2022	March 31, 2021
Earmarked balances with banks*	**70.14**	57.18
	70.14	57.18

*Earmarked balances with banks represents unclaimed dividend and unspent amount of Corporate Social Responsibility ('CSR') for the year ended March 31, 2022 and March 31, 2021.

12 TAXATION

MARCH 31, 2022

(₹ in million)

Taxation	Opening balance	Recognised in Profit and loss	Recognised in Other Comprehensive Income and exchange	Closing Balance
Deferred tax asset on account of:				
Property, plant and equipment and intangibles	**203.80**	**3.42**	**-**	**207.22**
Employee stock options	**43.44**	**69.68**	**-**	**113.12**
Other employee benefits payable	**42.10**	**15.64**	**-**	**57.74**

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2022

(₹ in million)

Taxation	Opening balance	Recognised in Profit and loss	Recognised in Other Comprehensive Income and exchange	Closing Balance
Unused tax losses	**6.85**	**-**	**-**	**6.85**
Minimum alternate tax credit carried forward	**2,304.94**	**56.63**	**-**	**2,361.57**
Lease Liabilities	**101.16**	**1.43**	**(0.11)**	**102.48**
Foreign currency forward contracts	**(28.18)**	**-**	**(29.23)**	**(57.41)**
	2,674.11	**146.80**	**(29.34)**	**2,791.57**

MARCH 31, 2021

(₹ in million)

Taxation	Opening balance	Recognised in Profit and loss	Recognised in Other Comprehensive Income	Closing Balance
Deferred tax assets on account of:				
Property, plant and equipment and intangibles	223.49	(19.69)	-	203.8
Employee stock options	34.31	9.13	-	43.44
Other employee benefits payable	36.14	5.96	-	42.1
Unused tax losses	6.85	-	-	6.85
Minimum alternate tax credit carried forward	2,143.70	161.24	-	2,304.94
Lease Liabilities	92.84	8.24	0.08	101.16
Foreign currency forward contracts	(57.53)	-	29.35	(28.18)
	2,479.80	164.88	29.43	2,674.11

(₹ in million)

	March 31, 2022	March 31, 2021
Income tax assets (net)	**739.11**	727.66
Provision for tax (net)	**(5.90)**	(180.97)
	733.21	546.69

Income tax expense

Income tax expense in the statement of profit and loss comprises:

(₹ in million)

	Year ended	
	March 31, 2022	March 31, 2021
Current taxes	**747.86**	590.38
Deferred taxes	**(90.17)**	(3.64)
Income tax expense	**657.69**	586.74

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2022

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

(₹ in million)

	Year ended	
	March 31, 2022	March 31, 2021
Profit before income taxes	**4,533.58**	4,253.27
Enacted tax rates in India	**34.94%**	34.94%
Computed expected tax expense	**1,584.21**	1,486.26
Income Exempt from Tax and Tax Holidays	**(858.66)**	(947.61)
Expenses not deductible for tax purposes	**13.75**	54.20
ESOP cost allowed for tax purpose	**(34.15)**	1.94
Others	**(42.86)**	(8.05)
Previous years tax adjustments	**(4.60)**	-
Income tax expense	**657.69**	586.74

13 SHARE CAPITAL

(₹ in million)

	March 31, 2022	March 31, 2021
Authorised		
872,000,000 (March 31, 2021: 872,000,000) equity shares of ₹ 10 each	**8,720.00**	8,720.00
	8,720.00	8,720.00
Issued, subscribed and paid-up		
696,990,826 (March 31, 2021: 696,099,216) equity shares of ₹ 10 each, fully paid-up	**6,969.91**	6,960.99
	6,969.91	6,960.99

a) Reconciliation of shares outstanding at the beginning and at the end of the year

(₹ in million)

	March 31, 2022		March 31, 2021	
	Number of shares	Amount	Number of shares	Amount
At the commencement of the year	**696,099,216**	**6,960.99**	693,826,780	6,938.27
Shares allotted during the year - employee stock option scheme	**891,610**	**8.92**	2,272,436	22.72
At the end of the year	**696,990,826**	**6,969.91**	696,099,216	6,960.99

b) Particulars of shareholders holding more than 5% equity shares

(₹ in million)

	March 31, 2022		March 31, 2021	
	Number of shares	% of total shares	Number of shares	% of total shares
RPSG Ventures Limited (formerly known as CESC Ventures Limited)	**373,976,673**	**53.66%**	373,976,673	53.72%
% Change in holding company shares during the year	**-**	**-0.06%**	-	-0.18%

c) Shares held by holding company

(₹ in million)

	March 31, 2022		March 31, 2021	
	Number of shares	Amount	Number of shares	Amount
RPSG Ventures Limited (formerly known as CESC Ventures Limited)	**373,976,673**	**3,739.77**	373,976,673	3,739.77

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2022

d) Employee stock options

During the year ended March 31, 2022, the Company granted 4,522,250 (March 31, 2021: 16,569,000) options at an exercise price of ₹ 10 (March 31, 2021: ₹ 10.00).

e) Shares reserved for issue under options

25,737,955 (March 31, 2021: 29,076,143) number of shares are reserved for employees for issue under the employee stock options plan (ESOP) amounting to ₹ 257.38 (March 31, 2021: ₹ 290.76).

f) Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shareholders are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder are in proportion to its share of the paid-up equity capital of the Company.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

g) Share application money received under ESOP scheme

The Company received ₹ 37.32 (March 31, 2021: ₹ 82.15) as share application money under ESOP scheme during the year ended March 31, 2022 in respect of which 891,610 (March 31, 2021: 2,272,436) shares were allotted during the year.

h) Dividend

During the year ended March 31, 2022, the Company has declared interim dividend of ₹ 3.50 per share (March 31, 2021: ₹ 3 per share), the Company has incurred a net cash outflow of ₹ 2,383.96 (March 31, 2021: ₹ 2,037.69) (excluding dividend paid on treasury shares).

i) Treasury Shares - pursuant to ESOP 2019 PLAN

(₹ in million)

	March 31, 2022		March 31, 2021	
	Number of shares	Amount	Number of shares	Amount
At the commencement of the year	**17,010,000**	**742.16**	3,156,000	89.35
Purchased during the year	**3,197,000**	**547.47**	13,854,000	652.81
Shares allotted during the year- employee stock option scheme	**(3,195,649)**	**(91.38)**	-	-
At the end of the year	**17,011,351**	**1,198.25**	17,010,000	742.16

As per Ind AS 32, the consideration paid for treasury shares including any directly attributable incremental costs is presented as a deduction from total equity, until they are cancelled, sold or reissued.

14 OTHER EQUITY

(₹ in million)

	March 31, 2022	March 31, 2021
Securities premium		
At the commencement of the year	**2,244.41**	2,147.62
Add : Issue of equity shares on exercise of options	**46.07**	96.79
At the end of the year	**2,290.48**	2,244.41
Amalgamation deficit adjustment reserve	**(1,136.72)**	(1,136.72)
Share application money pending allotment		
At the commencement of the year	**0.41**	-
Add : Movement during the year	**(0.41)**	0.41
At the end of the year	**-**	0.41
Treasury shares		
At the commencement of the year	**(742.16)**	(89.35)
Add : Movement during the year	**(456.09)**	(652.81)
At the end of the year	**(1,198.25)**	(742.16)
Other Reserve		
At the commencement of the year	**30.68**	30.68
At the end of the year	**30.68**	30.68
Special Economic Zone re-investment reserve		
At the commencement of the year	**-**	158.78

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2022

(₹ in million)

	March 31, 2022	March 31, 2021
Add : Transfer to Special Economic Zone re-investment reserve	**22.20**	29.34
Less : Utilised from Special Economic Zone re-investment reserve	**(22.20)**	(188.12)
At the end of the year	**-**	-
Employee stock option reserve		
At the commencement of the year	**283.63**	119.96
Add : Share based payments	**320.00**	208.88
Less : Issue of equity shares on exercise of options	**(17.26)**	(37.77)
Less : Treasury shares	**(66.05)**	-
Less : Transfer to retained earning for options forfeited	**(5.99)**	(7.44)
At the end of the year	**514.33**	283.63
Effective portion of cash flow hedges (Other comprehensive income)		
At the commencement of the year	**182.59**	398.40
Movement during the year	**117.34**	(215.81)
At the end of the year	**299.93**	182.59
Exchange differences on translating the financial statements of a foreign operation (Other comprehensive income)		
At the commencement of the year	**226.94**	198.05
Movement during the year	**(9.97)**	28.89
At the end of the year	**216.97**	226.94
Retained earnings		
At the commencement of the year	**13,669.95**	11,886.49
Add: Net profit for the year	**3,875.89**	3,666.53
Add: Other comprehensive income for the year	**20.89**	(11.60)
Less: Dividend (net)	**(2,383.96)**	(2,037.69)
Less: Transfer to Special Economic Zone re-investment reserve	**(22.20)**	(29.34)
Add: Utilised from Special Economic Zone re-investment reserve	**22.20**	188.12
Add: Treasury shares	**22.16**	-
Add: Transfer to retained earning for options forfeited	**5.99**	7.44
At the end of the year	**15,210.92**	13,669.95
Total other equity	**16,228.34**	14,759.73

15 BORROWINGS

(₹ in million)

		March 31, 2022	March 31, 2021
(i)	**Long term borrowings**		
	Unsecured		
	Loan from Banks (refer note 'a')	**24.24**	17.61
	Loan from other parties (refer note 'a')	**18.15**	72.27
		42.39	89.88
(ii)	**Short term and other borrowings**		
	Current portion of long term borrowings		
	Unsecured		
	-Loan from Banks	**19.77**	17.43
	-Loan from other parties	**52.95**	55.09
		72.72	72.52

a Loans carry interest in the range of 3.03%- 10.14% for a period of 3- 4 years, repayable in quarterly instalments from the date of its origination. These loans are for equipment and asset financing.

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2022

16 TRADE PAYABLES

(₹ in million)

	March 31, 2022	March 31, 2021
Trade Payables		
- total outstanding dues of micro enterprises and small enterprises	**-**	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	**465.99**	393.46
	465.99	393.46

TRADE PAYABLES AGEING SCHEDULE

As at March 31, 2022

(₹ in million)

	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	398.82	67.17	-	-	-	465.99
	398.82	**67.17**	**-**	**-**	**-**	**465.99**

As at March 31, 2021

(₹ in million)

	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	289.43	104.03	-	-	-	393.46
	289.43	104.03	-	-	-	393.46

There are no disputed dues to MSME and others as at March 31, 2022 and March 31, 2021.

17 OTHER FINANCIAL LIABILITIES

(₹ in million)

	March 31, 2022	March 31, 2021
Other financial liabilities		
Book credit in bank account	**109.98**	80.88
Creditors for capital goods	**7.46**	45.03
Employee benefits payable	**261.36**	260.55
Payable to subsidiaries	**366.29**	782.35
Unclaimed dividends	**30.04**	18.48
Other payables	**-**	9.38
	775.13	1,196.67

18 PROVISIONS FOR EMPLOYEE BENEFITS

(₹ in million)

	March 31, 2022	March 31, 2021
(i) Non-current		
Gratuity	**137.46**	103.90
	137.46	103.90
(ii) Current		
Compensated absences	**136.92**	106.09
	136.92	106.09

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

19 OTHER LIABILITIES

(₹ in million)

	March 31, 2022	March 31, 2021
Other current liabilities		
Tax deducted at source	**55.89**	46.51
Statutory Dues	**53.35**	56.93
	109.24	103.44

20 REVENUE FROM OPERATIONS

(₹ in million)

	Year ended	
	March 31, 2022	March 31, 2021
Sale of services	**15,356.00**	12,851.52
Other operating income, net	**564.06**	395.88
	15,920.06	13,247.40

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2022 by geography.

(₹ in million)

	BFS*	Healthcare	CMT**	Diverse Industries	Total
UK	**1,251.90**	**-**	**2,943.67**	**195.10**	**4,390.67**
USA	**8,383.48**	**1,601.44**	**52.63**	**66.32**	**10,103.87**
Asia and Rest of World	**740.05**	**119.88**	**0.55**	**0.98**	**861.46**
Total	**10,375.43**	**1,721.32**	**2,996.85**	**262.40**	**15,356.00**

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2021 by geography.

(₹ in million)

	BFS*	Healthcare	CMT**	Diverse Industries	Total
UK	1,091.48	-	2,414.39	298.59	3,804.46
USA	7,184.35	1,033.23	199.43	9.07	8,426.08
Asia and Rest of World	617.64	-	3.29	0.05	620.98
Total	8,893.47	1,033.23	2,617.11	307.71	12,851.52

*BFS- Banking and Financial Services

** CMT- Communication, media and Technology

Revenues recognised in excess of invoicing are classified as contract assets (which is referred as unbilled revenues). Changes in contract assets are directly attributable to revenue recognised based on the accounting policy defined and the invoicing done during the year. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures as the revenue recognised corresponds directly with the value to the customer of the company's performance completed to date.

21 OTHER INCOME, NET

(₹ in million)

	Year ended	
	March 31, 2022	March 31, 2021
Profit on sale / redemption of current investments, net	**29.26**	18.55
Interest income	**4.42**	6.20
Foreign exchange loss, net	**(19.28)**	12.76
Loss on sale of Property Plant and Equipment	**(2.64)**	(3.53)
Miscellaneous income, net	**0.78**	(22.35)
Guarantee Commission and other recoveries from subsidiaries	**294.96**	270.52
	307.50	282.15

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

22 EMPLOYEE BENEFITS EXPENSE

(₹ in million)

	Year ended	
	March 31, 2022	March 31, 2021
Salaries and wages	**7,406.28**	5,924.26
Contribution to provident and other funds	**398.97**	298.34
Staff welfare expenses	**64.51**	38.54
Employee stock compensation expense	**130.69**	45.10
	8,000.45	6,306.24

23 FINANCE COSTS

(₹ in million)

	Year ended	
	March 31, 2022	March 31, 2021
Interest expense		
- on borrowings	**15.70**	2.00
Interest expense on leased liabilities	**184.98**	151.00
	200.68	153.00

24 OTHER EXPENSES

(₹ in million)

	Year ended	
	March 31, 2022	March 31, 2021
Computer expenses	**550.09**	346.91
Repairs, maintenance and upkeep	**256.30**	217.32
Car and other hire charges	**222.94**	259.38
Electricity, water and power consumption	**141.89**	111.20
Connectivity, information and communication expenses	**275.38**	246.76
Legal and professional fees	**256.53**	185.69
Recruitment and training expenses	**102.55**	106.91
Travel and conveyance	**102.28**	112.10
Contribution to Corporate Social Responsibility	**55.71**	39.06
Rent (Refer Note No 4)	**340.20**	167.24
Insurance	**106.05**	62.36
Printing and stationery	**4.37**	2.96
Meeting and seminar expenses	**4.05**	2.42
Directors' sitting fees	**5.41**	5.45
Auditors remuneration and expenses		
- for audit fees	**16.00**	16.00
- for other services	**5.60**	7.30
- for reimbursement of expenses	**0.60**	0.60
Rates and taxes	**13.79**	11.77
Bank administration charges	**1.29**	1.96
Allowance for expected credit loss / bad debts written off, net	**-**	(21.75)
Miscellaneous expenses	**149.84**	137.45
	2,610.87	2,019.09

25 FINANCIAL INSTRUMENTS

I. Financial instruments by category:

The carrying value and fair value of financial instruments by categories as at March 31, 2022 were as follows:

(₹ in million)

	Amortized cost	FVTPL	FVOCI	Total carrying amount	Total fair value
Financial assets					
Investments	**26.66**	**1,151.86**	**-**	**1,178.52**	**1,178.52**
Trade receivables	**5,368.74**	**-**	**-**	**5,368.74**	**5,368.74**

Cash and cash equivalents	**189.23**	**-**	**-**	**189.23**	**189.23**
Other financial assets	**449.86**	**157.07**	**357.34**	**964.27**	**964.27**
Total	**6,034.49**	**1,308.93**	**357.34**	**7,700.76**	**7,700.76**
Financial liabilities					
Borrowings	**115.11**	**-**	**-**	**115.11**	**115.11**
Lease liabilities	**2,537.61**	**-**	**-**	**2,537.61**	**2,537.61**
Other financial liability	**775.13**	**-**	**-**	**775.13**	**775.13**
Trade and other payables	**465.99**	**-**	**-**	**465.99**	**465.99**
Total	**3,893.84**	**-**	**-**	**3,893.84**	**3,893.84**

The carrying value and fair value of financial instruments by categories as at March 31, 2021 were as follows:

(₹ in million)

	Amortised cost	FVTPL	FVOCI	Total carrying amount	Total fair value
Financial assets					
Investments	29.46	793.20	-	822.66	822.66
Trade receivables	5,351.57	-	-	5,351.57	5,351.57
Cash and cash equivalents	156.39	-	-	156.39	156.39
Other financial assets	420.36	25.23	210.77	656.36	656.36
Total	5,957.78	818.43	210.77	6,986.98	6,986.98
Financial liabilities					
Borrowings	162.40	-	-	162.40	162.40
Lease liabilities	2,317.58	-	-	2,317.58	2,317.58
Other financial liability	1,196.67	-	-	1,196.67	1,196.67
Trade and other payables	393.46	-	-	393.46	393.46
Total	4,070.11	-	-	4,070.11	4,070.11

II. Fair value hierarchy:

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at March 31, 2022:

(₹ in million)

	As of March 31, 2022	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Investments				
Investment in liquid mutual fund units	**1,151.86**	**1,151.86**	**-**	**-**
Total	**1,151.86**	**1,151.86**	**-**	**-**
Derivative financial instruments - foreign currency forward contract	**514.41**	**-**	**514.41**	**-**

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at March 31, 2021:

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

(₹ in million)

	As of March 31, 2021	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Investments				
Investment in liquid mutual fund units	793.20	793.20	-	-
Total	793.20	793.20	-	-
Derivative financial instruments - foreign currency forward contract	236.00	-	236.00	-

The fair value of other financial assets and liabilities approximate the carrying value.

The fair value of Mutual and other funds is based on quoted price. Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace. The fair value of equity instruments and preference instruments is based on inputs that are not based on observable market data.

III. Financial risk management:

Financial risk factors:

The Company's activities are exposed to a variety of financial risks: market risk, credit risk, and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

a) Market risk

The Company operates internationally and a major portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its services from India for contracts in the overseas geographies, primarily in the United States of America and United Kingdom and purchases from overseas suppliers in foreign currencies. The Company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations may be affected as the Rupee fluctuates against these currencies.

The following table analyzes foreign currency risk as of March 31, 2022:

(₹ in million)

	USD	GBP	PHP	Others*	Total
Total financial assets	**1,610.29**	**2,142.18**	**38.16**	**0.15**	**3,790.78**
Total financial liabilities	**-**	**-**	**154.43**	**-**	**154.43**

The following table analyses foreign currency risk as of March 31, 2021:

(₹ in million)

	USD	GBP	PHP	Others*	Total
Total financial assets	3,011.90	1,472.93	43.76	0.13	4,528.72
Total financial liabilities	-	-	95.41	-	95.41

*Others includes LKR AUD, etc.

5% appreciation/ depreciation of the respective foreign currencies with respect to functional currency Firstsource Solutions Limited would result in increase / decrease in the Company's profit before tax approximately ₹ 248.97 for the year ended March 31, 2022 (March 31, 2021: ₹ 258.55).

Derivative financial instruments

The Company holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

The following table gives details in respect of outstanding foreign currency forward contracts:

Particulars	March 31, 2022		March 31, 2021	
	Foreign Currency in million	In ₹ million	Foreign Currency in million	In ₹ million
Forward contracts				
in USD	**92.90**	**7,169.19**	115.95	8,703.10
in GBP	**45.85**	**4,658.90**	73.21	7,803.04
Total		**11,828.09**		16,506.14

The foreign exchange forward contracts mature within sixty months.

The table below analyzes the derivative financial instruments into relevant maturity grouping based on the remaining period as of the balance sheet date:

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Forward contracts in USD		
Not later than one month	**3,070.26**	2,416.10
Later than one month and not later than three months	**-**	1,109.16
Later than three months	**4,098.93**	5,177.84
	7,169.19	8,703.10
Forward contracts in GBP		
Not later than one month	**1,121.98**	914.23
Later than one month and not later than three months	**591.78**	633.12
Later than three months	**2,945.14**	6,255.69
	4,658.90	7,803.04

The movement in Hedging Reserve, for derivatives designated as cash flow hedges is as follows:

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Balance at the beginning of the year	**182.59**	398.40
Changes in the fair value of effective portion of cash flow hedges	**146.57**	(245.16)
Deferred tax movement	**(29.23)**	29.35
(Gains)/Losses transferred to statement of profit and loss on occurrence of forecasted hedge transaction	**-**	-
Balance at the end of the year	**299.93**	182.59

The following table summarises approximate gains / (loss) on the Company's other comprehensive income on account of appreciation / depreciation of underlying foreign currencies:

(₹ in million)

	March 31, 2022	March 31, 2021
5% appreciation of the underlying foreign currencies	**(591.07)**	(564.53)
5% depreciation of the underlying foreign currencies	**568.50**	544.37

b) Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 5,172.44 as at March 31, 2022 (March 31, 2021 : ₹ 5,199.86) and unbilled revenue amounting to ₹ 196.30 as at March 31, 2022 (March 31, 2021 : ₹ 151.71). Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States, United Kingdom, Philippines and other locations. Credit risk has always been managed by the Company by continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business.

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c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

The following are contractual maturities of Lease Liabilities on an undiscounted basis as at March 31, 2022:

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Less than one year	**694.90**	597.87
One to five years	**2,056.27**	1830.99
More than five years	**283.95**	408.02
Total	**3,035.12**	2,836.88

Future cash outflows in respect of certain leasehold properties to which the Company is potentially exposed as a lessee that are not reflected in the measurement of the lease liabilities include exposures from options of extension and termination. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Management has considered all relevant facts and circumstances that create an economic incentive for the Company as a lessee to exercise the option to extend the lease or not to exercise the option to terminate the lease as at March 31, 2022. The Company shall revise the lease term when there is a change in the facts and circumstances.

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2022 and March 31, 2021:

(₹ in million)

	March 31, 2022		March 31, 2021	
	Less than 1 Year	More than 1 year	Less than 1 Year	More than 1 Year
Trade payables	**465.99**	**-**	393.46	-
Other borrowings	**72.72**	**42.39**	72.52	89.88
Lease liabilities	**538.92**	**1,998.69**	454.31	1,863.27
Other financial liabilities	**775.13**	**-**	1,196.67	-

Management expects the recoveries from current financial assets as at the year end and the net cash inflows from operations during the ensuing financial year to be sufficient for the Company to be able to meet these obligations of lease and other significant financial liabilities. In addition, the Company also has unused lines of credit.

26 EMPLOYEE STOCK OPTION PLAN

Employee stock option Scheme 2003 ('Scheme 2003')

The Employee Stock Option Scheme 2003 ('the Scheme') approved by the Board of Directors and the members of the Company and administered by the Nomination & Remuneration Committee ('the Committee') is effective October 11, 2003. The key terms and conditions included in the scheme are in line with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (as amended by SEBI (shared based employee benefits) Regulations, 2014).

As per the Scheme, the Committee issued stock options to the identified employees at an exercise price equal to the fair value on the date of grant and there stock options would vest in tranches over a period of four years as stated below and shall be exercised within a period of ten years from the date of the grant of the options.

Period within which options will vest unto the eligible employee	% of options that will vest
End of 12 months from the date of grant of options	25.00
End of 18 months from the date of grant of options	12.50
End of 24 months from the date of grant of options	12.50
End of 30 months from the date of grant of options	12.50
End of 36 months from the date of grant of options	12.50
End of 42 months from the date of grant of options	12.50
End of 48 months from the date of grant of options	12.50

Firstsource Solutions Limited Employee Stock Option Plan 2019 ('ESOP 2019 PLAN')

The Company established ESOP 2019 Plan, pursuant to approval of the Board of Directors and the shareholders at the Annual General Meeting on August 02, 2019 and administered by the Committee. The key terms and conditions included in the ESOP 2019 Plan are in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended. As per the ESOP 2019 Plan, the Committee will issue stock options to the identified eligible employees/ director(s) of the Company and its Subsidiaries at an exercise price which will be the face value of the Shares or any higher price which may be decided by the Committee considering the prevailing market conditions and the norms as prescribed by the Securities and Exchange Board of India ('SEBI') and other relevant regulatory authorities. Further the stock options under the said plan would vest & be exercisable in tranches as determined by the Committee.

The ESOP 2019 Plan is proposed to include grants to identified eligible employees under the Long Term Incentive Structure ('LTI'). The LTI will be tenure based or performance based as per the vesting conditions below:

Period within which options will vest unto the participant	% of options that will vest	
	Tenure based	Performance based*
End of 12 months from the date of grant of options	25.00	25.00
At the end of every quarter after year 1, till end of year 4 from date of grant	6.25	-
At the end of every year after year1, till end of year 4 from date of grant	-	25.00

*Attainment of options can range between 0% and 150% of tranche eligible for vesting for the respective performance measurement period. Each tranche is separate. Performance and vesting in one period has no bearing on performance and vesting in another period;

Under both the above structures grants will be issued at face value of the shares or any higher price which may be decided by the Committee and will have an exercise period upto ten years as per the Scheme and as determined by the Committee.

The ESOP 2019 Plan shall be implemented by the Firstsource Employee Benefit Trust ('the Trust') which will be administered by the Committee. The Company shall provide financial assistance to the Trust for secondary acquisition of equity shares of the Company for the purpose of implementation of ESOP 2019 Plan. The terms and conditions for the financial assistance provided shall be in Compliance with the Companies Act, 2013 read with Companies (Share Capital and Debenture) Rules, 2014 and SEBI regulations.

During the year ended March 31, 2022, the Trust has purchased 3,197,000 (March 31, 2021: 13,854,000) equity shares through secondary acquisition. As at March 31, 2022, the trust holds 17,011,351 (March 31, 2021: 17,010,000) number of equity shares.

GRANTS TO THE MANAGING DIRECTOR & CEO (MD & CEO) UNDER ESOP 2019 PLAN

In view of the Shareholder's approval via postal ballot on January 11, 2020 through a special resolution wherein it was approved that the MD & CEO shall be entitled to participate in the equity based LTI of the Company. Accordingly the Committee on February 28, 2020 has approved the grant of 10,066,204 options under ESOP Plan 2019 at the face value of ₹ 10/- of the shares to the MD and CEO which are a mix of tenure based and performance based structures. The brief details of these grants are mentioned herein below:

A. Grants under Tenure Based Structure :

No. of Stock Options	Vesting Date	Vesting Conditions
1,186,624	October 01, 2021	Continued employment
719,966	October 01, 2023	Continued employment

B. Grants under Performance Based Structure :

No. of Stock Options	Vesting Date	Vesting Conditions
8,159,614	October 01, 2023	Achievement of Profits Before Tax **

** Performance period may be further defined in consultation with the Nomination & Remuneration Committee.

Employee stock option activity during the year ended March 31, 2022

A) Under ESOS Scheme 2003 and 2019 are as follows:

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Description	Exercise Range	March 31, 2022		March 31, 2021	
		Shares arising out of options	Weighted Average period in months	Shares arising out of options	Weighted Average period in months
Outstanding at the beginning of the year	**10.00**	**25,146,204**	**109.12**	10,849,204	119.99
	10.01 - 60.00	**2,717,412**	**65.64**	5,243,310	68.56
	60.01 - 75.00	**1,212,527**	**89.40**	1,607,500	101.57
		29,076,143		17,700,014	
Granted during the year	**10.00**	**4,522,250**		16,569,000	
	10.01 - 60.00	**-**		-	
	60.01 - 75.00	**-**		-	
		4,522,250		16,569,000	
Forfeited during the year	**10.00**	**3,515,156**		2,207,000	
	10.01 - 60.00	**128,185**		368,435	
	60.01 - 75.00	**129,838**		150,000	
		3,773,179		2,725,435	
Exercised during the year*	**10.00**	**2,712,043**		65,000	
	10.01 - 60.00	**1,074,239**		2,037,463	
	60.01 - 75.00	**300,977**		169,973	
		4,087,259		2,272,436	
Expired during the year	**10.00**	**-**		-	
	10.01 - 60.00	**-**		120,000	
	60.01 - 75.00	**-**		75,000	
		-		195,000	
Outstanding at the end of the year	**10.00**	**23,441,255**	**109.12**	25,146,204	109.12
	10.01 - 60.00	**1,514,988**	**65.64**	2,717,412	65.64
	60.01 - 75.00	**781,712**	**89.40**	1,212,527	89.40
		25,737,955		29,076,143	
Exercisable at the end of the year	**10.00**	**3,238,432**	**46.38**	119,500	46.38
	10.01 - 60.00	**1,514,988**	**64.75**	2,519,957	64.75
	60.01 - 75.00	**647,838**	**89.40**	699,742	89.40
		5,401,258		3,339,199	

* The weighted average share price of these options was ₹ 20.89 and ₹ 35.97 for the year ended March 31, 2022 and March 31, 2021 respectively.

The key assumptions used to estimate the fair value of options are:

Particulars	March 31, 2022	March 31, 2021
Dividend yield	**0% to 4%**	0% to 4%
Expected Life	**2-7 years**	2-7 years
Risk free interest rate	**6.50% to 9.06%**	6.50% to 9.06%
Volatility	**0% to 75%**	0% to 75%
Model Used	**Black & Scholes**	Black & Scholes

The expense arises from equity settled share based payment transaction amounting to ₹ 320.00 and ₹ 208.88 for the year ended March 31, 2022 and March 31, 2021 respectively. The cost related to employee stock options of its subsidiary companies is recognised as addition to investment. Accordingly, the amount of ₹ 14.46 and ₹ 13.54 is recognised as investments in Firstsource Solutions UK Limited for the year March 31, 2022 and March 31, 2021 respectively ₹ 124.12 and ₹ 76.98 is recognised as investment in Firstsource Group USA Inc. for the year March 31, 2022 and March 31, 2021 respectively.

27 RELATED PARTY TRANSACTIONS

Details of related parties including summary of transactions entered into during the year ended March 31, 2022 are summarized below:

Holding Company	RPSG Ventures Limited (formerly known as CESC Ventures Limited) (Change in name w.e.f. January 19, 2021)
Fellow Subsidiary Companies (where transactions exist)	Guiltfree Industries Limited
	APA Services Private Limited (earlier known as Kolkata Games and Sports Private Limited)
	RPSG Resources Private Ltd
Subsidiaries	The related parties where control exists are subsidiaries as referred to in Note 1 to the financial statements.
Associate	Nanobi Data and Analytics Private Limited (Nanobi)
Trust controlled by Ultimate Holding Company	RP-Sanjiv Goenka Group CSR Trust (RPSG CSR Trust)
Key Managerial Personnel	Vipul Khanna
	Dinesh Jain
Non- executive Directors	Dr Sanjiv Goenka
	Pradip Roy (ceased to be director wef July 30, 2021)
	Subrata Talukdar
	Shashwat Goenka
	Pradip Kumar Khaitan
	Grace Koshie
	Pratip Chaudhuri
	Sunil Mitra
	Anjani K. Agrawal (appointed w.e.f. May 11, 2021)
	Charles Richard Vernon Stagg
Companies under common control (where transactions exist)	CESC Limited
	Spencer's Retail Limited
	Saregama India Limited
	Natures Basket Limited

Particulars of related party transactions:

(₹ in million)

Name of the related party	Description	Transaction value during the year ended		Receivable / (Payable) as at	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
FSL UK	Income from services	**3,068.16**	2,838.29	**1,914.02**	1,206.64
	Reimbursement of expenses to FSL UK	**10.04**	15.78	**-**	-
	Recovery of expense from FSL UK	**68.06**	77.92	**17.78**	43.56
	Parental guarantee commission and others from FSL UK	**59.01**	59.96	**13.89**	15.41
	Brand Equity	**62.13**	51.25	**14.54**	8.78
FAL	Income from services	**925.06**	978.61	**157.82**	219.43
	Reimbursement of expenses to FAL	**0.11**	0.23	**-**	-
	Recovery of expense from FAL	**13.90**	19.84	**3.68**	(30.96)
	Brand Equity	**17.75**	19.46	**4.72**	1.45
MedAssist	Income from services	**72.20**	71.64	**18.43**	52.54
	Reimbursement of expenses to MedAssist	**0.01**	0.05	**-**	-
	Recovery of expense from MedAssist	**63.94**	43.15	**12.46**	(50.64)

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

(₹ in million)

Name of the related party	Description	Transaction value during the year ended		Receivable / (Payable) as at	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Parental guarantee commission and others from MedAssist	**-**	-	**-**	-
	Brand Equity	**31.90**	30.21	**7.91**	30.21
FG US	Income from services	**75.62**	199.43	**4.90**	(372.14)
	Reimbursement of expenses to FG US	**1.20**	-	**-**	-
	Recovery of expense from FG US	**55.08**	76.28	**15.54**	153.88
	Parental guarantee commission from FG US	**59.08**	3.97	**19.87**	11.74
	Brand Equity	**1.51**	47.45	**0.49**	0.61
FHPHS	Income from services	**1,346.77**	952.93	**377.58**	196.45
	Recovery of expense from FHPHS	**29.23**	21.82	**7.02**	38.92
	Reimbursement of expenses to FHPHS	**2.61**	0.59	**-**	-
	Brand Equity	**34.77**	23.95	**9.37**	2.97
OAL	Income from services	**7.52**	8.68	**2.00**	8.45
	Recovery of expense from OAL	**2.61**	4.24	**0.72**	(10.89)
	Brand Equity	**3.52**	3.80	**0.94**	3.80
Sourcepoint - FFS	Income from Services	**237.14**	443.95	**15.39**	180.94
	Recovery of expense from Sourcepoint-FFS	**0.06**	0.24	**-**	-
Sourcepoint, Inc	Income from services	**7,059.55**	5,770.83	**2,046.49**	2,217.75
	Recovery of expense from Sourcepoint, Inc	**29.44**	35.44	**5.43**	230.30
	Reimbursement of expenses to Sourcepoint, Inc	**4.38**	5.00	**-**	-
	Brand Equity	**25.30**	30.46	**4.65**	30.46
Nanobi	Redemption of debentures	**2.00**	6.00	**-**	2.00
Nanobi	Interest income	**0.12**	0.75	**-**	-
Nanobi	Receipt of services from Nanobi	**3.24**	5.30	**-**	-
RPSG Ventures Limited	Dividend paid	**1,308.92**	1,121.93	**-**	-
APA Services Private Limited	Recovery of expenses	**0.45**	-	**-**	-
Guiltfree Industries Limited	Recovery of expenses	**0.07**	-	**-**	-
Saregama India Limited	Recovery of expenses	**0.08**	-	**-**	-
Natures Basket Limited	Recovery of expenses	**0.34**	-	**-**	-
CESC Limited	Receipt of services	**0.61**	-	**-**	-
Spencer's Retail Limited	Recovery of expenses	**0.26**	-	**-**	
RPSG Resources Private Ltd	Receipt of services	**80.00**	200.00	**(23.89)**	-
	Brand Equity	**120.00**	-	**(15.00)**	-
Non-executive directors	Sitting fees	**5.41**	5.45	**-**	-
Key Managerial Personnel	Remuneration*	**60.69**	53.03	**-**	-
	Dividend paid	**3.02**	0.37	**-**	-
Others	Recovery of expenses	**0.02**	-	**-**	-

The sales to and purchases from related parties are made on terms equivalent to that prevails in arm's length transactions.

(₹ in million)

Description	Year ended	
	March 31, 2022	March 31, 2021
Dinesh Jain*	**39.36**	32.80
Vipul Khanna*	**21.33**	20.23

*Excludes ESOP, gratuity and compensated absences.

28 EMPLOYEE BENEFITS

The Company has a defined benefit gratuity plan in India (funded). The Company's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund.

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, Indian employee who has completed five years or more of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The fund has the form of a trust and it is governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy.

Each year, the Board of Trustees reviews the level of funding in the India gratuity plan. Such a review includes the asset-liability matching strategy and investment risk management policy. This includes employing the use of annuities and longevity swaps to manage the risks. The Board of Trustees decides its contribution based on the results of this annual review. Generally, investments are in debt mutual funds. Annual contributions are at a level such that no plan deficits (based on valuation performed) will arise.

a) Gratuity plan

The following table sets out the status of the gratuity plan:

Reconciliation of opening and closing balances of the present value of the defined benefit obligation and fair value of planned assets:

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Change in present value of obligations		
Obligations at beginning of the year	**154.69**	129.62
Service cost	**45.67**	41.79
Interest cost	**9.00**	8.04
Actuarial (gain)/loss	**(21.28)**	(11.87)
Benefits paid	**(21.96)**	(12.89)
Obligations at the end of the year	**166.13**	154.69
Change in plan assets		
Fair value of plan assets at beginning of the year	**50.79**	43.74
Adjustments to opening fair value of plan assets	**-**	-
Return on plan assets excluding interest income	**(0.39)**	(0.27)
Interest income	**2.00**	2.26
Contributions	**(1.77)**	17.95
Benefits paid	**(21.96)**	(12.89)
Fair value of plan assets at end of the year,	**28.67**	50.79
Reconciliation of present value of the obligation and the fair value of plan assets		
Present value of the defined benefit obligations at the end of the year	**166.13**	154.69
Fair value of plan assets at the end of year	**(28.67)**	(50.79)
Funded status being amount of liability recognised in the balance sheet	**137.46**	103.90
Gratuity cost for the year		

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Service cost	**45.67**	41.79
Net Interest cost	**7.00**	5.78
Net gratuity cost	**52.67**	47.57
Remeasurements of the net defined benefit liability/ (asset)		
Actuarial (gains) / losses	**(21.28)**	(11.87)
(Return)/loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	**0.39**	0.27
Total actuarial (gain)/loss recognized in (OCI)	**(20.89)**	(11.60)
Category of Assets	**Total Amount**	Target Allocation %
Gratuity Fund (LIC of India and Birla Sunlife Insurance Co. Ltd)	**27.45**	100%
Total Itemized Assets	**27.45**	100%
Assumptions		
Mortality	**IALM (2006-08) Ult.**	IALM (2006-08) Ult.
Interest rate	**6.85%**	6.32%
Rate of growth in salary levels	**6.00%**	6.00%

b) Contribution to Provident fund

The provident fund charge during the year amounts to ₹ 262.52 (March 31, 2021: ₹ 197.57).

c) Compensated absences

(₹ in million)

Actuarial assumptions	March 31, 2022	March 31, 2021
Interest rate	**6.85%**	6.32%
Rate of growth in salary levels	**6.00%**	6.00%

29 SEGMENT REPORTING

As per Ind AS 108- Operating Segments ('Ind AS 108'), if a financial report contains both consolidated financial statements of a parent that is within the scope of this Ind AS as well as the parent's separate financial statements, segment information is required only in the consolidated financial statements. Accordingly, information required to be presented under Ind AS 108 has been given in the condensed interim standalone consolidated financial statements of the Company.

30 Computation for calculating diluted earnings per share

(₹ in million)

	Year ended	
	March 31, 2022	March 31, 2021
Number of shares considered as basic weighted average shares outstanding	**680,124,130**	681,753,647
Add: Effect of potential issue of shares/ stock options	**25,377,614**	23,281,281
Number of shares considered as weighted average shares and potential shares outstanding	**705,501,744**	705,034,928
Net profit after tax attributable to shareholders	**3,875.89**	3,666.53
Net profit after tax for diluted earnings per share	**3,875.89**	3,666.53
Basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year, excluding equity shares purchased by the Company and held as treasury shares.		
Diluted earnings per share is calculated by adjusting the weighted average number of equity shares outstanding during the year for assumed conversion of all dilutive potential equity shares. Employee share options are dilutive potential equity shares for the Company.		

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

31 CAPITAL AND OTHER COMMITMENTS AND CONTINGENT LIABILITIES

(₹ in million)

		March 31, 2022	March 31, 2021
a)	The estimated amount of contracts remaining to be executed on capital account and not provided for (net), against which advances paid are ₹ 29.70 (March 31, 2021- ₹ 84.05)	**294.07**	252.13
b)	Claims not acknowledged as debts	**1.35**	1.35
c)	Guarantees given to Banks, the Government of India, Customs and Central excise department in relation to future duty obligation (Refer table below)	**18,331.48**	14,906.89
d)	The Company has a purchase commitment towards Nanobi Data and Analytics Private Limited for the Optionally Convertible Debentures of ₹ 100 per unit of 1,20,000 units.	**12.00**	12.00

Guarantees

(₹ in million)

	March 31, 2022	March 31, 2021
Guarantees given for working capital facilities on behalf of Firstsource Solution UK Limited (FSL-UK)	**5,967.30**	8,463.21
Guarantees given for credit facilities and term loans on behalf of Firstsource Group USA, Inc. (FG US)	**12,354.18**	6,433.68
Guarantees given to the customer and others*	**10.00**	10.00
	18,331.48	14,906.89

Direct tax matters

Income tax demands amounting to ₹ 1,840.26 (March 31, 2021: ₹ 983.03) for the various assessment years are disputed in appeal by the Company, in respect of which it has favourable decisions supporting its stand based on the past assessment or have been allowed in the past and hence, the provision for taxation is considered adequate. The Company has paid ₹ 10.38 (March 31, 2021: ₹ 10.38) tax under protest against the demand raised for the assessment year 2004-05, ₹ 12.50 (March 31, 2021: ₹ 12.50) tax under protest against the demand raised for the assessment year 2009-10, ₹ 80.00 (March 31, 2021: ₹ 80.00) tax under protest against the demand raised for the assessment year 2011-12. ₹ 5.00 (March 31, 2021: ₹ 5.00) tax under protest against the demand raised for the assessment year 2014-15, ₹ 2.50 (March 31, 2021: ₹ 2.50) tax under protest against the demand raised for the assessment year 2015-16.

Indirect tax matters

Service tax demands amounting to ₹ 151.76 (March 31, 2021: ₹ 151.76) in respect of service tax input credit and FCCB issue expenses is disputed in appeal by the Company. The Company expects favourable appellate decision in this regard.

The Company's pending litigations comprise of claims against the Company and pertaining to proceedings pending with Income tax and service tax. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in the financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

*Guarantees given pertain to guarantees given to customers and the Government of India, Customs and Central Excise department towards future duty obligations.

32 LONG-TERM CONTRACTS

The Company has a process whereby yearly all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / Accounting Standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of account.

33 CORPORATE SOCIAL RESPONSIBILITY (CSR)

As per Section 135 of the Companies Act, 2013, funds have been contributed by the Company to the RP-Sanjiv Goenka Group CSR Trust and are to be utilized on the activities which are specified in Schedule VII to the Act. The areas identified by the CSR trust includes activities for promoting healthcare, art / culture, sports and education as the four priority areas to be pursued in phases and in a manner aligned with the CSR rules and regulations.The trust has informed that they are working on a project to set up school which will offer IB and IGCSE courses. The amount paid towards our contribution is being utlized to purchase land for setting up this school.

a) Gross amount required to be spent by the Company during the year is ₹ 55.71 (March 31, 2021: ₹ 39.06)

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

b) Amount spent by Firstsource during the year on:

(₹ in million)

Particulars	March 31, 2022	March 31, 2021
Construction/ acquisition of any asset	**-**	-
On purposes other than above	**15.55**	0.32

(₹ in million)

	March 31, 2022	March 31, 2021
Opening balance	**38.74**	-
Contribution accrued for the year	**55.71**	39.06
Amount spent during the year	**(54.29)**	(0.32)
Closing balance payable*	**40.16**	38.74

*Unspent amount of ₹ 40.16 and ₹ 38.74 has been transferred to a earmarked special bank account on March 31, 2022 and April 19, 2021 for the year ended March 31, 2022 and March 31, 2021 respectively.

34 RATIO ANALYSIS AND ITS ELEMENTS

(₹ in million)

Ratio	Numerator	Denominator	March 31, 2022	March 31, 2021	% change	Reason for variance
Current ratio	Current Assets	Current Liabilities	**3.83**	2.80	37%	Higher efficiency on working capital improvement has resulted in an improvement in the ratio.
Debt- Equity Ratio	Total Debt	Shareholder's Equity	**-**	0.01	-34%	There is no significant variance
Debt Service Coverage ratio	Earnings for debt service = Net profit after taxes + Depreciation	Debt service = Interest & Lease Payments + Principal Repayments	**6.39**	7.11	-10%	
Return on Equity ratio	Net Profits after taxes	Average Shareholder's Equity	**17.3%**	17.3%	0%	
Trade Receivable Turnover Ratio	Sale of services	Average Trade Receivable	**2.86**	2.84	1%	
Trade Payable Turnover Ratio	Other expenses	Average Trade Payable	**6.08**	5.75	6%	
Net Capital Turnover Ratio	Sale of services	Working capital = Current assets – Current liabilities (excluding Short term and other borrowings)	**2.55**	2.80	-9%	
Net Profit ratio	Net Profit	Sale of services	**25.2%**	28.5%	-12%	
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Net worth + Lease liabilities - Deferred tax assets + Long term and short term borrowings	**20.5%**	20.5%	0%	
Return on investment ratio	Income generated from invested funds	Average investments in mutual funds/deposit accounts	**0.9%**	1.2%	-27%	There is no significant variance

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2022

35 MICRO, SMALL AND MEDIUM ENTERPRISES

There are no outstanding dues to Micro and Small enterprises as at March 31, 2022 and March 31, 2021 respectively. Micro and Small Enterprises have been identified based on information collected by the Company.

36 SUBSEQUENT EVENTS

The Board of directors at its meeting held on May 05, 2022 has approved these financial statements as at and for the year ended March 31, 2022.

As per our report of even date attached.
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
Firm's Registration No: 117366W/W-100018

For and on behalf of the Board of Directors of Firstsource Solutions Limited

Dr. Sanjiv Goenka
Chairman

Vipul Khanna
MD & CEO

Pradip Kumar Khaitan
Director

Shashwat Goenka
Vice-Chairman

Subrata Talukdar
Director

Pratip Chaudhuri
Director

Sanjiv V. Pilgaonkar
Partner
Membership No: 39826

Sunil Mitra
Director

Grace Koshie
Director

Anjani K. Agrawal
Director

Charles Richard Vernon Stagg
Director

Mumbai
May 05, 2022

Mumbai
May 05, 2022

Pooja Nambiar
Company Secretary

Dinesh Jain
President and CFO

NOTICE

NOTICE is hereby given that the 21st Annual General Meeting (AGM) of the Members of Firstsource Solutions Limited will be held on Wednesday, August 03, 2022 at 10.00 a.m. Indian Standard Time ("IST"), through Video Conferencing/ Other Audio Visual Means ("VC/OAVM") Facility to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt:

   a) the audited financial statements of the Company for the financial year ended March 31, 2022 along with the reports of the Board of Directors and the Auditors thereon; and

   b) the audited consolidated financial statement of the Company and its subsidiaries for the financial year ended March 31, 2022 along with the report of the Auditors thereon.

2. To confirm the payment of Interim Dividend @ 35% (i.e. ₹ 3.50 per share) on Equity Shares already paid for the financial year ending March 31, 2022.

3. To appoint a Director in place of **Mr Shashwat Goenka (DIN: 03486121)**, who retires by rotation and being eligible, offers himself for re-appointment.

4. To consider and, if thought fit, to pass, the following Resolution as an **Ordinary Resolution:**

   RESOLVED THAT pursuant to the provisions of Section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time and pursuant to the recommendation of the Audit Committee of the Board of Directors of the Company, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, bearing Registration Number: 117366W/W-100018, be and are hereby re-appointed as the Statutory Auditors of the Company for second term for a period of five (5) years to hold office from the conclusion of this Annual General Meeting ("AGM") until the conclusion of 26th AGM to be held in the year 2027.

   RESOLVED FURTHER THAT the Audit Committee of the Board of Directors of the Company be and are hereby authorised to fix such remuneration and the reimbursement of out-of-pocket expenses for the Statutory Auditors.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

SPECIAL BUSINESS

5. **APPOINTMENT OF MS. VANITA UPPAL (DIN: 07286115), AS AN INDEPENDENT DIRECTOR OF THE COMPANY:**

   To consider and if thought fit, to pass the following resolution, with or without modification(s), as a **Special Resolution:**

   "RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification/(s) or re-enactment/(s) thereof for the time being in force) and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification/(s) or re-enactment/(s) thereof, for the time being in force), Ms Vanita Uppal (DIN: 07286115) who was appointed as an Additional Director of the Company by the Board of Directors w.e.f. May 05, 2022 and who holds office upto the date of the forthcoming Annual General Meeting, be and is hereby appointed as a Director of the Company and as an Independent Director, not liable to retire by rotation, on the Board of Directors of the Company for a term of three (3) consecutive years upto May 04, 2025.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. **APPOINTMENT/ CONTINUATION OF MR PRADIP KUMAR KHAITAN (DIN: 00004821), AS A DIRECTOR OF THE COMPANY:**

   To consider and if thought fit, to pass the following resolution, with or without modification(s), as a **Special Resolution:**

   "RESOLVED THAT pursuant to Regulation 17(1A) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, approval of shareholders of the Company be and is hereby granted to the Company for continuing the directorship of Mr Pradip Kumar Khaitan (DIN: 00004821), in the capacity of a Non-Executive and Non- Independent Director, liable to retire by rotation.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

7. **APPROVAL OF AMENDMENT IN FIRSTSOURCE EMPLOYEES STOCK OPTION SCHEME 2019 (ESOP 2019):**

   To consider and if thought fit, to pass the following resolution, with or without modification(s), as a **Special Resolution:**

   "RESOLVED THAT pursuant to Regulation 7 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, Regulation 7 of the Securities and Exchange Board of India (Share Based and Employee Benefits and Sweat Equity) Regulations 2021, Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 along with all such applicable rules including any statutory modification/(s) or re-enactment/(s) thereof for the time being in force and as may be enacted hereinafter, and all other applicable laws, rules, regulations and guidelines, if any, and subject to such approvals, permissions and sanctions, as may be required from any regulatory/ statutory/ government authority(ies) and necessary for the Company, approval and consent of members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "**Board**" which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee which the Board has constituted/ delegated in order to exercise its powers, including the powers, conferred by this resolution) to amend the Firstsource Solutions Limited Employee Stock Option Plan 2019 ("**ESOP Plan**") by

a) Incorporating the following subclauses (m), (n), and (o) to Clause 2.4 after the existing sub-clause (l) i.e.,

(m) fails to perform to the expectations of the Company, despite the Company notifying the same to the Eligible Employee and undertaking corrective actions for its remedy;

(n) continues to be undergo probationary period during which the Eligible Employee's employment is terminated;

(o) has caused grave inconvenience to the Company due to his conduct and misdemeanor and is in contravention of his entrusted duties and responsibilities towards the Company, which has led to Company's loss of confidence as far as continuation of his employment is concerned.

b) substituting clause 2.11 of the ESOP Plan with the following:

Exercise Period" means the time period after Vesting, determined by the Nomination and Remuneration Committee i.e. such specified timeframe within and up to the maximum period of 3 years from Vesting, within which an Employee should Exercise his right to apply for Shares against the vested Stock Options in pursuance of the Plan.

c) substituting Clause 7.3 of the ESOP Plan with the following:

All unvested Options shall lapse, and stand terminated and expired forthwith, if the Grantee retires from the Company's employment, resigns from the Company's employment or if his employment is terminated by the Company without Cause.

d) substituting Clause 7.4 of the ESOP Plan with the following:

(i) If a Grantee's employment is terminated on account of death, permanent disability or upon a Change of Control of the Company, the Options granted to such Eligible Employee shall immediately vest unto such Eligible Employee's heirs, successors, or such Eligible Employee, as the case may be, subject to receipt of necessary approvals, if any.

(ii) In addition to the above scenarios, the Nomination and Remuneration Committee may, in its sole discretion, accelerate vesting of the Options granted to an Eligible Employee, if it determines that the circumstances so warrant.

e) substituting Clauses 8.6 and 8.7 of the ESOP Plan with the following:

8.6. If the Grantee's employment with the Company has ceased to exist on account of his resignation, retirement or termination from Company's employment other than on account of death, permanent disability and/ or upon a Change of Control of the Company, the vested Options, to the extent then unexercised, shall be exercised upon payment of Exercise Price in full within a period of sixty days from the last date of his/her employment, which period shall be deemed to be the Exercise Period.

8.7. If the Grantee's employment is ceased due to his/ her death, permanent disability or upon a change of Control of the Company, the vested Options, to the extent un-exercised by such Grantee, shall be exercised upon payment of Exercise Price in full by such Grantee or his nominee, as the case may be, within a period of 12 months from the termination of such Grantee's service, which period shall be deemed to be the Exercise Period."

RESOLVED FURTHER THAT the other terms and conditions of the ESOP Plan except as mentioned above shall remain unchanged.

RESOLVED FURTHER THAT the approval and consent of the members of the Company be and is hereby accorded to the Directors of the Company and/ or Company Secretary of the Company to take necessary steps to do all such acts, deeds and things for and on behalf of the Company as may be necessary to give effect to the resolution."

By Order of the Board of Directors

Pooja Nambiar
Company Secretary
FCS No.: 10710

Firstsource Solutions Limited
CIN: L64202MH2001PLC134147
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5th Floor, Paradigm 'B' Wing,
Mindspace, Link Road,
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https://www.firstsource.com/
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May 05, 2022

NOTES:

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 05, 2020, Circular No. 20/2021 dated December 08, 2021, Circular No. 21/2021 dated December 14, 2021 and Circular No. 02/2022 dated May 05, 2022 permitted the holding of the Annual General Meeting ("AGM") through VC/OAVM, without the physical presence of the Members at a common venue. In compliance with the MCA Circulars, the forthcoming AGM is being held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing 21st AGM through VC/OAVM. The registered office of the Company shall be deemed to be the venue for the AGM.

2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 ("the Act") read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the 21st AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the 21st AGM will be provided by CDSL.

3. The Members can join the 21st AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the 21st AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the 21st AGM without restriction on account of first come first served basis.

4. The attendance of the Members attending the 21st AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Act.

5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this 21st AGM. However, in pursuance of Section 112 and Section 113 of the Act, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the 21st AGM through VC/OAVM and cast their votes through e-voting.

6. In line with the MCA Circular No. 17/2020 dated April 13, 2020, the Notice calling the 21st AGM has been uploaded on the website of the Company at https://www.firstsource.com/. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The 21st AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.

7. The 21st AGM has been convened through VC/OAVM in compliance with applicable provisions of the Act read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

8. In continuation of this MCA's General Circular No. 20/2020, dated May 05, 2020, General Circular No. 02/2021 dated January 13, 2021, General Circular No. 19/2021 dated December 08, 2021, General Circular No. 21/2021 dated December 14, 2021 and General Circular No. 02/2022 dated May 05, 2022 after due examination, it has been decided to allow companies whose AGMs are due in the year 2022, to conduct their AGMs on or before December 31, 2022 in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 dated May 05, 2020.

NOTE FOR MUTUAL FUNDS/ THEIR ASSET MANAGEMENT COMPANIES:

Pursuant to SEBI circular SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021, it is mandated that Mutual Funds/ their Asset Management Companies (AMCs) have to compulsorily cast their votes by exercising their voting rights in respect of their investments held in various companies through various Schemes, including passive investment schemes like Index Funds, Exchange Traded Funds etc., in respect of following resolutions with effect from April 01, 2021:

i. Corporate governance matters, including changes in the state of incorporation. merger and other corporate restructuring and anti-takeover provisions;

ii. Changes to capital structure, including increases and decreases of capital and preferred stock issuances;

iii. Stock option plans and other management compensation issues;

iv. Social and corporate responsibility issues;

v. Appointment and Removal of Directors;

vi. Any other issue that may affect the interest of the shareholders in general and interest of the unit-holders in particular;

vii. Related party transactions of the investee companies (excluding own group companies).

Further, SEBI vide its circular SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021 has asked Mutual Finds/ AMCs to compulsorily vote on above mentioned resolutions with effect from April 01, 2021 and on all other resolutions with effect from April 01, 2022 on all resolutions.

Further, please note for whatever Resolutions mentioned in the Notice, Mutual Funds/ AMCs are planning to vote, they should go through the relevant Resolution and statement pursuant to the provisions of Section 102 of the Act in detail and then take informed decision for voting.

THE INTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

(i) The voting period begins on Friday, July 29, 2022 at 9.00 a.m. and ends on Tuesday, August 02, 2022 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Wednesday, July 27, 2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

(iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 09, 2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/ retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

(iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 09, 2020 on e-voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-voting and joining virtual meetings for Individual shareholders holding securities in Demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	1) Users who have opted for CDSL Easi/ Easiest facility, can login through their existing user id and password. Option will be made available to reach e-voting page without any further authentication. The URL for users to login to Easi/ Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi.
	2) After successful login the Easi/ Easiest user will be able to see the e-voting option for eligible companies where the evoting is in progress as per the information provided by Company. On clicking the evoting option, the user will be able to see e-voting page of the e-voting service provider for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-voting service providers' website directly.
	3) If the user is not registered for Easi/ Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration.
	4) Alternatively, the user can directly access e-voting page by providing Demat Account Number and PAN No. from a e-voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-voting option where the evoting is in progress and also able to directly access the system of all e-voting Service Providers.

Individual Shareholders holding securities in demat mode with NSDL	1)	If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-voting services. Click on "Access to e-voting" under e-voting services and you will be able to see e-voting page. Click on company name or e-voting service provider name and you will be re-directed to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.
	2)	If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp.
	3)	Visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders (holding securities in demat mode) login through their Depository Participants		You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. After Successful login, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30.

(v) Login method for e-voting and joining virtual meeting for Physical shareholders other than individual shareholders holding in Demat.

1) The shareholders should log on to the e-voting website www.evotingindia.com.

2) Click on "Shareholders" module.

3) Now enter your User ID:

   a. For CDSL: 16 digits beneficiary ID.

   b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID.

   c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

4) Next enter the Image Verification as displayed and Click on Login.

5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

6) If you are a first-time user follow the steps given below:

Particulars	For Physical shareholders and other than individual shareholders holding shares in Demat
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) ▪ Shareholders who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number sent by Company/ RTA or contact Company/ RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/ mm/yyyy format) as recorded in your demat account or in the company records in order to login. ▪ If both the details are not recorded with the depository or company, please enter the member id/ folio number in the Dividend Bank details field.

(vi) After entering these details appropriately, click on "SUBMIT" tab.

(vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(ix) Click on the EVSN 220623003.

(x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" as desired. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xii) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvi) Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only:

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module;
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com;
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on;
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote;
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same; and
- Alternatively, Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer at the email address viz; scrutinisers@mmjc.in, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting and e-voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for remote e-voting.
3. Shareholders who have voted through remote e-voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops/ IPads for better experience.
5. Further shareholders will be required to allow camera and use internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 48 hours prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at fsl@3i-infotech.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 48 hours prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at fsl@3i-infotech.com. These queries will be replied by the Company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM through VC/ OAVM facility and have not casted their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM.
10. If any votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have

not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/ MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/ DEPOSITORIES:

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to fsl@3i-infotech.com.

2. For Demat shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP).

3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-voting from the CDSL e-voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

Other Guidelines for Members:

a. The voting rights of Members shall be in proportion to their share in the paid up equity share capital of the Company as on the cut-off date of Wednesday, July 27, 2022.

b. Any person, who acquires shares of the Company and becomes Member of the Company after the Company sends the Notice of the 21st AGM by email and holds shares as on the cut-off date i.e. Wednesday, July 27, 2022, may obtain the User ID and password by sending a request to helpdesk.evoting@cdslindia.com. However, if you are already registered with CDSL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evotingindia.com.

c. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting or casting vote through e-voting system during the meeting.

d. Mr Makarand Joshi (Certificate of Practice No. 3662), failing him, Ms Kumudini Bhalerao (Certificate of Practice No. 6690), Partners of M/s. Makarand M. Joshi & Co., Practising Company Secretaries (email: scrutinisers@mmjc.in), has been appointed as the Scrutinizer to scrutinize the remote e-voting process and casting vote through the e-voting system during the meeting in a fair and transparent manner.

e. During the 21st AGM of the Company, the Chairman shall, after responding to the questions raised by the Members in advance or as a speaker at the 21st AGM, formally propose to the Members not having already cast their votes by following the remote e-voting process and participating through VC/OAVM facility, to vote on the resolutions as set out in the Notice of the 21st AGM of the Company.

f. The Scrutinizer shall after the conclusion of e-voting at the 21st AGM, first download the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting and shall make a consolidated scrutinizer’s report of the total votes cast in favour or against, invalid votes, if any, and whether the resolution has been carried or not, and such Report shall then be sent to the Chairman or a person authorized by him, who shall then countersign and declare the result of the voting forthwith. The result of e-voting will be declared within two working days of the conclusion of the 21st AGM.

g. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company at https://www.firstsource.com/, the websites of NSE at www.nseindia.com and BSE at www.bseindia.com and on the website of CDSL at www.evotingindia.com, immediately after the declaration of Results by the Chairman or a person authorized by him. The result will simultaneously be communicated to the Stock Exchanges.

h. Pursuant to the MCA Circulars and SEBI Circular, in view of the prevailing situation, owing to the difficulties involved in dispatching of physical copies of the Notice of the 21st AGM and the Annual Report for the financial year ended March 31, 2022 including therein the Audited Financial Statements for the financial year ended March 31, 2022 are being sent only by email to the Members. Therefore, those Members, whose email address is not registered with the Company or with their respective Depository Participant/s, and who wish to receive the Notice of the 21st AGM and the Annual Report for the financial year ended March 31, 2022 and all other communication sent by the Company, from time to time, can get their email address registered by following the steps as given below:

   (i) For Members holding shares in physical form, please send scan copy of a signed request letter mentioning your folio number, complete address, email address to be registered along with scanned self-attested copy of the PAN and any document (such as Driving Licence, Passport, Bank Statement, AADHAR) supporting the registered address of the Member, by email to Registrar & Share Transfer Agents at fsl@3i-infotech.com.

   (ii) For the Members holding shares in demat form, please update your email address through your respective Depository Participant/s.

i. The Notice of the 21st AGM and the Annual Report for the financial year ended March 31, 2022 including therein the Audited Financial Statements for the financial year ended March 31, 2022 will be available on the website of the Company at https://www.firstsource.com/ and the websites of NSE at www.nseindia.com and BSE at www.bseindia.com. The Notice of 21st AGM will also be available on the website of CDSL at www.evotingindia.com.

j. Corporate members intending to send their authorized representatives to attend the 21st AGM are requested to send a certified true copy of the appropriate resolution/ authority, as applicable, authorising their representatives to attend and vote on their behalf at the AGM.

k. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, July 28 2022 to Wednesday, August 03, 2022 (both days inclusive) for the purpose of the AGM.

l. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 01, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, 3i Infotech Limited for assistance in this regard.

m. Members whose shareholding is in electronic mode are requested to direct change of address notification and updates of bank account details to their respective depository participant/(s). Members are requested to utilize the Electronic Clearing System (ECS) for receiving dividends.

n. Members are requested to address all correspondence, including on matters relating to dividends, to the Registrar and Share Transfer Agents, 3i Infotech Limited Tower # 5, 3rd to 6th Floor, International Infotech Park, Vashi, Navi Mumbai – 400 703 or can email at fsl@3i-infotech.com.

o. Members wishing to claim dividends that remain unclaimed are requested to correspond with the Registrar and Share Transfer Agent as mentioned above. Members are requested to note that dividends that are not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Act, be transferred to the Investor Education and Protection Fund (IEPF).

p. The Statement pursuant to Section 102(1) of the Act in respect of the Special businesses under the Notice is annexed hereto. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members. Members seeking to inspect such documents can send an email to fsl@3i-infotech.com. The Board of Directors of the Company at its meeting held on May 05, 2022 considered that the special business under Item Nos. 5 to 7, being considered unavoidable, be transacted at the 21st AGM of the Company.

q. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.

r. Members holding shares in electronic (dematerialised) form are advised to send the request/(s) for change pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), Mandates, Nomination, Power of Attorney, Change of Address, Change of Name, Email Address, Contact Numbers etc. to their respective Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and its Transfer Agents to provide efficient and better services. The Company or its Registrars cannot act on any such requests received directly from the members holding shares in electronic form.

s. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account/(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participants and holdings should be verified.

t. Pursuant to the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the information/ brief profiles about the Directors proposed to be appointed/ re-appointed at the AGM are given in the Annexure to this Notice.

u. Members desirous of getting any information about the accounts and operations of the Company are requested to write to the Company atleast 7 days before the AGM to enable the Company to keep the information ready at the AGM.

STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5

Ms Vanita Uppal ('Ms Uppal') was appointed as an Additional Director (Non-Executive, Woman Independent) by the Board of Directors of the Company ('the Board') on May 05, 2022 and she will hold office as an Additional Director up to the date of the forthcoming Annual General Meeting ("AGM").

Considering the qualifications, positive attributes, experience, expertise and independence of Ms Uppal, the Board and its Nomination and Remuneration Committee have recommended her appointment as an Independent Director, not liable to retire by rotation, for a term of three (3) consecutive years up to May 04, 2025 in terms of the provisions of the Act. Further, in terms of Section 149(13) of the Act, an Independent Directors so appointed shall not be liable to retire by rotation under Section 152 of the Act.

Ms Uppal's brief resume is given in the Annexure to this Notice.

Ms Uppal has given a declaration to the Board that she meets the criteria of independence as provided under Section 149(6) of the Act. In the opinion of the Board, she fulfils the conditions specified in the Act and the Rules framed thereunder for appointment as an Independent Director and is Independent of the Management.

Copy of the draft letter of appointment of Ms Uppal, setting out the terms and conditions of appointment as an Independent Director is available for inspection by members electronically.

The Company has received notice in writing under the provisions of Section 160 of the Act from a Member proposing the candidature of Ms Uppal as an Independent Director of the Company.

Ms Uppal may be deemed to be concerned or interested in the resolution under Item No. 5 of the accompanying Notice in respect of her aforesaid appointment. None of the other Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested in the said Resolution in the accompanying Notice.

The Board recommends the Special Resolution as set out at Item No. 5 of the Notice for approval of the Members.

Item No. 6

Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, inter-alia provides that a listed company shall not appoint a person or continue the directorship of any person aged 75 years or more as a Non- Executive Director unless a special resolution is passed to that effect.

Mr Pradip Kumar Khaitan ('Mr Khaitan'), aged 81 years, is an Attorney-at-Law (Bell Chambers Gold Medalist), and is an eminent legal personality. Mr Khaitan is an active participant in all important deliberations of the Board of Directors of the Company ("the Board") with his extensive hands-on experience in all branches of law. Brief profile of Mr Khaitan is given in the Annexure to this Notice.

The Board and its Nomination and Remuneration Committee have recommended continuation of Mr Pradip Kumar Khaitan as a Non-Executive Director of the Company.

Mr Khaitan may be deemed to be concerned or interested in this resolution under Item No. 6 of the accompanying Notice. None of the other Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested in the said Resolution in the accompanying Notice.

The Board recommends the Special Resolution as set out at Item No. 6 of the Notice for approval of the Members.

Item No. 7

The Firstsource Solutions Limited Employee Stock Option Plan 2019 ('ESOP Plan') in its current form envisages acceleration of unvested stock options granted to an option holder in situations of cessation of his employment due to death, permanent disability, termination without cause or due to change in control of the Company, and retirement.

The aspect of acceleration of unvested options of the option holder in situations of death and permanent disability has been set out under the Securities and Exchange Board of India (Share Based and Employee Benefits) Regulations 2014 as well as Securities and Exchange Board of India (Share Based and Employee Benefits and Sweat Equity) Regulations 2021. That said, there is no such statutory stipulation that would put forth an obligation on the Company to mandate accelerated vesting of unvested options in situations of an option holder's retirement, termination of employment with or without cause or due to change in control of the Company.

As is the current market practice, the employee benefit schemes of most public listed companies do not provide for accelerated vesting of unvested options in the event of termination, with or without cause, of an employee's services or the employee's resignation from services and his or her retirement. Such accelerated vesting of unvested stock options, unless otherwise statutorily mandated, is largely left to the discretion and best judgment of the company's management basis the criticality of option holder's position and his or her larger contribution to the company's growth.

In view of the above, the Company would like to apprise its members that the ESOP Plan is not aligned with the prevailing market practice and the overall intent of stock options being the instrument of incentivizing employees to contribute and partake in the organizational growth instead of the same being deemed by an employee as a matter of right to acquire benefits. To provide more perspective, this apparent non-alignment is on account of the contradiction/ divergence from the intent and objective of the employee equity-based benefit schemes, which are as follows:

(i) aligning the interest of the employee with the long-term interest of the Company;

(ii) rewarding employees for their exemplary work and contribution towards business;

(iii) attracting and retaining employees; and

(iv) developing a sense of ownership amongst them.

In this regard, accelerated vesting of unvested options in the events of termination of an employee's services with or without cause and retirement does not achieve any of the abovementioned desired objectives as has been envisaged under ESOP Plan and such provisions in the ESOP Plan need to be amended to encapsulate the intent as mentioned above instead of accelerated vesting of unvested options being viewed by employees as a matter of right emanating from the ESOP Plan in its current form.

Further, the cons of such policy stipulation of accelerated vesting of unvested options in the event of termination of an employee's employment without cause, would result in a possible situation wherein the Company, if not for any 'Cause', but for any other reason, whether operational, internal alignment, cultural assimilation or otherwise, or for convenience, would be unable to part ways with an option holder in accordance with his or her employment agreement, as such termination would trigger accelerated vesting of all unvested options which would largely be counterproductive for the Company and does not serve the purpose of ESOP Plan in the manner as mentioned in the preceding paragraphs.

In view of the above and to align the ESOP Plan with other listed companies' employee stock option plans and the larger industry practices, the Company would request its members to approve the amendment to the ESOP Plan to the extent the unvested options do not accelerate in situation of option holder's retirement and termination of employment without cause.

On a separate note, as per the ESOP Plan, the Nomination and Remuneration Committee has been entrusted with the power and authority to assess and determine the duration of 'exercise period' for exercise of vested options by the option holders, which may range from any time duration from the date of vesting of options, within the period of up to ten (10) years from such vesting having occurred. Having said that, the language as regards the definition of the term 'exercise period' as provided under ESOP Plan appears to be confusing and construes that the option holders have an absolute right to exercise their vested options at any time within a period of ten (10) years and not otherwise. To this end, the Company requests its members to approve appropriate amendment to the ESOP Plan to reflect maximum three (3) years duration for exercise of vested options to avoid any unwarranted confusion and ambiguity in this regard in the future.

The Nomination and Remuneration Committee have approved the amendments to ESOP Plan on December 20, 2021 through circulation and on May 05, 2022, subject to due approval of the members. The Company, therefore, seeks approval of the members for implementation of the actions enumerated above in this explanatory statement.

None of the other Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested in the said Resolution in the accompanying Notice.

The Board recommends the Special Resolution set out at Item No. 7 of the Notice for approval by the Members.

By Order of the Board of Directors

Pooja Nambiar
Company Secretary
FCS No.: 10710

Firstsource Solutions Limited
CIN: L64202MH2001PLC134147
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Mindspace, Link Road,
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May 05, 2022

ANNEXURE TO THE NOTICE

BRIEF PROFILE OF DIRECTORS PROPOSED TO BE APPOINTED/ REAPPOINTED AS A DIRECTOR AT THE ENSUING ANNUAL GENERAL MEETING

Mr Shashwat Goenka

Mr Shashwat Goenka (DIN: 03486121), 32 years of age, is a Director of the Company since December 05, 2012. He graduated from The Wharton School of Business, University of Pennsylvania, Philadelphia, with a Bachelor of Science in economics, specializing in finance, marketing and management and is currently the Honorary Consul of Finland. Mr Goenka is the Head of RP-Sanjiv Goenka Group's Retail & FMCG sector. He is also the Founder of FMCG brand "Too Yumm". Currently, Mr Goenka is Chair for FICCI's Young Leaders Forum and Chair for CII's National Retail Committee on Retail. He is also Past President of Indian Chamber of Commerce.

Mr Goenka is also a Director on the Boards of Spencer International Hotels Limited, PCBL (formerly known as Phillips Carbon Black Limited), Spencer's Retail Limited, RPSG Ventures Limited and Retailers Association of India.

He is holding Memberships of the following Committees across all Public Limited companies, in which he is Director:

Name of the Company	Name of the Committee	Position held (Chairman/ Member)
Firstsource Solutions Limited	Corporate Social Responsibility Committee Risk Management Committee Investment Committee Strategy Committee	Chairman Chairman Chairman Chairman
PCBL (Formerly known as Phillips Carbon Black Limited)	Corporate Social Responsibility Committee	Member
Spencer's Retail Limited	Audit Committee Stakeholders' Relationship Committee Corporate Social Responsibility Committee Risk Management Committee	Member Member Member Chairman
RPSG Ventures Limited	Stakeholders' Relationship Committee Corporate Social Responsibility Committee Risk Management Committee	Member Chairman Chairman

He does not hold any shares or stock options of the Company. He is the son of Dr. Sanjiv Goenka, Chairman of the Company and not related to any other Director of the Company. He attended 4 Board Meetings during the Financial Year 2021-22.

Ms Vanita Uppal:

Ms. Vanita Uppal (DIN: 07286115), aged 59 years, holds a Master's and Bachelor's degree in History from St. Stephens College, Delhi University, and she is a University topper both in her Master's degree and in her teaching degree from Central Institute of Education, University of Delhi. Ms. Uppal is a PTC (Principals' Training Centre (London & Miami) an AISH (Academy of International School Heads) graduate, and a certified international school leader.

An educator for over thirty-seven years, (thirty-one in international education) Ms. Vanita Uppal OBE is the Director of The British School New Delhi. She is the proud recipient of the Order of the British Empire (OBE) in recognition of her services to British education in an international context, becoming the only Indian serving principal to receive this honour in recognition of her services to British education in an international context. A recipient of the 'Woman Achiever of the Year Award' (2009) she is a trainer in leadership, strategy and pedagogy. She chairs the Presidential Committee of the IC3 movement, a voluntary organisation aimed at bringing counselling to every student spanning seventy countries. She serves on the Executive Board of FOBISIA (Federation of British Schools of Asia) . Ms. Uppal has served on school Boards in Delhi and has supported schools to establish IGCSE programmes in tier two cities in India.

Ms. Uppal does not hold any Directorship in any other Company.

She does not hold any shares or stock options of the Company. She is not related to any other Director of the Company. Since she was appointed w.e.f. from May 05, 2022, there were no Board Meetings attended by her during the FY2021-22.

Mr Pradip Kumar Khaitan

Mr Pradip Kumar Khaitan (DIN: 00004821), aged 81 years, is a B.Com, LL.B. and Attorney-at-law (Bell Chambers Gold Medallist). He has professional Affiliations with Bar Council of India, Bar Council of West Bengal, Indian Council of Arbitration, New Delhi and Incorporated Law Society of Calcutta. Mr Khaitan is the Senior Partner of Khaitan & Co. and is widely regarded as amongst the most influential legal practitioners in India. With over 50 years of experience, Mr Khaitan has advised on a wide range of transactions.

Mr Khaitan's practice includes advising domestic business houses and International Corporations on all aspects of commercial and corporate laws, taxation, joint ventures, mergers & demergers, corporate governance and restructuring. He regularly advises on strategic decisions and sensitive commercial and legal issues.

Mr Khaitan is a Director on the Board of Directors of several public listed Companies in India namely CESC Limited, Dalmia Bharat Limited, Electrosteel Castings Limited, Emami Limited, Graphite India Limited and India Glycols Limited.

He is holding Memberships of the following Committees across all Public Limited companies, in which he is Director:

Name of the Companies	Name of the Committee	Position held (Chairman/ Member)
CESC Limited	Nomination and Remuneration Committee	Member
	Finance and Forex Committee	Member
	Project Management Committee	Member
	Risk Management Committee	Chairman
	Strategic Committee	Chairman
	Restructuring Committee	Member
Dalmia Bharat Ltd (Formerly known as Odisha Cement Limited)	Audit Committee	Member
	Nomination and Remuneration Committee	Member
Electrosteel Castings Limited	Audit Committee	Member
	Nomination and Remuneration Committee	Member
	Corporate Social Responsibility Committee	Member
Graphite India Limited	Stakeholders' Relationship Committee	Member
	Nomination and Remuneration Committee	Chairman
	Committee for Borrowings	Member
India Glycols Limited	Audit Committee	Chairman
	Stakeholders' Relationship Committee	Chairman
	Nomination and Remuneration Committee	Chairman
	Corporate Social Responsibility Committee	Member
	Ethics Committee under Code of Conduct for Directors & Senior Management	Chairman
	Risk Management Committee	Member
	Committee of Directors	Member
Woodlands Multispeciality Hospital Limited	Share Allotment Committee	Chairman
	Audit Committee	Member
	Nomination and Remuneration Committee	Member

Mr Khaitan does not hold any shares or stock options of the Company. He is not related to any other Director of the Company. He attended three (3) Board Meetings during the FY2021-22.

Corporate Information

Board of Directors	Designation
Dr Sanjiv Goenka	*Chairman*
Shashwat Goenka	*Vice - Chairman*
Vipul Khanna	*MD & CEO*
Pradip Kumar Khaitan	*Non-Executive Director*
Subrata Talukdar	*Non-Executive Director*
Grace Koshie	*Non-Executive, Independent Director*
Vanita Uppal	*Additional Director (Non-Executive, Independent w.e.f. May 05, 2022)*
Pratip Chaudhuri	*Non-Executive, Independent Director*
Sunil Mitra	*Non-Executive, Independent Director*
Charles Richard Vernon Stagg	*Non-Executive, Independent Director (up to May 05, 2022)*
Anjani K. Agrawal	*Non-Executive, Independent Director*
Pradip Roy	*Non-Executive, Independent Director (up to July 29, 2021)*

COMPANY SECRETARY

Pooja Nambiar

COMMITTEE DETAILS

AUDIT COMMITTEE

Grace Koshie - *Chairperson*
Anjani K. Agrawal
Sunil Mitra
Subrata Talukdar

NOMINATION AND REMUNERATION COMMITTEE

Anjani K. Agrawal - *Chairman*
Pratip Chaudhuri
Subrata Talukdar

STAKEHOLDERS RELATIONSHIP COMMITTEE

Subrata Talukdar - *Chairman*
Vipul Khanna
Anjani K. Agrawal

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Shashwat Goenka - *Chairman*
Vipul Khanna
Anjani K. Agrawal
Subrata Talukdar

RISK MANAGEMENT COMMITTEE

Shashwat Goenka - *Chairman*
Vipul Khanna
Grace Koshie
Dinesh Jain
Arun Tyagi

INVESTMENT COMMITTEE

Shashwat Goenka - *Chairman*
Vipul Khanna
Subrata Talukdar

STRATEGY COMMITTEE

Shashwat Goenka - *Chairman*
Vipul Khanna
Subrata Talukdar

REGISTERED OFFICE

Firstsource Solutions Limited
CIN: L64202MH2001PLC134147
5th Floor, Paradigm 'B' Wing,
Mindspace, Link Road, Malad (West),
Mumbai – 400 064, India.
www.firstsource.com

STATUTORY AUDITORS

Deloitte Haskins & Sells LLP
Chartered Accountants
One International Center,
Tower 3, 32nd Floor,
Senapati Bapat Road,
Elphinstone Road (West),
Mumbai – 400 013, India.

MAJOR BANKERS

Bank of the Phillippine Islands
Barclays Bank Plc
Citibank, N.A.
DBS Bank India Limited
HDFC Bank Limited
HSBC Bank Limited
ICICI Bank Limited
IDFC First Bank Limited
Standard Chartered Bank
RBL Bank Limited
Kotak Mahindra Bank Limited

firstsource

REGISTERED OFFICE

Firstsource Solutions Limited
CIN: L64202MH2001PLC134147
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Mindspace, Link Road, Malad (West),
Mumbai – 400 064, India.